

## H6757rh compared to H6757 with amendments

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**Deletions:** One or more sections (or big levels) were deleted from the first document. All deleted sections or big levels are illustrated at the bottom of the comparative print. If the sections before and after a deleted section are still present in the comparative print, the deleted section will also appear between them. If one or more consecutive sections from a series of sections has been deleted, the deleted sections will also appear before the last section of the series if it is still present.

### Section 1. Short title; etc

(a) SHORT TITLE.— This Act may be cited as the "Family Savings Act of 2018".

(b) TABLE OF CONTENTS.—

The table of contents for this Act is as follows:

Sec. 1. Short title; etc.

#### TITLE I—EXPANDING AND PRESERVING RETIREMENT SAVINGS

- Sec. 101. Multiple employer plans; pooled employer plans.
- Sec. 102. Rules relating to election of safe harbor 401(k) status.
- Sec. 103. Certain taxable non-tuition fellowship and stipend payments treated as compensation for IRA purposes.
- Sec. 104. Repeal of maximum age for traditional IRA contributions.
- Sec. 105. Qualified employer plans prohibited from making loans through credit cards and other similar arrangements.
- Sec. 106. Portability of lifetime income investments.
- Sec. 107. Treatment of custodial accounts on termination of section 403(b) plans.
- Sec. 108. Clarification of retirement income account rules relating to church-controlled organizations.
- Sec. 109. Exemption from required minimum distribution rules for individuals with certain account balances.
- Sec. 110. Clarification of treatment of certain retirement plan contributions picked up by governmental employers for new or existing employees.
- Sec. 111. Elective deferrals by members of the Ready Reserve of a reserve component of the Armed Forces.

#### TITLE II—ADMINISTRATIVE IMPROVEMENTS

- Sec. 201. Plan adopted by filing due date for year may be treated as in effect as of close of year.
- Sec. 202. Modification of nondiscrimination rules to protect older, longer service participants.
- Sec. 203. ~~Study of appropriate PBGC premiums~~ Fiduciary safe harbor for selection of lifetime income provider.

#### TITLE III—OTHER SAVINGS PROVISIONS

- Sec. 301. Universal Savings Accounts.
- Sec. 302. Expansion of section 529 plans.
- Sec. 303. Penalty-free withdrawals from retirement plans for individuals in case of birth of child or adoption.

#### TITLE IV—BUDGETARY EFFECTS

Sec. 401. Budgetary effects.**Title I—Expanding and preserving retirement savings****Sec. 101. Multiple employer plans; pooled employer plans****(a) QUALIFICATION REQUIREMENTS.—**

(1) IN GENERAL.— Section 413 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsection:

**"(e) APPLICATION OF QUALIFICATION REQUIREMENTS FOR CERTAIN MULTIPLE EMPLOYER PLANS WITH POOLED PLAN PROVIDERS.—**

"(1) IN GENERAL.— Except as provided in paragraph (2), if a defined contribution plan to which subsection (c) applies—

"(A) is maintained by employers which have a common interest other than having adopted the plan, or

"(B) in the case of a plan not described in subparagraph (A), has a pooled plan provider,

then the plan shall not be treated as failing to meet the requirements under this title applicable to a plan described in section 401(a) or to a plan that consists of individual retirement accounts described in section 408 (including by reason of subsection (c) thereof), whichever is applicable, merely because one or more employers of employees covered by the plan fail to take such actions as are required of such employers for the plan to meet such requirements.

**"(2) LIMITATIONS.—**

"(A) IN GENERAL.— Paragraph (1) shall not apply to any plan unless the terms of the plan provide that in the case of any employer in the plan failing to take the actions described in paragraph (1)—

"(i) the assets of the plan attributable to employees of such employer (or beneficiaries of such employees) will be transferred to a plan maintained only by such employer (or its successor), to an eligible retirement plan as defined in section 402(c)(8)(B) for each individual whose account is transferred, or to any other arrangement that the Secretary determines is appropriate, unless the Secretary determines it is in the best interests of the employees of such employer (and the beneficiaries of such employees) to retain the assets in the plan, and

"(ii) such employer (and not the plan with respect to which the failure occurred or any other employer in such plan) shall, except to the extent provided by the Secretary, be liable for any liabilities with respect to such plan attributable to employees of such employer (or beneficiaries of such employees).

"(B) FAILURES BY POOLED PLAN PROVIDERS.— If the pooled plan provider of a plan described in paragraph (1)(B) does not perform substantially all of the administrative duties which are required of the provider under paragraph (3)(A)(i) for any plan year, the Secretary may provide that the determination as to whether the plan meets the requirements under this title applicable to a plan described in section 401(a) or to a plan that consists of individual retirement accounts described in section 408 (including by reason of subsection (c) thereof), whichever is applicable, shall be made in the same manner as would be made without regard to paragraph (1).

**"(3) POOLED PLAN PROVIDER.—**

"(A) IN GENERAL.— For purposes of this subsection, the term 'pooled plan provider' means, with respect to any plan, a person who—

"(i) is designated by the terms of the plan as a named fiduciary (within the meaning of section 402(a)(2) of the Employee Retirement Income Security Act of 1974), as the plan administrator, and as the person responsible to perform all administrative duties (including conducting proper testing with respect to the plan and the employees of each employer in the plan) which are reasonably necessary to ensure that—

"(I) the plan meets any requirement applicable under the Employee Retirement Income Security Act of 1974 or this title to a plan described in section 401(a) or to a plan that consists of individual retirement accounts described in section 408 (including by reason of subsection (c) thereof), whichever is applicable, and

"(II) each employer in the plan takes such actions as the Secretary or such person determines are necessary for the plan to meet the requirements described in subclause (I), including providing to such person any disclosures or other information which the Secretary may require or which such person otherwise determines are necessary to administer the plan or to allow the plan to meet such requirements,

"(ii) registers as a pooled plan provider with the Secretary, and provides such other information to the Secretary as the Secretary may require, before beginning operations as a pooled plan provider,

"(iii) acknowledges in writing that such person is a named fiduciary (within the meaning of section 402(a)(2) of the Employee Retirement Income Security Act of 1974), and the plan administrator, with respect to the plan, and

"(iv) is responsible for ensuring that all persons who handle assets of, or who are fiduciaries of, the plan are bonded in accordance with section 412 of the Employee Retirement Income Security Act of 1974.

"(B) AUDITS, EXAMINATIONS AND INVESTIGATIONS.— The Secretary may perform audits, examinations, and investigations of pooled plan providers as may be necessary to enforce and carry out the purposes of this subsection.

"(C) AGGREGATION RULES.— For purposes of this paragraph, in determining whether a person meets the requirements of this paragraph to be a pooled plan provider with respect to any plan, all persons who perform services for the plan and who are treated as a single employer under subsection (b), (c), (m), or (o) of section 414 shall be treated as one person.

"(D) TREATMENT OF EMPLOYERS AS PLAN SPONSORS.— Except with respect to the administrative duties of the pooled plan provider described in subparagraph (A)(i), each employer in a plan which has a pooled plan provider shall be treated as the plan sponsor with respect to the portion of the plan attributable to employees of such employer (or beneficiaries of such employees).

"(4) GUIDANCE.— The Secretary shall issue such guidance as the Secretary determines appropriate to carry out this subsection, including guidance—

"(A) to identify the administrative duties and other actions required to be performed by a pooled plan provider under this subsection,

"(B) which describes the procedures to be taken to terminate a plan which fails to meet the requirements to be a plan described in paragraph (1), including the proper treatment of, and actions needed to be taken by, any employer in the plan and the assets and liabilities of the plan attributable to employees of such employer (or beneficiaries of such employees), and

"(C) identifying appropriate cases to which the rules of paragraph (2)(A) will apply to employers in the plan failing to take the actions described in paragraph (1).

The Secretary shall take into account under subparagraph (C) whether the failure of an employer or pooled plan provider to provide any disclosures or other information, or to take any other action, necessary to administer a plan or to allow a plan to meet requirements applicable to the plan under section 401(a) or 408, whichever is applicable, has continued over a period of time that demonstrates a lack of commitment to compliance.

"(5) MODEL PLAN.— The Secretary shall publish model plan language which meets the requirements of this subsection and of paragraphs (43) and (44) of section 3 of the Employee Retirement Income Security Act of 1974 and which may be adopted in order for a plan to be treated as a plan described in paragraph (1)(B)."

(2) CONFORMING AMENDMENT.— Section 413(c)(2) of such Code is amended by striking "section 401(a)" and inserting "sections 401(a) and 408(c)".

(3) TECHNICAL AMENDMENT.— Section 408(c) of such Code is amended by inserting after paragraph (2) the following new paragraph:

"(3) There is a separate accounting for any interest of an employee or member (or spouse of an employee or member) in a Roth IRA."

(b) NO COMMON INTEREST REQUIRED FOR POOLED EMPLOYER PLANS.—

Section 3(2) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002(2)) is amended by adding at the end the following:

"(C) A pooled employer plan shall be treated as—

"(i) a single employee pension benefit plan or single pension plan; and

"(ii) a plan to which section 210(a) applies."

(c) POOLED EMPLOYER PLAN AND PROVIDER DEFINED.—

(1) IN GENERAL.— 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:

"(43) POOLED EMPLOYER PLAN.—

"(A) IN GENERAL.— The term 'pooled employer plan' means a plan—

"(i) which is an individual account plan established or maintained for the purpose of providing benefits to the employees of 2 or more employers;

"(ii) which is a plan described in section 401(a) of the Internal Revenue Code of 1986 which includes a trust exempt from tax under section 501(a) of such Code or a plan that consists of individual retirement accounts described in section 408 of such Code (including by reason of subsection (c) thereof); and

"(iii) the terms of which meet the requirements of subparagraph (B).

Such term shall not include a plan maintained by employers which have a common interest other than having adopted the plan.

"(B) REQUIREMENTS FOR PLAN TERMS.— The requirements of this subparagraph are met with respect to any plan if the terms of the plan—

"(i) designate a pooled plan provider and provide that the pooled plan provider is a named fiduciary of the plan;

"(ii) designate one or more trustees meeting the requirements of section 408(a)(2) of the Internal Revenue Code of 1986 (other than an employer in the plan) to be responsible for collecting contributions to, and holding the assets of, the plan and require such trustees to implement written contribution collection procedures that are reasonable, diligent, and systematic;

"(iii) provide that each employer in the plan retains fiduciary responsibility for—

"(I) the selection and monitoring in accordance with section 404(a) of the person designated as the pooled plan provider and any other person who, in addition to the pooled plan provider, is designated as a named fiduciary of the plan; and

"(II) to the extent not otherwise delegated to another fiduciary by the pooled plan provider and subject to the provisions of section 404(c), the investment and management of the portion of the plan's assets attributable to the employees of the employer (or beneficiaries of such employees);

"(iv) provide that employers in the plan, and participants and beneficiaries, are not subject to unreasonable restrictions, fees, or penalties with regard to ceasing participation, receipt of distributions, or otherwise transferring assets of the plan in accordance with section 208 or paragraph (44)(C)(i)(II);

"(v) require—

"(I) the pooled plan provider to provide to employers in the plan any disclosures or other information which the Secretary may require, including any disclosures or other information to facilitate the selection or any monitoring of the pooled plan provider by employers in the plan; and

"(II) each employer in the plan to take such actions as the Secretary or the pooled plan provider determines are necessary to administer the plan or for the plan to meet any requirement applicable under this Act or the Internal Revenue Code of 1986 to a plan described in section 401(a) of such Code or to a plan that consists of individual retirement accounts described in section 408 of such Code (including by reason of subsection (c) thereof), whichever is applicable, including providing any disclosures or other information which the Secretary may require or which the pooled plan provider otherwise determines are necessary to administer the plan or to allow the plan to meet such requirements; and

"(vi) provide that any disclosure or other information required to be provided under clause (v) may be provided in electronic form and will be designed to ensure only reasonable costs are imposed on pooled plan providers and employers in the plan.

"(C) EXCEPTIONS.— The term 'pooled employer plan' does not include—

"(i) a multiemployer plan; or

"(ii) a plan established before the date of the enactment of the Family Savings Act of 2018 unless the plan administrator elects that the plan will be treated as a pooled employer plan and the plan meets the requirements of this title applicable to a pooled employer plan established on or after such date.

"(D) TREATMENT OF EMPLOYERS AS PLAN SPONSORS.— Except with respect to the administrative duties of the pooled plan provider described in paragraph (44)(A)(i), each employer in a pooled employer plan shall be treated as the plan sponsor with respect to the portion of the plan attributable to employees of such employer (or beneficiaries of such employees).

"(44) POOLED PLAN PROVIDER.—

"(A) IN GENERAL.— The term 'pooled plan provider' means a person who—

"(i) is designated by the terms of a pooled employer plan as a named fiduciary, as the plan administrator, and as the person responsible for the performance of all administrative duties (including conducting proper testing with respect to the plan and the employees of each employer in the plan) which are reasonably necessary to ensure that—

"(I) the plan meets any requirement applicable under this Act or the Internal Revenue Code of 1986 to a plan described in section 401(a) of such Code or to a plan that consists of individual retirement accounts described in section 408 of such Code (including by reason of subsection (c) thereof), whichever is applicable; and

"(II) each employer in the plan takes such actions as the Secretary or pooled plan provider determines are necessary for the plan to meet the requirements described in subclause (I), including providing the disclosures and information described in paragraph (43)(B)(v)(II);

"(ii) registers as a pooled plan provider with the Secretary, and provides to the Secretary such other information as the Secretary may require, before beginning operations as a pooled plan provider;

"(iii) acknowledges in writing that such person is a named fiduciary, and the plan administrator, with respect to the pooled employer plan; and

"(iv) is responsible for ensuring that all persons who handle assets of, or who are fiduciaries of, the pooled employer plan are bonded in accordance with section 412.

"(B) AUDITS, EXAMINATIONS AND INVESTIGATIONS.— The Secretary may perform audits, examinations, and investigations of pooled plan providers as may be necessary to enforce and carry out the purposes of this paragraph and paragraph (43).

"(C) GUIDANCE.— The Secretary shall issue such guidance as the Secretary determines appropriate to carry out this paragraph and paragraph (43), including guidance—

"(i) to identify the administrative duties and other actions required to be performed by a pooled plan provider under either such paragraph; and

"(ii) which requires in appropriate cases that if an employer in the plan fails to take the actions required under subparagraph (A)(i)(II)—

"(I) the assets of the plan attributable to employees of such employer (or beneficiaries of such employees) are transferred to a plan maintained only by such employer (or its successor), to an eligible retirement plan as defined in section 402(c)(8)(B) of the Internal Revenue Code of 1986 for each individual whose account is transferred, or to any other arrangement that the Secretary determines is appropriate in such guidance; and

"(II) such employer (and not the plan with respect to which the failure occurred or any other employer in such plan) shall, except to the extent provided in such guidance, be liable for any liabilities with respect to such plan attributable to employees of such employer (or beneficiaries of such employees).

The Secretary shall take into account under clause (ii) whether the failure of an employer or pooled plan provider to provide any disclosures or other information, or to take any other action, necessary to administer a plan or to allow a plan to meet requirements described in subparagraph (A)(i)(II) has continued over a period of time that demonstrates a lack of commitment to compliance. The Secretary may waive the requirements of subclause (ii)(I) in appropriate circumstances if the Secretary determines it is in the best interests of the employees of the employer referred to in such clause (and the beneficiaries of such employees) to retain the assets in the plan with respect to which the employer's failure occurred.

"(D) AGGREGATION RULES.— For purposes of this paragraph, in determining whether a person meets the requirements of this paragraph to be a pooled plan provider with respect to any plan, all persons who perform services for the plan and who are treated as a single employer under subsection (b), (c), (m), or (o) of section 414 of the Internal Revenue Code of 1986 shall be treated as one person."

(2) BONDING REQUIREMENTS FOR POOLED EMPLOYER PLANS.— The last sentence of section 412(a) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1112(a)) is amended by inserting "or in the case of a pooled employer plan (as defined in section 3(43))" after "section 407(d)(1)".

(3) CONFORMING AND TECHNICAL AMENDMENTS.— Section 3 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002) is amended—

(A) in paragraph (16)(B)—

(i) by striking "or" at the end of clause (ii); and

(ii) by striking the period at the end and inserting ", or (iv) in the case of a pooled employer plan, the pooled plan provider."; and

(B) by striking the second paragraph (41).

(d) POOLED EMPLOYER AND MULTIPLE EMPLOYER PLAN REPORTING.—

(1) ADDITIONAL INFORMATION.— Section 103 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1023) is amended—

(A) in subsection (a)(1)(B), by striking "applicable subsections (d), (e), and (f)" and inserting "applicable subsections (d), (e), (f), and (g)"; and

(B) by amending subsection (g) to read as follows:

"(g) ADDITIONAL INFORMATION WITH RESPECT TO POOLED EMPLOYER AND MULTIPLE EMPLOYER PLANS.— An annual report under this section for a plan year shall include—

"(1) with respect to any plan to which section 210(a) applies (including a pooled employer plan), a list of employers in the plan, a good faith estimate of the percentage of total contributions made by such employers during the plan year, and the aggregate account balances attributable to each employer in the plan (determined as the sum of the account balances of the employees of such employer (and the beneficiaries of such employees)); and

"(2) with respect to a pooled employer plan, the identifying information for the person designated under the terms of the plan as the pooled plan provider."

(2) SIMPLIFIED ANNUAL REPORTS.— Section 104(a) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1024(a)) is amended by striking paragraph (2)(A) and inserting the following:

"(2)

"(A) With respect to annual reports required to be filed with the Secretary under this part, the Secretary may by regulation prescribe simplified annual reports for any pension plan that—

"(i) covers fewer than 100 participants; or

"(ii) is a plan described in section 210(a) that covers fewer than 1,000 participants, but only if no single employer in the plan has 100 or more participants covered by the plan."

(e) EFFECTIVE DATE.—

(1) IN GENERAL.— The amendments made by this section shall apply to plan years beginning after December 31, 2019.

(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 amendments) 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 a multiple employer plan.

## **Sec. 102. Rules relating to election of safe harbor 401(k) status**

(a) LIMITATION OF ANNUAL SAFE HARBOR NOTICE TO MATCHING CONTRIBUTION PLANS.—

(1) IN GENERAL.— Section 401(k)(12)(A) of the Internal Revenue Code of 1986 is amended by striking "if such arrangement" and all that follows and inserting if such arrangement—

"(i) meets the contribution requirements of subparagraph (B) and the notice requirements of subparagraph (D), or

"(ii) meets the contribution requirements of subparagraph (C)."

(2) AUTOMATIC CONTRIBUTION ARRANGEMENTS.— Section 401(k)(13)(B) of such Code is amended by striking "means" and all that follows and inserting means a cash or deferred arrangement—

"(i) which is described in subparagraph (D)(i)(I) and meets the applicable requirements of subparagraphs (C) through (E), or

"(ii) which is described in subparagraph (D)(i)(II) and meets the applicable requirements of subparagraphs (C) and (D)."

(b) NONELECTIVE CONTRIBUTIONS.—

Section 401(k)(12) of such Code is amended by redesignating subparagraph (F) as subparagraph (G), and by inserting after subparagraph (E) the following new subparagraph:

"(F) TIMING OF PLAN AMENDMENT FOR EMPLOYER MAKING NONELECTIVE CONTRIBUTIONS.—

"(i) IN GENERAL.— Except as provided in clause (ii), a plan may be amended after the beginning of a plan year to provide that the requirements of subparagraph (C) shall apply to the arrangement for the plan year, but only if the amendment is adopted—

"(I) at any time before the 30th day before the close of the plan year, or

"(II) at any time before the last day under paragraph (8)(A) for distributing excess contributions for the plan year.

"(ii) EXCEPTION WHERE PLAN PROVIDED FOR MATCHING CONTRIBUTIONS.— Clause (i) shall not apply to any plan year if the plan provided at any time during the plan year that the requirements of subparagraph (B) or paragraph (13)(D)(i)(I) applied to the plan year.

"(iii) 4-PERCENT CONTRIBUTION REQUIREMENT.— Clause (i)(II) shall not apply to an arrangement unless the amount of the contributions described in subparagraph (C) which the employer is required to make under the arrangement for the plan year with respect to any employee is an amount equal to at least 4 percent of the employee's compensation."

(c) AUTOMATIC CONTRIBUTION ARRANGEMENTS.—

Section 401(k)(13) of such Code is amended by adding at the end the following:

"(F) TIMING OF PLAN AMENDMENT FOR EMPLOYER MAKING NONELECTIVE CONTRIBUTIONS.—

"(i) IN GENERAL.— Except as provided in clause (ii), a plan may be amended after the beginning of a plan year to provide that the requirements of subparagraph (D)(i)(II) shall apply to the arrangement for the plan year, but only if the amendment is adopted—

"(I) at any time before the 30th day before the close of the plan year, or

"(II) at any time before the last day under paragraph (8)(A) for distributing excess contributions for the plan year.

"(ii) EXCEPTION WHERE PLAN PROVIDED FOR MATCHING CONTRIBUTIONS.— Clause (i) shall not apply to any plan year if the plan provided at any time during the plan year that the requirements of subparagraph (D)(i)(I) or paragraph (12)(B) applied to the plan year.

"(iii) 4-PERCENT CONTRIBUTION REQUIREMENT.— Clause (i)(II) shall not apply to an arrangement unless the amount of the contributions described in subparagraph (D)(i)(II) which the employer is required to make under the arrangement for the plan year with respect to any employee is an amount equal to at least 4 percent of the employee's compensation."

(d) EFFECTIVE DATE.— The amendments made by this section shall apply to plan years beginning after December 31, 2018.

### **Sec. 103. Certain taxable non-tuition fellowship and stipend payments treated as compensation for IRA purposes**

(a) IN GENERAL.— Section 219(f)(1) of the Internal Revenue Code of 1986 is amended by adding at the end the following: "The term 'compensation' shall include any amount included in gross income and paid to an individual to aid the individual in the pursuit of graduate or postdoctoral study."

(b) EFFECTIVE DATE.— The amendment made by this section shall apply to taxable years beginning after December 31, 2018.

### **Sec. 104. Repeal of maximum age for traditional IRA contributions**

(a) IN GENERAL.— Section 219(d) of the Internal Revenue Code of 1986 is amended by striking paragraph (1).

(b) CONFORMING AMENDMENT.— Section 408A(c) of the Internal Revenue Code of 1986 is amended by striking paragraph (4) and by redesignating paragraphs (5), (6), and (7) as paragraphs (4), (5), and (6), respectively.

(c) EFFECTIVE DATE.— The amendments made by this section shall apply to contributions made for taxable years beginning after December 31, 2018.

### **Sec. 105. Qualified employer plans prohibited from making loans through credit cards and other similar arrangements**

(a) IN GENERAL.—

Section 72(p)(2) of the Internal Revenue Code of 1986 is amended by redesignating subparagraph (D) as subparagraph (E) and by inserting after subparagraph (C) the following new subparagraph:

"(D) PROHIBITION OF LOANS THROUGH CREDIT CARDS AND OTHER SIMILAR ARRANGEMENTS.— Notwithstanding subparagraph (A), paragraph (1) shall apply to any loan which is made through the use of any credit card or any other similar arrangement."

(b) EFFECTIVE DATE.— The amendments made by subsection (a) shall apply to loans made after the date of the enactment of this Act.

### **Sec. 106. Portability of lifetime income investments**

(a) IN GENERAL.—

Section 401(a) of the Internal Revenue Code of 1986 is amended by inserting after paragraph (37) the following new paragraph:

"(38) PORTABILITY OF LIFETIME INCOME INVESTMENTS.—

"(A) IN GENERAL.— Except as may be otherwise provided by regulations, 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—

"(i) qualified distributions of a lifetime income investment, or

"(ii) distributions of a lifetime income investment in the form of a qualified plan distribution annuity contract,



on or after the date that is 90 days prior to the date on which such lifetime income investment is no longer authorized to be held as an investment option under the plan.

"(B) DEFINITIONS.— For purposes of this subsection—

"(i) the term 'qualified distribution' means a direct trustee-to-trustee transfer described in paragraph (31)(A) to an eligible retirement plan (as defined in section 402(c)(8)(B)),

"(ii) the term 'lifetime income investment' means an investment option which is designed to provide an employee with election rights—

"(I) which are not uniformly available with respect to other investment options under the plan, and

"(II) which are to a lifetime income feature available through a contract or other arrangement offered under the plan (or under another eligible retirement plan (as so defined), if paid by means of a direct trustee-to-trustee transfer described in paragraph (31)(A) to such other eligible retirement plan),

"(iii) the term 'lifetime income feature' means—

"(I) a feature which guarantees a minimum level of income annually (or more frequently) for at least the remainder of the life of the employee or the joint lives of the employee and the employee's designated beneficiary, or

"(II) an annuity payable on behalf of the employee under which payments are made in substantially equal periodic payments (not less frequently than annually) over the life of the employee or the joint lives of the employee and the employee's designated beneficiary, and

"(iv) the term 'qualified plan distribution annuity contract' means an annuity contract purchased for a participant and distributed to the participant by a plan or contract described in subparagraph (B) of section 402(c)(8) (without regard to clauses (i) and (ii) thereof)."

(b) CASH OR DEFERRED ARRANGEMENT.—

(1) IN GENERAL.— Section 401(k)(2)(B)(i) of such Code is amended by striking "or" at the end of subclause (IV), by striking "and" at the end of subclause (V) and inserting "or", and by adding at the end the following new subclause:

"(VI) except as may be otherwise provided by regulations, with respect to amounts invested in a lifetime income investment (as defined in subsection (a)(38)(B)(ii)), the date that is 90 days prior to the date that such lifetime income investment may no longer be held as an investment option under the arrangement, and".

(2) DISTRIBUTION REQUIREMENT.— Section 401(k)(2)(B) of such Code, as amended by paragraph (1), is amended by striking "and" at the end of clause (i), by striking the semicolon at the end of clause (ii) and inserting ", and", and by adding at the end the following new clause:

"(iii) except as may be otherwise provided by regulations, in the case of amounts described in clause (i)(VI), will be distributed only in the form of a qualified distribution (as defined in subsection (a)(38)(B)(i)) or a qualified plan distribution annuity contract (as defined in subsection (a)(38)(B)(iv))."

(c) SECTION 403(B) PLANS.—

(1) ANNUITY CONTRACTS.— Section 403(b)(11) of such Code is amended by striking "or" at the end of subparagraph (B), by striking the period at the end of subparagraph (C) and inserting ", or", and by inserting after subparagraph (C) the following new subparagraph:

"(D) except as may be otherwise provided by regulations, with respect to amounts invested in a lifetime income investment (as defined in section 401(a)(38)(B)(ii))—

"(i) on or after the date that is 90 days prior to the date that such lifetime income investment may no longer be held as an investment option under the contract, and

"(ii) in the form of a qualified distribution (as defined in section 401(a)(38)(B)(i)) or a qualified plan distribution annuity contract (as defined in section 401(a)(38)(B)(iv))."

(2) CUSTODIAL ACCOUNTS.— Section 403(b)(7)(A) of such Code is amended by striking "if—" and all that follows and inserting "if the amounts are to be invested in regulated investment company stock to be held in that custodial account, and under the custodial account—

"(i) no such amounts may be paid or made available to any distributee (unless such amount is a distribution to which section 72(t)(2)(G) applies) before—

"(I) the employee dies,

"(II) the employee attains age 59½,

"(III) the employee has a severance from employment,

"(IV) the employee becomes disabled (within the meaning of section 72(m)(7)),

"(V) in the case of contributions made pursuant to a salary reduction agreement (within the meaning of section 3121(a)(5)(D)), the employee encounters financial hardship, or

"(VI) except as may be otherwise provided by regulations, with respect to amounts invested in a lifetime income investment (as defined in section 401(a)(38)(B)(ii)), the date that is 90 days prior to the date that such lifetime income investment may no longer be held as an investment option under the contract, and

"(ii) in the case of amounts described in clause (i)(VI), such amounts will be distributed only in the form of a qualified distribution (as defined in section 401(a)(38)(B)(i)) or a qualified plan distribution annuity contract (as defined in section 401(a)(38)(B)(iv))."

(d) ELIGIBLE DEFERRED COMPENSATION PLANS.—

(1) IN GENERAL.— Section 457(d)(1)(A) of such Code is amended by striking "or" at the end of clause (ii), by inserting "or" at the end of clause (iii), and by adding after clause (iii) the following:

"(iv) except as may be otherwise provided by regulations, in the case of a plan maintained by an employer described in subsection (e)(1)(A), with respect to amounts invested in a lifetime income investment (as defined in section 401(a)(38)(B)(ii)), the date that is 90 days prior to the date that such lifetime income investment may no longer be held as an investment option under the plan,".

(2) DISTRIBUTION REQUIREMENT.— Section 457(d)(1) of such Code 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 inserting after subparagraph (C) the following new subparagraph:

"(D) except as may be otherwise provided by regulations, in the case of amounts described in subparagraph (A)(iv), such amounts will be distributed only in the form of a qualified distribution (as defined in section 401(a)(38)(B)(i)) or a qualified plan distribution annuity contract (as defined in section 401(a)(38)(B)(iv))."

(e) EFFECTIVE DATE.— The amendments made by this section shall apply to plan years beginning after December 31, 2018.

**Sec. 107. Treatment of custodial accounts on termination of section 403(b) plans**

(a) IN GENERAL.—

Section 403(b)(7) of the Internal Revenue Code of 1986 is amended by adding at the end the following:

"(D) TREATMENT OF CUSTODIAL ACCOUNT UPON PLAN TERMINATION.—

"(i) IN GENERAL.— If—

"(I) an employer terminates the plan under which amounts are contributed to a custodial account under subparagraph (A), and

"(II) the person holding the assets of the account has demonstrated to the satisfaction of the Secretary under section 408(a)(2) that the person is qualified to be a trustee of an individual retirement plan,

then, as of the date of the termination, the custodial account shall be deemed to be an individual retirement plan for purposes of this title.

"(ii) TREATMENT AS ROTH IRA.— Any custodial account treated as an individual retirement plan under clause (i) shall be treated as a Roth IRA only if the custodial account was a designated Roth account."

(b) EFFECTIVE DATE.— The amendment made by this section shall apply to plan terminations occurring after December 31, 2018.

**Sec. 108. Clarification of retirement income account rules relating to church-controlled organizations**

(a) **IN GENERAL.**— Section 403(b)(9)(B) of the Internal Revenue Code of 1986 is amended by inserting "(including an employee described in section 414(e)(3)(B))" after "employee described in paragraph (1)".

(b) **EFFECTIVE DATE.**— The amendment made by this section shall apply to plan years beginning after December 31, 2008.

**Sec. 109. Exemption from required minimum distribution rules for individuals with certain account balances**

(a) **IN GENERAL.**—

Section 401(a)(9) of the Internal Revenue Code of 1986 is amended by adding at the end the following new subparagraph:

"(H) **EXCEPTION FROM REQUIRED MINIMUM DISTRIBUTIONS DURING LIFE OF EMPLOYEE WHERE ASSETS DO NOT EXCEED \$50,000.**—

"(i) **IN GENERAL.**— If on the last day of any calendar year the aggregate value of an employee's entire interest under all applicable eligible retirement plans does not exceed \$50,000, then the requirements of subparagraph (A) with respect to any distribution relating to such year shall not apply with respect to such employee.

"(ii) **APPLICABLE ELIGIBLE RETIREMENT PLAN.**— For purposes of this subparagraph, 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.

"(iii) **LIMIT ON REQUIRED MINIMUM DISTRIBUTION.**— The required minimum distribution determined under subparagraph (A) for an employee under all applicable eligible retirement plans shall not exceed an amount equal to the excess of—

"(I) the aggregate value of an employee's entire interest under such plans on the last day of the calendar year to which such distribution relates, over

"(II) the dollar amount in effect under clause (i) for such calendar year.

The Secretary in regulations or other guidance may provide how such amount shall be distributed in the case of an individual with more than one applicable eligible retirement plan.

"(iv) **INFLATION ADJUSTMENT.**— In the case of any calendar year beginning after 2019, the \$50,000 amount in 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, determined by substituting 'calendar year 2018' for 'calendar year 2016' in subparagraph (A)(ii) thereof.

Any increase determined under this clause shall be rounded to the next lowest multiple of \$5,000.

"(v) **PLAN ADMINISTRATOR RELIANCE ON EMPLOYEE CERTIFICATION.**— An applicable eligible retirement plan described in clause (iii), (iv), (v), or (vi) of section 402(c)(8)(B) shall not be treated as failing to meet the requirements of this paragraph in the case of any failure to make a required minimum distribution for a calendar year if—

"(I) the aggregate value of an employee's entire interest under all applicable eligible retirement plans of the employer on the last day of the calendar year to which such distribution relates does not exceed the dollar amount in effect for such year under clause (i), and

"(II) the employee certifies that the aggregate value of the employee's entire interest under all applicable eligible retirement plans on the last day of the calendar year to which such distribution relates did not exceed the dollar amount in effect for such year under clause (i).

"(vi) **AGGREGATION RULE.**— All employers treated as a single employer under subsection (b), (c), (m), or (o) of section 414 shall be treated as a single employer for purposes of clause (v)."

(b) **PLAN ADMINISTRATOR REPORTING.**—

Section 6047 of such Code is amended by redesignating subsection (h) as subsection (i) and by inserting after subsection (g) the following new subsection:

"(h) **ACCOUNT BALANCE FOR PARTICIPANTS WHO HAVE ATTAINED AGE 69.**—

"(1) IN GENERAL.— Not later than January 31 of each year, the plan administrator (as defined in section 414(g)) of each applicable eligible retirement plan (as defined in section 401(a)(9)(H)) shall make a return to the Secretary with respect to each participant of such plan who has attained age 69 as of the end of the preceding calendar year which states—

"(A) the name and plan number of the plan,

"(B) the name and address of the plan administrator,

"(C) the name, address, and taxpayer identification number of the participant, and

"(D) the account balance of such participant as of the end of the preceding calendar year.

"(2) STATEMENT FURNISHED TO PARTICIPANT.— Every person required to make a return under paragraph (1) with respect to a participant shall furnish a copy of such return to such participant.

"(3) APPLICATION TO INDIVIDUAL RETIREMENT PLANS AND ANNUITIES.— In the case of an applicable eligible retirement plan described in clause (i) or (ii) of section 402(c)(8)(B)—

"(A) any reference in this subsection to the plan administrator shall be treated as a reference to the trustee or issuer, as the case may be, and

"(B) any reference in this subsection to the participant shall be treated as a reference to the individual for whom such account or annuity is maintained."

(c) EFFECTIVE DATE.— The amendments made by this section shall apply to distributions required to be made in calendar years beginning more than 120 days after the date of the enactment of this Act.

**Sec. 110. Clarification of treatment of certain retirement plan contributions picked up by governmental employers for new or existing employees**

(a) IN GENERAL.— Section 414(h)(2) of the Internal Revenue Code of 1986 is amended—

(1) by striking "For purposes of paragraph (1)" and inserting the following:

"(A) IN GENERAL.— For purposes of paragraph (1)", and

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

"(B) TREATMENT OF ELECTIONS BETWEEN ALTERNATIVE BENEFIT FORMULAS.— For purposes of subparagraph (A), a contribution shall not fail to be treated as picked up by an employing unit merely because the employee may make an irrevocable election between the application of two alternative benefit formulas involving the same or different levels of employee contributions."

(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. 111. Elective deferrals by members of the Ready Reserve of a reserve component of the Armed Forces**

(a) IN GENERAL.—

Section 402(g) of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:

"(9) ELECTIVE DEFERRALS BY MEMBERS OF READY RESERVE.—

"(A) IN GENERAL.— In the case of a qualified ready reservist for any taxable year, the limitations of subparagraphs (A) and (C) of paragraph (1) shall be applied separately with respect to—

"(i) elective deferrals of such qualified ready reservist with respect to compensation described in subparagraph (B), and

"(ii) all other elective deferrals of such qualified ready reservist.

"(B) QUALIFIED READY RESERVIST.— For purposes of this paragraph, the term 'qualified ready reservist' means any individual for any taxable year if such individual received compensation for service as a member of the Ready Reserve of a reserve component (as defined in section 101 of title 37, United States Code) during such taxable year."

(b) EFFECTIVE DATE.— The amendment made by this section shall apply to plan years beginning after December 31, 2018.

## Title II—Administrative improvements

### Sec. 201. Plan adopted by filing due date for year may be treated as in effect as of close of year

(a) IN GENERAL.— Section 401(b) of the Internal Revenue Code of 1986 is amended—

(1) by striking "retroactive changes in plan.—A stock bonus" and inserting "plan amendments.—

"(1) CERTAIN RETROACTIVE CHANGES IN PLAN.— A stock bonus", and

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

"(2) ADOPTION OF PLAN.— If an employer adopts a stock bonus, pension, profit-sharing, or annuity plan after the close of a taxable year but before the time prescribed by law for filing the employer's return of tax for the taxable year (including extensions thereof), the employer may elect to treat the plan as having been adopted as of the last day of the taxable year."

(b) EFFECTIVE DATE.— The amendments made by this section shall apply to plans adopted for taxable years beginning after December 31, 2018.

### Sec. 202. Modification of nondiscrimination rules to protect older, longer service participants

(a) IN GENERAL.— Section 401 of the Internal Revenue Code of 1986 is amended—

(1) by redesignating subsection (o) as subsection (p), and

(2) by inserting after subsection (n) the following new subsection:

"(o) SPECIAL RULES FOR APPLYING NONDISCRIMINATION RULES TO PROTECT OLDER, LONGER SERVICE AND GRANDFATHERED PARTICIPANTS.—

"(1) TESTING OF DEFINED BENEFIT PLANS WITH CLOSED CLASSES OF PARTICIPANTS.—

"(A) BENEFITS, RIGHTS, OR FEATURES PROVIDED TO CLOSED CLASSES.— A defined benefit plan which provides benefits, rights, or features to a closed class of participants shall not fail to satisfy the requirements of subsection (a)(4) by reason of the composition of such closed class or the benefits, rights, or features provided to such closed class, if—

"(i) for the plan year as of which the class closes and the 2 succeeding plan years, such benefits, rights, and features satisfy the requirements of subsection (a)(4) (without regard to this subparagraph but taking into account the rules of subparagraph (I)),

"(ii) after the date as of which the class was closed, any plan amendment which modifies the closed class or the benefits, rights, and features provided to such closed class does not discriminate significantly in favor of highly compensated employees, and

"(iii) the class was closed before April 5, 2017, or the plan is described in subparagraph (C).

"(B) AGGREGATE TESTING WITH DEFINED CONTRIBUTION PLANS PERMITTED ON A BENEFITS BASIS.

"(i) IN GENERAL.— For purposes of determining compliance with subsection (a)(4) and section 410(b), a defined benefit plan described in clause (iii) may be aggregated and tested on a benefits basis with 1 or more defined contribution plans, including with the portion of 1 or more defined contribution plans which—

"(I) provides matching contributions (as defined in subsection (m)(4)(A)),

"(II) provides annuity contracts described in section 403(b) which are purchased with matching contributions or nonelective contributions, or

"(III) consists of an employee stock ownership plan (within the meaning of section 4975(e)(7)) or a tax credit employee stock ownership plan (within the meaning of section 409(a)).

"(ii) SPECIAL RULES FOR MATCHING CONTRIBUTIONS.— For purposes of clause (i), if a defined benefit plan is aggregated with a portion of a defined contribution plan providing matching contributions—

"(I) such defined benefit plan must also be aggregated with any portion of such defined contribution plan which provides elective deferrals described in subparagraph (A) or (C) of section 402(g)(3), and

"(II) such matching contributions shall be treated in the same manner as nonelective contributions, including for purposes of applying the rules of subsection (I).

"(iii) PLANS DESCRIBED.— A defined benefit plan is described in this clause if—

"(I) the plan provides benefits to a closed class of participants,

"(II) for the plan year as of which the class closes and the 2 succeeding plan years, the plan satisfies the requirements of section 410(b) and subsection (a)(4) (without regard to this subparagraph but taking into account the rules of subparagraph (I)),

"(III) after the date as of which the class was closed, any plan amendment which modifies the closed class or the benefits provided to such closed class does not discriminate significantly in favor of highly compensated employees, and

"(IV) the class was closed before April 5, 2017, or the plan is described in subparagraph (C).

"(C) PLANS DESCRIBED.— A plan is described in this subparagraph if, taking into account any predecessor plan—

"(i) such plan has been in effect for at least 5 years as of the date the class is closed, and

"(ii) during the 5-year period preceding the date the class is closed, there has not been a substantial increase in the coverage or value of the benefits, rights, or features described in subparagraph (A) or in the coverage or benefits under the plan described in subparagraph (B)(iii) (whichever is applicable).

"(D) DETERMINATION OF SUBSTANTIAL INCREASE FOR BENEFITS, RIGHTS, AND FEATURES.— In applying subparagraph (C)(ii) for purposes of subparagraph (A)(iii), a plan shall be treated as having had a substantial increase in coverage or value of the benefits, rights, or features described in subparagraph (A) during the applicable 5-year period only if, during such period—

"(i) the number of participants covered by such benefits, rights, or features on the date such period ends is more than 50 percent greater than the number of such participants on the first day of the plan year in which such period began, or

"(ii) such benefits, rights, and features have been modified by 1 or more plan amendments in such a way that, as of the date the class is closed, the value of such benefits, rights, and features to the closed class as a whole is substantially greater than the value as of the first day of such 5-year period, solely as a result of such amendments.

"(E) DETERMINATION OF SUBSTANTIAL INCREASE FOR AGGREGATE TESTING ON BENEFITS BASIS.— In applying subparagraph (C)(ii) for purposes of subparagraph (B)(iii)(IV), a plan shall be treated as having had a substantial increase in coverage or benefits during the applicable 5-year period only if, during such period—

"(i) the number of participants benefitting under the plan on the date such period ends is more than 50 percent greater than the number of such participants on the first day of the plan year in which such period began, or

"(ii) the average benefit provided to such participants on the date such period ends is more than 50 percent greater than the average benefit provided on the first day of the plan year in which such period began.

"(F) CERTAIN EMPLOYEES DISREGARDED.— For purposes of subparagraphs (D) and (E), any increase in coverage or value or in coverage or benefits, whichever is applicable, which is attributable to such coverage and value or coverage and benefits provided to employees—

"(i) who became participants as a result of a merger, acquisition, or similar event which occurred during the 7-year period preceding the date the class is closed, or

"(ii) who became participants by reason of a merger of the plan with another plan which had been in effect for at least 5 years as of the date of the merger,

shall be disregarded, except that clause (ii) shall apply for purposes of subparagraph (D) only if, under the merger, the benefits, rights, or features under 1 plan are conformed to the benefits, rights, or features of the other plan prospectively.

"(G) RULES RELATING TO AVERAGE BENEFIT.— For purposes of subparagraph (E)—

"(i) the average benefit provided to participants under the plan will be treated as having remained the same between the 2 dates described in subparagraph (E)(ii) if the benefit formula applicable to such participants has not changed between such dates, and

"(ii) if the benefit formula applicable to 1 or more participants under the plan has changed between such 2 dates, then the average benefit under the plan shall be considered to have increased by more than 50 percent only if—

"(I) the total amount determined under section 430(b)(1)(A)(i) for all participants benefitting under the plan for the plan year in which the 5-year period described in subparagraph (E) ends, exceeds

"(II) the total amount determined under section 430(b)(1)(A)(i) for all such participants for such plan year, by using the benefit formula in effect for each such participant for the first plan year in such 5-year period, by more than 50 percent.

In the case of a CSEC plan (as defined in section 414(y)), the normal cost of the plan (as determined under section 433(j)(1)(B)) shall be used in lieu of the amount determined under section 430(b)(1)(A)(i).

"(H) TREATMENT AS SINGLE PLAN.— For purposes of subparagraphs (E) and (G), a plan described in section 413(c) shall be treated as a single plan rather than as separate plans maintained by each employer in the plan.

"(I) SPECIAL RULES.— For purposes of subparagraphs (A)(i) and (B)(iii)(II), the following rules shall apply:

"(i) In applying section 410(b)(6)(C), the closing of the class of participants shall not be treated as a significant change in coverage under section 410(b)(6)(C)(i)(II).

"(ii) 2 or more plans shall not fail to be eligible to be aggregated and treated as a single plan solely by reason of having different plan years.

"(iii) Changes in the employee population shall be disregarded to the extent attributable to individuals who become employees or cease to be employees, after the date the class is closed, by reason of a merger, acquisition, divestiture, or similar event.

"(iv) Aggregation and all other testing methodologies otherwise applicable under subsection (a)(4) and section 410(b) may be taken into account.

The rule of clause (ii) shall also apply for purposes of determining whether plans to which subparagraph (B)(i) applies may be aggregated and treated as 1 plan for purposes of determining whether such plans meet the requirements of subsection (a)(4) and section 410(b).

"(J) SPUN-OFF PLANS.— For purposes of this paragraph, if a portion of a defined benefit plan described in subparagraph (A) or (B)(iii) is spun off to another employer and the spun-off plan continues to satisfy the requirements of—

"(i) subparagraph (A)(i) or (B)(iii)(II), whichever is applicable, if the original plan was still within the 3-year period described in such subparagraph at the time of the spin off, and

"(ii) subparagraph (A)(ii) or (B)(iii)(III), whichever is applicable, the treatment under subparagraph (A) or (B) of the spun-off plan shall continue with respect to such other employer.

"(2) TESTING OF DEFINED CONTRIBUTION PLANS.—

"(A) TESTING ON A BENEFITS BASIS.— A defined contribution plan shall be permitted to be tested on a benefits basis if—

"(i) such defined contribution plan provides make-whole contributions to a closed class of participants whose accruals under a defined benefit plan have been reduced or eliminated,

"(ii) for the plan year of the defined contribution plan as of which the class eligible to receive such make-whole contributions closes and the 2 succeeding plan years, such closed class of participants satisfies the requirements of section 410(b)(2)(A)(i) (determined by applying the rules of paragraph (1)(I)),

"(iii) after the date as of which the class was closed, any plan amendment to the defined contribution plan which modifies the closed class or the allocations, benefits, rights, and features provided to such closed class does not discriminate significantly in favor of highly compensated employees, and

"(iv) the class was closed before April 5, 2017, or the defined benefit plan under clause (i) is described in paragraph (1)(C) (as applied for purposes of paragraph (1)(B)(iii)(IV)).

"(B) AGGREGATION WITH PLANS INCLUDING MATCHING CONTRIBUTIONS.—

"(i) IN GENERAL.— With respect to 1 or more defined contribution plans described in subparagraph (A), for purposes of determining compliance with subsection (a)(4) and section 410(b), the portion of such plans which provides make-whole contributions or other nonelective contributions may be aggregated and tested on a benefits basis with the portion of 1 or more other defined contribution plans which—

"(I) provides matching contributions (as defined in subsection (m)(4)(A)),

"(II) provides annuity contracts described in section 403(b) which are purchased with matching contributions or nonelective contributions, or

"(III) consists of an employee stock ownership plan (within the meaning of section 4975(e)(7)) or a tax credit employee stock ownership plan (within the meaning of section 409(a)).

"(ii) SPECIAL RULES FOR MATCHING CONTRIBUTIONS.— Rules similar to the rules of paragraph (1)(B)(ii) shall apply for purposes of clause (i).

"(C) SPECIAL RULES FOR TESTING DEFINED CONTRIBUTION PLAN FEATURES PROVIDING MATCHING CONTRIBUTIONS TO CERTAIN OLDER, LONGER SERVICE PARTICIPANTS.— In the case of a defined contribution plan which provides benefits, rights, or features to a closed class of participants whose accruals under a defined benefit plan have been reduced or eliminated, the plan shall not fail to satisfy the requirements of subsection (a)(4) solely by reason of the composition of the closed class or the benefits, rights, or features provided to such closed class if the defined contribution plan and defined benefit plan otherwise meet the requirements of subparagraph (A) but for the fact that the make-whole contributions under the defined contribution plan are made in whole or in part through matching contributions.

"(D) SPUN-OFF PLANS.— For purposes of this paragraph, if a portion of a defined contribution plan described in subparagraph (A) or (C) is spun off to another employer, the treatment under subparagraph (A) or (C) of the spun-off plan shall continue with respect to the other employer if such plan continues to comply with the requirements of clauses (ii) (if the original plan was still within the 3-year period described in such clause at the time of the spin off) and (iii) of subparagraph (A), as determined for purposes of subparagraph (A) or (C), whichever is applicable.

"(3) DEFINITIONS.— For purposes of this subsection—

"(A) MAKE-WHOLE CONTRIBUTIONS.— Except as otherwise provided in paragraph (2)(C), the term 'make-whole contributions' means nonelective allocations for each employee in the class which are reasonably calculated, in a consistent manner, to replace some or all of the retirement benefits which the employee would have received under the defined benefit plan and any other plan or qualified cash or deferred arrangement under subsection (k)(2) if no change had been made to such defined benefit plan and such other plan or arrangement. For purposes of the preceding sentence, consistency shall not be required with respect to employees who were subject to different benefit formulas under the defined benefit plan.

"(B) REFERENCES TO CLOSED CLASS OF PARTICIPANTS.— References to a closed class of participants and similar references to a closed class shall include arrangements under which 1 or more classes of participants are closed, except that 1 or more classes of participants closed on different dates shall not be aggregated for purposes of determining the date any such class was closed.



"(C) HIGHLY COMPENSATED EMPLOYEE.— The term 'highly compensated employee' has the meaning given such term in section 414(q)."

(b) PARTICIPATION REQUIREMENTS.—

Section 401(a)(26) of such Code is amended by adding at the end the following new subparagraph:

"(I) PROTECTED PARTICIPANTS.—

"(i) IN GENERAL.— A plan shall be deemed to satisfy the requirements of subparagraph (A) if—

"(I) the plan is amended—

"(aa) to cease all benefit accruals, or

"(bb) to provide future benefit accruals only to a closed class of participants,

"(II) the plan satisfies subparagraph (A) (without regard to this subparagraph) as of the effective date of the amendment, and

"(III) the amendment was adopted before April 5, 2017, or the plan is described in clause (ii).

"(ii) PLANS DESCRIBED.— A plan is described in this clause if the plan would be described in subsection (o)(1)(C), as applied for purposes of subsection (o)(1)(B)(iii)(IV) and by treating the effective date of the amendment as the date the class was closed for purposes of subsection (o)(1)(C).

"(iii) SPECIAL RULES.— For purposes of clause (i)(II), in applying section 410(b)(6)(C), the amendments described in clause (i) shall not be treated as a significant change in coverage under section 410(b)(6)(C)(i)(II).

"(iv) SPUN-OFF PLANS.— For purposes of this subparagraph, if a portion of a plan described in clause (i) is spun off to another employer, the treatment under clause (i) of the spun-off plan shall continue with respect to the other employer."

(c) EFFECTIVE DATE.—

(1) IN GENERAL.— Except as provided in paragraph (2), the amendments made by this section shall take effect on the date of the enactment of this Act, without regard to whether any plan modifications referred to in such amendments are adopted or effective before, on, or after such date of enactment.

(2) SPECIAL RULES.—

(A) ELECTION OF EARLIER APPLICATION.— At the election of the plan sponsor, the amendments made by this section shall apply to plan years beginning after December 31, 2013.

(B) CLOSED CLASSES OF PARTICIPANTS.— For purposes of paragraphs (1)(A)(iii), (1)(B)(iii)(IV), and (2)(A)(iv) of section 401(o) of the Internal Revenue Code of 1986 (as added by this section), a closed class of participants shall be treated as being closed before April 5, 2017, if the plan sponsor's intention to create such closed class is reflected in formal written documents and communicated to participants before such date.

(C) CERTAIN POST-ENACTMENT PLAN AMENDMENTS.— A plan shall not be treated as failing to be eligible for the application of section 401(o)(1)(A), 401(o)(1)(B)(iii), or 401(a)(26) of such Code (as added by this section) to such plan solely because in the case of—

(i) such section 401(o)(1)(A), the plan was amended before the date of the enactment of this Act to eliminate 1 or more benefits, rights, or features, and is further amended after such date of enactment to provide such previously eliminated benefits, rights, or features to a closed class of participants, or

(ii) such section 401(o)(1)(B)(iii) or section 401(a)(26), the plan was amended before the date of the enactment of this Act to cease all benefit accruals, and is further amended after such date of enactment to provide benefit accruals to a closed class of participants. Any such section shall only apply if the plan otherwise meets the requirements of such section and in applying such section, the date the class of participants is closed shall be the effective date of the later amendment.

**[NOTE-- DELETED : ~~Sec. 203. Study of appropriate PBGC premiums~~]**

***Sec. 203. Fiduciary safe harbor for selection of lifetime income provider***

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

"(e) SAFE HARBOR FOR ANNUITY SELECTION.—

"(1) IN GENERAL.— With respect to the selection of an insurer for a guaranteed retirement income contract, the requirements of subsection (a)(1)(B) will be deemed to be satisfied if a fiduciary—

"(A) engages in an objective, thorough, and analytical search for the purpose of identifying insurers from which to purchase such contracts;

"(B) with respect to each insurer identified under subparagraph (A)—

"(i) considers the financial capability of such insurer to satisfy its obligations under the guaranteed retirement income contract; and

"(ii) considers the cost (including fees and commissions) of the guaranteed retirement income contract offered by the insurer in relation to the benefits and product features of the contract and administrative services to be provided under such contract; and

"(C) on the basis of such consideration, concludes that—

"(i) at the time of the selection, the insurer is financially capable of satisfying its obligations under the guaranteed retirement income contract; and

"(ii) the relative cost of the selected guaranteed retirement income contract as described in subparagraph (B)(ii) is reasonable.

"(2) FINANCIAL CAPABILITY OF THE INSURER.— A fiduciary will be deemed to satisfy the requirements of paragraphs (1)(B)(i) and (1)(C)(i) if—

"(A) the fiduciary obtains written representations from the insurer that—

"(i) the insurer is licensed to offer guaranteed retirement income contracts;

"(ii) the insurer, at the time of selection and for each of the immediately preceding 7 plan years

—

"(I) operates under a certificate of authority from the insurance commissioner of its domiciliary State which has not been revoked or suspended;

"(II) has filed audited financial statements in accordance with the laws of its domiciliary State under applicable statutory accounting principles;

"(III) maintains (and has maintained) reserves which satisfies all the statutory requirements of all States where the insurer does business; and

"(IV) is not operating under an order of supervision, rehabilitation, or liquidation;

"(iii) the insurer undergoes, at least every 5 years, a financial examination (within the meaning of the law of its domiciliary State) by the insurance commissioner of the domiciliary State (or representative, designee, or other party approved by such commissioner); and

"(iv) the insurer will notify the fiduciary of any change in circumstances occurring after the provision of the representations in clauses (i), (ii), and (iii) which would preclude the insurer from making such representations at the time of issuance of the guaranteed retirement income contract; and

"(B) after receiving such representations and as of the time of selection, the fiduciary has not received any notice described in subparagraph (A)(iv) and is in possession of no other information which would cause the fiduciary to question the representations provided.

"(3) NO REQUIREMENT TO SELECT LOWEST COST.— Nothing in this subsection shall be construed to require a fiduciary to select the lowest cost contract. A fiduciary may consider the value of a contract, including features and benefits of the contract and attributes of the insurer (including, without limitation, the insurer's financial strength) in conjunction with the cost of the contract.

"(4) TIME OF SELECTION.—

"(A) IN GENERAL.— For purposes of this subsection, the time of selection is—

"(i) the time that the insurer and the contract are selected for distribution of benefits to a specific participant or beneficiary; or

"(ii) if the fiduciary periodically reviews the continuing appropriateness of the conclusion described in paragraph (1)(C) with respect to a selected insurer, taking into account the considerations described in such paragraph, the time that the insurer and the contract are selected to provide benefits at future dates to participants or beneficiaries under the plan.

Nothing in the preceding sentence shall be construed to require the fiduciary to review the appropriateness of a selection after the purchase of a contract for a participant or beneficiary.

"(B) PERIODIC REVIEW.— A fiduciary will be deemed to have conducted the periodic review described in subparagraph (A)(ii) if the fiduciary obtains the written representations described in clauses (i), (ii), and (iii) of paragraph (2)(A) from the insurer on an annual basis, unless the fiduciary receives any notice described in paragraph (2)(A)(iv) or otherwise becomes aware of facts that would cause the fiduciary to question such representations.

"(5) LIMITED LIABILITY.— A fiduciary which satisfies the requirements of this subsection shall not be liable following the distribution of any benefit, or the investment by or on behalf of a participant or beneficiary pursuant to the selected guaranteed retirement income contract, for any losses that may result to the participant or beneficiary due to an insurer's inability to satisfy its financial obligations under the terms of such contract.

"(6) DEFINITIONS.— For purposes of this subsection—

"(A) INSURER.— The term 'insurer' means an insurance company, insurance service, or insurance organization, including affiliates of such companies.

"(B) GUARANTEED RETIREMENT INCOME CONTRACT.— The term 'guaranteed retirement income contract' means an annuity contract for a fixed term or a contract (or provision or feature thereof) which provides guaranteed benefits annually (or more frequently) for at least the remainder of the life of the participant or the joint lives of the participant and the participant's designated beneficiary as part of an individual account plan."

## Title III—Other savings provisions

### Sec. 301. Universal Savings Accounts

(a) IN GENERAL.—

Subchapter F of chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following new part:

#### "Part IX— Universal Savings Accounts

"Sec. 530U. Universal Savings Accounts.

##### "Sec. 530U. Universal Savings Accounts

"(a) GENERAL RULE.— A Universal Savings Account shall be exempt from taxation under this subtitle. Notwithstanding the preceding sentence, such account shall be subject to the taxes imposed by section 511 (relating to imposition of tax on unrelated business income of charitable organizations).

"(b) UNIVERSAL SAVINGS ACCOUNT.— For purposes of this section, the term 'Universal Savings Account' means a trust created or organized in the United States by an individual for the exclusive benefit of such individual and which is designated (in such manner as the Secretary may prescribe) at the time of the establishment of the trust as a Universal Savings Account, but only if the written governing instrument creating the trust meets the following requirements:

"(1) Except in the case of a qualified rollover contribution described in subsection (d)—

"(A) no contribution will be accepted unless it is in cash, and

"(B) contributions will not be accepted for the taxable year in excess of the contribution limit specified in subsection (c)(2).

"(2) No distribution will be made unless it is—

"(A) cash, or

"(B) property that—

"(i) has a readily ascertainable fair market value, and

"(ii) is identified by the Secretary in regulations or other guidance as property to which this subparagraph applies.

"(3) The trustee is a bank (as defined in section 408(n)) or another person who demonstrates to the satisfaction of the Secretary that the manner in which that person will administer the trust will be consistent with the requirements of this section.

"(4) No part of the trust assets will be invested in life insurance contracts or collectibles (as defined in section 408(m)).

"(5) The interest of an individual in the balance of his account is nonforfeitable.

"(6) The assets of the trust shall not be commingled with other property except in a common trust fund or common investment fund.

"(c) TREATMENT OF DISTRIBUTIONS AND CONTRIBUTIONS.—

"(1) DISTRIBUTIONS.—

"(A) IN GENERAL.— Except as provided in subparagraph (B), any distribution from a Universal Savings Account shall not be includible in gross income.

"(B) NET INCOME ATTRIBUTABLE TO EXCESS CONTRIBUTIONS.— Any distribution of net income described in section 4973(i)(2) shall be includible in the gross income of the account holder in the taxable year in which the contribution to which such net income relates was made.

"(2) CONTRIBUTION LIMIT.—

"(A) IN GENERAL.— The aggregate amount of contributions (other than qualified rollover contributions described in subsection (d)) for any taxable year to all Universal Savings Accounts maintained for the benefit of an individual shall not exceed the lesser of—

"(i) \$2,500, or

"(ii) an amount equal to the compensation (within the meaning of section 219) includible in such individual's gross income for such taxable year.

"(B) NO CONTRIBUTIONS FOR DEPENDENTS.— In the case of an individual who is a dependent of another taxpayer for a taxable year beginning in the calendar year in which such individual's taxable year begins, the dollar amount under subparagraph (A) for such individual's taxable year shall be zero.

"(C) SPECIAL RULE IN CASE OF JOINT RETURN.—

"(i) IN GENERAL.— In the case of an individual to whom this clause applies, the amount determined under subparagraph (A)(ii) with respect to such individual for the taxable year shall not be less than an amount equal to the sum of—

"(I) the compensation of such individual includible in gross income for the taxable year, plus

"(II) the compensation of such individual's spouse includible in gross income for the taxable year reduced (but not below zero) by the amount contributed for the taxable year to all Universal Savings Accounts maintained for the benefit of such spouse.

"(ii) INDIVIDUAL TO WHOM CLAUSE (I) APPLIES.— Clause (i) shall apply to any individual—

"(I) who files a joint return for the taxable year, and

"(II) whose compensation includible in gross income for the taxable year is less than the compensation of such individual's spouse includible in gross income for the taxable year.

"(D) COST-OF-LIVING ADJUSTMENT.— In the case of any taxable year beginning in a calendar year after 2019, the \$2,500 amount under subparagraph (A)(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, determined by substituting 'calendar year 2018' 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.

"(d) QUALIFIED ROLLOVER CONTRIBUTION.— For purposes of this section, the term 'qualified rollover contribution' means a contribution to a Universal Savings Account from another such account of the same individual, but only if such amount is contributed not later than the 60th day after the distribution from such other account.

"(e) TREATMENT OF ACCOUNT UPON DEATH.— Upon death of any account holder of a Universal Savings Account—

"(1) SPOUSE.— In the case of the account holder's surviving spouse acquiring such account holder's interest in such account by reason of the death of the account holder, such account shall be treated as if the spouse were the account holder.

"(2) OTHER CASES.— In any other case—

"(A) all amounts in such account shall be treated as distributed on the date of such individual's death, and

"(B) such account shall cease to be treated as a Universal Savings Account.

"(f) OTHER SPECIAL RULES.—

"(1) COMMUNITY PROPERTY LAWS.— This section shall be applied without regard to any community property laws.

"(2) LOSS OF TAXATION EXEMPTION OF ACCOUNT WHERE INDIVIDUAL ENGAGES IN PROHIBITED TRANSACTION; EFFECT OF PLEDGING ACCOUNT AS SECURITY.— Rules similar to the rules of paragraphs (2) and (4) of section 408(e) shall apply to any Universal Savings Account.

"(g) REPORTS.— The trustee of a Universal Savings Account shall make such reports regarding such account to the Secretary and to the account holder with respect to contributions, distributions, and such other matters as the Secretary may require. Such reports shall be—

"(1) filed at such time and in such manner as the Secretary provides, and

"(2) furnished to account holders—

"(A) not later than January 31 of the calendar year following the calendar year to which such reports relate, and

"(B) in such manner as the Secretary provides."

(b) TAX ON EXCESS CONTRIBUTIONS.—

(1) IN GENERAL.— Section 4973(a) of such Code is amended by striking "or" at the end of paragraph (5), by inserting "or" at the end of paragraph (6), and by inserting after paragraph (6) the following new paragraph:

"(7) a Universal Savings Account (as defined in section 530U),".

(2) EXCESS CONTRIBUTION.— Section 4973 of such Code is amended by adding at the end the following new subsection:

"(i) EXCESS CONTRIBUTIONS TO UNIVERSAL SAVINGS ACCOUNTS.— For purposes of this section—

"(1) IN GENERAL.— In the case of Universal Savings Accounts (within the meaning of section 530U), the term 'excess contributions' means the sum of—

"(A) the amount (if any) by which the amount contributed for the taxable year to such accounts (other than qualified rollover contributions (as defined in section 530U(d))) exceeds the contribution limit under section 530U(c)(2) for such taxable year, and

"(B) the amount determined under this subsection for the preceding taxable year, reduced by the sum of—

"(i) the distributions out of the account for the taxable year, and

"(ii) the amount (if any) by which the maximum amount allowable as a contribution under section 530U(c)(2) for the taxable year exceeds the amount contributed to the accounts for the taxable year.

"(2) SPECIAL RULE.— A contribution shall not be taken into account under paragraph (1) if such contribution (together with the amount of net income attributable to such contribution) is distributed to the account holder on or before the due date of the account holder's return of tax for such taxable year."

(c) TAX ON PROHIBITED TRANSACTIONS.—

Section 4975(e)(1) of such Code is amended by striking "or" at the end of subparagraph (F), by striking the period at the end of subparagraph (G) and inserting ", or", and by adding at the end the following new subparagraph:

"(H) a Universal Savings Account (as defined in section 530U)."

(d) FAILURE TO PROVIDE REPORTS ON UNIVERSAL SAVINGS ACCOUNTS.—

Section 6693(a)(2) of such Code is amended by striking "and" at the end of subparagraph (E), by striking the period at the end of subparagraph (F) and inserting ", and", and by inserting after subparagraph (F) the following new subparagraph:

"(G) section 530U(g) (relating to Universal Savings Accounts)."

(e) CONFORMING AMENDMENT.—

The table of parts for subchapter F of chapter 1 of such Code is amended by adding at the end the following new item:

**"PART IX. UNIVERSAL SAVINGS ACCOUNTS".**

(f) EFFECTIVE DATE.— The amendments made by this section shall apply to taxable years beginning after December 31, 2018.

**Sec. 302. Expansion of section 529 plans**

(a) DISTRIBUTIONS FOR CERTAIN EXPENSES ASSOCIATED WITH REGISTERED APPRENTICESHIP PROGRAMS.—

Section 529(c) of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:

"(8) TREATMENT OF CERTAIN EXPENSES ASSOCIATED WITH REGISTERED APPRENTICESHIP PROGRAMS.— Any reference in this subsection to the term 'qualified higher education expense' shall include a reference to expenses for fees, books, supplies, and equipment required for the participation of a designated beneficiary in an apprenticeship program registered and certified with the Secretary of Labor under section 1 of the National Apprenticeship Act (29 U.S.C. 50)."

(b) DISTRIBUTIONS FOR CERTAIN HOMESCHOOLING EXPENSES.—

Section 529(c)(7) of such Code is amended by striking "include a reference to" and all that follows and inserting include a reference to—

"(A) expenses for tuition in connection with enrollment or attendance of a designated beneficiary at an elementary or secondary public, private, or religious school, and

"(B) expenses, with respect to a designated beneficiary, for—

"(i) curriculum and curricular materials,

"(ii) books or other instructional materials,

"(iii) online educational materials,

"(iv) tuition for tutoring or educational classes outside of the home (but only if the tutor or class instructor is not related (within the meaning of section 152(d)(2)) to the student),

"(v) dual enrollment in an institution of higher education, and

"(vi) educational therapies for students with disabilities,

in connection with a homeschool (whether treated as a homeschool or a private school for purposes of applicable State law)."

(c) DISTRIBUTIONS FOR QUALIFIED EDUCATION LOAN REPAYMENTS.—

(1) IN GENERAL.— Section 529(c) of such Code, as amended by subsection (a), is amended by adding at the end the following new paragraph:

"(9) TREATMENT OF QUALIFIED EDUCATION LOAN REPAYMENTS.—

"(A) IN GENERAL.— Any reference in this subsection to the term 'qualified higher education expense' shall include a reference to amounts paid as principal or interest on any qualified education loan (as defined in section 221(d)) of the designated beneficiary or a sibling of the designated beneficiary.

"(B) LIMITATION.— The amount of distributions treated as a qualified higher education expense under this paragraph with respect to the loans of any individual shall not exceed \$10,000 (reduced by the amount of distributions so treated for all prior taxable years).

"(C) SPECIAL RULES FOR SIBLINGS OF THE DESIGNATED BENEFICIARY.—

"(i) SEPARATE ACCOUNTING.— For purposes of subparagraph (B) and subsection (d), amounts treated as a qualified higher education expense with respect to the loans of a sibling of the designated beneficiary shall be taken into account with respect to such sibling and not with respect to such designated beneficiary.

"(ii) SIBLING DEFINED.— For purposes of this paragraph, the term 'sibling' means an individual who bears a relationship to the designated beneficiary which is described in section 152(d)(2)(B)."

(2) COORDINATION WITH DEDUCTION FOR STUDENT LOAN INTEREST.— Section 221(e)(1) of such Code is amended by adding at the end the following: "The deduction otherwise allowable under subsection (a) (prior to the application of subsection (b)) to the taxpayer for any taxable year shall be reduced (but not below zero) by so much of the distributions treated as a qualified higher education expense under section 529(c)(9) with respect to loans of the taxpayer as would be includible in gross income under section 529(c)(3)(A) for such taxable year but for such treatment."

(d) DISTRIBUTIONS FOR CERTAIN ELEMENTARY AND SECONDARY SCHOOL EXPENSES IN ADDITION TO TUITION.— Section 529(c)(7)(A), as amended by subsection (b), is amended to read as follows:

"(A) expenses described in section 530(b)(3)(A)(i) in connection with enrollment or attendance of a designated beneficiary at an elementary or secondary public, private, or religious school, and"

(e) ~~EFFECTIVE DATE.— The amendments made by this section shall apply to distributions made after December 31, 2018.~~ *Unborn children allowed as account beneficiaries.—*

*Section 529(e) is amended by adding at the end the following new paragraph:*

*"(6) TREATMENT OF UNBORN CHILDREN.—*

*"(A) IN GENERAL.— Nothing shall prevent an unborn child from being treated as a designated beneficiary or an individual under this section.*

*"(B) UNBORN CHILD.— For purposes of this paragraph—*

*"(i) IN GENERAL.— The term 'unborn child' means a child in utero.*

*"(ii) CHILD IN UTERO.— The term 'child in utero' means a member of the species homo sapiens, at any stage of development, who is carried in the womb."*

*(f) EFFECTIVE DATES.—*

*(1) IN GENERAL.— Except as otherwise provided in this subsection, the amendments made by this section shall apply to distributions made after December 31, 2018.*

*(2) UNBORN CHILDREN ALLOWED AS ACCOUNT BENEFICIARIES.— The amendment made by subsection (e) shall apply to contributions made after December 31, 2018.*

### **Sec. 303. Penalty-free withdrawals from retirement plans for individuals in case of birth of child or adoption**

(a) IN GENERAL.—

Section 72(t)(2) of the Internal Revenue Code of 1986 is amended by adding at the end the following new subparagraph:

"(H) DISTRIBUTIONS FROM RETIREMENT PLANS IN CASE OF BIRTH OF CHILD OR ADOPTION.—

"(i) IN GENERAL.— Any qualified birth or adoption distribution.

"(ii) LIMITATION.— The aggregate amount which may be treated as qualified birth or adoption distributions by any individual with respect to any birth or adoption shall not exceed \$7,500.

"(iii) QUALIFIED BIRTH OR ADOPTION DISTRIBUTION.— For purposes of this subparagraph—

"(I) IN GENERAL.— The term 'qualified birth or adoption distribution' means any distribution from an applicable eligible retirement plan to an individual if made during the 1-year period beginning on the date on which a child of the individual is born or on which the legal adoption by the individual of an eligible child is finalized.

"(II) ELIGIBLE CHILD.— The term 'eligible child' means any individual (other than a child of the taxpayer's spouse) who has not attained age 18 or is physically or mentally incapable of self-support.

"(iv) TREATMENT OF PLAN DISTRIBUTIONS.—

"(I) IN GENERAL.— If a distribution to an individual would (without regard to clause (ii)) be a qualified birth or adoption distribution, a plan shall not be treated as failing to meet any requirement of this title merely because the plan treats the distribution as a qualified birth or adoption 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 \$7,500.

"(II) CONTROLLED GROUP.— For purposes of subclause (I), the term 'controlled group' means any group treated as a single employer under subsection (b), (c), (m), or (o) of section 414.

"(v) AMOUNT DISTRIBUTED MAY BE REPAID.—

"(I) IN GENERAL.— Any individual who receives a qualified birth or adoption distribution may make one or more contributions in an aggregate amount not to exceed the amount of such distribution to an applicable 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) LIMITATION ON CONTRIBUTIONS TO APPLICABLE ELIGIBLE RETIREMENT PLANS OTHER THAN IRAS.— The aggregate amount of contributions made by an individual under subclause (I) to any applicable eligible retirement plan which is not an individual retirement plan shall not exceed the aggregate amount of qualified birth or adoption distributions which are made from such plan to such individual. Subclause (I) shall not apply to contributions to any applicable eligible retirement plan which is not an individual retirement plan unless the individual is eligible to make contributions (other than those described in subclause (I)) to such applicable eligible retirement plan.

"(III) TREATMENT OF REPAYMENTS OF DISTRIBUTIONS FROM APPLICABLE ELIGIBLE RETIREMENT PLANS OTHER THAN IRAS.— If a contribution is made under subclause (I) with respect to a qualified birth or adoption distribution from an applicable eligible retirement 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 such distribution in an eligible rollover distribution (as defined in section 402(c)(4)) and as having transferred the amount to the applicable eligible retirement plan in a direct trustee to trustee transfer within 60 days of the distribution.

"(IV) TREATMENT OF REPAYMENTS FOR DISTRIBUTIONS FROM IRAS.— If a contribution is made under subclause (I) with respect to a qualified birth or adoption 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 eligible retirement plan in a direct trustee to trustee transfer within 60 days of the distribution.

"(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.

"(II) EXEMPTION OF DISTRIBUTIONS FROM TRUSTEE TO TRUSTEE TRANSFER AND WITHHOLDING RULES.— For purposes of sections 401(a)(31), 402(f), and 3405, a qualified birth or adoption distribution shall not be treated as an eligible rollover distribution.

"(III) TAXPAYER MUST INCLUDE TIN.— A distribution shall not be treated as a qualified birth or adoption distribution with respect to any child or eligible child unless the taxpayer includes the name, age, and TIN of such child or eligible child on the taxpayer's return of tax for the taxable year.

"(IV) DISTRIBUTIONS TREATED AS MEETING PLAN DISTRIBUTION REQUIREMENTS.— Any qualified birth or adoption distribution shall be treated as meeting the requirements of sections 401(k)(2)(B)(i), 403(b)(7)(A)(ii), 403(b)(11), and 457(d)(1)(A)."



(b) EFFECTIVE DATE.— The amendments made by this section shall apply to distributions made after December 31, 2018.

## ***Title IV—Budgetary effects***

### ***Sec. 401. Budgetary effects***

*(a) STATUTORY PAYGO SCORECARDS.— The budgetary effects of this Act shall not be entered on either PAYGO scorecard maintained pursuant to section 4(d) of the Statutory Pay-As-You-Go Act of 2010.*

*(b) SENATE PAYGO SCORECARDS.— The budgetary effects of this Act shall not be entered on any PAYGO scorecard maintained for purposes of section 4106 of H. Con. Res. 71 (115th Congress).*

### **Deleted Sections**

#### **~~Sec. 203. Study of appropriate PBGC premiums~~**

~~(a) IN GENERAL.— The Pension Benefit Guaranty Corporation (hereafter in this section referred to as "the Corporation") shall enter into a contract with an appropriate agency or organization to conduct an independent study of the Corporation's Single-Employer Pension Insurance Modeling System.~~

~~(b) SELECTION OF INDEPENDENT ORGANIZATION.— The appropriate agency or organization referred to in subsection (a) shall be selected by the Board of Directors of the Corporation. Such agency or organization shall be the Social Security Administration or any other agency or organization that such Board determines is independent from the Corporation and has the expertise to conduct the study described in this section.~~

~~(c) STUDY.— The independent study referred to in subsection (a) shall begin not later than 6 months after the date of the enactment of this Act and shall—~~

~~(1) examine the current structure and level of premiums required to be paid by single employer plans (including fixed, variable and termination premiums) to the Corporation to evaluate whether such premiums are sufficient for the Corporation to pay the benefits guaranteed by the Corporation;~~

~~(2) evaluate whether there are alternative structures and levels of premiums that would better account for the risks posed by various categories of single employer plans, including on the basis of—~~

~~(A) industry, ownership structure, or size of the plan sponsor;~~

~~(B) plan funded status, risk or volatility of plan investments, or credit worthiness of the plan sponsor;~~

~~or~~

~~(C) a combination of factors described in subparagraphs (A) and (B);~~

~~(3) evaluate whether other methods of estimating the value of assets and liabilities should be used in the financial statements of the Corporation (including methods described in the report titled "The Risk Exposure of the Pension Benefit Guaranty Corporation" published by the Congressional Budget Office in September 2005 and methods described in the report titled "Options to Improve the Financial Condition of the Pension Benefit Guaranty Corporation's Multiemployer Program" published by the Congressional Budget Office in August 2016);~~

~~(4) evaluate whether multiple employer plans in general, and multiple employer plans that are CSEC plans (as defined in section 414(y) of the Internal Revenue Code of 1986) in particular, have characteristics that warrant a separate structure and level of premiums, and~~

~~(5) include an explanation of the assumptions underlying each analysis involved in conducting such study.~~

