

115<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 6757

---

## AN ACT

To amend the Internal Revenue Code of 1986 to encourage retirement and family savings, and for other purposes.

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

1 **SECTION 1. SHORT TITLE; ETC.**

2 (a) SHORT TITLE.—This Act may be cited as the  
3 “Family Savings Act of 2018”.

4 (b) TABLE OF CONTENTS.—The table of contents for  
5 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. 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.

1 **TITLE I—EXPANDING AND PRE-**  
2 **SERVING RETIREMENT SAV-**  
3 **INGS**

4 **SEC. 101. MULTIPLE EMPLOYER PLANS; POOLED EM-**  
5 **PLOYER PLANS.**

6 (a) QUALIFICATION REQUIREMENTS.—

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

10 “(e) APPLICATION OF QUALIFICATION REQUIRE-  
11 MENTS FOR CERTAIN MULTIPLE EMPLOYER PLANS WITH  
12 POOLED PLAN PROVIDERS.—

13 “(1) IN GENERAL.—Except as provided in para-  
14 graph (2), if a defined contribution plan to which  
15 subsection (c) applies—

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

19 “(B) in the case of a plan not described in  
20 subparagraph (A), has a pooled plan provider,  
21 then the plan shall not be treated as failing to meet  
22 the requirements under this title applicable to a plan  
23 described in section 401(a) or to a plan that consists  
24 of individual retirement accounts described in sec-  
25 tion 408 (including by reason of subsection (c)

1       thereof), whichever is applicable, merely because one  
2       or more employers of employees covered by the plan  
3       fail to take such actions as are required of such em-  
4       ployers for the plan to meet such requirements.

5           “(2) LIMITATIONS.—

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

11           “(i) the assets of the plan attributable  
12      to employees of such employer (or bene-  
13      ficiaries of such employees) will be trans-  
14      ferred to a plan maintained only by such  
15      employer (or its successor), to an eligible  
16      retirement plan as defined in section  
17      402(c)(8)(B) for each individual whose ac-  
18      count is transferred, or to any other ar-  
19      rangement that the Secretary determines is  
20      appropriate, unless the Secretary deter-  
21      mines it is in the best interests of the em-  
22      ployees of such employer (and the bene-  
23      ficiaries of such employees) to retain the  
24      assets in the plan, and

1           “(ii) such employer (and not the plan  
2           with respect to which the failure occurred  
3           or any other employer in such plan) shall,  
4           except to the extent provided by the Sec-  
5           retary, be liable for any liabilities with re-  
6           spect to such plan attributable to employ-  
7           ees of such employer (or beneficiaries of  
8           such employees).

9           “(B) FAILURES BY POOLED PLAN PRO-  
10          VIDERS.—If the pooled plan provider of a plan  
11          described in paragraph (1)(B) does not perform  
12          substantially all of the administrative duties  
13          which are required of the provider under para-  
14          graph (3)(A)(i) for any plan year, the Secretary  
15          may provide that the determination as to  
16          whether the plan meets the requirements under  
17          this title applicable to a plan described in sec-  
18          tion 401(a) or to a plan that consists of indi-  
19          vidual retirement accounts described in section  
20          408 (including by reason of subsection (c)  
21          thereof), whichever is applicable, shall be made  
22          in the same manner as would be made without  
23          regard to paragraph (1).

24          “(3) POOLED PLAN PROVIDER.—

1           “(A) IN GENERAL.—For purposes of this  
2 subsection, the term ‘pooled plan provider’  
3 means, with respect to any plan, a person  
4 who—

5           “(i) is designated by the terms of the  
6 plan as a named fiduciary (within the  
7 meaning of section 402(a)(2) of the Em-  
8 ployee Retirement Income Security Act of  
9 1974), as the plan administrator, and as  
10 the person responsible to perform all ad-  
11 ministrative duties (including conducting  
12 proper testing with respect to the plan and  
13 the employees of each employer in the  
14 plan) which are reasonably necessary to  
15 ensure that—

16           “(I) the plan meets any require-  
17 ment applicable under the Employee  
18 Retirement Income Security Act of  
19 1974 or this title to a plan described  
20 in section 401(a) or to a plan that  
21 consists of individual retirement ac-  
22 counts described in section 408 (in-  
23 cluding by reason of subsection (c)  
24 thereof), whichever is applicable, and

1           “(II) each employer in the plan  
2           takes such actions as the Secretary or  
3           such person determines are necessary  
4           for the plan to meet the requirements  
5           described in subclause (I), including  
6           providing to such person any disclo-  
7           sures or other information which the  
8           Secretary may require or which such  
9           person otherwise determines are nec-  
10          essary to administer the plan or to  
11          allow the plan to meet such require-  
12          ments,

13           “(ii) registers as a pooled plan pro-  
14          vider with the Secretary, and provides such  
15          other information to the Secretary as the  
16          Secretary may require, before beginning  
17          operations as a pooled plan provider,

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

24           “(iv) is responsible for ensuring that  
25          all persons who handle assets of, or who

1           are fiduciaries of, the plan are bonded in  
2           accordance with section 412 of the Em-  
3           ployee Retirement Income Security Act of  
4           1974.

5           “(B) AUDITS, EXAMINATIONS AND INVES-  
6           TIGATIONS.—The Secretary may perform au-  
7           dits, examinations, and investigations of pooled  
8           plan providers as may be necessary to enforce  
9           and carry out the purposes of this subsection.

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

18          “(D) TREATMENT OF EMPLOYERS AS PLAN  
19          SPONSORS.—Except with respect to the admin-  
20          istrative duties of the pooled plan provider de-  
21          scribed in subparagraph (A)(i), each employer  
22          in a plan which has a pooled plan provider shall  
23          be treated as the plan sponsor with respect to  
24          the portion of the plan attributable to employ-



1           ees of such employer (or beneficiaries of such  
2           employees).

3           “(4) GUIDANCE.—The Secretary shall issue  
4           such guidance as the Secretary determines appro-  
5           priate to carry out this subsection, including guid-  
6           ance—

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

10                   “(B) which describes the procedures to be  
11                   taken to terminate a plan which fails to meet  
12                   the requirements to be a plan described in para-  
13                   graph (1), including the proper treatment of,  
14                   and actions needed to be taken by, any em-  
15                   ployer in the plan and the assets and liabilities  
16                   of the plan attributable to employees of such  
17                   employer (or beneficiaries of such employees),  
18                   and

19                   “(C) identifying appropriate cases to which  
20                   the rules of paragraph (2)(A) will apply to em-  
21                   ployers in the plan failing to take the actions  
22                   described in paragraph (1).

23           The Secretary shall take into account under sub-  
24           paragraph (C) whether the failure of an employer or  
25           pooled plan provider to provide any disclosures or

1 other information, or to take any other action, nec-  
2 essary to administer a plan or to allow a plan to  
3 meet requirements applicable to the plan under sec-  
4 tion 401(a) or 408, whichever is applicable, has con-  
5 tinued over a period of time that demonstrates a  
6 lack of commitment to compliance.

7 “(5) MODEL PLAN.—The Secretary shall pub-  
8 lish model plan language which meets the require-  
9 ments of this subsection and of paragraphs (43) and  
10 (44) of section 3 of the Employee Retirement In-  
11 come Security Act of 1974 and which may be adopt-  
12 ed in order for a plan to be treated as a plan de-  
13 scribed in paragraph (1)(B).”.

14 (2) CONFORMING AMENDMENT.—Section  
15 413(c)(2) of such Code is amended by striking “sec-  
16 tion 401(a)” and inserting “sections 401(a) and  
17 408(c)”.

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

21 “(3) There is a separate accounting for any in-  
22 terest of an employee or member (or spouse of an  
23 employee or member) in a Roth IRA.”.

24 (b) NO COMMON INTEREST REQUIRED FOR POOLED  
25 EMPLOYER PLANS.—Section 3(2) of the Employee Retire-

1 ment Income Security Act of 1974 (29 U.S.C. 1002(2))  
2 is amended by adding at the end the following:

3 “(C) A pooled employer plan shall be treat-  
4 ed as—

5 “(i) a single employee pension benefit  
6 plan or single pension plan; and

7 “(ii) a plan to which section 210(a)  
8 applies.”.

9 (c) POOLED EMPLOYER PLAN AND PROVIDER DE-  
10 FINED.—

11 (1) IN GENERAL.—Section 3 of the Employee  
12 Retirement Income Security Act of 1974 (29 U.S.C.  
13 1002) is amended by adding at the end the fol-  
14 lowing:

15 “(43) POOLED EMPLOYER PLAN.—

16 “(A) IN GENERAL.—The term ‘pooled em-  
17 ployer plan’ means a plan—

18 “(i) which is an individual account  
19 plan established or maintained for the pur-  
20 pose of providing benefits to the employees  
21 of 2 or more employers;

22 “(ii) which is a plan described in sec-  
23 tion 401(a) of the Internal Revenue Code  
24 of 1986 which includes a trust exempt  
25 from tax under section 501(a) of such

1 Code or a plan that consists of individual  
2 retirement accounts described in section  
3 408 of such Code (including by reason of  
4 subsection (c) thereof); and

5 “(iii) the terms of which meet the re-  
6 quirements of subparagraph (B).

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

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

14 “(i) designate a pooled plan provider  
15 and provide that the pooled plan provider  
16 is a named fiduciary of the plan;

17 “(ii) designate one or more trustees  
18 meeting the requirements of section  
19 408(a)(2) of the Internal Revenue Code of  
20 1986 (other than an employer in the plan)  
21 to be responsible for collecting contribu-  
22 tions to, and holding the assets of, the  
23 plan and require such trustees to imple-  
24 ment written contribution collection proce-

1           dures that are reasonable, diligent, and  
2           systematic;

3           “(iii) provide that each employer in  
4           the plan retains fiduciary responsibility  
5           for—

6                         “(I) the selection and monitoring  
7                         in accordance with section 404(a) of  
8                         the person designated as the pooled  
9                         plan provider and any other person  
10                        who, in addition to the pooled plan  
11                        provider, is designated as a named fi-  
12                        duciary of the plan; and

13                       “(II) to the extent not otherwise  
14                        delegated to another fiduciary by the  
15                        pooled plan provider and subject to  
16                        the provisions of section 404(c), the  
17                        investment and management of the  
18                        portion of the plan’s assets attrib-  
19                        utable to the employees of the em-  
20                        ployer (or beneficiaries of such em-  
21                        ployees);

22           “(iv) provide that employers in the  
23           plan, and participants and beneficiaries,  
24           are not subject to unreasonable restric-  
25           tions, fees, or penalties with regard to

1 ceasing participation, receipt of distribu-  
2 tions, or otherwise transferring assets of  
3 the plan in accordance with section 208 or  
4 paragraph (44)(C)(i)(II);

5 “(v) require—

6 “(I) the pooled plan provider to  
7 provide to employers in the plan any  
8 disclosures or other information which  
9 the Secretary may require, including  
10 any disclosures or other information  
11 to facilitate the selection or any moni-  
12 toring of the pooled plan provider by  
13 employers in the plan; and

14 “(II) each employer in the plan  
15 to take such actions as the Secretary  
16 or the pooled plan provider determines  
17 are necessary to administer the plan  
18 or for the plan to meet any require-  
19 ment applicable under this Act or the  
20 Internal Revenue Code of 1986 to a  
21 plan described in section 401(a) of  
22 such Code or to a plan that consists  
23 of individual retirement accounts de-  
24 scribed in section 408 of such Code  
25 (including by reason of subsection (c)

1           thereof), whichever is applicable, in-  
2           cluding providing any disclosures or  
3           other information which the Secretary  
4           may require or which the pooled plan  
5           provider otherwise determines are nec-  
6           essary to administer the plan or to  
7           allow the plan to meet such require-  
8           ments; and

9           “(vi) provide that any disclosure or  
10          other information required to be provided  
11          under clause (v) may be provided in elec-  
12          tronic form and will be designed to ensure  
13          only reasonable costs are imposed on  
14          pooled plan providers and employers in the  
15          plan.

16          “(C) EXCEPTIONS.—The term ‘pooled em-  
17          ployer plan’ does not include—

18                 “(i) a multiemployer plan; or

19                 “(ii) a plan established before the  
20                 date of the enactment of the Family Sav-  
21                 ings Act of 2018 unless the plan adminis-  
22                 trator elects that the plan will be treated  
23                 as a pooled employer plan and the plan  
24                 meets the requirements of this title appli-

1 cable to a pooled employer plan established  
2 on or after such date.

3 “(D) TREATMENT OF EMPLOYERS AS PLAN  
4 SPONSORS.—Except with respect to the admin-  
5 istrative duties of the pooled plan provider de-  
6 scribed in paragraph (44)(A)(i), each employer  
7 in a pooled employer plan shall be treated as  
8 the plan sponsor with respect to the portion of  
9 the plan attributable to employees of such em-  
10 ployer (or beneficiaries of such employees).

11 “(44) POOLED PLAN PROVIDER.—

12 “(A) IN GENERAL.—The term ‘pooled plan  
13 provider’ means a person who—

14 “(i) is designated by the terms of a  
15 pooled employer plan as a named fiduciary,  
16 as the plan administrator, and as the per-  
17 son responsible for the performance of all  
18 administrative duties (including conducting  
19 proper testing with respect to the plan and  
20 the employees of each employer in the  
21 plan) which are reasonably necessary to  
22 ensure that—

23 “(I) the plan meets any require-  
24 ment applicable under this Act or the  
25 Internal Revenue Code of 1986 to a



1 plan described in section 401(a) of  
2 such Code or to a plan that consists  
3 of individual retirement accounts de-  
4 scribed in section 408 of such Code  
5 (including by reason of subsection (c)  
6 thereof), whichever is applicable; and

7 “(II) each employer in the plan  
8 takes such actions as the Secretary or  
9 pooled plan provider determines are  
10 necessary for the plan to meet the re-  
11 quirements described in subclause (I),  
12 including providing the disclosures  
13 and information described in para-  
14 graph (43)(B)(v)(II);

15 “(ii) registers as a pooled plan pro-  
16 vider with the Secretary, and provides to  
17 the Secretary such other information as  
18 the Secretary may require, before begin-  
19 ning operations as a pooled plan provider;

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

24 “(iv) is responsible for ensuring that  
25 all persons who handle assets of, or who

1           are fiduciaries of, the pooled employer plan  
2           are bonded in accordance with section 412.

3           “(B) AUDITS, EXAMINATIONS AND INVESTIGATIONS.—The Secretary may perform au-  
4           dits, examinations, and investigations of pooled  
5           plan providers as may be necessary to enforce  
6           and carry out the purposes of this paragraph  
7           and paragraph (43).

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

12                   “(i) to identify the administrative du-  
13                   ties and other actions required to be per-  
14                   formed by a pooled plan provider under ei-  
15                   ther such paragraph; and  
16                   “(ii) which requires in appropriate

17                   cases that if an employer in the plan fails  
18                   to take the actions required under sub-  
19                   paragraph (A)(i)(II)—

20                           “(I) the assets of the plan attrib-  
21                           utable to employees of such employer  
22                           (or beneficiaries of such employees)  
23                           are transferred to a plan maintained  
24                           only by such employer (or its suc-  
25

1           cessor), to an eligible retirement plan  
2           as defined in section 402(c)(8)(B) of  
3           the Internal Revenue Code of 1986  
4           for each individual whose account is  
5           transferred, or to any other arrange-  
6           ment that the Secretary determines is  
7           appropriate in such guidance; and

8                     “(II) such employer (and not the  
9                     plan with respect to which the failure  
10                    occurred or any other employer in  
11                    such plan) shall, except to the extent  
12                    provided in such guidance, be liable  
13                    for any liabilities with respect to such  
14                    plan attributable to employees of such  
15                    employer (or beneficiaries of such em-  
16                    ployees).

17           The Secretary shall take into account under  
18           clause (ii) whether the failure of an employer or  
19           pooled plan provider to provide any disclosures  
20           or other information, or to take any other ac-  
21           tion, necessary to administer a plan or to allow  
22           a plan to meet requirements described in sub-  
23           paragraph (A)(i)(II) has continued over a pe-  
24           riod of time that demonstrates a lack of com-  
25           mitment to compliance. The Secretary may

1 waive the requirements of subclause (ii)(I) in  
2 appropriate circumstances if the Secretary de-  
3 termines it is in the best interests of the em-  
4 ployees of the employer referred to in such  
5 clause (and the beneficiaries of such employees)  
6 to retain the assets in the plan with respect to  
7 which the employer’s failure occurred.

8 “(D) AGGREGATION RULES.—For purposes  
9 of this paragraph, in determining whether a  
10 person meets the requirements of this para-  
11 graph to be a pooled plan provider with respect  
12 to any plan, all persons who perform services  
13 for the plan and who are treated as a single  
14 employer under subsection (b), (c), (m), or (o)  
15 of section 414 of the Internal Revenue Code of  
16 1986 shall be treated as one person.”.

17 (2) BONDING REQUIREMENTS FOR POOLED EM-  
18 PLOYER PLANS.—The last sentence of section 412(a)  
19 of the Employee Retirement Income Security Act of  
20 1974 (29 U.S.C. 1112(a)) is amended by inserting  
21 “or in the case of a pooled employer plan (as defined  
22 in section 3(43))” after “section 407(d)(1)”.

23 (3) CONFORMING AND TECHNICAL AMEND-  
24 MENTS.—Section 3 of the Employee Retirement In-

1 come Security Act of 1974 (29 U.S.C. 1002) is  
2 amended—

3 (A) in paragraph (16)(B)—

4 (i) by striking “or” at the end of  
5 clause (ii); and

6 (ii) by striking the period at the end  
7 and inserting “, or (iv) in the case of a  
8 pooled employer plan, the pooled plan pro-  
9 vider.”; and

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

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

13 (1) ADDITIONAL INFORMATION.—Section 103  
14 of the Employee Retirement Income Security Act of  
15 1974 (29 U.S.C. 1023) is amended—

16 (A) in subsection (a)(1)(B), by striking  
17 “applicable subsections (d), (e), and (f)” and  
18 inserting “applicable subsections (d), (e), (f),  
19 and (g)”; and

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

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

1           “(1) with respect to any plan to which section  
2           210(a) applies (including a pooled employer plan), a  
3           list of employers in the plan, a good faith estimate  
4           of the percentage of total contributions made by  
5           such employers during the plan year, and the aggregate  
6           account balances attributable to each employer  
7           in the plan (determined as the sum of the account  
8           balances of the employees of such employer (and the  
9           beneficiaries of such employees)); and

10           “(2) with respect to a pooled employer plan, the  
11           identifying information for the person designated  
12           under the terms of the plan as the pooled plan pro-  
13           vider.”.

14           (2) SIMPLIFIED ANNUAL REPORTS.—Section  
15           104(a) of the Employee Retirement Income Security  
16           Act of 1974 (29 U.S.C. 1024(a)) is amended by  
17           striking paragraph (2)(A) and inserting the fol-  
18           lowing:

19           “(2)(A) With respect to annual reports required  
20           to be filed with the Secretary under this part, the  
21           Secretary may by regulation prescribe simplified an-  
22           nual reports for any pension plan that—

23                   “(i) covers fewer than 100 participants; or

24                   “(ii) is a plan described in section 210(a)

25                   that covers fewer than 1,000 participants, but

1           only if no single employer in the plan has 100  
2           or more participants covered by the plan.”.

3           (e) EFFECTIVE DATE.—

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

7           (2) RULE OF CONSTRUCTION.—Nothing in the  
8           amendments made by subsection (a) shall be con-  
9           strued as limiting the authority of the Secretary of  
10          the Treasury or the Secretary’s delegate (determined  
11          without regard to such amendments) to provide for  
12          the proper treatment of a failure to meet any re-  
13          quirement applicable under the Internal Revenue  
14          Code of 1986 with respect to one employer (and its  
15          employees) in a multiple employer plan.

16 **SEC. 102. RULES RELATING TO ELECTION OF SAFE HARBOR**  
17 **401(k) STATUS.**

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

20          (1) IN GENERAL.—Section 401(k)(12)(A) of the  
21          Internal Revenue Code of 1986 is amended by strik-  
22          ing “if such arrangement” and all that follows and  
23          inserting “if such arrangement—

1 “(i) meets the contribution require-  
2 ments of subparagraph (B) and the notice  
3 requirements of subparagraph (D), or

4 “(ii) meets the contribution require-  
5 ments of subparagraph (C).”.

6 (2) AUTOMATIC CONTRIBUTION ARRANGE-  
7 MENTS.—Section 401(k)(13)(B) of such Code is  
8 amended by striking “means” and all that follows  
9 and inserting “means a cash or deferred arrange-  
10 ment—

11 “(i) which is described in subpara-  
12 graph (D)(i)(I) and meets the applicable  
13 requirements of subparagraphs (C)  
14 through (E), or

15 “(ii) which is described in subpara-  
16 graph (D)(i)(II) and meets the applicable  
17 requirements of subparagraphs (C) and  
18 (D).”.

19 (b) NONELECTIVE CONTRIBUTIONS.—Section  
20 401(k)(12) of such Code is amended by redesignating sub-  
21 paragraph (F) as subparagraph (G), and by inserting  
22 after subparagraph (E) the following new subparagraph:

23 “(F) TIMING OF PLAN AMENDMENT FOR  
24 EMPLOYER MAKING NONELECTIVE CONTRIBU-  
25 TIONS.—



1           “(i) IN GENERAL.—Except as pro-  
2           vided in clause (ii), a plan may be amend-  
3           ed after the beginning of a plan year to  
4           provide that the requirements of subpara-  
5           graph (C) shall apply to the arrangement  
6           for the plan year, but only if the amend-  
7           ment is adopted—

8                   “(I) at any time before the 30th  
9                   day before the close of the plan year,  
10                  or

11                  “(II) at any time before the last  
12                  day under paragraph (8)(A) for dis-  
13                  tributing excess contributions for the  
14                  plan year.

15           “(ii) EXCEPTION WHERE PLAN PRO-  
16           VIDED FOR MATCHING CONTRIBUTIONS.—  
17           Clause (i) shall not apply to any plan year  
18           if the plan provided at any time during the  
19           plan year that the requirements of sub-  
20           paragraph (B) or paragraph (13)(D)(i)(I)  
21           applied to the plan year.

22           “(iii) 4-PERCENT CONTRIBUTION RE-  
23           QUIREMENT.—Clause (i)(II) shall not  
24           apply to an arrangement unless the  
25           amount of the contributions described in

1           subparagraph (C) which the employer is  
2           required to make under the arrangement  
3           for the plan year with respect to any em-  
4           ployee is an amount equal to at least 4  
5           percent of the employee’s compensation.”.

6           (c) AUTOMATIC CONTRIBUTION ARRANGEMENTS.—  
7 Section 401(k)(13) of such Code is amended by adding  
8 at the end the following:

9                   “(F) TIMING OF PLAN AMENDMENT FOR  
10           EMPLOYER MAKING NONELECTIVE CONTRIBU-  
11           TIONS.—

12                   “(i) IN GENERAL.—Except as pro-  
13           vided in clause (ii), a plan may be amend-  
14           ed after the beginning of a plan year to  
15           provide that the requirements of subpara-  
16           graph (D)(i)(II) shall apply to the arrange-  
17           ment for the plan year, but only if the  
18           amendment is adopted—

19                   “(I) at any time before the 30th  
20           day before the close of the plan year,  
21           or

22                   “(II) at any time before the last  
23           day under paragraph (8)(A) for dis-  
24           tributing excess contributions for the  
25           plan year.

1           “(ii) EXCEPTION WHERE PLAN PRO-  
2           VIDED FOR MATCHING CONTRIBUTIONS.—  
3           Clause (i) shall not apply to any plan year  
4           if the plan provided at any time during the  
5           plan year that the requirements of sub-  
6           paragraph (D)(i)(I) or paragraph (12)(B)  
7           applied to the plan year.

8           “(iii) 4-PERCENT CONTRIBUTION RE-  
9           QUIREMENT.—Clause (i)(II) shall not  
10          apply to an arrangement unless the  
11          amount of the contributions described in  
12          subparagraph (D)(i)(II) which the em-  
13          ployer is required to make under the ar-  
14          rangement for the plan year with respect  
15          to any employee is an amount equal to at  
16          least 4 percent of the employee’s com-  
17          pensation.”.

18          (d) EFFECTIVE DATE.—The amendments made by  
19 this section shall apply to plan years beginning after De-  
20 cember 31, 2018.

21 **SEC. 103. CERTAIN TAXABLE NON-TUITION FELLOWSHIP**  
22 **AND STIPEND PAYMENTS TREATED AS COM-**  
23 **PENSATION FOR IRA PURPOSES.**

24          (a) IN GENERAL.—Section 219(f)(1) of the Internal  
25 Revenue Code of 1986 is amended by adding at the end

1 the following: “The term ‘compensation’ shall include any  
2 amount included in gross income and paid to an individual  
3 to aid the individual in the pursuit of graduate or  
4 postdoctoral study.”.

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

8 **SEC. 104. REPEAL OF MAXIMUM AGE FOR TRADITIONAL IRA**  
9 **CONTRIBUTIONS.**

10 (a) IN GENERAL.—Section 219(d) of the Internal  
11 Revenue Code of 1986 is amended by striking paragraph  
12 (1).

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

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

20 **SEC. 105. QUALIFIED EMPLOYER PLANS PROHIBITED FROM**  
21 **MAKING LOANS THROUGH CREDIT CARDS**  
22 **AND OTHER SIMILAR ARRANGEMENTS.**

23 (a) IN GENERAL.—Section 72(p)(2) of the Internal  
24 Revenue Code of 1986 is amended by redesignating sub-

1 paragraph (D) as subparagraph (E) and by inserting after  
2 subparagraph (C) the following new subparagraph:

3           “(D) PROHIBITION OF LOANS THROUGH  
4           CREDIT CARDS AND OTHER SIMILAR ARRANGE-  
5           MENTS.—Notwithstanding subparagraph (A),  
6           paragraph (1) shall apply to any loan which is  
7           made through the use of any credit card or any  
8           other similar arrangement.”.

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

12 **SEC. 106. PORTABILITY OF LIFETIME INCOME INVEST-**  
13 **MENTS.**

14           (a) IN GENERAL.—Section 401(a) of the Internal  
15 Revenue Code of 1986 is amended by inserting after para-  
16 graph (37) the following new paragraph:

17           “(38) PORTABILITY OF LIFETIME INCOME IN-  
18           VESTMENTS.—

19           “(A) IN GENERAL.—Except as may be oth-  
20           erwise provided by regulations, a trust forming  
21           part of a defined contribution plan shall not be  
22           treated as failing to constitute a qualified trust  
23           under this section solely by reason of allowing—

24           “(i) qualified distributions of a life-  
25           time income investment, or

1           “(ii) distributions of a lifetime income  
2           investment in the form of a qualified plan  
3           distribution annuity contract,  
4           on or after the date that is 90 days prior to the  
5           date on which such lifetime income investment  
6           is no longer authorized to be held as an invest-  
7           ment option under the plan.

8           “(B) DEFINITIONS.—For purposes of this  
9           subsection—

10           “(i) the term ‘qualified distribution’  
11           means a direct trustee-to-trustee transfer  
12           described in paragraph (31)(A) to an eligi-  
13           ble retirement plan (as defined in section  
14           402(c)(8)(B)),

15           “(ii) the term ‘lifetime income invest-  
16           ment’ means an investment option which is  
17           designed to provide an employee with elec-  
18           tion rights—

19           “(I) which are not uniformly  
20           available with respect to other invest-  
21           ment options under the plan, and

22           “(II) which are to a lifetime in-  
23           come feature available through a con-  
24           tract or other arrangement offered  
25           under the plan (or under another eli-

1           gible retirement plan (as so defined),  
2           if paid by means of a direct trustee-  
3           to-trustee transfer described in para-  
4           graph (31)(A) to such other eligible  
5           retirement plan),

6           “(iii) the term ‘lifetime income fea-  
7           ture’ means—

8                   “(I) a feature which guarantees a  
9                   minimum level of income annually (or  
10                  more frequently) for at least the re-  
11                  mainder of the life of the employee or  
12                  the joint lives of the employee and the  
13                  employee’s designated beneficiary, or

14                  “(II) an annuity payable on be-  
15                  half of the employee under which pay-  
16                  ments are made in substantially equal  
17                  periodic payments (not less frequently  
18                  than annually) over the life of the em-  
19                  ployee or the joint lives of the em-  
20                  ployee and the employee’s designated  
21                  beneficiary, and

22                  “(iv) the term ‘qualified plan distribu-  
23                  tion annuity contract’ means an annuity  
24                  contract purchased for a participant and  
25                  distributed to the participant by a plan or

1 contract described in subparagraph (B) of  
2 section 402(c)(8) (without regard to  
3 clauses (i) and (ii) thereof).”.

4 (b) CASH OR DEFERRED ARRANGEMENT.—

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

10 “(VI) except as may be otherwise  
11 provided by regulations, with respect  
12 to amounts invested in a lifetime in-  
13 come investment (as defined in sub-  
14 section (a)(38)(B)(ii)), the date that  
15 is 90 days prior to the date that such  
16 lifetime income investment may no  
17 longer be held as an investment option  
18 under the arrangement, and”.

19 (2) DISTRIBUTION REQUIREMENT.—Section  
20 401(k)(2)(B) of such Code, as amended by para-  
21 graph (1), is amended by striking “and” at the end  
22 of clause (i), by striking the semicolon at the end of  
23 clause (ii) and inserting “, and”, and by adding at  
24 the end the following new clause:



1 “(iii) except as may be otherwise pro-  
2 vided by regulations, in the case of  
3 amounts described in clause (i)(VI), will be  
4 distributed only in the form of a qualified  
5 distribution (as defined in subsection  
6 (a)(38)(B)(i)) or a qualified plan distribu-  
7 tion annuity contract (as defined in sub-  
8 section (a)(38)(B)(iv)),”.

9 (c) SECTION 403(b) PLANS.—

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

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

20 “(i) on or after the date that is 90  
21 days prior to the date that such lifetime  
22 income investment may no longer be held  
23 as an investment option under the con-  
24 tract, and

1           “(ii) in the form of a qualified dis-  
2           tribution (as defined in section  
3           401(a)(38)(B)(i)) or a qualified plan dis-  
4           tribution annuity contract (as defined in  
5           section 401(a)(38)(B)(iv)).”.

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

12                   “(i) no such amounts may be paid or  
13                   made available to any distributee (unless  
14                   such amount is a distribution to which sec-  
15                   tion 72(t)(2)(G) applies) before—

16                           “(I) the employee dies,

17                           “(II) the employee attains age  
18                           59½,

19                           “(III) the employee has a sever-  
20                           ance from employment,

21                           “(IV) the employee becomes dis-  
22                           abled (within the meaning of section  
23                           72(m)(7)),

24                           “(V) in the case of contributions  
25                           made pursuant to a salary reduction

1 agreement (within the meaning of sec-  
2 tion 3121(a)(5)(D)), the employee en-  
3 counters financial hardship, or

4 “(VI) except as may be otherwise  
5 provided by regulations, with respect  
6 to amounts invested in a lifetime in-  
7 come investment (as defined in section  
8 401(a)(38)(B)(ii)), the date that is 90  
9 days prior to the date that such life-  
10 time income investment may no longer  
11 be held as an investment option under  
12 the contract, and

13 “(ii) in the case of amounts described  
14 in clause (i)(VI), such amounts will be dis-  
15 tributed only in the form of a qualified dis-  
16 tribution (as defined in section  
17 401(a)(38)(B)(i)) or a qualified plan dis-  
18 tribution annuity contract (as defined in  
19 section 401(a)(38)(B)(iv)).”.

20 (d) ELIGIBLE DEFERRED COMPENSATION PLANS.—

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

1           “(iv) except as may be otherwise pro-  
2           vided by regulations, in the case of a plan  
3           maintained by an employer described in  
4           subsection (e)(1)(A), with respect to  
5           amounts invested in a lifetime income in-  
6           vestment (as defined in section  
7           401(a)(38)(B)(ii)), the date that is 90  
8           days prior to the date that such lifetime  
9           income investment may no longer be held  
10          as an investment option under the plan.”.

11          (2) DISTRIBUTION REQUIREMENT.—Section  
12          457(d)(1) of such Code is amended by striking  
13          “and” at the end of subparagraph (B), by striking  
14          the period at the end of subparagraph (C) and in-  
15          serting “, and”, and by inserting after subparagraph  
16          (C) the following new subparagraph:

17                 “(D) except as may be otherwise provided  
18                 by regulations, in the case of amounts described  
19                 in subparagraph (A)(iv), such amounts will be  
20                 distributed only in the form of a qualified dis-  
21                 tribution (as defined in section  
22                 401(a)(38)(B)(i)) or a qualified plan distribu-  
23                 tion annuity contract (as defined in section  
24                 401(a)(38)(B)(iv)).”.

1 (e) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to plan years beginning after De-  
3 cember 31, 2018.

4 **SEC. 107. TREATMENT OF CUSTODIAL ACCOUNTS ON TER-**  
5 **MINATION OF SECTION 403(b) PLANS.**

6 (a) IN GENERAL.—Section 403(b)(7) of the Internal  
7 Revenue Code of 1986 is amended by adding at the end  
8 the following:

9 “(D) TREATMENT OF CUSTODIAL AC-  
10 COUNT UPON PLAN TERMINATION.—

11 “(i) IN GENERAL.—If—

12 “(I) an employer terminates the  
13 plan under which amounts are con-  
14 tributed to a custodial account under  
15 subparagraph (A), and

16 “(II) the person holding the as-  
17 sets of the account has demonstrated  
18 to the satisfaction of the Secretary  
19 under section 408(a)(2) that the per-  
20 son is qualified to be a trustee of an  
21 individual retirement plan,

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

1                   “(ii) TREATMENT AS ROTH IRA.—Any  
2                   custodial account treated as an individual  
3                   retirement plan under clause (i) shall be  
4                   treated as a Roth IRA only if the custodial  
5                   account was a designated Roth account.”.

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

9 **SEC. 108. CLARIFICATION OF RETIREMENT INCOME AC-**  
10 **COUNT RULES RELATING TO CHURCH-CON-**  
11 **TROLLED ORGANIZATIONS.**

12           (a) IN GENERAL.—Section 403(b)(9)(B) of the Inter-  
13 nal Revenue Code of 1986 is amended by inserting “(in-  
14 cluding an employee described in section 414(e)(3)(B))”  
15 after “employee described in paragraph (1)”.

16           (b) EFFECTIVE DATE.—The amendment made by  
17 this section shall apply to plan years beginning after De-  
18 cember 31, 2008.

19 **SEC. 109. EXEMPTION FROM REQUIRED MINIMUM DIS-**  
20 **TRIBUTION RULES FOR INDIVIDUALS WITH**  
21 **CERTAIN ACCOUNT BALANCES.**

22           (a) IN GENERAL.—Section 401(a)(9) of the Internal  
23 Revenue Code of 1986 is amended by adding at the end  
24 the following new subparagraph:

1           “(H) EXCEPTION FROM REQUIRED MIN-  
2           IMUM DISTRIBUTIONS DURING LIFE OF EM-  
3           PLOYEE WHERE ASSETS DO NOT EXCEED  
4           \$50,000.—

5           “(i) IN GENERAL.—If on the last day  
6           of any calendar year the aggregate value of  
7           an employee’s entire interest under all ap-  
8           plicable eligible retirement plans does not  
9           exceed \$50,000, then the requirements of  
10          subparagraph (A) with respect to any dis-  
11          tribution relating to such year shall not  
12          apply with respect to such employee.

13          “(ii) APPLICABLE ELIGIBLE RETIRE-  
14          MENT PLAN.—For purposes of this sub-  
15          paragraph, the term ‘applicable eligible re-  
16          tirement plan’ means an eligible retirement  
17          plan (as defined in section 402(c)(8)(B))  
18          other than a defined benefit plan.

19          “(iii) LIMIT ON REQUIRED MINIMUM  
20          DISTRIBUTION.—The required minimum  
21          distribution determined under subpara-  
22          graph (A) for an employee under all appli-  
23          cable eligible retirement plans shall not ex-  
24          ceed an amount equal to the excess of—

1           “(I) the aggregate value of an  
2           employee’s entire interest under such  
3           plans on the last day of the calendar  
4           year to which such distribution re-  
5           lates, over

6           “(II) the dollar amount in effect  
7           under clause (i) for such calendar  
8           year.

9           The Secretary in regulations or other guid-  
10          ance may provide how such amount shall  
11          be distributed in the case of an individual  
12          with more than one applicable eligible re-  
13          tirement plan.

14          “(iv) INFLATION ADJUSTMENT.—In  
15          the case of any calendar year beginning  
16          after 2019, the \$50,000 amount in clause  
17          (i) shall be increased by an amount equal  
18          to—

19                 “(I) such dollar amount, multi-  
20                 plied by

21                 “(II) the cost of living adjust-  
22                 ment determined under section 1(f)(3)  
23                 for the calendar year, determined by  
24                 substituting ‘calendar year 2018’ for



1           ‘calendar year 2016’ in subparagraph  
2           (A)(ii) thereof.

3           Any increase determined under this clause  
4           shall be rounded to the next lowest mul-  
5           tiple of \$5,000.

6           “(v) PLAN ADMINISTRATOR RELIANCE  
7           ON EMPLOYEE CERTIFICATION.—An appli-  
8           cable eligible retirement plan described in  
9           clause (iii), (iv), (v), or (vi) of section  
10          402(c)(8)(B) shall not be treated as failing  
11          to meet the requirements of this paragraph  
12          in the case of any failure to make a re-  
13          quired minimum distribution for a cal-  
14          endar year if—

15                 “(I) the aggregate value of an  
16                 employee’s entire interest under all  
17                 applicable eligible retirement plans of  
18                 the employer on the last day of the  
19                 calendar year to which such distribu-  
20                 tion relates does not exceed the dollar  
21                 amount in effect for such year under  
22                 clause (i), and

23                 “(II) the employee certifies that  
24                 the aggregate value of the employee’s  
25                 entire interest under all applicable eli-

1           gible retirement plans on the last day  
2           of the calendar year to which such  
3           distribution relates did not exceed the  
4           dollar amount in effect for such year  
5           under clause (i).

6           “(vi) AGGREGATION RULE.—All em-  
7           ployers treated as a single employer under  
8           subsection (b), (c), (m), or (o) of section  
9           414 shall be treated as a single employer  
10          for purposes of clause (v).”.

11          (b) PLAN ADMINISTRATOR REPORTING.—Section  
12          6047 of such Code is amended by redesignating subsection  
13          (h) as subsection (i) and by inserting after subsection (g)  
14          the following new subsection:

15          “(h) ACCOUNT BALANCE FOR PARTICIPANTS WHO  
16          HAVE ATTAINED AGE 69.—

17                 “(1) IN GENERAL.—Not later than January 31  
18                 of each year, the plan administrator (as defined in  
19                 section 414(g)) of each applicable eligible retirement  
20                 plan (as defined in section 401(a)(9)(H)) shall make  
21                 a return to the Secretary with respect to each par-  
22                 ticipant of such plan who has attained age 69 as of  
23                 the end of the preceding calendar year which  
24                 states—

1           “(A) the name and plan number of the  
2 plan,

3           “(B) the name and address of the plan ad-  
4 ministrator,

5           “(C) the name, address, and taxpayer  
6 identification number of the participant, and

7           “(D) the account balance of such partici-  
8 pant as of the end of the preceding calendar  
9 year.

10          “(2) STATEMENT FURNISHED TO PARTICI-  
11 PANT.—Every person required to make a return  
12 under paragraph (1) with respect to a participant  
13 shall furnish a copy of such return to such partici-  
14 pant.

15          “(3) APPLICATION TO INDIVIDUAL RETIREMENT  
16 PLANS AND ANNUITIES.—In the case of an applica-  
17 ble eligible retirement plan described in clause (i) or  
18 (ii) of section 402(c)(8)(B)—

19           “(A) any reference in this subsection to  
20 the plan administrator shall be treated as a ref-  
21 erence to the trustee or issuer, as the case may  
22 be, and

23           “(B) any reference in this subsection to  
24 the participant shall be treated as a reference

1 to the individual for whom such account or an-  
2 nuity is maintained.”.

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

7 **SEC. 110. CLARIFICATION OF TREATMENT OF CERTAIN RE-**  
8 **TIREMENT PLAN CONTRIBUTIONS PICKED UP**  
9 **BY GOVERNMENTAL EMPLOYERS FOR NEW**  
10 **OR EXISTING EMPLOYEES.**

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

13 (1) by striking “For purposes of paragraph  
14 (1)” and inserting the following:

15 “(A) IN GENERAL.—For purposes of para-  
16 graph (1)”, and

17 (2) by adding at the end the following new sub-  
18 paragraph:

19 “(B) TREATMENT OF ELECTIONS BE-  
20 TWEEN ALTERNATIVE BENEFIT FORMULAS.—

21 For purposes of subparagraph (A), a contribu-  
22 tion shall not fail to be treated as picked up by  
23 an employing unit merely because the employee  
24 may make an irrevocable election between the  
25 application of two alternative benefit formulas

1 involving the same or different levels of em-  
2 ployee contributions.”.

3 (b) **EFFECTIVE DATE.**—The amendment made by  
4 this section shall apply to plan years beginning after the  
5 date of the enactment of this Act.

6 **SEC. 111. ELECTIVE DEFERRALS BY MEMBERS OF THE**  
7 **READY RESERVE OF A RESERVE COMPONENT**  
8 **OF THE ARMED FORCES.**

9 (a) **IN GENERAL.**—Section 402(g) of the Internal  
10 Revenue Code of 1986 is amended by adding at the end  
11 the following new paragraph:

12 “(9) **ELECTIVE DEFERRALS BY MEMBERS OF**  
13 **READY RESERVE.**—

14 “(A) **IN GENERAL.**—In the case of a quali-  
15 fied ready reservist for any taxable year, the  
16 limitations of subparagraphs (A) and (C) of  
17 paragraph (1) shall be applied separately with  
18 respect to—

19 “(i) elective deferrals of such qualified  
20 ready reservist with respect to compensa-  
21 tion described in subparagraph (B), and

22 “(ii) all other elective deferrals of  
23 such qualified ready reservist.

24 “(B) **QUALIFIED READY RESERVIST.**—For  
25 purposes of this paragraph, the term ‘qualified

1 ready reservist’ means any individual for any  
2 taxable year if such individual received com-  
3 pensation for service as a member of the Ready  
4 Reserve of a reserve component (as defined in  
5 section 101 of title 37, United States Code)  
6 during such taxable year.”.

7 (b) EFFECTIVE DATE.—The amendment made by  
8 this section shall apply to plan years beginning after De-  
9 cember 31, 2018.

## 10 **TITLE II—ADMINISTRATIVE** 11 **IMPROVEMENTS**

### 12 **SEC. 201. PLAN ADOPTED BY FILING DUE DATE FOR YEAR** 13 **MAY BE TREATED AS IN EFFECT AS OF CLOSE** 14 **OF YEAR.**

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

17 (1) by striking “RETROACTIVE CHANGES IN  
18 PLAN.—A stock bonus” and inserting “PLAN  
19 AMENDMENTS.—

20 “(1) CERTAIN RETROACTIVE CHANGES IN  
21 PLAN.—A stock bonus”, and

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

24 “(2) ADOPTION OF PLAN.—If an employer  
25 adopts a stock bonus, pension, profit-sharing, or an-

1       nuity plan after the close of a taxable year but be-  
2       fore the time prescribed by law for filing the employ-  
3       er’s return of tax for the taxable year (including ex-  
4       tensions thereof), the employer may elect to treat  
5       the plan as having been adopted as of the last day  
6       of the taxable year.”.

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

10 **SEC. 202. MODIFICATION OF NONDISCRIMINATION RULES**

11                   **TO PROTECT OLDER, LONGER SERVICE PAR-**  
12                   **TICIPANTS.**

13       (a) IN GENERAL.—Section 401 of the Internal Rev-  
14       enue Code of 1986 is amended—

15               (1) by redesignating subsection (o) as sub-  
16       section (p), and

17               (2) by inserting after subsection (n) the fol-  
18       lowing new subsection:

19       “(o) SPECIAL RULES FOR APPLYING NON-  
20       DISCRIMINATION RULES TO PROTECT OLDER, LONGER  
21       SERVICE AND GRANDFATHERED PARTICIPANTS.—

22               “(1) TESTING OF DEFINED BENEFIT PLANS  
23       WITH CLOSED CLASSES OF PARTICIPANTS.—

24                   “(A) BENEFITS, RIGHTS, OR FEATURES  
25       PROVIDED TO CLOSED CLASSES.—A defined

1 benefit plan which provides benefits, rights, or  
2 features to a closed class of participants shall  
3 not fail to satisfy the requirements of sub-  
4 section (a)(4) by reason of the composition of  
5 such closed class or the benefits, rights, or fea-  
6 tures provided to such closed class, if—

7 “(i) for the plan year as of which the  
8 class closes and the 2 succeeding plan  
9 years, such benefits, rights, and features  
10 satisfy the requirements of subsection  
11 (a)(4) (without regard to this subpara-  
12 graph but taking into account the rules of  
13 subparagraph (I)),

14 “(ii) after the date as of which the  
15 class was closed, any plan amendment  
16 which modifies the closed class or the ben-  
17 efits, rights, and features provided to such  
18 closed class does not discriminate signifi-  
19 cantly in favor of highly compensated em-  
20 ployees, and

21 “(iii) the class was closed before April  
22 5, 2017, or the plan is described in sub-  
23 paragraph (C).



1           “(B) AGGREGATE TESTING WITH DEFINED  
2 CONTRIBUTION PLANS PERMITTED ON A BENE-  
3 FITS BASIS.—

4           “(i) IN GENERAL.—For purposes of  
5 determining compliance with subsection  
6 (a)(4) and section 410(b), a defined benefit  
7 plan described in clause (iii) may be aggre-  
8 gated and tested on a benefits basis with  
9 1 or more defined contribution plans, in-  
10 cluding with the portion of 1 or more de-  
11 fined contribution plans which—

12           “(I) provides matching contribu-  
13 tions (as defined in subsection  
14 (m)(4)(A)),

15           “(II) provides annuity contracts  
16 described in section 403(b) which are  
17 purchased with matching contribu-  
18 tions or nonelective contributions, or

19           “(III) consists of an employee  
20 stock ownership plan (within the  
21 meaning of section 4975(e)(7)) or a  
22 tax credit employee stock ownership  
23 plan (within the meaning of section  
24 409(a)).

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

6                   “(I) such defined benefit plan  
7                   must also be aggregated with any por-  
8                   tion of such defined contribution plan  
9                   which provides elective deferrals de-  
10                  scribed in subparagraph (A) or (C) of  
11                  section 402(g)(3), and

12                  “(II) such matching contribu-  
13                  tions shall be treated in the same  
14                  manner as nonelective contributions,  
15                  including for purposes of applying the  
16                  rules of subsection (l).

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

19                   “(I) the plan provides benefits to  
20                   a closed class of participants,

21                   “(II) for the plan year as of  
22                   which the class closes and the 2 suc-  
23                   ceeding plan years, the plan satisfies  
24                   the requirements of section 410(b)  
25                   and subsection (a)(4) (without regard

1 to this subparagraph but taking into  
2 account the rules of subparagraph  
3 (I)),

4 “(III) after the date as of which  
5 the class was closed, any plan amend-  
6 ment which modifies the closed class  
7 or the benefits provided to such closed  
8 class does not discriminate signifi-  
9 cantly in favor of highly compensated  
10 employees, and

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

14 “(C) PLANS DESCRIBED.—A plan is de-  
15 scribed in this subparagraph if, taking into ac-  
16 count any predecessor plan—

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

20 “(ii) during the 5-year period pre-  
21 ceding the date the class is closed, there  
22 has not been a substantial increase in the  
23 coverage or value of the benefits, rights, or  
24 features described in subparagraph (A) or  
25 in the coverage or benefits under the plan

1 described in subparagraph (B)(iii) (which-  
2 ever is applicable).

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

12 “(i) the number of participants cov-  
13 ered by such benefits, rights, or features  
14 on the date such period ends is more than  
15 50 percent greater than the number of  
16 such participants on the first day of the  
17 plan year in which such period began, or

18 “(ii) such benefits, rights, and fea-  
19 tures have been modified by 1 or more  
20 plan amendments in such a way that, as of  
21 the date the class is closed, the value of  
22 such benefits, rights, and features to the  
23 closed class as a whole is substantially  
24 greater than the value as of the first day

1 of such 5-year period, solely as a result of  
2 such amendments.

3 “(E) DETERMINATION OF SUBSTANTIAL  
4 INCREASE FOR AGGREGATE TESTING ON BENE-  
5 FITS BASIS.—In applying subparagraph (C)(ii)  
6 for purposes of subparagraph (B)(iii)(IV), a  
7 plan shall be treated as having had a substan-  
8 tial increase in coverage or benefits during the  
9 applicable 5-year period only if, during such pe-  
10 riod—

11 “(i) the number of participants bene-  
12 fitting under the plan on the date such pe-  
13 riod ends is more than 50 percent greater  
14 than the number of such participants on  
15 the first day of the plan year in which such  
16 period began, or

17 “(ii) the average benefit provided to  
18 such participants on the date such period  
19 ends is more than 50 percent greater than  
20 the average benefit provided on the first  
21 day of the plan year in which such period  
22 began.

23 “(F) CERTAIN EMPLOYEES DIS-  
24 REGARDED.—For purposes of subparagraphs  
25 (D) and (E), any increase in coverage or value

1 or in coverage or benefits, whichever is applica-  
2 ble, which is attributable to such coverage and  
3 value or coverage and benefits provided to em-  
4 ployees—

5 “(i) who became participants as a re-  
6 sult of a merger, acquisition, or similar  
7 event which occurred during the 7-year pe-  
8 riod preceding the date the class is closed,  
9 or

10 “(ii) who became participants by rea-  
11 son of a merger of the plan with another  
12 plan which had been in effect for at least  
13 5 years as of the date of the merger,  
14 shall be disregarded, except that clause (ii)  
15 shall apply for purposes of subparagraph (D)  
16 only if, under the merger, the benefits, rights,  
17 or features under 1 plan are conformed to the  
18 benefits, rights, or features of the other plan  
19 prospectively.

20 “(G) RULES RELATING TO AVERAGE BEN-  
21 EFIT.—For purposes of subparagraph (E)—

22 “(i) the average benefit provided to  
23 participants under the plan will be treated  
24 as having remained the same between the  
25 2 dates described in subparagraph (E)(ii)

1 if the benefit formula applicable to such  
2 participants has not changed between such  
3 dates, and

4 “(ii) if the benefit formula applicable  
5 to 1 or more participants under the plan  
6 has changed between such 2 dates, then  
7 the average benefit under the plan shall be  
8 considered to have increased by more than  
9 50 percent only if—

10 “(I) the total amount determined  
11 under section 430(b)(1)(A)(i) for all  
12 participants benefitting under the  
13 plan for the plan year in which the 5-  
14 year period described in subparagraph  
15 (E) ends, exceeds

16 “(II) the total amount deter-  
17 mined under section 430(b)(1)(A)(i)  
18 for all such participants for such plan  
19 year, by using the benefit formula in  
20 effect for each such participant for  
21 the first plan year in such 5-year pe-  
22 riod, by more than 50 percent.

23 In the case of a CSEC plan (as defined in  
24 section 414(y)), the normal cost of the  
25 plan (as determined under section

1           433(j)(1)(B)) shall be used in lieu of the  
2           amount determined under section  
3           430(b)(1)(A)(i).

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

9           “(I) SPECIAL RULES.—For purposes of  
10          subparagraphs (A)(i) and (B)(iii)(II), the fol-  
11          lowing rules shall apply:

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

16           “(ii) 2 or more plans shall not fail to  
17           be eligible to be aggregated and treated as  
18           a single plan solely by reason of having dif-  
19           ferent plan years.

20           “(iii) Changes in the employee popu-  
21           lation shall be disregarded to the extent at-  
22           tributable to individuals who become em-  
23           ployees or cease to be employees, after the  
24           date the class is closed, by reason of a



1 merger, acquisition, divestiture, or similar  
2 event.

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

7 The rule of clause (ii) shall also apply for pur-  
8 poses of determining whether plans to which  
9 subparagraph (B)(i) applies may be aggregated  
10 and treated as 1 plan for purposes of deter-  
11 mining whether such plans meet the require-  
12 ments of subsection (a)(4) and section 410(b).

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

19 “(i) subparagraph (A)(i) or  
20 (B)(iii)(II), whichever is applicable, if the  
21 original plan was still within the 3-year pe-  
22 riod described in such subparagraph at the  
23 time of the spin off, and

24 “(ii) subparagraph (A)(ii) or  
25 (B)(iii)(III), whichever is applicable,

1 the treatment under subparagraph (A) or (B)  
2 of the spun-off plan shall continue with respect  
3 to such other employer.

4 “(2) TESTING OF DEFINED CONTRIBUTION  
5 PLANS.—

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

9 “(i) such defined contribution plan  
10 provides make-whole contributions to a  
11 closed class of participants whose accruals  
12 under a defined benefit plan have been re-  
13 duced or eliminated,

14 “(ii) for the plan year of the defined  
15 contribution plan as of which the class eli-  
16 gible to receive such make-whole contribu-  
17 tions closes and the 2 succeeding plan  
18 years, such closed class of participants sat-  
19 isfies the requirements of section  
20 410(b)(2)(A)(i) (determined by applying  
21 the rules of paragraph (1)(I)),

22 “(iii) after the date as of which the  
23 class was closed, any plan amendment to  
24 the defined contribution plan which modi-  
25 fies the closed class or the allocations, ben-

1           efits, rights, and features provided to such  
2           closed class does not discriminate signifi-  
3           cantly in favor of highly compensated em-  
4           ployees, and

5           “(iv) the class was closed before April  
6           5, 2017, or the defined benefit plan under  
7           clause (i) is described in paragraph (1)(C)  
8           (as applied for purposes of paragraph  
9           (1)(B)(iii)(IV)).

10           “(B) AGGREGATION WITH PLANS INCLUD-  
11           ING MATCHING CONTRIBUTIONS.—

12           “(i) IN GENERAL.—With respect to 1  
13           or more defined contribution plans de-  
14           scribed in subparagraph (A), for purposes  
15           of determining compliance with subsection  
16           (a)(4) and section 410(b), the portion of  
17           such plans which provides make-whole con-  
18           tributions or other nonelective contribu-  
19           tions may be aggregated and tested on a  
20           benefits basis with the portion of 1 or  
21           more other defined contribution plans  
22           which—

23           “(I) provides matching contribu-  
24           tions (as defined in subsection  
25           (m)(4)(A)),

1           “(II) provides annuity contracts  
2           described in section 403(b) which are  
3           purchased with matching contribu-  
4           tions or nonelective contributions, or

5           “(III) consists of an employee  
6           stock ownership plan (within the  
7           meaning of section 4975(e)(7)) or a  
8           tax credit employee stock ownership  
9           plan (within the meaning of section  
10          409(a)).

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

15          “(C) SPECIAL RULES FOR TESTING DE-  
16          FINED CONTRIBUTION PLAN FEATURES PRO-  
17          VIDING MATCHING CONTRIBUTIONS TO CERTAIN  
18          OLDER, LONGER SERVICE PARTICIPANTS.—In  
19          the case of a defined contribution plan which  
20          provides benefits, rights, or features to a closed  
21          class of participants whose accruals under a de-  
22          fined benefit plan have been reduced or elimi-  
23          nated, the plan shall not fail to satisfy the re-  
24          quirements of subsection (a)(4) solely by reason  
25          of the composition of the closed class or the

1 benefits, rights, or features provided to such  
2 closed class if the defined contribution plan and  
3 defined benefit plan otherwise meet the require-  
4 ments of subparagraph (A) but for the fact that  
5 the make-whole contributions under the defined  
6 contribution plan are made in whole or in part  
7 through matching contributions.

8 “(D) SPUN-OFF PLANS.—For purposes of  
9 this paragraph, if a portion of a defined con-  
10 tribution plan described in subparagraph (A) or  
11 (C) is spun off to another employer, the treat-  
12 ment under subparagraph (A) or (C) of the  
13 spun-off plan shall continue with respect to the  
14 other employer if such plan continues to comply  
15 with the requirements of clauses (ii) (if the  
16 original plan was still within the 3-year period  
17 described in such clause at the time of the spin  
18 off) and (iii) of subparagraph (A), as deter-  
19 mined for purposes of subparagraph (A) or (C),  
20 whichever is applicable.

21 “(3) DEFINITIONS.—For purposes of this sub-  
22 section—

23 “(A) MAKE-WHOLE CONTRIBUTIONS.—Ex-  
24 cept as otherwise provided in paragraph (2)(C),  
25 the term ‘make-whole contributions’ means non-

1 elective allocations for each employee in the  
2 class which are reasonably calculated, in a con-  
3 sistent manner, to replace some or all of the re-  
4 tirement benefits which the employee would  
5 have received under the defined benefit plan  
6 and any other plan or qualified cash or deferred  
7 arrangement under subsection (k)(2) if no  
8 change had been made to such defined benefit  
9 plan and such other plan or arrangement. For  
10 purposes of the preceding sentence, consistency  
11 shall not be required with respect to employees  
12 who were subject to different benefit formulas  
13 under the defined benefit plan.

14 “(B) REFERENCES TO CLOSED CLASS OF  
15 PARTICIPANTS.—References to a closed class of  
16 participants and similar references to a closed  
17 class shall include arrangements under which 1  
18 or more classes of participants are closed, ex-  
19 cept that 1 or more classes of participants  
20 closed on different dates shall not be aggre-  
21 gated for purposes of determining the date any  
22 such class was closed.

23 “(C) HIGHLY COMPENSATED EMPLOYEE.—  
24 The term ‘highly compensated employee’ has

1           the meaning given such term in section  
2           414(q).”.

3           (b)    PARTICIPATION    REQUIREMENTS.—Section  
4 401(a)(26) of such Code is amended by adding at the end  
5 the following new subparagraph:

6                   “(I) PROTECTED PARTICIPANTS.—

7                           “(i) IN GENERAL.—A plan shall be  
8                           deemed to satisfy the requirements of sub-  
9                           paragraph (A) if—

10                                   “(I) the plan is amended—

11   “(aa) to cease all benefit ac-  
12   cruals, or

13   “(bb) to provide future ben-  
14   efit accruals only to a closed  
15   class of participants,

16                                   “(II) the plan satisfies subpara-  
17                                   graph (A) (without regard to this sub-  
18                                   paragraph) as of the effective date of  
19                                   the amendment, and

20                                   “(III) the amendment was adopt-  
21                                   ed before April 5, 2017, or the plan is  
22                                   described in clause (ii).

23                           “(ii) PLANS DESCRIBED.—A plan is  
24                           described in this clause if the plan would  
25                           be described in subsection (o)(1)(C), as ap-

1           plied for purposes of subsection  
2           (o)(1)(B)(iii)(IV) and by treating the effec-  
3           tive date of the amendment as the date the  
4           class was closed for purposes of subsection  
5           (o)(1)(C).

6           “(iii) SPECIAL RULES.—For purposes  
7           of clause (i)(II), in applying section  
8           410(b)(6)(C), the amendments described in  
9           clause (i) shall not be treated as a signifi-  
10          cant change in coverage under section  
11          410(b)(6)(C)(i)(II).

12          “(iv) SPUN-OFF PLANS.—For pur-  
13          poses of this subparagraph, if a portion of  
14          a plan described in clause (i) is spun off to  
15          another employer, the treatment under  
16          clause (i) of the spun-off plan shall con-  
17          tinue with respect to the other employer.”.

18          (c) EFFECTIVE DATE.—

19               (1) IN GENERAL.—Except as provided in para-  
20               graph (2), the amendments made by this section  
21               shall take effect on the date of the enactment of this  
22               Act, without regard to whether any plan modifica-  
23               tions referred to in such amendments are adopted or  
24               effective before, on, or after such date of enactment.

25               (2) SPECIAL RULES.—



1           (A) ELECTION OF EARLIER APPLICA-  
2           TION.—At the election of the plan sponsor, the  
3           amendments made by this section shall apply to  
4           plan years beginning after December 31, 2013.

5           (B) CLOSED CLASSES OF PARTICIPANTS.—  
6           For purposes of paragraphs (1)(A)(iii),  
7           (1)(B)(iii)(IV), and (2)(A)(iv) of section 401(o)  
8           of the Internal Revenue Code of 1986 (as added  
9           by this section), a closed class of participants  
10          shall be treated as being closed before April 5,  
11          2017, if the plan sponsor’s intention to create  
12          such closed class is reflected in formal written  
13          documents and communicated to participants  
14          before such date.

15          (C) CERTAIN POST-ENACTMENT PLAN  
16          AMENDMENTS.—A plan shall not be treated as  
17          failing to be eligible for the application of sec-  
18          tion 401(o)(1)(A), 401(o)(1)(B)(iii), or  
19          401(a)(26) of such Code (as added by this sec-  
20          tion) to such plan solely because in the case  
21          of—

22                 (i) such section 401(o)(1)(A), the plan  
23                 was amended before the date of the enact-  
24                 ment of this Act to eliminate 1 or more  
25                 benefits, rights, or features, and is further

1 amended after such date of enactment to  
2 provide such previously eliminated benefits,  
3 rights, or features to a closed class of par-  
4 ticipants, or

5 (ii) such section 401(o)(1)(B)(iii) or  
6 section 401(a)(26), the plan was amended  
7 before the date of the enactment of this  
8 Act to cease all benefit accruals, and is  
9 further amended after such date of enact-  
10 ment to provide benefit accruals to a closed  
11 class of participants. Any such section  
12 shall only apply if the plan otherwise meets  
13 the requirements of such section and in ap-  
14 plying such section, the date the class of  
15 participants is closed shall be the effective  
16 date of the later amendment.

17 **SEC. 203. FIDUCIARY SAFE HARBOR FOR SELECTION OF**  
18 **LIFETIME INCOME PROVIDER.**

19 Section 404 of the Employee Retirement Income Se-  
20 curity Act of 1974 (29 U.S.C. 1104) is amended by adding  
21 at the end the following:

22 “(e) SAFE HARBOR FOR ANNUITY SELECTION.—

23 “(1) IN GENERAL.—With respect to the selec-  
24 tion of an insurer for a guaranteed retirement in-  
25 come contract, the requirements of subsection

1 (a)(1)(B) will be deemed to be satisfied if a fidu-  
2 ciary—

3 “(A) engages in an objective, thorough,  
4 and analytical search for the purpose of identi-  
5 fying insurers from which to purchase such con-  
6 tracts;

7 “(B) with respect to each insurer identified  
8 under subparagraph (A)—

9 “(i) considers the financial capability  
10 of such insurer to satisfy its obligations  
11 under the guaranteed retirement income  
12 contract; and

13 “(ii) considers the cost (including fees  
14 and commissions) of the guaranteed retire-  
15 ment income contract offered by the in-  
16 surer in relation to the benefits and prod-  
17 uct features of the contract and adminis-  
18 trative services to be provided under such  
19 contract; and

20 “(C) on the basis of such consideration,  
21 concludes that—

22 “(i) at the time of the selection, the  
23 insurer is financially capable of satisfying  
24 its obligations under the guaranteed retire-  
25 ment income contract; and

1                   “(ii) the relative cost of the selected  
2                   guaranteed retirement income contract as  
3                   described in subparagraph (B)(ii) is rea-  
4                   sonable.

5                   “(2) FINANCIAL CAPABILITY OF THE IN-  
6                   SURER.—A fiduciary will be deemed to satisfy the  
7                   requirements of paragraphs (1)(B)(i) and (1)(C)(i)  
8                   if—

9                   “(A) the fiduciary obtains written rep-  
10                  resentations from the insurer that—

11                  “(i) the insurer is licensed to offer  
12                  guaranteed retirement income contracts;

13                  “(ii) the insurer, at the time of selec-  
14                  tion and for each of the immediately pre-  
15                  ceding 7 plan years—

16                  “(I) operates under a certificate  
17                  of authority from the insurance com-  
18                  missioner of its domiciliary State  
19                  which has not been revoked or sus-  
20                  pended;

21                  “(II) has filed audited financial  
22                  statements in accordance with the  
23                  laws of its domiciliary State under ap-  
24                  plicable statutory accounting prin-  
25                  ciples;

1                   “(III) maintains (and has main-  
2                   tained) reserves which satisfies all the  
3                   statutory requirements of all States  
4                   where the insurer does business; and

5                   “(IV) is not operating under an  
6                   order of supervision, rehabilitation, or  
7                   liquidation;

8                   “(iii) the insurer undergoes, at least  
9                   every 5 years, a financial examination  
10                  (within the meaning of the law of its domi-  
11                  ciliary State) by the insurance commis-  
12                  sioner of the domiciliary State (or rep-  
13                  resentative, designee, or other party ap-  
14                  proved by such commissioner); and

15                  “(iv) the insurer will notify the fidu-  
16                  ciary of any change in circumstances oc-  
17                  curring after the provision of the represen-  
18                  tations in clauses (i), (ii), and (iii) which  
19                  would preclude the insurer from making  
20                  such representations at the time of  
21                  issuance of the guaranteed retirement in-  
22                  come contract; and

23                  “(B) after receiving such representations  
24                  and as of the time of selection, the fiduciary  
25                  has not received any notice described in sub-

1 paragraph (A)(iv) and is in possession of no  
2 other information which would cause the fidu-  
3 ciary to question the representations provided.

4 “(3) NO REQUIREMENT TO SELECT LOWEST  
5 COST.—Nothing in this subsection shall be construed  
6 to require a fiduciary to select the lowest cost con-  
7 tract. A fiduciary may consider the value of a con-  
8 tract, including features and benefits of the contract  
9 and attributes of the insurer (including, without lim-  
10 itation, the insurer’s financial strength) in conjunc-  
11 tion with the cost of the contract.

12 “(4) TIME OF SELECTION.—

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

15 “(i) the time that the insurer and the  
16 contract are selected for distribution of  
17 benefits to a specific participant or bene-  
18 ficiary; or

19 “(ii) if the fiduciary periodically re-  
20 views the continuing appropriateness of the  
21 conclusion described in paragraph (1)(C)  
22 with respect to a selected insurer, taking  
23 into account the considerations described  
24 in such paragraph, the time that the in-  
25 surer and the contract are selected to pro-

1           vide benefits at future dates to participants  
2           or beneficiaries under the plan.

3           Nothing in the preceding sentence shall be con-  
4           strued to require the fiduciary to review the ap-  
5           propriateness of a selection after the purchase  
6           of a contract for a participant or beneficiary.

7           “(B) PERIODIC REVIEW.—A fiduciary will  
8           be deemed to have conducted the periodic re-  
9           view described in subparagraph (A)(ii) if the fi-  
10          diciary obtains the written representations de-  
11          scribed in clauses (i), (ii), and (iii) of paragraph  
12          (2)(A) from the insurer on an annual basis, un-  
13          less the fiduciary receives any notice described  
14          in paragraph (2)(A)(iv) or otherwise becomes  
15          aware of facts that would cause the fiduciary to  
16          question such representations.

17          “(5) LIMITED LIABILITY.—A fiduciary which  
18          satisfies the requirements of this subsection shall not  
19          be liable following the distribution of any benefit, or  
20          the investment by or on behalf of a participant or  
21          beneficiary pursuant to the selected guaranteed re-  
22          tirement income contract, for any losses that may  
23          result to the participant or beneficiary due to an in-  
24          surer’s inability to satisfy its financial obligations  
25          under the terms of such contract.

1           “(6) DEFINITIONS.—For purposes of this sub-  
2 section—

3           “(A) INSURER.—The term ‘insurer’ means  
4 an insurance company, insurance service, or in-  
5 surance organization, including affiliates of  
6 such companies.

7           “(B) GUARANTEED RETIREMENT INCOME  
8 CONTRACT.—The term ‘guaranteed retirement  
9 income contract’ means an annuity contract for  
10 a fixed term or a contract (or provision or fea-  
11 ture thereof) which provides guaranteed bene-  
12 fits annually (or more frequently) for at least  
13 the remainder of the life of the participant or  
14 the joint lives of the participant and the partici-  
15 pant’s designated beneficiary as part of an indi-  
16 vidual account plan.”.

17           **TITLE III—OTHER SAVINGS**  
18                           **PROVISIONS**

19           **SEC. 301. UNIVERSAL SAVINGS ACCOUNTS.**

20           (a) IN GENERAL.—Subchapter F of chapter 1 of the  
21 Internal Revenue Code of 1986 is amended by adding at  
22 the end the following new part:

23           **“PART IX—UNIVERSAL SAVINGS ACCOUNTS**

“Sec. 530U. Universal Savings Accounts.



1 **“SEC. 530U. UNIVERSAL SAVINGS ACCOUNTS.**

2       “(a) GENERAL RULE.—A Universal Savings Account  
3 shall be exempt from taxation under this subtitle. Not-  
4 withstanding the preceding sentence, such account shall  
5 be subject to the taxes imposed by section 511 (relating  
6 to imposition of tax on unrelated business income of chari-  
7 table organizations).

8       “(b) UNIVERSAL SAVINGS ACCOUNT.—For purposes  
9 of this section, the term ‘Universal Savings Account’  
10 means a trust created or organized in the United States  
11 by an individual for the exclusive benefit of such individual  
12 and which is designated (in such manner as the Secretary  
13 may prescribe) at the time of the establishment of the  
14 trust as a Universal Savings Account, but only if the writ-  
15 ten governing instrument creating the trust meets the fol-  
16 lowing requirements:

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

19                       “(A) no contribution will be accepted un-  
20 less it is in cash, and

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

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

25                       “(A) cash, or

26                       “(B) property that—

1                   “(i) has a readily ascertainable fair  
2                   market value, and

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

6                   “(3) The trustee is a bank (as defined in sec-  
7                   tion 408(n)) or another person who demonstrates to  
8                   the satisfaction of the Secretary that the manner in  
9                   which that person will administer the trust will be  
10                  consistent with the requirements of this section.

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

14                  “(5) The interest of an individual in the bal-  
15                  ance of his account is nonforfeitable.

16                  “(6) The assets of the trust shall not be com-  
17                  mingled with other property except in a common  
18                  trust fund or common investment fund.

19                  “(c) TREATMENT OF DISTRIBUTIONS AND CON-  
20                  TRIBUTIONS.—

21                  “(1) DISTRIBUTIONS.—

22                         “(A) IN GENERAL.—Except as provided in  
23                         subparagraph (B), any distribution from a Uni-  
24                         versal Savings Account shall not be includible in  
25                         gross income.

1           “(B) NET INCOME ATTRIBUTABLE TO EX-  
2           CESS CONTRIBUTIONS.—Any distribution of net  
3           income described in section 4973(i)(2) shall be  
4           includible in the gross income of the account  
5           holder in the taxable year in which the con-  
6           tribution to which such net income relates was  
7           made.

8           “(2) CONTRIBUTION LIMIT.—

9           “(A) IN GENERAL.—The aggregate  
10          amount of contributions (other than qualified  
11          rollover contributions described in subsection  
12          (d)) for any taxable year to all Universal Sav-  
13          ings Accounts maintained for the benefit of an  
14          individual shall not exceed the lesser of—

15                 “(i) \$2,500, or

16                 “(ii) an amount equal to the com-  
17                 pensation (within the meaning of section  
18                 219) includible in such individual’s gross  
19                 income for such taxable year.

20          “(B) NO CONTRIBUTIONS FOR DEPEND-  
21          ENTS.—In the case of an individual who is a  
22          dependent of another taxpayer for a taxable  
23          year beginning in the calendar year in which  
24          such individual’s taxable year begins, the dollar

1 amount under subparagraph (A) for such indi-  
2 vidual's taxable year shall be zero.

3 “(C) SPECIAL RULE IN CASE OF JOINT RE-  
4 TURN.—

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

11 “(I) the compensation of such in-  
12 dividual includible in gross income for  
13 the taxable year, plus

14 “(II) the compensation of such  
15 individual's spouse includible in gross  
16 income for the taxable year reduced  
17 (but not below zero) by the amount  
18 contributed for the taxable year to all  
19 Universal Savings Accounts main-  
20 tained for the benefit of such spouse.

21 “(ii) INDIVIDUAL TO WHOM CLAUSE  
22 (i) APPLIES.—Clause (i) shall apply to any  
23 individual—

24 “(I) who files a joint return for  
25 the taxable year, and

1                   “(II) whose compensation includ-  
2                   ible in gross income for the taxable  
3                   year is less than the compensation of  
4                   such individual’s spouse includible in  
5                   gross income for the taxable year.

6                   “(D) COST-OF-LIVING ADJUSTMENT.—In  
7                   the case of any taxable year beginning in a cal-  
8                   endar year after 2019, the \$2,500 amount  
9                   under subparagraph (A)(i) shall be increased by  
10                  an amount equal to—

11                   “(i) such dollar amount, multiplied by

12                   “(ii) the cost-of-living adjustment de-  
13                  termined under section 1(f)(3) for the cal-  
14                  endar year, determined by substituting  
15                  ‘calendar year 2018’ for ‘calendar year  
16                  2016’ in subparagraph (A)(ii) thereof.

17                  If any amount after adjustment under the pre-  
18                  ceding sentence is not a multiple of \$100, such  
19                  amount shall be rounded to the next lower mul-  
20                  tiple of \$100.

21                  “(d) QUALIFIED ROLLOVER CONTRIBUTION.—For  
22                  purposes of this section, the term ‘qualified rollover con-  
23                  tribution’ means a contribution to a Universal Savings Ac-  
24                  count from another such account of the same individual,

1 but only if such amount is contributed not later than the  
2 60th day after the distribution from such other account.

3 “(e) TREATMENT OF ACCOUNT UPON DEATH.—

4 Upon death of any account holder of a Universal Savings  
5 Account—

6 “(1) SPOUSE.—In the case of the account hold-  
7 er’s surviving spouse acquiring such account holder’s  
8 interest in such account by reason of the death of  
9 the account holder, such account shall be treated as  
10 if the spouse were the account holder.

11 “(2) OTHER CASES.—In any other case—

12 “(A) all amounts in such account shall be  
13 treated as distributed on the date of such indi-  
14 vidual’s death, and

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

17 “(f) OTHER SPECIAL RULES.—

18 “(1) COMMUNITY PROPERTY LAWS.—This sec-  
19 tion shall be applied without regard to any commu-  
20 nity property laws.

21 “(2) LOSS OF TAXATION EXEMPTION OF AC-  
22 COUNT WHERE INDIVIDUAL ENGAGES IN PROHIB-  
23 ITED TRANSACTION; EFFECT OF PLEDGING ACCOUNT  
24 AS SECURITY.—Rules similar to the rules of para-

1 graphs (2) and (4) of section 408(e) shall apply to  
2 any Universal Savings Account.

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

8 “(1) filed at such time and in such manner as  
9 the Secretary provides, and

10 “(2) furnished to account holders—

11 “(A) not later than January 31 of the cal-  
12 endar year following the calendar year to which  
13 such reports relate, and

14 “(B) in such manner as the Secretary pro-  
15 vides.”.

16 (b) TAX ON EXCESS CONTRIBUTIONS.—

17 (1) IN GENERAL.—Section 4973(a) of such  
18 Code is amended by striking “or” at the end of  
19 paragraph (5), by inserting “or” at the end of para-  
20 graph (6), and by inserting after paragraph (6) the  
21 following new paragraph:

22 “(7) a Universal Savings Account (as defined in  
23 section 530U),”.

1           (2) EXCESS CONTRIBUTION.—Section 4973 of  
2           such Code is amended by adding at the end the fol-  
3           lowing new subsection:

4           “(i) EXCESS CONTRIBUTIONS TO UNIVERSAL SAV-  
5           INGS ACCOUNTS.—For purposes of this section—

6           “(1) IN GENERAL.—In the case of Universal  
7           Savings Accounts (within the meaning of section  
8           530U), the term ‘excess contributions’ means the  
9           sum of—

10           “(A) the amount (if any) by which the  
11           amount contributed for the taxable year to such  
12           accounts (other than qualified rollover contribu-  
13           tions (as defined in section 530U(d))) exceeds  
14           the contribution limit under section 530U(c)(2)  
15           for such taxable year, and

16           “(B) the amount determined under this  
17           subsection for the preceding taxable year, re-  
18           duced by the sum of—

19           “(i) the distributions out of the ac-  
20           count for the taxable year, and

21           “(ii) the amount (if any) by which the  
22           maximum amount allowable as a contribu-  
23           tion under section 530U(c)(2) for the tax-  
24           able year exceeds the amount contributed  
25           to the accounts for the taxable year.



1           “(2) SPECIAL RULE.—A contribution shall not  
2           be taken into account under paragraph (1) if such  
3           contribution (together with the amount of net in-  
4           come attributable to such contribution) is distributed  
5           to the account holder on or before the due date of  
6           the account holder’s return of tax for such taxable  
7           year.”.

8           (c) TAX ON PROHIBITED TRANSACTIONS.—Section  
9           4975(e)(1) of such Code is amended by striking “or” at  
10          the end of subparagraph (F), by striking the period at  
11          the end of subparagraph (G) and inserting “, or”, and  
12          by adding at the end the following new subparagraph:

13                       “(H) a Universal Savings Account (as de-  
14                       fined in section 530U).”.

15          (d) FAILURE TO PROVIDE REPORTS ON UNIVERSAL  
16          SAVINGS ACCOUNTS.—Section 6693(a)(2) of such Code is  
17          amended by striking “and” at the end of subparagraph  
18          (E), by striking the period at the end of subparagraph  
19          (F) and inserting “, and”, and by inserting after subpara-  
20          graph (F) the following new subparagraph:

21                       “(G) section 530U(g) (relating to Uni-  
22                       versal Savings Accounts).”.

23          (e) CONFORMING AMENDMENT.—The table of parts  
24          for subchapter F of chapter 1 of such Code is amended  
25          by adding at the end the following new item:

                          “PART IX. UNIVERSAL SAVINGS ACCOUNTS”.

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

4 **SEC. 302. EXPANSION OF SECTION 529 PLANS.**

5 (a) DISTRIBUTIONS FOR CERTAIN EXPENSES ASSO-  
6 CIATED WITH REGISTERED APPRENTICESHIP PRO-  
7 GRAMS.—Section 529(c) of the Internal Revenue Code of  
8 1986 is amended by adding at the end the following new  
9 paragraph:

10 “(8) TREATMENT OF CERTAIN EXPENSES ASSO-  
11 CIATED WITH REGISTERED APPRENTICESHIP PRO-  
12 GRAMS.—Any reference in this subsection to the  
13 term ‘qualified higher education expense’ shall in-  
14 clude a reference to expenses for fees, books, sup-  
15 plies, and equipment required for the participation  
16 of a designated beneficiary in an apprenticeship pro-  
17 gram registered and certified with the Secretary of  
18 Labor under section 1 of the National Apprentice-  
19 ship Act (29 U.S.C. 50).”.

20 (b) DISTRIBUTIONS FOR CERTAIN HOMESCHOOLING  
21 EXPENSES.—Section 529(c)(7) of such Code is amended  
22 by striking “include a reference to” and all that follows  
23 and inserting “include a reference to—

24 “(A) expenses for tuition in connection  
25 with enrollment or attendance of a designated

1 beneficiary at an elementary or secondary pub-  
2 lic, private, or religious school, and

3 “(B) expenses, with respect to a des-  
4 ignated beneficiary, for—

5 “(i) curriculum and curricular mate-  
6 rials,

7 “(ii) books or other instructional ma-  
8 terials,

9 “(iii) online educational materials,

10 “(iv) tuition for tutoring or edu-  
11 cational classes outside of the home (but  
12 only if the tutor or class instructor is not  
13 related (within the meaning of section  
14 152(d)(2)) to the student),

15 “(v) dual enrollment in an institution  
16 of higher education, and

17 “(vi) educational therapies for stu-  
18 dents with disabilities,

19 in connection with a homeschool (whether treat-  
20 ed as a homeschool or a private school for pur-  
21 poses of applicable State law).”.

22 (c) DISTRIBUTIONS FOR QUALIFIED EDUCATION  
23 LOAN REPAYMENTS.—

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

4           “(9) TREATMENT OF QUALIFIED EDUCATION  
5           LOAN REPAYMENTS.—

6           “(A) IN GENERAL.—Any reference in this  
7           subsection to the term ‘qualified higher edu-  
8           cation expense’ shall include a reference to  
9           amounts paid as principal or interest on any  
10          qualified education loan (as defined in section  
11          221(d)) of the designated beneficiary or a sib-  
12          ling of the designated beneficiary.

13          “(B) LIMITATION.—The amount of dis-  
14          tributions treated as a qualified higher edu-  
15          cation expense under this paragraph with re-  
16          spect to the loans of any individual shall not ex-  
17          ceed \$10,000 (reduced by the amount of dis-  
18          tributions so treated for all prior taxable years).

19          “(C) SPECIAL RULES FOR SIBLINGS OF  
20          THE DESIGNATED BENEFICIARY.—

21          “(i) SEPARATE ACCOUNTING.—For  
22          purposes of subparagraph (B) and sub-  
23          section (d), amounts treated as a qualified  
24          higher education expense with respect to  
25          the loans of a sibling of the designated

1 beneficiary shall be taken into account  
2 with respect to such sibling and not with  
3 respect to such designated beneficiary.

4 “(ii) SIBLING DEFINED.—For pur-  
5 poses of this paragraph, the term ‘sibling’  
6 means an individual who bears a relation-  
7 ship to the designated beneficiary which is  
8 described in section 152(d)(2)(B).”.

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

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

1           “(A) expenses described in section  
2           530(b)(3)(A)(i) in connection with enrollment  
3           or attendance of a designated beneficiary at an  
4           elementary or secondary public, private, or reli-  
5           gious school, and”.

6           (e) UNBORN CHILDREN ALLOWED AS ACCOUNT  
7           BENEFICIARIES.—Section 529(e) is amended by adding at  
8           the end the following new paragraph:

9           “(6) TREATMENT OF UNBORN CHILDREN.—

10           “(A) IN GENERAL.—Nothing shall prevent  
11           an unborn child from being treated as a des-  
12           ignated beneficiary or an individual under this  
13           section.

14           “(B) UNBORN CHILD.—For purposes of  
15           this paragraph—

16           “(i) IN GENERAL.—The term ‘unborn  
17           child’ means a child in utero.

18           “(ii) CHILD IN UTERO.—The term  
19           ‘child in utero’ means a member of the  
20           species homo sapiens, at any stage of de-  
21           velopment, who is carried in the womb.”.

22           (f) EFFECTIVE DATES.—

23           (1) IN GENERAL.—Except as otherwise pro-  
24           vided in this subsection, the amendments made by

1 this section shall apply to distributions made after  
2 December 31, 2018.

3 (2) UNBORN CHILDREN ALLOWED AS ACCOUNT  
4 BENEFICIARIES.—The amendment made by sub-  
5 section (e) shall apply to contributions made after  
6 December 31, 2018.

7 **SEC. 303. PENALTY-FREE WITHDRAWALS FROM RETIRE-**  
8 **MENT PLANS FOR INDIVIDUALS IN CASE OF**  
9 **BIRTH OF CHILD OR ADOPTION.**

10 (a) IN GENERAL.—Section 72(t)(2) of the Internal  
11 Revenue Code of 1986 is amended by adding at the end  
12 the following new subparagraph:

13 “(H) DISTRIBUTIONS FROM RETIREMENT  
14 PLANS IN CASE OF BIRTH OF CHILD OR ADOP-  
15 TION.—

16 “(i) IN GENERAL.—Any qualified  
17 birth or adoption distribution.

18 “(ii) LIMITATION.—The aggregate  
19 amount which may be treated as qualified  
20 birth or adoption distributions by any indi-  
21 vidual with respect to any birth or adop-  
22 tion shall not exceed \$7,500.

23 “(iii) QUALIFIED BIRTH OR ADOPTION  
24 DISTRIBUTION.—For purposes of this sub-  
25 paragraph—

1                   “(I) IN GENERAL.—The term  
2                   ‘qualified birth or adoption distribu-  
3                   tion’ means any distribution from an  
4                   applicable eligible retirement plan to  
5                   an individual if made during the 1-  
6                   year period beginning on the date on  
7                   which a child of the individual is born  
8                   or on which the legal adoption by the  
9                   individual of an eligible child is final-  
10                  ized.

11                  “(II) ELIGIBLE CHILD.—The  
12                  term ‘eligible child’ means any indi-  
13                  vidual (other than a child of the tax-  
14                  payer’s spouse) who has not attained  
15                  age 18 or is physically or mentally in-  
16                  capable of self-support.

17                  “(iv) TREATMENT OF PLAN DISTRIBU-  
18                  TIONS.—

19                  “(I) IN GENERAL.—If a distribu-  
20                  tion to an individual would (without  
21                  regard to clause (ii)) be a qualified  
22                  birth or adoption distribution, a plan  
23                  shall not be treated as failing to meet  
24                  any requirement of this title merely  
25                  because the plan treats the distribu-



1           tion as a qualified birth or adoption  
2           distribution, unless the aggregate  
3           amount of such distributions from all  
4           plans maintained by the employer  
5           (and any member of any controlled  
6           group which includes the employer) to  
7           such individual exceeds \$7,500.

8           “(II) CONTROLLED GROUP.—For  
9           purposes of subclause (I), the term  
10          ‘controlled group’ means any group  
11          treated as a single employer under  
12          subsection (b), (c), (m), or (o) of sec-  
13          tion 414.

14          “(v) AMOUNT DISTRIBUTED MAY BE  
15          REPAID.—

16          “(I) IN GENERAL.—Any indi-  
17          vidual who receives a qualified birth  
18          or adoption distribution may make  
19          one or more contributions in an ag-  
20          gregate amount not to exceed the  
21          amount of such distribution to an ap-  
22          plicable eligible retirement plan of  
23          which such individual is a beneficiary  
24          and to which a rollover contribution of  
25          such distribution could be made under

1 section 402(c), 403(a)(4), 403(b)(8),  
2 408(d)(3), or 457(e)(16), as the case  
3 may be.

4 “(II) LIMITATION ON CONTRIBU-  
5 TIONS TO APPLICABLE ELIGIBLE RE-  
6 TIREMENT PLANS OTHER THAN  
7 IRAS.—The aggregate amount of con-  
8 tributions made by an individual  
9 under subclause (I) to any applicable  
10 eligible retirement plan which is not  
11 an individual retirement plan shall not  
12 exceed the aggregate amount of quali-  
13 fied birth or adoption distributions  
14 which are made from such plan to  
15 such individual. Subclause (I) shall  
16 not apply to contributions to any ap-  
17 plicable eligible retirement plan which  
18 is not an individual retirement plan  
19 unless the individual is eligible to  
20 make contributions (other than those  
21 described in subclause (I)) to such ap-  
22 plicable eligible retirement plan.

23 “(III) TREATMENT OF REPAY-  
24 MENTS OF DISTRIBUTIONS FROM AP-  
25 PPLICABLE ELIGIBLE RETIREMENT

1 PLANS OTHER THAN IRAS.—If a con-  
2 tribution is made under subclause (I)  
3 with respect to a qualified birth or  
4 adoption distribution from an applica-  
5 ble eligible retirement plan other than  
6 an individual retirement plan, then  
7 the taxpayer shall, to the extent of the  
8 amount of the contribution, be treated  
9 as having received such distribution in  
10 an eligible rollover distribution (as de-  
11 fined in section 402(c)(4)) and as  
12 having transferred the amount to the  
13 applicable eligible retirement plan in a  
14 direct trustee to trustee transfer with-  
15 in 60 days of the distribution.

16 “(IV) TREATMENT OF REPAY-  
17 MENTS FOR DISTRIBUTIONS FROM  
18 IRAS.—If a contribution is made  
19 under subclause (I) with respect to a  
20 qualified birth or adoption distribution  
21 from an individual retirement plan,  
22 then, to the extent of the amount of  
23 the contribution, such distribution  
24 shall be treated as a distribution de-  
25 scribed in section 408(d)(3) and as

1           having been transferred to the appli-  
2           cable eligible retirement plan in a di-  
3           rect trustee to trustee transfer within  
4           60 days of the distribution.

5           “(vi) DEFINITION AND SPECIAL  
6           RULES.—For purposes of this subpara-  
7           graph—

8                   “(I) APPLICABLE ELIGIBLE RE-  
9                   TIREMENT PLAN.—The term ‘applica-  
10                  ble eligible retirement plan’ means an  
11                  eligible retirement plan (as defined in  
12                  section 402(c)(8)(B)) other than a de-  
13                  fined benefit plan.

14                  “(II) EXEMPTION OF DISTRIBU-  
15                  TIONS FROM TRUSTEE TO TRUSTEE  
16                  TRANSFER AND WITHHOLDING  
17                  RULES.—For purposes of sections  
18                  401(a)(31), 402(f), and 3405, a quali-  
19                  fied birth or adoption distribution  
20                  shall not be treated as an eligible roll-  
21                  over distribution.

22                  “(III) TAXPAYER MUST INCLUDE  
23                  TIN.—A distribution shall not be  
24                  treated as a qualified birth or adop-  
25                  tion distribution with respect to any

1 child or eligible child unless the tax-  
2 payer includes the name, age, and  
3 TIN of such child or eligible child on  
4 the taxpayer's return of tax for the  
5 taxable year.

6 “(IV) DISTRIBUTIONS TREATED  
7 AS MEETING PLAN DISTRIBUTION RE-  
8 QUIREMENTS.—Any qualified birth or  
9 adoption distribution shall be treated  
10 as meeting the requirements of sec-  
11 tions 401(k)(2)(B)(i),  
12 403(b)(7)(A)(ii), 403(b)(11), and  
13 457(d)(1)(A).”.

14 (b) EFFECTIVE DATE.—The amendments made by  
15 this section shall apply to distributions made after Decem-  
16 ber 31, 2018.

## 17 **TITLE IV—BUDGETARY EFFECTS**

### 18 **SEC. 401. BUDGETARY EFFECTS.**

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

23 (b) SENATE PAYGO SCORECARDS.—The budgetary  
24 effects of this Act shall not be entered on any PAYGO

- 1 scorecard maintained for purposes of section 4106 of H.
- 2 Con. Res. 71 (115th Congress).

Passed the House of Representatives September 27,  
2018.

Attest:

*Clerk.*



115<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

**H. R. 6757**

---

**AN ACT**

To amend the Internal Revenue Code of 1986 to encourage retirement and family savings, and for other purposes.