AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 7310
OFFERED BY MRS. MCBATH OF GEORGIA

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the “Protecting America’s Retirement Security Act of 2022”.

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

Sec. 1. Short title; table of contents.
Sec. 2. Defined contribution plan fee disclosure improvements.
Sec. 3. Personal finance education portal.
Sec. 4. Increasing spousal protection under defined contribution plans.
Sec. 5. Automatic reenrollment.
Sec. 6. Employee Ownership and Participation Initiative.
Sec. 7. Refund to Rainy Day Savings Program.

SEC. 2. DEFINED CONTRIBUTION PLAN FEE DISCLOSURE IMPROVEMENTS.

Not later than 2 years after the date of enactment of this Act, the Secretary of Labor shall review section 2550.404a-5 of title 29, Code of Federal Regulations, and explore how the content and design of the covered disclosures may be improved to enhance participants’ understanding of fees and expenses as well as the cumulative effect of fees and expenses on retirement savings over
time. As part of such review, the Secretary shall conduct
outreach to stakeholders, including those representing
plan sponsors and retirement plan participants.

SEC. 3. PERSONAL FINANCE EDUCATION PORTAL.

(a) In general.—Not later than 3 years after the
date of enactment of this Act, the Secretary of Education,
in consultation with the Director of the Bureau of Con-
sumer Financial Protection, the Secretary of the Treasury
as chair of the Financial Literacy and Education Commiss-
ion, and the Commissioner of Internal Revenue, shall cre-
ate a personal finance education portal on a centralized
and publicly available website of the Department of Edu-
cation pertaining to Federal financial aid for voluntary use
by recipients of aid awarded under title IV of the Higher
Education Act of 1965.

(b) Content of personal finance education portal.—The personal finance education portal created
under subsection (a) shall include information on personal
finance concepts, including the following:

(1) Core personal finance concepts, such as
earning, saving, investing, spending, and borrowing,
including—

(A) the concept of compound growth as it
applies to savings and retirement savings, with
information about the different types of retirement savings accounts; and

(B) budgeting and credit usage.

(2) Managing student loan repayment, including—

(A) the interaction between savings and retirement decisions and Federal student loan repayment plans;

(B) Federal student loan discharge or forgiveness options;

(C) the types of voluntary benefits employers may use to help workers while they are paying down student loan debt;

(D) tax credits or deductions that are relevant to student loan borrowers in repayment; and

(E) any other Federal policies that significantly impact student loan borrowers in repayment, as determined by the Secretary.

(3) Any other personal finance concepts determined relevant by the Secretary of Education, in consultation with the Director of the Bureau of Consumer Financial Protection, the Secretary of the Treasury as chair of the Financial Literacy and
Education Commission, and the Commissioner of Internal Revenue.

(c) Provision of Content.—The personal finance content included under subsection (b) may be provided in an interactive format through text or video.

(d) Analytics.—The Secretary of Education, in consultation with the Director of the Bureau of Consumer Financial Protection, the Secretary of the Treasury as chair of the Financial Literacy and Education Commission, and the Commissioner of Internal Revenue, shall review not less than once every three years the utilization of the portal, make recommendations to improve the portal, and make such findings and recommendations publicly available.

(e) Authorization of Appropriations.—There are authorized to be appropriated such sums as may be necessary to carry out this section.

SEC. 4. INCREASING SPOUSAL PROTECTION UNDER DEFINED CONTRIBUTION PLANS.

(a) Amendments to Employee Retirement Income Security Act of 1974.—

(1) In general.—Part 2 of subtitle B of title I of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1051 et seq.) is amended by inserting after section 205 the following new section:
“SEC. 205A. ADDITIONAL SPOUSAL CONSENT REQUIREMENTS.

“(a) In General.—Each individual account plan to which section 205 does not apply (but to which this title otherwise applies) shall provide that, except as provided in subsections (c) and (d), no distribution may be made under the plan unless the spousal consent requirements of subsection (e) are met.

“(b) Coordination With Section 205.—Nothing in this section shall be construed to exempt an individual account plan from the requirements of paragraph (1)(B), (1)(C), or (2) of section 205(b) with respect to any participant.

“(c) Exceptions for Certain Distributions.—Subsection (a) shall not apply to—

“(1) any distribution that is—

“(A) a minimum required distribution described in section 4974(b) of the Internal Revenue Code of 1986; or

“(B) permitted under section 203(e)(1) to be made without the consent of the participant;

“(2) any distribution in the form of a qualified joint and survivor annuity (as defined in section 205(d)(1)), a qualified optional survivor annuity (as defined in section 205(d)(2)), a qualified preretirement survivor annuity (as defined in section 205(e)),...
or a series of substantially equal periodic payments (not less frequently than annually) made for the joint lives (or life expectancies) of the participant and the participant’s spouse; or

“(3) in the case of a participant who does not elect a form of benefit described in paragraph (2) under the plan or who is participating in a plan that does not provide such a form of benefit, any distribution of the participant’s entire nonforfeitable accrued benefit if 50 percent of such accrued benefit is transferred to an individual retirement plan (as defined in section 7701(a)(37) of the Internal Revenue Code of 1986) of the spouse of the participant.

A transfer described in paragraph (3) to an individual retirement plan shall be treated in the same manner as a transfer under section 408(d)(6) of the Internal Revenue Code of 1986.

“(d) EXCEPTIONS FOR CERTAIN ROLLOVER CONTRIBUTIONS.—

“(1) IN GENERAL.—Subsection (a) shall not apply to any distribution that is an eligible rollover distribution (as defined in section 402(f)(2)(A) of the Internal Revenue Code of 1986) made in the form of a direct trustee-to-trustee transfer within
the meaning of section 401(a)(31) of the Internal
Revenue Code of 1986—

“(A) to a plan to which this section or sec-
tion 205 applies; or

“(B) to an individual retirement plan (as
defined in section 7701(a)(37) of the Internal
Revenue Code of 1986) if—

“(i) the sole beneficiary of such plan
is the spouse of the participant, or the
spousal consent requirements of subsection
(e) are met with respect to any designation
of 1 or more other beneficiaries; and

“(ii) under the terms of the individual
retirement plan, the beneficiary of such
plan (whether the spouse or other bene-
iciary designated under subparagraph
(A)) may not be changed unless—

“(I) the spousal consent require-
ments of subsection (e) are met with
respect to any such change; or

“(II) the spousal consent under
clause (i) to the designation of a bene-
ficiary other than the spouse expressly
permits such designation to be
changed without the further consent of the spouse.

“(2) REGULATORY AUTHORITY.—The Secretary of the Treasury and the Secretary of Labor may jointly issue regulations to implement subparagraphs (A) and (B) of paragraph (1).

“(e) SPOUSAL CONSENT REQUIREMENTS.—

“(1) IN GENERAL.—For purposes of this section, except as provided in paragraph (2), the spousal consent requirements of this subsection are met with respect to any distribution or any designation or change of beneficiary if—

“(A) the plan provides to each participant, within a reasonable period of time before such distribution or designation or change of beneficiary is made and consistent with such regulations as the Secretary of the Treasury may prescribe, a written explanation of the rights of the participant and the participant’s spouse under this section;

“(B) the spouse of the participant consents in writing to the distribution or designation or change of beneficiary;
“(C) in the case of a distribution, the written consent under subparagraph (B) is made during the consent period; and

“(D) the written consent under subparagraph (B)—

“(i) acknowledges the effect of such distribution or designation or change of beneficiary; and

“(ii) is witnessed by a plan representative or a notary public.

“(2) EXCEPTIONS.—The requirements of paragraph (1) (other than subparagraph (A) thereof) shall not apply with respect to any distribution or designation or change of beneficiary if a participant establishes to the satisfaction of the administrator that—

“(A) there is no spouse;

“(B) the participant and the participant’s spouse have not been married for at least 1 year as of the date of the distribution or designation or change of beneficiary; or

“(C) such consent cannot be obtained because—

“(i) the spouse cannot be located after taking documented search efforts in ac-
cordance with guidance from the Secretary of Labor;

“(ii) due to exceptional circumstances, requiring the participant to seek the spouse’s consent would be inappropriate; or

“(iii) of such other circumstances as the Secretary of the Treasury, in consultation with the Secretary of Labor, may by regulations prescribe.

The Secretary of Labor may issue regulations to implement this paragraph.

“(3) Consent limited to spouse and event.—Any written consent by a spouse under paragraph (1), or the establishment by a participant that an exception under paragraph (2) applies with respect to a spouse, shall be effective only with respect to that spouse and to the distribution or designation or change of beneficiary to which it relates.

“(4) Consent period.—For purposes of this subsection, the term ‘consent period’ means, with respect to any distribution—

“(A) the 90-day period immediately preceding the date of such distribution; or
“(B) such other period as the Secretary of the Treasury may provide.

“(f) DISCHARGE OF PLAN FROM LIABILITY.—Rules similar to the rules of section 205(c)(6) shall apply for purposes of this section.”.

(2) CLERICAL AMENDMENT.—The table of sections of part 2 of subtitle B of title I of the Employee Retirement Income Security Act of 1974 is amended by inserting after the item relating to section 205 the following new item:

“Sec. 205A. Additional spousal consent requirements.”.

(3) PARALLEL AMENDMENT TO SECTION 205.—
Section 205(c)(2)(B) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1055(c)(2)(B)) is amended by inserting “, because due to exceptional circumstances, requiring the participant to seek the spouse’s consent would be inappropriate” after “located”.

(b) CONFORMING AMENDMENT TO INTERNAL REVENUE CODE OF 1986.—Section 401(a) of the Internal Revenue Code of 1986 is amended by inserting after paragraph (17) the following new paragraph:

“(18) ADDITIONAL SPOUSAL CONSENT REQUIREMENTS.—

“(A) IN GENERAL.—To the extent paragraph (11) does not apply to a defined con-
tribution plan to which title I of the Employee Retirement Income Security Act of 1974 applies, except as provided in subparagraphs (C) and (D), a trust forming part of such plan shall not constitute a qualified trust under this section unless no distribution may be made under the plan unless the spousal consent requirements of subparagraph (E) are met.

“(B) COORDINATION WITH PARAGRAPH (11).—Nothing in this paragraph shall be construed to exempt a defined contribution plan from the requirements of subparagraph (B)(ii), (B)(iii), or (C) of paragraph (11) with respect to any participant.

“(C) EXCEPTIONS FOR CERTAIN DISTRIBUTIONS.—Subparagraph (A) shall not apply to—

“(i) any distribution that is—

“(I) a minimum required distribution described in section 4974(b), or

“(II) permitted under section 411(a)(11) to be made without the consent of the participant,

“(ii) any distribution in the form of a qualified joint and survivor annuity (as de-
fined in section 417(b)), a qualified optional survivor annuity (as defined in section 417(g)), a qualified preretirement survivor annuity (as defined in section 417(c)), or a series of substantially equal periodic payments (not less frequently than annually) made for the joint lives (or life expectancies) of the participant and the participant’s spouse, or

“(iii) in the case of a participant who does not elect a form of benefit described in clause (ii) under the plan or who is participating in a plan that does not provide such a form of benefit, any distribution of the participant’s entire nonforfeitable accrued benefit if 50 percent of such accrued benefit is directly transferred to an individual retirement plan of the spouse of the participant.

A transfer described in clause (iii) to an individual retirement plan shall be treated in the same manner as a transfer under section 408(d)(6) and shall be deemed not to violate paragraph (2) or (13).
“(D) Exceptions for certain rollover contributions.—

“(i) In general.—Subparagraph (A) shall not apply to any distribution, involving a participant who has a spouse, that is an eligible rollover distribution (as defined in section 402(f)(2)(A)) made in the form of a direct trustee-to-trustee transfer within the meaning of paragraph (31)—

“(I) to a plan to which this paragraph or paragraph (11) applies; or

“(II) to an individual retirement plan if—

“(aa) the sole beneficiary of such plan is the spouse of the participant, or the spousal consent requirements of subparagraph (E) are met with respect to any designation of 1 or more other beneficiaries; and

“(bb) under the terms of the individual retirement plan, the beneficiary of such plan (whether the spouse or other beneficiary
designated under clause (i)) may not be changed unless—

“(AA) the spousal consent requirements of subparagraph (E) are met with respect to any such change, or

“(BB) the spousal consent under subclause (I) to the designation of a beneficiary other than the spouse expressly permits such designation to be changed without the further consent of the spouse.

“(ii) REGULATORY AUTHORITY.—The Secretary of the Treasury, in consultation with the Secretary of Labor, may issue regulations to implement subparagraphs subclauses (I) and (II) or clause (i).

“(E) SPOUSAL CONSENT REQUIREMENTS.—

“(i) IN GENERAL.—For purposes of this paragraph, except as provided in clause (ii), the spousal consent require-
ments of this subparagraph are met with
respect to any distribution or any designa-
tion or change of beneficiary if—

“(I) the plan provides to each
participant, within a reasonable period
of time before such distribution or
designation or change of beneficiary is
made and consistent with such regula-
tions as the Secretary may prescribe,
a written explanation of the rights of
the participant and the participant’s
spouse under this paragraph,

“(II) the spouse of the partici-
 pant consents in writing to the dis-
 tribution or designation or change of
beneficiary,

“(III) in the case of a distribu-
tion, the written consent under sub-
clause (II) is made during the consent
period, and

“(IV) the written consent under
subclause (ii)—

“(aa) acknowledges the ef-
fec t of such distribution or des-
designation or change of beneficiary,
and
“(bb) is witnessed by a plan
representative or a notary public.
“(ii) EXCEPTIONS UNDER SECTION
417(A)(2)(B) TO APPLY.—The requirements
of clause (i) (other than subclause (I)
thereof) shall not apply with respect to any
distribution or designation or change of
beneficiary if a participant establishes to
the satisfaction of the administrator that—
“(I) there is no spouse,
“(II) the participant and the par-
ticipant’s spouse have not been mar-
rried for at least 1 year as of the date
of the distribution or designation or
change of beneficiary, or
“(III) such consent cannot be ob-
tained because—
“(aa) the spouse cannot be
located after taking documented
search efforts in accordance with
guidance from the Secretary of
Labor;
“(bb) due to exceptional circumstances, requiring the participant to seek the spouse’s consent would be inappropriate; or

“(cc) of such other circumstances as the Secretary, in consultation with the Secretary of Labor, may by regulations prescribe.

The Secretary, in consultation with the Secretary of Labor, may issue regulations to implement this clause.

“(iii) CONSENT LIMITED TO SPOUSE AND EVENT.—Any written consent by a spouse under clause (i), or the establishment by a participant that an exception under clause (ii) applies with respect to a spouse, shall be effective only with respect to that spouse and to the distribution or designation or change of beneficiary to which it relates.

“(iv) CONSENT PERIOD.—For purposes of this subparagraph, the term ‘consent period’ means, with respect to any distribution—
“(I) the 90-day period immediately preceding the date of such distribution, or

“(II) such other period as the Secretary may provide.”.

SEC. 5. AUTOMATIC REENROLLMENT.

(a) ELIGIBLE AUTOMATIC CONTRIBUTION ARRANGEMENTS.—

(1) AMENDMENT TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—Section 514(e)(2) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1144(e)(2)) is amended—

(A) by redesignating subparagraphs (A) through (C) as clauses (i) through (iii), respectively, and moving the margins of such clauses 2 ems to the right,

(B) by striking “(2) For purposes of” and inserting “(2)(A) For purposes of”, and

(C) by adding at the end the following:

“(B) In the case of an automatic contribution arrangement taking effect after December 31, 2024, the requirements of subparagraph (A)(ii) shall be treated as met only if, under the
arrangement, at least every 3 years each employ-

“(i) who is eligible to participate in

the arrangement, and

“(ii) who, at the time of the deter-

mination, has in effect an affirmative elec-

tion pursuant to subparagraph (A)(ii) not

to have contributions described in such

subparagraph made,

is treated as having made the election at the

uniform percentage of compensation described

in subparagraph (A)(ii) unless the employee

makes a new election under such subparagraph.

Such determination may be made at one time

for all employees described in the preceding

sentence for a plan year, regardless of indi-


gual employee dates of enrollment.”.

(2) Amendment to the Internal Revenue

Code of 1986.—Section 414(w)(3) of the Internal

Revenue Code of 1986 is amended—

(A) by redesignating subparagraphs (A)

through (C) as clauses (i) through (iii), respec-


tively, and moving the margins of such clauses

2 ems to the right;
(B) by striking “For purposes of” and inserting the following:

“(A) IN GENERAL.—For purposes of”

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

“(B) PERIODIC AUTOMATIC DEFERRAL REQUIRED.—In the case of an eligible automatic contribution arrangement taking effect after December 31, 2024, the requirements of this subsection shall be treated as met only if, under the arrangement, at least every 3 plan years each employee—

“(i) who is eligible to participate in the arrangement, and

“(ii) who, at the time of the determination, has in effect an affirmative election under subparagraph (A)(ii) not to have such contributions described in such subparagraph made, is treated as having made the election at the uniform percentage level described in subparagraph (A)(ii) unless the employee makes a new election under such subparagraph. Such determination may be made at one time for all employees described in the preceding sentence for
a plan year, regardless of individual employee
dates of enrollment.”

(b) Qualified Automatic Contribution Ar-
rangements.—

(1) In general.—Section 401(k)(13)(C) of the
Internal Revenue Code of 1986 is amended by add-
ing at the end the following new clause:

“(v) Periodic Automatic Deferral
required for post-2024 arrange-
ments.—In the case of a qualified auto-
matic contribution arrangement which
takes effect after December 31, 2024, the
requirements of this subparagraph shall be
treated as met only if, under the arrange-
ment, at least every 3 plan years each em-
ployee—

“(I) who is eligible to participate
in the arrangement, and

“(II) who, at the time of the de-
termination, has in effect an affirma-
tive election pursuant to clause (ii)
not to have contributions described in
clause (i) made,
is treated as having made the election de-
described in clause (i) unless the employee
makes a new affirmative election under clause (ii). Such determination may be made at one time for all employees described in the preceding sentence for a plan year, regardless of individual employee dates of enrollment.”

(2) CONFORMING AMENDMENTS.—Clause (iv) of section 401(k)(13)(C) of such Code is amended—

(A) in the heading, by inserting “for pre-2025 arrangements” after “required”; and

(B) by striking “Clause (i)” and inserting “In the case of a qualified automatic contribution arrangement in effect before January 1, 2025, clause (i)”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to arrangements taking effect after December 31, 2024.

SEC. 6. EMPLOYEE OWNERSHIP AND PARTICIPATION INITIATIVE.

(a) DEFINITIONS.—In this section:

(1) EXISTING PROGRAM.—The term “existing program” means a program, designed to promote employee ownership and employee participation in business decisionmaking, that exists on the date on
which the Secretary is carrying out a responsibility authorized under this section.

(2) INITIATIVE.—The term “Initiative” means the Employee Ownership and Participation Initiative established under subsection (b).

(3) NEW PROGRAM.—The term “new program” means a program, designed to promote employee ownership and employee participation in business decisionmaking, that does not exist on the date on which the Secretary is carrying out a responsibility authorized under this section.

(4) SECRETARY.—The term “Secretary” means the Secretary of Labor.

(5) STATE.—The term “State” has the meaning given the term under section 3 of the Workforce Innovation and Opportunity Act (29 U.S.C. 3102).

(b) EMPLOYEE OWNERSHIP AND PARTICIPATION INITIATIVE.—

(1) ESTABLISHMENT.—The Secretary of Labor shall establish within the Department of Labor an Employee Ownership and Participation Initiative to promote employee ownership and employee participation in business decisionmaking.

(2) FUNCTIONS.—In carrying out the Initiative, the Secretary shall—
(A) support within the States existing programs designed to promote employee ownership and employee participation in business decision-making; and

(B) facilitate within the States the formation of new programs designed to promote employee ownership and employee participation in business decisionmaking.

(3) DUTIES.—To carry out the functions enumerated in paragraph (2), the Secretary shall—

(A) support new programs and existing programs by—

(i) making Federal grants authorized under subsection (d); and

(ii) acting as a clearinghouse on techniques employed by new programs and existing programs within the States, and disseminating information relating to those techniques to the programs; and

(B) facilitate the formation of new programs, in ways that include holding or funding an annual conference of representatives from States with existing programs, representatives from States developing new programs, and rep-
(c) Programs Regarding Employee Ownership and Participation.—

(1) Establishment of Program.—Not later than 180 days after the date of enactment of this Act, the Secretary shall establish a program to encourage new programs and existing programs within the States to foster employee ownership and employee participation in business decisionmaking throughout the United States.

(2) Purpose of Program.—The purpose of the program established under paragraph (1) is to encourage new and existing programs within the States that focus on—

(A) providing education and outreach to inform employees and employers about the possibilities and benefits of employee ownership, business ownership succession planning, and employee participation in business decision-making, including providing information about financial education, employee teams, open-book management, and other tools that enable employees to share ideas and information about how their businesses can succeed;
(B) providing technical assistance to assist employee efforts to become business owners, to enable employers and employees to explore and assess the feasibility of transferring full or partial ownership to employees, and to encourage employees and employers to start new employee-owned businesses; and

(C) training employees and employers with respect to methods of employee participation in open-book management, work teams, committees, and other approaches for seeking greater employee input.

(3) PROGRAM DETAILS.—The Secretary may include, in the program established under paragraph (1), provisions that—

(A) in the case of activities described in paragraph (2)(A)—

(i) target key groups, such as retiring business owners, senior managers, unions, trade associations, community organizations, and economic development organizations;

(ii) encourage cooperation in the organization of workshops and conferences; and
(iii) prepare and distribute materials concerning employee ownership and participation, and business ownership succession planning;

(B) in the case of activities described in paragraph (2)(B)—

(i) provide preliminary technical assistance to employee groups, managers, and retiring owners exploring the possibility of employee ownership;

(ii) provide for the performance of preliminary feasibility assessments;

(iii) assist in the funding of objective third-party feasibility studies and preliminary business valuations, and in selecting and monitoring professionals qualified to conduct such studies; and

(iv) provide a data bank to help employees find legal, financial, and technical advice in connection with business ownership;

(C) in the case of activities described in paragraph (2)(C)—

(i) provide for courses on employee participation; and
(ii) provide for the development and
fostering of networks of employee-owned
companies to spread the use of successful
participation techniques; and

(D) in the case of training described in
paragraph (2)(D)—

(i) provide for visits to existing pro-
grams by staff from new programs receiv-
ing funding under this section; and

(ii) provide materials to be used for
such training.

(4) GUIDANCE.—The Secretary shall issue for-
mal guidance, for recipients of grants awarded under
subsection (d) and one-stop partners (as defined in
section 3 of the Workforce Innovation and Oppor-
tunity Act (29 U.S.C. 3102)) affiliated with the
workforce development systems (as so defined) of
the States, proposing that programs and other ac-
tivities funded under this section be—

(A) proactive in encouraging actions and
activities that promote employee ownership of,
and participation in, businesses; and

(B) comprehensive in emphasizing both
employee ownership of, and participation in,
businesses so as to increase productivity and broaden capital ownership.

(d) GRANTS.—

(1) IN GENERAL.—In carrying out the program established under subsection (e), the Secretary may make grants to States (except as provided in paragraph (5)) for use in connection with new programs and existing programs within a State for—

(A) education and outreach as provided in subsection (c)(2)(A);

(B) technical assistance as provided in subsection (c)(2)(B);

(C) training activities for employees and employers as provided in subsection (c)(2)(C);

(D) activities facilitating cooperation among employee-owned firms; and

(E) training as provided in subsection (c)(2)(D) for new programs provided by participants in existing programs dedicated to the objectives of this section, except that, for each fiscal year, the amount of the grants made for such training shall not exceed 10 percent of the total amount of the grants made under this section.
(2) AMOUNTS AND CONDITIONS.—The Secretary shall determine the amount and any conditions for a grant made under this subsection. The amount of the grant shall be subject to paragraph (6), and shall reflect the capacity of the applicant for the grant.

(3) APPLICATIONS.—Each entity desiring a grant under this subsection shall submit an application to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may reasonably require.

(4) STATE APPLICATIONS.—Each State may sponsor and submit an application under paragraph (3) on behalf of any local entity consisting of a unit of State or local government, State-supported institution of higher education, or nonprofit organization, meeting the requirements of this section.

(5) APPLICATIONS BY ENTITIES.—

(A) ENTITY APPLICATIONS.—If a State fails to support or establish a program pursuant to this section during any fiscal year, the Secretary shall, in the subsequent fiscal years, allow local entities described in paragraph (4) from that State to make applications for grants under paragraph (3) on their own initiative.
(B) APPLICATION SCREENING.—In any case in which a local entity makes an application for a grant pursuant to subparagraph (A), the relevant State may take no actions to screen such application.

(6) LIMITATIONS.—A recipient of a grant made under this subsection shall not receive, during a fiscal year, in the aggregate, more than the following amounts:

(A) For fiscal year 2023, $300,000.
(B) For fiscal year 2024, $330,000.
(C) For fiscal year 2025, $363,000.
(D) For fiscal year 2026, $399,300.
(E) For fiscal year 2027, $439,200.

(7) ANNUAL REPORT.—For each year, each recipient of a grant under this subsection shall submit to the Secretary a report describing how grant funds allocated pursuant to this subsection were expended during the 12-month period preceding the date of the submission of the report.

(e) EVALUATIONS.—The Secretary is authorized to reserve not more than 10 percent of the funds appropriated for a fiscal year to carry out this section for the purposes of conducting evaluations of the grant programs.
identified in subsection (d) and to provide related technical assistance.

(f) REPORTING.—Not later than 36 months after the date of enactment of this Act, the Secretary shall prepare and submit to Congress a report—

(1) on progress related to employee ownership and participation in businesses in the United States; and

(2) containing an analysis of critical costs and benefits of activities carried out under this section.

(g) AUTHORIZATIONS OF APPROPRIATIONS.—

(1) IN GENERAL.—There are authorized to be appropriated for the purpose of making grants pursuant to subsection (d) the following:

(A) For fiscal year 2023, $4,000,000.

(B) For fiscal year 2024, $7,000,000.

(C) For fiscal year 2025, $10,000,000.

(D) For fiscal year 2026, $13,000,000.

(E) For fiscal year 2027, $16,000,000.

(2) ADMINISTRATIVE EXPENSES.—There are authorized to be appropriated for the purpose of funding the administrative expenses related to the Initiative, for each of fiscal years 2022 through 2026, an amount not in excess of the lesser of—

(A) $350,000; or
(B) 5.0 percent of the maximum amount available under paragraph (1) for that fiscal year.

SEC. 7. REFUND TO RAINY DAY SAVINGS PROGRAM.

(a) Establishment.—

(1) In general.—Not later than December 31, 2024, the Secretary of the Treasury or the Secretary’s delegate (referred to in this subsection as the “Secretary”) shall establish and implement a program (referred to in this subsection as the “Refund to Rainy Day Savings Program”) to allow participating taxpayers, pursuant to the requirements established under this section, to defer payment on 20 percent of the amount which would otherwise be refunded to such taxpayer as an overpayment (as described in section 6401 of the Internal Revenue Code of 1986).

(2) Period of deferral.—Except as provided under paragraph (3)(E), a participating taxpayer may elect to defer payment of the amount described in paragraph (1) and have such amount deposited in the Rainy Day Fund (as described in paragraph (3)).

(3) Rainy day fund.—
(A) IN GENERAL.—The Secretary shall establish in the Treasury a fund, in such manner as the Secretary determines to be appropriate, to be known as the “Rainy Day Fund”, consisting of any amounts described in paragraph (1) on which payment has been deferred by participating taxpayers.

(B) INVESTMENT.—Any amounts deposited in the Rainy Day Fund shall be invested by the Secretary, in United States Treasury securities issued under chapter 31 of title 31, United States Code, that are suitable for the needs of the Rainy Day Fund.

(C) DISBURSEMENTS FROM FUND.—

(i) IN GENERAL.—On the date that is 180 days after the date of deposit in the Rainy Day Fund of an amount deferred by such taxpayer under paragraph (1), the amounts in the Rainy Day Fund shall be made available to the Secretary to distribute to such taxpayer in an amount equal to such amount plus any interest accrued on such amount (as determined under subparagraph (D)).
(ii) DISTRIBUTED TO TAXPAYERS.—

The amounts described in clause (i) shall be distributed to the account identified by the participating taxpayer under paragraph (4)(B).

(D) INTEREST ACCRUED.—The amount of interest accrued on the amount deferred by a participating taxpayer under subsection (a) shall be determined by the Secretary based upon the return on the investment of such amounts under subparagraph (B).

(E) EARLY WITHDRAWAL.—

(i) IN GENERAL.—As soon as possible after receipt by the Secretary of the individual income tax return of the participating taxpayer and October 15 of the applicable year, such taxpayer may elect to terminate the deferral of the amount described under paragraph (1) and receive a distribution from the Rainy Day Fund equal to such amount and any interest which has accrued on such amount up to that date.

(ii) COMPLETE WITHDRAWAL.—A participating taxpayer making an election
under clause (i) must terminate deferral of
the full amount described under paragraph
(1), and such amount shall be distributed
to the bank account identified by the par-
ticipating taxpayer under paragraph
(4)(B).

(4) PARTICIPATING TAXPAYER.—For purposes
of this section, the term “participating taxpayer”
means a taxpayer who—

(A) prior to the due date for filing the re-
turn of tax for such taxable year, elects to par-
ticipate in the Refund to Rainy Day Savings
Program, in accordance with regulations to be
issued by the Secretary; and

(B) provides the Secretary with an account
and routing number or any other financial in-
formation deemed necessary by the Secretary
for purposes of subparagraphs (C)(ii) and
(E)(ii) of paragraph (3).

(5) FORMS.—The Secretary shall ensure that
the election to defer payment of the amount de-
scribed in paragraph (1) may be claimed on appro-
priate tax forms.

(6) IMPLEMENTATION.—
(A) EDUCATIONAL MATERIALS AND OUT-
REACH.—The Secretary shall—

(i) design educational materials for
taxpayers regarding financial savings and
the Refund to Rainy Day Savings Pro-
gram,

(ii) publicly disseminate and distribute
such materials during the first calendar
quarter of each calendar year and fol-
lowing disbursement of amounts described
in paragraph (3)(C), and

(iii) engage in outreach regarding the
Refund to Rainy Day Savings Program to
the Volunteer Income Tax Assistance pro-
gram and paid tax preparers.

(B) INFORMATION FOR PARTICIPATING
TAXPAYERS.—The Secretary shall ensure that a
participating taxpayer is able to electronically
verify the status of the amount deferred by
such taxpayer under paragraph (1), including
any interest accrued on such amount and the
status of any distribution.

(C) FEDERALLY FUNDED BENEFITS.—Any
amounts described in paragraph (1) that are
distributed to a participating taxpayer, includ-
ing any interest accrued on such amount, shall
be treated in the same manner as any refund
made to such taxpayer under section 32 of the
Internal Revenue Code of 1986 for purposes of
determining the eligibility of such taxpayer for
benefits or assistance, or the amount or extent
of benefits or assistance, under any Federal
program or under any State or local program
financed in whole or in part with Federal funds.

(b) Assets for Independence Innovation Demo-

stration Projects.—

(1) Reauthorization.—The Assets for Inde-
pendence Act (42 U.S.C. 604 note) is amended—

(A) in section 416, by inserting “, and,
subject to section 417, $25,000,000 for each of
fiscal years 2024, 2025, 2026, 2027, and 2028,
to remain available until expended.”; and

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

“SEC. 417. RESERVATION OF FUNDS.

“(a) In General.—Subject to subsections (b) and
(c), from the funds appropriated for each of fiscal years
2024, 2025, 2026, 2027, and 2028 under section 416, the
Secretary shall reserve—
“(1) $3,000,000 for general research and evaluation; and

“(2) any amounts remaining after application of paragraph (1) to fund Assets for Independence innovation projects under section 418.

“(b) PILOT PROGRAM FUNDING.—From the amounts reserved under subsection (a) for each of fiscal years 2024, 2025, and 2026, the Secretary shall make available for operating the pilot program established under section 7(c) of the Protecting America’s Retirement Security Act of 2022—

“(1) 50 percent of the amount reserved for the relevant fiscal year under paragraph (1) of subsection (a) (after any adjustment under subsection (c)); and

“(2) 25 percent of the amount reserved for the relevant fiscal year under paragraph (2) of subsection (a) (after any adjustment under subsection (c)).

“(c) PROPORTIONAL ADJUSTMENT.—In any of fiscal years 2024, 2025, 2026, 2027, and 2028, if the amount appropriated for such fiscal year is greater or less than the amount authorized for such fiscal year under section 416, the amounts reserved under subsection (a) shall be increased or decreased for such fiscal year so that each
such amount bears the same proportion to the amount appropriated as each of the amounts reserved under such subsection bears to the amount authorized.”.

(2) Establishment of Innovation Program.—The Assets for Independence Act (42 U.S.C. 604 note), as amended by paragraph (1), is further amended by adding at the end the following new section:

“SEC. 418. ASSETS FOR INDEPENDENCE INNOVATION PROJECTS.

“(a) In General.—The Secretary is authorized to make grants to qualified entities to conduct Assets for Independence innovation projects under this section.

“(b) Definitions.—For purposes of this section:

“(1) Assets for Independence Innovation Project.—The term ‘Assets for Independence innovation project’ means a demonstration project carried out by a qualified entity under this section.

“(2) Innovation Development Account.—The term ‘innovation development account’ means an account that is established in a federally insured financial institution or a State insured financial institution and meets such other requirements as are established by the Secretary.

“(c) Application.—
“(1) CRITERIA AND PREFERENCES.—

“(A) IN GENERAL.—Subject to subparagraph (B), in considering an application to conduct an Assets for Independence innovation project, the Secretary shall apply subsections (c) and (d) of section 405 to the application in the same manner that such subsections apply to an application to conduct a demonstration project under section 405.

“(B) MODIFICATION.—For purposes of this paragraph, paragraph (1) of section 405(c) shall be applied without regard to the phrase ‘through activities requiring one or more qualified expenses’.

“(2) APPROVAL OF ASSETS FOR INDEPENDENCE INNOVATION PROJECTS.—Not later than 12 months after the date of the enactment of this section, the Secretary shall, on a competitive basis, approve such applications to conduct Assets for Independence innovation projects as the Secretary considers to be appropriate, taking into account the considerations required by paragraph (1). The Secretary shall ensure, to the maximum extent practicable, that the applications that are approved involve a range of communities (spread out both geo-
graphically and in rural and urban areas) and diverse populations.

“(d) Project Duration and Grant Amount.—

“(1) Duration.—The Secretary shall award grants under this section for a period not to exceed 5 project years.

“(2) Grant Amount.—For each project year of an Assets for Independence innovation project approved under this section, the Secretary may make a grant to the qualified entity authorized to conduct the project. In making such a grant, the Secretary shall make the grant on the first day of the project year in an amount not to exceed the lesser of—

“(A) the aggregate amount of funds committed as matching contributions from non-Federal public or private sector sources; or

“(B) $1,000,000.

“(e) Eligibility and Selection of Individuals to Participate in an Assets for Independence Innovation Project.—

“(1) Eligibility Criteria.—Subject to the approval of the Secretary, each qualified entity conducting an Assets for Independence innovation project shall establish eligibility requirements for
participants in the project. Such requirements shall—

“(A) be more expansive than the requirements established under section 408; and

“(B) ensure that eligibility is limited to low-income individuals.

“(2) Selection of Individuals to Participate.—Each qualified entity conducting an Assets for Independence innovation project shall select, from among the individuals that meet the eligibility requirements established by the entity under paragraph (1), the individuals—

“(A) that the qualified entity determines to be most appropriate to participate; and

“(B) to whom the qualified entity will make disbursements or deposits in accordance with subsection (f).

“(f) Disbursements by Qualified Entities.—

“(1) In General.—Each qualified entity conducting an Assets for Independence innovation project shall, in a manner consistent with the program requirements established by such entity, disburse to a third-party or deposit into the innovation development account of each individual participating in the project from the funds described in subsection
(d)(2), a matching contribution of not less than $0.50 and not more than $8 for every $1 deposited in the account by a project participant, except that the rate of matching shall be equal for all individuals participating in the project conducted by such qualified entity.

“(2) LIMITATION ON DISBURSEMENTS FOR AN INDIVIDUAL.—Not more than $5,000 from a grant made under subsection (d)(1) shall be provided to any one individual over the course of the Assets for Independence innovation project.

“(3) LIMITATION ON DISBURSEMENTS FOR A HOUSEHOLD.—Not more than $10,000 from a grant made under subsection (d)(1) shall be provided to any one household over the course of the Assets for Independence innovation project.

“(4) ADJUSTMENT FOR INFLATION.—

“(A) IN GENERAL.—For each calendar year after 2023, the dollar amounts in paragraphs (2) and (3) shall be increased by an amount equal to the product of—

“(i) such dollar amount, and

“(ii) the cost-of-living adjustment determined under section 1(f)(3) of the Internal Revenue Code of 1986 for the cal-
endar year, determined by substituting

‘2022’ for ‘2016’ in subparagraph (A)(ii)
thereof.

“(B) ROUNDING.—If any increase deter-
determined under subparagraph (A) is not a multiple
of $50, such increase shall be rounded up to the
next lowest multiple of $50.”.

(3) CONFORMING AMENDMENTS.—The Assets
for Independence Act (42 U.S.C. 604 note), as
amended by paragraphs (1) and (2), is further
amended—

(A) in section 404(2), by inserting “or sec-
tion 418” before the period;

(B) in section 406—

(i) in subsection (a), by striking “to
conduct a demonstration project under this
title” and inserting “under section 405”;
and

(ii) in subsection (b), by striking
“conducted under this title” and inserting
“approved under section 405”;

(C) in section 407—

(i) in subsection (e)—

(I) in paragraph (1)—
(aa) in subparagraph (A), by inserting “or, in the case of a participant in a project conducted under section 418, other permitted expenses” after “qualified expenses”; and

(bb) in subparagraph (B), by inserting “or subsection (f) of section 418” after “section 410”; and

(II) in paragraph (3), by inserting “or section 418(d)(1)”; and

(ii) in subsection (d)(2)(A), by inserting “or section 418(d)(1)” after “section 406(b)”; (D) in section 408, by striking “conducted under this title” each place it appears and inserting “approved under section 405”; (E) in section 409, by striking “conducted under this title” and inserting “approved under section 405”; (F) in section 410, by striking “under this title” and inserting “conducting a demonstration project approved under section 405”;
(G) in section 413(a), by inserting “or section 418(e)” after “under section 405”; and

(H) in section 415, by inserting “or innovation development account” after “individual development account”.

(e) Matched Refund to Rainy Day Savings Pilot Program.—

(1) In general.—Not later than 6 months after the date of the enactment of this Act and using the funds made available pursuant to section 417(b) of the Assets for Independence Act, the Secretary of Health and Human Services, acting through the Director of Community Services (in this section referred to as “the Secretary”), shall establish under this subsection a matched savings account pilot program to encourage saving by eligible individuals. Under the pilot program, a qualified entity may apply to the Secretary for a grant to conduct a pilot project described in paragraph (2) (in this section referred to as a “pilot project”). The pilot program shall operate for a period of 3 years.

(2) Pilot project described.—

(A) In general.—A pilot project is a project in which a qualified entity establishes a matched savings program that meets the re-
quirements of subparagraph (B) for eligible indi-
dividuals who are selected by the entity to par-
ticipate in the program.

(B) REQUIREMENTS.—

(i) Deposits into direct deposit

accounts.—

(I) In general.—A matched savings program established as part of a pilot project shall match amounts saved by each eligible individual par-
ticipating in the pilot project—

(aa) with the amount matched to be equal to or less than the amount of any payment deferred by such individual under the Refund to Rainy Day Savings Program established in sub-
section (a)(1); and

(bb) with the rate of matching to be equal for all eligible indi-
dividuals participating in the pro-
gram.

(II) Timing.—Any amount de-
scribed in subclause (I) shall not be distributed to an eligible individual
until the amounts described in subparagraphs (C)(ii) or (E)(ii) of subsection (a)(1) have been distributed to the bank account identified by such individual.

(ii) EVALUATION OF PROGRAM BY INDEPENDENT RESEARCH ORGANIZATION.—

(I) IN GENERAL.—From amounts made available under section 417(b)(2) of the Assets for Independence Act, as added by subsection (b)(1)(B), the Secretary shall enter into a contract with an independent research organization for purposes of evaluating pilot projects conducted under this section.

(II) COORDINATION.—Each qualified entity that establishes a matched savings program as part of a pilot project shall collaborate with the independent research organization described in subclause (I) to evaluate the outcomes and impact of the project.
(III) **IMPACT.**—The evaluation described in subclause (I) shall include an examination of the demographic characteristics of the individuals participating in the pilot project, such as gender, race, age, geographic location, and family makeup, and how the impacts of the project vary among different demographic groups and the effects of the pilot program on retirement savings for eligible individuals.

(IV) **PROGRAM FEATURES.**—The program features to be evaluated through the pilot projects conducted under this section may include—

(aa) different levels of matching contributions by qualified entities;

(bb) lock-out periods during which an eligible individual may not make withdrawals from their account; and

(ce) educational materials intended to promote savings.
(V) Safeguarding Privacy.— Any contract entered into under this clause shall require the selected independent research organization to take all necessary and proper precautions to protect eligible individuals' privacy and personally identifiable information when conducting the evaluation.

(C) Duration.—A pilot project shall be for a duration of not more than 3 years.

(D) Federally Funded Benefits.—Any amounts described in subparagraph (B)(i) which are distributed to an eligible individual shall be treated in the same manner as any refund made to such taxpayer under section 32 of the Internal Revenue Code of 1986 for purposes of determining the eligibility of such taxpayer for benefits or assistance, or the amount or extent of benefits or assistance, under any Federal program or under any State or local program financed in whole or in part with Federal funds.

(3) Strategic Communications Plan.—The Secretary shall devise a strategic communications plan to ensure a successful pilot program.
(4) **ANNUAL REPORT TO CONGRESS.**—The Secretary shall submit an annual report to Congress on the progress and outcomes of the pilot program established under this section.

(5) **DEFINITIONS.**—In this subsection:

(A) **ELIGIBLE INDIVIDUAL.**—The term “eligible individual” means an individual who—

(i) has deferred payment of the amount described in subsection (a)(1) under the Refund to Rainy Day Savings Program established in such subsection, and

(ii) meets the eligibility requirements under section 408 of the Assets for Independence Act, except that subsection (a)(2) of such section shall not apply.

(B) **QUALIFIED ENTITY.**—

(i) **IN GENERAL.**—The term “qualified entity” means—

(I) one or more not-for-profit organizations described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from taxation under section 501(a) of such Code;
(II) a State or local government agency, or a tribal government, submitting an application to conduct a pilot project jointly with an organization described in subclause (I);

(III) a site that offers free tax help to individuals who qualify through the Internal Revenue Service’s Voluntary Income Tax Assistance or Tax Counseling for the Elderly programs; or

(IV) an entity that—

(aa) is—

(AA) a credit union designated as a low-income credit union by the National Credit Union Administration; or

(BB) an organization designated as a community development financial institution by the Secretary of the Treasury (or the Community Development Financial Institutions Fund); and
(bb) can demonstrate a collaborative relationship with a local community-based organization whose activities are designed to address poverty in the community and the needs of community members for economic independence and stability.

(V) RULE OF CONSTRUCTION.—Nothing in this paragraph shall be construed as preventing an organization described in clause (i)(I) from collaborating with a financial institution or for-profit community development corporation to carry out the purposes of this section.