(iii) by striking subparagraph (C).

# DIVISION T—SECURE 2.0 ACT OF 2022

**SEC. 1. SHORT TITLE; ETC.**

(a) SHORT TITLE.—This division may be cited as the "SECURE 2.0 Act of 2022".

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this division an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

# TITLE I—EXPANDING COVERAGE AND INCREASING RETIREMENT SAVINGS

**SEC. 101. EXPANDING AUTOMATIC ENROLLMENT IN RETIREMENT PLANS.**

(a) IN GENERAL.—Subpart B of part I of subchapter D of chapter 1 is amended by inserting after section 414 the following new section:

**"SEC. 414A. REQUIREMENTS RELATED TO AUTOMATIC ENROLLMENT.**

"(a) IN GENERAL.—Except as otherwise provided in this section—

"(1) an arrangement shall not be treated as a qualified cash or deferred arrangement described in section 401(k) unless such arrangement meets the automatic enrollment requirements of subsection (b), and

"(2) an annuity contract otherwise described in section 403(b) which is purchased under a salary reduction agreement shall not be treated as described in such section unless such agreement meets the automatic enrollment requirements of subsection (b).

"(b) AUTOMATIC ENROLLMENT REQUIREMENTS.—

"(1) IN GENERAL.—An arrangement or agreement meets the requirements of this subsection if such arrangement or agreement is an eligible automatic contribution arrangement (as defined in section 414(w)(3)) which meets the requirements of paragraphs (2) through (4).

"(2) ALLOWANCE OF PERMISSIBLE WITHDRAWALS.—An eligible automatic contribution arrangement meets the requirements of this paragraph if such arrangement allows employees to make permissible withdrawals (as defined in section 414(w)(2)).

"(3) MINIMUM CONTRIBUTION PERCENTAGE.—

"(A) IN GENERAL.—An eligible automatic contribution arrangement meets the requirements of this paragraph if—

"(i) the uniform percentage of compensation contributed by the participant under such arrangement during the first year of participation is not less than 3 percent and not more than 10 percent (unless the

participant specifically elects not to have such contributions made or to have such contributions made at a different percentage), and

"(ii) effective for the first day of each plan year starting after each completed year of participation under such arrangement such uniform percentage is increased by 1 percentage point (to at least 10 percent, but not more than 15 percent) unless the participant specifically elects not to have such contributions made or to have such contributions made at a different percentage.

"(B) INITIAL REDUCED CEILING FOR CERTAIN PLANS.—In the case of any eligible automatic contribution arrangement (other than an arrangement that meets the requirements of paragraph (12) or (13) of section 401(k)), for plan years ending before January 1, 2025, subparagraph (A)(ii) shall be applied by substituting '10 percent' for '15 percent'.

"(4) INVESTMENT REQUIREMENTS.—An eligible automatic contribution arrangement meets the requirements of this paragraph if amounts contributed pursuant to such arrangement, and for which no investment is elected by the participant, are invested in accordance with the requirements of section 2550.404c-5 of title 29, Code of Federal Regulations (or any successor regulations).

"(c) EXCEPTIONS.—For purposes of this section—

"(1) SIMPLE PLANS.—Subsection (a) shall not apply to any simple plan (within the meaning of section 401(k)(11)).

"(2) EXCEPTION FOR PLANS OR ARRANGEMENTS ESTABLISHED BEFORE ENACTMENT OF SECTION.—

"(A) IN GENERAL.—Subsection (a) shall not apply to—

"(i) any qualified cash or deferred arrangement established before the date of the enactment of this section, or

"(ii) any annuity contract purchased under a plan established before the date of the enactment of this section.

"(B) POST-ENACTMENT ADOPTION OF MULTIPLE EMPLOYER PLAN.—Subparagraph (A) shall not apply in the case of an employer adopting after such date of enactment a plan maintained by more than one employer, and subsection (a) shall apply with respect to such employer as if such plan were a single plan.

"(3) EXCEPTION FOR GOVERNMENTAL AND CHURCH PLANS.—Subsection (a) shall not apply to any governmental plan (within the meaning of section 414(d)) or any church plan (within the meaning of section 414(e)).

"(4) EXCEPTION FOR NEW AND SMALL BUSINESSES.—

"(A) NEW BUSINESS.—Subsection (a) shall not apply to any qualified cash or deferred arrangement, or any annuity contract purchased under a plan, while the employer maintaining such plan (and any predecessor employer) has been in existence for less than 3 years.

"(B) SMALL BUSINESSES.—Subsection (a) shall not apply to any qualified cash or deferred arrangement, or any annuity contract purchased under a plan, earlier than the date that is 1 year after the close of the first taxable

year with respect to which the employer maintaining the plan normally employed more than 10 employees.

"(C) TREATMENT OF MULTIPLE EMPLOYER PLANS.—In the case of a plan maintained by more than 1 employer, subparagraphs (A) and (B) shall be applied separately with respect to each such employer, and all such employers to which subsection (a) applies (after the application of this paragraph) shall be treated as maintaining a separate plan for purposes of this section.".

(b) CLERICAL AMENDMENT.—The table of sections for subpart B of part I of subchapter D of chapter 1 is amended by inserting after the item relating to section 414 the following new item:
"Sec. 414A. Requirements related to automatic enrollment.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after December 31, 2024.

**SEC. 102. MODIFICATION OF CREDIT FOR SMALL EMPLOYER PENSION PLAN STARTUP COSTS.**

(a) INCREASE IN CREDIT PERCENTAGE FOR SMALLER EMPLOYERS.—Section 45E(e) of is amended by adding at the end the following new paragraph:

"(4) INCREASED CREDIT FOR CERTAIN SMALL EMPLOYERS.—In the case of an employer which would be an eligible employer under subsection (c) if section 408(p)(2)(C)(i) was applied by substituting '50 employees' for '100 employees', subsection (a) shall be applied by substituting '100 percent' for '50 percent'.".

(b) ADDITIONAL CREDIT FOR EMPLOYER CONTRIBUTIONS BY CERTAIN SMALL EMPLOYERS.—Section 45E, as amended by subsection (a), is amended by adding at the end the following new subsection:

"(f) ADDITIONAL CREDIT FOR EMPLOYER CONTRIBUTIONS BY CERTAIN ELIGIBLE EMPLOYERS.—

"(1) IN GENERAL.—In the case of an eligible employer, the credit allowed for the taxable year under subsection (a) (determined without regard to this subsection) shall be increased by an amount equal to the applicable percentage of employer contributions (other than any elective deferrals (as defined in section 402(g)(3)) by the employer to an eligible employer plan (other than a defined benefit plan (as defined in section 414(j))).

"(2) LIMITATIONS.—

"(A) DOLLAR LIMITATION.—The amount determined under paragraph (1) (before the application of subparagraph (B)) with respect to any employee of the employer shall not exceed $1,000.

"(B) CREDIT PHASE-IN.—In the case of any eligible employer which had for the preceding taxable year more than 50 employees, the amount determined under paragraph (1) (without regard to this subparagraph) shall be reduced by an amount equal to the product of—

"(i) the amount otherwise so determined under paragraph (1), multiplied by

"(ii) a percentage equal to 2 percentage points for each employee of the employer for the preceding taxable year in excess of 50 employees.

"(C) WAGE LIMITATION.—

"(i) IN GENERAL.—No contributions with respect to any employee who receives wages from the employer

for the taxable year in excess of $100,000 may be taken into account for such taxable year under subparagraph (A).

"(ii) WAGES.—For purposes of the preceding sentence, the term 'wages' has the meaning given such term by section 3121(a).

"(iii) INFLATION ADJUSTMENT.—In the case of any taxable year beginning in a calendar year after 2023, the $100,000 amount under clause (i) shall be increased by an amount equal to—

"(I) such dollar amount, multiplied by

"(II) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 2007' for 'calendar year 2016' in subparagraph (A)(ii) thereof.

If any amount as adjusted under this clause is not a multiple of $5,000, such amount shall be rounded to the next lowest multiple of $5,000.

"(3) APPLICABLE PERCENTAGE.—For purposes of this section, the applicable percentage for the taxable year during which the eligible employer plan is established with respect to the eligible employer shall be 100 percent, and for taxable years thereafter shall be determined under the following table:

| **"In the case of the following taxable year beginning after the taxable year during which plan is established with respect to the eligible employer:** | **The applicable percentage shall be:** |
|---|---|
| 1st | 100% |
| 2nd | 75% |
| 3rd | 50% |
| 4th | 25% |
| Any taxable year thereafter | 0% |

"(4) DETERMINATION OF ELIGIBLE EMPLOYER; NUMBER OF EMPLOYEES.—For purposes of this subsection, whether an employer is an eligible employer and the number of employees of an employer shall be determined under the rules of subsection (c), except that paragraph (2) thereof shall only apply to the taxable year during which the eligible employer plan to which this section applies is established with respect to the eligible employer.".

(c) DISALLOWANCE OF DEDUCTION.—Section 45E(e)(2) is amended to read as follows:

"(2) DISALLOWANCE OF DEDUCTION.—No deduction shall be allowed—

"(A) for that portion of the qualified startup costs paid or incurred for the taxable year which is equal to so much of the portion of the credit determined under subsection (a) as is properly allocable to such costs, and

"(B) for that portion of the employer contributions by the employer for the taxable year which is equal to so much of the credit increase determined under subsection (f) as is properly allocable to such contributions.".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2022.

**SEC. 103. SAVER'S MATCH.**

(a) IN GENERAL.—Subchapter B of chapter 65 is amended by adding at the end the following new section:

**"SEC. 6433. SAVER'S MATCH.**

"(a) IN GENERAL.—

"(1) ALLOWANCE OF MATCH.—Any eligible individual who makes qualified retirement savings contributions for the taxable year shall be allowed a matching contribution for such taxable year in an amount equal to the applicable percentage of so much of the qualified retirement savings contributions made by such eligible individual for the taxable year as does not exceed $2,000.

"(2) PAYMENT OF MATCH.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), the matching contribution under this section shall be allowed as a credit which shall be payable by the Secretary as a contribution (as soon as practicable after the eligible individual has filed a tax return making a claim for such matching contribution for the taxable year) to the applicable retirement savings vehicle of the eligible individual.

"(B) EXCEPTION.—In the case of an eligible individual who elects the application of this subparagraph and with respect to whom the matching contribution determined under paragraph (1) is greater than zero but less than $100 for the taxable year, subparagraph (A) shall not apply and such matching contribution shall be treated as a credit allowed by subpart C of part IV of subchapter A of chapter 1.

"(b) APPLICABLE PERCENTAGE.—For purposes of this section—

"(1) IN GENERAL.—Except as provided in paragraph (2), the applicable percentage is 50 percent.

"(2) PHASEOUT.—The percentage under paragraph (1) shall be reduced (but not below zero) by the number of percentage points which bears the same ratio to 50 percentage points as—

"(A) the excess of—

"(i) the taxpayer's modified adjusted gross income for such taxable year, over

"(ii) the applicable dollar amount, bears to

"(B) the phaseout range.

If any reduction determined under this paragraph is not a whole percentage point, such reduction shall be rounded to the next lowest whole percentage point.

"(3) APPLICABLE DOLLAR AMOUNT; PHASEOUT RANGE.—

"(A) JOINT RETURNS AND SURVIVING SPOUSES.—Except as provided in subparagraph (B)—

"(i) the applicable dollar amount is $41,000, and

"(ii) the phaseout range is $30,000.

"(B) OTHER RETURNS.—In the case of—

"(i) a head of a household (as defined in section 2(b)), the applicable dollar amount and the phaseout range shall be ¾ of the amounts applicable under subparagraph (A) (as adjusted under subsection (h)), and

"(ii) any taxpayer who is not filing a joint return, who is not a head of a household (as so defined), and who is not a surviving spouse (as defined in section 2(a)), the applicable dollar amount and the phaseout range shall be ½ of the amounts applicable under subparagraph (A) (as so adjusted).

"(c) ELIGIBLE INDIVIDUAL.—For purposes of this section—

"(1) IN GENERAL.—The term 'eligible individual' means any individual if such individual has attained the age of 18 as of the close of the taxable year.

"(2) DEPENDENTS AND FULL-TIME STUDENTS NOT ELIGIBLE.—The term 'eligible individual' shall not include—

"(A) any individual with respect to whom a deduction under section 151 is allowed to another taxpayer for a taxable year beginning in the calendar year in which such individual's taxable year begins, and

"(B) any individual who is a student (as defined in section 152(f)(2)).

"(3) NONRESIDENT ALIENS NOT ELIGIBLE.—The term 'eligible individual' shall not include any individual who is a nonresident alien individual for any portion of the taxable year unless such individual is treated for such taxable year as a resident of the United States for purposes of chapter 1 by reason of an election under subsection (g) or (h) of section 6013.

"(d) QUALIFIED RETIREMENT SAVINGS CONTRIBUTIONS.—For purposes of this section—

"(1) IN GENERAL.—The term 'qualified retirement savings contributions' means, with respect to any taxable year, the sum of—

"(A) the amount of the qualified retirement contributions (as defined in section 219(e)) made by the eligible individual,

"(B) the amount of—

"(i) any elective deferrals (as defined in section 402(g)(3)) of such individual, and

"(ii) any elective deferral of compensation by such individual under an eligible deferred compensation plan (as defined in section 457(b)) of an eligible employer described in section 457(e)(1)(A), and

"(C) the amount of voluntary employee contributions by such individual to any qualified retirement plan (as defined in section 4974(c)).

Such term shall not include any amount attributable to a payment under subsection (a)(2).

"(2) REDUCTION FOR CERTAIN DISTRIBUTIONS.—

"(A) IN GENERAL.—The qualified retirement savings contributions determined under paragraph (1) for a taxable year shall be reduced (but not below zero) by the aggregate distributions received by the individual during the testing period from any entity of a type to which contributions under paragraph (1) may be made.

"(B) TESTING PERIOD.—For purposes of subparagraph (A), the testing period, with respect to a taxable year, is the period which includes—

"(i) such taxable year,

"(ii) the 2 preceding taxable years, and

"(iii) the period after such taxable year and before the due date (including extensions) for filing the return of tax for such taxable year.

"(C) EXCEPTED DISTRIBUTIONS.—There shall not be taken into account under subparagraph (A)—

"(i) any distribution referred to in section 72(p), 401(k)(8), 401(m)(6), 402(g)(2), 404(k), or 408(d)(4),

"(ii) any distribution to which section 408(d)(3) or 408A(d)(3) applies, and

"(iii) any portion of a distribution if such portion is transferred or paid in a rollover contribution (as defined in section 402(c), 403(a)(4), 403(b)(8), 408A(e), or 457(e)(16)) to an account or plan to which qualified retirement savings contributions can be made.

"(D) TREATMENT OF DISTRIBUTIONS RECEIVED BY SPOUSE OF INDIVIDUAL.—For purposes of determining distributions received by an individual under subparagraph (A) for any taxable year, any distribution received by the spouse of such individual shall be treated as received by such individual if such individual and spouse file a joint return for such taxable year and for the taxable year during which the spouse receives the distribution.

"(e) APPLICABLE RETIREMENT SAVINGS VEHICLE.—

"(1) IN GENERAL.—The term 'applicable retirement savings vehicle' means an account or plan elected by the eligible individual under paragraph (2).

"(2) ELECTION.—Any such election to have contributed the amount determined under subsection (a) shall be to an account or plan which—

"(A) is—

"(i) the portion of a plan which—

"(I) is described in clause (v) of section 402(c)(8)(B), is a qualified cash or deferred arrangement (within the meaning of section 401(k)), or is an annuity contract described in section 403(b) which is purchased under a salary reduction agreement, and

"(II) does not consist of a qualified Roth contribution program (as defined in section 402A(b)), or

"(ii) an individual retirement plan which is not a Roth IRA,

"(B) is for the benefit of the eligible individual,

"(C) accepts contributions made under this section, and

"(D) is designated by such individual (in such form and manner as the Secretary may provide).

"(f) OTHER DEFINITIONS AND SPECIAL RULES.—

"(1) MODIFIED ADJUSTED GROSS INCOME.—For purposes of this section, the term 'modified adjusted gross income' means adjusted gross income—

"(A) determined without regard to sections 911, 931, and 933, and

"(B) determined without regard to any exclusion or deduction allowed for any qualified retirement savings contribution made during the taxable year.

"(2) TREATMENT OF CONTRIBUTIONS.—In the case of any contribution under subsection (a)(2)—

"(A) except as otherwise provided in this section or by the Secretary under regulations, such contribution shall be treated as—

"(i) an elective deferral made by the individual, if contributed to an applicable retirement savings vehicle described in subsection (e)(2)(A)(i), or

"(ii) as an individual retirement plan contribution made by such individual, if contributed to such a plan,

"(B) such contribution shall not be taken into account with respect to any applicable limitation under sections 402(g)(1), 403(b), 408(a)(1), 408(b)(2)(B), 408A(c)(2), 414(v)(2), 415(c), or 457(b)(2), and shall be disregarded for purposes of sections 401(a)(4), 401(k)(3), 401(k)(11)(B)(i)(III), and 416, and

"(C) such contribution shall not be treated as an amount that may be paid, made available, or distributable to the participant under section 401(k)(2)(B)(i)(IV), 403(b)(7)(A)(i)(V), or 457(d)(1)(A)(iii).

"(3) TREATMENT OF QUALIFIED PLANS, ETC.—A plan or arrangement to which a contribution is made under this section shall not be treated as violating any requirement under section 401, 403, 408, or 457 solely by reason of accepting such contribution.

"(4) ERRONEOUS MATCHING CONTRIBUTIONS.—

"(A) IN GENERAL.—If any contribution is erroneously paid under subsection (a)(2), including a payment that is not made to an applicable retirement savings vehicle, the amount of such erroneous payment shall be treated as an underpayment of tax (other than for purposes of part II of subchapter A of chapter 68) for the taxable year in which the Secretary determines the payment is erroneous.

"(B) DISTRIBUTION OF ERRONEOUS MATCHING CONTRIBUTIONS.—In the case of a contribution to which subparagraph (A) applies—

"(i) section 402(a), 403(a)(1), 403(b)(1), 408(d)(1), or 457(a)(1), whichever is applicable, shall not apply to any distribution of such contribution, and section 72(t) shall not apply to the distribution of such contribution or any income attributable thereto, if such distribution is received not later than the day prescribed by law (including extensions of time) for filing the individual's return for such taxable year, and

"(ii) any plan or arrangement from which such a distribution is made under this subparagraph shall not be treated as violating any requirement under section 401, 403, or 457 solely by reason of making such distribution.

"(5) EXCEPTION FROM REDUCTION OR OFFSET.—Any payment made to any individual under this section shall not be—

"(A) subject to reduction or offset pursuant to subsection (c), (d), (e), or (f) of section 6402 or any similar authority permitting offset, or

"(B) reduced or offset by other assessed Federal taxes that would otherwise be subject to levy or collection.

"(6) SAVER'S MATCH RECOVERY PAYMENTS.—

"(A) IN GENERAL.—In the case of an applicable retirement savings vehicle to which contributions have been made under subsection (a)(2), and from which a specified early distribution has been made during the taxable year, if the aggregate amount of such contributions exceeds the account balance of such savings vehicle at the end of the such taxable year, the tax imposed by chapter 1 shall be increased by an amount equal to such excess (reduced by the amount by which the tax under such chapter was increased under section 72(t)(1) with respect to such distribution).

"(B) SPECIFIED EARLY DISTRIBUTION.—For purposes of this paragraph, the term 'specified early distribution' means any portion of a distribution—

"(i) which is from such applicable retirement savings vehicle to which a contribution has been made under subsection (a)(2),

"(ii) which is includible in gross income, and

"(iii) to which 72(t)(1) applies.

"(C) EXCESS MAY BE REPAID.—

"(i) IN GENERAL.—The increase in tax for any taxable year under subparagraph (A) shall be reduced (but not below zero) by so much of such specified early distribution as the individual elects to contribute to an applicable retirement savings vehicle not later than the day prescribed by law (including extensions of time) for filing such individual's return for such taxable year.

"(ii) CONTRIBUTION OF EXCESS.—Any individual who elects to contribute an amount under clause (i) may make one or more contributions in an aggregate amount not to exceed the amount of the specified early distribution to which the election relates to an applicable retirement savings vehicle and to which a rollover contribution of such distribution could be made under section 402(c), 403(b)(8), 408(d)(3), or 457(e)(16), as the case may be.

"(iii) LIMITATION ON CONTRIBUTIONS TO APPLICABLE RETIREMENT SAVINGS VEHICLE OTHER THAN IRAS.—The aggregate amount of contributions made by an individual under clause (ii) to any applicable savings retirement vehicle which is not an individual retirement plan shall not exceed the aggregate amount of specified early retirement distributions which are made from such savings retirement vehicle to such individual. Clause (ii) shall not apply to contributions to any applicable retirement savings vehicle which is not an individual retirement plan unless the individual is eligible to make contributions (other than those described in clause (ii)) to such retirement savings vehicle.

"(iv) TREATMENT OF REPAYMENTS OF DISTRIBUTIONS FROM APPLICABLE ELIGIBLE RETIREMENT PLANS OTHER THAN IRAS.—If a contribution is made under clause (ii) with respect to a specified early distribution from an applicable savings retirement vehicle other than

an individual retirement plan, then the taxpayer shall, to the extent of the amount of the contribution, be treated as having received such distribution in an eligible rollover distribution (as defined in section 402(c)(4)) and as having transferred the amount to the savings retirement vehicle in a direct trustee to trustee transfer within 60 days of the distribution.

"(v) TREATMENT OF REPAYMENTS FOR DISTRIBUTIONS FROM IRAS.—If a contribution is made under clause (ii) with respect to a specified early distribution from an individual retirement plan, then, to the extent of the amount of the contribution, such distribution shall be treated as a distribution described in section 408(d)(3) and as having been transferred to the applicable retirement savings vehicle in a direct trustee to trustee transfer within 60 days of the distribution.

"(D) RULES TO ACCOUNT FOR INVESTMENT LOSS.—The Secretary shall prescribe such rules as may be appropriate to reduce any increase in tax otherwise made under subparagraph (A) to properly account for the extent to which any portion of the excess described in such subparagraph is allocable to investment loss in the retirement savings vehicle.

"(g) PROVISION BY SECRETARY OF INFORMATION RELATING TO CONTRIBUTIONS.—In the case of an amount elected by an eligible individual to be contributed to an account or plan under subsection (e)(2), the Secretary shall provide general guidance applicable to the custodian of the account or the plan sponsor, as the case may be, detailing the treatment of such contribution under subsection (f)(2) and the reporting requirements with respect to such contribution under section 6058, particularly as such requirements are modified pursuant to section 102(c)(2) of the SECURE 2.0 Act of 2022.

"(h) INFLATION ADJUSTMENTS.—

"(1) IN GENERAL.—In the case of any taxable year beginning in a calendar year after 2027, the $41,000 amount in subsection (b)(3)(A)(i) shall be increased by an amount equal to—

"(A) such dollar amount, multiplied by

"(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 2026' for 'calendar year 2016' in subparagraph (A)(ii) thereof.

"(2) ROUNDING.—Any increase determined under paragraph (1) shall be rounded to the nearest multiple of $1,000.".

(b) TREATMENT OF CERTAIN POSSESSIONS.—

(1) PAYMENTS TO POSSESSIONS WITH MIRROR CODE TAX SYSTEMS.—The Secretary of the Treasury shall pay to each possession of the United States which has a mirror code tax system amounts equal to the loss (if any) to that possession by reason of the amendments made by this section. Such amounts shall be determined by the Secretary of the Treasury based on information provided by the government of the respective possession.

(2) PAYMENTS TO OTHER POSSESSIONS.—The Secretary of the Treasury shall pay to each possession of the United States

which does not have a mirror code tax system amounts estimated by the Secretary of the Treasury as being equal to the aggregate benefits (if any) that would have been provided to eligible residents of such possession by reason of the amendments made by this section if a mirror code tax system had been in effect in such possession. The preceding sentence shall not apply unless the respective possession has a process, which has been approved by the Secretary of the Treasury, under which such possession promptly transfers the payments directly on behalf of eligible residents to a retirement savings vehicle established under the laws of such possession or the United States that is substantially similar to a plan, or is a plan, described in clause (iii), (iv), (v), or (vi) of section 402(c)(8)(B) of the Internal Revenue Code of 1986 or an individual retirement plan, and the restrictions on distributions from such retirement savings vehicle are substantially similar to the provisions of section 6433(d)(2) of such Code (as added by this section).

(3) COORDINATION WITH UNITED STATES SAVER'S MATCH.—No matching contribution shall be allowed under section 6433 of the Internal Revenue Code of 1986 (as added by this section) to any person—

(A) to whom a matching contribution is paid by the possession by reason of the amendments made by this section, or

(B) who is eligible for a payment under a plan described in paragraph (2).

(4) MIRROR CODE TAX SYSTEM.—For purposes of this subsection, the term "mirror code tax system" means, with respect to any possession of the United States, the income tax system of such possession if the income tax liability of the residents of such possession under such system is determined by reference to the income tax laws of the United States as if such possession were the United States.

(5) TREATMENT OF PAYMENTS.—For purposes of section 1324 of title 31, United States Code, the payments under this subsection shall be treated in the same manner as a refund due from a credit provision referred to in subsection (b)(2) of such section.

(c) ADMINISTRATIVE PROVISIONS.—

(1) DEFICIENCIES.—Section 6211(b)(4) is amended by striking "and 7527A" and inserting "7527A, and 6433".

(2) REPORTING.—The Secretary of the Treasury shall amend the forms relating to reports required under section 6058 of the Internal Revenue Code of 1986 to require—

(A) separate reporting of the aggregate amount of contributions received by the plan during the year under section 6433 of the Internal Revenue Code of 1986 (as added by this section), and

(B) similar reporting with respect to individual retirement accounts (as defined in section 408 of such Code) and individual retirement annuities (as defined in section 408(b) of such Code).

(d) PAYMENT AUTHORITY.—Section 1324(b)(2) of title 31, United States Code, is amended by striking "or 7527A" and inserting "7527A, or 6433".

(e) CONFORMING AMENDMENTS.—

(1) Paragraph (1) of section 25B(d) is amended by striking "the sum of—" and all that follows through "the amount of contributions made before January 1, 2026" and inserting "the amount of contributions made before January 1, 2026".

(2) The table of sections for subchapter B of chapter 65 is amended by adding at the end the following new item:

"Sec. 6433. Saver's Match.".

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2026.

**SEC. 104. PROMOTION OF SAVER'S MATCH.**

(a) IN GENERAL.—The Secretary of the Treasury shall take such steps as the Secretary determines are necessary and appropriate to increase public awareness of the matching contribution provided under section 6433 of the Internal Revenue Code of 1986.

(b) REPORT TO CONGRESS.—

(1) IN GENERAL.—Not later than July 1, 2026, the Secretary shall provide a report to Congress to summarize the anticipated promotion efforts of the Treasury under subsection (a).

(2) CONTENTS.—Such report shall include—

(A) a description of plans for—

(i) the development and distribution of digital and print materials, including the distribution of such materials to States for participants in State facilitated retirement savings programs,

(ii) the translation of such materials into the 10 most commonly spoken languages in the United States after English (as determined by reference to the most recent American Community Survey of the Bureau of the Census), and

(iii) communicating the adverse consequences of early withdrawal from an applicable retirement savings vehicle to which a matching contribution has been paid under section 6333(a)(2) of the Internal Revenue Code of 1986, including the operation of the Saver's Match Recovery Payment rules under section 6433(f)(6) of such Code and associated early withdrawal penalties, and

(B) such other information as the Secretary determines is necessary.

**SEC. 105. POOLED EMPLOYER PLANS MODIFICATION.**

(a) IN GENERAL.—Section 3(43)(B)(ii) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002(43)(B)(ii)) is amended to read as follows:

"(ii) designate a named fiduciary (other than an employer in the plan) to be responsible for collecting contributions to the plan and require such fiduciary to implement written contribution collection procedures that are reasonable, diligent, and systematic;".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after December 31, 2022.

**SEC. 106. MULTIPLE EMPLOYER 403(b) PLANS.**

(a) IN GENERAL.—Section 403(b) is amended by adding at the end the following new paragraph:

"(15) MULTIPLE EMPLOYER PLANS.—

"(A) IN GENERAL.—Except in the case of a church plan, this subsection shall not be treated as failing to apply to an annuity contract solely by reason of such contract being purchased under a plan maintained by more than 1 employer.

"(B) TREATMENT OF EMPLOYERS FAILING TO MEET REQUIREMENTS OF PLAN.—

"(i) IN GENERAL.—In the case of a plan maintained by more than 1 employer, this subsection shall not be treated as failing to apply to an annuity contract held under such plan merely because of one or more employers failing to meet the requirements of this subsection if such plan satisfies rules similar to the rules of section 413(e)(2) with respect to any such employer failure.

"(ii) ADDITIONAL REQUIREMENTS IN CASE OF NON-GOVERNMENTAL PLANS.—A plan shall not be treated as meeting the requirements of this subparagraph unless the plan satisfies rules similar to the rules of subparagraph (A) or (B) of section 413(e)(1), except in the case of a multiple employer plan maintained solely by any of the following: A State, a political subdivision of a State, or an agency or instrumentality of any one or more of the foregoing.".

(b) ANNUAL REGISTRATION FOR 403(b) MULTIPLE EMPLOYER PLAN.—Section 6057 is amended by redesignating subsection (g) as subsection (h) and by inserting after subsection (f) the following new subsection:

"(g) 403(b) MULTIPLE EMPLOYER PLANS TREATED AS ONE PLAN.—In the case of annuity contracts to which this section applies and to which section 403(b) applies by reason of the plan under which such contracts are purchased meeting the requirements of paragraph (15) thereof, such plan shall be treated as a single plan for purposes of this section.".

(c) ANNUAL INFORMATION RETURNS FOR 403(b) MULTIPLE EMPLOYER PLAN.—Section 6058 is amended by redesignating subsection (f) as subsection (g) and by inserting after subsection (e) the following new subsection:

"(f) 403(b) MULTIPLE EMPLOYER PLANS TREATED AS ONE PLAN.—In the case of annuity contracts to which this section applies and to which section 403(b) applies by reason of the plan under which such contracts are purchased meeting the requirements of paragraph (15) thereof, such plan shall be treated as a single plan for purposes of this section.".

(d) AMENDMENTS TO EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—

(1) IN GENERAL.—Section 3(43)(A) of the Employee Retirement Income Security Act of 1974 is amended—

(A) in clause (ii), by striking "section 501(a) of such Code or" and inserting "section 501(a) of such Code, a plan that consists of annuity contracts described in section 403(b) of such Code, or"; and

(B) in the flush text at the end following clause (iii), by striking "the plan." and inserting "the plan, but such term shall include any plan (other than a plan excepted from the application of this title by section 4(b)(2)) maintained for the benefit of the employees of more than 1

employer that consists of annuity contracts described in section 403(b) of such Code and that meets the requirements of subparagraph (B) of section 413(e)(1) of such Code.".

(2) CONFORMING AMENDMENTS.—Sections 3(43)(B)(v)(II) and 3(44)(A)(i)(I) of the Employee Retirement Income Security Act of 1974 are each amended by striking "section 401(a) of such Code or" and inserting "section 401(a) of such Code, a plan that consists of annuity contracts described in section 403(b) of such Code, or".

(e) REGULATIONS RELATING TO EMPLOYER FAILURE TO MEET MULTIPLE EMPLOYER PLAN REQUIREMENTS.—The Secretary of the Treasury (or the Secretary's delegate) shall prescribe such regulations as may be necessary to clarify, in the case of plans to which section 403(b)(15) of the Internal Revenue Code of 1986 applies, the treatment of an employer departing such plan in connection with such employer's failure to meet multiple employer plan requirements.

(f) MODIFICATION OF MODEL PLAN LANGUAGE, ETC.—

(1) PLAN NOTIFICATIONS.—The Secretary of the Treasury (or the Secretary's delegate), in consultation with the Secretary of Labor, shall modify the model plan language published under section 413(e)(5) of the Internal Revenue Code of 1986 to include language that requires participating employers be notified that the plan is subject to the Employee Retirement Income Security Act of 1974 and that such employer is a plan sponsor with respect to its employees participating in the multiple employer plan and, as such, has certain fiduciary duties with respect to the plan and to its employees.

(2) MODEL PLANS FOR MULTIPLE EMPLOYER 403(b) PLANS.—For plans to which section 403(b)(15)(A) of the Internal Revenue Code of 1986 applies (other than a plan maintained for its employees by a State, a political subdivision of a State, or an agency or instrumentality of any one or more of the foregoing), the Secretary of the Treasury (or the Secretary's delegate), in consultation with the Secretary of Labor, shall publish model plan language similar to model plan language published under section 413(e)(5) of such Code.

(3) EDUCATIONAL OUTREACH TO EMPLOYERS EXEMPT FROM TAX.—The Secretary of the Treasury (or the Secretary's delegate), in consultation with the Secretary of Labor, shall provide education and outreach to increase awareness to employers described in section 501(c)(3) of the Internal Revenue Code of 1986, and which are exempt from tax under section 501(a) of such Code, that multiple employer plans are subject to the Employee Retirement Income Security Act of 1974 and that such employer is a plan sponsor with respect to its employees participating in the multiple employer plan and, as such, has certain fiduciary duties with respect to the plan and to its employees.

(g) NO INFERENCE WITH RESPECT TO CHURCH PLANS.—Regarding any application of section 403(b) of the Internal Revenue Code of 1986 to an annuity contract purchased under a church plan (as defined in section 414(e) of such Code) maintained by more than 1 employer, or to any application of rules similar to section 413(e) of such Code to such a plan, no inference shall

be made from section 403(b)(15)(A) of such Code (as added by this Act) not applying to such plans.

(h) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to plan years beginning after December 31, 2022.

(2) RULE OF CONSTRUCTION.—Nothing in the amendments made by subsection (a) shall be construed as limiting the authority of the Secretary of the Treasury or the Secretary's delegate (determined without regard to such amendment) to provide for the proper treatment of a failure to meet any requirement applicable under the Internal Revenue Code of 1986 with respect to one employer (and its employees) in the case of a plan to which section 403(b)(15) of the Internal Revenue Code of 1986 applies.

**SEC. 107. INCREASE IN AGE FOR REQUIRED BEGINNING DATE FOR MANDATORY DISTRIBUTIONS.**

(a) IN GENERAL.—Section 401(a)(9)(C)(i)(I) is amended by striking "age 72" and inserting "the applicable age".

(b) SPOUSE BENEFICIARIES; SPECIAL RULE FOR OWNERS.—Subparagraphs (B)(iv)(I) and (C)(ii)(I) of section 401(a)(9) are each amended by striking "age 72" and inserting "the applicable age".

(c) APPLICABLE AGE.—Section 401(a)(9)(C) is amended by adding at the end the following new clause:

"(v) APPLICABLE AGE.—

"(I) In the case of an individual who attains age 72 after December 31, 2022, and age 73 before January 1, 2033, the applicable age is 73.

"(II) In the case of an individual who attains age 74 after December 31, 2032, the applicable age is 75.".

(d) CONFORMING AMENDMENTS.—The last sentence of section 408(b) is amended by striking "age 72" and inserting "the applicable age (determined under section 401(a)(9)(C)(v) for the calendar year in which such taxable year begins)".

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions required to be made after December 31, 2022, with respect to individuals who attain age 72 after such date.

**SEC. 108. INDEXING IRA CATCH-UP LIMIT.**

(a) IN GENERAL.—Subparagraph (C) of section 219(b)(5) is amended by adding at the end the following new clause:

"(iii) INDEXING OF CATCH-UP LIMITATION.—In the case of any taxable year beginning in a calendar year after 2023, the $1,000 amount under subparagraph (B)(ii) shall be increased by an amount equal to—

"(I) such dollar amount, multiplied by

"(II) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 2022' for 'calendar year 2016' in subparagraph (A)(ii) thereof.

If any amount after adjustment under the preceding sentence is not a multiple of $100, such amount shall be rounded to the next lower multiple of $100.".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2023.

**SEC. 109. HIGHER CATCH-UP LIMIT TO APPLY AT AGE 60, 61, 62, AND 63.**

(a) IN GENERAL.—

(1) PLANS OTHER THAN SIMPLE PLANS.—Section 414(v)(2)(B)(i) is amended by inserting the following before the period: "(the adjusted dollar amount, in the case of an eligible participant who would attain age 60 but would not attain age 64 before the close of the taxable year)".

(2) SIMPLE PLANS.—Section 414(v)(2)(B)(ii) is amended by inserting the following before the period: "(the adjusted dollar amount, in the case of an eligible participant who would attain age 60 but would not attain age 64 before the close of the taxable year)".

(b) ADJUSTED DOLLAR AMOUNT.—Section 414(v)(2) is amended by adding at the end the following new subparagraph:

"(E) ADJUSTED DOLLAR AMOUNT.—For purposes of subparagraph (B), the adjusted dollar amount is—

"(i) in the case of clause (i) of subparagraph (B), the greater of—

"(I) $10,000, or

"(II) an amount equal to 150 percent of the dollar amount which would be in effect under such clause for 2024 for eligible participants not described in the parenthetical in such clause, or

"(ii) in the case of clause (ii) of subparagraph (B), the greater of—

"(I) $5,000, or

"(II) an amount equal to equal to 150 percent of the dollar amount which would be in effect under such clause for 2025 for eligible participants not described in the parenthetical in such clause.".

(c) COST-OF-LIVING ADJUSTMENTS.—Subparagraph (C) of section 414(v)(2) is amended by adding at the end the following: "In the case of a year beginning after December 31, 2025, the Secretary shall adjust annually the adjusted dollar amounts applicable under clauses (i) and (ii) of subparagraph (E) for increases in the cost-of-living at the same time and in the same manner as adjustments under the preceding sentence; except that the base period taken into account shall be the calendar quarter beginning July 1, 2024.".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2024.

**SEC. 110. TREATMENT OF STUDENT LOAN PAYMENTS AS ELECTIVE DEFERRALS FOR PURPOSES OF MATCHING CONTRIBUTIONS.**

(a) IN GENERAL.—Subparagraph (A) of section 401(m)(4) is amended by striking "and" at the end of clause (i), by striking the period at the end of clause (ii) and inserting ", and", and by adding at the end the following new clause:

"(iii) subject to the requirements of paragraph (14), any employer contribution made to a defined contribution plan on behalf of an employee on account of a qualified student loan payment.".

(b) QUALIFIED STUDENT LOAN PAYMENT.—Paragraph (4) of section 401(m) is amended by adding at the end the following new subparagraph:

"(D) QUALIFIED STUDENT LOAN PAYMENT.—The term 'qualified student loan payment' means a payment made by an employee in repayment of a qualified education loan (as defined in section 221(d)(1)) incurred by the employee to pay qualified higher education expenses, but only—

"(i) to the extent such payments in the aggregate for the year do not exceed an amount equal to—

"(I) the limitation applicable under section 402(g) for the year (or, if lesser, the employee's compensation (as defined in section 415(c)(3)) for the year), reduced by

"(II) the elective deferrals made by the employee for such year, and

"(ii) if the employee certifies annually to the employer making the matching contribution under this paragraph that such payment has been made on such loan.

For purposes of this subparagraph, the term 'qualified higher education expenses' means the cost of attendance (as defined in section 472 of the Higher Education Act of 1965, as in effect on the day before the date of the enactment of the Taxpayer Relief Act of 1997) at an eligible educational institution (as defined in section 221(d)(2)).".

(c) MATCHING CONTRIBUTIONS FOR QUALIFIED STUDENT LOAN PAYMENTS.—Section 401(m) is amended by redesignating paragraph (13) as paragraph (14), and by inserting after paragraph (12) the following new paragraph:

"(13) MATCHING CONTRIBUTIONS FOR QUALIFIED STUDENT LOAN PAYMENTS.—

"(A) IN GENERAL.—For purposes of paragraph (4)(A)(iii), an employer contribution made to a defined contribution plan on account of a qualified student loan payment shall be treated as a matching contribution for purposes of this title if—

"(i) the plan provides matching contributions on account of elective deferrals at the same rate as contributions on account of qualified student loan payments,

"(ii) the plan provides matching contributions on account of qualified student loan payments only on behalf of employees otherwise eligible to receive matching contributions on account of elective deferrals,

"(iii) under the plan, all employees eligible to receive matching contributions on account of elective deferrals are eligible to receive matching contributions on account of qualified student loan payments, and

"(iv) the plan provides that matching contributions on account of qualified student loan payments vest in the same manner as matching contributions on account of elective deferrals.

"(B) TREATMENT FOR PURPOSES OF NONDISCRIMINATION RULES, ETC.—

"(i) NONDISCRIMINATION RULES.—For purposes of subparagraph (A)(iii), subsection (a)(4), and section 410(b), matching contributions described in paragraph (4)(A)(iii) shall not fail to be treated as available to an employee solely because such employee does not

have debt incurred under a qualified education loan (as defined in section 221(d)(1)).

"(ii) STUDENT LOAN PAYMENTS NOT TREATED AS PLAN CONTRIBUTION.—Except as provided in clause (iii), a qualified student loan payment shall not be treated as a contribution to a plan under this title.

"(iii) MATCHING CONTRIBUTION RULES.—Solely for purposes of meeting the requirements of paragraph (11)(B), (12), or (13) of this subsection, or paragraph (11)(B)(i)(II), (12)(B), (13)(D), or (16)(D) of subsection (k), a plan may treat a qualified student loan payment as an elective deferral or an elective contribution, whichever is applicable.

"(iv) ACTUAL DEFERRAL PERCENTAGE TESTING.—In determining whether a plan meets the requirements of subsection (k)(3)(A)(ii) for a plan year, the plan may apply the requirements of such subsection separately with respect to all employees who receive matching contributions described in paragraph (4)(A)(iii) for the plan year.

"(C) EMPLOYER MAY RELY ON EMPLOYEE CERTIFICATION.—The employer may rely on an employee certification of payment under paragraph (4)(D)(ii).".

(d) SIMPLE RETIREMENT ACCOUNTS.—Paragraph (2) of section 408(p) is amended by adding at the end the following new subparagraph:

"(F) MATCHING CONTRIBUTIONS FOR QUALIFIED STUDENT LOAN PAYMENTS.—

"(i) IN GENERAL.—Subject to the rules of clause (iii), an arrangement shall not fail to be treated as meeting the requirements of subparagraph (A)(iii) solely because under the arrangement, solely for purposes of such subparagraph, qualified student loan payments are treated as amounts elected by the employee under subparagraph (A)(i)(I) to the extent such payments do not exceed—

"(I) the applicable dollar amount under subparagraph (E) (after application of section 414(v)) for the year (or, if lesser, the employee's compensation (as defined in section 415(c)(3)) for the year), reduced by

"(II) any other amounts elected by the employee under subparagraph (A)(i)(I) for the year.

"(ii) QUALIFIED STUDENT LOAN PAYMENT.—For purposes of this subparagraph—

"(I) IN GENERAL.—The term 'qualified student loan payment' means a payment made by an employee in repayment of a qualified education loan (as defined in section 221(d)(1)) incurred by the employee to pay qualified higher education expenses, but only if the employee certifies to the employer making the matching contribution that such payment has been made on such a loan.

"(II) QUALIFIED HIGHER EDUCATION EXPENSES.—The term 'qualified higher education expenses' has the same meaning as when used in section 401(m)(4)(D).

"(iii) APPLICABLE RULES.—Clause (i) shall apply to an arrangement only if, under the arrangement—

"(I) matching contributions on account of qualified student loan payments are provided only on behalf of employees otherwise eligible to elect contributions under subparagraph (A)(i)(I), and

"(II) all employees otherwise eligible to participate in the arrangement are eligible to receive matching contributions on account of qualified student loan payments.".

(e) 403(b) PLANS.—Subparagraph (A) of section 403(b)(12) is amended by adding at the end the following: "The fact that the employer offers matching contributions on account of qualified student loan payments as described in section 401(m)(13) shall not be taken into account in determining whether the arrangement satisfies the requirements of clause (ii) (and any regulation thereunder).".

(f) 457(b) PLANS.—Subsection (b) of section 457 is amended by adding at the end the following: "A plan which is established and maintained by an employer which is described in subsection (e)(1)(A) shall not be treated as failing to meet the requirements of this subsection solely because the plan, or another plan maintained by the employer which meets the requirements of section 401(a) or 403(b), provides for matching contributions on account of qualified student loan payments as described in section 401(m)(13).".

(g) REGULATORY AUTHORITY.—The Secretary of the Treasury (or such Secretary's delegate) shall prescribe regulations for purposes of implementing the amendments made by this section, including regulations—

(1) permitting a plan to make matching contributions for qualified student loan payments, as defined in sections 401(m)(4)(D) and 408(p)(2)(F) of the Internal Revenue Code of 1986, as added by this section, at a different frequency than matching contributions are otherwise made under the plan, provided that the frequency is not less than annually;

(2) permitting employers to establish reasonable procedures to claim matching contributions for such qualified student loan payments under the plan, including an annual deadline (not earlier than 3 months after the close of each plan year) by which a claim must be made; and

(3) promulgating model amendments which plans may adopt to implement matching contributions on such qualified student loan payments for purposes of sections 401(m), 408(p), 403(b), and 457(b) of the Internal Revenue Code of 1986.

(h) EFFECTIVE DATE.—The amendments made by this section shall apply to contributions made for plan years beginning after December 31, 2023.

**SEC. 111. APPLICATION OF CREDIT FOR SMALL EMPLOYER PENSION PLAN STARTUP COSTS TO EMPLOYERS WHICH JOIN AN EXISTING PLAN.**

(a) IN GENERAL.—Section 45E(d)(3)(A) is amended by striking "effective" and inserting "effective with respect to the eligible employer".

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in the enactment of section 104

of the Setting Every Community Up for Retirement Enhancement Act of 2019.

**SEC. 112. MILITARY SPOUSE RETIREMENT PLAN ELIGIBILITY CREDIT FOR SMALL EMPLOYERS.**

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 is amended by adding at the end the following new section:

**"SEC. 45AA. MILITARY SPOUSE RETIREMENT PLAN ELIGIBILITY CREDIT FOR SMALL EMPLOYERS.**

"(a) IN GENERAL.—For purposes of section 38, in the case of any eligible small employer, the military spouse retirement plan eligibility credit determined under this section for any taxable year is an amount equal to the sum of—

"(1) $200 with respect to each military spouse who is an employee of such employer and who participates in an eligible defined contribution plan of such employer at any time during such taxable year, plus

"(2) so much of the contributions made by such employer (other than an elective deferral (as defined in section 402(g)(3)) to all such plans with respect to such employee during such taxable year as do not exceed $300.

"(b) LIMITATION.—An individual shall only be taken into account as a military spouse under subsection (a) for the taxable year which includes the date on which such individual began participating in the eligible defined contribution plan of the employer and the 2 succeeding taxable years.

"(c) ELIGIBLE SMALL EMPLOYER.—For purposes of this section, the term 'eligible small employer' means an eligible employer (as defined in section 408(p)(2)(C)(i)(I).

"(d) MILITARY SPOUSE.—For purposes of this section—

"(1) IN GENERAL.—The term 'military spouse' means, with respect to any employer, any individual who is married (within the meaning of section 7703 as of the first date that the employee is employed by the employer) to an individual who is a member of the uniformed services (as defined section 101(a)(5) of title 10, United States Code) serving on active duty. For purposes of this section, an employer may rely on an employee's certification that such employee's spouse is a member of the uniformed services if such certification provides the name, rank, and service branch of such spouse.

"(2) EXCLUSION OF HIGHLY COMPENSATED EMPLOYEES.—With respect to any employer, the term 'military spouse' shall not include any individual if such individual is a highly compensated employee of such employer (within the meaning of section 414(q)).

"(e) ELIGIBLE DEFINED CONTRIBUTION PLAN.—For purposes of this section, the term 'eligible defined contribution plan' means, with respect to any eligible small employer, any defined contribution plan (as defined in section 414(i)) of such employer if, under the terms of such plan—

"(1) military spouses employed by such employer are eligible to participate in such plan not later than the date which is 2 months after the date on which such individual begins employment with such employer, and

"(2) military spouses who are eligible to participate in such plan—

"(A) are immediately eligible to receive an amount of employer contributions under such plan which is not less the amount of such contributions that a similarly situated participant who is not a military spouse would be eligible to receive under such plan after 2 years of service, and

"(B) immediately have a nonforfeitable right to the employee's accrued benefit derived from employer contributions under such plan.

"(f) AGGREGATION RULE.—All persons treated as a single employer under subsection (b), (c), (m), or (o) of section 414 shall be treated as one employer for purposes of this section.".

(b) CREDIT ALLOWED AS PART OF GENERAL BUSINESS CREDIT.—Section 38(b) is amended by striking "plus" at the end of paragraph (39), by striking the period at the end of paragraph (40) and inserting ", plus", and by adding at the end the following new paragraph:

"(41) in the case of an eligible small employer (as defined in section 45AA(c)), the military spouse retirement plan eligibility credit determined under section 45AA(a).".

(c) SPECIFIED CREDIT FOR PURPOSES OF CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATIONS.—Section 3511(d)(2) is amended by redesignating subparagraphs (F), (G), and (H) as subparagraphs (G), (H), and (I), respectively, and by inserting after subparagraph (E) the following new subparagraph:

"(F) section 45AA (military spouse retirement plan eligibility credit),".

(d) CLERICAL AMENDMENT.—The table of sections for subpart D of part IV of subchapter A of chapter 1 is amended by adding at the end the following new item:

"Sec. 45AA. Military spouse retirement plan eligibility credit for small employers.".

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

**SEC. 113. SMALL IMMEDIATE FINANCIAL INCENTIVES FOR CONTRIBUTING TO A PLAN.**

(a) IN GENERAL.—Subparagraph (A) of section 401(k)(4) is amended by inserting "(other than a de minimis financial incentive (not paid for with plan assets) provided to employees who elect to have the employer make contributions under the arrangement in lieu of receiving cash)" after "any other benefit".

(b) SECTION 403(b) PLANS.—Subparagraph (A) of section 403(b)(12), as amended by the preceding provisions of this Act, is further amended by adding at the end the following: "A plan shall not fail to satisfy clause (ii) solely by reason of offering a de minimis financial incentive (not derived from plan assets) to employees to elect to have the employer make contributions pursuant to a salary reduction agreement.".

(c) EXEMPTION FROM PROHIBITED TRANSACTION RULES.—Subsection (d) of section 4975 is amended by striking "or" at the end of paragraph (22), by striking the period at the end of paragraph (23) and inserting ", or", and by adding at the end the following new paragraph:

"(24) the provision of a de minimis financial incentive described in section 401(k)(4)(A).".

(d) AMENDMENT OF EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—Subsection (b) of section 408 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1108(b)) is amended by adding at the end the following new paragraph:

"(21) The provision of a de minimis financial incentive described in section 401(k)(4)(A) or section 403(b)(12)(A) of the Internal Revenue Code of 1986.".

(e) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to plan years beginning after the date of enactment of this Act.

**SEC. 114. DEFERRAL OF TAX FOR CERTAIN SALES OF EMPLOYER STOCK TO EMPLOYEE STOCK OWNERSHIP PLAN SPONSORED BY S CORPORATION.**

(a) IN GENERAL.—Section 1042(c)(1)(A) is amended by striking "domestic C corporation" and inserting "domestic corporation".

(b) 10 PERCENT LIMITATION ON APPLICATION OF GAIN ON SALE OF S CORPORATION STOCK.—Section 1042 is amended by adding at the end the following new subsection:

"(h) APPLICATION OF SECTION TO SALE OF STOCK IN S CORPORATION.—In the case of the sale of qualified securities of an S corporation, the election under subsection (a) may be made with respect to not more than 10 percent of the amount realized on such sale for purposes of determining the amount of gain not recognized and the extent to which (if at all) the amount realized on such sale exceeds the cost of qualified replacement property. The portion of adjusted basis that is properly allocable to the portion of the amount realized with respect to which the election is made under this subsection shall be taken into account for purposes of the preceding sentence.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to sales after December 31, 2027.

**SEC. 115. WITHDRAWALS FOR CERTAIN EMERGENCY EXPENSES.**

(a) IN GENERAL.—Paragraph (2) of section 72(t) is amended by adding at the end the following new subparagraph:

"(I) DISTRIBUTIONS FOR CERTAIN EMERGENCY EXPENSES.—

"(i) IN GENERAL.—Any emergency personal expense distribution.

"(ii) ANNUAL LIMITATION.—Not more than 1 distribution per calendar year may be treated as an emergency personal expense distribution by any individual.

"(iii) DOLLAR LIMITATION.—The amount which may be treated as an emergency personal expense distribution by any individual in any calendar year shall not exceed the lesser of $1,000 or an amount equal to the excess of—

"(I) the individual's total nonforfeitable accrued benefit under the plan (the individual's total interest in the plan in the case of an individual retirement plan), determined as of the date of each such distribution, over

"(II) $1,000.

"(iv) EMERGENCY PERSONAL EXPENSE DISTRIBUTION.—For purposes of this subparagraph, the term 'emergency personal expense distribution' means any distribution from an applicable eligible retirement plan

(as defined in subparagraph (H)(vi)(I)) to an individual for purposes of meeting unforeseeable or immediate financial needs relating to necessary personal or family emergency expenses. The administrator of an applicable eligible retirement plan may rely on an employee's written certification that the employee satisfies the conditions of the preceding sentence in determining whether any distribution is an emergency personal expense distribution. The Secretary may provide by regulations for exceptions to the rule of the preceding sentence in cases where the plan administrator has actual knowledge to the contrary of the employee's certification, and for procedures for addressing cases of employee misrepresentation.

"(v) TREATMENT OF PLAN DISTRIBUTIONS.—If a distribution to an individual would (without regard to clause (ii) or (iii)) be an emergency personal expense distribution, a plan shall not be treated as failing to meet any requirement of this title merely because the plan treats the distribution as an emergency personal expense distribution, unless the number or the aggregate amount of such distributions from all plans maintained by the employer (and any member of any controlled group which includes the employer, determined as provided in subparagraph (H)(iv)(II)) to such individual exceeds the limitation determined under clause (ii) or (iii).

"(vi) AMOUNT DISTRIBUTED MAY BE REPAID.—Rules similar to the rules of subparagraph (H)(v) shall apply with respect to an individual who receives a distribution to which clause (i) applies.

"(vii) LIMITATION ON SUBSEQUENT DISTRIBUTIONS.—If a distribution is treated as an emergency personal expense distribution in any calendar year with respect to a plan of the employee, no amount may be treated as such a distribution during the immediately following 3 calendar years with respect to such plan unless—

"(I) such previous distribution is fully repaid to such plan pursuant to clause (vi), or

"(II) the aggregate of the elective deferrals and employee contributions to the plan (the total amounts contributed to the plan in the case of an individual retirement plan) subsequent to such previous distribution is at least equal to the amount of such previous distribution which has not been so repaid.

"(viii) SPECIAL RULES.—Rules similar to the rules of subclauses (II) and (IV) of subparagraph (H)(vi) shall apply to any emergency personal expense distribution.".

(b) CROSS-REFERENCE.—See section 311 of this Act for amendment to section 72(t)(2)(H)(v)(I) of the Internal Revenue Code of 1986 limiting repayment of distribution to 3 years.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions made after December 31, 2023.

**SEC. 116. ALLOW ADDITIONAL NONELECTIVE CONTRIBUTIONS TO SIMPLE PLANS.**

(a) IN GENERAL.—

(1) MODIFICATION TO DEFINITION.—Subparagraph (A) of section 408(p)(2) is amended by striking "and" at the end of clause (iii), by redesignating clause (iv) as clause (v), and by inserting after clause (iii) the following new clause:

"(iv) the employer may make nonelective contributions of a uniform percentage (up to 10 percent) of compensation for each employee who is eligible to participate in the arrangement, and who has at least $5,000 of compensation from the employer for the year, but such contributions with respect to any employee shall not exceed $5,000 for the year, and".

(2) LIMITATION.—Subparagraph (A) of section 408(p)(2) is amended by adding at the end the following: "The compensation taken into account under clause (iv) for any year shall not exceed the limitation in effect for such year under section 401(a)(17).".

(3) OVERALL DOLLAR LIMIT ON CONTRIBUTIONS.—Paragraph (8) of section 408(p) is amended to read as follows:

"(8) COORDINATION WITH MAXIMUM LIMITATION.—In the case of any simple retirement account—

"(A) subsection (a)(1) shall be applied by substituting for 'the amount in effect for such taxable year under section 219(b)(1)(A)' the following: 'the sum of the dollar amount in effect under subsection (p)(2)(A)(ii), the employer contribution required under subsection (p)(2)(A)(iii) or (p)(2)(B)(i), whichever is applicable, and a contribution which meets the requirement of subsection (p)(2)(A)(iv) with respect to the employee', and

"(B) subsection (b)(2)(B) shall be applied by substituting for 'the dollar amount in effect under section 219(b)(1)(A)' the following: 'the sum of the dollar amount in effect under subsection (p)(2)(A)(ii), the employer contribution required under subsection (p)(2)(A)(iii) or (p)(2)(B)(i), whichever is applicable, and a contribution which meets the requirement of subsection (p)(2)(A)(iv) with respect to the employee'.".

(4) ADJUSTMENT FOR INFLATION.—Paragraph (2) of section 408(p), as amended by this Act, is further amended by adding at the end the following new subparagraph:

"(G) ADJUSTMENT FOR INFLATION.—In the case of taxable years beginning after December 31, 2024, the $5,000 amount in subparagraph (A)(iv)(II) shall be increased by an amount equal to—

"(i) such amount, multiplied by

"(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting '2023' for '2016' in subparagraph (A)(ii) thereof.

If any amount as adjusted under the preceding sentence is not a multiple of $100, such amount shall be rounded to the nearest multiple of $100.".

(b) CONFORMING AMENDMENTS.—

(1) Section 408(p)(2)(A)(v), as redesignated by subsection (a), is amended by striking "or (iii)" and inserting ", (iii), or (iv)".

(2) Section 401(k)(11)(B)(i) is amended by striking "and" at the end of subclause (II), by redesignating subclause (III) as subclause (IV), and by inserting after subclause (II) the following new subclause:

"(III) the employer may make nonelective contributions of a uniform percentage (up to 10 percent) of compensation, but not to exceed the amount in effect under section 408(p)(2)(A)(iv) in any year, for each employee who is eligible to participate in the arrangement and who has at least $5,000 of compensation from the employer for the year, and".

(3) Section 401(k)(11)(B)(i)(IV), as redesignated by paragraph (2), is amended by striking "or (II)" and inserting ", (II), or (III)".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2023.

**SEC. 117. CONTRIBUTION LIMIT FOR SIMPLE PLANS.**

(a) IN GENERAL.—Subparagraph (E) of section 408(p)(2) is amended—

(1) by striking "amount is" and all that follows in clause (i) and inserting the following: "dollar amount is—

"(I) the adjusted dollar amount in the case of an eligible employer described in clause (iii) which had not more than 25 employees who received at least $5,000 of compensation from the employer for the preceding year,

"(II) the adjusted dollar amount in the case of an eligible employer described in clause (iii) which is not described in subclause (I) and which elects, at such time and in such manner as prescribed by the Secretary, the application of this subclause for the year, and

"(III) $10,000 in any other case.",

(2) by redesignating clause (ii) as clause (iii) and by inserting after clause (i) the following new clause:

"(ii) ADJUSTED DOLLAR AMOUNT.—For purposes of clause (i), the adjusted dollar amount is an amount equal to 110 percent of the dollar amount in effect under clause (i)(III) for calendar year 2024.",

(3) by striking "ADJUSTMENT.—In the case of" in clause (iii), as so redesignated, and inserting "ADJUSTMENT.—

"(I) CERTAIN LARGE EMPLOYERS.—In the case of",

(4) by striking "clause (i)" in such clause (iii) and inserting "clause (i)(III)", and

(5) by adding at the end of such clause (iii) the following new subclause:

"(II) OTHER EMPLOYERS.—In the case of a year beginning after December 31, 2024, the Secretary shall adjust annually the adjusted dollar amount under clause (ii) in the manner provided under subclause (I) of this clause, except that the base

period taken into account shall be the calendar quarter beginning July 1, 2023.".

(b) CATCH-UP CONTRIBUTIONS.—Paragraph (2) of section 414(v) is amended—

(1) in subparagraph (B)—

(A) by striking "the applicable" in clause (ii), as amended by this Act, and inserting "except as provided in clause (iii), the applicable"; and

(B) by adding at the end the following new clause:

"(iii) In the case of an applicable employer plan—

"(I) which is maintained by an eligible employer described in section 408(p)(2)(E)(i)(I), or

"(II) to which an election under section 408(p)(2)(E)(i)(II) applies for the year (including a plan described in section 401(k)(11) which is maintained by an eligible employer described in section 408(p)(2)(E)(i)(II) and to which such election applies by reason of subparagraphs (B)(i)(I) and (E) of section 401(k)(11)),

the applicable dollar amount is an amount equal to 110 percent of the dollar amount in effect under clause (ii) for calendar year 2024.", and

(2) in subparagraph (C), as amended by this Act—

(A) by striking "ADJUSTMENT.—In the case of" and inserting the following: "ADJUSTMENT.—

"(i) CERTAIN LARGE EMPLOYERS.—In the case of", and

(B) by adding at the end the following new clause:

"(ii) OTHER EMPLOYERS.—In the case of a year beginning after December 31, 2024, the Secretary shall adjust annually the dollar amount described in subparagraph (B)(iii) in the manner provided under clause (i) of this subparagraph, except that the base period taken into account shall be the calendar quarter beginning July 1, 2023.".

(c) EMPLOYER MATCH.—Clause (ii) of section 408(p)(2)(C) is amended—

(1) by striking "The term" in subclause (I) and inserting "Except as provided in subclause (IV), the term",

(2) by adding at the end the following new subclause:

"(IV) SPECIAL RULE FOR ELECTING LARGER EMPLOYERS.—In the case of an employer which had more than 25 employees who received at least $5,000 of compensation from the employer for the preceding year, and which makes the election under subparagraph (E)(i)(II) for any year, subclause (I) shall be applied for such year by substituting '4 percent' for '3 percent'.", and

(3) by striking "3 percent" each place it appears in subclauses (II) and (III) and inserting "the applicable percentage".

(d) INCREASE IN NONELECTIVE EMPLOYER CONTRIBUTION FOR ELECTING LARGER EMPLOYERS.—Subparagraph (B) of section 408(p)(2) is amended by adding at the end the following new clause:

"(iii) SPECIAL RULE FOR ELECTING LARGER EMPLOYERS.—In the case of an employer which had more than 25 employees who received at least $5,000 of compensation from the employer for the preceding

year, and which makes the election under subparagraph (E)(i)(II) for any year, clause (i) shall be applied for such year by substituting '3 percent' for '2 percent'.".

(e) TRANSITION RULE.—Paragraph (2) of section 408(p), as amended by this Act, is further amended by adding at the end the following new subparagraph:

"(H) 2-YEAR GRACE PERIOD.—An eligible employer which had not more than 25 employees who received at least $5,000 of compensation from the employer for 1 or more years, and which has more than 25 such employees for any subsequent year, shall be treated for purposes of subparagraph (E)(i) as having 25 such employees for the 2 years following the last year the employer had not more than 25 such employees, and not as having made the election under subparagraph (E)(i)(II) for such 2 years. Rules similar to the second sentence of subparagraph (C)(i)(II) shall apply for purposes of this subparagraph.".

(f) AMENDMENTS APPLY ONLY IF EMPLOYER HAS NOT HAD ANOTHER PLAN WITHIN 3 YEARS.—Subparagraph (E) of section 408(p)(2), as amended by subsection (a), is further amended by adding at the end the following new clause:

"(iv) EMPLOYER HAS NOT HAD ANOTHER PLAN WITHIN 3 YEARS.—An eligible employer is described in this clause only if, during the 3-taxable-year period immediately preceding the 1st year the employer maintains the qualified salary reduction arrangement under this paragraph, neither the employer nor any member of any controlled group including the employer (or any predecessor of either) established or maintained any plan described in clause (i), (ii), or (iv) of section 219(g)(5)(A) with respect to which contributions were made, or benefits were accrued, for substantially the same employees as are eligible to participate in such qualified salary reduction arrangement.".

(g) CONFORMING AMENDMENTS RELATING TO SIMPLE 401(k)S.—

(1) Subclause (I) of section 401(k)(11)(B)(i) is amended by inserting "(after the application of any election under section 408(p)(2)(E)(i)(II))" before the comma.

(2) Paragraph (11) of section 401(k) is amended by adding at the end the following new subparagraph:

"(E) EMPLOYERS ELECTING INCREASED CONTRIBUTIONS.—In the case of an employer which applies an election under section 408(p)(2)(E)(i)(II) for purposes of the contribution requirements of this paragraph under subparagraph (B)(i)(I), rules similar to the rules of subparagraphs (B)(iii), (C)(ii)(IV), and (G) of section 408(p)(2) shall apply for purposes of subparagraphs (B)(i)(II) and (B)(ii) of this paragraph.".

(h) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2023.

(i) REPORTS BY SECRETARY.—

(1) IN GENERAL.—The Secretary of the Treasury shall, not later than December 31, 2024, and annually thereafter, report to the Committees on Finance and Health, Education, Labor, and Pensions of the Senate and the Committees on Ways and

Means and Education and Labor of the House of Representatives on the data described in paragraph (2), together with any recommendations the Secretary deems appropriate.

(2) DATA DESCRIBED.—For purposes of the report required under paragraph (1), the Secretary of the Treasury shall collect data and information on—

(A) the number of plans described in section 408(p) or 401(k)(11) of the Internal Revenue Code of 1986 that are maintained or established during a year;

(B) the number of participants eligible to participate in such plans for such year;

(C) median contribution amounts for the participants described in subparagraph (B);

(D) the types of investments that are most common under such plans; and

(E) the fee levels charged in connection with the maintenance of accounts under such plans.

Such data and information shall be collected separately for each type of plan. For purposes of collecting such data, the Secretary of the Treasury may use such data as is otherwise available to the Secretary for publication and may use such approaches as are appropriate under the circumstances, including the use of voluntary surveys and collaboration on studies.

**SEC. 118. TAX TREATMENT OF CERTAIN NONTRADE OR BUSINESS SEP CONTRIBUTIONS.**

(a) IN GENERAL.—Subparagraph (B) of section 4972(c)(6) is amended—

(1) by striking "408(p)) or" and inserting "408(p)),"; and

(2) by inserting ", or a simplified employee pension (within the meaning of section 408(k))" after "401(k)(11))".

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

(2) NO INFERENCE.—Nothing in the amendments made by this section shall be construed to infer the proper treatment under section 4972(c)(6) of the Internal Revenue Code of 1986 of nondeductible contributions to which the amendments made by this section do not apply.

**SEC. 119. APPLICATION OF SECTION 415 LIMIT FOR CERTAIN EMPLOYEES OF RURAL ELECTRIC COOPERATIVES.**

(a) IN GENERAL.—Section 415(b) is amended by adding at the end the following new paragraph:

"(12) SPECIAL RULE FOR CERTAIN EMPLOYEES OF RURAL ELECTRIC COOPERATIVES.—

"(A) IN GENERAL.—Subparagraph (B) of paragraph (1) shall not apply to a participant in an eligible rural electric cooperative plan, except in the case of a participant who was a highly compensated employee (as defined in section 414(q)) of an employer maintaining such plan for the earlier of—

"(i) the plan year in which the participant terminated employment with such employer, or

"(ii) the plan year in which distributions commence under the plan with respect to the participant, or

for any of the 5 plan years immediately preceding such earlier plan year.

"(B) ELIGIBLE RURAL ELECTRIC COOPERATIVE PLAN.—For purposes of this paragraph—

"(i) IN GENERAL.—The term 'eligible rural electric cooperative plan' means a plan maintained by more than 1 employer, with respect to which at least 85 percent of the employers maintaining the plan are rural cooperatives described in clause (i) or (ii) of section 401(k)(7)(B) or are a national association of such a rural cooperative.

"(ii) ELECTION.—An employer maintaining an eligible rural cooperative plan may elect not to have subparagraph (A) apply to its employees.

"(C) REGULATIONS.—The Secretary shall prescribe such regulations and other guidance as are necessary to limit the application of subparagraph (A) such that it does not result in increased benefits for highly compensated employees.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to limitation years ending after the date of the enactment of this Act.

**SEC. 120. EXEMPTION FOR CERTAIN AUTOMATIC PORTABILITY TRANSACTIONS.**

(a) IN GENERAL.—Section 4975(d), as amended by the preceding provisions of this Act, is further amended by striking "or" at the end of paragraph (23), by striking the period at the end of paragraph (24) and inserting ", or", and by adding at the end the following new paragraph:

"(25) the receipt of fees and compensation by the automatic portability provider for services provided in connection with an automatic portability transaction.".

(b) OTHER DEFINITIONS AND SPECIAL RULES.—Section 4975(f) is amended by adding at the end the following new paragraph:

"(12) RULES RELATING TO AUTOMATIC PORTABILITY TRANSACTIONS.—

"(A) IN GENERAL.—For purposes of subsection (d)(25)—

"(i) AUTOMATIC PORTABILITY TRANSACTION.—An automatic portability transaction is a transfer of assets made—

"(I) from an individual retirement plan which is established on behalf of an individual and to which amounts were transferred under section 401(a)(31)(B)(i),

"(II) to an employer-sponsored retirement plan described in clause (iii), (iv), (v), or (vi) of section 402(c)(8)(B) (other than a defined benefit plan) in which such individual is an active participant, and

"(III) after such individual has been given advance notice of the transfer and has not affirmatively opted out of such transfer.

"(ii) AUTOMATIC PORTABILITY PROVIDER.—An automatic portability provider is a person, other than an individual, who executes transfers described in clause (i).

"(B) CONDITIONS FOR AUTOMATIC PORTABILITY TRANSACTIONS.—Subsection (d)(25) shall not apply to an automatic portability transaction unless the following requirements are satisfied:

"(i) ACKNOWLEDGMENT OF FIDUCIARY STATUS.—An automatic portability provider shall acknowledge in writing, at such time and format as specified by the Secretary of Labor, that the provider is a fiduciary with respect to the individual retirement plan described in subparagraph (A)(i)(I).

"(ii) FEES.—The fees and compensation received, directly or indirectly, by the automatic portability provider for services provided in connection with the automatic portability transaction (including any increase in such fees or compensation and any fees or compensation in connection with, but received before, the transaction)—

"(I) shall not exceed reasonable compensation, and

"(II) shall be fully disclosed to and approved in writing in advance of the transaction by a plan fiduciary of the plan described in subparagraph (A)(i)(II) which is independent of the automatic portability provider.

An automatic portability provider shall not receive any fees or compensation in connection with an automatic portability transaction involving a plan which is sponsored or maintained by the automatic portability provider.

"(iii) DATA USAGE.—The automatic portability provider shall not market or sell data relating to the individual retirement plan described in subparagraph (A)(i)(I) or to the participants of the plan described in subparagraph (A)(i)(II).

"(iv) OPEN PARTICIPATION.—The automatic portability provider shall offer automatic portability transactions on the same terms to any plan described in subparagraph (A)(i)(II).

"(v) PRE-TRANSACTION NOTICE.—At least 60 days in advance of an automatic portability transaction, the automatic portability provider shall provide notice to the individual on whose behalf the individual retirement plan described in subparagraph (A)(i)(I) is established which includes—

"(I) a description of the automatic portability transaction and a complete and accurate statement of all fees which will be charged and all compensation which will be received in connection with the transaction,

"(II) a clear and prominent description of the individual's right to affirmatively elect not to participate in the transaction as well as the other available distribution options, the deadline by which the individual must make an election, the procedures for such an election, and a telephone number for the automatic portability provider that the individual may call to make such election,

"(III) a description of the individual's right to designate a beneficiary and the procedures to do so, and

"(IV) such other disclosures as the Secretary of Labor may require by regulation.

"(vi) POST-TRANSACTION NOTICE.—Not later than 3 business days after an automatic portability transaction, the automatic portability provider shall provide notice to the individual on whose behalf the individual retirement plan described in subparagraph (A)(i)(I) is established of—

"(I) the actions taken by the automatic portability provider with respect to the individual's account,

"(II) all relevant information regarding the location and amount of any transferred assets,

"(III) a statement of fees charged against the account by the automatic portability provider or its affiliates in connection with the transfer,

"(IV) a telephone number at which the individual can contact the automatic portability provider, and

"(V) such other disclosures as the Secretary of Labor may require by regulation.

"(vii) NOTICE REQUIREMENTS.—The notices required under clauses (v) and (vi) shall be written in a manner calculated to be understood by the average person and shall not include inaccurate or misleading statements.

"(viii) FREQUENCY OF SEARCHES.—The automatic portability provider shall query on at least a monthly basis whether any individual with an individual retirement plan described in subparagraph (A)(i)(I) has an account in a plan described in subparagraph (A)(i)(II).

"(ix) TIMELINESS OF EXECUTION.—After liquidating the assets of an individual retirement plan described in subparagraph (A)(i)(I) to cash, an automatic portability provider shall transfer the account balance of such plan as soon as practicable to the plan described in subparagraph (A)(i)(II).

"(x) LIMITATION ON EXERCISE OF DISCRETION.—The automatic portability provider shall neither have nor exercise discretion to affect the timing or amount of the transfer pursuant to an automatic portability transaction other than to deduct the appropriate fees as described in clause (ii).

"(xi) RECORD RETENTION AND AUDITS.—

"(I) IN GENERAL.—An automatic portability provider shall, for not less than 6 years after the automatic portability transaction has occurred, maintain the records sufficient to demonstrate the terms of this subparagraph have been met. The automatic portability provider shall make such records available to any authorized employee of the Department of the Treasury or the Department of Labor within 30 calendar days of the date of a written request for such records.

"(II) AUDITS.—An automatic portability provider shall conduct an annual audit, in accordance with regulations promulgated by the Secretary of Labor, of automatic portability transactions occurring during the calendar year to demonstrate compliance with this paragraph and any regulations thereunder and identify any instances of noncompliance therewith, and shall submit such audit annually to the Secretary of Labor, in such form and manner as specified by such Secretary.

"(xii) WEBSITE.—The automatic portability provider shall maintain a website which contains—

"(I) a list of recordkeepers for each plan described in subparagraph (A)(i)(II) with respect to which the provider carries out automatic portability transactions, and

"(II) a list of all fees described in clause (ii)(II) paid to the provider.".

(c) REGULATORY AUTHORITY.—Not later than 12 months after the date of the enactment of this Act, the Secretary of Labor shall issue such guidance as may be necessary to carry out the purposes of the amendments made by this section, including regulations or other guidance which—

(1) require an automatic portability provider to provide a notice to individuals on whose behalf the individual retirement plan described in paragraph (12)(A)(i)(I) of section 4975(f) of the Internal Revenue Code of 1986, as added by this section, is established in advance of the notices specified in paragraph (12)(B)(v) of such section, as so added,

(2) require an automatic portability provider to disclose to plans described in paragraph (12)(A)(i)(II) of section 4975(f) of the Internal Revenue Code of 1986, as added by this section, information required to be provided by a covered service provider pursuant to section 2550.408b–2(c) of title 29, Code of Federal Regulations,

(3) require a plan described in such paragraph (12)(A)(i)(II), as so added, to fully disclose fees related to an automatic portability transaction in its summary plan description or summary of material modifications, as relevant,

(4) require a plan described in such paragraph, as so added, to invest amounts received on behalf of a participant pursuant to an automatic portability transaction in the participant's current investment election under the plan or, if no election is made or permitted, in the plan's qualified default investment alternative (within the meaning of section 2550.404c–5 of title 29, Code of Federal Regulations) or another investment selected by a fiduciary with respect to such plan,

(5) prohibit or restrict the receipt or payment of third party compensation (other than a direct fee paid by a plan sponsor which is in lieu of a fee imposed on an individual retirement plan owner) by an automatic portability provider in connection with an automatic portability transaction,

(6) prohibit exculpatory provisions in an automatic portability provider's contracts or communications with individuals disclaiming or limiting its liability in the event that an automatic portability transaction results in an improper transfer,

(7) require an automatic portability provider to take actions necessary to reasonably ensure that participant and beneficiary data is current and accurate,

(8) limit the use of data related to automatic portability transactions for any purpose other than the execution of such transactions or locating missing participants, except as permitted by the Secretary of Labor,

(9) provide for corrections procedures in the event an auditor determines the automatic portability provider was not in compliance with this provision and related regulations as specified in paragraph (12)(B)(ix)(II) of section 4975(f) of such Code, as so added, including deadlines, supplemental audits, and corrective actions which may include a temporary prohibition from relying on the exemption provided by paragraph (25) of section 4975(d) of such Code, as added by this section,

(10) ensure that the appropriate participants and beneficiaries, in fact, receive all the required notices and disclosures, and

(11) make clear that the exemption provided by paragraph (25) of section 4975(d) of such Code, as added by this section, applies solely to the automatic portability transactions described therein, and, to the extent the Secretary deems necessary or advisable, specify how the application of the exemption relates to or coordinates with the application of other statutory provisions, regulations, administrative guidance, or exemptions.

Any term used in this subsection which is used in paragraph (12) of section 4975(f) of such Code, as added by this section, has the same meaning as when used in such paragraph.

(d) REPORT TO CONGRESS.—

(1) IN GENERAL.—Not later than 2 years after the date of the first audit report received by the Secretary of Labor from any automatic portability provider, and every 3 years thereafter, the Secretary of Labor shall report to the Committees on Health, Education, Labor and Pensions and Finance of the Senate and the Committees on Education and Labor and Ways and Means of the House of Representatives on—

(A) the effectiveness of automatic portability transactions under the exemption provided by paragraph (25) of section 4975(d) of the Internal Revenue Code of 1986, as added by this section, detailing—

(i) the number of automatic cash outs from qualified plans to individual retirement plans described in section 4975(f)(12)(A)(i)(I) of such Code,

(ii) the number of completed automatic portability transactions to employer-sponsored retirement plans described in section 4975(f)(12)(A)(i)(II) of such Code,

(iii) the number of individual retirement plans described in section 4975(f)(12)(A)(i)(I) of such Code which have been transferred to designated beneficiaries,

(iv) the number of individual retirement plans described in section 4975(f)(12)(A)(i)(I) of such Code for which the automatic portability provider is searching for next of kin due to a deceased account holder without a designated beneficiary, and

(v) the number of accounts that were reduced to a zero balance while in the automatic portability provider's custody;

(B) a summary of any consumer complaints submitted to the Employee Benefits Security Administration regarding automatic portability transactions;

(C) a summary of compliance issues found in the annual audit described in section 4975(f)(12)(B)(xiii)(II) of such Code, if any, and their corrections;

(D) a summary of the fees individuals are charged in connection with automatic portability transactions, including whether those fees have increased since the last report;

(E) recommendations of any necessary statutory changes to this exemption to improve the effectiveness of automatic portability transactions, including repeal of this provision in the event of a pattern of noncompliance; and

(F) any other information the Secretary of Labor deems important.

The report required by this subsection shall be made publicly available.

(2) REPORT ON NOTICES RELATING TO AUTOMATIC TRANSFERS.—Not later than 2 years after the date of the enactment of this Act, the Secretary of Treasury shall report to the Committee on Finance of the Senate and the Committee on Ways and Means on the adequacy of the notices relating to transfers under section 401(a)(31)(B)(i) of the Internal Revenue Code of 1986.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to transactions occurring on or after the date which is 12 months after the date of the enactment of this Act.

**SEC. 121. STARTER 401(k) PLANS FOR EMPLOYERS WITH NO RETIREMENT PLAN.**

(a) IN GENERAL.—Section 401(k) is amended by adding at the end the following new paragraph:

"(16) STARTER 401(k) DEFERRAL-ONLY PLANS FOR EMPLOYERS WITH NO RETIREMENT PLAN.—

"(A) IN GENERAL.—A starter 401(k) deferral-only arrangement maintained by an eligible employer shall be treated as meeting the requirements of paragraph (3)(A)(ii).

"(B) STARTER 401(k) DEFERRAL-ONLY ARRANGEMENT.—For purposes of this paragraph, the term 'starter 401(k) deferral-only arrangement' means any cash or deferred arrangement which meets—

"(i) the automatic deferral requirements of subparagraph (C),

"(ii) the contribution limitations of subparagraph (D), and

"(iii) the requirements of subparagraph (E) of paragraph (13).

"(C) AUTOMATIC DEFERRAL.—

"(i) IN GENERAL.—The requirements of this subparagraph are met if, under the arrangement, each eligible employee is treated as having elected to have

the employer make elective contributions in an amount equal to a qualified percentage of compensation.

"(ii) ELECTION OUT.—The election treated as having been made under clause (i) shall cease to apply with respect to any employee if such employee makes an affirmative election—

"(I) to not have such contributions made, or

"(II) to make elective contributions at a level specified in such affirmative election.

"(iii) QUALIFIED PERCENTAGE.—For purposes of this subparagraph, the term 'qualified percentage' means, with respect to any employee, any percentage determined under the arrangement if such percentage is applied uniformly and is not less than 3 or more than 15 percent.

"(D) CONTRIBUTION LIMITATIONS.—

"(i) IN GENERAL.—The requirements of this subparagraph are met if, under the arrangement—

"(I) the only contributions which may be made are elective contributions of employees described in subparagraph (C), and

"(II) the aggregate amount of such elective contributions which may be made with respect to any employee for any calendar year shall not exceed $6,000.

"(ii) COST-OF-LIVING ADJUSTMENT.—In the case of any calendar year beginning after December 31, 2024, the $6,000 amount under clause (i) shall be adjusted in the same manner as under section 402(g)(4), except that '2023' shall be substituted for '2005'.

"(iii) CATCH-UP CONTRIBUTIONS FOR INDIVIDUALS AGE 50 OR OVER.—In the case of an individual who has attained the age of 50 before the close of the taxable year, the limitation under clause (i)(II) shall be increased by the applicable amount determined under section 219(b)(5)(B)(ii) (after the application of section 219(b)(5)(C)(iii)).

"(E) ELIGIBLE EMPLOYER.—For purposes of this paragraph—

"(i) IN GENERAL.—The term 'eligible employer' means any employer if the employer does not maintain a qualified plan with respect to which contributions are made, or benefits are accrued, for service in the year for which the determination is being made. If only individuals other than employees described in subparagraph (A) of section 410(b)(3) are eligible to participate in such arrangement, then the preceding sentence shall be applied without regard to any qualified plan in which only employees described in such subparagraph are eligible to participate.

"(ii) RELIEF FOR ACQUISITIONS, ETC.—Rules similar to the rules of section 408(p)(10) shall apply for purposes of clause (i).

"(iii) QUALIFIED PLAN.—The term 'qualified plan' means a plan, contract, pension, account, or trust described in subparagraph (A) or (B) of paragraph

(5) of section 219(g) (determined without regard to the last sentence of such paragraph (5)).

"(F) ELIGIBLE EMPLOYEE.—For purposes of this paragraph—

"(i) IN GENERAL.—The term 'eligible employee' means any employee of the employer who meets the minimum age and service conditions described in section 410(a)(1).

"(ii) EXCLUSIONS.—The employer may elect to exclude from such definition any employee described in paragraph (3) or (4) of section 410(b).".

(b) CERTAIN ANNUITY CONTRACTS.—Section 403(b), as amended by the preceding provision of this Act, is further amended by adding at the end the following new paragraph:

"(16) SAFE HARBOR DEFERRAL-ONLY PLANS FOR EMPLOYERS WITH NO RETIREMENT PLAN.—

"(A) IN GENERAL.—A safe harbor deferral-only plan maintained by an eligible employer shall be treated as meeting the requirements of paragraph (12).

"(B) SAFE HARBOR DEFERRAL-ONLY PLAN.—For purposes of this paragraph, the term 'safe harbor deferral-only plan' means any plan which meets—

"(i) the automatic deferral requirements of subparagraph (C),

"(ii) the contribution limitations of subparagraph (D), and

"(iii) the requirements of subparagraph (E) of section 401(k)(13).

"(C) AUTOMATIC DEFERRAL.—

"(i) IN GENERAL.—The requirements of this subparagraph are met if, under the plan, each eligible employee is treated as having elected to have the employer make elective contributions in an amount equal to a qualified percentage of compensation.

"(ii) ELECTION OUT.—The election treated as having been made under clause (i) shall cease to apply with respect to any eligible employee if such eligible employee makes an affirmative election—

"(I) to not have such contributions made, or

"(II) to make elective contributions at a level specified in such affirmative election.

"(iii) QUALIFIED PERCENTAGE.—For purposes of this subparagraph, the term 'qualified percentage' means, with respect to any employee, any percentage determined under the plan if such percentage is applied uniformly and is not less than 3 or more than 15 percent.

"(D) CONTRIBUTION LIMITATIONS.—

"(i) IN GENERAL.—The requirements of this subparagraph are met if, under the plan—

"(I) the only contributions which may be made are elective contributions of eligible employees, and

"(II) the aggregate amount of such elective contributions which may be made with respect to any employee for any calendar year shall not exceed $6,000.

"(ii) COST-OF-LIVING ADJUSTMENT.—In the case of any calendar year beginning after December 31, 2024, the $6,000 amount under clause (i) shall be adjusted in the same manner as under section 402(g)(4), except that '2023' shall be substituted for '2005'.

"(iii) CATCH-UP CONTRIBUTIONS FOR INDIVIDUALS AGE 50 OR OVER.—In the case of an individual who has attained the age of 50 before the close of the taxable year, the limitation under clause (i)(II) shall be increased by the applicable amount determined under section 219(b)(5)(B)(ii) (after the application of section 219(b)(5)(C)(iii)).

"(E) ELIGIBLE EMPLOYER.—For purposes of this paragraph—

"(i) IN GENERAL.—The term 'eligible employer' means any employer if the employer does not maintain a qualified plan with respect to which contributions are made, or benefits are accrued, for service in the year for which the determination is being made. If only individuals other than employees described in subparagraph (A) of section 410(b)(3) are eligible to participate in such arrangement, then the preceding sentence shall be applied without regard to any qualified plan in which only employees described in such subparagraph are eligible to participate.

"(ii) RELIEF FOR ACQUISITIONS, ETC.—Rules similar to the rules of section 408(p)(10) shall apply for purposes of clause (i).

"(iii) QUALIFIED PLAN.—The term 'qualified plan' means a plan, contract, pension, account, or trust described in subparagraph (A) or (B) of paragraph (5) of section 219(g) (determined without regard to the last sentence of such paragraph (5)).

"(F) ELIGIBLE EMPLOYEE.—For purposes of this paragraph, the term 'eligible employee' means any employee of the employer other than an employee who is permitted to be excluded under paragraph (12)(A).".

(c) STARTER AND SAFE HARBOR PLANS NOT TREATED AS TOP-HEAVY PLANS.—Subparagraph (H) of section 416(g)(4) is amended—

(1) by striking "ARRANGEMENTS" in the heading and inserting "ARRANGEMENTS OR PLANS",

(2) by striking ", and" at the end of clause (i) and inserting "and matching contributions with respect to which the requirements of paragraph (11), (12), or (13) of section 401(m) are met, or", and

(3) by striking clause (ii) and inserting after clause (i) the following new clause:

"(ii) a starter 401(k) deferral-only arrangement described in section 401(k)(16)(B) or a safe harbor deferral-only plan described in section 403(b)(16).".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after December 31, 2023.

**SEC. 122. ASSIST STATES IN LOCATING OWNERS OF APPLICABLE SAVINGS BONDS.**

(a) IN GENERAL.—Section 3105 of title 31, United States Code, is amended by adding at the end the following:

"(f)(1)(A) The Secretary shall provide each State, in digital or other electronic form, with information describing any applicable savings bond which has an applicable address that is within such State, including—

"(i) the name and applicable address of the registered owner; and

"(ii) the name and applicable address of any registered co-owner or beneficiary.

"(B) The information provided under subparagraph (A) may include the serial number of any applicable savings bond.

"(C)(i) For purposes of this paragraph, the term 'applicable address' means, with respect to any applicable savings bond—

"(I) the registered address for the registered owner, co-owner, or beneficiary (as applicable) of such bond; or

"(II) if such information is available to the Secretary, the last known address for the registered owner, co-owner, or beneficiary (as applicable) of such bond.

"(ii) For purposes of clause (i), if the information described in subclause (II) of clause (i) with respect to any individual is available to the Secretary, subclause (I) of such clause shall not apply.

"(2)(A) Not later than 12 months after the date of enactment of this subsection, the Secretary shall prescribe such regulations or other guidance as may be necessary to carry out the purposes of this subsection, including rules to—

"(i) protect the privacy of the owners of applicable savings bonds;

"(ii) prevent fraud; and

"(iii) ensure that any information provided to a State under this subsection shall be used solely to carry out the purposes of this subsection.

"(B) Except as deemed necessary to protect privacy or prevent fraud or misuse of savings bond information, any regulations or guidance prescribed by the Secretary pursuant to subparagraph (A) shall not have the effect of prohibiting, restricting, or otherwise preventing a State from obtaining all information described in paragraph (1)(A).

"(3) Not later than 12 months after the date of enactment of this subsection, and annually thereafter for each year during the 5-year period beginning after the date of enactment of this subsection, the Secretary shall submit to the Committees on Appropriations of the House of Representatives and the Senate, the Committee on Ways and Means of the House of Representatives, and the Committee on Finance of the Senate a report assessing all efforts to satisfy the requirement under paragraph (1)(A).

"(4) Any State that receives information described in paragraph (1)(A) with respect to an applicable savings bond may use such information to locate the owner of such bond pursuant to the same standards and requirements as are applicable under—

"(A) the abandoned property rules and regulations of such State; and

"(B) any regulations or guidance promulgated under this subsection.

"(5) For purposes of this subsection, the Secretary may disclose to the public any information with respect to any applicable savings bond which a State may disclose to the public pursuant to paragraph (4).

"(6) For purposes of this subsection, the term 'applicable savings bond' means a savings bond which—

"(A) is more than 3 years past its date of final maturity;

"(B)(i) is in paper form; or

"(ii) is in paperless or electronic form and for which—

"(I) there is no designated bank account or routing information; or

"(II) the designated bank account or routing information is incorrect; and

"(C) has not been redeemed.".

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of enactment of this Act.

**SEC. 123. CERTAIN SECURITIES TREATED AS PUBLICLY TRADED IN CASE OF EMPLOYEE STOCK OWNERSHIP PLANS.**

(a) IN GENERAL.—Section 401(a)(35) is amended by adding at the end the following new subparagraph:

"(I) ESOP RULES RELATING TO PUBLICLY TRADED SECURITIES.—In the case of an applicable defined contribution plan which is an employee stock ownership plan, an employer security shall be treated as described in subparagraph (G)(v) if—

"(i) the security is the subject of priced quotations by at least 4 dealers, published and made continuously available on an interdealer quotation system (as such term is used in section 13 of the Securities Exchange Act of 1934) which has made the request described in section 6(j) of such Act to be treated as an alternative trading system,

"(ii) the security is not a penny stock (as defined by section 3(a)(51) of such Act),

"(iii) the security is issued by a corporation which is not a shell company (as such term is used in section 4(d)(6) of the Securities Act of 1933), a blank check company (as defined in section 7(b)(3) of such Act), or subject to bankruptcy proceedings,

"(iv) the security has a public float (as such term is used in section 240.12b-2 of title 17, Code of Federal Regulations) which has a fair market value of at least $1,000,000 and constitutes at least 10 percent of the total shares issued and outstanding.

"(v) in the case of a security issued by a domestic corporation, the issuer publishes, not less frequently than annually, financial statements audited by an independent auditor registered with the Public Company Accounting Oversight Board established under the Sarbanes-Oxley Act of 2002, and

"(vi) in the case of a security issued by a foreign corporation, the security is represented by a depositary share (as defined under section 240.12b-2 of title 17, Code of Federal Regulations), or is issued by a foreign corporation incorporated in Canada and readily tradeable on an established securities market in Canada, and the issuer—

"(I) is subject to, and in compliance with, the reporting requirements of section 13 or 15(d) of

the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)),

"(II) is subject to, and in compliance with, the reporting requirements of section 230.257 of title 17, Code of Federal Regulations, or

"(III) is exempt from such requirements under section 240.12g3–2(b) of title 17, Code of Federal Regulations.".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after December 31, 2027.

**SEC. 124. MODIFICATION OF AGE REQUIREMENT FOR QUALIFIED ABLE PROGRAMS.**

(a) IN GENERAL.—Section 529A(e) is amended by striking "age 26" each place it appears in paragraphs (1)(A) and (2)(A)(i)(II) and inserting "age 46".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2025.

**SEC. 125. IMPROVING COVERAGE FOR PART-TIME WORKERS.**

(a) IN GENERAL.—

(1) EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—Section 202 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1052) is amended by adding at the end the following new subsection:

"(c) SPECIAL RULE FOR CERTAIN PART-TIME EMPLOYEES.—

"(1) IN GENERAL.—A pension plan that includes either a qualified cash or deferred arrangement (as defined in section 401(k) of the Internal Revenue Code of 1986) or a salary reduction agreement (as described in section 403(b) of such Code) shall not require, as a condition of participation in the arrangement or agreement, that an employee complete a period of service with the employer (or employers) maintaining the plan extending beyond the close of the earlier of—

"(A) the period permitted under subsection (a)(1) (determined without regard to subparagraph (B)(i) thereof); or

"(B) the first 24-month period—

"(i) consisting of 2 consecutive 12-month periods during each of which the employee has at least 500 hours of service; and

"(ii) by the close of which the employee has met the requirement of subsection (a)(1)(A)(i).

"(2) EXCEPTION.—Paragraph (1)(B) shall not apply to any employee described in section 410(b)(3) of the Internal Revenue Code of 1986.

"(3) COORDINATION WITH TIME OF PARTICIPATION RULES.—In the case of employees who are eligible to participate in the arrangement or agreement solely by reason of paragraph (1)(B), or by reason of such paragraph and section 401(k)(2)(D)(ii) of such Code, the rules of subsection (a)(4) shall apply to such employees.

"(4) 12-MONTH PERIOD.—For purposes of this subsection, 12-month periods shall be determined in the same manner as under the last sentence of subsection (a)(3)(A), except that 12-month periods beginning before January 1, 2023, shall not be taken into account.".

(2) INTERNAL REVENUE CODE OF 1986.—

(A) IN GENERAL.—Section 403(b)(12) is amended by adding at the end the following new subparagraph:

"(D) RULES RELATING TO CERTAIN PART-TIME EMPLOYEES.—

"(i) IN GENERAL.—In the case of employees who are eligible to participate in the agreement solely by reason of section 202(c)(1)(B) of the Employee Retirement Income Security Act of 1974—

"(I) notwithstanding section 401(a)(4), an employer shall not be required to make nonelective or matching contributions on behalf of such employees even if such contributions are made on behalf of other employees eligible to participate in the plan, and

"(II) the employer may elect to exclude such employees from the application of subsections (a)(4), (k)(3), (k)(12), (k)(13), and (m)(2) of section 401 and section 410(b).".

(B) CONFORMING AMENDMENT.—

(i) The last sentence of section 403(b)(12)(A), as amended by this Act, is further amended by inserting "and section 202(c) of the Employee Retirement Income Security Act of 1974" after "under section 410(b)(4)".

(ii) Section 401(k)(15)(B)(i) is amended by inserting ", or by reason of such paragraph and section 202(c)(1)(B) of the Employee Retirement Income Security Act of 1974" after "paragraph (2)(D)(ii)".

(b) VESTING.—Section 203(b) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1053(b)) is amended by redesignating paragraph (4) as paragraph (5) and by inserting after paragraph (3) the following new paragraph:

"(4) PART-TIME EMPLOYEES.—For purposes of determining whether an employee who became eligible to participate in a qualified cash or deferred arrangement or a salary reduction agreement under a plan solely by reason of section 202(c)(1)(B) has a nonforfeitable right to employer contributions—

"(A) except as provided in subparagraph (B), each 12-month period for which the employee has at least 500 hours of service shall be treated as a year of service; and

"(B) paragraph (3) shall be applied by substituting 'at least 500 hours of service' for 'more than 500 hours of service' in subparagraph (A) thereof.

For purposes of this paragraph, 12-month periods shall be determined in the same manner as under the last sentence of section 202(a)(3)(A), except that 12-month periods beginning before January 1, 2023, shall not be taken into account.".

(c) REDUCTION IN PERIOD SERVICE REQUIREMENT FOR QUALIFIED CASH AND DEFERRED ARRANGEMENTS.—Section 401(k)(2)(D)(ii) is amended by striking "3" and inserting "2".

(d) PRE-2021 SERVICE.—Section 112(b) of the Setting Every Community Up for Retirement Enhancement Act of 2019 (26 U.S.C. 401 note) is amended by striking "section 401(k)(2)(D)(ii)" and inserting "paragraphs (2)(D)(ii) and (15)(B)(iii) of section 401(k)".

(e) COORDINATION WITH RULES FOR TOP-HEAVY PLANS.—Subparagraph (H) of section 416(g)(4), as amended by this Act, is further amended by inserting before "If, but" the following: "Such

term shall not include a plan solely because such plan does not provide nonelective or matching contributions to employees described in section 401(k)(15)(B)(i).".

(f) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to plan years beginning after December 31, 2024.

(2) SUBSECTION (d) AND (e).—The amendments made by subsections (d) and (e) shall take effect as if included in the enactment of section 112 of the Setting Every Community Up for Retirement Enhancement Act of 2019.

**SEC. 126. SPECIAL RULES FOR CERTAIN DISTRIBUTIONS FROM LONG-TERM QUALIFIED TUITION PROGRAMS TO ROTH IRAS.**

(a) IN GENERAL.—Paragraph (3) of section 529(c) is amended by adding at the end the following new subparagraph:

"(E) SPECIAL ROLLOVER TO ROTH IRAS FROM LONG-TERM QUALIFIED TUITION PROGRAMS.—

"(i) IN GENERAL.—In the case of a distribution from a qualified tuition program of a designated beneficiary which has been maintained for the 15-year period ending on the date of such distribution, subparagraph (A) shall not apply to so much the portion of such distribution which—

"(I) does not exceed the aggregate amount contributed to the program (and earnings attributable thereto) before the 5-year period ending on the date of the distribution, and

"(II) is paid in a direct trustee-to-trustee transfer to a Roth IRA maintained for the benefit of such designated beneficiary.

"(ii) LIMITATIONS.—

"(I) ANNUAL LIMITATION.—Clause (i) shall only apply to so much of any distribution as does not exceed the amount applicable to the designated beneficiary under section 408A(c)(2) for the taxable year (reduced by the amount of aggregate contributions made during the taxable year to all individual retirement plans maintained for the benefit of the designated beneficiary).

"(II) AGGREGATE LIMITATION.—This subparagraph shall not apply to any distribution described in clause (i) to the extent that the aggregate amount of such distributions with respect to the designated beneficiary for such taxable year and all prior taxable years exceeds $35,000.".

(b) TREATMENT UNDER ROTH IRA RULES.—

(1) IN GENERAL.—Paragraph (1) of section 408A(e) is amended—

(A) by striking the period at the end of subparagraph (B) and inserting ", and",

(B) by inserting after subparagraph (B) the following new subparagraph:

"(C) from a qualified tuition program to the extent provided in section 529(c)(3)(E).", and

(C) by adding at the end the following new sentence: "The earnings and contributions of any qualified tuition

program from which a qualified rollover contribution is made under subparagraph (C) shall be treated in the same manner as the earnings and contributions of a Roth IRA from which a qualified rollover contribution is made under subparagraph (A).".

(2) APPLICATION OF CONTRIBUTION LIMITATIONS.—

(A) IN GENERAL.—Section 408A(c)(5)(B) is amended—

(i) by striking "A qualified rollover contribution" and inserting the following:

"(i) IN GENERAL.—A qualified rollover contribution", and

(ii) by adding at the end the following:

"(ii) EXCEPTION FOR ROLLOVERS FROM QUALIFIED TUITION PROGRAMS.—Clause (i) shall not apply to any qualified rollover contribution described in subsection (e)(1)(C).".

(B) WAIVER OF ROTH IRA INCOME LIMITATION.—Section 408A(c)(3) is amended by adding at the end the following new subparagraph:

"(E) SPECIAL RULE FOR CERTAIN TRANSFERS FROM QUALIFIED TUITION PROGRAMS.—The amount determined under subparagraph (A) shall be increased by the lesser of—

"(i) the amount of contributions described in section 529(c)(3)(E) for the taxable year, or

"(ii) the amount of the reduction determined under such subparagraph (determined without regard to this subparagraph).".

(c) REPORTING.—Section 529(d) is amended—

(1) by striking "Each officer" and inserting the following: "(1) IN GENERAL.—Each officer",

(2) by striking "by this subsection" and inserting "by this paragraph", and

(3) by adding at the end the following new paragraph:

"(2) ROLLOVER DISTRIBUTIONS.—In the case of any distribution described in subsection (c)(3)(E), the officer or employee having control of the qualified tuition program (or their designee) shall provide a report to the trustee of the Roth IRA to which the distribution is made. Such report shall be filed at such time and in such manner as the Secretary may require and shall include information with respect to the contributions, distributions, and earnings of the qualified tuition program as of the date of the distribution described in subsection (c)(3)(A), together with such other matters as the Secretary may require.".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to distributions after December 31, 2023.

**SEC. 127. EMERGENCY SAVINGS ACCOUNTS LINKED TO INDIVIDUAL ACCOUNT PLANS.**

(a) EMPLOYEE PENSION BENEFIT PLANS.—Section 3 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002) is amended by adding at the end the following:

"(45) PENSION-LINKED EMERGENCY SAVINGS ACCOUNT.—The term 'pension-linked emergency savings account' means a short-term savings account established and maintained as part of an individual account plan, in accordance with section 801,

on behalf of an eligible participant (as such term is defined in section 801(b)) that—

"(A) is a designated Roth account (within the meaning of section 402A of the Internal Revenue Code of 1986) and accepts only participant contributions, as described in section 801(d)(1)(A), which are designated Roth contributions subject to the rules of section 402A(e) of such Code; and

"(B) meets the requirements of part 8 of subtitle B.".

(b) PENSION-LINKED EMERGENCY SAVINGS ACCOUNTS.—

(1) IN GENERAL.—Subtitle B of title I of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1021 et seq.) is amended by adding at the end the following:

## "PART 8—PENSION-LINKED EMERGENCY SAVINGS ACCOUNTS

**"SEC. 801. PENSION-LINKED EMERGENCY SAVINGS ACCOUNTS.**

"(a) IN GENERAL.—A plan sponsor of an individual account plan may—

"(1) include in such individual account plan a pension-linked emergency savings account meeting the requirements of subsection (c); and

"(2)(A) offer to enroll an eligible participant in such pension-linked emergency savings account; or

"(B) automatically enroll an eligible participant in such account pursuant to an automatic contribution arrangement described in paragraph (2) of subsection (c).

"(b) ELIGIBLE PARTICIPANT.—

"(1) IN GENERAL.—For purposes of this part, the term 'eligible participant', with regard to an individual account plan, means an individual who—

"(A) meets any age, service, and other eligibility requirements of the plan; and

"(B) is not a highly compensated employee.

"(2) ELIGIBLE PARTICIPANT WHO BECOMES A HIGHLY COMPENSATED EMPLOYEE.—Notwithstanding paragraph (1)(B), an individual who is enrolled in a pension-linked emergency savings account and thereafter becomes a highly compensated employee may not make further contributions to such account, but retains the right to withdraw any account balance of such account in accordance with subsection (c)(1)(A)(ii).

"(3) DEFINITION.—For purposes of this subsection, the term 'highly compensated employee' has the meaning given the term in section 414(q) of the Internal Revenue Code of 1986.

"(c) ACCOUNT REQUIREMENTS.—

"(1) IN GENERAL.—A pension-linked emergency savings account—

"(A) shall—

"(i) not have a minimum contribution or account balance requirement;

"(ii) allow for withdrawal by the participant of the account balance, in whole or in part at the discretion of the participant, at least once per calendar month and for distribution of such withdrawal to the participant as soon as practicable from the date on which the participant elects to make such withdrawal; and

"(iii) be, as selected by the plan sponsor, held as cash, in an interest-bearing deposit account, or in an investment product—

"(I) designed to—

"(aa) maintain over the term of the investment, the dollar value that is equal to the amount invested in the product; and

"(bb) preserve principal and provide a reasonable rate of return, whether or not such return is guaranteed, consistent with the need for liquidity; and

"(II) offered by a State- or federally-regulated financial institution;

"(B) may be subject to, as permitted by the Secretary, reasonable restrictions; and

"(C)(i) may not, for not less than the first 4 withdrawals of funds from the account in a plan year, be subject to any fees or charges solely on the basis of such a withdrawal; and

"(ii) may, for any subsequent withdrawal in a plan year, be subject to reasonable fees or charges in connection with such a withdrawal, including reasonable reimbursement fees imposed for the incidental costs of handling of paper checks.

"(2) ESTABLISHMENT AND TERMINATION OF ACCOUNT.—

"(A) ESTABLISHMENT OF ACCOUNT.—The pension-linked emergency savings account feature shall be included in the plan document of the individual account plan. Such individual account plan shall—

"(i) separately account for contributions to the pension-linked emergency savings account of the individual account plan and any earnings properly allocable to the contributions;

"(ii) maintain separate recordkeeping with respect to each such pension-linked emergency savings account; and

"(iii) allow withdrawals from such account in accordance with section 402A(e)(7) of the Internal Revenue Code of 1986.

"(B) TERMINATION OF ACCOUNT.—A plan sponsor may terminate the pension-linked emergency savings account feature of an individual account plan at any time.

"(d) ACCOUNT CONTRIBUTIONS.—

"(1) LIMITATION.—

"(A) IN GENERAL.—Subject to subparagraph (B), no contribution shall be accepted to a pension-linked emergency savings account to the extent such contribution would cause the portion of the account balance attributable to participant contributions to exceed the lesser of—

"(i) $2,500; or

"(ii) an amount determined by the plan sponsor of the pension-linked emergency savings account.

In the case of contributions made in taxable years beginning after December 31, 2024, the Secretary shall adjust the amount under clause (i) at the same time and in the same manner as the adjustment made by the Secretary

of the Treasury under section 415(d) of the Internal Revenue Code of 1986, except that the base period shall be the calendar quarter beginning July 1, 2023. Any increase under the preceding sentence which is not a multiple of $100 shall be rounded to the next lowest multiple of $100.

"(B) EXCESS CONTRIBUTIONS.—To the extent any contribution to the pension-linked emergency savings account of a participant for a taxable year would exceed the limitation of subparagraph (A)—

"(i) in the case of a participant with another designated Roth account under the individual account plan, such plan may provide that—

"(I) the participant may elect to increase the participant's contribution to such other account; and

"(II) in the absence of such a participant election, the participant is deemed to have elected to increase the participant's contributions to such other account at the rate at which contributions were being made to the pension-linked emergency savings account; and

"(ii) in any other case, such plan shall provide that such excess contributions will not be accepted.

"(2) AUTOMATIC CONTRIBUTION ARRANGEMENT.—For purposes of this section—

"(A) IN GENERAL.—An automatic contribution arrangement described in this paragraph is an arrangement under which an eligible participant is treated as having elected to have the plan sponsor make elective contributions to a pension-linked emergency savings account at a participant contribution rate that is not more than 3 percent of the compensation of the eligible participant, unless the eligible participant, at any time (subject to such reasonable advance notice as is required by the plan administrator), affirmatively elects to—

"(i) make contributions at a different rate or amount; or

"(ii) opt out of such contributions.

"(B) PARTICIPANT CONTRIBUTION RATE.—For purposes of an automatic contribution arrangement described in subparagraph (A), the plan sponsor—

"(i) shall select a participant contribution rate under such automatic contribution arrangement that meets the requirements of subparagraph (A); and

"(ii) may amend (prior to the plan year in which an amendment would take effect) such rate not more than once annually.

"(3) DISCLOSURE BY PLAN ADMINISTRATOR OF CONTRIBUTIONS.—

"(A) IN GENERAL.—With respect to an individual account plan with a pension-linked emergency savings account feature, the administrator of the plan shall, not less than 30 days and not more than 90 days prior to date of the first contribution to the pension-linked emergency savings account, including any contribution under

an automatic contribution arrangement described in subsection (d)(2), or the date of any adjustment to the participant contribution rate under subsection (d)(2)(B)(ii), and not less than annually thereafter, shall furnish to the participant a notice describing—

"(i) the purpose of the account, which is for short-term, emergency savings;

"(ii) the limits on, and tax treatment of, contributions to the pension-linked emergency savings account of the participant;

"(iii) any fees, expenses, restrictions, or charges associated with such pension-linked emergency savings account;

"(iv) procedures for electing to make contributions to or opting out of the pension-linked emergency savings account, for changing participant contribution rates for such pension-linked emergency savings account, and for making participant withdrawals from such pension-linked emergency savings account, including any limits on frequency;

"(v) as applicable, the amount of the intended contribution to such pension-linked emergency savings account or the change in the percentage of the compensation of the participant of such contribution;

"(vi) the amount in the emergency savings account and the amount or percentage of compensation that a participant has contributed to the pension-linked emergency savings account;

"(vii) the designated investment option under subsection (c)(1)(A)(iii) for amounts contributed to the pension-linked emergency savings account;

"(viii) the options under subsection (e) for the account balance of the pension-linked emergency savings account after termination of the employment of the participant or termination by the plan sponsor of the pension-linked emergency savings account; and

"(ix) the ability of a participant who becomes a highly compensated employee (as such term is defined in paragraph (3) of subsection (b)) to, as described in paragraph (2) of such subsection, withdraw any account balance from a pension-linked emergency savings account and the restriction on the ability of such a participant to make further contributions to the pension-linked emergency savings account.

"(B) NOTICE REQUIREMENTS.—A notice furnished to a participant under subparagraph (A) shall be—

"(i) sufficiently accurate and comprehensive to apprise the participant of the rights and obligations of the participant with regard to the pension-linked emergency savings account of the participant; and

"(ii) written in a manner calculated to be understood by the average participant.

"(C) CONSOLIDATED NOTICES.—The required notices under subparagraph (A) may be included with any other notice under this Act, including under section 404(c)(5)(B) or 514(e)(3), or under section 401(k)(13)(E) or 414(w)(4) of the Internal Revenue Code of 1986, if such other notice

is provided to the participant at the time required for such notice.

"(4) EMPLOYER MATCHING CONTRIBUTIONS TO AN INDIVIDUAL ACCOUNT PLAN FOR EMPLOYEE CONTRIBUTIONS TO A PENSION-LINKED EMERGENCY SAVINGS ACCOUNT.—

"(A) IN GENERAL.—If an employer makes any matching contributions to an individual account plan of which a pension-linked emergency savings account is part, subject to the limitations of paragraph (1)(A), the employer shall make matching contributions on behalf of a participant on account of the contributions by the participant to the pension-linked emergency savings account at the same rate as any other matching contribution on account of an elective contribution by such participant. The matching contributions shall be made to the participant's account under the individual account plan that is not the pension-linked emergency savings account. Such matching contributions on account of contributions under paragraph (1)(A) shall not exceed the maximum account balance under paragraph (1)(A) for such plan year.

"(B) COORDINATION RULE.—For purposes of any applicable limitation on matching contributions, any matching contributions made under the plan shall be treated first as attributable to the elective deferrals of the participant other than contributions to a pension-linked emergency savings account.

"(C) MATCHING CONTRIBUTIONS.—For purposes of subparagraph (A), the term 'matching contribution' has the meaning given such term in section 401(m)(4) of the Internal Revenue Code of 1986.

"(e) ACCOUNT BALANCE AFTER TERMINATION.—Upon termination of employment of the participant, or termination by the plan sponsor of the pension-linked emergency savings account, the pension-linked emergency savings account of such participant in an individual account plan shall—

"(1) allow, at the election of the participant, for transfer by the participant of the account balance of such account, in whole or in part, into another designated Roth account of the participant under the individual account plan; and

"(2) for any amounts in such account not transferred under paragraph (1), make such amounts available within a reasonable time to the participant.

"(f) ANTI-ABUSE RULES.—

"(1) IN GENERAL.—A plan of which a pension-linked emergency savings account is part—

"(A) may employ reasonable procedures to limit the frequency or amount of matching contributions with respect to contributions to such account, solely to the extent necessary to prevent manipulation of the rules of the plan to cause matching contributions to exceed the intended amounts or frequency; and

"(B) shall not be required to suspend matching contributions following any participant withdrawal of contributions, including elective deferrals and employee contributions, whether or not matched and whether or not made pursuant to an automatic contribution arrangement

described in section 402A(e)(4) of the Internal Revenue Code of 1986.

"(2) REGULATIONS OR OTHER GUIDANCE.—The Secretary of the Treasury, in consultation with the Secretary of Labor, shall issue regulations or other guidance not later than 12 months after the date of the enactment of the SECURE 2.0 Act of 2022 with respect to the anti-abuse rules described in paragraph (1).

**"SEC. 802. PREEMPTION OF STATE ANTI-GARNISHMENT LAWS.**

"Notwithstanding any other provision of law, this part shall supersede any law of a State which would directly or indirectly prohibit or restrict the use of an automatic contribution arrangement, described in section 801(d)(2), for a pension-linked emergency savings account. The Secretary may promulgate regulations to establish minimum standards that such an arrangement would be required to satisfy in order for this subsection to apply with respect to such an account.

**"SEC. 803. REPORTING AND DISCLOSURE REQUIREMENTS.**

"The Secretary shall—

"(1) prescribe such regulations as may be necessary to address reporting and disclosure requirements for pension-linked emergency savings accounts; and

"(2) seek to prevent unnecessary reporting and disclosure for such accounts under this Act, including for purposes of any reporting or disclosure related to pension plans required by this title or under the Internal Revenue Code of 1986.

**"SEC. 804. REPORT TO CONGRESS ON EMERGENCY SAVINGS ACCOUNTS.**

"The Secretary of Labor and the Secretary of the Treasury shall—

"(1) conduct a study on the use of emergency savings from individual account plan accounts, including emergency savings from a pension-linked emergency savings account regarding—

"(A) whether the amount of the dollar limitation under section 801(d)(1)(A) is sufficient;

"(B) whether the limitation on the contribution rate under section 801(d)(2)(A) is appropriate; and

"(C) the extent to which plan sponsors offer such accounts and participants participate in such accounts and the resulting impact on participant retirement savings, including the impact on retirement savings leakage and the effect of such accounts on retirement plan participation by low- and moderate-income households; and

"(2) not later than 7 years after the date of enactment of the SECURE 2.0 Act of 2022, submit to Congress a report on the findings of the study under paragraph (1).".

(2) CLERICAL AMENDMENT.—The table of contents in section 1 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1001 note) is amended by inserting after the item relating to section 734 the following new items:

"PART 8. PENSION-LINKED EMERGENCY SAVINGS ACCOUNTS

"801. Pension-linked emergency savings accounts.
"802. Preemption of State anti-garnishment laws.
"803. Reporting and disclosure requirements.
"804. Report to Congress on emergency savings accounts.".

(c) REPORTING FOR A PENSION-LINKED EMERGENCY SAVINGS ACCOUNT.—

(1) ALTERNATIVE METHODS OF COMPLIANCE.—Section 110(a) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1030(a)) is amended by inserting "(including pension-linked emergency savings account features within a pension plan)" after "class of pension plans".

(2) MINIMIZED REPORTING BURDEN FOR PENSION-LINKED EMERGENCY SAVINGS ACCOUNTS.—Section 101 of such Act (29 U.S.C. 1021) is amended—

(A) by redesignating subsection (n) as subsection (o); and

(B) by inserting after subsection (m) the following:

"(n) PENSION-LINKED EMERGENCY SAVINGS ACCOUNTS.—Nothing in this section shall preclude the Secretary from providing, by regulations or otherwise, simplified reporting procedures or requirements regarding such a pension-linked emergency savings account.".

(d) FIDUCIARY DUTY.—Section 404(c) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1104(c)) is amended by adding at the end the following:

"(6) DEFAULT INVESTMENT ARRANGEMENTS FOR A PENSION-LINKED EMERGENCY SAVINGS ACCOUNT.—For purposes of paragraph (1), a participant in a pension-linked emergency savings account shall be treated as exercising control over the assets in the account with respect to the amount of contributions and earnings which are invested in accordance with section 801(c)(1)(A)(iii).".

(e) TAX TREATMENT OF PENSION-LINKED EMERGENCY SAVINGS ACCOUNTS.—

(1) IN GENERAL.—Section 402A is amended by redesignating subsection (e) as subsection (f) and by inserting after subsection (d) the following new subsection:

"(e) PENSION-LINKED EMERGENCY SAVINGS ACCOUNTS.—

"(1) IN GENERAL.—An applicable retirement plan—

"(A) may—

"(i) include a pension-linked emergency savings account established pursuant to section 801 of the Employee Retirement Income Security Act of 1974, which, except as otherwise provided in this subsection, shall be treated for purposes of this title as a designated Roth account, and

"(ii) either—

"(I) offer to enroll an eligible participant in such pension-linked emergency savings account, or

"(II) automatically enroll an eligible participant in such account pursuant to an automatic contribution arrangement described in paragraph (4), and

"(B) shall—

"(i) separately account for contributions to such account and any earnings properly allocable to the contributions,

"(ii) maintain separate recordkeeping with respect to each such account, and

"(iii) allow withdrawals from such account in accordance with paragraph (7).

"(2) ELIGIBLE PARTICIPANT.—

"(A) IN GENERAL.—For purposes of this subsection, the term 'eligible participant', with regard to a defined contribution plan, means an individual, without regard to whether the individual is otherwise a participant in such plan, who—

"(i) meets any age, service, and other eligibility requirements of the plan, and

"(ii) is not a highly compensated employee (as defined in section 414(q)).

"(B) ELIGIBLE PARTICIPANT WHO BECOMES A HIGHLY COMPENSATED EMPLOYEE.—Notwithstanding subparagraph (A)(ii), an individual on whose behalf a pension-linked emergency savings account is established who thereafter becomes a highly compensated employee (as so defined) may not make further contributions to such account, but retains the right to withdraw any account balance of such account in accordance with paragraphs (7) and (8).

"(3) CONTRIBUTION LIMITATION.—

"(A) IN GENERAL.—Subject to subparagraph (B), no contribution shall be accepted to a pension-linked emergency savings account to the extent such contribution would cause the portion of the account balance attributable to participant contributions to exceed the lesser of—

"(i) $2,500; or

"(ii) an amount determined by the plan sponsor of the pension-linked emergency savings account.

In the case of contributions made in taxable years beginning after December 31, 2024, the Secretary shall adjust the amount under clause (i) at the same time and in the same manner as the adjustment made under section 415(d), except that the base period shall be the calendar quarter beginning July 1, 2023. Any increase under the preceding sentence which is not a multiple of $100 shall be rounded to the next lowest multiple of $100.

"(B) EXCESS CONTRIBUTIONS.—To the extent any contribution to the pension-linked emergency savings account of a participant for a taxable year would exceed the limitation of subparagraph (A)—

"(i) in the case of an eligible participant with another designated Roth account under the defined contribution plan, the plan may provide that—

"(I) the participant may elect to increase the participant's contribution to such other account, and

"(II) in the absence of such a participant election, the participant is deemed to have elected to increase the participant's contributions to such account at the rate at which contributions were being made to the pension-linked emergency savings account, and

"(ii) in any other case, such plan shall provide that such excess contributions will not be accepted.

"(4) AUTOMATIC CONTRIBUTION ARRANGEMENT.—For purposes of this section—

"(A) IN GENERAL.—An automatic contribution arrangement described in this paragraph is an arrangement under which an eligible participant is treated as having elected to have the plan sponsor make elective contributions to a pension-linked emergency savings account at a participant contribution rate that is not more than 3 percent of the compensation of the eligible participant, unless the eligible participant, at any time (subject to such reasonable advance notice as is required by the plan administrator), affirmatively elects to—

"(i) make contributions at a different rate, or

"(ii) opt out of such contributions.

"(B) PARTICIPANT CONTRIBUTION RATE.—For purposes of an automatic contribution arrangement described in subparagraph (A), the plan sponsor—

"(i) shall select a participant contribution rate under such automatic contribution arrangement which meets the requirements of subparagraph (A), and

"(ii) may amend such rate (prior to the plan year for which such amendment would take effect) not more than once annually.

"(5) DISCLOSURE BY PLAN SPONSOR.—

"(A) IN GENERAL.—With respect to a defined contribution plan which includes a pension-linked emergency savings account, the administrator of the plan shall, not less than 30 days and not more than 90 days prior to the date of the first contribution to the pension-linked emergency savings account, including any contribution under an automatic contribution arrangement described in section 801(d)(2) of the Employee Retirement Income Security Act of 1974, or the date of any adjustment to the participant contribution rate under section 801(d)(2)(B)(ii) of such Act, and not less than annually thereafter, shall furnish to the participant a notice describing—

"(i) the purpose of the account, which is for short-term, emergency savings;

"(ii) the limits on, and tax treatment of, contributions to the pension-linked emergency savings account of the participant;

"(iii) any fees, expenses, restrictions, or charges associated with such pension-linked emergency savings account;

"(iv) procedures for electing to make contributions or opting out of the pension-linked emergency savings account, changing participant contribution rates for such account, and making participant withdrawals from such pension-linked emergency savings account, including any limits on frequency;

"(v) the amount of the intended contribution or the change in the percentage of the compensation of the participant of such contribution, if applicable;

"(vi) the amount in the pension-linked emergency savings account and the amount or percentage of compensation that a participant has contributed to such account;

"(vii) the designated investment option under section 801(c)(1)(A)(iii) of the Employee Retirement Income Security Act of 1974 for amounts contributed to the pension-linked emergency savings account;

"(viii) the options under section 801(e) of such Act for the account balance of the pension-linked emergency savings account after termination of the employment of the participant; and

"(ix) the ability of a participant who becomes a highly compensated employee (as such term is defined in section 414(q)) to, as described in section 801(b)(2) of the Employee Retirement Income Security Act of 1974, withdraw any account balance from a pension-linked emergency savings account and the restriction on the ability of such a participant to make further contributions to the pension-linked emergency savings account.

"(B) NOTICE REQUIREMENTS.—A notice furnished to a participant under subparagraph (A) shall be—

"(i) sufficiently accurate and comprehensive to apprise the participant of the rights and obligations of the participant with regard to the pension-linked emergency savings account of the participant; and

"(ii) written in a manner calculated to be understood by the average participant.

"(C) CONSOLIDATED NOTICES.—The required notices under subparagraph (A) may be included with any other notice under the Employee Retirement Income Security Act of 1974, including under section 404(c)(5)(B) or 514(e)(3) of such Act, or under section 401(k)(13)(E) or 414(w)(4), if such other notice is provided to the participant at the time required for such notice.

"(6) EMPLOYER MATCHING CONTRIBUTIONS TO A DEFINED CONTRIBUTION PLAN FOR EMPLOYEE CONTRIBUTIONS TO A PENSION-LINKED EMERGENCY SAVINGS ACCOUNT.—

"(A) IN GENERAL.—If an employer makes any matching contributions to a defined contribution plan of which a pension-linked emergency savings account is part, subject to the limitations of paragraph (3), the employer shall make matching contributions on behalf of an eligible participant on account of the participant's contributions to the pension-linked emergency savings account at the same rate as any other matching contribution on account of an elective contribution by such participant. The matching contributions shall be made to the participant's account under the defined contribution plan which is not the pension-linked emergency savings account. Such matching contributions on account of contributions to the pension-linked emergency savings account shall not exceed the maximum account balance under paragraph (3)(A) for such plan year.

"(B) COORDINATION RULE.—For purposes of any applicable limitation on matching contributions, any matching contributions made under the plan shall be treated first as attributable to the elective deferrals of the participant other than contributions to a pension-linked emergency savings account.

"(C) MATCHING CONTRIBUTIONS.—For purposes of subparagraph (A), the term 'matching contribution' has the meaning given such term in section 401(m)(4).

"(7) DISTRIBUTIONS.—

"(A) IN GENERAL.—A pension-linked emergency savings account shall allow for withdrawal by the participant on whose behalf the account is established of the account balance, in whole or in part at the discretion of the participant, at least once per calendar month and for distribution of such withdrawal to the participant as soon as practicable after the date on which the participant elects to make such withdrawal.

"(B) TREATMENT OF DISTRIBUTIONS.—Any distribution from a pension-linked emergency savings account in accordance with subparagraph (A)—

"(i) shall be treated as a qualified distribution for purposes of subsection (d), and

"(ii) shall be treated as meeting the requirements of sections 401(k)(2)(B)(i), 403(b)(7)(A)(i), 403(b)(11), and 457(d)(1)(A).

"(8) ACCOUNT BALANCE AFTER TERMINATION.—

"(A) IN GENERAL.—Upon termination of employment of the participant, or termination by the plan sponsor of the pension-linked emergency savings account, the pension-linked emergency savings account of such participant in a defined contribution plan shall—

"(i) allow, at the election of the participant, for transfer by the participant of the account balance of such account, in whole or in part, into another designated Roth account of the participant under the defined contribution plan; and

"(ii) for any amounts in such account not transferred under paragraph (1), make such amounts available within a reasonable time to the participant.

"(B) PROHIBITION OF CERTAIN TRANSFERS.—No amounts shall be transferred by the participant from another account of the participant under any plan of the employer into the pension-linked emergency savings account of the participant.

"(C) COORDINATION WITH SECTION 72.—Subparagraph (F) of section 408A(d)(3) shall not apply (including by reason of subsection (c)(4)(D) of this section) to any rollover contribution of amounts in a pension-linked emergency savings account under subparagraph (A).

"(9) COORDINATION WITH DISTRIBUTION OF EXCESS DEFERRALS.—If any excess deferrals are distributed under section 402(g)(2)(A) to a participant, such amounts shall be distributed first from any pension-linked emergency savings account of the participant to the extent contributions were made to such account for the taxable year.

"(10) TREATMENT OF ACCOUNT BALANCES.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), a distribution from a pension-linked emergency savings account shall not be treated as an eligible rollover distribution for purposes of sections 401(a)(31), 402(f), and 3405.

"(B) TERMINATION.—In the case of termination of employment of the participant, or termination by the plan

sponsor of the pension-linked emergency savings account, except for purposes of 401(a)(31)(B), a distribution from a pension-linked emergency savings account which is contributed as provided in paragraph (8)(A)(i) shall be treated as an eligible rollover distribution.

"(11) EXCEPTION TO PLAN AMENDMENT RULES.—Notwithstanding section 411(d)(6), a plan which includes a pension-linked emergency savings account may cease to offer such accounts at any time.

"(12) ANTI-ABUSE RULES.—A plan of which a pension-linked emergency savings account is part—

"(A) may employ reasonable procedures to limit the frequency or amount of matching contributions with respect to contributions to such account, solely to the extent necessary to prevent manipulation of the rules of the plan to cause matching contributions to exceed the intended amounts or frequency, and

"(B) shall not be required to suspend matching contributions following any participant withdrawal of contributions, including elective deferrals and employee contributions, whether or not matched and whether or not made pursuant to an automatic contribution arrangement described in paragraph (4).

The Secretary, in consultation with the Secretary of Labor, shall issue regulations or other guidance not later than 12 months after the date of the enactment of the SECURE 2.0 Act of 2022 with respect to the anti-abuse rules described in the preceding sentence.".

(2) TREATMENT FOR PURPOSES OF ADDITIONAL TAX ON EARLY DISTRIBUTIONS.—Section 72(t)(2), as amended by the preceding provisions of this Act, is further amended by adding at the end the following new subparagraph:

"(J) DISTRIBUTIONS FROM PENSION-LINKED EMERGENCY SAVINGS ACCOUNT.—Distributions from a pension-linked emergency savings account pursuant to section 402A(e).".

(3) BASIS RECOVERY.—Section 72(d) is amended by adding at the end the following new paragraph:

"(3) TREATMENT OF CONTRIBUTIONS TO A PENSION-LINKED EMERGENCY SAVINGS ACCOUNT.—For purposes of this section, contributions to a pension-linked emergency savings account to which section 402A(e) applies (and any income allocable thereto) may be treated as a separate contract.".

(f) REGULATORY AUTHORITY.—The Secretary of Labor and the Secretary of the Treasury (or a delegate of either such Secretary) shall have authority to issue regulations or other guidance, and to coordinate in developing regulations or other guidance, to carry out the purposes of this Act, including—

(1) adjustment of the limitation under section 801(d)(1) of the Employee Retirement Income Security Act of 1974 and section 402A(e)(3) of the Internal Revenue Code of 1986, as added by this Act, to account for inflation;

(2) expansion of corrections programs, if necessary;

(3) model plan language and notices relating to pension-linked emergency savings accounts; and

(4) with regard to interactions with section 401(k)(13) of the Internal Revenue Code of 1986.

(g) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after December 31, 2023.

**SEC. 128. ENHANCEMENT OF 403(b) PLANS.**

(a) IN GENERAL.—Subparagraph (A) of section 403(b)(7) is amended by striking "if the amounts are to be invested in regulated investment company stock to be held in that custodial account" and inserting "if the amounts are to be held in that custodial account and are invested in regulated investment company stock or a group trust intended to satisfy the requirements of Internal Revenue Service Revenue Ruling 81–100 (or any successor guidance)".

(b) CONFORMING AMENDMENT.—The heading of paragraph (7) of section 403(b) is amended by striking "FOR REGULATED INVESTMENT COMPANY STOCK".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts invested after the date of the enactment of this Act.

# TITLE II—PRESERVATION OF INCOME

**SEC. 201. REMOVE REQUIRED MINIMUM DISTRIBUTION BARRIERS FOR LIFE ANNUITIES.**

(a) IN GENERAL.—Section 401(a)(9) is amended by adding at the end the following new subparagraph:

"(J) CERTAIN INCREASES IN PAYMENTS UNDER A COMMERCIAL ANNUITY.—Nothing in this section shall prohibit a commercial annuity (within the meaning of section 3405(e)(6)) that is issued in connection with any eligible retirement plan (within the meaning of section 402(c)(8)(B), other than a defined benefit plan) from providing one or more of the following types of payments on or after the annuity starting date:

"(i) annuity payments that increase by a constant percentage, applied not less frequently than annually, at a rate that is less than 5 percent per year,

"(ii) a lump sum payment that—

"(I) results in a shortening of the payment period with respect to an annuity or a full or partial commutation of the future annuity payments, provided that such lump sum is determined using reasonable actuarial methods and assumptions, as determined in good faith by the issuer of the contract, or

"(II) accelerates the receipt of annuity payments that are scheduled to be received within the ensuing 12 months, regardless of whether such acceleration shortens the payment period with respect to the annuity, reduces the dollar amount of benefits to be paid under the contract, or results in a suspension of annuity payments during the period being accelerated,

"(iii) an amount which is in the nature of a dividend or similar distribution, provided that the issuer

of the contract determines such amount using reasonable actuarial methods and assumptions, as determined in good faith by the issuer of the contract, when calculating the initial annuity payments and the issuer's experience with respect to those factors, or

"(iv) a final payment upon death that does not exceed the excess of the total amount of the consideration paid for the annuity payments, less the aggregate amount of prior distributions or payments from or under the contract.".

(b) EFFECTIVE DATE.—This section shall apply to calendar years ending after the date of the enactment of this Act.

**SEC. 202. QUALIFYING LONGEVITY ANNUITY CONTRACTS.**

(a) IN GENERAL.—Not later than the date which is 18 months after the date of the enactment of this Act, the Secretary of the Treasury (or the Secretary's delegate) shall amend the regulation issued by the Department of the Treasury relating to "Longevity Annuity Contracts" (79 Fed. Reg. 37633 (July 2, 2014)), as follows:

(1) REPEAL 25-PERCENT PREMIUM LIMIT.—The Secretary (or delegate) shall amend Q&A–17(b)(3) of Treas. Reg. section 1.401(a)(9)–6 and Q&A–12(b)(3) of Treas. Reg. section 1.408–8 to eliminate the requirement that premiums for qualifying longevity annuity contracts be limited to 25 percent of an individual's account balance, and to make such corresponding changes to the regulations and related forms as are necessary to reflect the elimination of this requirement.

(2) INCREASE DOLLAR LIMITATION.—

(A) IN GENERAL.—The Secretary (or delegate) shall amend Q&A–17(b)(2)(i) of Treas. Reg. section 1.401(a)(9)–6 and Q&A–12(b)(2)(i) of Treas. Reg. section 1.408–8 to increase the dollar limitation on premiums for qualifying longevity annuity contracts from $125,000 to $200,000, and to make such corresponding changes to the regulations and related forms as are necessary to reflect this increase in the dollar limitation.

(B) ADJUSTMENTS FOR INFLATION.—The Secretary (or delegate) shall amend Q&A–17(d)(2)(i) of Treas. Reg. section 1.401(a)(9)–6 to provide that, in the case of calendar years beginning on or after January 1 of the second year following the year of enactment of this Act, the $200,000 dollar limitation (as increased by subparagraph (A)) will be adjusted at the same time and in the same manner as the limits are adjusted under section 415(d) of the Internal Revenue Code of 1986, except that the base period shall be the calendar quarter beginning July 1 of the year of enactment of this Act, and any increase to such dollar limitation which is not a multiple of $10,000 will be rounded to the next lowest multiple of $10,000.

(3) FACILITATE JOINT AND SURVIVOR BENEFITS.—The Secretary (or delegate) shall amend Q&A–17(c) of Treas. Reg. section 1.401(a)(9)–6, and make such corresponding changes to the regulations and related forms as are necessary, to provide that, in the case of a qualifying longevity annuity contract which was purchased with joint and survivor annuity benefits for the individual and the individual's spouse which were permissible under the regulations at the time the contract

was originally purchased, a divorce occurring after the original purchase and before the annuity payments commence under the contract will not affect the permissibility of the joint and survivor annuity benefits or other benefits under the contract, or require any adjustment to the amount or duration of benefits payable under the contract, provided that any qualified domestic relations order (within the meaning of section 414(p) of the Internal Revenue Code of 1986) or, in the case of an arrangement not subject to section 414(p) of such Code or section 206(d) of the Employee Retirement Income Security Act of 1974, any divorce or separation instrument (as defined in subsection (b))—

(A) provides that the former spouse is entitled to the survivor benefits under the contract;

(B) provides that the former spouse is treated as a surviving spouse for purposes of the contract;

(C) does not modify the treatment of the former spouse as the beneficiary under the contract who is entitled to the survivor benefits; or

(D) does not modify the treatment of the former spouse as the measuring life for the survivor benefits under the contract.

(4) PERMIT SHORT FREE LOOK PERIOD.—The Secretary (or delegate) shall amend Q&A–17(a)(4) of Treas. Reg. section 1.401(a)(9)–6 to ensure that such Q&A does not preclude a contract from including a provision under which an employee may rescind the purchase of the contract within a period not exceeding 90 days from the date of purchase.

(b) DIVORCE OR SEPARATION INSTRUMENT.—For purposes of subsection (a)(3), the term "divorce or separation instrument" means—

(1) a decree of divorce or separate maintenance or a written instrument incident to such a decree;

(2) a written separation agreement; or

(3) a decree (not described in paragraph (1)) requiring a spouse to make payments for the support or maintenance of the other spouse.

(c) EFFECTIVE DATES, ENFORCEMENT, AND INTERPRETATIONS.—

(1) EFFECTIVE DATES.—

(A) Paragraphs (1) and (2) of subsection (a) shall be effective with respect to contracts purchased or received in an exchange on or after the date of the enactment of this Act.

(B) Paragraphs (3) and (4) of subsection (a) shall be effective with respect to contracts purchased or received in an exchange on or after July 2, 2014.

(2) ENFORCEMENT AND INTERPRETATIONS.—Prior to the date on which the Secretary of the Treasury issues final regulations pursuant to subsection (a)—

(A) the Secretary (or delegate) shall administer and enforce the law in accordance with subsection (a) and the effective dates in paragraph (1) of this subsection; and

(B) taxpayers may rely upon their reasonable good faith interpretations of subsection (a).

(d) REGULATORY SUCCESSOR PROVISION.—Any reference to a regulation under this section shall be treated as including a reference to any successor regulation thereto.

**SEC. 203. INSURANCE-DEDICATED EXCHANGE-TRADED FUNDS.**

(a) IN GENERAL.—Not later than the date which is 7 years after the date of the enactment of this Act, the Secretary of the Treasury (or the Secretary's delegate) shall amend the regulation issued by the Department of the Treasury relating to "Income Tax; Diversification Requirements for Variable Annuity, Endowment, and Life Insurance Contracts", 54 Fed. Reg. 8728 (March 2, 1989), and make any necessary corresponding amendments to other regulations, in order to facilitate the use of exchange-traded funds as investment options under variable contracts within the meaning of section 817(d) of the Internal Revenue Code of 1986, in accordance with subsections (b) and (c) of this section.

(b) DESIGNATE CERTAIN AUTHORIZED PARTICIPANTS AND MARKET MAKERS AS ELIGIBLE INVESTORS.—The Secretary of the Treasury (or the Secretary's delegate) shall amend Treas. Reg. section 1.817–5(f)(3) to provide that satisfaction of the requirements in Treas. Reg. section 1.817–5(f)(2)(i) with respect to an exchange-traded fund shall not be prevented by reason of beneficial interests in such a fund being held by 1 or more authorized participants or market makers.

(c) DEFINE RELEVANT TERMS.—In amending Treas. Reg. section 1.817–5(f)(3) in accordance with subsection (b), the Secretary of the Treasury (or the Secretary's delegate) shall provide definitions consistent with the following:

(1) EXCHANGE-TRADED FUND.—The term "exchange-traded fund" means a regulated investment company, partnership, or trust—

(A) that is registered with the Securities and Exchange Commission as an open-end investment company or a unit investment trust;

(B) the shares of which can be purchased or redeemed directly from the fund only by an authorized participant; and

(C) the shares of which are traded throughout the day on a national stock exchange at market prices that may or may not be the same as the net asset value of the shares.

(2) AUTHORIZED PARTICIPANT.—The term "authorized participant" means a financial institution that is a member or participant of a clearing agency registered under section 17A(b) of the Securities Exchange Act of 1934 that enters into a contractual relationship with an exchange-traded fund pursuant to which the financial institution is permitted to purchase and redeem shares directly from the fund and to sell such shares to third parties, but only if the contractual arrangement or applicable law precludes the financial institution from—

(A) purchasing the shares for its own investment purposes rather than for the exclusive purpose of creating and redeeming such shares on behalf of third parties; and

(B) selling the shares to third parties who are not market makers or otherwise described in Treas. Reg. section 1.817–5(f) (1) and (3).

(3) MARKET MAKER.—The term "market maker" means a financial institution that is a registered broker or dealer under section 15(b) of the Securities Exchange Act of 1934 that maintains liquidity for an exchange-traded fund on a national stock

exchange by being always ready to buy and sell shares of such fund on the market, but only if the financial institution is contractually or legally precluded from selling or buying such shares to or from persons who are not authorized participants or otherwise described in Treas. Reg. section 1.817–5(f) (2) and (3).

(d) EFFECTIVE DATE.—This section shall apply to segregated asset account investments made on or after the date which is 7 years after the date of the enactment of this Act.

**SEC. 204. ELIMINATING A PENALTY ON PARTIAL ANNUITIZATION.**

(a) ELIMINATING A PENALTY ON PARTIAL ANNUITIZATION.—The Secretary of the Treasury (or the Secretary's delegate) shall amend the regulations under section 401(a)(9) of the Internal Revenue Code of 1986 to provide that if an employee's benefit is in the form of an individual account under a defined contribution plan, the plan may allow the employee to elect to have the amount required to be distributed from such account under such section for a year to be calculated as the excess of the total required amount for such year over the annuity amount for such year.

(b) DEFINITIONS.—For purposes of this section—

(1) TOTAL REQUIRED AMOUNT.—The term "total required amount", with respect to a year, means the amount which would be required to be distributed under Treas. Reg. section 1.401(a)(9)–5 (or any successor regulation) for the year, determined by treating the account balance as of the last valuation date in the immediately preceding calendar year as including the value on that date of all annuity contracts which were purchased with a portion of the account and from which payments are made in accordance with Treas. Reg. section 1.401(a)(9)–6.

(2) ANNUITY AMOUNT.—The term "annuity amount", with respect to a year, is the total amount distributed in the year from all annuity contracts described in paragraph (1).

(c) CONFORMING REGULATORY AMENDMENTS.—The Secretary of the Treasury (or the Secretary's delegate) shall amend the regulations under sections 403(b)(10), 408(a)(6), 408(b)(3), and 457(d)(2) of the Internal Revenue Code of 1986 to conform to the amendments described in subsection (a). Such conforming amendments shall treat all individual retirement plans (as defined in section 7701(a)(37) of such Code) which an individual holds as the owner, or which an individual holds as a beneficiary of the same decedent, as one such plan for purposes of the amendments described in subsection (a). Such conforming amendments shall also treat all contracts described in section 403(b) of such Code which an individual holds as an employee, or which an individual holds as a beneficiary of the same decedent, as one such contract for such purposes.

(d) EFFECTIVE DATE.—The modifications and amendments required under subsections (a) and (c) shall be deemed to have been made as of the date of the enactment of this Act, and as of such date—

(1) all applicable laws shall be applied in all respects as though the actions which the Secretary of the Treasury (or the Secretary's delegate) is required to take under such subsections had been taken, and

(2) until such time as such actions are taken, taxpayers may rely upon their reasonable good faith interpretations of this section.

# TITLE III—SIMPLIFICATION AND CLARIFICATION OF RETIREMENT PLAN RULES

**SEC. 301. RECOVERY OF RETIREMENT PLAN OVERPAYMENTS.**

(a) OVERPAYMENTS UNDER ERISA.—Section 206 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1056) is amended by adding at the end the following new subsection:

"(h) SPECIAL RULES APPLICABLE TO BENEFIT OVERPAYMENTS.—

"(1) GENERAL RULE.—In the case of an inadvertent benefit overpayment by any pension plan, the responsible plan fiduciary shall not be considered to have failed to comply with the requirements of this title merely because such fiduciary determines, in the exercise of its discretion, not to seek recovery of all or part of such overpayment from—

"(A) any participant or beneficiary,

"(B) any plan sponsor of, or contributing employer to—

"(i) an individual account plan, provided that the amount needed to prevent or restore any impermissible forfeiture from any participant's or beneficiary's account arising in connection with the overpayment is, separately from and independently of the overpayment, allocated to such account pursuant to the nonforfeitability requirements of section 203 (for example, out of the plan's forfeiture account, additional employer contributions, or recoveries from those responsible for the overpayment), or

"(ii) a defined benefit pension plan subject to the funding rules in part 3 of this subtitle B, unless the responsible plan fiduciary determines, in the exercise of its fiduciary discretion, that failure to recover all or part of the overpayment faster than required under such funding rules would materially affect the plan's ability to pay benefits due to other participants and beneficiaries, or

"(C) any fiduciary of the plan, other than a fiduciary (including a plan sponsor or contributing employer acting in a fiduciary capacity) whose breach of its fiduciary duties resulted in such overpayment, provided that if the plan has established prudent procedures to prevent and minimize overpayment of benefits and the relevant plan fiduciaries have followed such procedures, an inadvertent benefit overpayment will not give rise to a breach of fiduciary duty.

"(2) REDUCTION IN FUTURE BENEFIT PAYMENTS AND RECOVERY FROM RESPONSIBLE PARTY.—Paragraph (1) shall not fail to apply with respect to any inadvertent benefit overpayment merely because, after discovering such overpayment, the responsible plan fiduciary—

"(A) reduces future benefit payments to the correct amount provided for under the terms of the plan, or

"(B) seeks recovery from the person or persons responsible for the overpayment.

"(3) EMPLOYER FUNDING OBLIGATIONS.—Nothing in this subsection shall relieve an employer of any obligation imposed on it to make contributions to a plan to meet the minimum funding standards under part 3 of this subtitle B or to prevent or restore an impermissible forfeiture in accordance with section 203.

"(4) RECOUPMENT FROM PARTICIPANTS AND BENEFICIARIES.—If the responsible plan fiduciary, in the exercise of its fiduciary discretion, decides to seek recoupment from a participant or beneficiary of all or part of an inadvertent benefit overpayment made by the plan to such participant or beneficiary, it may do so, subject to the following conditions:

"(A) No interest or other additional amounts (such as collection costs or fees) are sought on overpaid amounts for any period.

"(B) If the plan seeks to recoup past overpayments of a non-decreasing annuity by reducing future benefit payments—

"(i) the reduction ceases after the plan has recovered the full dollar amount of the overpayment,

"(ii) the amount recouped each calendar year does not exceed 10 percent of the full dollar amount of the overpayment, and

"(iii) future benefit payments are not reduced to below 90 percent of the periodic amount otherwise payable under the terms of the plan.

Alternatively, if the plan seeks to recoup past overpayments of a non-decreasing annuity through one or more installment payments, the sum of such installment payments in any calendar year does not exceed the sum of the reductions that would be permitted in such year under the preceding sentence.

"(C) If the plan seeks to recoup past overpayments of a benefit other than a non-decreasing annuity, the plan satisfies requirements developed by the Secretary of Labor for purposes of this subparagraph.

"(D) Efforts to recoup overpayments are—

"(i) not accompanied by threats of litigation, unless the responsible plan fiduciary makes a determination that there is a reasonable likelihood of success to recover an amount greater than the cost of recovery, and

"(ii) not made through a collection agency or similar third party, unless the participant or beneficiary ignores or rejects efforts to recoup the overpayment following either a final judgment in Federal or State court or a settlement between the participant or beneficiary and the plan, in either case authorizing such recoupment.

"(E) Recoupment of past overpayments to a participant is not sought from any beneficiary of the participant, including a spouse, surviving spouse, former spouse, or other beneficiary.

"(F) Recoupment may not be sought if the first overpayment occurred more than 3 years before the participant

or beneficiary is first notified in writing of the error, except in the case of fraud or misrepresentation by the participant.

"(G) A participant or beneficiary from whom recoupment is sought is entitled to contest all or part of the recoupment pursuant to the claims procedures of the plan that made the overpayment to the extent such procedures are consistent with section 503 of this title and in the case of an inadvertent benefit overpayment from a plan to which paragraph (1) applies that is transferred to an eligible retirement plan (as defined in section 402(c)(8)(B) of the Internal Revenue Code of 1986) by or on behalf of a participant or beneficiary—

"(i) such plan shall notify the plan receiving the rollover of such dispute,

"(ii) the plan receiving the rollover shall retain such overpayment on behalf of the participant or beneficiary (and shall be entitled to treat such overpayment as plan assets) pending the outcome of such procedures, and

"(iii) the portion of such overpayment with respect to which recoupment is sought on behalf of the plan shall be permitted to be returned to such plan if it is determined to be an overpayment (and the plans making and receiving such transfer shall be treated as permitting such transfer).

"(H) In determining the amount of recoupment to seek, the responsible plan fiduciary may take into account the hardship that recoupment likely would impose on the participant or beneficiary.

"(5) EFFECT OF CULPABILITY.—Subparagraphs (A) through (F) of paragraph (4) shall not apply to protect a participant or beneficiary who is culpable. For purposes of this paragraph, a participant or beneficiary is culpable if the individual bears responsibility for the overpayment (such as through misrepresentations or omissions that led to the overpayment), or if the individual knew that the benefit payment or payments were materially in excess of the correct amount. Notwithstanding the preceding sentence, an individual is not culpable merely because the individual believed the benefit payment or payments were or might be in excess of the correct amount, if the individual raised that question with an authorized plan representative and was told the payment or payments were not in excess of the correct amount.".

(b) OVERPAYMENTS UNDER INTERNAL REVENUE CODE OF 1986.—

(1) QUALIFICATION REQUIREMENTS.—Section 414 is amended by adding at the end the following new subsection:

"(aa) SPECIAL RULES APPLICABLE TO BENEFIT OVERPAYMENTS.—

"(1) IN GENERAL.—A plan shall not fail to be treated as described in clause (i), (ii), (iii), or (iv) of section 219(g)(5)(A) (and shall not fail to be treated as satisfying the requirements of section 401(a) or 403) merely because—

"(A) the plan fails to obtain payment from any participant, beneficiary, employer, plan sponsor, fiduciary, or other party on account of any inadvertent benefit overpayment made by the plan, or

"(B) the plan sponsor amends the plan to increase past, or decrease future, benefit payments to affected

participants and beneficiaries in order to adjust for prior inadvertent benefit overpayments.

"(2) REDUCTION IN FUTURE BENEFIT PAYMENTS AND RECOVERY FROM RESPONSIBLE PARTY.—Paragraph (1) shall not fail to apply to a plan merely because, after discovering a benefit overpayment, such plan—

"(A) reduces future benefit payments to the correct amount provided for under the terms of the plan, or

"(B) seeks recovery from the person or persons responsible for such overpayment.

"(3) EMPLOYER FUNDING OBLIGATIONS.—Nothing in this subsection shall relieve an employer of any obligation imposed on it to make contributions to a plan to meet the minimum funding standards under sections 412 and 430 or to prevent or restore an impermissible forfeiture in accordance with section 411.

"(4) OBSERVANCE OF BENEFIT LIMITATIONS.—Notwithstanding paragraph (1), a plan to which paragraph (1) applies shall observe any limitations imposed on it by section 401(a)(17) or 415. The plan may enforce such limitations using any method approved by the Secretary for recouping benefits previously paid or allocations previously made in excess of such limitations.

"(5) COORDINATION WITH OTHER QUALIFICATION REQUIREMENTS.—The Secretary may issue regulations or other guidance of general applicability specifying how benefit overpayments and their recoupment or non-recoupment from a participant or beneficiary shall be taken into account for purposes of satisfying any requirement applicable to a plan to which paragraph (1) applies.".

(2) ROLLOVERS.—Section 402(c) is amended by adding at the end the following new paragraph:

"(12) In the case of an inadvertent benefit overpayment from a plan to which section 414(aa)(1) applies that is transferred to an eligible retirement plan by or on behalf of a participant or beneficiary—

"(A) the portion of such overpayment with respect to which recoupment is not sought on behalf of the plan shall be treated as having been paid in an eligible rollover distribution if the payment would have been an eligible rollover distribution but for being an overpayment, and

"(B) the portion of such overpayment with respect to which recoupment is sought on behalf of the plan shall be permitted to be returned to such plan and in such case shall be treated as an eligible rollover distribution transferred to such plan by the participant or beneficiary who received such overpayment (and the plans making and receiving such transfer shall be treated as permitting such transfer).".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply as of the date of the enactment of this Act.

(d) CERTAIN ACTIONS BEFORE DATE OF ENACTMENT.—Plans, fiduciaries, employers, and plan sponsors are entitled to rely on—

(1) a reasonable good faith interpretation of then existing administrative guidance for inadvertent benefit overpayment recoupments and recoveries that commenced before the date of enactment of this Act, and

(2) determinations made before the date of enactment of this Act by the responsible plan fiduciary, in the exercise of its fiduciary discretion, not to seek recoupment or recovery of all or part of an inadvertent benefit overpayment.

In the case of a benefit overpayment that occurred prior to the date of enactment of this Act, any installment payments by the participant or beneficiary to the plan or any reduction in periodic benefit payments to the participant or beneficiary, which were made in recoupment of such overpayment and which commenced prior to such date, may continue after such date. Nothing in this subsection shall relieve a fiduciary from responsibility for an overpayment that resulted from a breach of its fiduciary duties.

**SEC. 302. REDUCTION IN EXCISE TAX ON CERTAIN ACCUMULATIONS IN QUALIFIED RETIREMENT PLANS.**

(a) IN GENERAL.—Section 4974(a) is amended by striking "50 percent" and inserting "25 percent".

(b) REDUCTION IN EXCISE TAX ON FAILURES TO TAKE REQUIRED MINIMUM DISTRIBUTIONS.—Section 4974 is amended by adding at the end the following new subsection:

"(e) REDUCTION OF TAX IN CERTAIN CASES.—

"(1) REDUCTION.—In the case of a taxpayer who—

"(A) receives a distribution, during the correction window, of the amount which resulted in imposition of a tax under subsection (a) from the same plan to which such tax relates, and

"(B) submits a return, during the correction window, reflecting such tax (as modified by this subsection),

the first sentence of subsection (a) shall be applied by substituting '10 percent' for '25 percent'.

"(2) CORRECTION WINDOW.—For purposes of this subsection, the term 'correction window' means the period of time beginning on the date on which the tax under subsection (a) is imposed with respect to a shortfall of distributions from a plan described in subsection (a), and ending on the earliest of—

"(A) the date of mailing a notice of deficiency with respect to the tax imposed by subsection (a) under section 6212,

"(B) the date on which the tax imposed by subsection (a) is assessed, or

"(C) the last day of the second taxable year that begins after the end of the taxable year in which the tax under subsection (a) is imposed.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

**SEC. 303. RETIREMENT SAVINGS LOST AND FOUND.**

(a) IN GENERAL.—Part 5 of subtitle B of title I of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1131 et seq.) is amended by adding at the end the following:

**"SEC. 523. RETIREMENT SAVINGS LOST AND FOUND.**

"(a) ESTABLISHMENT.—

"(1) IN GENERAL.—Not later than 2 years after the date of the enactment of this section, the Secretary, in consultation with the Secretary of the Treasury, shall establish an online

searchable database (to be managed by the Secretary in accordance with this section) to be known as the 'Retirement Savings Lost and Found'. The Retirement Savings Lost and Found shall—

"(A) allow an individual to search for information that enables the individual to locate the administrator of any plan described in paragraph (2) with respect to which the individual is or was a participant or beneficiary, and provide contact information for the administrator of any such plan;

"(B) allow the Secretary to assist such an individual in locating any such plan of the individual; and

"(C) allow the Secretary to make any necessary changes to contact information on record for the administrator based on any changes to the plan due to merger or consolidation of the plan with any other plan, division of the plan into two or more plans, bankruptcy, termination, change in name of the plan, change in name or address of the administrator, or other causes.

"(2) PLANS DESCRIBED.—A plan described in this paragraph is a plan to which the vesting standards of section 203 apply.

"(b) ADMINISTRATION.—The Retirement Savings Lost and Found established under subsection (a) shall provide individuals described in subsection (a)(1) only with the ability to search for information that enables the individual to locate the administrator and contact information for the administrator of any plan with respect to which the individual is or was a participant or beneficiary, sufficient to allow the individual to locate the individual's plan in order to make a claim for benefits owing to the individual under the plan.

"(c) SAFEGUARDING PARTICIPANT PRIVACY AND SECURITY.—In establishing the Retirement Savings Lost and Found under subsection (a), the Secretary, in consultation with the Secretary of the Treasury, shall take all necessary and proper precautions to—

"(1) ensure that individuals' plan and personal information maintained by the Retirement Savings Lost and Found is protected; and

"(2) allow any individual to contact the Secretary to opt out of inclusion in the Retirement Savings Lost and Found.

"(d) DEFINITION OF ADMINISTRATOR.—For purposes of this section, the term 'administrator' has the meaning given such term in section 3(16)(A).

"(e) INFORMATION COLLECTION FROM PLANS.—Effective with respect to plan years beginning after the second December 31 occurring after the date of the enactment of this subsection, the administrator of a plan to which the vesting standards of section 203 apply shall submit to the Secretary, at such time and in such form and manner as is prescribed in regulations—

"(1) the information described in paragraphs (1) through (4) of section 6057(b) of the Internal Revenue Code of 1986;

"(2) the information described in subparagraphs (A) and (B) of section 6057(a)(2) of such Code;

"(3) the name and taxpayer identifying number of each participant or former participant in the plan—

"(A) who, during the current plan year or any previous plan year, was reported under section 6057(a)(2)(C) of such

Code, and with respect to whom the benefits described in clause (ii) thereof were fully paid during the plan year;

"(B) with respect to whom any amount was distributed under section 401(a)(31)(B) of such Code during the plan year; or

"(C) with respect to whom a deferred annuity contract was distributed during the plan year; and

"(4) in the case of a participant or former participant to whom paragraph (3) applies—

"(A) in the case of a participant described in subparagraph (B) thereof, the name and address of the designated trustee or issuer described in section 401(a)(31)(B)(i) of such Code and the account number of the individual retirement plan to which the amount was distributed; and

"(B) in the case of a participant described in subparagraph (C) thereof, the name and address of the issuer of such annuity contract and the contract or certificate number.

"(f) USE OF INFORMATION COLLECTED.—The Secretary—

"(1) may use or disclose information collected under this section only for the purpose described in subsection (a)(1)(B), and

"(2) may disclose such information only to such employees of the Department of Labor whose official duties relate to the purpose described in such subsection.

"(g) PROGRAM INTEGRITY AUDIT.—On an annual basis for each of the first 5 years beginning one year after the establishment of the database in subsection (a)(1) and every 5 years thereafter, the Inspector General of the Department of Labor shall—

"(1) conduct an audit of the administration of the Retirement Savings Lost and Found; and

"(2) submit a report on such audit to the Committee on Health, Education, Labor, and Pensions and the Committee on Finance of the Senate and the Committee on Ways and Means and the Committee on Education and Labor of the House of Representatives.".

(b) CONFORMING AMENDMENT.—The table of contents for the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1001 et seq.) is amended by inserting after the item relating to section 522 the following:

"Sec. 523. Retirement Savings Lost and Found.".

**SEC. 304. UPDATING DOLLAR LIMIT FOR MANDATORY DISTRIBUTIONS.**

(a) IN GENERAL.—Section 203(e)(1) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1053(e)(1)) and sections 401(a)(31)(B)(ii) and 411(a)(11)(A) are each amended by striking "$5,000" and inserting "$7,000".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions made after December 31, 2023.

**SEC. 305. EXPANSION OF EMPLOYEE PLANS COMPLIANCE RESOLUTION SYSTEM.**

(a) IN GENERAL.—Except as otherwise provided in the Internal Revenue Code of 1986, regulations, or other guidance of general applicability prescribed by the Secretary of the Treasury or the Secretary's delegate (referred to in this section as the "Secretary"), any eligible inadvertent failure to comply with the rules applicable

under section 401(a), 403(a), 403(b), 408(p), or 408(k) of such Code may be self-corrected under the Employee Plans Compliance Resolution System (as described in Revenue Procedure 2021–30, or any successor guidance, and hereafter in this section referred to as the "EPCRS"), except to the extent that (1) such failure was identified by the Secretary prior to any actions which demonstrate a specific commitment to implement a self-correction with respect to such failure, or (2) the self-correction is not completed within a reasonable period after such failure is identified. For purposes of self-correction of an eligible inadvertent failure, the correction period under section 9.02 of Revenue Procedure 2021–30 (or any successor guidance), except as otherwise provided under such Code, regulations, or other guidance of general applicability prescribed by the Secretary, is indefinite and has no last day, other than with respect to failures identified by the Secretary prior to any actions which demonstrate a specific commitment to implement a self-correction with respect to such failure or with respect to a self-correction that is not completed within a reasonable period, as described in the preceding sentence.

(b) LOAN ERRORS.—In the case of an eligible inadvertent failure relating to a loan from a plan to a participant—

(1) such failure may be self-corrected under subsection (a) according to the rules of section 6.07 of Revenue Procedure 2021–30 (or any successor guidance), including the provisions related to whether a deemed distribution must be reported on Form 1099–R,

(2) the Secretary of Labor shall treat any such failure which is so self-corrected under subsection (a) as meeting the requirements of the Voluntary Fiduciary Correction Program of the Department of Labor if, with respect to the violation of the fiduciary standards of the Employee Retirement Income Security Act of 1974, there is a similar loan error eligible for correction under EPCRS and the loan error is corrected in such manner, and

(3) the Secretary of Labor may impose reporting or other procedural requirements with respect to parties that intend to rely on the Voluntary Fiduciary Correction Program for self-corrections described in paragraph (2).

(c) EPCRS FOR IRAS.—The Secretary shall expand the EPCRS to allow custodians of individual retirement plans (as defined in section 7701(a)(37) of the Internal Revenue Code of 1986) to address eligible inadvertent failures with respect to an individual retirement plan (as so defined), including (but not limited to)—

(1) waivers of the excise tax which would otherwise apply under section 4974 of the Internal Revenue Code of 1986, and

(2) rules permitting a nonspouse beneficiary to return distributions to an inherited individual retirement plan described in section 408(d)(3)(C) of the Internal Revenue Code of 1986 in a case where, due to an inadvertent error by a service provider, the beneficiary had reason to believe that the distribution could be rolled over without inclusion in income of any part of the distributed amount.

(d) CORRECTION METHODS FOR ELIGIBLE INADVERTENT FAILURES.—The Secretary shall issue guidance on correction methods that are required to be used to correct eligible inadvertent failures,

including general principles of correction if a specific correction method is not specified by the Secretary.

(e) ELIGIBLE INADVERTENT FAILURE.—For purposes of this section—

(1) IN GENERAL.—Except as provided in paragraph (2), the term "eligible inadvertent failure" means a failure that occurs despite the existence of practices and procedures which—

(A) satisfy the standards set forth in section 4.04 of Revenue Procedure 2021–30 (or any successor guidance), or

(B) satisfy similar standards in the case of an individual retirement plan.

(2) EXCEPTION.—The term "eligible inadvertent failure" shall not include any failure which is egregious, relates to the diversion or misuse of plan assets, or is directly or indirectly related to an abusive tax avoidance transaction.

(f) APPLICATION OF CERTAIN REQUIREMENTS FOR CORRECTING ERRORS.—This section shall not apply to any failure unless the correction of such failure under this section is made in conformity with the general principles that apply to corrections of such failures under the Internal Revenue Code of 1986, including regulations or other guidance issued thereunder and including those principles and corrections set forth in Revenue Procedure 2021–30 (or any successor guidance).

(g) ISSUANCE OF GUIDANCE.—The Secretary of the Treasury, or the Secretary's delegate, shall revise Revenue Procedure 2021–30 (or any successor guidance) to take into account the provisions of this section not later than the date which is 2 years after the date of enactment of this Act.

**SEC. 306. ELIMINATE THE "FIRST DAY OF THE MONTH" REQUIREMENT FOR GOVERNMENTAL SECTION 457(b) PLANS.**

(a) IN GENERAL.—Section 457(b)(4) is amended to read as follows:

"(4) which provides that compensation—

"(A) in the case of an eligible employer described in subsection (e)(1)(A), will be deferred only if an agreement providing for such deferral has been entered into before the compensation is currently available to the individual, and

"(B) in any other case, will be deferred for any calendar month only if an agreement providing for such deferral has been entered into before the beginning of such month,".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

**SEC. 307. ONE-TIME ELECTION FOR QUALIFIED CHARITABLE DISTRIBUTION TO SPLIT-INTEREST ENTITY; INCREASE IN QUALIFIED CHARITABLE DISTRIBUTION LIMITATION.**

(a) ONE-TIME ELECTION FOR QUALIFIED CHARITABLE DISTRIBUTION TO SPLIT-INTEREST ENTITY.—Section 408(d)(8) is amended by adding at the end the following new subparagraph:

"(F) ONE-TIME ELECTION FOR QUALIFIED CHARITABLE DISTRIBUTION TO SPLIT-INTEREST ENTITY.—

"(i) IN GENERAL.—A taxpayer may for a taxable year elect under this subparagraph to treat as meeting the requirement of subparagraph (B)(i) any distribution

from an individual retirement account which is made directly by the trustee to a split-interest entity, but only if—

"(I) an election is not in effect under this subparagraph for a preceding taxable year,

"(II) the aggregate amount of distributions of the taxpayer with respect to which an election under this subparagraph is made does not exceed $50,000, and

"(III) such distribution meets the requirements of clauses (iii) and (iv).

"(ii) SPLIT-INTEREST ENTITY.—For purposes of this subparagraph, the term 'split-interest entity' means—

"(I) a charitable remainder annuity trust (as defined in section 664(d)(1)), but only if such trust is funded exclusively by qualified charitable distributions,

"(II) a charitable remainder unitrust (as defined in section 664(d)(2)), but only if such unitrust is funded exclusively by qualified charitable distributions, or

"(III) a charitable gift annuity (as defined in section 501(m)(5)), but only if such annuity is funded exclusively by qualified charitable distributions and commences fixed payments of 5 percent or greater not later than 1 year from the date of funding.

"(iii) CONTRIBUTIONS MUST BE OTHERWISE DEDUCTIBLE.—A distribution meets the requirements of this clause only if—

"(I) in the case of a distribution to a charitable remainder annuity trust or a charitable remainder unitrust, a deduction for the entire value of the remainder interest in the distribution for the benefit of a specified charitable organization would be allowable under section 170 (determined without regard to subsection (b) thereof and this paragraph), and

"(II) in the case of a charitable gift annuity, a deduction in an amount equal to the amount of the distribution reduced by the value of the annuity described in section 501(m)(5)(B) would be allowable under section 170 (determined without regard to subsection (b) thereof and this paragraph).

"(iv) LIMITATION ON INCOME INTERESTS.—A distribution meets the requirements of this clause only if—

"(I) no person holds an income interest in the split-interest entity other than the individual for whose benefit such account is maintained, the spouse of such individual, or both, and

"(II) the income interest in the split-interest entity is nonassignable.

"(v) SPECIAL RULES.—

"(I) CHARITABLE REMAINDER TRUSTS.—Notwithstanding section 664(b), distributions made

from a trust described in subclause (I) or (II) of clause (ii) shall be treated as ordinary income in the hands of the beneficiary to whom the annuity described in section 664(d)(1)(A) or the payment described in section 664(d)(2)(A) is paid.

"(II) CHARITABLE GIFT ANNUITIES.—Qualified charitable distributions made to fund a charitable gift annuity shall not be treated as an investment in the contract for purposes of section 72(c).".

(b) INFLATION ADJUSTMENT.—Section 408(d)(8), as amended by subsection (a), is further amended by adding at the end the following new subparagraph:

"(G) INFLATION ADJUSTMENT.—

"(i) IN GENERAL.—In the case of any taxable year beginning after 2023, each of the dollar amounts in subparagraphs (A) and (F) shall be increased by an amount equal to—

"(I) such dollar amount, multiplied by

"(II) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 2022' for 'calendar year 2016' in subparagraph (A)(ii) thereof.

"(ii) ROUNDING.—If any dollar amount increased under clause (i) is not a multiple of $1,000, such dollar amount shall be rounded to the nearest multiple of $1,000.".

(c) EFFECTIVE DATE.—The amendment made by this section shall apply to distributions made in taxable years beginning after the date of the enactment of this Act.

**SEC. 308. DISTRIBUTIONS TO FIREFIGHTERS.**

(a) IN GENERAL.—Subparagraph (A) of section 72(t)(10) is amended by striking "414(d))" and inserting "414(d)) or a distribution from a plan described in clause (iii), (iv), or (vi) of section 402(c)(8)(B) to an employee who provides firefighting services".

(b) CONFORMING AMENDMENT.—The heading of paragraph (10) of section 72(t) is amended by striking "IN GOVERNMENTAL PLANS" and inserting "AND PRIVATE SECTOR FIREFIGHTERS".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions made after the date of the enactment of this Act.

**SEC. 309. EXCLUSION OF CERTAIN DISABILITY-RELATED FIRST RESPONDER RETIREMENT PAYMENTS.**

(a) IN GENERAL.—Part III of subchapter B of chapter 1 is amended by inserting after section 139B the following new section:

**"SEC. 139C. CERTAIN DISABILITY-RELATED FIRST RESPONDER RETIREMENT PAYMENTS.**

"(a) IN GENERAL.—In the case of an individual who receives qualified first responder retirement payments for any taxable year, gross income shall not include so much of such payments as do not exceed the annualized excludable disability amount with respect to such individual.

"(b) QUALIFIED FIRST RESPONDER RETIREMENT PAYMENTS.—For purposes of this section, the term 'qualified first responder retirement payments' means, with respect to any taxable year, any pension or annuity which but for this section would be includible in gross income for such taxable year and which is received—

"(1) from a plan described in clause (iii), (iv), (v), or (vi) of section 402(c)(8)(B), and

"(2) in connection with such individual's qualified first responder service.

"(c) ANNUALIZED EXCLUDABLE DISABILITY AMOUNT.—For purposes of this section—

"(1) IN GENERAL.—The term 'annualized excludable disability amount' means, with respect to any individual, the service-connected excludable disability amounts which are properly attributable to the 12-month period immediately preceding the date on which such individual attains retirement age.

"(2) SERVICE-CONNECTED EXCLUDABLE DISABILITY AMOUNT.—The term 'service-connected excludable disability amount' means periodic payments received by an individual which—

"(A) are not includible in such individual's gross income under section 104(a)(1),

"(B) are received in connection with such individual's qualified first responder service, and

"(C) terminate when such individual attains retirement age.

"(3) SPECIAL RULE FOR PARTIAL-YEAR PAYMENTS.—In the case of an individual who only receives service-connected excludable disability amounts properly attributable to a portion of the 12-month period described in paragraph (1), such paragraph shall be applied by multiplying such amounts by the ratio of 365 to the number of days in such period to which such amounts were properly attributable.

"(d) QUALIFIED FIRST RESPONDER SERVICE.—For purposes of this section, the term 'qualified first responder service' means service as a law enforcement officer, firefighter, paramedic, or emergency medical technician.".

(b) CLERICAL AMENDMENT.—The table of sections for part III of subchapter B of chapter 1 is amended by inserting after the item relating to section 139B the following new item:

"Sec. 139C. Certain disability-related first responder retirement payments.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts received with respect to taxable years beginning after December 31, 2026.

**SEC. 310. APPLICATION OF TOP HEAVY RULES TO DEFINED CONTRIBUTION PLANS COVERING EXCLUDABLE EMPLOYEES.**

(a) IN GENERAL.—Paragraph (2) of section 416(c) is amended by adding at the end the following new subparagraph:

"(C) APPLICATION TO EMPLOYEES NOT MEETING AGE AND SERVICE REQUIREMENTS.—Any employees not meeting the age or service requirements of section 410(a)(1) (without regard to subparagraph (B) thereof) may be excluded from consideration in determining whether any plan of the employer meets the requirements of subparagraphs (A) and (B).".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to plan years beginning after December 31, 2023.

**SEC. 311. REPAYMENT OF QUALIFIED BIRTH OR ADOPTION DISTRIBUTION LIMITED TO 3 YEARS.**

(a) IN GENERAL.—Section 72(t)(2)(H)(v)(I) is amended by striking "may make" and inserting "may, at any time during the 3-year period beginning on the day after the date on which such distribution was received, make".

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendment made by this section shall apply to distributions made after the date of the enactment of this Act.

(2) TEMPORARY RULE WITH RESPECT TO DISTRIBUTIONS ALREADY MADE.—In the case of a qualified birth or adoption distribution (as defined in section 72(t)(2)(H)(iii)(I) of the Internal Revenue Code of 1986) made on or before the date of the enactment of this Act, section 72(t)(2)(H)(v)(I) of such Code (as amended by this Act) shall apply to such distribution by substituting "after such distribution and before January 1, 2026" for "during the 3-year period beginning on the day after the date on which such distribution was received".

**SEC. 312. EMPLOYER MAY RELY ON EMPLOYEE CERTIFYING THAT DEEMED HARDSHIP DISTRIBUTION CONDITIONS ARE MET.**

(a) CASH OR DEFERRED ARRANGEMENTS.—Section 401(k)(14) is amended by adding at the end the following new subparagraph:

"(C) EMPLOYEE CERTIFICATION.—In determining whether a distribution is upon the hardship of an employee, the administrator of the plan may rely on a written certification by the employee that the distribution is—

"(i) on account of a financial need of a type which is deemed in regulations prescribed by the Secretary to be an immediate and heavy financial need, and

"(ii) not in excess of the amount required to satisfy such financial need, and

that the employee has no alternative means reasonably available to satisfy such financial need. The Secretary may provide by regulations for exceptions to the rule of the preceding sentence in cases where the plan administrator has actual knowledge to the contrary of the employee's certification, and for procedures for addressing cases of employee misrepresentation.".

(b) 403(b) PLANS.—

(1) CUSTODIAL ACCOUNTS.—Section 403(b)(7) is amended by adding at the end the following new subparagraph:

"(D) EMPLOYEE CERTIFICATION.—In determining whether a distribution is upon the financial hardship of an employee, the administrator of the plan may rely on a written certification by the employee that the distribution is—

"(i) on account of a financial need of a type which is deemed in regulations prescribed by the Secretary to be an immediate and heavy financial need, and

"(ii) not in excess of the amount required to satisfy such financial need, and

that the employee has no alternative means reasonably available to satisfy such financial need. The Secretary may

provide by regulations for exceptions to the rule of the preceding sentence in cases where the plan administrator has actual knowledge to the contrary of the employee's certification, and for procedures for addressing cases of employee misrepresentation.".

(2) ANNUITY CONTRACTS.—Section 403(b)(11) is amended by adding at the end the following: "In determining whether a distribution is upon hardship of an employee, the administrator of the plan may rely on a written certification by the employee that the distribution is on account of a financial need of a type which is deemed in regulations prescribed by the Secretary to be an immediate and heavy financial need and is not in excess of the amount required to satisfy such financial need, and that the employee has no alternative means reasonably available to satisfy such financial need. The Secretary may provide by regulations for exceptions to the rule of the preceding sentence in cases where the plan administrator has actual knowledge to the contrary of the employee's certification, and for procedures for addressing cases of employee misrepresentation.".

(c) 457(b) PLAN.—Section 457(d) is amended by adding at the end the following new paragraph:

"(4) PARTICIPANT CERTIFICATION.—In determining whether a distribution to a participant is made when the participant is faced with an unforeseeable emergency, the administrator of a plan maintained by an eligible employer described in subsection (e)(1)(A) may rely on a written certification by the participant that the distribution is—

"(A) made when the participant is faced with an unforeseeable emergency of a type which is described in regulations prescribed by the Secretary as an unforeseeable emergency, and

"(B) not in excess of the amount required to satisfy the emergency need, and

that the participant has no alternative means reasonably available to satisfy such emergency need. The Secretary may provide by regulations for exceptions to the rule of the preceding sentence in cases where the plan administrator has actual knowledge to the contrary of the participant's certification, and for procedures for addressing cases of participant misrepresentation.".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after the date of the enactment of this Act.

**SEC. 313. INDIVIDUAL RETIREMENT PLAN STATUTE OF LIMITATIONS FOR EXCISE TAX ON EXCESS CONTRIBUTIONS AND CERTAIN ACCUMULATIONS.**

(a) IN GENERAL.—Section 6501(l) is amended by adding at the end the following new paragraph:

"(4) INDIVIDUAL RETIREMENT PLANS.—

"(A) IN GENERAL.—For purposes of any tax imposed by section 4973 or 4974 in connection with an individual retirement plan, the return referred to in this section shall include the income tax return filed by the person on whom the tax under such section is imposed for the year in

which the act (or failure to act) giving rise to the liability for such tax occurred.

"(B) RULE IN CASE OF INDIVIDUALS NOT REQUIRED TO FILE RETURN.—In the case of a person who is not required to file an income tax return for such year—

"(i) the return referred to in this section shall be the income tax return that such person would have been required to file but for the fact that such person was not required to file such return, and

"(ii) the 3-year period referred to in subsection (a) with respect to the return shall be deemed to begin on the date by which the return would have been required to be filed (excluding any extension thereof).

"(C) PERIOD FOR ASSESSMENT IN CASE OF INCOME TAX RETURN.—In any case in which the return with respect to a tax imposed by section 4973 is the individual's income tax return for purposes of this section, subsection (a) shall be applied by substituting a 6-year period in lieu of the 3-year period otherwise referred to in such subsection.

"(D) EXCEPTION FOR CERTAIN ACQUISITIONS OF PROPERTY.—In the case of any tax imposed by section 4973 that is attributable to acquiring property for less than fair market value, subparagraph (A) shall not apply.".

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

**SEC. 314. PENALTY-FREE WITHDRAWAL FROM RETIREMENT PLANS FOR INDIVIDUAL IN CASE OF DOMESTIC ABUSE.**

(a) IN GENERAL.—Paragraph (2) of section 72(t), as amended by this Act, is further amended by adding at the end the following new subparagraph:

"(K) DISTRIBUTION FROM RETIREMENT PLAN IN CASE OF DOMESTIC ABUSE.—

"(i) IN GENERAL.—Any eligible distribution to a domestic abuse victim.

"(ii) LIMITATION.—The aggregate amount which may be treated as an eligible distribution to a domestic abuse victim by any individual shall not exceed an amount equal to the lesser of—

"(I) $10,000, or

"(II) 50 percent of the present value of the nonforfeitable accrued benefit of the employee under the plan.

"(iii) ELIGIBLE DISTRIBUTION TO A DOMESTIC ABUSE VICTIM.—For purposes of this subparagraph—

"(I) IN GENERAL.—A distribution shall be treated as an eligible distribution to a domestic abuse victim if such distribution is from an applicable eligible retirement plan and is made to an individual during the 1-year period beginning on any date on which the individual is a victim of domestic abuse by a spouse or domestic partner.

"(II) DOMESTIC ABUSE.—The term 'domestic abuse' means physical, psychological, sexual, emotional, or economic abuse, including efforts to control, isolate, humiliate, or intimidate the victim, or to undermine the victim's ability to reason

independently, including by means of abuse of the victim's child or another family member living in the household.

"(iv) TREATMENT OF PLAN DISTRIBUTIONS.—If a distribution to an individual would (without regard to clause (ii)) be an eligible distribution to a domestic abuse victim, a plan shall not be treated as failing to meet any requirement of this title merely because the plan treats the distribution as an eligible distribution to a domestic abuse victim, unless the aggregate amount of such distributions from all plans maintained by the employer (and any member of any controlled group which includes the employer, determined as provided in subparagraph (H)(iv)(II)) to such individual exceeds the limitation under clause (ii).

"(v) AMOUNT DISTRIBUTED MAY BE REPAID.—Rules similar to the rules of subparagraph (H)(v) shall apply with respect to an individual who receives a distribution to which clause (i) applies.

"(vi) DEFINITION AND SPECIAL RULES.—For purposes of this subparagraph:

"(I) APPLICABLE ELIGIBLE RETIREMENT PLAN.—The term 'applicable eligible retirement plan' means an eligible retirement plan (as defined in section 402(c)(8)(B)) other than a defined benefit plan or a plan to which sections 401(a)(11) and 417 apply.

"(II) EXEMPTION OF DISTRIBUTIONS FROM TRUSTEE TO TRUSTEE TRANSFER AND WITHHOLDING RULES.—For purposes of sections 401(a)(31), 402(f), and 3405, an eligible distribution to a domestic abuse victim shall not be treated as an eligible rollover distribution.

"(III) DISTRIBUTIONS TREATED AS MEETING PLAN DISTRIBUTION REQUIREMENTS; SELF-CERTIFICATION.—Any distribution which the employee or participant certifies as being an eligible distribution to a domestic abuse victim shall be treated as meeting the requirements of sections 401(k)(2)(B)(i), 403(b)(7)(A)(i), 403(b)(11), and 457(d)(1)(A).

"(vii) INFLATION ADJUSTMENT.—In the case of a taxable year beginning in a calendar year after 2024, the $10,000 amount in clause (ii)(I) shall be increased by an amount equal to—

"(I) such dollar amount, multiplied by

"(II) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 2023' for 'calendar year 2016' in subparagraph (A)(ii) thereof.

If any amount after adjustment under the preceding sentence is not a multiple of $100, such amount shall be rounded to the nearest multiple of $100.".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions made after December 31, 2023.

**SEC. 315. REFORM OF FAMILY ATTRIBUTION RULE.**

(a) IN GENERAL.—Section 414 is amended—

(1) in subsection (b)—

(A) by striking "For purposes of" and inserting the following:

"(1) IN GENERAL.—For purposes of", and

(B) by adding at the end the following new paragraphs:

"(2) SPECIAL RULES FOR APPLYING FAMILY ATTRIBUTION.—For purposes of applying the attribution rules under section 1563 with respect to paragraph (1), the following rules apply:

"(A) Community property laws shall be disregarded for purposes of determining ownership.

"(B) Except as provided by the Secretary, stock of an individual not attributed under section 1563(e)(5) to such individual's spouse shall not be attributed to such spouse by reason of the combined application of paragraphs (1) and (6)(A) of section 1563(e).

"(C) Except as provided by the Secretary, in the case of stock in different corporations that is attributed to a child under section 1563(e)(6)(A) from each parent, and is not attributed to such parents as spouses under section 1563(e)(5), such attribution to the child shall not by itself result in such corporations being members of the same controlled group.

"(3) PLAN SHALL NOT FAIL TO BE TREATED AS SATISFYING THIS SECTION.—If application of paragraph (2) causes 2 or more entities to be a controlled group or to no longer be in a controlled group, such change shall be treated as a transaction to which section 410(b)(6)(C) applies.", and

(2) in subsection (m)(6)(B)—

(A) by striking "OWNERSHIP.—In determining" and inserting the following: "OWNERSHIP.—

"(i) IN GENERAL.—In determining",

(B) by adding at the end the following new clauses:

"(ii) SPECIAL RULES FOR APPLYING FAMILY ATTRIBUTION.—For purposes of applying the attribution rules under section 318 with respect to clause (i), the following rules apply:

"(I) Community property laws shall be disregarded for purposes of determining ownership.

"(II) Except as provided by the Secretary, stock of an individual not attributed under section 318(a)(1)(A)(i) to such individual's spouse shall not be attributed by reason of the combined application of paragraphs (1)(A)(ii) and (4) of section 318(a) to such spouse from a child who has not attained the age of 21 years.

"(III) Except as provided by the Secretary, in the case of stock in different organizations which is attributed under section 318(a)(1)(A)(ii) from each parent to a child who has not attained the age of 21 years, and is not attributed to such parents as spouses under section 318(a)(1)(A)(i), such attribution to the child shall not by itself result in such organizations being members of the same affiliated service group.

"(iii) PLAN SHALL NOT FAIL TO BE TREATED AS SATISFYING THIS SECTION.—If the application of clause (ii) causes two or more entities to be an affiliated service group, or to no longer be in an affiliated service group, such change shall be treated as a transaction to which section 410(b)(6)(C) applies.", and

(C) by striking "apply" in clause (i), as so added, and inserting "apply, except that community property laws shall be disregarded for purposes of determining ownership".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after December 31, 2023.

**SEC. 316. AMENDMENTS TO INCREASE BENEFIT ACCRUALS UNDER PLAN FOR PREVIOUS PLAN YEAR ALLOWED UNTIL EMPLOYER TAX RETURN DUE DATE.**

(a) IN GENERAL.—Section 401(b) is amended by adding at the end the following new paragraph:

"(3) RETROACTIVE PLAN AMENDMENTS THAT INCREASE BENEFIT ACCRUALS.—If—

"(A) an employer amends a stock bonus, pension, profit-sharing, or annuity plan to increase benefits accrued under the plan effective as of any date during the immediately preceding plan year (other than increasing the amount of matching contributions (as defined in subsection (m)(4)(A))),

"(B) such amendment would not otherwise cause the plan to fail to meet any of the requirements of this subchapter, and

"(C) such amendment is adopted before the time prescribed by law for filing the return of the employer for the taxable year (including extensions thereof) which includes the date described in subparagraph (A),

the employer may elect to treat such amendment as having been adopted as of the last day of the plan year in which the amendment is effective.".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after December 31, 2023.

**SEC. 317. RETROACTIVE FIRST YEAR ELECTIVE DEFERRALS FOR SOLE PROPRIETORS.**

(a) IN GENERAL.—Section 401(b)(2) is amended by adding at the end the following: "In the case of an individual who owns the entire interest in an unincorporated trade or business, and who is the only employee of such trade or business, any elective deferrals (as defined in section 402(g)(3)) under a qualified cash or deferred arrangement to which the preceding sentence applies, which are made by such individual before the time for filing the return of such individual for the taxable year (determined without regard to any extensions) ending after or with the end of the plan's first plan year, shall be treated as having been made before the end of such first plan year.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to plan years beginning after the date of the enactment of this Act.

**SEC. 318. PERFORMANCE BENCHMARKS FOR ASSET ALLOCATION FUNDS.**

(a) IN GENERAL.—Not later than 2 years after the date of enactment of this Act, the Secretary of Labor shall promulgate regulations under section 404 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1104) providing that, in the case of a designated investment alternative that contains a mix of asset classes, the administrator of a plan may, but is not required to, use a benchmark that is a blend of different broad-based securities market indices if—

(1) the blend is reasonably representative of the asset class holdings of the designated investment alternative;

(2) for purposes of determining the blend's returns for 1-, 5-, and 10-calendar-year periods (or for the life of the alternative, if shorter), the blend is modified at least once per year if needed to reflect changes in the asset class holdings of the designated investment alternative;

(3) the blend is furnished to participants and beneficiaries in a manner that is reasonably calculated to be understood by the average plan participant; and

(4) each securities market index that is used for an associated asset class would separately satisfy the requirements of such regulation for such asset class.

(b) STUDY.—Not later than 3 years after the applicability date of regulations issued under this section, the Secretary of Labor shall deliver a report to the Committees on Finance and Health, Education, Labor, and Pensions of the Senate and the Committees on Ways and Means and Education and Labor of the House of Representatives regarding the utilization, and participants' understanding, of the benchmarking requirements under this section.

**SEC. 319. REVIEW AND REPORT TO CONGRESS RELATING TO REPORTING AND DISCLOSURE REQUIREMENTS.**

(a) STUDY.—As soon as practicable after the date of enactment of this Act, the Secretary of Labor, the Secretary of the Treasury, and the Director of the Pension Benefit Guaranty Corporation shall review the reporting and disclosure requirements as applicable to each such agency head, of—

(1) the Employee Retirement Income Security Act of 1974 applicable to pension plans (as defined in section 3(2) of such Act (29 U.S.C. 1002(2)) covered by title I of such Act; and

(2) the Internal Revenue Code of 1986 applicable to qualified retirement plans (as defined in section 4974(c) of such Code, without regard to paragraphs (4) and (5) of such section).

(b) REPORT.—

(1) IN GENERAL.—Not later than 3 years after the date of enactment of this Act, the Secretary of Labor, the Secretary of the Treasury, and the Director of the Pension Benefit Guaranty Corporation, jointly, and after consultation with a balanced group of participant and employer representatives, shall with respect to plans referenced in subsection (a) report on the effectiveness of the applicable reporting and disclosure requirements and make such recommendations as may be appropriate to the Committee on Education and Labor and the Committee on Ways and Means of the House of Representatives and the Committee on Health, Education, Labor, and Pensions and the Committee on Finance of the Senate to consolidate, simplify,

standardize, and improve such requirements so as to simplify reporting for, and disclosure from, such plans and ensure that plans can furnish and participants and beneficiaries timely receive and better understand the information they need to monitor their plans, plan for retirement, and obtain the benefits they have earned.

(2) ANALYSIS OF EFFECTIVENESS.—To assess the effectiveness of the applicable reporting and disclosure requirements, the report shall include an analysis of how participants and beneficiaries are providing preferred contact information, the methods by which plan sponsors and plans are furnishing disclosures, and the rate at which participants and beneficiaries are receiving, accessing, understanding, and retaining disclosures.

(3) COLLECTION OF INFORMATION.—The agencies shall conduct appropriate surveys and data collection to obtain any needed information.

**SEC. 320. ELIMINATING UNNECESSARY PLAN REQUIREMENTS RELATED TO UNENROLLED PARTICIPANTS.**

(a) AMENDMENT OF ERISA.—

(1) IN GENERAL.—Part 1 of subtitle B of title I of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1021 et seq.) is amended by redesignating section 111 as section 112 and by inserting after section 110 the following new section:

**"SEC. 111. ELIMINATING UNNECESSARY PLAN REQUIREMENTS RELATED TO UNENROLLED PARTICIPANTS.**

"(a) IN GENERAL.—Notwithstanding any other provision of this title, with respect to any individual account plan, no disclosure, notice, or other plan document (other than the notices and documents described in paragraphs (1) and (2)) shall be required to be furnished under this title to any unenrolled participant if the unenrolled participant is furnished—

"(1) an annual reminder notice of such participant's eligibility to participate in such plan and any applicable election deadlines under the plan; and

"(2) any document requested by such participant that the participant would be entitled to receive notwithstanding this section.

"(b) UNENROLLED PARTICIPANT.—For purposes of this section, the term 'unenrolled participant' means an employee who—

"(1) is eligible to participate in an individual account plan;

"(2) has been furnished—

"(A) the summary plan description pursuant to section 104(b), and

"(B) any other notices related to eligibility under the plan required to be furnished under this title, or the Internal Revenue Code of 1986, in connection with such participant's initial eligibility to participate in such plan;

"(3) is not participating in such plan; and

"(4) satisfies such other criteria as the Secretary of Labor may determine appropriate, as prescribed in guidance issued in consultation with the Secretary of Treasury.

For purposes of this section, any eligibility to participate in the plan following any period for which such employee was not eligible to participate shall be treated as initial eligibility.

"(c) ANNUAL REMINDER NOTICE.—For purposes of this section, the term 'annual reminder notice' means a notice provided in accordance with section 2520.104b–1 of title 29, Code of Federal Regulations (or any successor regulation), which—

"(1) is furnished in connection with the annual open season election period with respect to the plan or, if there is no such period, is furnished within a reasonable period prior to the beginning of each plan year;

"(2) notifies the unenrolled participant of—

"(A) the unenrolled participant's eligibility to participate in the plan; and

"(B) the key benefits and rights under the plan, with a focus on employer contributions and vesting provisions; and

"(3) provides such information in a prominent manner calculated to be understood by the average participant.".

(2) CLERICAL AMENDMENT.—The table of contents in section 1 of the Employee Retirement Income Security Act of 1974 is amended by striking the item relating to section 111 and by inserting after the item relating to section 110 the following new items:

"Sec. 111. Eliminating unnecessary plan requirements related to unenrolled participants.
"Sec. 112. Repeal and effective date.".

(b) AMENDMENT OF INTERNAL REVENUE CODE OF 1986.—Section 414, as amended by the preceding provisions of this Act, is amended by adding at the end the following new subsection:

"(bb) ELIMINATING UNNECESSARY PLAN REQUIREMENTS RELATED TO UNENROLLED PARTICIPANTS.—

"(1) IN GENERAL.—Notwithstanding any other provision of this title, with respect to any defined contribution plan, no disclosure, notice, or other plan document (other than the notices and documents described in subparagraphs (A) and (B)) shall be required to be furnished under this title to any unenrolled participant if the unenrolled participant is furnished—

"(A) an annual reminder notice of such participant's eligibility to participate in such plan and any applicable election deadlines under the plan, and

"(B) any document requested by such participant that the participant would be entitled to receive notwithstanding this subsection.

"(2) UNENROLLED PARTICIPANT.—For purposes of this subsection, the term 'unenrolled participant' means an employee who—

"(A) is eligible to participate in a defined contribution plan,

"(B) has been furnished—

"(i) the summary plan description pursuant to section 104(b) of the Employee Retirement Income Security Act of 1974, and

"(ii) any other notices related to eligibility under the plan and required to be furnished under this title, or the Employee Retirement Income Security Act of 1974, in connection with such participant's initial eligibility to participate in such plan,

"(C) is not participating in such plan, and

"(D) satisfies such other criteria as the Secretary of the Treasury may determine appropriate, as prescribed in guidance issued in consultation with the Secretary of Labor.

For purposes of this subsection, any eligibility to participate in the plan following any period for which such employee was not eligible to participate shall be treated as initial eligibility.

"(3) ANNUAL REMINDER NOTICE.—For purposes of this subsection, the term 'annual reminder notice' means the notice described in section 111(c) of the Employee Retirement Income Security Act of 1974.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after December 31, 2022.

**SEC. 321. REVIEW OF PENSION RISK TRANSFER INTERPRETIVE BULLETIN.**

Not later than 1 year after the date of enactment of this Act, the Secretary of Labor shall—

(1) review section 2509.95–1 of title 29, Code of Federal Regulations (relating to the fiduciary standards under the Employee Retirement Income Security Act of 1974 when selecting an annuity provider for a defined benefit pension plan) and consult with the Advisory Council on Employee Welfare and Pension Benefit Plans (established under section 512 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1142)), to determine whether amendments to section 2509.95–1 of title 29, Code of Federal Regulations are warranted; and

(2) report to Congress on the findings of such review and consultation, including an assessment of any risk to participants.

**SEC. 322. TAX TREATMENT OF IRA INVOLVED IN A PROHIBITED TRANSACTION.**

(a) IN GENERAL.—Section 408(e)(2)(A) is amended by striking "and" at the end of clause (i), by striking the period at the end of clause (ii) and inserting ", and", and by adding at the end the following new clause:

"(iii) each individual retirement plan of the individual shall be treated as a separate contract.".

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

(2) NO INFERENCE.—Nothing in the amendments made by this section shall be construed to infer the proper treatment under the Internal Revenue Code of 1986 of individual retirement plans as 1 contract in the case of any other provision of such Code to which the amendments made by this section do not apply.

**SEC. 323. CLARIFICATION OF SUBSTANTIALLY EQUAL PERIODIC PAYMENT RULE.**

(a) IN GENERAL.—Paragraph (4) of section 72(t) is amended by inserting at the end the following new subparagraph:

"(C) ROLLOVERS TO SUBSEQUENT PLAN.—If—

"(i) payments described in paragraph (2)(A)(iv) are being made from a qualified retirement plan,

"(ii) a transfer or a rollover from such qualified retirement plan of all or a portion of the taxpayer's benefit under the plan is made to another qualified retirement plan, and

"(iii) distributions from the transferor and transferee plans would in combination continue to satisfy the requirements of paragraph (2)(A)(iv) if they had been made only from the transferor plan,

such transfer or rollover shall not be treated as a modification under subparagraph (A)(ii), and compliance with paragraph (2)(A)(iv) shall be determined on the basis of the combined distributions described in clause (iii).".

(b) NONQUALIFIED ANNUITY CONTRACTS.—Paragraph (3) of section 72(q) is amended—

(1) by redesignating clauses (i) and (ii) of subparagraph (B) as subclauses (I) and (II), and by moving such subclauses 2 ems to the right;

(2) by redesignating subparagraphs (A) and (B) as clauses (i) and (ii), by moving such clauses 2 ems to the right, and by adjusting the flush language at the end accordingly;

(3) by striking "PAYMENTS.—If" and inserting "PAYMENTS.—

"(A) IN GENERAL.—If—"; and

(4) by adding at the end the following new subparagraph:

"(B) EXCHANGES TO SUBSEQUENT CONTRACTS.—If—

"(i) payments described in paragraph (2)(D) are being made from an annuity contract,

"(ii) an exchange of all or a portion of such contract for another contract is made under section 1035, and

"(iii) the aggregate distributions from the contracts involved in the exchange continue to satisfy the requirements of paragraph (2)(D) as if the exchange had not taken place,

such exchange shall not be treated as a modification under subparagraph (A)(ii), and compliance with paragraph (2)(D) shall be determined on the basis of the combined distributions described in clause (iii).".

(c) INFORMATION REPORTING.—Section 6724 is amended by inserting at the end the following new subsection:

"(g) SPECIAL RULE FOR REPORTING CERTAIN ADDITIONAL TAXES.—No penalty shall be imposed under section 6721 or 6722 if—

"(1) a person makes a return or report under section 6047(d) or 408(i) with respect to any distribution,

"(2) such distribution is made following a rollover, transfer, or exchange described in section 72(t)(4)(C) or section 72(q)(3)(C),

"(3) in making such return or report the person relies upon a certification provided by the taxpayer that the distributions satisfy the requirements of section 72(t)(4)(C)(iii) or section 72(q)(3)(B)(iii), as applicable, and

"(4) such person does not have actual knowledge that the distributions do not satisfy such requirements.".

(d) SAFE HARBOR FOR ANNUITY PAYMENTS.—

(1) QUALIFIED RETIREMENT PLANS.—Subparagraph (A) of section 72(t)(2) is amended by adding at the end the following flush sentence:

"For purposes of clause (iv), periodic payments shall not fail to be treated as substantially equal merely because they are amounts received as an annuity, and such periodic payments shall be deemed to be substantially equal if they are payable over a period described in clause (iv) and satisfy the requirements applicable to annuity payments under section 401(a)(9).".

(2) OTHER ANNUITY CONTRACTS.—Paragraph (2) of section 72(q) is amended by adding at the end the following flush sentence:

"For purposes of subparagraph (D), periodic payments shall not fail to be treated as substantially equal merely because they are amounts received as an annuity, and such periodic payments shall be deemed to be substantially equal if they are payable over a period described in subparagraph (D) and would satisfy the requirements applicable to annuity payments under section 401(a)(9) if such requirements applied.".

(e) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by subsections (a), (b), and (c) shall apply to transfers, rollovers, and exchanges occurring after December 31, 2023.

(2) ANNUITY PAYMENTS.—The amendment made by subsection (d) shall apply to distributions commencing on or after the date of the enactment of this Act.

(3) NO INFERENCE.—Nothing in the amendments made by this section shall be construed to create an inference with respect to the law in effect prior to the effective date of such amendments.

**SEC. 324. TREASURY GUIDANCE ON ROLLOVERS.**

(a) IN GENERAL.—Not later than January 1, 2025, the Secretary of the Treasury or the Secretary's delegate shall, to simplify, standardize, facilitate, and expedite the completion of rollovers to eligible retirement plans (as defined in section 402(c)(8)(B) of the Internal Revenue Code of 1986) and trustee-to-trustee transfers from individual retirement plans (as defined in section 7701(a)(37) of such Code), develop and issue—

(1) guidance in the form of sample forms (including relevant procedures and protocols) for rollovers of eligible rollover distributions from a retirement to an eligible retirement plan which—

(A) are written in a manner calculated to be understood by the average person, and

(B) can be used by both distributing eligible retirement plans and receiving retirement plans, and

(2) guidance in the form of sample forms (including relevant procedures and protocols) for trustee-to-trustee transfers of amounts from an individual retirement plan to another individual retirement plan which—

(A) are written in a manner calculated to be understood by the average person, and

(B) can be used by both transferring individual retirement plans and individual retirement plans receiving the transfer.

(b) OTHER REQUIREMENTS.—In developing the sample forms under subsection (a), the Secretary (or Secretary's delegate) shall obtain relevant information from participants and plan sponsor

representatives and consider potential coordination with sections 319 and 336 of this Act.

**SEC. 325. ROTH PLAN DISTRIBUTION RULES.**

(a) IN GENERAL.—Subsection (d) of section 402A is amended by adding at the end the following new paragraph:

"(5) MANDATORY DISTRIBUTION RULES NOT TO APPLY BEFORE DEATH.—Notwithstanding sections 403(b)(10) and 457(d)(2), the following provisions shall not apply to any designated Roth account:

"(A) Section 401(a)(9)(A).

"(B) The incidental death benefit requirements of section 401(a).".

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendment made by this section shall apply to taxable years beginning after December 31, 2023.

(2) SPECIAL RULE.—The amendment made by this section shall not apply to distributions which are required with respect to years beginning before January 1, 2024, but are permitted to be paid on or after such date.

**SEC. 326. EXCEPTION TO PENALTY ON EARLY DISTRIBUTIONS FROM QUALIFIED PLANS FOR INDIVIDUALS WITH A TERMINAL ILLNESS.**

(a) IN GENERAL.—Section 72(t)(2), as amended by this Act, is further amended by adding at the end the following new subparagraph:

"(L) TERMINAL ILLNESS.—

"(i) IN GENERAL.—Distributions which are made to the employee who is a terminally ill individual on or after the date on which such employee has been certified by a physician as having a terminal illness.

"(ii) DEFINITION.—For purposes of this subparagraph, the term 'terminally ill individual' has the same meaning given such term under section 101(g)(4)(A), except that '84 months' shall be substituted for '24 months'.

"(iii) DOCUMENTATION.—For purposes of this subparagraph, an employee shall not be considered to be a terminally ill individual unless such employee furnishes sufficient evidence to the plan administrator in such form and manner as the Secretary may require.

"(iv) AMOUNT DISTRIBUTED MAY BE REPAID.—Rules similar to the rules of subparagraph (H)(v) shall apply with respect to an individual who receives a distribution to which clause (i) applies.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to distributions made after the date of the enactment of this Act.

**SEC. 327. SURVIVING SPOUSE ELECTION TO BE TREATED AS EMPLOYEE.**

(a) IN GENERAL.—Section 401(a)(9)(B)(iv), as amended by this Act, is further amended to read as follows:

"(iv) SPECIAL RULE FOR SURVIVING SPOUSE OF EMPLOYEE.—If the designated beneficiary referred to in clause (iii)(I) is the surviving spouse of the employee

and the surviving spouse elects the treatment in this clause—

"(I) the regulations referred to in clause (iii)(II) shall treat the surviving spouse as if the surviving spouse were the employee,

"(II) the date on which the distributions are required to begin under clause (iii)(III) shall not be earlier than the date on which the employee would have attained the applicable age, and

"(III) if the surviving spouse dies before the distributions to such spouse begin, this subparagraph shall be applied as if the surviving spouse is the employee.

An election described in this clause shall be made at such time and in such manner as prescribed by the Secretary, shall include a timely notice to the plan administrator, and once made may not be revoked except with the consent of the Secretary.".

(b) EXTENSION OF ELECTION OF AT LEAST AS RAPIDLY RULE.—The Secretary shall amend Q&A–5(a) of Treasury Regulation section 1.401(a)(9)–5 (or any successor regulation thereto) to provide that if the surviving spouse is the employee's sole designated beneficiary and the spouse elects treatment under section 401(a)(9)(B)(iv), then the applicable distribution period for distribution calendar years after the distribution calendar year including the employee's date of death is determined under the uniform lifetime table.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to calendar years beginning after December 31, 2023.

**SEC. 328. REPEAL OF DIRECT PAYMENT REQUIREMENT ON EXCLUSION FROM GROSS INCOME OF DISTRIBUTIONS FROM GOVERNMENTAL PLANS FOR HEALTH AND LONG-TERM CARE INSURANCE.**

(a) IN GENERAL.—Section 402(l)(5)(A) is amended to read as follows:

"(A) DIRECT PAYMENT TO INSURER PERMITTED.—

"(i) IN GENERAL.—Paragraph (1) shall apply to a distribution without regard to whether payment of the premiums is made directly to the provider of the accident or health plan or qualified long-term care insurance contract by deduction from a distribution from the eligible retirement plan, or is made to the employee.

"(ii) REPORTING.—In the case of a payment made to the employee as described in clause (i), the employee shall include with the return of tax for the taxable year in which the distribution is made an attestation that the distribution does not exceed the amount paid by the employee for qualified health insurance premiums for such taxable year.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to distributions made after the date of the enactment of this Act.

**SEC. 329. MODIFICATION OF ELIGIBLE AGE FOR EXEMPTION FROM EARLY WITHDRAWAL PENALTY.**

(a) IN GENERAL.—Subparagraph (A) of section 72(t)(10), as amended by this Act, is further amended by striking "age 50"

and inserting "age 50 or 25 years of service under the plan, whichever is earlier".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to distributions made after the date of the enactment of this Act.

**SEC. 330. EXEMPTION FROM EARLY WITHDRAWAL PENALTY FOR CERTAIN STATE AND LOCAL GOVERNMENT CORRECTIONS EMPLOYEES.**

(a) IN GENERAL.—Clause (i) of section 72(t)(10)(B) is amended by striking "or emergency medical services" and inserting "emergency medical services, or services as a corrections officer or as a forensic security employee providing for the care, custody, and control of forensic patients".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to distributions made after the date of the enactment of this Act.

**SEC. 331. SPECIAL RULES FOR USE OF RETIREMENT FUNDS IN CONNECTION WITH QUALIFIED FEDERALLY DECLARED DISASTERS.**

(a) TAX-FAVORED WITHDRAWALS FROM RETIREMENT PLANS.—

(1) IN GENERAL.—Paragraph (2) of section 72(t), as amended by this Act, is further amended by adding at the end the following new subparagraph:

"(M) DISTRIBUTIONS FROM RETIREMENT PLANS IN CONNECTION WITH FEDERALLY DECLARED DISASTERS.—Any qualified disaster recovery distribution.".

(2) QUALIFIED DISASTER RECOVERY DISTRIBUTION.—Section 72(t) is amended by adding at the end the following new paragraph:

"(11) QUALIFIED DISASTER RECOVERY DISTRIBUTION.—For purposes of paragraph (2)(M)—

"(A) IN GENERAL.—Except as provided in subparagraph (B), the term 'qualified disaster recovery distribution' means any distribution made—

"(i) on or after the first day of the incident period of a qualified disaster and before the date that is 180 days after the applicable date with respect to such disaster, and

"(ii) to an individual whose principal place of abode at any time during the incident period of such qualified disaster is located in the qualified disaster area with respect to such qualified disaster and who has sustained an economic loss by reason of such qualified disaster.

"(B) AGGREGATE DOLLAR LIMITATION.—

"(i) IN GENERAL.—For purposes of this subsection, the aggregate amount of distributions received by an individual which may be treated as qualified disaster recovery distributions with respect to any qualified disaster in all taxable years shall not exceed $22,000.

"(ii) TREATMENT OF PLAN DISTRIBUTIONS.—If a distribution to an individual would (without regard to clause (i)) be a qualified disaster recovery distribution, a plan shall not be treated as violating any requirement of this title merely because the plan treats such distribution as a qualified disaster recovery distribution,

unless the aggregate amount of such distributions from all plans maintained by the employer (and any member of any controlled group which includes the employer) to such individual exceeds $22,000 with respect to the same qualified disaster.

"(iii) CONTROLLED GROUP.—For purposes of clause (ii), the term 'controlled group' means any group treated as a single employer under subsection (b), (c), (m), or (o) of section 414.

"(C) AMOUNT DISTRIBUTED MAY BE REPAID.—

"(i) IN GENERAL.—Any individual who receives a qualified disaster recovery distribution may, at any time during the 3-year period beginning on the day after the date on which such distribution was received, make one or more contributions in an aggregate amount not to exceed the amount of such distribution to an eligible retirement plan of which such individual is a beneficiary and to which a rollover contribution of such distribution could be made under section 402(c), 403(a)(4), 403(b)(8), 408(d)(3), or 457(e)(16), as the case may be.

"(ii) TREATMENT OF REPAYMENTS OF DISTRIBUTIONS FROM ELIGIBLE RETIREMENT PLANS OTHER THAN IRAS.—For purposes of this title, if a contribution is made pursuant to clause (i) with respect to a qualified disaster recovery distribution from a plan other than an individual retirement plan, then the taxpayer shall, to the extent of the amount of the contribution, be treated as having received the qualified disaster recovery distribution in an eligible rollover distribution (as defined in section 402(c)(4)) and as having transferred the amount to the eligible retirement plan in a direct trustee to trustee transfer within 60 days of the distribution.

"(iii) TREATMENT OF REPAYMENTS FOR DISTRIBUTIONS FROM IRAS.—For purposes of this title, if a contribution is made pursuant to clause (i) with respect to a qualified disaster recovery distribution from an individual retirement plan, then, to the extent of the amount of the contribution, the qualified disaster recovery distribution shall be treated as a distribution described in section 408(d)(3) and as having been transferred to the eligible retirement plan in a direct trustee to trustee transfer within 60 days of the distribution.

"(D) INCOME INCLUSION SPREAD OVER 3-YEAR PERIOD.—

"(i) IN GENERAL.—In the case of any qualified disaster recovery distribution, unless the taxpayer elects not to have this subparagraph apply for any taxable year, any amount required to be included in gross income for such taxable year shall be so included ratably over the 3-taxable year period beginning with such taxable year.

"(ii) SPECIAL RULE.—For purposes of clause (i), rules similar to the rules of subparagraph (E) of section 408A(d)(3) shall apply.

"(E) QUALIFIED DISASTER.—For purposes of this paragraph and paragraph (8), the term 'qualified disaster'

means any disaster with respect to which a major disaster has been declared by the President under section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act after December 27, 2020.

"(F) OTHER DEFINITIONS.—For purposes of this paragraph and paragraph (8)—

"(i) QUALIFIED DISASTER AREA.—

"(I) IN GENERAL.—The term 'qualified disaster area' means, with respect to any qualified disaster, the area with respect to which the major disaster was declared under the Robert T. Stafford Disaster Relief and Emergency Assistance Act.

"(II) EXCEPTIONS.—Such term shall not include any area which is a qualified disaster area solely by reason of section 301 of the Taxpayer Certainty and Disaster Tax Relief Act of 2020.

"(ii) INCIDENT PERIOD.—The term 'incident period' means, with respect to any qualified disaster, the period specified by the Federal Emergency Management Agency as the period during which such disaster occurred.

"(iii) APPLICABLE DATE.—The term 'applicable date' means the latest of—

"(I) the date of the enactment of this paragraph,

"(II) the first day of the incident period with respect to the qualified disaster, or

"(III) the date of the disaster declaration with respect to the qualified disaster.

"(iv) ELIGIBLE RETIREMENT PLAN.—The term 'eligible retirement plan' shall have the meaning given such term by section 402(c)(8)(B).

"(G) SPECIAL RULES.—

"(i) EXEMPTION OF DISTRIBUTIONS FROM TRUSTEE TO TRUSTEE TRANSFER AND WITHHOLDING RULES.—For purposes of sections 401(a)(31), 402(f), and 3405, qualified disaster recovery distributions shall not be treated as eligible rollover distributions.

"(ii) QUALIFIED DISASTER RECOVERY DISTRIBUTIONS TREATED AS MEETING PLAN DISTRIBUTION REQUIREMENTS.—For purposes of this title—

"(I) a qualified disaster recovery distribution shall be treated as meeting the requirements of sections 401(k)(2)(B)(i), 403(b)(7)(A)(i), 403(b)(11), and 457(d)(1)(A), and

"(II) in the case of a money purchase pension plan, a qualified disaster recovery distribution which is an in-service withdrawal shall be treated as meeting the requirements of section 401(a) applicable to distributions.".

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to distributions with respect to disasters the incident period (as defined in section 72(t)(11)(F)(ii) of the Internal Revenue Code of 1986, as added by this subsection) for which begins on or after the date which is 30 days after the date of the enactment of the Taxpayer Certainty and Disaster Tax Relief Act of 2020.

(b) RECONTRIBUTIONS OF WITHDRAWALS FOR HOME PURCHASES.—

(1) INDIVIDUAL RETIREMENT PLANS.—Paragraph (8) of section 72(t) is amended by adding at the end the following new subparagraph:

"(F) RECONTRIBUTIONS.—

"(i) GENERAL RULE.—

"(I) IN GENERAL.—Any individual who received a qualified distribution may, during the applicable period, make one or more contributions in an aggregate amount not to exceed the amount of such qualified distribution to an eligible retirement plan (as defined in section 402(c)(8)(B)) of which such individual is a beneficiary and to which a rollover contribution of such distribution could be made under section 402(c), 403(a)(4), 403(b)(8), or 408(d)(3), as the case may be.

"(II) TREATMENT OF REPAYMENTS.—Rules similar to the rules of clauses (ii) and (iii) of paragraph (11)(C) shall apply for purposes of this subsection.

"(ii) QUALIFIED DISTRIBUTION.—For purposes of this subparagraph, the term 'qualified distribution' means any distribution—

"(I) which is a qualified first-time homebuyer distribution,

"(II) which was to be used to purchase or construct a principal residence in a qualified disaster area, but which was not so used on account of the qualified disaster with respect to such area, and

"(III) which was received during the period beginning on the date which is 180 days before the first day of the incident period of such qualified disaster and ending on the date which is 30 days after the last day of such incident period.

"(iii) APPLICABLE PERIOD.—For purposes of this subparagraph, the term 'applicable period' means, in the case of a principal residence in a qualified disaster area with respect to any qualified disaster, the period beginning on the first day of the incident period of such qualified disaster and ending on the date which is 180 days after the applicable date with respect to such disaster.".

(2) QUALIFIED PLANS.—Subsection (c) of section 402, as amended by this Act, is further amended by adding at the end the following new paragraph:

"(13) RECONTRIBUTIONS OF WITHDRAWALS FOR HOME PURCHASES.—

"(A) GENERAL RULE.—

"(i) IN GENERAL.—Any individual who received a qualified distribution may, during the applicable period, make one or more contributions in an aggregate amount not to exceed the amount of such qualified distribution to an eligible retirement plan (as defined in paragraph (8)(B)) of which such individual is a beneficiary and to which a rollover contribution of such

distribution could be made under subsection (c) or section 403(a)(4), 403(b)(8), or 408(d)(3), as the case may be.

"(ii) TREATMENT OF REPAYMENTS.—Rules similar to the rules of clauses (ii) and (iii) of section 72(t)(11)(C) shall apply for purposes of this subsection.

"(B) QUALIFIED DISTRIBUTION.—For purposes of this paragraph, the term 'qualified distribution' means any distribution—

"(i) described in section 401(k)(2)(B)(i)(IV), 403(b)(7)(A)(i)(V), or 403(b)(11)(B),

"(ii) which was to be used to purchase or construct a principal residence in a qualified disaster area, but which was not so used on account of the qualified disaster with respect to such area, and

"(iii) which was received during the period beginning on the date which is 180 days before the first day of the incident period of such qualified disaster and ending on the date which is 30 days after the last day of such incident period.

"(C) DEFINITIONS.—For purposes of this paragraph—

"(i) the terms 'qualified disaster', 'qualified disaster area', and 'incident period' have the meaning given such terms under section 72(t)(11), and

"(ii) the term 'applicable period' has the meaning given such term under section 72(t)(8)(F).".

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to recontributions of withdrawals for home purchases with respect to disasters the incident period (as defined in section 72(t)(11)(F)(ii) of the Internal Revenue Code of 1986, as added by this subsection) for which begins on or after the date which is 30 days after the date of the enactment of the Taxpayer Certainty and Disaster Tax Relief Act of 2020.

(c) LOANS FROM QUALIFIED PLANS.—

(1) IN GENERAL.—Subsection (p) of section 72 is amended by adding at the end the following new paragraph:

"(6) INCREASE IN LIMIT ON LOANS NOT TREATED AS DISTRIBUTIONS.—

"(A) IN GENERAL.—In the case of any loan from a qualified employer plan to a qualified individual made during the applicable period—

"(i) clause (i) of paragraph (2)(A) shall be applied by substituting '$100,000' for '$50,000', and

"(ii) clause (ii) of such paragraph shall be applied by substituting 'the present value of the nonforfeitable accrued benefit of the employee under the plan' for 'one-half of the present value of the nonforfeitable accrued benefit of the employee under the plan'.

"(B) DELAY OF REPAYMENT.—In the case of a qualified individual with respect to any qualified disaster with an outstanding loan from a qualified employer plan on or after the applicable date with respect to the qualified disaster—

"(i) if the due date pursuant to subparagraph (B) or (C) of paragraph (2) for any repayment with respect to such loan occurs during the period beginning on

the first day of the incident period of such qualified disaster and ending on the date which is 180 days after the last day of such incident period, such due date may be delayed for 1 year,

"(ii) any subsequent repayments with respect to any such loan may be appropriately adjusted to reflect the delay in the due date under clause (i) and any interest accruing during such delay, and

"(iii) in determining the 5-year period and the term of a loan under subparagraph (B) or (C) of paragraph (2), the period described in clause (i) may be disregarded.

"(C) DEFINITIONS.—For purposes of this paragraph—

"(i) QUALIFIED INDIVIDUAL.—The term 'qualified individual' means any individual—

"(I) whose principal place of abode at any time during the incident period of any qualified disaster is located in the qualified disaster area with respect to such qualified disaster, and

"(II) who has sustained an economic loss by reason of such qualified disaster.

"(ii) APPLICABLE PERIOD.—The applicable period with respect to any disaster is the period—

"(I) beginning on the applicable date with respect to such disaster, and

"(II) ending on the date that is 180 days after such applicable date.

"(iii) OTHER TERMS.—For purposes of this paragraph—

"(I) the terms 'applicable date', 'qualified disaster', 'qualified disaster area', and 'incident period' have the meaning given such terms under subsection (t)(11), and

"(II) the term 'applicable period' has the meaning given such term under subsection (t)(8).".

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to plan loans made with respect to disasters the incident period (as defined in section 72(t)(11)(F)(ii) of the Internal Revenue Code of 1986, as added by this subsection) for which begins on or after the date which is 30 days after the date of the enactment of the Taxpayer Certainty and Disaster Tax Relief Act of 2020.

(d) GAO REPORT.—The Comptroller General of the United States shall submit a report to the Committees on Finance and Health, Education, Labor and Pensions of the Senate and the Committees on Ways and Means and Education and Labor of the House of Representatives on taxpayer utilization of the retirement disaster relief permitted by the amendments made by this section and or permitted by prior legislation, including a comparison of utilization by higher and lower income taxpayers and whether the $22,000 threshold on distributions provides adequate relief for taxpayers who suffer from a disaster.

**SEC. 332. EMPLOYERS ALLOWED TO REPLACE SIMPLE RETIREMENT ACCOUNTS WITH SAFE HARBOR 401(k) PLANS DURING A YEAR.**

(a) IN GENERAL.—Section 408(p) is amended by adding at the end the following new paragraph:

"(11) REPLACEMENT OF SIMPLE RETIREMENT ACCOUNTS WITH SAFE HARBOR PLANS DURING PLAN YEAR.—

"(A) IN GENERAL.—Subject to the requirements of this paragraph, an employer may elect (in such form and manner as the Secretary may prescribe) at any time during a year to terminate the qualified salary reduction arrangement under paragraph (2), but only if the employer establishes and maintains (as of the day after the termination date) a safe harbor plan to replace the terminated arrangement.

"(B) COMBINED LIMITS ON CONTRIBUTIONS.—The terminated arrangement and safe harbor plan shall both be treated as violating the requirements of paragraph (2)(A)(ii) or section 401(a)(30) (whichever is applicable) if the aggregate elective contributions of the employee under the terminated arrangement during its last plan year and under the safe harbor plan during its transition year exceed the sum of—

"(i) the applicable dollar amount for such arrangement (determined on a full-year basis) under this subsection (after the application of section 414(v)) with respect to the employee for such last plan year multiplied by a fraction equal to the number of days in such plan year divided by 365, and

"(ii) the applicable dollar amount (as so determined) under section 402(g)(1) for such safe harbor plan on such elective contributions during the transition year multiplied by a fraction equal to the number of days in such transition year divided by 365.

"(C) TRANSITION YEAR.—For purposes of this paragraph, the transition year is the period beginning after the termination date and ending on the last day of the calendar year during which the termination occurs.

"(D) SAFE HARBOR PLAN.—For purposes of this paragraph, the term 'safe harbor plan' means a qualified cash or deferred arrangement which meets the requirements of paragraph (11), (12), (13), or (16) of section 401(k).".

(b) WAIVER OF 2-YEAR WITHDRAWAL LIMITATION IN CASE OF PLANS CONVERTING TO 401(k) OR 403(b).—

(1) IN GENERAL.—Paragraph (6) of section 72(t) is amended—

(A) by striking "ACCOUNTS.—In the case of" and inserting "ACCOUNTS.—

"(A) IN GENERAL.—In the case of", and

(B) by adding at the end the following new subparagraph:

"(B) WAIVER IN CASE OF PLAN CONVERSION TO 401(k) OR 403(b).—In the case of an employee of an employer which terminates the qualified salary reduction arrangement of the employer under section 408(p) and establishes a qualified cash or deferred arrangement described in section 401(k) or purchases annuity contracts described in

section 403(b), subparagraph (A) shall not apply to any amount which is paid in a rollover contribution described in section 408(d)(3) into a qualified trust under section 401(k) (but only if such contribution is subsequently subject to the rules of section 401(k)(2)(B)) or an annuity contract described in section 403(b) (but only if such contribution is subsequently subject to the rules of section 403(b)(12)) for the benefit of the employee.".

(2) CONFORMING AMENDMENT.—Subparagraph (G) of section 408(d)(3) is amended by striking "72(t)(6)" and inserting "72(t)(6)(A)".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after December 31, 2023.

**SEC. 333. ELIMINATION OF ADDITIONAL TAX ON CORRECTIVE DISTRIBUTIONS OF EXCESS CONTRIBUTIONS.**

(a) IN GENERAL.—Subparagraph (A) of section 72(t)(2) is amended—

(1) by striking "or" at the end of clause (vii);

(2) by striking the period at the end of clause (viii) and inserting ", or"; and

(3) by inserting after clause (viii) the following new clause:

"(ix) attributable to withdrawal of net income attributable to a contribution which is distributed pursuant to section 408(d)(4).".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to any determination of, or affecting, liability for taxes, interest, or penalties which is made on or after the date of the enactment of this Act, without regard to whether the act (or failure to act) upon which the determination is based occurred before such date of enactment. Notwithstanding the preceding sentence, nothing in the amendments made by this section shall be construed to create an inference with respect to the law in effect prior to the effective date of such amendments.

**SEC. 334. LONG-TERM CARE CONTRACTS PURCHASED WITH RETIREMENT PLAN DISTRIBUTIONS.**

(a) IN GENERAL.—Section 401(a) is amended by inserting after paragraph (38) the following new paragraph:

"(39) QUALIFIED LONG-TERM CARE DISTRIBUTIONS.—

"(A) IN GENERAL.—A trust forming part of a defined contribution plan shall not be treated as failing to constitute a qualified trust under this section solely by reason of allowing qualified long-term care distributions.

"(B) QUALIFIED LONG-TERM CARE DISTRIBUTION.—For purposes of this paragraph—

"(i) IN GENERAL.—The term 'qualified long-term care distribution' means so much of the distributions made during the taxable year as does not exceed, in the aggregate, the least of the following:

"(I) The amount paid by or assessed to the employee during the taxable year for or with respect to certified long-term care insurance for the employee or the employee's spouse (or other family member of the employee as provided by the Secretary by regulation).

"(II) An amount equal to 10 percent of the present value of the nonforfeitable accrued benefit of the employee under the plan.

"(III) $2,500.

"(ii) ADJUSTMENT FOR INFLATION.—In the case of taxable years beginning after December 31, 2024, the $2,500 amount in clause (i)(II) shall be increased by an amount equal to—

"(I) such dollar amount, multiplied by

"(II) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 2023' for 'calendar year 2016' in subparagraph (A)(ii) thereof.

If any increase under the preceding sentence is not a multiple of $100, such amount shall be rounded to the nearest multiple of $100.

"(C) CERTIFIED LONG-TERM CARE INSURANCE.—The term 'certified long-term care insurance' means—

"(i) a qualified long-term care insurance contract (as defined in section 7702B(b)) covering qualified long-term care services (as defined in section 7702B(c)),

"(ii) coverage of the risk that an insured individual would become a chronically ill individual (within the meaning of section 101(g)(4)(B)) under a rider or other provision of a life insurance contract which satisfies the requirements of section 101(g)(3) (determined without regard to subparagraph (D) thereof), or

"(iii) coverage of qualified long-term care services (as so defined) under a rider or other provision of an insurance or annuity contract which is treated as a separate contract under section 7702B(e) and satisfies the requirements of section 7702B(g),

if such coverage provides meaningful financial assistance in the event the insured needs home-based or nursing home care. For purposes of the preceding sentence, coverage shall not be deemed to provide meaningful financial assistance unless benefits are adjusted for inflation and consumer protections are provided, including protection in the event the coverage is terminated.

"(D) DISTRIBUTIONS MUST OTHERWISE BE INCLUDIBLE.—Rules similar to the rules of section 402(l)(3) shall apply for purposes of this paragraph.

"(E) LONG-TERM CARE PREMIUM STATEMENT.—

"(i) IN GENERAL.—No distribution shall be treated as a qualified long-term care distribution unless a long-term care premium statement with respect to the employee has been filed with the plan.

"(ii) LONG-TERM CARE PREMIUM STATEMENT.—For purposes of this paragraph, a long-term care premium statement is a statement provided by the issuer of long-term care coverage, upon request by the owner of such coverage, which includes—

"(I) the name and taxpayer identification number of such issuer,

"(II) a statement that the coverage is certified long-term care insurance,

"(III) identification of the employee as the owner of such coverage,

"(IV) identification of the individual covered and such individual's relationship to the employee,

"(V) the premiums owed for the coverage for the calendar year, and

"(VI) such other information as the Secretary may require.

"(iii) FILING WITH SECRETARY.—A long-term care premium statement will be accepted only if the issuer has completed a disclosure to the Secretary for the specific coverage product to which the statement relates. Such disclosure shall identify the issuer, type of coverage, and such other information as the Secretary may require which is included in the filing of the product with the applicable State authority.".

(b) CONFORMING AMENDMENTS.—

(1) Section 401(k)(2)(B)(i) is amended by striking "or" at the end of subclause (V), by adding "or" at the end of subclause (VI), and by adding at the end the following new subclause:

"(VII) as provided in section 401(a)(39),".

(2) Section 403(a) is amended by adding at the end the following new paragraph:

"(6) QUALIFIED LONG-TERM CARE DISTRIBUTIONS.—An annuity contract shall not fail to be subject to this subsection solely by reason of allowing distributions to which section 401(a)(39) applies.".

(3) Section 403(b)(7)(A)(i) is amended by striking "or" at the end of subclause (V), by striking "and" at the end of subclause (VI) and inserting "or" and by adding at the end the following new subclause:

"(VII) as provided for distributions to which section 401(a)(39) applies, and".

(4) Section 403(b)(11) is amended by striking "or" at the end of subparagraph (C), by striking the period at the end of subparagraph (D) and inserting ", or", and by inserting after subparagraph (D) the following new subparagraph:

"(E) for distributions to which section 401(a)(39) applies.".

(5) Section 457(d)(1)(A) is amended by striking "or" at the end of clause (iii), by striking the comma at the end of clause (iv) and inserting ", or", and by adding at the end the following new clause:

"(v) as provided in section 401(a)(39),".

(c) EXEMPTION FROM ADDITIONAL TAX ON EARLY DISTRIBUTIONS.—Section 72(t)(2), as amended by this Act, is further amended by adding at the end the following new subparagraph:

"(N) QUALIFIED LONG-TERM CARE DISTRIBUTIONS.—

"(i) IN GENERAL.—Any qualified long-term care distribution to which section 401(a)(39) applies.

"(ii) EXCEPTION.—If, with respect to the plan, the individual covered by the long-term care coverage to which such distribution relates is the spouse of the employee, clause (i) shall apply only if the employee and the employee's spouse file a joint return.

"(iii) EXEMPTION OF DISTRIBUTIONS FROM TRUSTEE TO TRUSTEE TRANSFER AND WITHHOLDING RULES.—For

purposes of sections 401(a)(31), 402(f), and 3405, any qualified long-term care distribution described in clause (i) shall not be treated as an eligible rollover distribution.".

(d) REPORTING.—

(1) IN GENERAL.—Subpart B of part III of subchapter A of chapter 61 is amended by adding at the end the following new section:

**"SEC. 6050Z. REPORTS RELATING TO LONG-TERM CARE PREMIUM STATEMENTS.**

"(a) REQUIREMENT OF REPORTING.—Any issuer of certified long-term care insurance (as defined in section 401(a)(39)(C)) who provides a long-term care premium statement with respect to any purchaser pursuant to section 401(a)(39)(E) for a calendar year, shall make a return not later than February 1 of the succeeding calendar year, according to forms or regulations prescribed by the Secretary, setting forth with respect to each such purchaser—

"(1) the name and taxpayer identification number of such issuer,

"(2) a statement that the coverage is certified long-term care insurance as defined in section 401(a)(39)(C),

"(3) the name of the owner of such coverage,

"(4) identification of the individual covered and such individual's relationship to the owner,

"(5) the premiums paid for the coverage for the calendar year, and

"(6) such other information as the Secretary may require.

"(b) STATEMENT TO BE FURNISHED TO PERSONS WITH RESPECT TO WHOM INFORMATION IS REQUIRED.—Every person required to make a return under subsection (a) shall furnish to each individual whose name is required to be set forth in such return a written statement showing—

"(1) the name, address, and phone number of the information contact of the issuer of the contract or coverage, and

"(2) the aggregate amount of premiums and charges paid under the contract or coverage covering the insured individual during the calendar year.

The written statement required under the preceding sentence shall be furnished to the individual or individuals on or before January 31 of the year following the calendar year for which the return required under subsection (a) was required to be made.

"(c) CONTRACTS OR COVERAGE COVERING MORE THAN ONE INSURED.—In the case of contracts or coverage covering more than one insured, the return and statement required by subsections (a) and (b) shall identify only the portion of the premium that is properly allocable to the insured in respect of whom the return or statement is made.

"(d) STATEMENT TO BE FURNISHED ON REQUEST.—If any individual to whom a return is required to be furnished under subsection (b) requests that such a return be furnished at any time before the close of the calendar year, the person required to make the return under subsection (b) shall comply with such request and shall furnish to the Secretary at such time a copy of the return so provided.".

(2) PENALTIES.—Section 6724(d) is amended—

(A) in paragraph (1)(B), by adding "or" at the end of clause (xxvii) and by inserting after such clause the following new clause:

"(xxviii) section 6050Z (relating to reports relating to long-term care premium statements), and", and

(B) in paragraph (2)—

(i) by redesignating subparagraph (JJ), relating to section 6050Y, as subparagraph (KK) and moving such subparagraph to the position immediately after subparagraph (JJ), relating to section 6226(a)(2),

(ii) by striking "or" at the end of subparagraph (II),

(iii) by striking the period at the end of subparagraph (JJ), relating to section 6226(a)(2), and inserting a comma,

(iv) by striking the period at the end of subparagraph (KK), as so redesignated, and inserting ", or", and

(v) by inserting after subparagraph (KK), as so redesignated, the following new subparagraph:

"(LL) section 6050Z (relating to reports relating to long-term care premium statements).".

(3) CLERICAL AMENDMENT.—The table of sections for subpart B of part III of subchapter A of chapter 61 is amended by adding after the item relating to section 6050Y the following new item:

"Sec. 6050Z. Reports relating to long-term care premium statements.".

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions made after the date which is 3 years after the date of the enactment of this Act.

(f) DISCLOSURE TO TREASURY OF LONG-TERM CARE INSURANCE PRODUCTS.—The Secretary of the Treasury (or the Secretary's delegate) shall issue such forms and guidance as are necessary to collect the filing required by section 401(a)(39)(E)(iii) of the Internal Revenue Code of 1986, as added by this section.

**SEC. 335. CORRECTIONS OF MORTALITY TABLES.**

(a) IN GENERAL.—Not later than 18 months after the date of the enactment of this Act, the Secretary of the Treasury (or the Secretary's delegate) shall amend the regulation relating to "Mortality Tables for Determining Present Value Under Defined Benefit Pension Plans" (82 Fed. Reg. 46388 (October 5, 2017)). Under such amendment, for valuation dates occurring during or after 2024, such mortality improvement rates shall not assume for years beyond the valuation date future mortality improvements at any age which are greater than .78 percent. The Secretary of the Treasury (or delegate) shall by regulation modify the .78 percent figure in the preceding sentence as necessary to reflect material changes in the overall rate of improvement projected by the Social Security Administration.

(b) EFFECTIVE DATE.—The amendments required under subsection (a) shall be deemed to have been made as of the date of the enactment of this Act, and as of such date all applicable laws shall be applied in all respects as though the actions which the Secretary of the Treasury (or the Secretary's delegate) is required to take under such subsection had been taken.

**SEC. 336. REPORT TO CONGRESS ON SECTION 402(f) NOTICES.**

Not later than 18 months after the date of the enactment of this Act, the Comptroller General of the United States shall submit a report to the Committees on Finance and Health, Education, Labor, and Pensions of the Senate and the Committees on Ways and Means and Education and Labor of the House of Representatives on the notices provided by retirement plan administrators to plan participants under section 402(f) of the Internal Revenue Code of 1986. The report shall analyze the effectiveness of such notices and make recommendations, as warranted by the findings, to facilitate better understanding by recipients of different distribution options and corresponding tax consequences, including spousal rights.

**SEC. 337. MODIFICATION OF REQUIRED MINIMUM DISTRIBUTION RULES FOR SPECIAL NEEDS TRUSTS.**

(a) IN GENERAL.—Section 401(a)(9)(H)(iv)(II) is amended by striking "no individual" and inserting "no beneficiary".

(b) CONFORMING AMENDMENT.—Section 401(a)(9)(H)(v) is amended by adding at the end the following flush sentence:

"For purposes of the preceding sentence, in the case of a trust the terms of which are described in clause (iv)(II), any beneficiary which is an organization described in section 408(d)(8)(B)(i) shall be treated as a designated beneficiary described in subclause (II).".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to calendar years beginning after the date of the enactment of this Act.

**SEC. 338. REQUIREMENT TO PROVIDE PAPER STATEMENTS IN CERTAIN CASES.**

(a) IN GENERAL.—Section 105(a)(2) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1025(a)(2)) is amended—

(1) in subparagraph (A)(iv), by inserting "subject to subparagraph (E)," before "may be delivered"; and

(2) by adding at the end the following:

"(E) PROVISION OF PAPER STATEMENTS.—With respect to at least 1 pension benefit statement furnished for a calendar year with respect to an individual account plan under paragraph (1)(A), and with respect to at least 1 pension benefit statement furnished every 3 calendar years with respect to a defined benefit plan under paragraph (1)(B), such statement shall be furnished on paper in written form except—

"(i) in the case of a plan that furnishes such statement in accordance with section 2520.104b-1(c) of title 29, Code of Federal Regulations; or

"(ii) in the case of a plan that permits a participant or beneficiary to request that the statements referred to in the matter preceding clause (i) be furnished by electronic delivery, if the participant or beneficiary requests that such statements be delivered electronically and the statements are so delivered.".

(b) IMPLEMENTATION.—

(1) IN GENERAL.—The Secretary of Labor shall, not later than December 31, 2024, update section 2520.104b-1(c) of title 29, Code of Federal Regulations, to provide that a plan may

furnish the statements referred to in subparagraph (E) of section 105(a)(2) of the Employee Retirement Income Security Act of 1974 by electronic delivery only if, with respect to participants who first become eligible to participate, and beneficiaries who first become eligible for benefits, after December 31, 2025, in addition to meeting the other requirements under the regulations such plan furnishes each participant or beneficiary a one-time initial notice on paper in written form, prior to the electronic delivery of any pension benefit statement, of their right to request that all documents required to be disclosed under title I of the Employee Retirement Income Security Act of 1974 be furnished on paper in written form.

(2) OTHER GUIDANCE.—In implementing the amendment made by subsection (a) with respect to a plan that discloses required documents or statements electronically, in accordance with applicable guidance governing electronic disclosure by the Department of Labor (with the exception of section 2520.104b-1(c) of title 29, Code of Federal Regulations), the Secretary of Labor shall, not later than December 31, 2024, update such guidance to the extent necessary to ensure that—

(A) a participant or beneficiary under such a plan is permitted the opportunity to request that any disclosure required to be delivered on paper under applicable guidance by the Department of Labor shall be furnished by electronic delivery;

(B) each paper statement furnished under such a plan pursuant to the amendment shall include—

(i) an explanation of how to request that all such statements, and any other document required to be disclosed under title I of the Employee Retirement Income Security Act of 1974, be furnished by electronic delivery; and

(ii) contact information for the plan sponsor, including a telephone number;

(C) the plan may not charge any fee to a participant or beneficiary for the delivery of any paper statements;

(D) each document required to be disclosed that is furnished by electronic delivery under such a plan shall include an explanation of how to request that all such documents be furnished on paper in written form; and

(E) a plan is permitted to furnish a duplicate electronic statement in any case in which the plan furnishes a paper pension benefit statement.

(c) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply with respect to plan years beginning after December 31, 2025.

**SEC. 339. RECOGNITION OF TRIBAL GOVERNMENT DOMESTIC RELATIONS ORDERS.**

(a) AMENDMENT OF INTERNAL REVENUE CODE OF 1986.—

(1) IN GENERAL.—Clause (ii) of section 414(p)(1)(B) is amended by inserting "or Tribal" after "State".

(2) CONFORMING AMENDMENT.—Subparagraph (B) of section 414(p)(1) is amended by adding at the end the following flush sentence:

"For purposes of clause (ii), the term 'Tribal' with respect to a domestic relations law means such a law which is

issued by or under the laws of an Indian tribal government, a subdivision of such an Indian tribal government, or an agency or instrumentality of either.".

(b) AMENDMENT OF EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—

(1) IN GENERAL.—Section 206(d)(3)(B)(ii)(II) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1056(d)(3)(B)(ii)(II)) is amended by inserting "or Tribal" after "State".

(2) CONFORMING AMENDMENT.—Section 206(d)(3)(B) of such Act is amended by adding at the end the following flush sentence:

"For purposes of clause (ii)(II), the term 'Tribal' with respect to a domestic relations law means such a law which is issued by or under the laws of an Indian tribal government (as defined in section 7701(a)(40) of the Internal Revenue Code of 1986), a subdivision of such an Indian tribal government, or an agency or instrumentality of either.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to domestic relations orders received by plan administrators after December 31, 2022, including any such order which is submitted for reconsideration after such date.

**SEC. 340. DEFINED CONTRIBUTION PLAN FEE DISCLOSURE IMPROVEMENTS.**

Not later than 3 years after the date of enactment of this Act, the Secretary of Labor shall—

(1) review section 2550.404a–5 of title 29, Code of Federal Regulations (relating to fiduciary requirements for disclosure in participant-directed individual account plans);

(2) explore, through a public request for information or otherwise, how the contents and design of the disclosures described in such section may be improved to enhance participants' understanding of fees and expenses related to a defined contribution plan (as defined in section 3 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002)) as well as the cumulative effect of such fees and expenses on retirement savings over time; and

(3) report to the Committee on Health, Education, Labor, and Pensions of the Senate and the Committee on Education and Labor of the House of Representatives on the findings of the exploration described in paragraph (2), including beneficial education for consumers on financial literacy concepts as related to retirement plan fees and recommendations for legislative changes needed to address such findings.

**SEC. 341. CONSOLIDATION OF DEFINED CONTRIBUTION PLAN NOTICES.**

Not later than 2 years after the date of enactment of this Act, the Secretary of Labor and the Secretary of the Treasury (or such Secretaries' delegates) shall adopt regulations providing that a plan (as defined in section 3 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002)) may, but is not required to, consolidate 2 or more of the notices required under sections 404(c)(5)(B) and 514(e)(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1104(c)(5)(B) and 29 U.S.C. 1144(e)(3)) and sections 401(k)(12)(D), 401(k)(13)(E), and 414(w)(4)

of the Internal Revenue Code of 1986 into a single notice so long as the combined notice—

(1) includes the required content;

(2) clearly identifies the issues addressed therein;

(3) is furnished at the time and with the frequency required for each such notice; and

(4) is presented in a manner that is reasonably calculated to be understood by the average plan participant and that does not obscure or fail to highlight the primary information required for each notice.

This section shall not be interpreted as preventing the consolidation of any other notices required under the Employee Retirement Income Security Act of 1974, or Internal Revenue Code of 1986, to the extent otherwise permitted by the Secretary of Labor or the Secretary of the Treasury (or either such Secretary's delegate), as applicable.

**SEC. 342. INFORMATION NEEDED FOR FINANCIAL OPTIONS RISK MITIGATION.**

(a) IN GENERAL.—Part 1 of subtitle B of title I of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1021 et seq.), as amended by the preceding provisions of this title, is amended by adding at the end the following:

**"SEC. 113. NOTICE AND DISCLOSURE REQUIREMENTS WITH RESPECT TO LUMP SUMS.**

"(a) IN GENERAL.—A plan administrator of a pension plan that amends the plan to provide a period of time during which a participant or beneficiary may elect to receive a lump sum, instead of future monthly payments, shall furnish notice—

"(1) to each participant or beneficiary offered such lump sum amount, in the manner in which the participant and beneficiary receives the lump sum offer from the plan sponsor, not later than 90 days prior to the first day on which the participant or beneficiary may make an election with respect to such lump sum; and

"(2) to the Secretary and the Pension Benefit Guaranty Corporation, not later than 30 days prior to the first day on which participants and beneficiaries may make an election with respect to such lump sum.

"(b) NOTICE TO PARTICIPANTS AND BENEFICIARIES.—

"(1) CONTENT.—The notice required under subsection (a)(1) shall include the following:

"(A) Available benefit options, including the estimated monthly benefit that the participant or beneficiary would receive at normal retirement age, whether there is a subsidized early retirement option or qualified joint and survivor annuity that is fully subsidized (in accordance with section 417(a)(5) of the Internal Revenue Code of 1986, the monthly benefit amount if payments begin immediately, and the lump sum amount available if the participant or beneficiary takes the option.

"(B) An explanation of how the lump sum was calculated, including the interest rate, mortality assumptions, and whether any additional plan benefits were included in the lump sum, such as early retirement subsidies.

"(C) In a manner consistent with the manner in which a written explanation is required to be given under

417(a)(3) of the Internal Revenue Code of 1986, the relative value of the lump sum option for a terminated vested participant compared to the value of—

"(i) the single life annuity, (or other standard form of benefit); and

"(ii) the qualified joint and survivor annuity (as defined in section 205(d)(1));

"(D) A statement that—

"(i) a commercial annuity comparable to the annuity available from the plan may cost more than the amount of the lump sum amount, and

"(ii) it may be advisable to consult an advisor regarding this point if the participant or beneficiary is considering purchasing a commercial annuity.

"(E) The potential ramifications of accepting the lump sum, including longevity risks, loss of protections guaranteed by the Pension Benefit Guaranty Corporation (with an explanation of the monthly benefit amount that would be protected by the Pension Benefit Guaranty Corporation if the plan is terminated with insufficient assets to pay benefits), loss of protection from creditors, loss of spousal protections, and other protections under this Act that would be lost.

"(F) General tax rules related to accepting a lump sum, including rollover options and early distribution penalties with a disclaimer that the plan does not provide tax, legal, or accounting advice, and a suggestion that participants and beneficiaries consult with their own tax, legal, and accounting advisors before determining whether to accept the offer.

"(G) How to accept or reject the offer, the deadline for response, and whether a spouse is required to consent to the election.

"(H) Contact information for the point of contact at the plan administrator for participants and beneficiaries to get more information or ask questions about the options.

"(2) PLAIN LANGUAGE.—The notice under this subsection shall be written in a manner calculated to be understood by the average plan participant.

"(3) MODEL NOTICE.—The Secretary shall issue a model notice for purposes of the notice under subsection (a)(1), including for information required under subparagraphs (C) through (F) of paragraph (1).

"(c) NOTICE TO THE SECRETARY AND PENSION BENEFIT GUARANTY CORPORATION.—The notice required under subsection (a)(2) shall include the following:

"(1) The total number of participants and beneficiaries eligible for such lump sum option.

"(2) The length of the limited period during which the lump sum is offered.

"(3) An explanation of how the lump sum was calculated, including the interest rate, mortality assumptions, and whether any additional plan benefits were included in the lump sum, such as early retirement subsidies.

"(4) A sample of the notice provided to participants and beneficiaries under subsection (a)(1), if otherwise required.

"(d) POST-OFFER REPORT TO THE SECRETARY AND PENSION BENEFIT GUARANTY CORPORATION.—Not later than 90 days after the conclusion of the limited period during which participants and beneficiaries in a plan may accept a plan's offer of a lump sum, a plan sponsor shall submit a report to the Secretary and the Director of the Pension Benefit Guaranty Corporation that includes the number of participants and beneficiaries who accepted the lump sum offer and such other information as the Secretary may require.

"(e) PUBLIC AVAILABILITY.—The Secretary shall make the information provided in the notice to the Secretary required under subsection (a)(2) and in the post-offer reports submitted under subsection (d) publicly available in a form that protects the confidentiality of the information provided.

"(f) BIENNIAL REPORT.—Not later than the last day of the second calendar year after the calendar year including the applicability date of the final rules under section 342(e) of the SECURE 2.0 Act of 2022, and every 2 years thereafter, so long as the Secretary has received notices and post-offer reports under subsections (c) and (d) of this section, the Secretary shall submit to Congress a report that summarizes such notices and post-offer reports during the applicable reporting period. The applicable reporting period begins on the first day of the second calendar year preceding the calendar year that the report is submitted to Congress and ends on the last day of the calendar year preceding the calendar year the report is due.".

(b) CLERICAL AMENDMENT.—The table of contents in section 1 of the Employee Retirement Income Security Act of 1974, as amended by the proceeding provisions of this title, is further amended by inserting after the item relating to section 112 the following new item:

Sec. 113. Notice and disclosure requirements with respect to lump sum windows.

(c) ENFORCEMENT.—Section 502 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1132) is amended—

(1) in subsection (c)(1), by striking "or section 105(a)" and inserting ", section 105(a), or section 113(a)"; and

(2) in subsection (a)(4), by striking "105(c)" and inserting "section 105(c) or 113(a)".

(d) APPLICATION.—The requirements of section 113 of the Employee Retirement Income Security Act of 1974, as added by subsection (b), shall apply beginning on the applicable effective date specified in the final regulations promulgated pursuant to subsection (e).

(e) REGULATORY AUTHORITY.—Not earlier than 1 year after the date of enactment of this Act, the Secretary of Labor, in consultation with the Secretary of the Treasury, shall issue regulations to implement section 113 of the Employee Retirement Income Security Act of 1974, as added by subsection (a). Such regulations shall be applicable not earlier than the issuance of a final rule and not later than 1 year after issuance of a final rule.

**SEC. 343. DEFINED BENEFIT ANNUAL FUNDING NOTICES.**

(a) IN GENERAL.—Section 101(f)(2)(B) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1021(f)(2)(B)) is amended—

(1) in clause (i)(I), by striking "funding target attainment percentage (as defined in section 303(d)(2))" and inserting

"percentage of plan liabilities funded (as described in clause (ii)(I)(bb))";

(2) in clause (ii)(I)—

(A) by striking ", a statement of";

(B) by striking item (aa);

(C) by redesignating item (bb) as item (aa);

(D) in item (aa), as so redesignated—

(i) by inserting "a statement of" before "the value",

(ii) by inserting ", and for the preceding 2 plan years as of the last day of each such plan year," before "determined using",

(iii) by striking "and" at the end; and

(E) by adding at the end the following:

"(bb) for purposes of the statement in subparagraph (B)(i)(I), the percentage of plan liabilities funded, calculated as the ratio between the value of the plan's assets and liabilities, as determined under item (aa), for the plan year to which the notice relates and for the 2 preceding plan years, and

"(cc) if the information in (aa) and (bb) is presented in tabular form, a statement that describes that in the event of a plan termination the corporation's calculation of plan liabilities may be greater and that references the section of the notice with the information required under clause (x), and";

(3) in clause (ii)(II), by striking "subclause (I)(bb)" and inserting "subclause (I)(aa)",

(4) in clause (iii), in the matter preceding subclause (I), by inserting "for the plan year to which the notice relates as of the last day of such plan year and the preceding 2 plan years, in tabular format," after "participants";

(5) in clause (iv)—

(A) by striking "plan and the asset" and inserting "plan, the asset"; and

(B) by inserting ", and the average return on assets for the plan year," after "assets)";

(6) by redesignating clauses (ix) through (xi) as clause (x) through (xii), respectively;

(7) by inserting after clause (viii) the following:

"(ix) in the case of a single-employer plan, a statement as to whether the plan's funded status, based on the plan's liabilities described under subclause (II) for the plan year to which the notice relates, and for the 2 preceding plan years, is at least 100 percent (and, if not, the actual percentages), that includes—

"(I) the plan's assets, as of the last day of the plan year and for the 2 preceding plan years, as determined under clause (ii)(I)(aa),

"(II) the plan's liabilities, as of the last day of the plan year and for the 2 preceding plan years, as determined under clause (ii)(1)(aa), and

"(III) the funded status of the plan, determined as the ratio of the plan's assets and liabilities calculated under subclauses (I) and (II), for the

plan year to which the notice relates, and for the 2 preceding plan years,"; and

(8) in clause (x), as so redesignated, by striking the comma at the end and inserting the following: "and a statement that, in the case of a single-employer plan—

"(I) if plan assets are determined to be sufficient to pay vested benefits that are not guaranteed by the Pension Benefit Guaranty Corporation, participants and beneficiaries may receive benefits in excess of the guaranteed amount, and

"(II) such a determination generally uses assumptions that result in a plan having a lower funded status as compared to the plan's funded status disclosed in this notice.".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply with respect to plan years beginning after December 31, 2023.

**SEC. 344. REPORT ON POOLED EMPLOYER PLANS.**

The Secretary of Labor shall—

(1) conduct a study on the pooled employer plan (as such term is defined in section 3(43) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002(43))) industry, including on—

(A) the legal name and number of pooled employer plans;

(B) the number of participants in such plans;

(C) the range of investment options provided in such plans;

(D) the fees assessed in such plans;

(E) the manner in which employers select and monitor such plans;

(F) the disclosures provided to participants in such plans;

(G) the number and nature of any enforcement actions by the Secretary of Labor on such plans;

(H) the extent to which such plans have increased retirement savings coverage in the United States; and

(I) any additional information as the Secretary determines is necessary; and

(2) not later than 5 years after the date of enactment of this Act, and every 5 years thereafter, submit to Congress and make available on a publicly accessible website of the Department of Labor, a report on the findings of the study under paragraph (1), including recommendations on how pooled employer plans can be improved, through legislation, to serve and protect retirement plan participants.

**SEC. 345. ANNUAL AUDITS FOR GROUP OF PLANS.**

(a) IN GENERAL.—Section 202(a) of the Setting Every Community Up for Retirement Enhancement Act of 2019 (Public Law 116–94; 26 U.S.C. 6058 note) is amended—

(1) by striking "so that all members" and inserting the following: "so that—

"(1) all members";

(2) by striking the period and inserting "; and"; and

(3) by adding at the end the following:

"(2) any opinions required by section 103(a)(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1023(a)(3)) shall relate only to each individual plan which would otherwise be subject to the requirements of such section 103(a)(3).".

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

**SEC. 346. WORKER OWNERSHIP, READINESS, AND KNOWLEDGE.**

(a) DEFINITIONS.—In this section:

(1) EXISTING PROGRAM.—The term "existing program" means a program, designed to promote employee ownership, that exists on the date on which the Secretary is carrying out a responsibility authorized under this section.

(2) INITIATIVE.—The term "Initiative" means the Employee Ownership Initiative established under subsection (b).

(3) NEW PROGRAM.—The term "new program" means a program, designed to promote employee ownership, that does not exist on the date on which the Secretary is carrying out a responsibility authorized under this section.

(4) SECRETARY.—The term "Secretary" means the Secretary of Labor.

(5) STATE.—The term "State" has the meaning given the term under section 3 of the Workforce Innovation and Opportunity Act (29 U.S.C. 3102).

(b) EMPLOYEE OWNERSHIP INITIATIVE.—

(1) ESTABLISHMENT.—The Secretary shall establish within the Department of Labor an Employee Ownership Initiative to promote employee ownership.

(2) FUNCTIONS.—In carrying out the Initiative, the Secretary shall—

(A) support within the States existing programs designed to promote employee ownership; and

(B) facilitate within the States the formation of new programs designed to promote employee ownership.

(3) DUTIES.—To carry out the functions enumerated in paragraph (2), the Secretary shall support new programs and existing programs by—

(A) making Federal grants authorized under subsection (d); and

(B)(i) acting as a clearinghouse on techniques employed by new programs and existing programs within the States, and disseminating information relating to those techniques to the programs; or

(ii) funding projects for information gathering on those techniques, and dissemination of that information to the programs, by groups outside the Department of Labor.

(4) CONSULTATION WITH TREASURY.—The Secretary shall consult with the Secretary of the Treasury, or the Secretary's delegate, in the case of any employee ownership arrangements or structures the administration and enforcement of which are within the jurisdiction of the Department of the Treasury.

(c) PROGRAMS REGARDING EMPLOYEE OWNERSHIP.—

(1) ESTABLISHMENT OF PROGRAM.—Not later than 180 days after the date of enactment of this Act, the Secretary shall establish a program to encourage new programs and existing

programs within the States to foster employee ownership throughout the United States.

(2) PURPOSE OF PROGRAM.—The purpose of the program established under paragraph (1) is to encourage new and existing programs within the States that focus on—

(A) providing education and outreach to inform employees and employers about the possibilities and benefits of employee ownership and business ownership succession planning, including providing information about financial education, employee teams, open-book management, and other tools that enable employees to share ideas and information about how their businesses can succeed;

(B) providing technical assistance to assist employee efforts to become business owners, to enable employers and employees to explore and assess the feasibility of transferring full or partial ownership to employees, and to encourage employees and employers to start new employee-owned businesses;

(C) training employees and employers with respect to methods of employee participation in open-book management, work teams, committees, and other approaches for seeking greater employee input; and

(D) training other entities to apply for funding under this subsection, to establish new programs, and to carry out program activities.

(3) PROGRAM DETAILS.—The Secretary may include, in the program established under paragraph (1), provisions that—

(A) in the case of activities described in paragraph (2)(A)—

(i) target key groups, such as retiring business owners, senior managers, labor organizations, trade associations, community organizations, and economic development organizations;

(ii) encourage cooperation in the organization of workshops and conferences; and

(iii) prepare and distribute materials concerning employee ownership, and business ownership succession planning;

(B) in the case of activities described in paragraph (2)(B)—

(i) provide preliminary technical assistance to employee groups, managers, and retiring owners exploring the possibility of employee ownership;

(ii) provide for the performance of preliminary feasibility assessments;

(iii) assist in the funding of objective third-party feasibility studies and preliminary business valuations, and in selecting and monitoring professionals qualified to conduct such studies; and

(iv) provide a data bank to help employees find legal, financial, and technical advice in connection with business ownership;

(C) in the case of activities described in paragraph (2)(C)—

(i) provide for courses on employee participation; and

(ii) provide for the development and fostering of networks of employee-owned companies to spread the use of successful participation techniques; and

(D) in the case of training described in paragraph (2)(D)—

(i) provide for visits to existing programs by staff from new programs receiving funding under this section; and

(ii) provide materials to be used for such training.

(4) GUIDANCE.—The Secretary shall issue formal guidance, for—

(A) recipients of grants awarded under subsection (d) and one-stop partners (as defined in section 3 of the Workforce Innovation and Opportunity Act (29 U.S.C. 3102)) affiliated with the workforce development systems (as so defined) of the States, proposing that programs and other activities funded under this section be—

(i) proactive in encouraging actions and activities that promote employee ownership of businesses; and

(ii) comprehensive in emphasizing both employee ownership of businesses so as to increase productivity and broaden capital ownership; and

(B) acceptable standards and procedures to establish good faith fair market value for shares of a business to be acquired by an employee stock ownership plan (as defined in section 407(d)(6) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1107(d)(6))).

The guidance under subparagraph (B) shall be prescribed in consultation with the Secretary of the Treasury.

(d) GRANTS.—

(1) IN GENERAL.—In carrying out the program established under subsection (c), the Secretary may make grants for use in connection with new programs and existing programs within a State for any of the following activities:

(A) Education and outreach as provided in subsection (c)(2)(A).

(B) Technical assistance as provided in subsection (c)(2)(B).

(C) Training activities for employees and employers as provided in subsection (c)(2)(C).

(D) Activities facilitating cooperation among employee-owned firms.

(E) Training as provided in subsection (c)(2)(D) for new programs provided by participants in existing programs dedicated to the objectives of this section, except that, for each fiscal year, the amount of the grants made for such training shall not exceed 10 percent of the total amount of the grants made under this section.

(2) AMOUNTS AND CONDITIONS.—The Secretary shall determine the amount and any conditions for a grant made under this subsection. The amount of the grant shall be subject to paragraph (6), and shall reflect the capacity of the applicant for the grant.

(3) APPLICATIONS.—Each entity desiring a grant under this subsection shall submit an application to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may reasonably require.

(4) STATE APPLICATIONS.—Each State may sponsor and submit an application under paragraph (3) on behalf of any local entity consisting of a unit of State or local government, State-supported institution of higher education, or nonprofit organization, meeting the requirements of this section.

(5) APPLICATIONS BY ENTITIES.—

(A) ENTITY APPLICATIONS.—If a State fails to support or establish a program pursuant to this section during any fiscal year, the Secretary shall, in the subsequent fiscal years, allow local entities described in paragraph (4) from that State to make applications for grants under paragraph (3) on their own initiative.

(B) APPLICATION SCREENING.—Any State failing to support or establish a program pursuant to this section during any fiscal year may submit applications under paragraph (3) in the subsequent fiscal years but may not screen applications by local entities described in paragraph (4) before submitting the applications to the Secretary.

(6) LIMITATIONS.—A recipient of a grant made under this subsection shall not receive, during a fiscal year, in the aggregate, more than the following amounts:

(A) For fiscal year 2025, $300,000.
(B) For fiscal year 2026, $330,000.
(C) For fiscal year 2027, $363,000.
(D) For fiscal year 2028, $399,300.
(E) For fiscal year 2029, $439,200.

(7) ANNUAL REPORT.—For each year, each recipient of a grant under this subsection shall submit to the Secretary a report describing how grant funds allocated pursuant to this subsection were expended during the 12-month period preceding the date of the submission of the report.

(e) EVALUATIONS.—The Secretary is authorized to reserve not more than 10 percent of the funds appropriated for a fiscal year to carry out this section, for the purposes of conducting evaluations of the grant programs identified in subsection (d) and to provide related technical assistance.

(f) REPORTING.—Not later than the expiration of the 36-month period following the date of enactment of this Act, the Secretary shall prepare and submit to Congress a report—

(1) on progress related to employee ownership in businesses in the United States; and

(2) containing an analysis of critical costs and benefits of activities carried out under this section.

(g) AUTHORIZATIONS OF APPROPRIATIONS.—

(1) IN GENERAL.—There are authorized to be appropriated for the purpose of making grants pursuant to subsection (d) the following:

(A) For fiscal year 2025, $4,000,000.
(B) For fiscal year 2026, $7,000,000.
(C) For fiscal year 2027, $10,000,000.
(D) For fiscal year 2028, $13,000,000.
(E) For fiscal year 2029, $16,000,000.

(2) ADMINISTRATIVE EXPENSES.—There are authorized to be appropriated for the purpose of funding the administrative expenses related to the Initiative—

(A) for fiscal year 2024, $200,000, and

(B) for each of fiscal years 2025 through 2029, an amount not in excess of the lesser of—

(i) $350,000; or

(ii) 5.0 percent of the maximum amount available under paragraph (1) for that fiscal year.

**SEC. 347. REPORT BY THE SECRETARY OF LABOR ON THE IMPACT OF INFLATION ON RETIREMENT SAVINGS.**

The Secretary of Labor, in consultation with the Secretary of the Treasury, shall—

(1) conduct a study on the impact of inflation on retirement savings; and

(2) not later than 90 days after the date of enactment of this Act, submit to Congress a report on the findings of the study.

**SEC. 348. CASH BALANCE.**

(a) AMENDMENT OF INTERNAL REVENUE CODE OF 1986.—Section 411(b) is amended by adding at the end the following new paragraph:

"(6) PROJECTED INTEREST CREDITING RATE.—For purposes of subparagraphs (A), (B), and (C) of paragraph (1), in the case of an applicable defined benefit plan (as defined in subsection (a)(13)(C)) which provides variable interest crediting rates, the interest crediting rate which is treated as in effect and as the projected interest crediting rate shall be a reasonable projection of such variable interest crediting rate, not to exceed 6 percent.".

(b) AMENDMENT OF EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—Section 204(b) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1060(b)) is amended by adding at the end the following new paragraph:

"(6) PROJECTED INTEREST CREDITING RATE.—For purposes of subparagraphs (A), (B), and (C) of paragraph (1), in the case of an applicable defined benefit plan (within the meaning of section 203(f)(3)) which provides variable interest crediting rates, the interest crediting rate which is treated as in effect and as the projected interest crediting rate shall be a reasonable projection of such variable interest crediting rate, not to exceed 6 percent.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to plan years beginning after the date of enactment of this Act.

**SEC. 349. TERMINATION OF VARIABLE RATE PREMIUM INDEXING.**

(a) IN GENERAL.—Paragraph (8) of 4006(a) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1306(a)) is amended by—

(1) in subparagraph (A)—

(A) in clause (vi), by striking "and";

(B) in clause (vii), by striking the period at the end and inserting "; and"; and

(C) by adding at the end the following:

"(viii) for plan years beginning after calendar year 2023, $52.";

(2) in subparagraph (B), in the matter preceding clause (i), by inserting "and before 2024" after "2012" ; and

(3) in subparagraph (D)(vii), by inserting "and before 2024" after "2019".

(b) TECHNICAL AMENDMENT.—Clause (i) of section 4006(a)(3)(E) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1306(a)(3)(E)) is amended by striking "subparagraph (H)" and inserting "subparagraph (I)".

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

**SEC. 350. SAFE HARBOR FOR CORRECTIONS OF EMPLOYEE ELECTIVE DEFERRAL FAILURES.**

(a) IN GENERAL.—Section 414, as amended by the preceding provisions of this Act, is further amended by adding at the end the following new subsection:

"(cc) CORRECTING AUTOMATIC CONTRIBUTION ERRORS.—

"(1) IN GENERAL.—Any plan or arrangement shall not fail to be treated as a plan described in sections 401(a), 403(b), 408, or 457(b), as applicable, solely by reason of a corrected error.

"(2) CORRECTED ERROR DEFINED.—For purposes of this subsection, the term 'corrected error' means a reasonable administrative error—

"(A)(i) made in implementing an automatic enrollment or automatic escalation feature with respect to an eligible employee (or an affirmative election made by an eligible employee covered by such feature), or

"(ii) made by failing to afford an eligible employee the opportunity to make an affirmative election because such employee was improperly excluded from the plan], and

"(B) that is corrected prospectively by implementing an automatic enrollment or automatic escalation feature with respect to an eligible employee (or an affirmative election made by an eligible employee) determined in accordance with the terms of an eligible automatic contribution arrangement (as defined under subsection (w)(3)), provided that—

"(i) such implementation error is corrected not later than—

"(I) the date of the first payment of compensation made by the employer to the employee on or after the last day of the 9½ month-period after the end of the plan year during which such error with respect to the employee first occurred, or

"(II) if earlier in the case of an employee who notifies the plan sponsor of such error, the date of the first payment of compensation made by the employer to the employee on or after the last day of the month following the month in which such notification was made,

"(ii) in the case of an employee who would have been entitled to additional matching contributions had any missed elective deferral been made, the plan sponsor makes a corrective allocation, not later than the deadline specified by the Secretary in regulations or other guidance prescribed under paragraph (3), of matching contributions on behalf of the employee in

an amount equal to the additional matching contributions to which the employee would have been so entitled (adjusted to account for earnings had the missed elective deferrals been made).

"(iii) such implementation error is of a type which is so corrected for all similarly situated participants in a nondiscriminatory manner,

"(iv) notice of such error is given to the employee not later than 45 days after the date on which correct deferrals begin, and

"(v) the notice under clause (iv) satisfies such regulations or other guidance as the Secretary prescribes under paragraph (4).

Such correction may occur before or after the participant has terminated employment and may occur without regard to whether the error is identified by the Secretary.

"(3) NO OBLIGATION FOR EMPLOYER TO RESTORE MISSED ELECTIVE DEFERRALS.—If the requirements of paragraph (2)(B) are satisfied, the employer will not be required to provide eligible employees with the missed amount of elective deferrals resulting from a reasonable administrative error described in paragraph (2)(A)(i) or (ii) through a qualified nonelective contribution, or otherwise.

"(4) REGULATIONS AND GUIDANCE FOR FAVORABLE CORRECTION METHODS.—The Secretary shall by regulations or other guidance of general applicability prescribe—

"(A) the deadline for making a corrective allocation of matching contributions required by paragraph (2)(B)(ii),

"(B) the content of the notice required by paragraph (2)(B)(iv),

"(C) the manner in which the amount of the corrective allocation under paragraph (2)(B)(ii) is determined,

"(D) the manner of adjustment to account for earnings on matching contributions under paragraph (2)(B)(ii), and

"(E) such other rules as are necessary to carry out the purposes of the subsection.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply with respect to any errors with respect to which the date referred to in section 414(cc) (as added by this section) is after December 31, 2023. Prior to the application of any regulations or other guidance prescribed under paragraph (3) of section 414(cc) of the Internal Revenue Code of 1986 (as added by this section), taxpayers may rely upon their reasonable good faith interpretations of the provisions of such section.

# TITLE IV—TECHNICAL AMENDMENTS

## SEC. 401. AMENDMENTS RELATING TO SETTING EVERY COMMUNITY UP FOR RETIREMENT ENHANCEMENT ACT OF 2019.

(a) TECHNICAL AMENDMENTS.—

(1) AMENDMENTS RELATING TO SECTION 103.—Section 401(m)(12) is amended by striking "and" at the end of subparagraph (A), by redesignating subparagraph (B) as subparagraph (C), and by inserting after subparagraph (A) (as so amended) the following new subparagraph:

"(B) meets the notice requirements of subsection (k)(13)(E), and".

(2) AMENDMENTS RELATING TO SECTION 112.—

(A) Section 401(k)(15)(B)(i)(II) is amended by striking "subsection (m)(2)" and inserting "paragraphs (2), (11), and (12) of subsection (m)".

(B) Section 401(k)(15)(B)(iii) is amended by striking "under the arrangement" and inserting "under the plan".

(C) Section 401(k)(15)(B)(iv) is amended by striking "section 410(a)(1)(A)(ii)" and inserting "paragraph (2)(D)".

(3) AMENDMENT RELATING TO SECTION 116.—Section 4973(b) is amended by adding at the end of the flush matter the following: "Such term shall not include any designated nondeductible contribution (as defined in subparagraph (C) of section 408(o)(2)) which does not exceed the nondeductible limit under subparagraph (B) thereof by reason of an election under section 408(o)(5).".

(b) CLERICAL AMENDMENTS.—

(1) Section 72(t)(2)(H)(vi)(IV) is amended by striking "403(b)(7)(A)(ii)" and inserting " 403(b)(7)(A)(i)".

(2) Section 401(k)(12)(G) is amended by striking "the requirements under subparagraph (A)(i)" and inserting "the contribution requirements under subparagraph (B) or (C)".

(3) Section 401(k)(13)(D)(iv) is amended by striking "and (F)" and inserting "and (G)".

(4) Section 408(o)(5)(A) is amended by striking "subsection (b)" and inserting "section 219(b)".

(5) Section 408A(c)(2)(A) is amended by striking "(d)(1) or".

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the section of the Setting Every Community Up for Retirement Enhancement Act of 2019 to which the amendment relates.

# TITLE V—ADMINISTRATIVE PROVISIONS

**SEC. 501. PROVISIONS RELATING TO PLAN AMENDMENTS.**

(a) IN GENERAL.—If this section applies to any retirement plan or contract amendment—

(1) such retirement plan or contract shall be treated as being operated in accordance with the terms of the plan during the period described in subsection (b)(2)(A); and

(2) except as provided by the Secretary of the Treasury (or the Secretary's delegate), such retirement plan shall not fail to meet the requirements of section 411(d)(6) of the Internal Revenue Code of 1986 and section 204(g) of the Employee Retirement Income Security Act of 1974 by reason of such amendment.

(b) AMENDMENTS TO WHICH SECTION APPLIES.—

(1) IN GENERAL.—This section shall apply to any amendment to any retirement plan or annuity contract which is made—

(A) pursuant to any amendment made by this Act or pursuant to any regulation issued by the Secretary

of the Treasury or the Secretary of Labor (or a delegate of either such Secretary) under this Act; and

(B) on or before the last day of the first plan year beginning on or after January 1, 2025, or such later date as the Secretary of the Treasury may prescribe.

In the case of a governmental plan (as defined in section 414(d) of the Internal Revenue Code of 1986), or an applicable collectively bargained plan, this paragraph shall be applied by substituting "2027" for "2025". For purposes of the preceding sentence, the term "applicable collectively bargained plan" means a plan maintained pursuant to 1 or more collective bargaining agreements between employee representatives and 1 or more employers ratified before the date of enactment of this Act.

(2) CONDITIONS.—This section shall not apply to any amendment unless—

(A) during the period—

(i) beginning on the date the legislative or regulatory amendment described in paragraph (1)(A) takes effect (or in the case of a plan or contract amendment not required by such legislative or regulatory amendment, the effective date specified by the plan); and

(ii) ending on the date described in paragraph (1)(B) (as modified by the second sentence of paragraph (1)) (or, if earlier, the date the plan or contract amendment is adopted),

the plan or contract is operated as if such plan or contract amendment were in effect; and

(B) such plan or contract amendment applies retroactively for such period.

(c) COORDINATION WITH OTHER PROVISIONS RELATING TO PLAN AMENDMENTS.—

(1) SECURE ACT.—Section 601(b)(1) of the Setting Every Community Up for Retirement Enhancement Act of 2019 is amended—

(A) by striking "January 1, 2022" in subparagraph (B) and inserting "January 1, 2025", and

(B) by striking "substituting '2024' for '2022'." in the flush matter at the end and inserting "substituting '2027' for '2025'.".

(2) CARES ACT.—

(A) SPECIAL RULES FOR USE OF RETIREMENT FUNDS.—Section 2202(c)(2)(A) of the CARES Act is amended by striking "January 1, 2022" in clause (ii) and inserting "January 1, 2025".

(B) TEMPORARY WAIVER OF REQUIRED MINIMUM DISTRIBUTIONS RULES FOR CERTAIN RETIREMENT PLANS AND ACCOUNTS.—Section 2203(c)(2)(B)(i) of the CARES Act is amended—

(i) by striking "January 1, 2022" in subclause (II) and inserting "January 1, 2025", and

(ii) by striking "substituting '2024' for '2022'." in the flush matter at the end and inserting "substituting '2027' for '2025'.".

(C) TAXPAYER CERTAINTY AND DISASTER TAX RELIEF ACT OF 2020.—Section 302(d)(2)(A) of the Taxpayer Certainty and Disaster Tax Relief Act of 2020 is amended by striking

"January 1, 2022" in clause (ii) and inserting "January 1, 2025".

# TITLE VI—REVENUE PROVISIONS

**SEC. 601. SIMPLE AND SEP ROTH IRAS.**

(a) IN GENERAL.—Section 408A is amended by striking subsection (f).

(b) RULES RELATING TO SIMPLIFIED EMPLOYEE PENSIONS.—

(1) CONTRIBUTIONS.—Section 402(h)(1) is amended by striking "and" at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting ", and", and by adding at the end the following new subparagraph:

"(C) in the case of any contributions pursuant to a simplified employer pension which are made to an individual retirement plan designated as a Roth IRA, such contribution shall not be excludable from gross income.".

(2) DISTRIBUTIONS.—Section 402(h)(3) is amended by inserting "(or section 408A(d) in the case of an individual retirement plan designated as a Roth IRA)" before the period at the end.

(3) ELECTION REQUIRED.—Section 408(k) is amended by redesignating paragraphs (7), (8), and (9) as paragraphs (8), (9), and (10), respectively, and by inserting after paragraph (6) the following new paragraph:

"(7) ROTH CONTRIBUTION ELECTION.—An individual retirement plan which is designated as a Roth IRA shall not be treated as a simplified employee pension under this subsection unless the employee elects for such plan to be so treated (at such time and in such manner as the Secretary may provide).".

(c) RULES RELATING TO SIMPLE RETIREMENT ACCOUNTS.—

(1) ELECTION REQUIRED.—Section 408(p), as amended by the preceding provisions of this Act, is further amended by adding at the end the following new paragraph:

"(12) ROTH CONTRIBUTION ELECTION.—An individual retirement plan which is designated as a Roth IRA shall not be treated as a simple retirement account under this subsection unless the employee elects for such plan to be so treated (at such time and in such manner as the Secretary may provide).".

(2) ROLLOVERS.—Section 408A(e) is amended by adding at the end the following new paragraph:

"(3) SIMPLE RETIREMENT ACCOUNTS.—In the case of any payment or distribution out of a simple retirement account (as defined in section 408(p)) with respect to which an election has been made under section 408(p)(12) and to which 72(t)(6) applies, the term 'qualified rollover contribution' shall not include any payment or distribution paid into an account other than another simple retirement account (as so defined).".

(d) CONFORMING AMENDMENT.—Section 408A(d)(2)(B) is amended by inserting ", or employer in the case of a simple retirement account (as defined in section 408(p)) or simplified employee pension (as defined in section 408(k))," after "individual's spouse".

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2022.

**SEC. 602. HARDSHIP WITHDRAWAL RULES FOR 403(b) PLANS.**

(a) IN GENERAL.—Section 403(b), as amended by the preceding provisions of this Act, is amended by adding at the end the following new paragraph:

"(17) SPECIAL RULES RELATING TO HARDSHIP WITHDRAWALS.—For purposes of paragraphs (7) and (11)—

"(A) AMOUNTS WHICH MAY BE WITHDRAWN.—The following amounts may be distributed upon hardship of the employee:

"(i) Contributions made pursuant to a salary reduction agreement (within the meaning of section 3121(a)(5)(D)).

"(ii) Qualified nonelective contributions (as defined in section 401(m)(4)(C)).

"(iii) Qualified matching contributions described in section 401(k)(3)(D)(ii)(I).

"(iv) Earnings on any contributions described in clause (i), (ii), or (iii).

"(B) NO REQUIREMENT TO TAKE AVAILABLE LOAN.—A distribution shall not be treated as failing to be made upon the hardship of an employee solely because the employee does not take any available loan under the plan.".

(b) CONFORMING AMENDMENTS.—

(1) Section 403(b)(7)(A)(i)(V) is amended by striking "in the case of contributions made pursuant to a salary reduction agreement (within the meaning of section 3121(a)(5)(D))" and inserting "subject to the provisions of paragraph (17)".

(2) Paragraph (11) of section 403(b), as amended by this Act, is further amended—

(A) by striking "in" in subparagraph (B) and inserting "subject to the provisions of paragraph (17), in", and

(B) by striking the second sentence.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after December 31, 2023.

**SEC. 603. ELECTIVE DEFERRALS GENERALLY LIMITED TO REGULAR CONTRIBUTION LIMIT.**

(a) APPLICABLE EMPLOYER PLANS.—Section 414(v) is amended by adding at the end the following new paragraph:

"(7) CERTAIN DEFERRALS MUST BE ROTH CONTRIBUTIONS.—

"(A) IN GENERAL.—Except as provided in subparagraph (C), in the case of an eligible participant whose wages (as defined in section 3121(a)) for the preceding calendar year from the employer sponsoring the plan exceed $145,000, paragraph (1) shall apply only if any additional elective deferrals are designated Roth contributions (as defined in section 402A(c)(1)) made pursuant to an employee election.

"(B) ROTH OPTION.—In the case of an applicable employer plan with respect to which subparagraph (A) applies to any participant for a plan year, paragraph (1) shall not apply to the plan unless the plan provides that any eligible participant may make the participant's additional elective deferrals as designated Roth contributions.

"(C) EXCEPTION.—Subparagraph (A) shall not apply in the case of an applicable employer plan described in paragraph (6)(A)(iv).

"(D) ELECTION TO CHANGE DEFERRALS.—The Secretary may provide by regulations that an eligible participant may elect to change the participant's election to make additional elective deferrals if the participant's compensation is determined to exceed the limitation under subparagraph (A) after the election is made.

"(E) COST OF LIVING ADJUSTMENT.—In the case of a year beginning after December 31, 2024, the Secretary shall adjust annually the $145,000 amount in subparagraph (A) for increases in the cost-of-living at the same time and in the same manner as adjustments under 415(d); except that the base period taken into account shall be the calendar quarter beginning July 1, 2023, and any increase under this subparagraph which is not a multiple of $5,000 shall be rounded to the next lower multiple of $5,000.".

(b) CONFORMING AMENDMENTS.—

(1) Section 402(g)(1) is amended by striking subparagraph (C).

(2) Section 457(e)(18)(A)(ii) is amended by inserting "the lesser of any designated Roth contributions made by the participant to the plan or" before "the applicable dollar amount".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2023.

**SEC. 604. OPTIONAL TREATMENT OF EMPLOYER MATCHING OR NONELECTIVE CONTRIBUTIONS AS ROTH CONTRIBUTIONS.**

(a) IN GENERAL.—Section 402A(a) is amended by redesignating paragraph (2) as paragraph (4), by striking "and" at the end of paragraph (1), and by inserting after paragraph (1) the following new paragraphs:

"(2) any designated Roth contribution which pursuant to the program is made by the employer on the employee's behalf on account of the employee's contribution, elective deferral, or (subject to the requirements of section 401(m)(13)) qualified student loan payment shall be treated as a matching contribution for purposes of this chapter, except that such contribution shall not be excludable from gross income,

"(3) any designated Roth contribution which pursuant to the program is made by the employer on the employee's behalf and which is a nonelective contribution shall be nonforfeitable and shall not be excludable from gross income, and".

(b) MATCHING INCLUDED IN QUALIFIED ROTH CONTRIBUTION PROGRAM.—Section 402A(b)(1) is amended—

(1) by inserting ", or to have made on the employee's behalf," after "elect to make", and

(2) by inserting ", or of matching contributions or nonelective contributions which may otherwise be made on the employee's behalf," after "otherwise eligible to make".

(c) DESIGNATED ROTH MATCHING CONTRIBUTIONS.—Section 402A(c)(1) is amended by inserting ", matching contribution, or nonelective contribution" after "elective deferral".

(d) MATCHING CONTRIBUTION DEFINED.—Section 402A(f), as redesignated by this Act, is amended by adding at the end the following:

"(3) MATCHING CONTRIBUTION.—The term 'matching contribution' means—

"(A) any matching contribution described in section 401(m)(4)(A), and

"(B) any contribution to an eligible deferred compensation plan (as defined in section 457(b)) by an eligible employer described in section 457(e)(1)(A) on behalf of an employee and on account of such employee's elective deferral under such plan,

but only if such contribution is nonforfeitable at the time received.".

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to contributions made after the date of the enactment of this Act.

**SEC. 605. CHARITABLE CONSERVATION EASEMENTS.**

(a) LIMITATION ON DEDUCTION.—

(1) IN GENERAL.—Section 170(h) is amended by adding at the end the following new paragraph:

"(7) LIMITATION ON DEDUCTION FOR QUALIFIED CONSERVATION CONTRIBUTIONS MADE BY PASS-THROUGH ENTITIES.—

"(A) IN GENERAL.—A contribution by a partnership (whether directly or as a distributive share of a contribution of another partnership) shall not be treated as a qualified conservation contribution for purposes of this section if the amount of such contribution exceeds 2.5 times the sum of each partner's relevant basis in such partnership.

"(B) RELEVANT BASIS.—For purposes of this paragraph—

"(i) IN GENERAL.—The term 'relevant basis' means, with respect to any partner, the portion of such partner's modified basis in the partnership which is allocable (under rules similar to the rules of section 755) to the portion of the real property with respect to which the contribution described in subparagraph (A) is made.

"(ii) MODIFIED BASIS.—The term 'modified basis' means, with respect to any partner, such partner's adjusted basis in the partnership as determined—

"(I) immediately before the contribution described in subparagraph (A),

"(II) without regard to section 752, and

"(III) by the partnership after taking into account the adjustments described in subclauses (I) and (II) and such other adjustments as the Secretary may provide.

"(C) EXCEPTION FOR CONTRIBUTIONS OUTSIDE 3-YEAR HOLDING PERIOD.—Subparagraph (A) shall not apply to any contribution which is made at least 3 years after the latest of—

"(i) the last date on which the partnership that made such contribution acquired any portion of the real property with respect to which such contribution is made,

"(ii) the last date on which any partner in the partnership that made such contribution acquired any interest in such partnership, and

"(iii) if the interest in the partnership that made such contribution is held through 1 or more partnerships—

"(I) the last date on which any such partnership acquired any interest in any other such partnership, and

"(II) the last date on which any partner in any such partnership acquired any interest in such partnership.

"(D) EXCEPTION FOR FAMILY PARTNERSHIPS.—

"(i) IN GENERAL.—Subparagraph (A) shall not apply with respect to any contribution made by any partnership if substantially all of the partnership interests in such partnership are held, directly or indirectly, by an individual and members of the family of such individual.

"(ii) MEMBERS OF THE FAMILY.—For purposes of this subparagraph, the term 'members of the family' means, with respect to any individual—

"(I) the spouse of such individual, and

"(II) any individual who bears a relationship to such individual which is described in subparagraphs (A) through (G) of section 152(d)(2).

"(E) EXCEPTION FOR CONTRIBUTIONS TO PRESERVE CERTIFIED HISTORIC STRUCTURES.—Subparagraph (A) shall not apply to any qualified conservation contribution the conservation purpose of which is the preservation of any building which is a certified historic structure (as defined in paragraph (4)(C)).

"(F) APPLICATION TO OTHER PASS-THROUGH ENTITIES.—Except as may be otherwise provided by the Secretary, the rules of this paragraph shall apply to S corporations and other pass-through entities in the same manner as such rules apply to partnerships.

"(G) REGULATIONS.—The Secretary shall prescribe such regulations or other guidance as may be necessary or appropriate to carry out the purposes of this paragraph, including regulations or other guidance—

"(i) to require reporting, including reporting related to tiered partnerships and the modified basis of partners, and

"(ii) to prevent the avoidance of the purposes of this paragraph.".

(2) APPLICATION OF ACCURACY-RELATED PENALTIES.—

(A) IN GENERAL.—Section 6662(b) is amended by inserting after paragraph (9) the following new paragraph:

"(10) Any disallowance of a deduction by reason of section 170(h)(7).".

(B) TREATMENT AS GROSS VALUATION MISSTATEMENT.—Section 6662(h)(2) is amended by striking "and" at the end of subparagraph (B), by striking the period at the end of subparagraph (C) and inserting ", and", and by adding at the end the following new subparagraph:

"(D) any disallowance of a deduction described in subsection (b)(10).".

(C) NO REASONABLE CAUSE EXCEPTION.—Section 6664(c)(2) is amended by inserting "or to any disallowance

of a deduction described in section 6662(b)(10)" before the period at the end.

(D) APPROVAL OF ASSESSMENT NOT REQUIRED.—Section 6751(b)(2)(A) is amended by striking "subsection (b)(9)" and inserting "paragraph (9) or (10) of subsection (b)".

(3) EXTENSION OF STATUTE OF LIMITATIONS FOR LISTED TRANSACTIONS.—Any contribution with respect to which any deduction was disallowed by reason of section 170(h)(7) of the Internal Revenue Code of 1986 (as added by this subsection) shall be treated for purposes of sections 6501(c)(10) and 6235(c)(6) of such Code as a transaction specifically identified by the Secretary as a tax avoidance transaction for purposes of section 6011 of such Code.

(b) REPORTING REQUIREMENTS.—Section 170(f) is amended by adding at the end the following new paragraph:

"(19) CERTAIN QUALIFIED CONSERVATION CONTRIBUTIONS.—

"(A) IN GENERAL.—In the case of a qualified conservation contribution to which this paragraph applies, no deduction shall be allowed under subsection (a) for such contribution unless the partnership making such contribution—

"(i) includes on its return for the taxable year in which the contribution is made a statement that the partnership made such a contribution, and

"(ii) provides such information about the contribution as the Secretary may require.

"(B) CONTRIBUTIONS TO WHICH THIS PARAGRAPH APPLIES.—This paragraph shall apply to any qualified conservation contribution—

"(i) the conservation purpose of which is the preservation of any building which is a certified historic structure (as defined in subsection (h)(4)(C)),

"(ii) which is made by a partnership (whether directly or as a distributive share of a contribution of another partnership), and

"(iii) the amount of which exceeds 2.5 times the sum of each partner's relevant basis (as defined in subsection (h)(7)) in the partnership making the contribution.

"(C) APPLICATION TO OTHER PASS-THROUGH ENTITIES.—Except as may be otherwise provided by the Secretary, the rules of this paragraph shall apply to S corporations and other pass-through entities in the same manner as such rules apply to partnerships.".

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to contributions made after the date of the enactment of this Act.

(2) NO INFERENCE.—No inference is intended as to the appropriate treatment of contributions made in taxable years ending on or before the date specified in paragraph (1), or as to any contribution for which a deduction is not disallowed by reason of section 170(h)(7) of the Internal Revenue Code of 1986, as added by this section.

(d) SAFE HARBORS AND OPPORTUNITY FOR DONOR TO CORRECT CERTAIN DEED ERRORS.—

(1) IN GENERAL.—The Secretary of the Treasury (or such Secretary's delegate) shall, within 120 days after the date of

the enactment of this Act, publish safe harbor deed language for extinguishment clauses and boundary line adjustments.

(2) OPPORTUNITY TO CORRECT.—

(A) IN GENERAL.—During the 90-day period beginning on the date of publication of the safe harbor deed language under paragraph (1), a donor may amend an easement deed to substitute the safe harbor language for the corresponding language in the original deed if—

(i) the amended deed is signed by the donor and donee and recorded within such 90-day period, and

(ii) such amendment is treated as effective as of the date of the recording of the original easement deed.

(B) EXCEPTIONS.—Subparagraph (A) shall not apply to an easement deed relating to any contribution—

(i) which—

(I) is part of a reportable transaction (as defined in section 6707A(c)(1) of the Internal Revenue Code of 1986), or

(II) is described in Internal Revenue Service Notice 2017–10,

(ii) which by reason of section 170(h)(7) of such Code, as added by this section, is not treated as a qualified conservation contribution,

(iii) if a deduction for such contribution under section 170 of such Code has been disallowed by the Secretary of the Treasury (or such Secretary's delegate), and the donor is contesting such disallowance in a case which is docketed in a Federal court on a date before the date the amended deed is recorded by the donor, or

(iv) if a claimed deduction for such contribution under section 170 of such Code resulted in an underpayment to which a penalty under section 6662 or 6663 of such Code applies and—

(I) such penalty has been finally determined administratively, or

(II) if such penalty is challenged in court, the judicial proceeding with respect to such penalty has been concluded by a decision or judgment which has become final.

**SEC. 606. ENHANCING RETIREE HEALTH BENEFITS IN PENSION PLANS.**

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

(1) EXTENSION OF TRANSFERS OF EXCESS PENSION ASSETS TO RETIREE HEALTH ACCOUNTS.—Paragraph (4) of section 420(b) is amended by striking "December 31, 2025" and inserting "December 31, 2032".

(2) DE MINIMIS TRANSFER RULE.—

(A) IN GENERAL.—Subsection (e) of section 420 is amended by adding at the end the following new paragraph:

"(7) SPECIAL RULE FOR DE MINIMIS TRANSFERS.—

"(A) IN GENERAL.—In the case of a transfer of an amount which is not more than 1.75 percent of the amount determined under paragraph (2)(A) by a plan which meets the requirements of subparagraph (B), paragraph (2)(B)

shall be applied by substituting '110 percent' for '125 percent'.

"(B) TWO-YEAR LOOKBACK REQUIREMENT.—A plan is described in this subparagraph if, as of any valuation date in each of the 2 plan years immediately preceding the plan year in which the transfer occurs, the amount determined under paragraph (2)(A) exceeded 110 percent of the sum of the funding target and the target normal cost determined under section 430 for each such plan year.".

(B) COST MAINTENANCE PERIOD.—Subparagraph (D) of section 420(c)(3) is amended by striking "5 taxable years" and inserting "5 taxable years (7 taxable years in the case of a transfer to which subsection (e)(7) applies)".

(C) CONFORMING AMENDMENTS.—

(i) EXCESS PENSION ASSETS.—Clause (i) of section 420(f)(2)(B) is amended—

(I) by striking "IN GENERAL.—In" and inserting "IN GENERAL.—

"(I) DETERMINATION.—In",

(II) by striking "subsection (e)(2)" and inserting "subsection (e)(2)(B)", and

(III) by adding at the end the following new subclause:

"(II) SPECIAL RULE FOR COLLECTIVELY BARGAINED TRANSFERS.—In determining excess pension assets for purposes of a collectively bargained transfer, subsection (e)(7) shall not apply.".

(ii) MINIMUM COST.—Subclause (I) of section 420(f)(2)(D)(i) is amended by striking "4th year" and inserting "4th year (the 6th year in the case of a transfer to which subsection (e)(7) applies)".

(b) EXTENSION OF TRANSFERS OF EXCESS PENSION ASSETS TO RETIREE HEALTH ACCOUNTS UNDER EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—

(1) DEFINITIONS.—Section 101(e)(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1021(e)(3)) is amended by striking "(as in effect on the date of the enactment of the Surface Transportation and Veterans Health Care Choice Improvement Act of 2015)" and inserting "(as in effect on the date of enactment of the SECURE 2.0 Act of 2022)".

(2) USE OF ASSETS.—Section 403(c)(1) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1103(c)(1)) is amended by striking "(as in effect on the date of the enactment of the Surface Transportation and Veterans Health Care Choice Improvement Act of 2015)" and inserting "(as in effect on the date of enactment of the SECURE 2.0 Act of 2022)".

(3) EXEMPTION.—Section 408(b)(13) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1108(b)(13)) is amended—

(A) by striking "January 1, 2026" and inserting "January 1, 2033"; and

(B) by striking "(as in effect on the date of the enactment of the Surface Transportation and Veterans Health Care Choice Improvement Act of 2015)" and inserting "(as in effect on the date of enactment of the SECURE 2.0 Act of 2022)".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to transfers made after the date of the enactment of this Act.

# TITLE VII—TAX COURT RETIREMENT PROVISIONS

**SEC. 701. PROVISIONS RELATING TO JUDGES OF THE TAX COURT.**

(a) THRIFT SAVINGS PLAN CONTRIBUTIONS FOR JUDGES IN THE FEDERAL EMPLOYEES RETIREMENT SYSTEM.—

(1) IN GENERAL.—Subsection (j)(3)(B) of section 7447 is amended to read as follows:

"(B) CONTRIBUTIONS FOR BENEFIT OF JUDGE.—No contributions under section 8432(c) of title 5, United States Code, shall be made for the benefit of a judge who has filed an election to receive retired pay under subsection (e).".

(2) OFFSET.—Paragraph (3) of section 7447(j) is amended by adding at the end the following new subparagraph:

"(F) OFFSET.—In the case of a judge who receives a distribution from the Thrift Savings Plan and who later receives retired pay under subsection (d), the retired pay shall be offset by an amount equal to the amount of the distribution which represents the Government's contribution to the individual's Thrift Savings Account during years of service as a full-time judicial officer under the Federal Employees Retirement System, without regard to earnings attributable to such amount. Where such an offset would exceed 50 percent of the retired pay to be received in the first year, the offset may be divided equally over the first 2 years in which the individual receives the annuity.".

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to basic pay earned while serving as a judge of the United States Tax Court on or after the date of the enactment of this Act.

(b) CHANGE IN VESTING PERIOD FOR SURVIVOR ANNUITIES AND WAIVER OF VESTING PERIOD IN THE EVENT OF ASSASSINATION.—

(1) ELIGIBILITY IN CASE OF DEATH.—Subsection (h) of section 7448 is amended to read as follows:

"(h) ENTITLEMENT TO ANNUITY.—

"(1) IN GENERAL.—

"(A) ANNUITY TO SURVIVING SPOUSE.—If a judge or special trial judge described in paragraph (2) is survived by a surviving spouse but not by a dependent child, there shall be paid to such surviving spouse an annuity beginning with the day of the death of the judge or special trial judge or following the surviving spouse's attainment of age 50, whichever is the later, in an amount computed as provided in subsection (m).

"(B) ANNUITY TO SURVIVING SPOUSE AND CHILD.—If a judge or special trial judge described in paragraph (2) is survived by a surviving spouse and dependent child or children, there shall be paid to such surviving spouse an annuity, beginning on the day of the death of the judge or special trial judge, in an amount computed as provided in subsection (m), and there shall also be paid

to or on behalf of each such child an immediate annuity equal to the lesser of—

"(i) 10 percent of the average annual salary of such judge or special trial judge (determined in accordance with subsection (m)), or

"(ii) 20 percent of such average annual salary, divided by the number of such children.

"(C) ANNUITY TO SURVIVING DEPENDENT CHILDREN.—If a judge or special trial judge described in paragraph (2) leaves no surviving spouse but leaves a surviving dependent child or children, there shall be paid to or on behalf of each such child an immediate annuity equal to the lesser of—

"(i) 20 percent of the average annual salary of such judge or special trial judge (determined in accordance with subsection (m)), or

"(ii) 40 percent of such average annual salary divided by the number of such children.

"(2) COVERED JUDGES.—Paragraph (1) applies to any judge or special trial judge electing under subsection (b)—

"(A) who dies while a judge or special trial judge after having rendered at least 18 months of civilian service computed as prescribed in subsection (n), for the last 18 months of which the salary deductions provided for by subsection (c)(1) or the deposits required by subsection (d) have actually been made or the salary deductions required by the civil service retirement laws have actually been made, or

"(B) who dies by assassination after having rendered less than 18 months of civilian service computed as prescribed in subsection (n) if, for the period of such service, the salary deductions provided for by subsection (c)(1) or the deposits required by subsection (d) have actually been made.

"(3) TERMINATION OF ANNUITY.—

"(A) SURVIVING SPOUSE.—The annuity payable to a surviving spouse under this subsection shall be terminable upon such surviving spouse's death or such surviving spouse's remarriage before attaining age 55.

"(B) SURVIVING CHILD.—Any annuity payable to a child under this subsection shall be terminable upon the earliest of—

"(i) the child's attainment of age 18,

"(ii) the child's marriage, or

"(iii) the child's death,

except that if such child is incapable of self-support by reason of mental or physical disability the child's annuity shall be terminable only upon death, marriage, or recovery from such disability.

"(C) DEPENDENT CHILD AFTER DEATH OF SURVIVING SPOUSE.—In case of the death of a surviving spouse of a judge or special trial judge leaving a dependent child or children of the judge or special trial judge surviving such spouse, the annuity of such child or children shall be recomputed and paid as provided in paragraph (1)(C).

"(D) RECOMPUTATION WITH RESPECT TO OTHER DEPENDENT CHILDREN.—In any case in which the annuity of a dependent child is terminated under this subsection,

the annuities of any remaining dependent child or children based upon the service of the same judge or special trial judge shall be recomputed and paid as though the child whose annuity was so terminated had not survived such judge.

"(E) SPECIAL RULE FOR ASSASSINATED JUDGES.—In the case of a survivor of a judge or special trial judge described in paragraph (2)(B), there shall be deducted from the annuities otherwise payable under this section an amount equal to the amount of salary deductions that would have been made if such deductions had been made for 18 months prior to the death of the judge or special trial judge.".

(2) DEFINITION OF ASSASSINATION.—Section 7448(a) is amended by adding at the end the following new paragraph:

"(10) The terms 'assassinated' and 'assassination' mean the killing of a judge or special trial judge that is motivated by the performance by the judge or special trial judge of his or her official duties.".

(3) DETERMINATION OF ASSASSINATION.—Subsection (i) of section 7448 is amended—

(A) by striking "OF DEPENDENCY AND DISABILITY.—Questions" and inserting "BY CHIEF JUDGE.—

"(1) DEPENDENCY AND DISABILITY.—Questions", and

(B) by adding at the end the following new paragraph:

"(2) ASSASSINATION.—The chief judge shall determine whether the killing of a judge or special trial judge was an assassination, subject to review only by the Tax Court. The head of any Federal agency that investigates the killing of a judge or special trial judge shall provide to the chief judge any information that would assist the chief judge in making such a determination.".

(4) COMPUTATION OF ANNUITIES.—Section 7448(m) is amended to read as follows:

"(m) COMPUTATION OF ANNUITIES.—The annuity of the surviving spouse of a judge or special trial judge electing under subsection (b) shall be an amount equal to the sum of—

"(1) the product of—

"(A) 1.5 percent of the average annual salary (whether judge's or special trial judge's salary or compensation for other allowable service) received by such judge or special trial judge—

"(i) for judicial service (including periods in which he received retired pay under section 7447(d), section 7447A(d), or any annuity under chapter 83 or 84 of title 5, United States Code) or for any other prior allowable service during the period of 3 consecutive years in which such judge or special trial judge received the largest such average annual salary, or

"(ii) in the case of a judge or special trial judge who has served less than 3 years, during the total period of such service prior to such judge's or special trial judge's death, multiplied by the sum of, multiplied by

"(B) the sum of—

"(i) the judge's or special trial judge's years of such judicial service,

"(ii) the judge's or special trial judge's years of prior allowable service as a Senator, Representative, Delegate, or Resident Commissioner in Congress,

"(iii) the judge's or special trial judge's years of prior allowable service performed as a member of the Armed Forces of the United States, and

"(iv) the judge's or special trial judge's years, not exceeding 15, of prior allowable service performed as a congressional employee (as defined in section 2107 of title 5 of the United States Code), plus

"(2) three-fourths of 1 percent of such average annual salary multiplied by the judge's years of any other prior allowable service,

except that such annuity shall not exceed an amount equal to 50 percent of such average annual salary, nor be less than an amount equal to 25 percent of such average annual salary, and shall be further reduced in accordance with subsection (d) (if applicable). In determining the period of 3 consecutive years referred to in the preceding sentence, there may not be taken into account any period for which an election under section 7447(f)(4) is in effect.".

(5) OTHER BENEFITS.—Section 7448 is amended by adding at the end the following new subsection:

"(u) OTHER BENEFITS IN CASE OF ASSASSINATION.—In the case of a judge or special trial judge who is assassinated, an annuity shall be paid under this section notwithstanding a survivor's eligibility for or receipt of benefits under chapter 81 of title 5, United States Code, except that the annuity for which a surviving spouse is eligible under this section shall be reduced to the extent that the total benefits paid under this section and chapter 81 of that title for any year would exceed the current salary for that year of the office of the judge or special trial judge.".

(c) COORDINATION OF RETIREMENT AND SURVIVOR ANNUITY WITH THE FEDERAL EMPLOYEES RETIREMENT SYSTEM.—

(1) RETIREMENT.—Section 7447 is amended—

(A) by striking "section 8331(8)" in subsection (g)(2)(C) and inserting "sections 8331(8) and 8401(19)", and

(B) by striking "Civil Service Commission" both places it appears in subsection (i)(2) and inserting "Office of Personnel Management".

(2) ANNUITIES TO SURVIVING SPOUSES AND DEPENDENT CHILDREN.—Section 7448 is amended—

(A) by striking "section 8332" in subsection (d) and inserting "sections 8332 and 8411", and

(B) by striking "section 8332" in subsection (n) and inserting "sections 8332 and 8411".

(d) LIMIT ON TEACHING COMPENSATION OF RETIRED JUDGES.—

(1) IN GENERAL.—Section 7447 is amended by adding at the end the following new subsection:

"(k) TEACHING COMPENSATION OF RETIRED JUDGES.—For purposes of the limitation under section 501(a) of the Ethics in Government Act of 1978 (5 U.S.C. App.), any compensation for teaching approved under section 502(a)(5) of such Act shall not be treated as outside earned income when received by a judge of the United States Tax Court who has retired under subsection (b) for teaching performed during any calendar year for which such a judge has

met the requirements of subsection (c), as certified by the chief judge, or has retired under subsection (b)(4).".

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to any individual serving as a retired judge of the United States Tax Court on or after the date of the enactment of this Act.

(e) EFFECTIVE DATE.—Except as otherwise provided, the amendments made by this section shall take effect on the date of the enactment of this Act.

**SEC. 702. PROVISIONS RELATING TO SPECIAL TRIAL JUDGES OF THE TAX COURT.**

(a) RETIREMENT AND RECALL FOR SPECIAL TRIAL JUDGES.—Part I of subchapter C of chapter 76 is amended by inserting after section 7447 the following new section:

**"SEC. 7447A. RETIREMENT FOR SPECIAL TRIAL JUDGES.**

"(a) IN GENERAL.—

"(1) RETIREMENT.—Any special trial judge appointed pursuant to section 7443A may retire from service as a special trial judge if the individual meets the age and service requirements set forth in the following table:

| "If the special trial judge has attained age: | And the years of service as a special trial judge are at least: |
|---|---|
| 65 | 15 |
| 66 | 14 |
| 67 | 13 |
| 68 | 12 |
| 69 | 11 |
| 70 | 10. |

"(2) LENGTH OF SERVICE.—In making any determination of length of service as a special trial judge there shall be included all periods (whether or not consecutive) during which an individual served as a special trial judge

"(b) RETIREMENT UPON DISABILITY.—Any special trial judge appointed pursuant to section 7443A who becomes permanently disabled from performing such individual's duties shall retire from service as a special trial judge.

"(c) RECALLING OF RETIRED SPECIAL TRIAL JUDGES.—Any individual who has retired pursuant to subsection (a) may be called upon by the chief judge to perform such judicial duties with the Tax Court as may be requested of such individual for a period or periods specified by the chief judge, except that in the case of any such individual—

"(1) the aggregate of such periods in any 1 calendar year shall not (without the consent of such individual) exceed 90 calendar days, and

"(2) such individual shall be relieved of performing such duties during any period in which illness or disability precludes the performance of such duties.

Any act, or failure to act, by an individual performing judicial duties pursuant to this subsection shall have the same force and effect as if it were the act (or failure to act) of a special trial judge. Any individual who is performing judicial duties pursuant to this subsection shall be paid the same compensation (in lieu

of retired pay) and allowances for travel and other expenses as a special trial judge.

"(d) RETIRED PAY.—

"(1) IN GENERAL.—Any individual who retires pursuant to subsection (a) and elects under subsection (e) to receive retired pay under this subsection shall receive retired pay during any period of retirement from service as a special trial judge at a rate which bears the same ratio to the rate of the salary payable to a special trial judge during such period as—

"(A) the number of years such individual has served as special trial judge bears to,

"(B) 15,

except that the rate of such retired pay shall not be more than the rate of such salary for such period.

"(2) RETIREMENT UPON DISABILITY.—Any individual who retires pursuant to subsection (b) and elects under subsection (e) to receive retired pay under this subsection shall receive retired pay during any period of retirement from service as a special trial judge—

"(A) at a rate equal to the rate of the salary payable to a special trial judge during such period, if the individual had at least 10 years of service as a special trial judge before retirement, and

"(B) at a rate equal to ½ the rate described in subparagraph (A), if the individual had fewer than 10 years of service as a special trial judge before retirement.

"(3) BEGINNING DATE AND PAYMENT.—Retired pay under this subsection shall begin to accrue on the day following the date on which the individual's salary as a special trial judge ceases to accrue, and shall continue to accrue during the remainder of such individual's life. Retired pay under this subsection shall be paid in the same manner as the salary of a special trial judge.

"(4) PARTIAL YEARS.—In computing the rate of the retired pay for an individual to whom paragraph (1) applies, any portion of the aggregate number of years such individual has served as a special trial judge which is a fractional part of 1 year shall be eliminated if it is less than 6 months, or shall be counted as a full year if it is 6 months or more.

"(5) RECALLED SERVICE.—In computing the rate of the retired pay for an individual to whom paragraph (1) applies, any period during which such individual performs services under subsection (c) on a substantially full-time basis shall be treated as a period during which such individual has served as a special trial judge.

"(e) ELECTION TO RECEIVE RETIRED PAY.—Any special trial judge may elect to receive retired pay under subsection (d). Such an election—

"(1) may be made only while an individual is a special trial judge (except that in the case of an individual who fails to be reappointed as a special trial judge, such election may be made within 60 days after such individual leaves office as a special trial judge),

"(2) once made, shall be irrevocable, and

"(3) shall be made by filing notice thereof in writing with the chief judge.

The chief judge shall transmit to the Office of Personnel Management a copy of each notice filed with the chief judge under this subsection.

"(f) OTHER RULES MADE APPLICABLE.—The rules of subsections (f), (g), (h)(2), (i), and (j), and the first sentence of subsection (h)(1), of section 7447 shall apply to a special trial judge in the same manner as a judge of the Tax Court. For purposes of the preceding sentence, any reference to the President in such subsections shall be applied as if it were a reference to the chief judge.".

(b) CONFORMING AMENDMENTS.—

(1) Section 3121(b)(5)(E) is amended by inserting "or special trial judge" before "of the United States Tax Court".

(2) Section 7448(b)(2) is amended to read as follows:

"(2) SPECIAL TRIAL JUDGES.—Any special trial judge may by written election filed with the chief judge elect the application of this section. Such election shall be filed while such individual is a special trial judge.".

(3) Section 210(a)(5)(E) of the Social Security Act (42 U.S.C. 410(a)(5)(E)) is amended by inserting "or special trial judge" before "of the United States Tax Court".

(c) CLERICAL AMENDMENT.—The table of sections for part I of subchapter C of chapter 76 is amended by inserting after the item relating to section 7447 the following new item:

"Sec. 7447A. Retirement for special trial judges.".

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act, except that section 7447A(e) of the Internal Revenue Code of 1986 (as added by this section) shall take effect on the date that is 180 days after such date of enactment. Special trial judges retiring on or after the date of the enactment of this Act, and before the date that is 180 days after the date of such enactment, may file an election under such section not later than 60 days after such date.

# DIVISION U—JOSEPH MAXWELL CLELAND AND ROBERT JOSEPH DOLE MEMORIAL VETERANS BENEFITS AND HEALTH CARE IMPROVEMENT ACT OF 2022

## SEC. 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This division may be cited as the "Joseph Maxwell Cleland and Robert Joseph Dole Memorial Veterans Benefits and Health Care Improvement Act of 2022".

(b) TABLE OF CONTENTS.—The table of contents for this division is as follows: