

JULY 19, 2019

RULES COMMITTEE PRINT 116-24
TEXT OF H. R. 397, REHABILITATION FOR
MULTIEMPLOYER PENSIONS ACT OF 2019

[Showing the text of H. R. 397, as ordered reported by the
Committee on Education and Labor and the Committee on
Ways and Means, with modifications]

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Rehabilitation for Mul-
3 tiemployer Pensions Act of 2019”.

4 **SEC. 2. PENSION REHABILITATION ADMINISTRATION; ES-**
5 **TABLISHMENT; POWERS.**

6 (a) **ESTABLISHMENT.**—There is established in the
7 Department of the Treasury an agency to be known as
8 the “Pension Rehabilitation Administration”.

9 (b) **DIRECTOR.**—

10 (1) **ESTABLISHMENT OF POSITION.**—There
11 shall be at the head of the Pension Rehabilitation
12 Administration a Director, who shall be appointed
13 by the President.

14 (2) **TERM.**—

15 (A) **IN GENERAL.**—The term of office of
16 the Director shall be 5 years.

1 (B) SERVICE UNTIL APPOINTMENT OF
2 SUCCESSOR.—An individual serving as Director
3 at the expiration of a term may continue to
4 serve until a successor is appointed.

5 (3) POWERS.—

6 (A) APPOINTMENT OF DEPUTY DIREC-
7 TORS, OFFICERS, AND EMPLOYEES.—The Di-
8 rector may appoint Deputy Directors, officers,
9 and employees, including attorneys, in accord-
10 ance with chapter 51 and subchapter III of
11 chapter 53 of title 5, United States Code.

12 (B) CONTRACTING.—

13 (i) IN GENERAL.—The Director may
14 contract for financial and administrative
15 services (including those related to budget
16 and accounting, financial reporting, per-
17 sonnel, and procurement) with the General
18 Services Administration, or such other
19 Federal agency as the Director determines
20 appropriate, for which payment shall be
21 made in advance, or by reimbursement,
22 from funds of the Pension Rehabilitation
23 Administration in such amounts as may be
24 agreed upon by the Director and the head

1 of the Federal agency providing the serv-
2 ices.

3 (ii) SUBJECT TO APPROPRIATIONS.—
4 Contract authority under clause (i) shall be
5 effective for any fiscal year only to the ex-
6 tent that appropriations are available for
7 that purpose.

8 **SEC. 3. PENSION REHABILITATION TRUST FUND.**

9 (a) IN GENERAL.—Subchapter A of chapter 98 of the
10 Internal Revenue Code of 1986 is amended by adding at
11 the end the following new section:

12 **“SEC. 9512. PENSION REHABILITATION TRUST FUND.**

13 “(a) CREATION OF TRUST FUND.—There is estab-
14 lished in the Treasury of the United States a trust fund
15 to be known as the ‘Pension Rehabilitation Trust Fund’
16 (hereafter in this section referred to as the ‘Fund’), con-
17 sisting of such amounts as may be appropriated or cred-
18 ited to the Fund as provided in this section and section
19 9602(b).

20 “(b) TRANSFERS TO FUND.—

21 “(1) AMOUNTS ATTRIBUTABLE TO TREASURY
22 BONDS.—There shall be credited to the Fund the
23 amounts transferred under section 6 of the Rehabili-
24 tation for Multiemployer Pensions Act of 2019.

25 “(2) LOAN INTEREST AND PRINCIPAL.—

1 “(A) IN GENERAL.—The Director of the
2 Pension Rehabilitation Administration estab-
3 lished under section 2 of the Rehabilitation for
4 Multiemployer Pensions Act of 2019 shall de-
5 posit in the Fund any amounts received from a
6 plan as payment of interest or principal on a
7 loan under section 4 of such Act.

8 “(B) INTEREST.—For purposes of sub-
9 paragraph (A), the term ‘interest’ includes
10 points and other similar amounts.

11 “(3) AVAILABILITY OF FUNDS.—Amounts cred-
12 ited to or deposited in the Fund shall remain avail-
13 able until expended.

14 “(c) EXPENDITURES FROM FUND.—Amounts in the
15 Fund are available without further appropriation to the
16 Pension Rehabilitation Administration—

17 “(1) for the purpose of making the loans de-
18 scribed in section 4 of the Rehabilitation for Multi-
19 employer Pensions Act of 2019,

20 “(2) for the payment of principal and interest
21 on obligations issued under section 6 of such Act,
22 and

23 “(3) for administrative and operating expenses
24 of such Administration.”.

1 (b) CLERICAL AMENDMENT.—The table of sections
2 for subchapter A of chapter 98 of the Internal Revenue
3 Code of 1986 is amended by adding at the end the fol-
4 lowing new item:

“Sec. 9512. Pension Rehabilitation Trust Fund.”.

5 **SEC. 4. LOAN PROGRAM FOR MULTIEMPLOYER DEFINED**

6 **BENEFIT PLANS.**

7 (a) LOAN AUTHORITY.—

8 (1) IN GENERAL.—The Pension Rehabilitation
9 Administration established under section 2 is au-
10 thorized—

11 (A) to make loans to multiemployer plans
12 (as defined in section 414(f) of the Internal
13 Revenue Code of 1986) which are defined ben-
14 efit plans (as defined in section 414(j) of such
15 Code) and which—

16 (i) are in critical and declining status
17 (within the meaning of section 432(b)(6)
18 of such Code and section 305(b)(6) of the
19 Employee Retirement and Income Security
20 Act) as of the date of the enactment of
21 this section, or with respect to which a sus-
22 pension of benefits has been approved
23 under section 432(e)(9) of such Code and
24 section 305(e)(9) of such Act as of such
25 date;

1 (ii) as of such date of enactment, are
2 in critical status (within the meaning of
3 section 432(b)(2) of such Code and section
4 305(b)(2) of such Act), have a modified
5 funded percentage of less than 40 percent,
6 and have a ratio of active to inactive par-
7 ticipants which is less than 2 to 5; or

8 (iii) are insolvent for purposes of sec-
9 tion 418E of such Code as of such date of
10 enactment, if they became insolvent after
11 December 16, 2014, and have not been
12 terminated; and

13 (B) subject to subsection (b), to establish
14 appropriate terms for such loans.

15 For purposes of subparagraph (A)(ii), the term
16 “modified funded percentage” means the percentage
17 equal to a fraction the numerator of which is current
18 value of plan assets (as defined in section 3(26) of
19 such Act) and the denominator of which is current
20 liabilities (as defined in section 431(c)(6)(D) of such
21 Code and section 304(c)(6)(D) of such Act).

22 (2) CONSULTATION.—The Director of the Pen-
23 sion Rehabilitation Administration shall consult with
24 the Secretary of the Treasury, the Secretary of
25 Labor, and the Director of the Pension Benefit

1 Guaranty Corporation before making any loan under
2 paragraph (1), and shall share with such persons the
3 application and plan information with respect to
4 each such loan.

5 (3) ESTABLISHMENT OF LOAN PROGRAM.—

6 (A) IN GENERAL.—A program to make the
7 loans authorized under this section shall be es-
8 tablished not later than September 30, 2019,
9 with guidance regarding such program to be
10 promulgated by the Director of the Pension Re-
11 habilitation Administration, in consultation with
12 the Director of the Pension Benefit Guaranty
13 Corporation, the Secretary of the Treasury, and
14 the Secretary of Labor, not later than Decem-
15 ber 31, 2019.

16 (B) LOANS AUTHORIZED BEFORE PRO-
17 GRAM DATE.—Without regard to whether the
18 program under subparagraph (A) has been es-
19 tablished, a plan may apply for a loan under
20 this section before either date described in such
21 subparagraph, and the Pension Rehabilitation
22 Administration shall approve the application
23 and make the loan before establishment of the
24 program if necessary to avoid any suspension of
25 the accrued benefits of participants.

1 (b) LOAN TERMS.—

2 (1) IN GENERAL.—The terms of any loan made
3 under subsection (a) shall state that—

4 (A) the plan shall make payments of inter-
5 est on the loan for a period of 29 years begin-
6 ning on the date of the loan (or 19 years in the
7 case of a plan making the election under sub-
8 section (c)(5));

9 (B) final payment of interest and principal
10 shall be due in the 30th year after the date of
11 the loan (except as provided in an election
12 under subsection (c)(5)); and

13 (C) as a condition of the loan, the plan
14 sponsor stipulates that—

15 (i) except as provided in clause (ii),
16 the plan will not increase benefits, allow
17 any employer participating in the plan to
18 reduce its contributions, or accept any col-
19 lective bargaining agreement which pro-
20 vides for reduced contribution rates, dur-
21 ing the 30-year period described in sub-
22 paragraphs (A) and (B);

23 (ii) in the case of a plan with respect
24 to which a suspension of benefits has been
25 approved under section 432(e)(9) of the

1 Internal Revenue Code of 1986 and section
2 305(e)(9) of the Employee Retirement In-
3 come Security Act of 1974, or under sec-
4 tion 418E of such Code, before the loan,
5 the plan will reinstate the suspended bene-
6 fits (or will not carry out any suspension
7 which has been approved but not yet im-
8 plemented);

9 (iii) the plan sponsor will comply with
10 the requirements of section 6059A of the
11 Internal Revenue Code of 1986;

12 (iv) the plan will continue to pay all
13 premiums due under section 4007 of the
14 Employee Retirement Income Security Act
15 of 1974; and

16 (v) the plan and plan administrator
17 will meet such other requirements as the
18 Director of the Pension Rehabilitation Ad-
19 ministration provides in the loan terms.

20 The terms of the loan shall not make reference
21 to whether the plan is receiving financial assist-
22 ance under section 4261(d) of the Employee
23 Retirement Income Security Act of 1974 (29
24 U.S.C. 1431(d)) or to any adjustment of the
25 loan amount under subsection (d)(2)(A)(ii).

1 (2) INTEREST RATE.—Except as provided in
2 the second sentence of this paragraph and sub-
3 section (c)(5), loans made under subsection (a) shall
4 have as low an interest rate as is feasible. Such rate
5 shall be determined by the Pension Rehabilitation
6 Administration and shall—

7 (A) not be lower than the rate of interest
8 on 30-year Treasury securities on the first day
9 of the calendar year in which the loan is issued,
10 and

11 (B) not exceed the greater of—

12 (i) a rate 0.2 percentage points higher
13 than such rate of interest on such date, or

14 (ii) the rate necessary to collect reve-
15 nues sufficient to administer the program
16 under this section.

17 (c) LOAN APPLICATION.—

18 (1) IN GENERAL.—In applying for a loan under
19 subsection (a), the plan sponsor shall—

20 (A) demonstrate that, except as provided
21 in subparagraph (C)—

22 (i) the loan will enable the plan to
23 avoid insolvency for at least the 30-year
24 period described in subparagraphs (A) and

25 (B) of subsection (b)(1) or, in the case of

1 a plan which is already insolvent, to
2 emerge from insolvency within and avoid
3 insolvency for the remainder of such pe-
4 riod; and

5 (ii) the plan is reasonably expected to
6 be able to pay benefits and the interest on
7 the loan during such period and to accu-
8 mulate sufficient funds to repay the prin-
9 cipal when due;

10 (B) provide the plan's most recently filed
11 Form 5500 as of the date of application and
12 any other information necessary to determine
13 the loan amount under subsection (d);

14 (C) stipulate whether the plan is also ap-
15 plying for financial assistance under section
16 4261(d) of the Employee Retirement Income
17 Security Act of 1974 (29 U.S.C. 1431(d)) in
18 combination with the loan to enable the plan to
19 avoid insolvency and to pay benefits, or is al-
20 ready receiving such financial assistance as a
21 result of a previous application;

22 (D) state in what manner the loan pro-
23 ceeds will be invested pursuant to subsection
24 (d), the person from whom any annuity con-
25 tracts under such subsection will be purchased,

1 and the person who will be the investment man-
2 ager for any portfolio implemented under such
3 subsection; and

4 (E) include such other information and
5 certifications as the Director of the Pension Re-
6 habilitation Administration shall require.

7 (2) STANDARD FOR ACCEPTING ACTUARIAL AND
8 PLAN SPONSOR DETERMINATIONS AND DEMONSTRA-
9 TIONS IN THE APPLICATION.—In evaluating the plan
10 sponsor’s application, the Director of the Pension
11 Rehabilitation Administration shall accept the deter-
12 minations and demonstrations in the application un-
13 less the Director, in consultation with the Director
14 of the Pension Benefit Guaranty Corporation, the
15 Secretary of the Treasury, and the Secretary of
16 Labor, concludes that any such determinations or
17 demonstrations in the application (or any underlying
18 assumptions) are unreasonable or are inconsistent
19 with any rules issued by the Director pursuant to
20 subsection (g).

21 (3) REQUIRED ACTIONS; DEEMED APPROVAL.—
22 The Director of the Pension Rehabilitation Adminis-
23 tration shall approve or deny any application under
24 this subsection within 90 days after the submission
25 of such application. An application shall be deemed

1 approved unless, within such 90 days, the Director
2 notifies the plan sponsor of the denial of such appli-
3 cation and the reasons for such denial. Any approval
4 or denial of an application by the Director of the
5 Pension Rehabilitation Administration shall be treat-
6 ed as a final agency action for purposes of section
7 704 of title 5, United States Code. The Pension Re-
8 habilitation Administration shall make the loan pur-
9 suant to any application promptly after the approval
10 of such application.

11 (4) CERTAIN PLANS REQUIRED TO APPLY.—
12 The plan sponsor of any plan with respect to which
13 a suspension of benefits has been approved under
14 section 432(e)(9) of the Internal Revenue Code of
15 1986 and section 305(e)(9) of the Employee Retire-
16 ment Income Security Act of 1974 or under section
17 418E of such Code, before the date of the enactment
18 of this Act shall apply for a loan under this section.
19 The Director of the Pension Rehabilitation Adminis-
20 tration shall provide for such plan sponsors to use
21 the simplified application under subsection
22 (d)(2)(B).

23 (5) INCENTIVE FOR EARLY REPAYMENT.—The
24 plan sponsor may elect at the time of the application
25 to repay the loan principal, along with the remaining

1 interest, at least as rapidly as equal installments
2 over the 10-year period beginning with the 21st year
3 after the date of the loan. In the case of a plan mak-
4 ing this election, the interest on the loan shall be re-
5 duced by 0.5 percentage points.

6 (d) LOAN AMOUNT AND USE.—

7 (1) AMOUNT OF LOAN.—

8 (A) IN GENERAL.—Except as provided in
9 subparagraph (B) and paragraph (2), the
10 amount of any loan under subsection (a) shall
11 be, as demonstrated by the plan sponsor on the
12 application under subsection (c), the amount
13 needed to purchase annuity contracts or to im-
14 plement a portfolio described in paragraph
15 (3)(C) (or a combination of the two) sufficient
16 to provide benefits of participants and bene-
17 ficiaries of the plan in pay status, and termi-
18 nated vested benefits, at the time the loan is
19 made.

20 (B) PLANS WITH SUSPENDED BENE-
21 FITS.—In the case of a plan with respect to
22 which a suspension of benefits has been ap-
23 proved under section 432(e)(9) of the Internal
24 Revenue Code of 1986 and section 305(e)(9) of
25 the Employee Retirement Income Security Act

1 of 1974 (29 U.S.C. 1085(e)(9)) or under sec-
2 tion 418E of such Code—

3 (i) the suspension of benefits shall not
4 be taken into account in applying subpara-
5 graph (A); and

6 (ii) the loan amount shall be the
7 amount sufficient to provide benefits of
8 participants and beneficiaries of the plan
9 in pay status and terminated vested bene-
10 fits at the time the loan is made, deter-
11 mined without regard to the suspension,
12 including retroactive payment of benefits
13 which would otherwise have been payable
14 during the period of the suspension.

15 (2) COORDINATION WITH PBGC FINANCIAL AS-
16 SISTANCE.—

17 (A) IN GENERAL.—In the case of a plan
18 which is also applying for financial assistance
19 under section 4261(d) of the Employee Retirement
20 Income Security Act of 1974 (29 U.S.C.
21 1431(d))—

22 (i) the plan sponsor shall submit the
23 loan application and the application for fi-
24 nancial assistance jointly to the Pension
25 Rehabilitation Administration and the Pen-

1 sion Benefit Guaranty Corporation with
2 the information necessary to determine the
3 eligibility for and amount of the loan under
4 this section and the financial assistance
5 under section 4261(d) of such Act; and

6 (ii) if such financial assistance is
7 granted, the amount of the loan under sub-
8 section (a) shall not exceed an amount
9 equal to the excess of—

10 (I) the amount determined under
11 paragraph (1)(A) or (1)(B)(ii) (which-
12 ever is applicable); over

13 (II) the amount of such financial
14 assistance.

15 (B) PLANS ALREADY RECEIVING PBGC AS-
16 SISTANCE.—The Director of the Pension Reha-
17 bilitation Administration shall provide for a
18 simplified application for the loan under this
19 section which may be used by an insolvent plan
20 which has not been terminated and which is al-
21 ready receiving financial assistance (other than
22 under section 4261(d) of such Act) from the
23 Pension Benefit Guaranty Corporation at the
24 time of the application for the loan under this
25 section.

1 (3) USE OF LOAN FUNDS.—

2 (A) IN GENERAL.—Notwithstanding sec-
3 tion 432(f)(2)(A)(ii) of the Internal Revenue
4 Code of 1986 and section 305(f)(2)(A)(ii) of
5 such Act, the loan received under subsection (a)
6 shall only be used to purchase annuity contracts
7 which meet the requirements of subparagraph
8 (B) or to implement a portfolio described in
9 subparagraph (C) (or a combination of the two)
10 to provide the benefits described in paragraph
11 (1).

12 (B) ANNUITY CONTRACT REQUIRE-
13 MENTS.—The annuity contracts purchased
14 under subparagraph (A) shall be issued by an
15 insurance company which is licensed to do busi-
16 ness under the laws of any State and which is
17 rated A or better by a nationally recognized sta-
18 tistical rating organization, and the purchase of
19 such contracts shall meet all applicable fidu-
20 ciary standards under the Employee Retirement
21 Income Security Act of 1974.

22 (C) PORTFOLIO.—

23 (i) IN GENERAL.—A portfolio de-
24 scribed in this subparagraph is—

1 (I) a cash matching portfolio or
2 duration matching portfolio consisting
3 of investment grade (as rated by a na-
4 tionally recognized statistical rating
5 organization) fixed income invest-
6 ments, including United States dollar-
7 denominated public or private debt
8 obligations issued or guaranteed by
9 the United States or a foreign issuer,
10 which are tradeable in United States
11 currency and are issued at fixed or
12 zero coupon rates; or

13 (II) any other portfolio pre-
14 scribed by the Secretary of the Treas-
15 ury in regulations which has a similar
16 risk profile to the portfolios described
17 in subclause (I) and is equally protec-
18 tive of the interests of participants
19 and beneficiaries.

20 Once implemented, such a portfolio shall
21 be maintained until all liabilities to partici-
22 pants and beneficiaries in pay status, and
23 terminated vested participants, at the time
24 of the loan are satisfied.

1 (ii) FIDUCIARY DUTY.—Any invest-
2 ment manager of a portfolio under this
3 subparagraph shall acknowledge in writing
4 that such person is a fiduciary under the
5 Employee Retirement Income Security Act
6 of 1974 with respect to the plan.

7 (iii) TREATMENT OF PARTICIPANTS
8 AND BENEFICIARIES.—Participants and
9 beneficiaries covered by a portfolio under
10 this subparagraph shall continue to be
11 treated as participants and beneficiaries of
12 the plan, including for purposes of title IV
13 of the Employee Retirement Income Secu-
14 rity Act of 1974.

15 (D) ACCOUNTING.—

16 (i) IN GENERAL.—Annuity contracts
17 purchased and portfolios implemented
18 under this paragraph shall be used solely
19 to provide the benefits described in para-
20 graph (1) until all such benefits have been
21 paid and shall be accounted for separately
22 from the other assets of the plan.

23 (ii) OVERSIGHT OF NON-ANNUITY IN-
24 VESTMENTS.—

1 (I) IN GENERAL.—Any portfolio
2 implemented under this paragraph
3 shall be subject to oversight by the
4 Pension Rehabilitation Administra-
5 tion, including a mandatory triennial
6 review of the adequacy of the portfolio
7 to provide the benefits described in
8 paragraph (1) and approval (to be
9 provided within a reasonable period of
10 time) of any decision by the plan
11 sponsor to change the investment
12 manager of the portfolio.

13 (II) REMEDIAL ACTION.—If the
14 oversight under subclause (I) deter-
15 mines an inadequacy, the plan spon-
16 sor shall take remedial action to en-
17 sure that the inadequacy will be cured
18 within 2 years of such determination.

19 (E) OMBUDSPERSON.—The Participant
20 and Plan Sponsor Advocate established under
21 section 4004 of the Employee Retirement In-
22 come Security Act of 1974 shall act as
23 ombudsperson for participants and beneficiaries
24 on behalf of whom annuity contracts are pur-

1 chased or who are covered by a portfolio under
2 this paragraph.

3 (e) COLLECTION OF REPAYMENT.—Except as pro-
4 vided in subsection (f), the Pension Rehabilitation Admin-
5 istration shall make every effort to collect repayment of
6 loans under this section in accordance with section 3711
7 of title 31, United States Code.

8 (f) LOAN DEFAULT.—If a plan is unable to make any
9 payment on a loan under this section when due, the Pen-
10 sion Rehabilitation Administration shall negotiate with the
11 plan sponsor revised terms for repayment (including in-
12 stallment payments over a reasonable period or forgive-
13 ness of a portion of the loan principal), but only to the
14 extent necessary to avoid insolvency in the subsequent 18
15 months.

16 (g) AUTHORITY TO ISSUE RULES, ETC.—The Direc-
17 tor of the Pension Rehabilitation Administration, in con-
18 sultation with the Director of the Pension Benefit Guar-
19 anty Corporation, the Secretary of the Treasury, and the
20 Secretary of Labor, is authorized to issue rules regarding
21 the form, content, and process of applications for loans
22 under this section, actuarial standards and assumptions
23 to be used in making estimates and projections for pur-
24 poses of such applications, and assumptions regarding in-

1 terest rates, mortality, and distributions with respect to
2 a portfolio described in subsection (d)(3)(C).

3 (h) REPORT TO CONGRESS ON STATUS OF CERTAIN
4 PLANS WITH LOANS.—Not later than 1 year after the
5 date of the enactment of this Act, and annually thereafter,
6 the Director of the Pension Rehabilitation Administration
7 shall submit to the Committee on Ways and Means and
8 the Committee on Education and Labor of the House of
9 Representatives, and the Committee on Finance and the
10 Committee on Health, Education, Labor and Pensions of
11 the Senate, a report identifying any plan that—

12 (1) has failed to make any scheduled payment
13 on a loan under this section,

14 (2) has negotiated revised terms for repayment
15 of such loan (including any installment payments or
16 forgiveness of a portion of the loan principal), or

17 (3) the Director has determined is no longer
18 reasonably expected to be able to—

19 (A) pay benefits and the interest on the
20 loan, or

21 (B) accumulate sufficient funds to repay
22 the principal when due.

23 Such report shall include the details of any such failure,
24 revised terms, or determination, as the case may be.

1 (i) COORDINATION WITH TAXATION OF UNRELATED
2 BUSINESS INCOME.—Subparagraph (A) of section
3 514(c)(6) of the Internal Revenue Code of 1986 is amend-
4 ed—

5 (1) by striking “or” at the end of clause (i);

6 (2) by striking the period at the end of clause
7 (ii)(II) and inserting “, or”; and

8 (3) by adding at the end the following new
9 clause:

10 “(iii) indebtedness with respect to a
11 multiemployer plan under a loan made by
12 the Pension Rehabilitation Administration
13 pursuant to section 4 of the Rehabilitation
14 for Multiemployer Pensions Act of 2019.”.

15 **SEC. 5. COORDINATION WITH WITHDRAWAL LIABILITY AND**
16 **FUNDING RULES.**

17 (a) AMENDMENT TO INTERNAL REVENUE CODE OF
18 1986.—Section 432 of the Internal Revenue Code of 1986
19 is amended by adding at the end the following new sub-
20 section:

21 “(k) SPECIAL RULES FOR PLANS RECEIVING PEN-
22 SION REHABILITATION LOANS.—

23 “(1) DETERMINATION OF WITHDRAWAL LIABIL-
24 ITY.—

1 “(A) IN GENERAL.—If any employer par-
2 ticipating in a plan at the time the plan receives
3 a loan under section 4(a) of the Rehabilitation
4 for Multiemployer Pensions Act of 2019 with-
5 draws from the plan before the end of the 30-
6 year period beginning on the date of the loan,
7 the withdrawal liability of such employer shall
8 be determined under the Employee Retirement
9 Income Security Act of 1974—

10 “(i) by applying section 4219(c)(1)(D)
11 of the Employee Retirement Income Secu-
12 rity Act of 1974 as if the plan were termi-
13 nating by the withdrawal of every employer
14 from the plan, and

15 “(ii) by determining the value of non-
16 forfeitable benefits under the plan at the
17 time of the deemed termination by using
18 the interest assumptions prescribed for
19 purposes of section 4044 of the Employee
20 Retirement Income Security Act of 1974,
21 as prescribed in the regulations under sec-
22 tion 4281 of the Employee Retirement In-
23 come Security Act of 1974 in the case of
24 such a mass withdrawal.

1 “(B) ANNUITY CONTRACTS AND INVEST-
2 MENT PORTFOLIOS PURCHASED WITH LOAN
3 FUNDS.—Annuity contracts purchased and
4 portfolios implemented under section 4(d)(3) of
5 the Rehabilitation for Multiemployer Pensions
6 Act of 2019 shall not be taken into account as
7 plan assets in determining the withdrawal liabil-
8 ity of any employer under subparagraph (A),
9 but the amount equal to the greater of—

10 “(i) the benefits provided under such
11 contracts or portfolios to participants and
12 beneficiaries, or

13 “(ii) the remaining payments due on
14 the loan under section 4(a) of such Act,
15 shall be taken into account as unfunded vested
16 benefits in determining such withdrawal liabil-
17 ity.

18 “(2) COORDINATION WITH FUNDING REQUIRE-
19 MENTS.—In the case of a plan which receives a loan
20 under section 4(a) of the Rehabilitation for Multiem-
21 ployer Pensions Act of 2019—

22 “(A) annuity contracts purchased and
23 portfolios implemented under section 4(d)(3) of
24 such Act, and the benefits provided to partici-
25 pants and beneficiaries under such contracts or

1 portfolios, shall not be taken into account in de-
2 termining minimum required contributions
3 under section 412,

4 “(B) payments on the interest and prin-
5 cipal under the loan, and any benefits owed in
6 excess of those provided under such contracts
7 or portfolios, shall be taken into account as li-
8 abilities for purposes of such section, and

9 “(C) if such a portfolio is projected due to
10 unfavorable investment or actuarial experience
11 to be unable to fully satisfy the liabilities which
12 it covers, the amount of the liabilities projected
13 to be unsatisfied shall be taken into account as
14 liabilities for purposes of such section.”.

15 (b) AMENDMENT TO EMPLOYEE RETIREMENT IN-
16 COME SECURITY ACT OF 1974.—Section 305 of the Em-
17 ployee Retirement Income Security Act of 1974 (29
18 U.S.C. 1085) is amended by adding at the end the fol-
19 lowing new subsection:

20 “(k) SPECIAL RULES FOR PLANS RECEIVING PEN-
21 SION REHABILITATION LOANS.—

22 “(1) DETERMINATION OF WITHDRAWAL LIABIL-
23 ITY.—

24 “(A) IN GENERAL.—If any employer par-
25 ticipating in a plan at the time the plan receives

1 a loan under section 4(a) of the Rehabilitation
2 for Multiemployer Pensions Act of 2019 with-
3 draws from the plan before the end of the 30-
4 year period beginning on the date of the loan,
5 the withdrawal liability of such employer shall
6 be determined—

7 “(i) by applying section 4219(c)(1)(D)
8 as if the plan were terminating by the
9 withdrawal of every employer from the
10 plan, and

11 “(ii) by determining the value of non-
12 forfeitable benefits under the plan at the
13 time of the deemed termination by using
14 the interest assumptions prescribed for
15 purposes of section 4044, as prescribed in
16 the regulations under section 4281 in the
17 case of such a mass withdrawal.

18 “(B) ANNUITY CONTRACTS AND INVEST-
19 MENT PORTFOLIOS PURCHASED WITH LOAN
20 FUNDS.—Annuity contracts purchased and
21 portfolios implemented under section 4(d)(3) of
22 the Rehabilitation for Multiemployer Pensions
23 Act of 2019 shall not be taken into account in
24 determining the withdrawal liability of any em-

1 ployer under subparagraph (A), but the amount
2 equal to the greater of—

3 “(i) the benefits provided under such
4 contracts or portfolios to participants and
5 beneficiaries, or

6 “(ii) the remaining payments due on
7 the loan under section 4(a) of such Act,
8 shall be taken into account as unfunded vested
9 benefits in determining such withdrawal liabil-
10 ity.

11 “(2) COORDINATION WITH FUNDING REQUIRE-
12 MENTS.—In the case of a plan which receives a loan
13 under section 4(a) of the Rehabilitation for Multiem-
14 ployer Pensions Act of 2019—

15 “(A) annuity contracts purchased and
16 portfolios implemented under section 4(d)(3) of
17 such Act, and the benefits provided to partici-
18 pants and beneficiaries under such contracts or
19 portfolios, shall not be taken into account in de-
20 termining minimum required contributions
21 under section 302,

22 “(B) payments on the interest and prin-
23 cipal under the loan, and any benefits owed in
24 excess of those provided under such contracts

1 or portfolios, shall be taken into account as li-
2 abilities for purposes of such section, and

3 “(C) if such a portfolio is projected due to
4 unfavorable investment or actuarial experience
5 to be unable to fully satisfy the liabilities which
6 it covers, the amount of the liabilities projected
7 to be unsatisfied shall be taken into account as
8 liabilities for purposes of such section.”.

9 **SEC. 6. ISSUANCE OF TREASURY BONDS.**

10 The Secretary of the Treasury shall from time to time
11 transfer from the general fund of the Treasury to the Pen-
12 sion Rehabilitation Trust Fund established under section
13 9512 of the Internal Revenue Code of 1986 such amounts
14 as are necessary to fund the loan program under section
15 4 of this Act, including from proceeds from the Secretary’s
16 issuance of obligations under chapter 31 of title 31,
17 United States Code.

18 **SEC. 7. REPORTS OF PLANS RECEIVING PENSION REHA-**
19 **BILITATION LOANS.**

20 (a) IN GENERAL.—Subpart E of part III of sub-
21 chapter A of chapter 61 of the Internal Revenue Code of
22 1986 is amended by adding at the end the following new
23 section:

1 **“SEC. 6059A. REPORTS OF PLANS RECEIVING PENSION RE-**
2 **HABILITATION LOANS.**

3 “(a) IN GENERAL.—In the case of a plan receiving
4 a loan under section 4(a) of the Rehabilitation for Multi-
5 employer Pensions Act of 2019, with respect to the first
6 plan year beginning after the date of the loan and each
7 of the 29 succeeding plan years, not later than the 90th
8 day of each such plan year the plan sponsor shall file with
9 the Secretary a report (including appropriate documenta-
10 tion and actuarial certifications from the plan actuary, as
11 required by the Secretary) that contains—

12 “(1) the funded percentage (as defined in sec-
13 tion 432(j)(2)) as of the first day of such plan year,
14 and the underlying actuarial value of assets (deter-
15 mined with regard, and without regard, to annuity
16 contracts purchased and portfolios implemented with
17 proceeds of such loan) and liabilities (including any
18 amounts due with respect to such loan) taken into
19 account in determining such percentage,

20 “(2) the market value of the assets of the plan
21 (determined as provided in paragraph (1)) as of the
22 last day of the plan year preceding such plan year,

23 “(3) the total value of all contributions made by
24 employers and employees during the plan year pre-
25 ceding such plan year,

1 “(4) the total value of all benefits paid during
2 the plan year preceding such plan year,

3 “(5) cash flow projections for such plan year
4 and the 9 succeeding plan years, and the assump-
5 tions used in making such projections,

6 “(6) funding standard account projections for
7 such plan year and the 9 succeeding plan years, and
8 the assumptions relied upon in making such projec-
9 tions,

10 “(7) the total value of all investment gains or
11 losses during the plan year preceding such plan year,

12 “(8) any significant reduction in the number of
13 active participants during the plan year preceding
14 such plan year, and the reason for such reduction,

15 “(9) a list of employers that withdrew from the
16 plan in the plan year preceding such plan year, and
17 the resulting reduction in contributions,

18 “(10) a list of employers that paid withdrawal
19 liability to the plan during the plan year preceding
20 such plan year and, for each employer, a total as-
21 sessment of the withdrawal liability paid, the annual
22 payment amount, and the number of years remain-
23 ing in the payment schedule with respect to such
24 withdrawal liability,

1 “(11) any material changes to benefits, accrual
2 rates, or contribution rates during the plan year pre-
3 ceding such plan year, and whether such changes re-
4 late to the terms of the loan,

5 “(12) details regarding any funding improve-
6 ment plan or rehabilitation plan and updates to such
7 plan,

8 “(13) the number of participants during the
9 plan year preceding such plan year who are active
10 participants, the number of participants and bene-
11 ficiaries in pay status, and the number of terminated
12 vested participants and beneficiaries,

13 “(14) the amount of any financial assistance re-
14 ceived under section 4261 of the Employee Retire-
15 ment Income Security Act of 1974 to pay benefits
16 during the preceding plan year, and the total
17 amount of such financial assistance received for all
18 preceding years,

19 “(15) the information contained on the most re-
20 cent annual funding notice submitted by the plan
21 under section 101(f) of the Employee Retirement In-
22 come Security Act of 1974,

23 “(16) the information contained on the most re-
24 cent annual return under section 6058 and actuarial
25 report under section 6059 of the plan, and

1 “(17) copies of the plan document and amend-
2 ments, other retirement benefit or ancillary benefit
3 plans relating to the plan and contribution obliga-
4 tions under such plans, a breakdown of administra-
5 tive expenses of the plan, participant census data
6 and distribution of benefits, the most recent actu-
7 arial valuation report as of the plan year, copies of
8 collective bargaining agreements, and financial re-
9 ports, and such other information as the Secretary,
10 in consultation with the Director of the Pension Re-
11 habilitation Administration, may require.

12 “(b) ELECTRONIC SUBMISSION.—The report re-
13 quired under subsection (a) shall be submitted electroni-
14 cally.

15 “(c) INFORMATION SHARING.—The Secretary shall
16 share the information in the report under subsection (a)
17 with the Secretary of Labor and the Director of the Pen-
18 sion Benefit Guaranty Corporation.

19 “(d) REPORT TO PARTICIPANTS, BENEFICIARIES,
20 AND EMPLOYERS.—Each plan sponsor required to file a
21 report under subsection (a) shall, before the expiration of
22 the time prescribed for the filing of such report, also pro-
23 vide a summary (written in a manner so as to be under-
24 stood by the average plan participant) of the information
25 in such report to participants and beneficiaries in the plan

1 and to each employer with an obligation to contribute to
2 the plan.”.

3 (b) PENALTY.—Subsection (e) of section 6652 of the
4 Internal Revenue Code of 1986 is amended—

5 (1) by inserting “, 6059A (relating to reports of
6 plans receiving pension rehabilitation loans)” after
7 “deferred compensation”;

8 (2) by inserting “(\$100 in the case of failures
9 under section 6059A)” after “\$25”; and

10 (3) by adding at the end the following: “In the
11 case of a failure with respect to section 6059A, the
12 amount imposed under this subsection shall not be
13 paid from the assets of the plan.”.

14 (c) CLERICAL AMENDMENT.—The table of sections
15 for subpart E of part III of subchapter A of chapter 61
16 of the Internal Revenue Code of 1986 is amended by add-
17 ing at the end the following new item:

“Sec. 6059A. Reports of plans receiving pension rehabilitation loans.”.

18 **SEC. 8. PBGC FINANCIAL ASSISTANCE.**

19 (a) IN GENERAL.—Section 4261 of the Employee Re-
20 tirement Income Security Act of 1974 (29 U.S.C. 1431)
21 is amended by adding at the end the following new sub-
22 section:

23 “(d)(1) The plan sponsor of a multiemployer plan—
24 “(A) which is in critical and declining status
25 (within the meaning of section 305(b)(6)) as of the

1 date of the enactment of this subsection, or with re-
2 spect to which a suspension of benefits has been ap-
3 proved under section 305(e)(9) as of such date;

4 “(B) which, as of such date of enactment, is in
5 critical status (within the meaning of section
6 305(b)(2)), has a modified funded percentage of less
7 than 40 percent (as defined in section 4(a)(1) of the
8 Rehabilitation for Multiemployer Pensions Act of
9 2019), and has a ratio of active to inactive partici-
10 pants which is less than 2 to 5; or

11 “(C) which is insolvent for purposes of section
12 418E of the Internal Revenue Code of 1986 as of
13 such date of enactment, if the plan became insolvent
14 after December 16, 2014, and has not been termi-
15 nated;

16 and which is applying for a loan under section 4(a) of the
17 Rehabilitation for Multiemployer Pensions Act of 2019
18 may also apply to the corporation for financial assistance
19 under this subsection, by jointly submitting such applica-
20 tions in accordance with section 4(d)(2) of such Act. The
21 application for financial assistance under this subsection
22 shall demonstrate, based on projections by the plan actu-
23 ary, that after the receipt of the anticipated loan amount
24 under section 4(a) of such Act, the plan will still become

1 (or remain) insolvent within the 30-year period beginning
2 on the date of the loan.

3 “(2) In reviewing an application under paragraph
4 (1), the corporation shall review the determinations and
5 demonstrations submitted with the loan application under
6 section 4(c) of the Rehabilitation for Multiemployer Pen-
7 sions Act of 2019 and provide guidance regarding such
8 determinations and demonstrations prior to approving any
9 application for financial assistance under this subsection.
10 The corporation may deny any application if any such de-
11 terminations or demonstrations (or any underlying as-
12 sumptions) are unreasonable, or inconsistent with rules
13 issued by the corporation, and the plan and the corpora-
14 tion are unable to reach agreement on such determinations
15 or demonstrations. The corporation shall prescribe any
16 such rules or guidance not later than December 31, 2019.

17 “(3)(A) In the case of a plan described in paragraph
18 (1)(A) or (1)(B), the total financial assistance provided
19 under this subsection shall be an amount equal to the
20 smallest portion of the loan amount with respect to the
21 plan under paragraph (1)(A) or (1)(B)(ii) of section 4(d)
22 of the Rehabilitation for Multiemployer Pensions Act of
23 2019 (determined without regard to paragraph (2) there-
24 of) that, if provided as financial assistance under this sub-

1 section instead of a loan, would allow the plan to avoid
2 the projected insolvency.

3 “(B) Such amount shall not exceed the present value
4 of the maximum guaranteed benefit with respect to all
5 participants and beneficiaries of the plan under sections
6 4022A and 4022B. For purposes of the preceding sen-
7 tence, the present value of the maximum guaranteed ben-
8 efit amount shall be determined by disregarding any loan
9 available from the Pension Rehabilitation Administration
10 and shall be determined as if the plan were insolvent on
11 the date of the application, and the present value of the
12 maximum guaranteed benefit amount with respect to such
13 participants and beneficiaries may be calculated in the ag-
14 gregate, rather than by reference to the benefit of each
15 such participant or beneficiary.

16 “(4) In the case of a plan described in paragraph
17 (1)(C), the financial assistance provided pursuant to such
18 application under this subsection shall be the present value
19 of the amount (determined by the plan actuary and sub-
20 mitted on the application) that, if such amount were paid
21 by the corporation in combination with the loan and any
22 other assistance being provided to the plan by the corpora-
23 tion at the time of the application, would enable the plan

1 to emerge from insolvency and avoid any other insolvency
2 projected under paragraph (1).

3 “(5)(A)(i) Except as provided in subparagraph (B),
4 if the corporation determines at the time of approval, or
5 at the beginning of any plan year beginning thereafter,
6 that the plan’s 5-year expenditure projection (determined
7 without regard to loan payments described in clause
8 (iii)(III)) exceeds the fair market value of the plan’s as-
9 sets, the corporation shall (subject to the total amount of
10 financial assistance approved under this subsection) pro-
11 vide such assistance in an amount equal to the lesser of—

12 “(I) the amount by which the plan’s 5-year
13 expenditure projection exceeds such fair market
14 value, or

15 “(II) the plan’s expected expenditures for
16 the plan year.

17 “(ii) For purposes of this subparagraph, the term ‘5-
18 year expenditure projection’ means, with respect to any
19 plan for a plan year, an amount equal to 500 percent of
20 the plan’s expected expenditures for the plan year.

21 “(iii) For purposes of this subparagraph, the term
22 ‘expected expenditures’ means, with respect to any plan
23 for a plan year, an amount equal to the sum of—

24 “(I) expected benefit payments for the plan
25 year,

1 “(II) expected administrative expense payments
2 for the plan year, plus

3 “(III) payments on the loan scheduled during
4 the plan year pursuant to the terms of the loan
5 under section 4(b) of the Rehabilitation for Multiem-
6 ployer Pensions Act of 2019.

7 “(iv) For purposes of this subparagraph, in the case
8 of any plan year during which a plan is approved for a
9 loan under section 4 of such Act, but has not yet received
10 the proceeds, such proceeds shall be included in deter-
11 mining the fair market value of the plan’s assets for the
12 plan year. The preceding sentence shall not apply in the
13 case of any plan that for the plan year beginning in 2015
14 was certified pursuant to section 305(b)(3) as being in
15 critical and declining status, and had more than 300,000
16 participants.

17 “(B) The financial assistance under this subsection
18 shall be provided in a lump sum if the plan sponsor dem-
19 onstrates in the application, and the corporation deter-
20 mines, that such a lump sum payment is necessary for
21 the plan to avoid the insolvency to which the application
22 relates. In the case of a plan described in paragraph
23 (1)(C), such lump sum shall be provided not later than
24 December 31, 2020.

1 “(6) Subsections (b) and (c) shall apply to financial
2 assistance under this subsection as if it were provided
3 under subsection (a), except that the terms for repayment
4 under subsection (b)(2) shall not require the financial as-
5 sistance to be repaid before the date on which the loan
6 under section 4(a) of the Rehabilitation for Multiemployer
7 Pensions Act of 2019 is repaid in full.

8 “(7) The corporation may forgo repayment of the fi-
9 nancial assistance provided under this subsection if nec-
10 essary to avoid any suspension of the accrued benefits of
11 participants.”.

12 (b) APPROPRIATIONS.—There is appropriated to the
13 Director of the Pension Benefit Guaranty Corporation
14 such sums as may be necessary for each fiscal year to pro-
15 vide the financial assistance described in section 4261(d)
16 of the Employee Retirement Income Security Act of 1974
17 (29 U.S.C. 1431(d)) (as added by this section) (including
18 necessary administrative and operating expenses relating
19 to such assistance).

20 **SEC. 9. MODIFICATION OF REQUIRED DISTRIBUTION**
21 **RULES FOR DESIGNATED BENEFICIARIES.**

22 (a) MODIFICATION OF RULES WHERE EMPLOYEE
23 DIES BEFORE ENTIRE DISTRIBUTION.—

1 (1) IN GENERAL.—Section 401(a)(9) of the In-
2 ternal Revenue Code of 1986 is amended by adding
3 at the end the following new subparagraph:

4 “(H) SPECIAL RULES FOR CERTAIN DE-
5 FINED CONTRIBUTION PLANS.—In the case of a
6 defined contribution plan, if an employee dies
7 before the distribution of the employee’s entire
8 interest—

9 “(i) IN GENERAL.—Except in the case
10 of a beneficiary who is not a designated
11 beneficiary, subparagraph (B)(ii)—

12 “(I) shall be applied by sub-
13 stituting ‘10 years’ for ‘5 years’, and

14 “(II) shall apply whether or not
15 distributions of the employee’s inter-
16 ests have begun in accordance with
17 subparagraph (A).

18 “(ii) EXCEPTION ONLY FOR ELIGIBLE
19 DESIGNATED BENEFICIARIES.—Subpara-
20 graph (B)(iii) shall apply only in the case
21 of an eligible designated beneficiary.

22 “(iii) RULES UPON DEATH OF ELIGI-
23 BLE DESIGNATED BENEFICIARY.—If an el-
24 igible designated beneficiary dies before the
25 portion of the employee’s interest to which

1 this subparagraph applies is entirely dis-
2 tributed, the exception under clause (iii)
3 shall not apply to any beneficiary of such
4 eligible designated beneficiary and the re-
5 mainder of such portion shall be distrib-
6 uted within 10 years after the death of
7 such eligible designated beneficiary.

8 “(iv) APPLICATION TO CERTAIN ELI-
9 GIBLE RETIREMENT PLANS.—For purposes
10 of applying the provisions of this subpara-
11 graph in determining amounts required to
12 be distributed pursuant to this paragraph,
13 all eligible retirement plans (as defined in
14 section 402(c)(8)(B), other than a defined
15 benefit plan described in clause (iv) or (v)
16 thereof or a qualified trust which is a part
17 of a defined benefit plan) shall be treated
18 as a defined contribution plan.”.

19 (2) DEFINITION OF ELIGIBLE DESIGNATED
20 BENEFICIARY.—Section 401(a)(9)(E) of such Code
21 is amended to read as follows:

22 “(E) DEFINITIONS AND RULES RELATING
23 TO DESIGNATED BENEFICIARY.—For purposes
24 of this paragraph—

1 “(i) DESIGNATED BENEFICIARY.—The
2 term ‘designated beneficiary’ means any
3 individual designated as a beneficiary by
4 the employee.

5 “(ii) ELIGIBLE DESIGNATED BENE-
6 FICIARY.—The term ‘eligible designated
7 beneficiary’ means, with respect to any em-
8 ployee, any designated beneficiary who is—

9 “(I) the surviving spouse of the
10 employee,

11 “(II) subject to clause (iii), a
12 child of the employee who has not
13 reached majority (within the meaning
14 of subparagraph (F)),

15 “(III) disabled (within the mean-
16 ing of section 72(m)(7)),

17 “(IV) a chronically ill individual
18 (within the meaning of section
19 7702B(c)(2), except that the require-
20 ments of subparagraph (A)(i) thereof
21 shall only be treated as met if there is
22 a certification that, as of such date,
23 the period of inability described in
24 such subparagraph with respect to the
25 individual is an indefinite one which is

1 reasonably expected to be lengthy in
2 nature), or

3 “(V) an individual not described
4 in any of the preceding subclauses
5 who is not more than 10 years young-
6 er than the employee.

7 “(iii) SPECIAL RULE FOR CHIL-
8 DREN.—Subject to subparagraph (F), an
9 individual described in clause (ii)(II) shall
10 cease to be an eligible designated bene-
11 ficiary as of the date the individual reaches
12 majority and any remainder of the portion
13 of the individual’s interest to which sub-
14 paragraph (H)(ii) applies shall be distrib-
15 uted within 10 years after such date.

16 “(iv) TIME FOR DETERMINATION OF
17 ELIGIBLE DESIGNATED BENEFICIARY.—
18 The determination of whether a designated
19 beneficiary is an eligible designated bene-
20 ficiary shall be made as of the date of
21 death of the employee.”.

22 (3) EFFECTIVE DATES.—

23 (A) IN GENERAL.—Except as provided in
24 this paragraph and paragraphs (4) and (5), the
25 amendments made by this subsection shall

1 apply to distributions with respect to employees
2 who die after December 31, 2019.

3 (B) COLLECTIVE BARGAINING EXCEP-
4 TION.—In the case of a plan maintained pursu-
5 ant to 1 or more collective bargaining agree-
6 ments between employee representatives and 1
7 or more employers ratified before the date of
8 enactment of this Act, the amendments made
9 by this subsection shall apply to distributions
10 with respect to employees who die in calendar
11 years beginning after the earlier of—

12 (i) the later of—

13 (I) the date on which the last of
14 such collective bargaining agreements
15 terminates (determined without re-
16 gard to any extension thereof agreed
17 to on or after the date of the enact-
18 ment of this Act), or

19 (II) December 31, 2019, or

20 (ii) December 31, 2021.

21 For purposes of clause (i)(I), any plan amend-
22 ment made pursuant to a collective bargaining
23 agreement relating to the plan which amends
24 the plan solely to conform to any requirement
25 added by this section shall not be treated as a

1 termination of such collective bargaining agree-
2 ment.

3 (C) GOVERNMENTAL PLANS.—In the case
4 of a governmental plan (as defined in section
5 414(d) of the Internal Revenue Code of 1986),
6 subparagraph (A) shall be applied by sub-
7 stituting “December 31, 2021” for “December
8 31, 2019”.

9 (4) EXCEPTION FOR CERTAIN EXISTING ANNU-
10 ITY CONTRACTS.—

11 (A) IN GENERAL.—The amendments made
12 by this subsection shall not apply to a qualified
13 annuity which is a binding annuity contract in
14 effect on the date of enactment of this Act and
15 at all times thereafter.

16 (B) QUALIFIED ANNUITY.—For purposes
17 of this paragraph, the term “qualified annuity”
18 means, with respect to an employee, an annu-
19 ity—

20 (i) which is a commercial annuity (as
21 defined in section 3405(e)(6) of the Inter-
22 nal Revenue Code of 1986);

23 (ii) under which the annuity payments
24 are made over the life of the employee or
25 over the joint lives of such employee and a

1 designated beneficiary (or over a period
2 not extending beyond the life expectancy of
3 such employee or the joint life expectancy
4 of such employee and a designated bene-
5 ficiary) in accordance with the regulations
6 described in section 401(a)(9)(A)(ii) of
7 such Code (as in effect before such amend-
8 ments) and which meets the other require-
9 ments of section 401(a)(9) of such Code
10 (as so in effect) with respect to such pay-
11 ments; and

12 (iii) with respect to which—

13 (I) annuity payments to the em-
14 ployee have begun before the date of
15 enactment of this Act, and the em-
16 ployee has made an irrevocable elec-
17 tion before such date as to the method
18 and amount of the annuity payments
19 to the employee or any designated
20 beneficiaries; or

21 (II) if subclause (I) does not
22 apply, the employee has made an ir-
23 revocable election before the date of
24 enactment of this Act as to the meth-
25 od and amount of the annuity pay-

1 ments to the employee or any des-
2 ignated beneficiaries.

3 (5) EXCEPTION FOR CERTAIN BENE-
4 FICIARIES.—

5 (A) IN GENERAL.—If an employee dies be-
6 fore the effective date, then, in applying the
7 amendments made by this subsection to such
8 employee’s designated beneficiary who dies after
9 such date—

10 (i) such amendments shall apply to
11 any beneficiary of such designated bene-
12 ficiary; and

13 (ii) the designated beneficiary shall be
14 treated as an eligible designated bene-
15 ficiary for purposes of applying section
16 401(a)(9)(H)(ii) of the Internal Revenue
17 Code of 1986 (as in effect after such
18 amendments).

19 (B) EFFECTIVE DATE.—For purposes of
20 this paragraph, the term “effective date” means
21 the first day of the first calendar year to which
22 the amendments made by this subsection apply
23 to a plan with respect to employees dying on or
24 after such date.

1 (b) PROVISIONS RELATING TO PLAN AMEND-
2 MENTS.—

3 (1) IN GENERAL.—If this subsection applies to
4 any plan amendment—

5 (A) such plan shall be treated as being op-
6 erated in accordance with the terms of the plan
7 during the period described in paragraph
8 (2)(B)(i); and

9 (B) except as provided by the Secretary of
10 the Treasury, such plan shall not fail to meet
11 the requirements of section 411(d)(6) of the In-
12 ternal Revenue Code of 1986 and section
13 204(g) of the Employee Retirement Income Se-
14 curity Act of 1974 by reason of such amend-
15 ment.

16 (2) AMENDMENTS TO WHICH SUBSECTION AP-
17 PLIES.—

18 (A) IN GENERAL.—This subsection shall
19 apply to any amendment to any plan or which
20 is made—

21 (i) pursuant to any amendment made
22 by this section or pursuant to any regula-
23 tion issued by the Secretary of the Treas-
24 ury under this section or such amend-
25 ments; and

1 (ii) on or before the last day of the
2 first plan year beginning after December
3 31, 2021, or such later date as the Sec-
4 retary of the Treasury may prescribe.

5 In the case of a governmental or collectively
6 bargained plan to which subparagraph (B) or
7 (C) of subsection (a)(4) applies, clause (ii) shall
8 be applied by substituting the date which is 2
9 years after the date otherwise applied under
10 such clause.

11 (B) CONDITIONS.—This subsection shall
12 not apply to any amendment unless—

13 (i) during the period—

14 (I) beginning on the date the leg-
15 islative or regulatory amendment de-
16 scribed in paragraph (1)(A) takes ef-
17 fect (or in the case of a plan amend-
18 ment not required by such legislative
19 or regulatory amendment, the effec-
20 tive date specified by the plan); and

21 (II) ending on the date described
22 in subparagraph (A)(ii) (or, if earlier,
23 the date the plan amendment is
24 adopted),

1 the plan is operated as if such plan amend-
2 ment were in effect; and

3 (ii) such plan amendment applies
4 retroactively for such period.

5 **SEC. 10. INCREASE IN PENALTY FOR FAILURE TO FILE.**

6 (a) IN GENERAL.—The second sentence of section
7 6651(a) of the Internal Revenue Code of 1986, as amend-
8 ed by the Taxpayer First Act, is amended by striking
9 “\$330” and inserting “\$435”.

10 (b) INFLATION ADJUSTMENT.—Section 6651(j)(1) of
11 such Code, as amended by such Act, is amended by strik-
12 ing “\$330” and inserting “\$435”.

13 (c) EFFECTIVE DATE.—The amendments made by
14 this section shall apply to returns the due date for which
15 (including extensions) is after December 31, 2019.

16 **SEC. 11. INCREASED PENALTIES FOR FAILURE TO FILE RE-**
17 **TIREMENT PLAN RETURNS.**

18 (a) IN GENERAL.—Subsection (e) of section 6652 of
19 the Internal Revenue Code of 1986 is amended—

20 (1) by striking “\$25” and inserting “\$250”;
21 and

22 (2) by striking “\$15,000” and inserting
23 “\$150,000”.

1 (b) ANNUAL REGISTRATION STATEMENT AND NOTI-
2 FICATION OF CHANGES.—Subsection (d) of section 6652
3 of the Internal Revenue Code of 1986 is amended—

4 (1) by striking “\$1” both places it appears in
5 paragraphs (1) and (2) and inserting “\$10”;

6 (2) by striking “\$5,000” in paragraph (1) and
7 inserting “\$50,000”; and

8 (3) by striking “\$1,000” in paragraph (2) and
9 inserting “\$10,000”.

10 (c) FAILURE TO PROVIDE NOTICE.—Subsection (h)
11 of section 6652 of the Internal Revenue Code of 1986 is
12 amended—

13 (1) by striking “\$10” and inserting “\$100”;
14 and

15 (2) by striking “\$5,000” and inserting
16 “\$50,000”.

17 (d) EFFECTIVE DATE.—The amendments made by
18 this section shall apply to returns, statements, and notifi-
19 cations required to be filed, and notices required to be pro-
20 vided, after December 31, 2019.

21 **SEC. 12. INCREASE INFORMATION SHARING TO ADMIN-**
22 **ISTER EXCISE TAXES.**

23 (a) IN GENERAL.—Section 6103(o) of the Internal
24 Revenue Code of 1986 is amended by adding at the end
25 the following new paragraph:

1 “(3) TAXES IMPOSED BY SECTION 4481.—Re-
2 turns and return information with respect to taxes
3 imposed by section 4481 shall be open to inspection
4 by or disclosure to officers and employees of United
5 States Customs and Border Protection of the De-
6 partment of Homeland Security whose official duties
7 require such inspection or disclosure for purposes of
8 administering such section.”.

9 (b) CONFORMING AMENDMENTS.—Paragraph (4) of
10 section 6103(p) of the Internal Revenue Code of 1986 is
11 amended by striking “or (o)(1)(A)” each place it appears
12 and inserting “, (o)(1)(A), or (o)(3)”.

