

**AMENDMENT TO H.R. 1994, AS REPORTED  
OFFERED BY MR. JOHNSON OF LOUISIANA**

Strike all after the enacting clause and insert the  
following:

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

2 (a) **SHORT TITLE.**—This Act may be cited as the  
3 “Family Savings Act of 2019”.

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—TAX RELIEF FOR CERTAIN CHILDREN

- Sec. 401. Certain military survivor benefits, certain payments made by Indian tribal governments, certain scholarships or fellowship grants, and Alaska Permanent Fund dividends treated as earned income for kiddie tax.

TITLE V—BUDGETARY EFFECTS

- Sec. 501. 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

1           “(B) in the case of a plan not described in  
2           subparagraph (A), has a pooled plan provider,  
3           then the plan shall not be treated as failing to meet  
4           the requirements under this title applicable to a plan  
5           described in section 401(a) or to a plan that consists  
6           of individual retirement accounts described in sec-  
7           tion 408 (including by reason of subsection (c)  
8           thereof), whichever is applicable, merely because one  
9           or more employers of employees covered by the plan  
10          fail to take such actions as are required of such em-  
11          ployers for the plan to meet such requirements.

12          “(2) LIMITATIONS.—

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

18                         “(i) the assets of the plan attributable  
19                         to employees of such employer (or bene-  
20                         ficiaries of such employees) will be trans-  
21                         ferred to a plan maintained only by such  
22                         employer (or its successor), to an eligible  
23                         retirement plan as defined in section  
24                         402(c)(8)(B) for each individual whose ac-  
25                         count is transferred, or to any other ar-

1           rangement that the Secretary determines is  
2           appropriate, unless the Secretary deter-  
3           mines it is in the best interests of the em-  
4           ployees of such employer (and the bene-  
5           ficiaries of such employees) to retain the  
6           assets in the plan, and

7           “(ii) such employer (and not the plan  
8           with respect to which the failure occurred  
9           or any other employer in such plan) shall,  
10          except to the extent provided by the Sec-  
11          retary, be liable for any liabilities with re-  
12          spect to such plan attributable to employ-  
13          ees of such employer (or beneficiaries of  
14          such employees).

15          “(B) FAILURES BY POOLED PLAN PRO-  
16          VIDERS.—If the pooled plan provider of a plan  
17          described in paragraph (1)(B) does not perform  
18          substantially all of the administrative duties  
19          which are required of the provider under para-  
20          graph (3)(A)(i) for any plan year, the Secretary  
21          may provide that the determination as to  
22          whether the plan meets the requirements under  
23          this title applicable to a plan described in sec-  
24          tion 401(a) or to a plan that consists of indi-  
25          vidual retirement accounts described in section

1           408 (including by reason of subsection (c)  
2           thereof), whichever is applicable, shall be made  
3           in the same manner as would be made without  
4           regard to paragraph (1).

5           “(3) POOLED PLAN PROVIDER.—

6                   “(A) IN GENERAL.—For purposes of this  
7           subsection, the term ‘pooled plan provider’  
8           means, with respect to any plan, a person  
9           who—

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

21                                   “(I) the plan meets any require-  
22           ment applicable under the Employee  
23           Retirement Income Security Act of  
24           1974 or this title to a plan described  
25           in section 401(a) or to a plan that

1 consists of individual retirement ac-  
2 counts described in section 408 (in-  
3 cluding by reason of subsection (c)  
4 thereof), whichever is applicable, and

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

17 “(ii) registers as a pooled plan pro-  
18 vider with the Secretary, and provides such  
19 other information to the Secretary as the  
20 Secretary may require, before beginning  
21 operations as a pooled plan provider,

22 “(iii) acknowledges in writing that  
23 such person is a named fiduciary (within  
24 the meaning of section 402(a)(2) of the  
25 Employee Retirement Income Security Act

1 of 1974), and the plan administrator, with  
2 respect to the plan, and

3 “(iv) is responsible for ensuring that  
4 all persons who handle assets of, or who  
5 are fiduciaries of, the plan are bonded in  
6 accordance with section 412 of the Em-  
7 ployee Retirement Income Security Act of  
8 1974.

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

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

22 “(D) TREATMENT OF EMPLOYERS AS PLAN  
23 SPONSORS.—Except with respect to the admin-  
24 istrative duties of the pooled plan provider de-  
25 scribed in subparagraph (A)(i), each employer

1 in a plan which has a pooled plan provider shall  
2 be treated as the plan sponsor with respect to  
3 the portion of the plan attributable to employ-  
4 ees of such employer (or beneficiaries of such  
5 employees).

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

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

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

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

1       The Secretary shall take into account under sub-  
2       paragraph (C) whether the failure of an employer or  
3       pooled plan provider to provide any disclosures or  
4       other information, or to take any other action, nec-  
5       essary to administer a plan or to allow a plan to  
6       meet requirements applicable to the plan under sec-  
7       tion 401(a) or 408, whichever is applicable, has con-  
8       tinued over a period of time that demonstrates a  
9       lack of commitment to compliance.

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

17           (2) CONFORMING AMENDMENT.—Section  
18       413(c)(2) of such Code is amended by striking “sec-  
19       tion 401(a)” and inserting “sections 401(a) and  
20       408(c)”.

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

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

4           (b) NO COMMON INTEREST REQUIRED FOR POOLED  
5           EMPLOYER PLANS.—Section 3(2) of the Employee Retirement  
6           Income Security Act of 1974 (29 U.S.C. 1002(2))  
7           is amended by adding at the end the following:

8                       “(C) A pooled employer plan shall be treat-  
9                       ed as—

10                               “(i) a single employee pension benefit  
11                               plan or single pension plan; and

12                               “(ii) a plan to which section 210(a)  
13                               applies.”.

14           (c) POOLED EMPLOYER PLAN AND PROVIDER DE-  
15           FINED.—

16           (1) IN GENERAL.—Section 3 of the Employee  
17           Retirement Income Security Act of 1974 (29 U.S.C.  
18           1002) is amended by adding at the end the fol-  
19           lowing:

20                       “(43) POOLED EMPLOYER PLAN.—

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

23                               “(i) which is an individual account  
24                               plan established or maintained for the pur-

1 pose of providing benefits to the employees  
2 of 2 or more employers;

3 “(ii) which is a plan described in sec-  
4 tion 401(a) of the Internal Revenue Code  
5 of 1986 which includes a trust exempt  
6 from tax under section 501(a) of such  
7 Code or a plan that consists of individual  
8 retirement accounts described in section  
9 408 of such Code (including by reason of  
10 subsection (c) thereof); and

11 “(iii) the terms of which meet the re-  
12 quirements of subparagraph (B).

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

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

20 “(i) designate a pooled plan provider  
21 and provide that the pooled plan provider  
22 is a named fiduciary of the plan;

23 “(ii) designate one or more trustees  
24 meeting the requirements of section  
25 408(a)(2) of the Internal Revenue Code of

1 1986 (other than an employer in the plan)  
2 to be responsible for collecting contribu-  
3 tions to, and holding the assets of, the  
4 plan and require such trustees to imple-  
5 ment written contribution collection proce-  
6 dures that are reasonable, diligent, and  
7 systematic;

8 “(iii) provide that each employer in  
9 the plan retains fiduciary responsibility  
10 for—

11 “(I) the selection and monitoring  
12 in accordance with section 404(a) of  
13 the person designated as the pooled  
14 plan provider and any other person  
15 who, in addition to the pooled plan  
16 provider, is designated as a named fi-  
17 duciary of the plan; and

18 “(II) to the extent not otherwise  
19 delegated to another fiduciary by the  
20 pooled plan provider and subject to  
21 the provisions of section 404(c), the  
22 investment and management of the  
23 portion of the plan’s assets attrib-  
24 utable to the employees of the em-

1            employer (or beneficiaries of such em-  
2            ployees);

3            “(iv) provide that employers in the  
4            plan, and participants and beneficiaries,  
5            are not subject to unreasonable restric-  
6            tions, fees, or penalties with regard to  
7            ceasing participation, receipt of distribu-  
8            tions, or otherwise transferring assets of  
9            the plan in accordance with section 208 or  
10           paragraph (44)(C)(i)(II);

11           “(v) require—

12           “(I) the pooled plan provider to  
13           provide to employers in the plan any  
14           disclosures or other information which  
15           the Secretary may require, including  
16           any disclosures or other information  
17           to facilitate the selection or any moni-  
18           toring of the pooled plan provider by  
19           employers in the plan; and

20           “(II) each employer in the plan  
21           to take such actions as the Secretary  
22           or the pooled plan provider determines  
23           are necessary to administer the plan  
24           or for the plan to meet any require-  
25           ment applicable under this Act or the

1 Internal Revenue Code of 1986 to a  
2 plan described in section 401(a) of  
3 such Code or to a plan that consists  
4 of individual retirement accounts de-  
5 scribed in section 408 of such Code  
6 (including by reason of subsection (c)  
7 thereof), whichever is applicable, in-  
8 cluding providing any disclosures or  
9 other information which the Secretary  
10 may require or which the pooled plan  
11 provider otherwise determines are nec-  
12 essary to administer the plan or to  
13 allow the plan to meet such require-  
14 ments; and

15 “(vi) provide that any disclosure or  
16 other information required to be provided  
17 under clause (v) may be provided in elec-  
18 tronic form and will be designed to ensure  
19 only reasonable costs are imposed on  
20 pooled plan providers and employers in the  
21 plan.

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

24 “(i) a multiemployer plan; or

1           “(ii) a plan established before the  
2           date of the enactment of the Family Sav-  
3           ings Act of 2019 unless the plan adminis-  
4           trator elects that the plan will be treated  
5           as a pooled employer plan and the plan  
6           meets the requirements of this title appli-  
7           cable to a pooled employer plan established  
8           on or after such date.

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

17          “(44) POOLED PLAN PROVIDER.—

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

20                         “(i) is designated by the terms of a  
21                         pooled employer plan as a named fiduciary,  
22                         as the plan administrator, and as the per-  
23                         son responsible for the performance of all  
24                         administrative duties (including conducting  
25                         proper testing with respect to the plan and

1 the employees of each employer in the  
2 plan) which are reasonably necessary to  
3 ensure that—

4 “(I) the plan meets any require-  
5 ment applicable under this Act or the  
6 Internal Revenue Code of 1986 to a  
7 plan described in section 401(a) of  
8 such Code or to a plan that consists  
9 of individual retirement accounts de-  
10 scribed in section 408 of such Code  
11 (including by reason of subsection (c)  
12 thereof), whichever is applicable; and

13 “(II) each employer in the plan  
14 takes such actions as the Secretary or  
15 pooled plan provider determines are  
16 necessary for the plan to meet the re-  
17 quirements described in subclause (I),  
18 including providing the disclosures  
19 and information described in para-  
20 graph (43)(B)(v)(II);

21 “(ii) registers as a pooled plan pro-  
22 vider with the Secretary, and provides to  
23 the Secretary such other information as  
24 the Secretary may require, before begin-  
25 ning operations as a pooled plan provider;

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

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

9           “(B) AUDITS, EXAMINATIONS AND INVESTIGATIONS.—The Secretary may perform au-  
10          dits, examinations, and investigations of pooled  
11          plan providers as may be necessary to enforce  
12          and carry out the purposes of this paragraph  
13          and paragraph (43).

14          “(C) GUIDANCE.—The Secretary shall  
15          issue such guidance as the Secretary determines  
16          appropriate to carry out this paragraph and  
17          paragraph (43), including guidance—  
18          

19                 “(i) to identify the administrative du-  
20                 ties and other actions required to be per-  
21                 formed by a pooled plan provider under ei-  
22                 ther such paragraph; and

23                 “(ii) which requires in appropriate  
24                 cases that if an employer in the plan fails

1 to take the actions required under sub-  
2 paragraph (A)(i)(II)—

3 “(I) the assets of the plan attrib-  
4 utable to employees of such employer  
5 (or beneficiaries of such employees)  
6 are transferred to a plan maintained  
7 only by such employer (or its suc-  
8 cessor), to an eligible retirement plan  
9 as defined in section 402(c)(8)(B) of  
10 the Internal Revenue Code of 1986  
11 for each individual whose account is  
12 transferred, or to any other arrange-  
13 ment that the Secretary determines is  
14 appropriate in such guidance; and

15 “(II) such employer (and not the  
16 plan with respect to which the failure  
17 occurred or any other employer in  
18 such plan) shall, except to the extent  
19 provided in such guidance, be liable  
20 for any liabilities with respect to such  
21 plan attributable to employees of such  
22 employer (or beneficiaries of such em-  
23 ployees).

24 The Secretary shall take into account under  
25 clause (ii) whether the failure of an employer or

1 pooled plan provider to provide any disclosures  
2 or other information, or to take any other ac-  
3 tion, necessary to administer a plan or to allow  
4 a plan to meet requirements described in sub-  
5 paragraph (A)(i)(II) has continued over a pe-  
6 riod of time that demonstrates a lack of com-  
7 mitment to compliance. The Secretary may  
8 waive the requirements of subclause (ii)(I) in  
9 appropriate circumstances if the Secretary de-  
10 termines it is in the best interests of the em-  
11 ployees of the employer referred to in such  
12 clause (and the beneficiaries of such employees)  
13 to retain the assets in the plan with respect to  
14 which the employer's failure occurred.

15 “(D) AGGREGATION RULES.—For purposes  
16 of this paragraph, in determining whether a  
17 person meets the requirements of this para-  
18 graph to be a pooled plan provider with respect  
19 to any plan, all persons who perform services  
20 for the plan and who are treated as a single  
21 employer under subsection (b), (c), (m), or (o)  
22 of section 414 of the Internal Revenue Code of  
23 1986 shall be treated as one person.”.

24 (2) BONDING REQUIREMENTS FOR POOLED EM-  
25 PLOYER PLANS.—The last sentence of section 412(a)

1 of the Employee Retirement Income Security Act of  
2 1974 (29 U.S.C. 1112(a)) is amended by inserting  
3 “or in the case of a pooled employer plan (as defined  
4 in section 3(43))” after “section 407(d)(1)”.

5 (3) CONFORMING AND TECHNICAL AMEND-  
6 MENTS.—Section 3 of the Employee Retirement In-  
7 come Security Act of 1974 (29 U.S.C. 1002) is  
8 amended—

9 (A) in paragraph (16)(B)—

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

12 (ii) by striking the period at the end  
13 and inserting “, or (iv) in the case of a  
14 pooled employer plan, the pooled plan pro-  
15 vider.”; and

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

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

19 (1) ADDITIONAL INFORMATION.—Section 103  
20 of the Employee Retirement Income Security Act of  
21 1974 (29 U.S.C. 1023) is amended—

22 (A) in subsection (a)(1)(B), by striking  
23 “applicable subsections (d), (e), and (f)” and  
24 inserting “applicable subsections (d), (e), (f),  
25 and (g)”; and

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

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

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

16 “(2) with respect to a pooled employer plan, the  
17 identifying information for the person designated  
18 under the terms of the plan as the pooled plan pro-  
19 vider.”.

20 (2) SIMPLIFIED ANNUAL REPORTS.—Section  
21 104(a) of the Employee Retirement Income Security  
22 Act of 1974 (29 U.S.C. 1024(a)) is amended by  
23 striking paragraph (2)(A) and inserting the fol-  
24 lowing:

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

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

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

10          (e) EFFECTIVE DATE.—

11           (1) IN GENERAL.—The amendments made by  
12           this section shall apply to plan years beginning after  
13           December 31, 2020.

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

1 **SEC. 102. RULES RELATING TO ELECTION OF SAFE HARBOR**

2 **401(k) STATUS.**

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

5 (1) **IN GENERAL.**—Section 401(k)(12)(A) of the  
6 Internal Revenue Code of 1986 is amended by strik-  
7 ing “if such arrangement” and all that follows and  
8 inserting “if such arrangement—

9 “(i) meets the contribution require-  
10 ments of subparagraph (B) and the notice  
11 requirements of subparagraph (D), or

12 “(ii) meets the contribution require-  
13 ments of subparagraph (C).”.

14 (2) **AUTOMATIC CONTRIBUTION ARRANGE-**  
15 **MENTS.**—Section 401(k)(13)(B) of such Code is  
16 amended by striking “means” and all that follows  
17 and inserting “means a cash or deferred arrange-  
18 ment—

19 “(i) which is described in subpara-  
20 graph (D)(i)(I) and meets the applicable  
21 requirements of subparagraphs (C)  
22 through (E), or

23 “(ii) which is described in subpara-  
24 graph (D)(i)(II) and meets the applicable  
25 requirements of subparagraphs (C) and  
26 (D).”.

1           (b)       NONELECTIVE       CONTRIBUTIONS.—Section  
2 401(k)(12) of such Code is amended by redesignating sub-  
3 paragraph (F) as subparagraph (G), and by inserting  
4 after subparagraph (E) the following new subparagraph:

5                       “(F) TIMING OF PLAN AMENDMENT FOR  
6                       EMPLOYER MAKING NONELECTIVE CONTRIBU-  
7                       TIONS.—

8                       “(i) IN GENERAL.—Except as pro-  
9                       vided in clause (ii), a plan may be amend-  
10                      ed after the beginning of a plan year to  
11                      provide that the requirements of subpara-  
12                      graph (C) shall apply to the arrangement  
13                      for the plan year, but only if the amend-  
14                      ment is adopted—

15                      “(I) at any time before the 30th  
16                      day before the close of the plan year,  
17                      or

18                      “(II) at any time before the last  
19                      day under paragraph (8)(A) for dis-  
20                      tributing excess contributions for the  
21                      plan year.

22                      “(ii) EXCEPTION WHERE PLAN PRO-  
23                      VIDED FOR MATCHING CONTRIBUTIONS.—  
24                      Clause (i) shall not apply to any plan year  
25                      if the plan provided at any time during the

1 plan year that the requirements of sub-  
2 paragraph (B) or paragraph (13)(D)(i)(I)  
3 applied to the plan year.

4 “(iii) 4-PERCENT CONTRIBUTION RE-  
5 QUIREMENT.—Clause (i)(II) shall not  
6 apply to an arrangement unless the  
7 amount of the contributions described in  
8 subparagraph (C) which the employer is  
9 required to make under the arrangement  
10 for the plan year with respect to any em-  
11 ployee is an amount equal to at least 4  
12 percent of the employee’s compensation.”.

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

16 “(F) TIMING OF PLAN AMENDMENT FOR  
17 EMPLOYER MAKING NONELECTIVE CONTRIBU-  
18 TIONS.—

19 “(i) IN GENERAL.—Except as pro-  
20 vided in clause (ii), a plan may be amend-  
21 ed after the beginning of a plan year to  
22 provide that the requirements of subpara-  
23 graph (D)(i)(II) shall apply to the arrange-  
24 ment for the plan year, but only if the  
25 amendment is adopted—

1                   “(I) at any time before the 30th  
2                   day before the close of the plan year,  
3                   or

4                   “(II) at any time before the last  
5                   day under paragraph (8)(A) for dis-  
6                   tributing excess contributions for the  
7                   plan year.

8                   “(ii) EXCEPTION WHERE PLAN PRO-  
9                   VIDED FOR MATCHING CONTRIBUTIONS.—  
10                  Clause (i) shall not apply to any plan year  
11                  if the plan provided at any time during the  
12                  plan year that the requirements of sub-  
13                  paragraph (D)(i)(I) or paragraph (12)(B)  
14                  applied to the plan year.

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

1 (d) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to plan years beginning after De-  
3 cember 31, 2019.

4 **SEC. 103. CERTAIN TAXABLE NON-TUITION FELLOWSHIP**  
5 **AND STIPEND PAYMENTS TREATED AS COM-**  
6 **PENSATION FOR IRA PURPOSES.**

7 (a) IN GENERAL.—Section 219(f)(1) of the Internal  
8 Revenue Code of 1986 is amended by adding at the end  
9 the following: “The term ‘compensation’ shall include any  
10 amount included in gross income and paid to an individual  
11 to aid the individual in the pursuit of graduate or  
12 postdoctoral study.”.

13 (b) EFFECTIVE DATE.—The amendment made by  
14 this section shall apply to taxable years beginning after  
15 December 31, 2019.

16 **SEC. 104. REPEAL OF MAXIMUM AGE FOR TRADITIONAL IRA**  
17 **CONTRIBUTIONS.**

18 (a) IN GENERAL.—Section 219(d) of the Internal  
19 Revenue Code of 1986 is amended by striking paragraph  
20 (1).

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

1 (c) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to contributions made for taxable  
3 years beginning after December 31, 2019.

4 **SEC. 105. QUALIFIED EMPLOYER PLANS PROHIBITED FROM**  
5 **MAKING LOANS THROUGH CREDIT CARDS**  
6 **AND OTHER SIMILAR ARRANGEMENTS.**

7 (a) IN GENERAL.—Section 72(p)(2) of the Internal  
8 Revenue Code of 1986 is amended by redesignating sub-  
9 paragraph (D) as subparagraph (E) and by inserting after  
10 subparagraph (C) the following new subparagraph:

11 “(D) PROHIBITION OF LOANS THROUGH  
12 CREDIT CARDS AND OTHER SIMILAR ARRANGE-  
13 MENTS.—Notwithstanding subparagraph (A),  
14 paragraph (1) shall apply to any loan which is  
15 made through the use of any credit card or any  
16 other similar arrangement.”.

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

20 **SEC. 106. PORTABILITY OF LIFETIME INCOME INVEST-**  
21 **MENTS.**

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

1           “(38) PORTABILITY OF LIFETIME INCOME IN-  
2           VESTMENTS.—

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

8                   “(i) qualified distributions of a life-  
9                   time income investment, or

10                   “(ii) distributions of a lifetime income  
11                   investment in the form of a qualified plan  
12                   distribution annuity contract,

13           on or after the date that is 90 days prior to the  
14           date on which such lifetime income investment  
15           is no longer authorized to be held as an invest-  
16           ment option under the plan.

17           “(B) DEFINITIONS.—For purposes of this  
18           subsection—

19                   “(i) the term ‘qualified distribution’  
20                   means a direct trustee-to-trustee transfer  
21                   described in paragraph (31)(A) to an eligi-  
22                   ble retirement plan (as defined in section  
23                   402(c)(8)(B)),

24                   “(ii) the term ‘lifetime income invest-  
25                   ment’ means an investment option which is

1 designed to provide an employee with elec-  
2 tion rights—

3 “(I) which are not uniformly  
4 available with respect to other invest-  
5 ment options under the plan, and

6 “(II) which are to a lifetime in-  
7 come feature available through a con-  
8 tract or other arrangement offered  
9 under the plan (or under another eli-  
10 gible retirement plan (as so defined),  
11 if paid by means of a direct trustee-  
12 to-trustee transfer described in para-  
13 graph (31)(A) to such other eligible  
14 retirement plan),

15 “(iii) the term ‘lifetime income fea-  
16 ture’ means—

17 “(I) a feature which guarantees a  
18 minimum level of income annually (or  
19 more frequently) for at least the re-  
20 mainder of the life of the employee or  
21 the joint lives of the employee and the  
22 employee’s designated beneficiary, or

23 “(II) an annuity payable on be-  
24 half of the employee under which pay-  
25 ments are made in substantially equal

1 periodic payments (not less frequently  
2 than annually) over the life of the em-  
3 ployee or the joint lives of the em-  
4 ployee and the employee's designated  
5 beneficiary, and

6 “(iv) the term ‘qualified plan distribu-  
7 tion annuity contract’ means an annuity  
8 contract purchased for a participant and  
9 distributed to the participant by a plan or  
10 contract described in subparagraph (B) of  
11 section 402(c)(8) (without regard to  
12 clauses (i) and (ii) thereof).”.

13 (b) CASH OR DEFERRED ARRANGEMENT.—

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

19 “(VI) except as may be otherwise  
20 provided by regulations, with respect  
21 to amounts invested in a lifetime in-  
22 come investment (as defined in sub-  
23 section (a)(38)(B)(ii)), the date that  
24 is 90 days prior to the date that such  
25 lifetime income investment may no

1 longer be held as an investment option  
2 under the arrangement, and”.

3 (2) DISTRIBUTION REQUIREMENT.—Section  
4 401(k)(2)(B) of such Code, as amended by para-  
5 graph (1), is amended by striking “and” at the end  
6 of clause (i), by striking the semicolon at the end of  
7 clause (ii) and inserting “, and”, and by adding at  
8 the end the following new clause:

9 “(iii) except as may be otherwise pro-  
10 vided by regulations, in the case of  
11 amounts described in clause (i)(VI), will be  
12 distributed only in the form of a qualified  
13 distribution (as defined in subsection  
14 (a)(38)(B)(i)) or a qualified plan distribu-  
15 tion annuity contract (as defined in sub-  
16 section (a)(38)(B)(iv)).”.

17 (c) SECTION 403(b) PLANS.—

18 (1) ANNUITY CONTRACTS.—Section 403(b)(11)  
19 of such Code is amended by striking “or” at the end  
20 of subparagraph (B), by striking the period at the  
21 end of subparagraph (C) and inserting “, or”, and  
22 by inserting after subparagraph (C) the following  
23 new subparagraph:

24 “(D) except as may be otherwise provided  
25 by regulations, with respect to amounts invested

1 in a lifetime income investment (as defined in  
2 section 401(a)(38)(B)(ii))—

3 “(i) on or after the date that is 90  
4 days prior to the date that such lifetime  
5 income investment may no longer be held  
6 as an investment option under the con-  
7 tract, and

8 “(ii) in the form of a qualified dis-  
9 tribution (as defined in section  
10 401(a)(38)(B)(i)) or a qualified plan dis-  
11 tribution annuity contract (as defined in  
12 section 401(a)(38)(B)(iv)).”.

13 (2) CUSTODIAL ACCOUNTS.—Section  
14 403(b)(7)(A) of such Code is amended by striking  
15 “if—” and all that follows and inserting “if the  
16 amounts are to be invested in regulated investment  
17 company stock to be held in that custodial account,  
18 and under the custodial account—

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

23 “(I) the employee dies,

24 “(II) the employee attains age

25 59½,

1                   “(III) the employee has a sever-  
2                   ance from employment,

3                   “(IV) the employee becomes dis-  
4                   abled (within the meaning of section  
5                   72(m)(7)),

6                   “(V) in the case of contributions  
7                   made pursuant to a salary reduction  
8                   agreement (within the meaning of sec-  
9                   tion 3121(a)(5)(D)), the employee en-  
10                  counters financial hardship, or

11                  “(VI) except as may be otherwise  
12                  provided by regulations, with respect  
13                  to amounts invested in a lifetime in-  
14                  come investment (as defined in section  
15                  401(a)(38)(B)(ii)), the date that is 90  
16                  days prior to the date that such life-  
17                  time income investment may no longer  
18                  be held as an investment option under  
19                  the contract, and

20                  “(ii) in the case of amounts described  
21                  in clause (i)(VI), such amounts will be dis-  
22                  tributed only in the form of a qualified dis-  
23                  tribution (as defined in section  
24                  401(a)(38)(B)(i)) or a qualified plan dis-

1           tribution annuity contract (as defined in  
2           section 401(a)(38)(B)(iv)).”.

3           (d) ELIGIBLE DEFERRED COMPENSATION PLANS.—

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

8                   “(iv) except as may be otherwise pro-  
9                   vided by regulations, in the case of a plan  
10                  maintained by an employer described in  
11                  subsection (e)(1)(A), with respect to  
12                  amounts invested in a lifetime income in-  
13                  vestment (as defined in section  
14                  401(a)(38)(B)(ii)), the date that is 90  
15                  days prior to the date that such lifetime  
16                  income investment may no longer be held  
17                  as an investment option under the plan,”.

18           (2) DISTRIBUTION REQUIREMENT.—Section  
19           457(d)(1) of such Code is amended by striking  
20           “and” at the end of subparagraph (B), by striking  
21           the period at the end of subparagraph (C) and in-  
22           serting “, and”, and by inserting after subparagraph  
23           (C) the following new subparagraph:

24                   “(D) except as may be otherwise provided  
25                  by regulations, in the case of amounts described

1 in subparagraph (A)(iv), such amounts will be  
2 distributed only in the form of a qualified dis-  
3 tribution (as defined in section  
4 401(a)(38)(B)(i)) or a qualified plan distribu-  
5 tion annuity contract (as defined in section  
6 401(a)(38)(B)(iv)).”.

7 (e) EFFECTIVE DATE.—The amendments made by  
8 this section shall apply to plan years beginning after De-  
9 cember 31, 2019.

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

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

15 “(D) TREATMENT OF CUSTODIAL AC-  
16 COUNT UPON PLAN TERMINATION.—

17 “(i) IN GENERAL.—If—

18 “(I) an employer terminates the  
19 plan under which amounts are con-  
20 tributed to a custodial account under  
21 subparagraph (A), and

22 “(II) the person holding the as-  
23 sets of the account has demonstrated  
24 to the satisfaction of the Secretary  
25 under section 408(a)(2) that the per-

1 son is qualified to be a trustee of an  
2 individual retirement plan,  
3 then, as of the date of the termination, the  
4 custodial account shall be deemed to be an  
5 individual retirement plan for purposes of  
6 this title.

7 “(ii) TREATMENT AS ROTH IRA.—Any  
8 custodial account treated as an individual  
9 retirement plan under clause (i) shall be  
10 treated as a Roth IRA only if the custodial  
11 account was a designated Roth account.”.

12 (b) EFFECTIVE DATE.—The amendment made by  
13 this section shall apply to plan terminations occurring  
14 after December 31, 2019.

15 **SEC. 108. CLARIFICATION OF RETIREMENT INCOME AC-**  
16 **COUNT RULES RELATING TO CHURCH-CON-**  
17 **TROLLED ORGANIZATIONS.**

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

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

1 **SEC. 109. EXEMPTION FROM REQUIRED MINIMUM DIS-**  
2 **TRIBUTION RULES FOR INDIVIDUALS WITH**  
3 **CERTAIN ACCOUNT BALANCES.**

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

7 “(H) EXCEPTION FROM REQUIRED MIN-  
8 IMUM DISTRIBUTIONS DURING LIFE OF EM-  
9 PLOYEE WHERE ASSETS DO NOT EXCEED  
10 \$50,000.—

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

19 “(ii) APPLICABLE ELIGIBLE RETIRE-  
20 MENT PLAN.—For purposes of this sub-  
21 paragraph, the term ‘applicable eligible re-  
22 tirement plan’ means an eligible retirement  
23 plan (as defined in section 402(c)(8)(B))  
24 other than a defined benefit plan.

25 “(iii) LIMIT ON REQUIRED MINIMUM  
26 DISTRIBUTION.—The required minimum

1 distribution determined under subpara-  
2 graph (A) for an employee under all appli-  
3 cable eligible retirement plans shall not ex-  
4 ceed an amount equal to the excess of—

5 “(I) the aggregate value of an  
6 employee’s entire interest under such  
7 plans on the last day of the calendar  
8 year to which such distribution re-  
9 lates, over

10 “(II) the dollar amount in effect  
11 under clause (i) for such calendar  
12 year.

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

18 “(iv) INFLATION ADJUSTMENT.—In  
19 the case of any calendar year beginning  
20 after 2020, the \$50,000 amount in clause  
21 (i) shall be increased by an amount equal  
22 to—

23 “(I) such dollar amount, multi-  
24 plied by

1                   “(II) the cost of living adjust-  
2                   ment determined under section 1(f)(3)  
3                   for the calendar year, determined by  
4                   substituting ‘calendar year 2018’ for  
5                   ‘calendar year 2016’ in subparagraph  
6                   (A)(ii) thereof.

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

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

19                   “(I) the aggregate value of an  
20                   employee’s entire interest under all  
21                   applicable eligible retirement plans of  
22                   the employer on the last day of the  
23                   calendar year to which such distribu-  
24                   tion relates does not exceed the dollar

1 amount in effect for such year under  
2 clause (i), and

3 “(II) the employee certifies that  
4 the aggregate value of the employee’s  
5 entire interest under all applicable eli-  
6 gible retirement plans on the last day  
7 of the calendar year to which such  
8 distribution relates did not exceed the  
9 dollar amount in effect for such year  
10 under clause (i).

11 “(vi) AGGREGATION RULE.—All em-  
12 ployers treated as a single employer under  
13 subsection (b), (c), (m), or (o) of section  
14 414 shall be treated as a single employer  
15 for purposes of clause (v).”.

16 (b) PLAN ADMINISTRATOR REPORTING.—Section  
17 6047 of such Code is amended by redesignating subsection  
18 (h) as subsection (i) and by inserting after subsection (g)  
19 the following new subsection:

20 “(h) ACCOUNT BALANCE FOR PARTICIPANTS WHO  
21 HAVE ATTAINED AGE 69.—

22 “(1) IN GENERAL.—Not later than January 31  
23 of each year, the plan administrator (as defined in  
24 section 414(g)) of each applicable eligible retirement  
25 plan (as defined in section 401(a)(9)(H)) shall make

1 a return to the Secretary with respect to each par-  
2 ticipant of such plan who has attained age 69 as of  
3 the end of the preceding calendar year which  
4 states—

5 “(A) the name and plan number of the  
6 plan,

7 “(B) the name and address of the plan ad-  
8 ministrator,

9 “(C) the name, address, and taxpayer  
10 identification number of the participant, and

11 “(D) the account balance of such partici-  
12 pant as of the end of the preceding calendar  
13 year.

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

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

23 “(A) any reference in this subsection to  
24 the plan administrator shall be treated as a ref-

1           erence to the trustee or issuer, as the case may  
2           be, and

3           “(B) any reference in this subsection to  
4           the participant shall be treated as a reference  
5           to the individual for whom such account or an-  
6           nuity is maintained.”.

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

11 **SEC. 110. CLARIFICATION OF TREATMENT OF CERTAIN RE-**  
12                                   **TIREMENT PLAN CONTRIBUTIONS PICKED UP**  
13                                   **BY GOVERNMENTAL EMPLOYERS FOR NEW**  
14                                   **OR EXISTING EMPLOYEES.**

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

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

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

21           (2) by adding at the end the following new sub-  
22          paragraph:

23                           “(B) TREATMENT OF ELECTIONS BE-  
24                           TWEEN ALTERNATIVE BENEFIT FORMULAS.—

25          For purposes of subparagraph (A), a contribu-

1           tion shall not fail to be treated as picked up by  
2           an employing unit merely because the employee  
3           may make an irrevocable election between the  
4           application of two alternative benefit formulas  
5           involving the same or different levels of em-  
6           ployee contributions.”.

7           (b) EFFECTIVE DATE.—The amendment made by  
8           this section shall apply to plan years beginning after the  
9           date of the enactment of this Act.

10 **SEC. 111. ELECTIVE DEFERRALS BY MEMBERS OF THE**  
11 **READY RESERVE OF A RESERVE COMPONENT**  
12 **OF THE ARMED FORCES.**

13           (a) IN GENERAL.—Section 402(g) of the Internal  
14           Revenue Code of 1986 is amended by adding at the end  
15           the following new paragraph:

16                   “(9) ELECTIVE DEFERRALS BY MEMBERS OF  
17           READY RESERVE.—

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

23                                   “(i) elective deferrals of such qualified  
24           ready reservist with respect to compensa-  
25           tion described in subparagraph (B), and

1                   “(ii) all other elective deferrals of  
2                   such qualified ready reservist.

3                   “(B) QUALIFIED READY RESERVIST.—For  
4                   purposes of this paragraph, the term ‘qualified  
5                   ready reservist’ means any individual for any  
6                   taxable year if such individual received com-  
7                   pensation for service as a member of the Ready  
8                   Reserve of a reserve component (as defined in  
9                   section 101 of title 37, United States Code)  
10                  during such taxable year.”.

11               (b) EFFECTIVE DATE.—The amendment made by  
12 this section shall apply to plan years beginning after De-  
13 cember 31, 2019.

## 14               **TITLE II—ADMINISTRATIVE** 15               **IMPROVEMENTS**

### 16       **SEC. 201. PLAN ADOPTED BY FILING DUE DATE FOR YEAR** 17               **MAY BE TREATED AS IN EFFECT AS OF CLOSE** 18               **OF YEAR.**

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

21                   (1) by striking “RETROACTIVE CHANGES IN  
22                   PLAN.—A stock bonus” and inserting “PLAN  
23                   AMENDMENTS.—

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



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

3           “(A) BENEFITS, RIGHTS, OR FEATURES  
4 PROVIDED TO CLOSED CLASSES.—A defined  
5 benefit plan which provides benefits, rights, or  
6 features to a closed class of participants shall  
7 not fail to satisfy the requirements of sub-  
8 section (a)(4) by reason of the composition of  
9 such closed class or the benefits, rights, or fea-  
10 tures provided to such closed class, if—

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

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

1 “(iii) the class was closed before April  
2 5, 2017, or the plan is described in sub-  
3 paragraph (C).

4 “(B) AGGREGATE TESTING WITH DEFINED  
5 CONTRIBUTION PLANS PERMITTED ON A BENE-  
6 FITS BASIS.—

7 “(i) IN GENERAL.—For purposes of  
8 determining compliance with subsection  
9 (a)(4) and section 410(b), a defined benefit  
10 plan described in clause (iii) may be aggre-  
11 gated and tested on a benefits basis with  
12 1 or more defined contribution plans, in-  
13 cluding with the portion of 1 or more de-  
14 fined contribution plans which—

15 “(I) provides matching contribu-  
16 tions (as defined in subsection  
17 (m)(4)(A)),

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

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

1 plan (within the meaning of section  
2 409(a)).

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

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

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

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

21 “(I) the plan provides benefits to  
22 a closed class of participants,

23 “(II) for the plan year as of  
24 which the class closes and the 2 suc-  
25 ceeding plan years, the plan satisfies

1 the requirements of section 410(b)  
2 and subsection (a)(4) (without regard  
3 to this subparagraph but taking into  
4 account the rules of subparagraph  
5 (I)),

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

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

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

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

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

1 features described in subparagraph (A) or  
2 in the coverage or benefits under the plan  
3 described in subparagraph (B)(iii) (which-  
4 ever is applicable).

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

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

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

1 greater than the value as of the first day  
2 of such 5-year period, solely as a result of  
3 such amendments.

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

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

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

24 “(F) CERTAIN EMPLOYEES DIS-  
25 REGARDED.—For purposes of subparagraphs

1 (D) and (E), any increase in coverage or value  
2 or in coverage or benefits, whichever is applica-  
3 ble, which is attributable to such coverage and  
4 value or coverage and benefits provided to em-  
5 ployees—

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

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

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

23 “(i) the average benefit provided to  
24 participants under the plan will be treated  
25 as having remained the same between the

1                   2 dates described in subparagraph (E)(ii)  
2                   if the benefit formula applicable to such  
3                   participants has not changed between such  
4                   dates, and

5                   “(ii) if the benefit formula applicable  
6                   to 1 or more participants under the plan  
7                   has changed between such 2 dates, then  
8                   the average benefit under the plan shall be  
9                   considered to have increased by more than  
10                  50 percent only if—

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

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

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

1 plan (as determined under section  
2 433(j)(1)(B)) shall be used in lieu of the  
3 amount determined under section  
4 430(b)(1)(A)(i).

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

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

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

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

21 “(iii) Changes in the employee popu-  
22 lation shall be disregarded to the extent at-  
23 tributable to individuals who become em-  
24 ployees or cease to be employees, after the  
25 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 2020, 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, 2019.

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, 2019.

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, 2019.

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 ADOPT-  
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 DISTRIBUTIONS.—  
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, 2019.

1           **TITLE IV—TAX RELIEF FOR**  
2                           **CERTAIN CHILDREN**

3   **SEC. 401. CERTAIN MILITARY SURVIVOR BENEFITS, CER-**  
4                           **TAIN PAYMENTS MADE BY INDIAN TRIBAL**  
5                           **GOVERNMENTS, CERTAIN SCHOLARSHIPS OR**  
6                           **FELLOWSHIP GRANTS, AND ALASKA PERMA-**  
7                           **NENT FUND DIVIDENDS TREATED AS EARNED**  
8                           **INCOME FOR KIDDIE TAX.**

9           (a) IN GENERAL.—Section 1(g)(4)(C) of the Internal  
10 Revenue Code of 1986 is amended to read as follows:

11                           “(C) TREATMENT OF CERTAIN AMOUNTS  
12 AS EARNED INCOME.—For purposes of this sub-  
13 section, each of following amounts shall be  
14 treated as earned income of the child referred  
15 to in paragraph (1) to the extent included in  
16 the gross income of such child:

17                           “(i) DISTRIBUTIONS FROM QUALIFIED  
18 DISABILITY TRUSTS.—Any amount in-  
19 cluded in the gross income of such child  
20 under section 652 or 662 by reason of  
21 being a beneficiary of a qualified disability  
22 trust (as defined in section  
23 642(b)(2)(C)(ii)).

24                           “(ii) CERTAIN MILITARY SURVIVOR  
25 BENEFITS.—Any benefit under laws ad-

1 ministered by the Secretary of Defense or  
2 the Secretary of Veterans Affairs which is  
3 received by such child by reason of the  
4 child being the survivor of a deceased  
5 member of the Armed Forces or of a de-  
6 ceased veteran.

7 “(iii) CERTAIN INDIAN TRIBAL PAY-  
8 MENTS.—Any payment made by an Indian  
9 tribal government (as defined in section  
10 139E(c)(1)), or from a trust of which the  
11 Indian tribal government is treated as the  
12 owner under subpart E of part I of sub-  
13 chapter J, to such child if—

14 “(I) such child is an enrolled  
15 member of the tribe with respect to  
16 such Indian tribal government, and

17 “(II) such payment is received by  
18 such child by reason of such enroll-  
19 ment.

20 “(iv) CERTAIN SCHOLARSHIPS OR  
21 FELLOWSHIP GRANTS.—Any scholarship or  
22 fellowship grant which is received by such  
23 child if—

24 “(I) such child is a candidate for  
25 a degree at an educational organiza-

1                   tion       described       in       section  
2                   170(b)(1)(A)(ii), and

3                               “(II) such scholarship or grant  
4                   supports such candidacy.

5                               “(v) ALASKA PERMANENT FUND DIVI-  
6                   DENDS.—Any Alaska Permanent Fund  
7                   dividend.”.

8           (b) APPLICATION TO ALTERNATIVE MINIMUM  
9 TAX.—Section 59(j)(1)(A) of such Code is amended by  
10 inserting “and including amounts treated as earned in-  
11 come under section 1(g)(4)(C)” after “section 911(d)(2)”.

12           (c) EFFECTIVE DATE.—The amendment made by  
13 this section shall apply to taxable years beginning after  
14 December 31, 2017.

## 15   **TITLE V—BUDGETARY EFFECTS**

### 16   **SEC. 501. BUDGETARY EFFECTS.**

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

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

