

107TH CONGRESS  
2D SESSION

# H. R. 3919

To amend the Internal Revenue Code of 1986 to increase the permissible range for the interest rate used in determining the additional funding requirements for defined benefit plans which are not multiemployer plans, and for other purposes.

---

## IN THE HOUSE OF REPRESENTATIVES

MARCH 7, 2002

Mr. PORTMAN (for himself, Mr. CARDIN, Mr. BOEHNER, Mr. POMEROY, and Mr. SAM JOHNSON of Texas) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Education and the Workforce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

---

## A BILL

To amend the Internal Revenue Code of 1986 to increase the permissible range for the interest rate used in determining the additional funding requirements for defined benefit plans which are not multiemployer plans, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Pension Interest Rate  
5       Relief Act of 2002”.

1 **SEC. 2. INTEREST RATE RANGE FOR ADDITIONAL FUNDING**  
2 **REQUIREMENTS.**

3 (a) AMENDMENTS TO THE INTERNAL REVENUE  
4 CODE OF 1986.—

5 (1) SPECIAL RULE.—Clause (i) of section  
6 412(l)(7)(C) of the Internal Revenue Code of 1986  
7 (relating to interest rate) is amended by adding at  
8 the end the following new subclause:

9 “(III) SPECIAL RULE FOR 2001  
10 THROUGH 2004.—For a plan year be-  
11 ginning in 2001, 2002, 2003 or 2004,  
12 notwithstanding subclause (I), in the  
13 case that the rate of interest used  
14 under subsection (b)(5) exceeds the  
15 highest rate permitted under sub-  
16 clause (I), the rate of interest used to  
17 determine current liability under this  
18 subsection may exceed the rate of in-  
19 terest otherwise permitted under sub-  
20 clause (I); except that such rate of in-  
21 terest shall not exceed 120 percent of  
22 the weighted average referred to in  
23 subsection (b)(5)(B)(ii).”

24 (2) QUARTERLY CONTRIBUTIONS.—Subsection  
25 (m) of section 412 of such Code is amended by add-  
26 ing at the end the following new paragraph:

1 “(7) SPECIAL RULE FOR 2005.—In any case in  
 2 which the interest rate used to determine current li-  
 3 ability is determined under subsection  
 4 (l)(7)(C)(i)(III) for purposes of applying paragraphs  
 5 (1) and (4)(B)(ii) for plan years beginning in 2005,  
 6 the current liability for the preceding plan year shall  
 7 be redetermined using 105 percent as the specified  
 8 percentage determined under subsection  
 9 (l)(7)(C)(i)(II).”

10 (b) AMENDMENTS TO THE EMPLOYEE RETIREMENT  
 11 INCOME SECURITY ACT OF 1974.—

12 (1) SPECIAL RULE.—Clause (i) of section  
 13 302(d)(7)(C) of the Employee Retirement Income  
 14 Security Act of 1974 (29 U.S.C. 1082(d)(7)(C)) is  
 15 amended by adding at the end the following new  
 16 subclause:

17 “(III) SPECIAL RULE FOR 2001  
 18 THROUGH 2004.—For a plan year be-  
 19 ginning in 2001, 2002, 2003 or 2004,  
 20 notwithstanding subclause (I), in the  
 21 case that the rate of interest used  
 22 under subsection (b)(5) exceeds the  
 23 highest rate permitted under sub-  
 24 clause (I), the rate of interest used to  
 25 determine current liability under this

1 subsection may exceed the rate of in-  
 2 terest otherwise permitted under sub-  
 3 clause (I); except that such rate of in-  
 4 terest shall not exceed 120 percent of  
 5 the weighted average referred to in  
 6 subsection (b)(5)(B)(ii).”

7 (2) QUARTERLY CONTRIBUTIONS.—Subsection  
 8 (e) of section 302 of such Act (29 U.S.C. 1082) is  
 9 amended by adding at the end the following new  
 10 paragraph:

11 “(7) SPECIAL RULE FOR 2005.—In any case in  
 12 which the interest rate used to determine current li-  
 13 ability is determined under subsection  
 14 (d)(7)(C)(i)(III) for purposes of applying paragraphs  
 15 (1) and (4)(B)(ii) for plan years beginning in 2005,  
 16 the current liability for the preceding plan year shall  
 17 be redetermined using 105 percent as the specified  
 18 percentage determined under subsection  
 19 (d)(7)(C)(i)(II).”

20 (c) PBGC.—Clause (iii) of section 4006(a)(3)(E) of  
 21 the Employee Retirement Income Security of Act 1974  
 22 (29 U.S.C. 1306(a)(3)(E)) is amended by adding at the  
 23 end the following new subclause:

24 “(IV) In the case of plan years beginning after De-  
 25 cember 31, 2001, and before January 1, 2005, subclause

1 (II) shall be applied by substituting ‘100 percent’ for ‘85  
 2 percent’ and by substituting ‘115 percent’ for ‘100 per-  
 3 cent’. Subclause (III) shall be applied for such years with-  
 4 out regard to the preceding sentence. Any reference to this  
 5 clause by any other sections or subsections (other than  
 6 sections 4010, 4011 and 4043) shall be treated as a ref-  
 7 erence to this clause without regard to this subclause.”

8 (d) AMENDMENTS TO RETIREMENT PROTECTION  
 9 ACT OF 1994.—

10 (1) TRANSITION RULE MADE PERMANENT.—

11 Paragraph (1) of section 769(c) of the Retirement  
 12 Protection Act of 1994 is amended—

13 (A) by striking “transition” each place it  
 14 appears in the heading and the text, and

15 (B) by striking “for any plan year begin-  
 16 ning after 1996 and before 2010”.

17 (2) SPECIAL RULES.—Paragraph (2) of section  
 18 769(c) of the Retirement Protection Act of 1994 is  
 19 amended to read as follows:

20 “(2) SPECIAL RULES.—The rules described in  
 21 this paragraph are as follows:

22 “(A) For purposes of section 412(l)(9)(A)  
 23 of the Internal Revenue Code of 1986 and sec-  
 24 tion 302(d)(9)(A) of the Employee Retirement  
 25 Income Security Act of 1974, the funded cur-

1           rent liability percentage for any plan year shall  
2           be treated as not less than 90 percent.

3           “(B) For purposes of section 412(m) of  
4           the Internal Revenue Code of 1986 and section  
5           302(e)(9) of the Employee Retirement Income  
6           Security Act of 1974, the funded current liabil-  
7           ity percentage for any plan year shall be treated  
8           as not less than 100 percent.

9           “(C) For purposes of determining un-  
10          funded vested benefits under section  
11          4006(a)(3)(E)(iii) of the Employee Retirement  
12          Income Security Act of 1974, the mortality  
13          table shall be the mortality table used by the  
14          plan.”.

15          (3) EFFECTIVE DATE.—The amendments made  
16          by this subsection shall apply to plan years begin-  
17          ning after December 31, 2001.

○