

**AMENDMENT IN THE NATURE OF A SUBSTITUTE  
TO H.R. 6757  
OFFERED BY MR. BRADY OF TEXAS**

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 2018”.

4 (b) TABLE OF CONTENTS.—The table of contents for  
5 this Act is as follows:

Sec. 1. Short title; etc.

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

Sec. 101. Multiple employer plans; pooled employer plans.

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

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

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

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

Sec. 106. Portability of lifetime income investments.

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

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

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

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

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

**TITLE II—ADMINISTRATIVE IMPROVEMENTS**

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

- Sec. 202. Modification of nondiscrimination rules to protect older, longer service participants.
- Sec. 203. Study of appropriate PBGC premiums.

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.

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

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

6 (a) QUALIFICATION REQUIREMENTS.—

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

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

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

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

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

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

10 “(2) LIMITATIONS.—

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

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

1           mines it is in the best interests of the em-  
2           ployees of such employer (and the bene-  
3           ficiaries of such employees) to retain the  
4           assets in the plan, and

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

13          “(B) FAILURES BY POOLED PLAN PRO-  
14          VIDERS.—If the pooled plan provider of a plan  
15          described in paragraph (1)(B) does not perform  
16          substantially all of the administrative duties  
17          which are required of the provider under para-  
18          graph (3)(A)(i) for any plan year, the Secretary  
19          may provide that the determination as to  
20          whether the plan meets the requirements under  
21          this title applicable to a plan described in sec-  
22          tion 401(a) or to a plan that consists of indi-  
23          vidual retirement accounts described in section  
24          408 (including by reason of subsection (c)  
25          thereof), whichever is applicable, shall be made

1 in the same manner as would be made without  
2 regard to paragraph (1).

3 “(3) POOLED PLAN PROVIDER.—

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

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

19 “(I) the plan meets any require-  
20 ment applicable under the Employee  
21 Retirement Income Security Act of  
22 1974 or this title to a plan described  
23 in section 401(a) or to a plan that  
24 consists of individual retirement ac-  
25 counts described in section 408 (in-

1 cluding by reason of subsection (c)  
2 thereof), whichever is applicable, and

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

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

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

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

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

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

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

1 the portion of the plan attributable to employ-  
2 ees of such employer (or beneficiaries of such  
3 employees).

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

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

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

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

24 The Secretary shall take into account under sub-  
25 paragraph (C) whether the failure of an employer or



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

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

15 (2) CONFORMING AMENDMENT.—Section  
16 413(c)(2) of such Code is amended by striking “sec-  
17 tion 401(a)” and inserting “sections 401(a) and  
18 408(c)”.

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

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

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

5 “(C) A pooled employer plan shall be treated  
6 as—

7 “(i) a single employee pension benefit  
8 plan or single pension plan; and

9 “(ii) a plan to which section 210(a)  
10 applies.”.

11 (c) POOLED EMPLOYER PLAN AND PROVIDER DE-  
12 FINED.—

13 (1) IN GENERAL.—Section 3 of the Employee  
14 Retirement Income Security Act of 1974 (29 U.S.C.  
15 1002) is amended by adding at the end the fol-  
16 lowing:

17 “(43) POOLED EMPLOYER PLAN.—

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

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

24 “(ii) which is a plan described in sec-  
25 tion 401(a) of the Internal Revenue Code

1 of 1986 which includes a trust exempt  
2 from tax under section 501(a) of such  
3 Code or a plan that consists of individual  
4 retirement accounts described in section  
5 408 of such Code (including by reason of  
6 subsection (c) thereof); and

7 “(iii) the terms of which meet the re-  
8 quirements of subparagraph (B).

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

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

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

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

1           ment written contribution collection proce-  
2           dures that are reasonable, diligent, and  
3           systematic;

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

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

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

23           “(iv) provide that employers in the  
24           plan, and participants and beneficiaries,  
25           are not subject to unreasonable restric-

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

6           “(v) require—

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

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

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

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

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

19 “(i) a multiemployer plan; or

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

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

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

11 “(44) POOLED PLAN PROVIDER.—

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

3 (A) in paragraph (16)(B)—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

25           that covers fewer than 1,000 participants, but

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

3           (e) EFFECTIVE DATE.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4 (b) CASH OR DEFERRED ARRANGEMENT.—

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

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

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

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

9 (c) SECTION 403(b) PLANS.—

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

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

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



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

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

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

16                   “(I) the employee dies,

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

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

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

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

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

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

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

20 (d) ELIGIBLE DEFERRED COMPENSATION PLANS.—

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

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

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

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

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

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

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

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

11 “(i) IN GENERAL.—If—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6                   “(I) PROTECTED PARTICIPANTS.—

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

10                                   “(I) the plan is amended—

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

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

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

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

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

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

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

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

18          (c) EFFECTIVE DATE.—

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

25               (2) SPECIAL RULES.—

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

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

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

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



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

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

17 **SEC. 203. STUDY OF APPROPRIATE PBGC PREMIUMS.**

18 (a) IN GENERAL.—The Pension Benefit Guaranty  
19 Corporation (hereafter in this section referred to as “the  
20 Corporation”) shall enter into a contract with an appro-  
21 priate agency or organization to conduct an independent  
22 study of the Corporation’s Single Employer Pension In-  
23 surance Modeling System.

24 (b) SELECTION OF INDEPENDENT ORGANIZATION.—  
25 The appropriate agency or organization referred to in sub-

1 section (a) shall be selected by the Board of Directors of  
2 the Corporation. Such agency or organization shall be the  
3 Social Security Administration or any other agency or or-  
4 ganization that such Board determines is independent  
5 from the Corporation and has the expertise to conduct the  
6 study described in this section.

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

10 (1) examine the current structure and level of  
11 premiums required to be paid by single employer  
12 plans (including fixed, variable and termination pre-  
13 miums) to the Corporation to evaluate whether such  
14 premiums are sufficient for the Corporation to pay  
15 the benefits guaranteed by the Corporation,

16 (2) evaluate whether there are alternative struc-  
17 tures and levels of premiums that would better ac-  
18 count for the risks posed by various categories of  
19 single employer plans, including on the basis of—

20 (A) industry, ownership structure, or size  
21 of the plan sponsor,

22 (B) plan funded status, risk or volatility of  
23 plan investments, or credit worthiness of the  
24 plan sponsor, or

1 (C) a combination of factors described in  
2 subparagraphs (A) and (B),

3 (3) evaluate whether other methods of esti-  
4 mating the value of assets and liabilities should be  
5 used in the financial statements of the Corporation  
6 (including methods described in the report titled  
7 “The Risk Exposure of the Pension Benefit Guar-  
8 anty Corporation” published by the Congressional  
9 Budget Office in September 2005 and methods de-  
10 scribed in the report titled “Options to Improve the  
11 Financial Condition of the Pension Benefit Guar-  
12 anty Corporation’s Multiemployer Program” pub-  
13 lished by the Congressional Budget Office in August  
14 2016),

15 (4) evaluate whether multiple employer plans in  
16 general, and multiple employer plans that are CSEC  
17 plans (as defined in section 414(y) of the Internal  
18 Revenue Code of 1986) in particular, have charac-  
19 teristics that warrant a separate structure and level  
20 of premiums, and

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

1           **TITLE III—OTHER SAVINGS**  
2                           **PROVISIONS**

3   **SEC. 301. UNIVERSAL SAVINGS ACCOUNTS.**

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

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

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

9           “(a) GENERAL RULE.—A Universal Savings Account  
10 shall be exempt from taxation under this subtitle. Not-  
11 withstanding the preceding sentence, such account shall  
12 be subject to the taxes imposed by section 511 (relating  
13 to imposition of tax on unrelated business income of chari-  
14 table organizations).

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

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

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

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

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

7           “(A) cash, or

8           “(B) property that—

9           “(i) has a readily ascertainable fair  
10          market value, and

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

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

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

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

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

4           “(c) TREATMENT OF DISTRIBUTIONS AND CON-  
5 TRIBUTIONS.—

6           “(1) DISTRIBUTIONS.—

7           “(A) IN GENERAL.—Except as provided in  
8 subparagraph (B), any distribution from a Uni-  
9 versal Savings Account shall not be includible in  
10 gross income.

11           “(B) NET INCOME ATTRIBUTABLE TO EX-  
12 CESS CONTRIBUTIONS.—Any distribution of net  
13 income described in section 4973(i)(2) shall be  
14 includible in the gross income of the account  
15 holder in the taxable year in which the con-  
16 tribution to which such net income relates was  
17 made.

18           “(2) CONTRIBUTION LIMIT.—

19           “(A) IN GENERAL.—The aggregate  
20 amount of contributions (other than qualified  
21 rollover contributions described in subsection  
22 (d)) for any taxable year to all Universal Sav-  
23 ings Accounts maintained for the benefit of an  
24 individual shall not exceed the lesser of—

25           “(i) \$2,500, or

1                   “(ii) an amount equal to the com-  
2                   pensation (within the meaning of section  
3                   219) includible in such individual’s gross  
4                   income for such taxable year.

5                   “(B) NO CONTRIBUTIONS FOR DEPEND-  
6                   ENTS.—In the case of an individual who is a  
7                   dependent of another taxpayer for a taxable  
8                   year beginning in the calendar year in which  
9                   such individual’s taxable year begins, the dollar  
10                  amount under subparagraph (A) for such indi-  
11                  vidual’s taxable year shall be zero.

12                  “(C) SPECIAL RULE IN CASE OF JOINT RE-  
13                  TURN.—

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

20                         “(I) the compensation of such in-  
21                         dividual includible in gross income for  
22                         the taxable year, plus

23                         “(II) the compensation of such  
24                         individual’s spouse includible in gross  
25                         income for the taxable year reduced

1 (but not below zero) by the amount  
2 contributed for the taxable year to all  
3 Universal Savings Accounts main-  
4 tained for the benefit of such spouse.

5 “(ii) INDIVIDUAL TO WHOM CLAUSE  
6 (i) APPLIES.—Clause (i) shall apply to any  
7 individual—

8 “(I) who files a joint return for  
9 the taxable year, and

10 “(II) whose compensation includ-  
11 ible in gross income for the taxable  
12 year is less than the compensation of  
13 such individual’s spouse includible in  
14 gross income for the taxable year.

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

20 “(i) such dollar amount, multiplied by

21 “(ii) the cost-of-living adjustment de-  
22 termined under section 1(f)(3) for the cal-  
23 endar year, determined by substituting  
24 ‘calendar year 2018’ for ‘calendar year  
25 2016’ in subparagraph (A)(ii) thereof.



1           If any amount after adjustment under the pre-  
2           ceding sentence is not a multiple of \$100, such  
3           amount shall be rounded to the next lower mul-  
4           tiple of \$100.

5           “(d) QUALIFIED ROLLOVER CONTRIBUTION.—For  
6 purposes of this section, the term ‘qualified rollover con-  
7 tribution’ means a contribution to a Universal Savings Ac-  
8 count from another such account of the same individual,  
9 but only if such amount is contributed not later than the  
10 60th day after the distribution from such other account.

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

14           “(1) SPOUSE.—In the case of the account hold-  
15 er’s surviving spouse acquiring such account holder’s  
16 interest in such account by reason of the death of  
17 the account holder, such account shall be treated as  
18 if the spouse were the account holder.

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

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

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

25          “(f) OTHER SPECIAL RULES.—

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

4           “(2) LOSS OF TAXATION EXEMPTION OF AC-  
5           COUNT WHERE INDIVIDUAL ENGAGES IN PROHIB-  
6           ITED TRANSACTION; EFFECT OF PLEDGING ACCOUNT  
7           AS SECURITY.—Rules similar to the rules of para-  
8           graphs (2) and (4) of section 408(e) shall apply to  
9           any Universal Savings Account.

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

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

17                 “(2) furnished to account holders—

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

21                         “(B) in such manner as the Secretary pro-  
22                         vides.”.

23          (b) TAX ON EXCESS CONTRIBUTIONS.—

24                 (1) IN GENERAL.—Section 4973(a) of such  
25          Code is amended by striking “or” at the end of

1 paragraph (5), by inserting “or” at the end of para-  
2 graph (6), and by inserting after paragraph (6) the  
3 following new paragraph:

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

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

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

11 “(1) IN GENERAL.—In the case of Universal  
12 Savings Accounts (within the meaning of section  
13 530U), the term ‘excess contributions’ means the  
14 sum of—

15 “(A) the amount (if any) by which the  
16 amount contributed for the taxable year to such  
17 accounts (other than qualified rollover contribu-  
18 tions (as defined in section 530U(d))) exceeds  
19 the contribution limit under section 530U(e)(2)  
20 for such taxable year, and

21 “(B) the amount determined under this  
22 subsection for the preceding taxable year, re-  
23 duced by the sum of—

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

1                   “(ii) the amount (if any) by which the  
2                   maximum amount allowable as a contribu-  
3                   tion under section 530U(c)(2) for the tax-  
4                   able year exceeds the amount contributed  
5                   to the accounts for the taxable year.

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

13                  (c) TAX ON PROHIBITED TRANSACTIONS.—Section  
14                  4975(e)(1) of such Code is amended by striking “or” at  
15                  the end of subparagraph (F), by striking the period at  
16                  the end of subparagraph (G) and inserting “, or”, and  
17                  by adding at the end the following new subparagraph:

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

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

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

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

                  “PART IX. UNIVERSAL SAVINGS ACCOUNTS”.

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

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

10          (a) DISTRIBUTIONS FOR CERTAIN EXPENSES ASSO-  
11 CIATED WITH REGISTERED APPRENTICESHIP PRO-  
12 GRAMS.—Section 529(c) of the Internal Revenue Code of  
13 1986 is amended by adding at the end the following new  
14 paragraph:

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

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

5 “(A) expenses for tuition in connection  
6 with enrollment or attendance of a designated  
7 beneficiary at an elementary or secondary pub-  
8 lic, private, or religious school, and

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

11 “(i) curriculum and curricular mate-  
12 rials,

13 “(ii) books or other instructional ma-  
14 terials,

15 “(iii) online educational materials,

16 “(iv) tuition for tutoring or edu-  
17 cational classes outside of the home (but  
18 only if the tutor or class instructor is not  
19 related (within the meaning of section  
20 152(d)(2)) to the student),

21 “(v) dual enrollment in an institution  
22 of higher education, and

23 “(vi) educational therapies for stu-  
24 dents with disabilities,

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

4 (c) DISTRIBUTIONS FOR QUALIFIED EDUCATION  
5 LOAN REPAYMENTS.—

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

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

11 “(A) IN GENERAL.—Any reference in this  
12 subsection to the term ‘qualified higher edu-  
13 cation expense’ shall include a reference to  
14 amounts paid as principal or interest on any  
15 qualified education loan (as defined in section  
16 221(d)) of the designated beneficiary or a sib-  
17 ling of the designated beneficiary.

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

24 “(C) SPECIAL RULES FOR SIBLINGS OF  
25 THE DESIGNATED BENEFICIARY.—

1                   “(i) SEPARATE ACCOUNTING.—For  
2                   purposes of subparagraph (B) and sub-  
3                   section (d), amounts treated as a qualified  
4                   higher education expense with respect to  
5                   the loans of a sibling of the designated  
6                   beneficiary shall be taken into account  
7                   with respect to such sibling and not with  
8                   respect to such designated beneficiary.

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

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



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

5 “(A) expenses described in section  
6 530(b)(3)(A)(i) in connection with enrollment  
7 or attendance of a designated beneficiary at an  
8 elementary or secondary public, private, or reli-  
9 gious school, and”.

10 (e) EFFECTIVE DATE.—The amendments made by  
11 this section shall apply to distributions made after Decem-  
12 ber 31, 2018.

13 **SEC. 303. PENALTY-FREE WITHDRAWALS FROM RETIRE-**  
14 **MENT PLANS FOR INDIVIDUALS IN CASE OF**  
15 **BIRTH OF CHILD OR ADOPTION.**

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

19 “(H) DISTRIBUTIONS FROM RETIREMENT  
20 PLANS IN CASE OF BIRTH OF CHILD OR ADOP-  
21 TION.—

22 “(i) IN GENERAL.—Any qualified  
23 birth or adoption distribution.

24 “(ii) LIMITATION.—The aggregate  
25 amount which may be treated as qualified

1 birth or adoption distributions by any indi-  
2 vidual with respect to any birth or adop-  
3 tion shall not exceed \$7,500.

4 “(iii) QUALIFIED BIRTH OR ADOPTION  
5 DISTRIBUTION.—For purposes of this sub-  
6 paragraph—

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

17 “(II) ELIGIBLE CHILD.—The  
18 term ‘eligible child’ means any indi-  
19 vidual (other than a child of the tax-  
20 payer’s spouse) who has not attained  
21 age 18 or is physically or mentally in-  
22 capable of self-support.

23 “(iv) TREATMENT OF PLAN DISTRIBUTI-  
24 TIONS.—

1                   “(I) IN GENERAL.—If a distribu-  
2                   tion to an individual would (without  
3                   regard to clause (ii)) be a qualified  
4                   birth or adoption distribution, a plan  
5                   shall not be treated as failing to meet  
6                   any requirement of this title merely  
7                   because the plan treats the distribu-  
8                   tion as a qualified birth or adoption  
9                   distribution, unless the aggregate  
10                  amount of such distributions from all  
11                  plans maintained by the employer  
12                  (and any member of any controlled  
13                  group which includes the employer) to  
14                  such individual exceeds \$7,500.

15                  “(II) CONTROLLED GROUP.—For  
16                  purposes of subclause (I), the term  
17                  ‘controlled group’ means any group  
18                  treated as a single employer under  
19                  subsection (b), (c), (m), or (o) of sec-  
20                  tion 414.

21                  “(v) AMOUNT DISTRIBUTED MAY BE  
22                  REPAID.—

23                  “(I) IN GENERAL.—Any indi-  
24                  vidual who receives a qualified birth  
25                  or adoption distribution may make

1 one or more contributions in an ag-  
2 gregate amount not to exceed the  
3 amount of such distribution to an ap-  
4 plicable eligible retirement plan of  
5 which such individual is a beneficiary  
6 and to which a rollover contribution of  
7 such distribution could be made under  
8 section 402(c), 403(a)(4), 403(b)(8),  
9 408(d)(3), or 457(e)(16), as the case  
10 may be.

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

1 unless the individual is eligible to  
2 make contributions (other than those  
3 described in subclause (I)) to such ap-  
4 plicable eligible retirement plan.

5 “(III) TREATMENT OF REPAY-  
6 MENTS OF DISTRIBUTIONS FROM AP-  
7 PPLICABLE ELIGIBLE RETIREMENT  
8 PLANS OTHER THAN IRAS.—If a con-  
9 tribution is made under subclause (I)  
10 with respect to a qualified birth or  
11 adoption distribution from an applica-  
12 ble eligible retirement plan other than  
13 an individual retirement plan, then  
14 the taxpayer shall, to the extent of the  
15 amount of the contribution, be treated  
16 as having received such distribution in  
17 an eligible rollover distribution (as de-  
18 fined in section 402(c)(4)) and as  
19 having transferred the amount to the  
20 applicable eligible retirement plan in a  
21 direct trustee to trustee transfer with-  
22 in 60 days of the distribution.

23 “(IV) TREATMENT OF REPAY-  
24 MENTS FOR DISTRIBUTIONS FROM  
25 IRAS.—If a contribution is made

1 under subclause (I) with respect to a  
2 qualified birth or adoption distribution  
3 from an individual retirement plan,  
4 then, to the extent of the amount of  
5 the contribution, such distribution  
6 shall be treated as a distribution de-  
7 scribed in section 408(d)(3) and as  
8 having been transferred to the appli-  
9 cable eligible retirement plan in a di-  
10 rect trustee to trustee transfer within  
11 60 days of the distribution.

12 “(vi) DEFINITION AND SPECIAL  
13 RULES.—For purposes of this subpara-  
14 graph—

15 “(I) APPLICABLE ELIGIBLE RE-  
16 TIREMENT PLAN.—The term ‘applica-  
17 ble eligible retirement plan’ means an  
18 eligible retirement plan (as defined in  
19 section 402(c)(8)(B)) other than a de-  
20 fined benefit plan.

21 “(II) EXEMPTION OF DISTRIBU-  
22 TIONS FROM TRUSTEE TO TRUSTEE  
23 TRANSFER AND WITHHOLDING  
24 RULES.—For purposes of sections  
25 401(a)(31), 402(f), and 3405, a quali-

1           fied birth or adoption distribution  
2           shall not be treated as an eligible roll-  
3           over distribution.

4                   “(III) TAXPAYER MUST INCLUDE  
5           TIN.—A distribution shall not be  
6           treated as a qualified birth or adop-  
7           tion distribution with respect to any  
8           child or eligible child unless the tax-  
9           payer includes the name, age, and  
10          TIN of such child or eligible child on  
11          the taxpayer’s return of tax for the  
12          taxable year.

13                   “(IV) DISTRIBUTIONS TREATED  
14          AS MEETING PLAN DISTRIBUTION RE-  
15          QUIREMENTS.—Any qualified birth or  
16          adoption distribution shall be treated  
17          as meeting the requirements of sec-  
18          tions                   401(k)(2)(B)(i),  
19          403(b)(7)(A)(ii), 403(b)(11), and  
20          457(d)(1)(A).”.

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

