117TH CONGRESS
2D SESSION

S. _____

To amend the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code of 1986 to improve retirement plan provisions, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Mrs. MURRAY (for herself and Mr. BURR) introduced the following bill; which was read twice and referred to the Committee on ____________________

A BILL

To amend the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code of 1986 to improve retirement plan provisions, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Retirement Improvement and Savings Enhancement to Supplement Healthy Investments for the Nest Egg Act" or the "RISE & SHINE Act".

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

TITLE I—RETIREMENT IMPROVEMENT AND SAVINGS ENHANCEMENT (RISE)

SEC. 101. UPDATING DOLLAR LIMIT FOR MANDATORY DISTRIBUTIONS.

(a) IN GENERAL.—Section 203(e)(1) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1053(e)(1)) and sections 401(a)(31)(B)(ii) and 411(a)(11)(A) of the Internal Revenue Code of 1986 are each amended by striking ‘‘$5,000’’ and inserting ‘‘$7,000’’.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions made after December 31, 2023.

SEC. 102. MULTIPLE EMPLOYER 403(B) PLANS.

(a) IN GENERAL.—Section 3(43)(A) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002(43)(A)) is amended—

(1) in clause (ii), by striking ‘‘section 501(a) of such Code or’’ and inserting ‘‘section 501(a) of such Code, a plan that consists of contracts described in section 403(b) of such Code, or’’; and

(2) in the flush text at the end, by striking ‘‘the plan.’’ and inserting ‘‘the plan, but such term shall include any program (other than a governmental

plan) maintained for the benefit of the employees of more than 1 employer that consists of contracts described in section 403(b) of such Code and that meets the requirements of subparagraph (A) or (B) of section 413(e)(1) of such Code.''.

(b) CONFORMING AMENDMENTS.—Sections 3(43)(B)(v)(II) and 3(44)(A)(i)(I) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002(43)(B)(v)(II) and 1002(44)(A)(i)(I)) are each amended by striking ''section 401(a) of such Code or'' and inserting ''section 401(a) of such Code, a plan that consists of contracts described in section 403(b) of such Code, or''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after December 31, 2022.

SEC. 103. PERFORMANCE BENCHMARKS FOR ASSET ALLOCATION FUNDS.

(a) IN GENERAL.—Not later than 2 years after the date of enactment of this Act, the Secretary of Labor shall promulgate regulations providing that, in the case of a designated investment alternative that contains a mix of asset classes, the administrator of a plan may, but is not required to, use a benchmark that is a blend of different broad-based securities market indices if—

(1) the blend is reasonably representative of the asset class holdings of the designated investment alternative;

(2) for purposes of determining the blend's returns for 1-, 5-, and 10-calendar-year periods (or for the life of the alternative, if shorter), the blend is modified at least once per year to reflect changes in the asset class holdings of the designated investment alternative;

(3) the blend is furnished to participants and beneficiaries in a manner that is reasonably designed to be understandable; and

(4) each securities market index that is used for an associated asset class would separately satisfy the requirements of such regulation for such asset class.

(b) STUDY.—Not later than 3 years after the date of enactment of this Act, the Secretary of Labor shall deliver a report to the Committees on Finance and Health, Education, Labor, and Pensions of the Senate and the Committees on Ways and Means and Education and Labor of the House of Representatives regarding the utilization, effectiveness, and participants' understanding of the benchmarking requirements under this section.

SEC. 104. POOLED EMPLOYER PLANS MODIFICATION.

(a) IN GENERAL.—Section 3(43)(B)(ii) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002(43)(B)(ii)) is amended to read as follows:

"(ii) designate a named fiduciary (other than an employer in the plan) to be responsible for collecting contributions to the plan and require such fiduciary to implement written contribution collection procedures that are reasonable, diligent, and systematic;".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after December 31, 2022.

SEC. 105. REVIEW OF PENSION RISK TRANSFER INTERPRETIVE BULLETIN.

Not later than 1 year after the date of enactment of this Act, the Secretary of Labor shall—

(1) review section 2509.95–1 of title 29, Code of Federal Regulations (relating to the fiduciary standards under the Employee Retirement Income Security Act of 1974 when selecting an annuity provider for a defined benefit pension plan) and consult with the Advisory Council on Employee Welfare and Pension Benefit Plans (established under section 512 of the Employee Retirement Income Security

Act of 1974 (29 U.S.C. 1142)), to determine whether amendments to section 2509.95–1 of title 29, Code of Federal Regulations are warranted; and

(2) report to Congress on the findings of such review and consultation, including an assessment of any risk to participants.

SEC. 106. REVIEW AND REPORT TO CONGRESS RELATING TO REPORTING AND DISCLOSURE REQUIREMENTS.

(a) STUDY.—As soon as practicable after the date of enactment of this Act, the Secretary of Labor, the Secretary of the Treasury, and the Director of the Pension Benefit Guaranty Corporation shall review the reporting and disclosure requirements, as applicable to each such agency head, of the Employee Retirement Income Security Act of 1974 applicable to pension plans (as defined in section 3(2) of such Act (29 U.S.C. 1002(2)).

(b) REPORT.—

(1) IN GENERAL.—Not later than 3 years after the date of enactment of this Act, the Secretary of Labor, the Secretary of the Treasury, and the Director of the Pension Benefit Guaranty Corporation, jointly, and after consultation with a balanced group of participant and employer representatives, shall with respect to plans referenced in subsection (a) re-

port on the effectiveness of the applicable reporting and disclosure requirements and make such recommendations as may be appropriate to the Committee on Education and Labor and the Committee on Ways and Means of the House of Representatives and the Committee on Health, Education, Labor, and Pensions and the Committee on Finance of the Senate to consolidate, simplify, standardize, and improve such requirements so as to simplify reporting for such plans and ensure that plans can furnish and participants and beneficiaries timely receive and better understand the information they need to monitor their plans, plan for retirement, and obtain the benefits they have earned.

(2) ANALYSIS OF EFFECTIVENESS.—To assess the effectiveness of the applicable reporting and disclosure requirements, the report shall include an analysis, based on plan data, of how participants and beneficiaries are providing preferred contact information, the methods by which plan sponsors and plans are furnishing disclosures, and the rate at which participants and beneficiaries (grouped by key demographics) are receiving, accessing, understanding, and retaining disclosures.

(3) COLLECTION OF INFORMATION.—The agencies shall conduct appropriate surveys and data collection to obtain any needed information.

SEC. 107. ELIMINATING UNNECESSARY PLAN REQUIREMENTS RELATED TO UNENROLLED PARTICIPANTS.

(a) AMENDMENT OF EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—

(1) IN GENERAL.—Part 1 of subtitle B of title I of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1021 et seq.) is amended by redesignating section 111 as section 112 and by inserting after section 110 the following new section:

“SEC. 111. ELIMINATING UNNECESSARY PLAN REQUIREMENTS RELATED TO UNENROLLED PARTICIPANTS.

“(a) IN GENERAL.—Notwithstanding any other provision of this title, with respect to any individual account plan, no disclosure, notice, or other plan document (other than the notices and documents described in paragraphs (1) and (2)) shall be required to be furnished under this title to any unenrolled participant if the unenrolled participant is furnished—

"(1) an annual reminder notice of such participant's eligibility to participate in such plan and any applicable election deadlines under the plan; and

"(2) any document requested by such participant that the participant would be entitled to receive notwithstanding this section.

"(b) UNENROLLED PARTICIPANT.—For purposes of this section, the term 'unenrolled participant' means an employee who—

"(1) is eligible to participate in an individual account plan;

"(2) has been furnished—

"(A) the summary plan description pursuant to section 104(b), and

"(B) any other notices related to eligibility under the plan required to be furnished under this title, or the Internal Revenue Code of 1986, in connection with such participant's initial eligibility to participate in such plan;

"(3) does not have an account balance in the plan; and

"(4) satisfies such other criteria as the Secretary of Labor may determine appropriate, as prescribed in guidance issued in consultation with the Secretary of Treasury.

For purposes of this section, any eligibility to participate in the plan following any period for which such employee was not eligible to participate shall be treated as initial eligibility.

"(c) ANNUAL REMINDER NOTICE.—For purposes of this section, the term 'annual reminder notice' means a notice provided in accordance with section 2520.104b–1 of title 29, Code of Federal Regulations (or any successor regulation), which—

"(1) is furnished in connection with the annual open season election period with respect to the plan or, if there is no such period, is furnished within a reasonable period prior to the beginning of each plan year;

"(2) notifies the unenrolled participant of—

"(A) the unenrolled participant's eligibility to participate in the plan; and

"(B) the key benefits and rights under the plan, with a focus on employer contributions and vesting provisions; and

"(3) provides such information in a prominent manner and calculated to be understood by the average participant.".

(2) CLERICAL AMENDMENT.—The table of contents in section 1 of the Employee Retirement In-

come Security Act of 1974 is amended by striking the item relating to section 111 and by inserting after the item relating to section 110 the following new items:

(b) AMENDMENT OF INTERNAL REVENUE CODE OF 1986.—Section 414 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsection:

"(aa) ELIMINATING UNNECESSARY PLAN REQUIREMENTS RELATED TO UNENROLLED PARTICIPANTS.—

"(1) IN GENERAL.—Notwithstanding any other provision of this title, with respect to any defined contribution plan, no disclosure, notice, or other plan document (other than the notices and documents described in subparagraphs (A) and (B)) shall be required to be furnished under this title to any unenrolled participant if the unenrolled participant is furnished—

"(A) an annual reminder notice of such participant's eligibility to participate in such plan and any applicable election deadlines under the plan, and

"(B) any document requested by such participant that the participant would be entitled to receive notwithstanding this subsection.

"(2) UNENROLLED PARTICIPANT.—For purposes of this subsection, the term 'unenrolled participant' means an employee who—

"(A) is eligible to participate in a defined contribution plan,

"(B) has been furnished—

"(i) the summary plan description pursuant to section 104(b) of the Employee Retirement Income Security Act of 1974, and

"(ii) any other notices related to eligibility under the plan and required to be furnished under this title, or the Employee Retirement Income Security Act of 1974, in connection with such participant's initial eligibility to participate in such plan,

"(C) does not have an account balance in the plan, and

"(D) satisfies such other criteria as the Secretary of the Treasury may determine appropriate, as prescribed in guidance issued in consultation with the Secretary of Labor.

For purposes of this subsection, any eligibility to participate in the plan following any period for which such employee was not eligible to participate shall be treated as initial eligibility.

"(3) ANNUAL REMINDER NOTICE.—For purposes of this subsection, the term 'annual reminder notice' means the notice described in section 111(c) of the Employee Retirement Income Security Act of 1974.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after December 31, 2022.

SEC. 108. RECOVERY OF RETIREMENT PLAN OVERPAYMENTS.

(a) OVERPAYMENTS UNDER ERISA.—Section 206 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1056) is amended by adding at the end the following new subsection:

"(h) SPECIAL RULES APPLICABLE TO BENEFIT OVERPAYMENTS.—

"(1) GENERAL RULE.—In the case of an inadvertent benefit overpayment by any pension plan, the responsible plan fiduciary shall not be considered to have failed to comply with the requirements of this title merely because such fiduciary determines, in the exercise of its fiduciary discretion, not to seek recovery of all or part of such overpayment from—

"(A) any participant or beneficiary,

"(B) any plan sponsor of, or contributing employer to—

"(i) an individual account plan, provided that the amount needed to prevent or restore any impermissible forfeiture from any participant's or beneficiary's account arising in connection with the overpayment is, separately from and independently of the overpayment, allocated to such account pursuant to the nonforfeitability requirements of section 203 (for example, out of the plan's forfeiture account, additional employer contributions, or recoveries from those responsible for the overpayment), or

"(ii) a defined benefit pension plan subject to the funding rules in part 3 of this subtitle B, unless the responsible plan fiduciary determines, in the exercise of its fiduciary discretion, that failure to recover all or part of the overpayment faster than required under such funding rules would materially affect the plan's ability to pay benefits due to other participants and beneficiaries, or

"(C) any fiduciary of the plan, other than a fiduciary (including a plan sponsor or contributing employer acting in a fiduciary capacity) whose breach of its fiduciary duties resulted in such overpayment, provided that if the plan has established prudent procedures to prevent and minimize overpayment of benefits and the relevant plan fiduciaries have followed such procedures, an inadvertent benefit overpayment will not give rise to a breach of fiduciary duty.

"(2) REDUCTION IN FUTURE BENEFIT PAYMENTS AND RECOVERY FROM RESPONSIBLE PARTY.—Paragraph (1) shall not fail to apply with respect to any inadvertent benefit overpayment merely because, after discovering such overpayment, the responsible plan fiduciary—

"(A) reduces future benefit payments to the correct amount provided for under the terms of the plan, or

"(B) seeks recovery from the person or persons responsible for the overpayment.

"(3) EMPLOYER FUNDING OBLIGATIONS.—Nothing in this subsection shall relieve an employer of any obligation imposed on it to make contributions to a plan to meet the minimum funding standards under part 3 of this subtitle B or to prevent or restore an impermissible forfeiture in accordance with section 203.

"(4) RECOUPMENT FROM PARTICIPANTS AND BENEFICIARIES.—If the responsible plan fiduciary, in the exercise of its fiduciary discretion, decides to seek recoupment from a participant or beneficiary of all or part of an inadvertent benefit overpayment made by the plan to such participant or beneficiary, it may do so, subject to the following conditions:

"(A) No interest or other additional amounts (such as collection costs or fees) are sought on overpaid amounts for any period.

"(B) If the plan seeks to recoup past overpayments of a non-decreasing periodic benefit by reducing future benefit payments—

"(i) the reduction ceases after the plan has recovered the full dollar amount of the overpayment,

"(ii) the amount recouped each calendar year does not exceed 10 percent of the full dollar amount of the overpayment, and "(iii) future benefit payments are not reduced to below 90 percent of the periodic amount otherwise payable under the terms of the plan.

Alternatively, if the plan seeks to recoup past overpayments of a non-decreasing periodic benefit through one or more installment payments, the sum of such installment payments in any calendar year does not exceed the sum of the reductions that would be permitted in such year under the preceding sentence.

"(C) If the plan seeks to recoup past overpayments of a benefit other than a non-decreasing periodic benefit, the plan satisfies requirements developed by the Secretary for purposes of this subparagraph.

"(D) Efforts to recoup overpayments are—

"(i) not accompanied by threats of litigation, unless the responsible plan fiduciary reasonably believes it could prevail in a civil action brought in Federal or State court to recoup the overpayments, and

"(ii) not made through a collection agency or similar third party, unless the participant or beneficiary ignores or rejects efforts to recoup the overpayment following either a final judgment in Federal or State court or a settlement between the participant or beneficiary and the plan, in either case authorizing such recoupment.

"(E) Recoupment of past overpayments to a participant is not sought from any beneficiary of the participant, including a spouse, surviving spouse, former spouse, or other beneficiary.

"(F) Recoupment may not be sought if the first overpayment occurred more than 3 years before the participant or beneficiary is first notified in writing of the error.

"(G) A participant or beneficiary from whom recoupment is sought is entitled to contest all or part of the recoupment pursuant to the plan's claims procedures.

"(H) In determining the amount of recoupment to seek, the responsible plan fiduciary shall take into account the hardship that recoupment likely would impose on the participant or beneficiary.

"(5) EFFECT OF CULPABILITY.—Subparagraphs (A) through (F) of paragraph (4) shall not apply to protect a participant or beneficiary who is culpable. For purposes of this paragraph, a participant or beneficiary is culpable if the individual bears responsibility for the overpayment (such as through misrepresentations or omissions that led to the overpayment), or if the individual knew, or had good reason to know under the circumstances, that the benefit payment or payments were materially in excess of the correct amount. Notwithstanding the preceding sentence, an individual is not culpable merely because the individual believed the benefit payment or payments were or might be in excess of the correct amount, if the individual raised that question with an authorized plan representative and was told the payment or payments were not in excess of the correct amount. With respect to a culpable participant or beneficiary, efforts to recoup overpayments shall not be made through threats of litigation, unless a lawyer for the plan makes a determination that there is a reasonable likelihood of success to recover an amount that would be greater than the cost of recovery.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply as of the date of enactment of this Act.

(c) CERTAIN ACTIONS BEFORE DATE OF ENACTMENT.—Plans, fiduciaries, employers, and plan sponsors are entitled to rely on—

(1) a good faith interpretation of then existing administrative guidance for inadvertent benefit overpayment recoupments and recoveries that commenced before the date of enactment of this Act, and

(2) determinations made before the date of enactment of this Act by the responsible plan fiduciary, in the exercise of its fiduciary discretion, not to seek recoupment or recovery of all or part of an inadvertent benefit overpayment.

In the case of a benefit overpayment that occurred prior to the date of enactment of this Act, any installment payments by the participant or beneficiary to the plan or any reduction in periodic benefit payments to the participant or beneficiary, which were made in recoupment of such overpayment and which commenced prior to such date, may continue after such date. Nothing in this subsection shall relieve a fiduciary from responsibility for an overpayment that resulted from a breach of its fiduciary duties.

SEC. 109. IMPROVING COVERAGE FOR PART-TIME WORKERS.

(a) IN GENERAL.—Section 202 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1052) is amended by adding at the end the following new subsection:

"(c) SPECIAL RULE FOR CERTAIN PART-TIME EMPLOYEES.—

"(1) IN GENERAL.—A pension plan that includes either a qualified cash or deferred arrangement (as defined in section 401(k) of the Internal Revenue Code of 1986) or a salary reduction agreement (as described in section 403(b) of such Code) shall not require, as a condition of participation in the arrangement or agreement, that an employee complete a period of service with the employer (or employers) maintaining the plan extending beyond the close of the earlier of—

"(A) the period permitted under subsection (a)(1) (determined without regard to subparagraph (B)(i) thereof); or

"(B) the first 24-month period—

"(i) consisting of 2 consecutive 12-month periods during each of which the employee has at least 500 hours of service; and "(ii) by the close of which the employee has attained the age of 21.

"(2) EXCEPTION.—Paragraph (1)(B) shall not apply to any employee described in section 410(b)(3) of the Internal Revenue Code of 1986.

"(3) COORDINATION WITH OTHER RULES.—

"(A) IN GENERAL.—In the case of employees who are eligible to participate in the arrangement or agreement solely by reason of paragraph (1)(B):

"(i) EXCLUSIONS.—An employer may elect to exclude such employees from the application of subsections (a)(4), (k)(3), (k)(12), (k)(13), and (m)(2) of section 401 of the Internal Revenue Code of 1986 and section 410(b) of such Code.

"(ii) NONDISCRIMINATION RULES.—Notwithstanding paragraph (1), section 401(k)(15)(B)(i)(I) of such Code shall apply.

"(iii) TIME OF PARTICIPATION.—The rules of subsection (a)(4) shall apply to such employees.

"(B) TOP-HEAVY RULES.—An employer may elect to exclude all employees who are eligible to participate in a plan maintained by the employer solely by reason of paragraph (1)(B) from the application of the vesting and benefit requirements under subsections (b) and (c) of section 416 of the Internal Revenue Code of 1986.

"(4) 12-MONTH PERIOD.—For purposes of this subsection, 12-month periods shall be determined in the same manner as under the last sentence of subsection (a)(3)(A), except that 12-month periods beginning before January 1, 2022, shall not be taken into account.".

(b) VESTING.—Section 203(b) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1053(b)) is amended by redesignating paragraph (4) as paragraph (5) and by inserting after paragraph (3) the following new paragraph:

"(4) PART-TIME EMPLOYEES.—For purposes of determining whether an employee who is eligible to participate in a qualified cash or deferred arrangement or a salary reduction agreement under a plan solely by reason of section 202(c)(1)(B) has a nonforfeitable right to employer contributions—

"(A) except as provided in subparagraph (B), each 12-month period for which the employee has at least 500 hours of service shall be treated as a year of service; and

"(B) paragraph (3) shall be applied by substituting 'at least 500 hours of service' for 'more than 500 hours of service' in subparagraph (A) thereof.

For purposes of this paragraph, 12-month periods shall be determined in the same manner as under the last sentence of section 202(a)(3)(A), except that 12-month periods beginning before January 1, 2022, shall not be taken into account.".

(c) EFFECTIVE DATES.—Except as provided in paragraph (2), the amendments made by this section shall apply to plan years beginning at least 1 year after final regulations implementing this section are promulgated.

TITLE II—EMERGENCY SAVINGS ACT OF 2022

SEC. 201. SHORT TITLE.

This title may be cited as the "Emergency Savings Act of 2022".

SEC. 202. EMERGENCY SAVINGS ACCOUNTS LINKED TO DEFINED CONTRIBUTION PLANS.

(a) EMPLOYEE PENSION BENEFIT PLANS.—Section 3 of the Employee Retirement Income Security Act (29 U.S.C. 1002) is amended—

(1) in paragraph (2)(A), by inserting after the first sentence the following: "A pension plan may include a pension-linked emergency savings account." and

(2) by adding at the end the following:

"(45) PENSION-LINKED EMERGENCY SAVINGS ACCOUNT.—The term 'pension-linked emergency savings account' means an account established or maintained by a sponsor of a defined contribution plan for purposes of offering or providing a participant of such plan the opportunity to maintain a short-term savings account that—

"(A) is offered as part of such defined contribution plan;

"(B) accepts only—

"(i) participant contributions which are treated in the same manner as Roth contributions for purposes of inclusion in gross income; and

"(ii) employer contributions which are includible in gross income of the participant for purposes of the Internal Revenue Code of 1986; and

"(C) meets the requirements of part 8 of subtitle B.".

(b) PENSION-LINKED EMERGENCY SAVINGS ACCOUNTS.—

(1) IN GENERAL.—Subtitle B of title I of the Employee Retirement Income Security Act (29 U.S.C. 1021 et seq.) is amended by adding at the end the following:

"PART 8—PENSION-LINKED EMERGENCY SAVINGS ACCOUNTS

"SEC. 801. PENSION-LINKED EMERGENCY SAVINGS ACCOUNTS.

"(a) IN GENERAL.—A plan sponsor of a defined contribution plan may make available to participants of such pension plan a pension-linked emergency savings account. A plan sponsor that offers participants a pension-linked emergency savings account may deduct amounts from each participating employee's compensation in accordance with subsection (c) and deposit such amounts, and any employer contributions under such subsection, to an account that meets the requirements of subsection (b).

"(b) ACCOUNT REQUIREMENTS.—

"(1) IN GENERAL.—A pension-linked emergency savings account offered in accordance with subsection (a) shall—

"(A) not have a minimum account balance requirement;

"(B) allow for withdrawal by the participant of the account balance, in whole or in part at the discretion of the participant, at least once per calendar month and for distribution of such withdrawal to the participant as soon as practicable but, other than in exceptional circumstances, not later than 1 week from the date on which the participant elects to make such withdrawal;

"(C) be held as cash, in an interest-bearing deposit account, or in an investment or insurance product designed to preserve principal and provide a reasonable rate of return, whether or not such return is guaranteed, consistent with liquidity; and

"(D) not be subject to—

"(i) any unreasonable fees, restrictions, expenses, or charges in connection with such pension-linked emergency savings account; and

"(ii) any fees in connection with the withdrawal of funds from such pension-linked emergency savings account other than reasonable reimbursement fees imposed for paper mailings and the handling of paper checks related to such pension-linked emergency savings account.

"(2) ESTABLISHMENT AND TERMINATION OF ACCOUNT.—

"(A) ESTABLISHMENT OF ACCOUNT.—The establishment of a pension-linked emergency savings account shall be included in the defined contribution plan document of the associated defined contribution plan.

"(B) TERMINATION OF ACCOUNT.—A plan sponsor may terminate the pension-linked emergency savings account feature of an associated defined contribution plan at any time. Such termination shall be treated as if a termination of employment had occurred in accordance with subsection (d), except the reasonable time described in such subsection shall be as soon as practicable not later than 60 days after the date of such termination of the pension-linked emergency savings account feature of such associated defined contribution plan.

"(c) ACCOUNT CONTRIBUTIONS.—

"(1) EMPLOYER CONTRIBUTIONS.—

"(A) IN GENERAL.—Subject to the maximum account balance under paragraph (3), a plan sponsor may, without regard to any election otherwise by a participant, deposit to the pension-linked emergency savings account of the participant an amount in addition to the amount contributed by the participant under paragraph (2).

"(B) EMPLOYER CONTRIBUTIONS.—Employer contributions shall be included in the gross income of a participant for purposes of the Internal Revenue Code of 1986.

"(2) PARTICIPANT CONTRIBUTIONS.—

"(A) IN GENERAL.—Subject to the maximum account balance under paragraph (3)—

"(i) a plan sponsor may automatically enroll a participant in the pension-linked emergency savings account at a participant contribution rate selected by the plan sponsor, which, unless the participant affirmatively elects a different percentage of the compensation of the participant to be contributed to the pension-linked emergency savings account, may not exceed 3 percent of the compensation of the participant; or

"(ii) a participant may enroll in the pension-linked emergency savings account at a participant contribution rate selected by the participant.

"(B) CONTROL OF TRANSFER.—A participant, at any time (subject to such reasonable advance notice as is required by the plan administrator), may—

"(i) adjust the participant contribution rate under subparagraph (A) to the pension-linked emergency savings account of the participant; or

"(ii) opt out of or pause for a specified period of time such contributions.

"(C) ADJUSTMENT OF PARTICIPANT CONTRIBUTION RATE BY PLAN SPONSOR.—A plan sponsor may adjust the participant contribution rate selected by such plan sponsor described in subparagraph (A)(i) not more than once annually.

"(3) ACCOUNT LIMITS.—

"(A) IN GENERAL.—Subject to subparagraph (B), no contributions under paragraphs (1) and (2) shall be accepted to the extent such contributions would cause the balance of the pension-linked emergency savings account to exceed the lesser of—

"(i) $2,500; or

"(ii) an amount determined by the plan sponsor of the pension-linked emergency savings account.

In the case of contributions made in taxable years beginning after December 1, 2023, the Secretary shall adjust the amount under clause (i) at the same time and in the same manner as the adjustment made by the Secretary of the Treasury under section 415(d) of the Internal Revenue Code of 1986, except that the base period shall be the calendar quarter beginning July 1, 2022. Any increase under the preceding sentence which is not a multiple of $100 shall be rounded to the next lowest multiple of $100.

"(B) EXCESS CONTRIBUTIONS DIRECTED TO PLAN.—To the extent any elected contributions under paragraphs (1) and (2) to the pension-linked emergency savings account of a participant for a taxable year would cause the balance of the pension-linked emergency savings account to exceed the maximum account balance described in subparagraph (A)—

"(i) the participant may be treated as having elected to increase the participant's contributions to the associated defined contribution plan by an amount not more than the rate at which contributions were being made to the pension-linked emergency savings account, and

"(ii) any such contributions shall be treated as elective deferrals (as such term is defined in section 402(g)(3) of the Internal Revenue Code of 1986) under such plan and shall be contributed to the plan on behalf of the participant instead of to the pension-linked emergency savings account.

"(4) DISCLOSURE BY PLAN SPONSOR OF TRANSFER.—

"(A) IN GENERAL.—Not less than 15 days prior to the date on which the first transfer under this subsection occurs, the percentage of compensation and amount of the participant's compensation transferred under paragraph (1) is adjusted, or the plan sponsor adjusts the percentage of compensation of the automatic participant contribution under paragraph (2)(A)(i), the plan sponsor shall provide to the participant notice of—

"(i) the purpose of the account being for short-term, emergency savings;

"(ii) the amount of the intended contribution or the change in the percentage of the compensation of the participant of such contribution;

"(iii) in accordance with paragraph (2)(B), the instructions on how to—

"(I) adjust the participant contribution rate under paragraph (2)(A) to the pension-linked emergency savings account of the participant; or

"(II) opt out of or pause for a specified period of time such contributions;

"(iv) how such contributions will be invested;

"(v) the limits on, and tax treatment of, such contributions;

"(vi) any fees, expenses, or charges associated with such pension-linked emergency savings account;

"(vii) procedures for participant withdrawals from such pension-linked emergency savings account, including any limits on frequency.

"(B) CONSOLIDATED NOTICES.—The required notices under subparagraph (A) may be included with any other notice under this Act, including under section 404(c)(5)(B) or 514(e)(3), or under section 401(k)(13)(E) or 414(w)(4) of the Internal Revenue Code of 1986, if such other notice is provided to the participant not less than 15 days prior to the date described in such subparagraph and not more than 60 days prior to the date on which the first transfer under this subsection occurs.

"(5) EMPLOYER MATCHING CONTRIBUTIONS TO A DEFINED CONTRIBUTION PLAN FOR EMPLOYEE CONTRIBUTIONS TO A PENSION-LINKED EMERGENCY SAVINGS ACCOUNT.—

"(A) IN GENERAL.—If an employer makes any matching contributions to a defined contribution plan of which a pension-linked emergency savings account is part—

"(i) any contribution under paragraph (2) to a pension-linked emergency savings account of the participant shall be treated as an elective deferral for purposes of matching contributions by such employer to such defined contribution plan; and

"(ii) such employer shall make matching contributions on behalf of such participant to the associated defined contribution plan on account of such contributions under paragraph (2) at the same rate as any other matching contribution on account of an elective deferral by such participant.

To the extent any such matching contribution exceeds the maximum account balance under paragraph (3)(A), such contributions shall be contributed to the plan as provided in paragraph (3)(B).

"(B) DEFINITIONS.—For purposes of subparagraph (A), the terms 'matching contribution' and 'elective deferral' shall have the meanings given such terms in section 401(m)(4) of the Internal Revenue Code of 1986.

"(d) ACCOUNT BALANCE AFTER TERMINATION OF EMPLOYMENT.—Upon termination of employment of the participant, the pension-linked emergency savings account of such participant shall—

"(1) allow, as relevant, for transfer by the participant of the account balance of such account, in whole or in part, into the designated Roth account (within the meaning of section 402A of the Internal Revenue Code of 1986) of the participant under the associated defined contribution plan; and

"(2) for any amounts in such account not transferred under paragraph (1), make such amounts available within a reasonable time not later than the earlier of the date on which the employer contributing to the plan makes the final compensation payment related to such employment or 60 days after the date of such termination—

"(A) to the participant or the beneficiary; or

"(B) as a direct rollover to a Roth IRA (as defined in section 408A(b) of the Internal Revenue Code of 1986) of such participant.

"(e) COORDINATION WITH PLAN HARDSHIP RULES.—Under the terms of the plan of which a pension-linked emergency savings account is a part, a participant shall be required to withdraw all amounts in a pension-linked emergency savings account of the participant before receiving any plan distribution which is based on financial hardship or any loan from the plan.

"SEC. 802. ANNUAL NOTICE FOR PENSION-LINKED EMERGENCY SAVINGS ACCOUNT.

"(a) IN GENERAL.—At least annually, the plan sponsor of a pension-linked emergency savings account shall provide to the pension-linked emergency savings account participant a notice containing such information as the Secretary may require, including a description of—

"(1) the purpose and tax treatment of the pension-linked emergency savings account and contributions;

"(2) procedures for opting out of the pension-linked emergency savings account, changing participant contribution rates for such account, and making withdrawals from such account, and limits on contributions and withdrawals;

"(3) designated investment options for amounts contributed to the pension-linked emergency savings account;

"(4) the options under section 801(d) for the account balance of the pension-linked emergency savings account after termination of the employment of the participant;

"(5) any fees, expenses, or charges associated with such pension-linked emergency savings account; and

''(6) the amount that a participant has contributed to the pension-linked emergency savings account and the amount the plan sponsor has contributed to such pension-linked emergency savings account for the plan year, and the account balance.

''(b) CONSOLIDATED NOTICES.—The required notice under subparagraph (A) may be included with any other notice under this Act if such other notice is provided to the participant at least annually.

''SEC. 803. PREEMPTION OF STATE ANTI-GARNISHMENT LAWS.

''Notwithstanding any other provision of law, this part shall supersede any law of a State which would directly or indirectly prohibit or restrict the use of an automatic contribution arrangement, in accordance with section 801(c)(2), for a pension-linked emergency savings account. The Secretary may promulgate regulations to establish minimum standards that such an arrangement would be required to satisfy in order for this subsection to apply with respect to such an account.

''SEC. 804. REPORTING AND DISCLOSURE REQUIREMENTS.

''The Secretary shall prescribe such regulations as may be necessary to address reporting and disclosure requirements for pension-linked emergency savings accounts in order to prevent unnecessary reporting and disclosure for such accounts under this Act, including for purposes of any reporting or disclosure related to pension plans required by this title or title IV or under the Internal Revenue Code of 1986.

"SEC. 805. REPORT TO CONGRESS ON MAXIMUM ACCOUNT BALANCE LIMITS.

"The Secretary of Labor and the Secretary of the Treasury shall—

"(1) conduct a study on the use of emergency savings from a pension-linked emergency savings account regarding—

"(A) whether the maximum account balance under section 801(c)(3) is sufficient;

"(B) whether the limitation on contributions under sections 801(c)(2)(A)(i) are appropriate; and

"(C) the participation rate of such accounts by plan sponsors and participants and the resulting impact on participant retirement savings, including the impact on retirement savings leakage and the effect of such accounts on retirement plan participation by low- and moderate-income households; and

"(2) not later than 7 years after the date of enactment of the RISE & SHINE Act, submit to Congress a report on the findings of the study under paragraph (1).''.

(2) CLERICAL AMENDMENT.—The table of contents in section 1 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1001 note) is amended by inserting after the item relating to section 734 the following new items:

(c) REPORTING FOR A PENSION-LINKED EMERGENCY SAVINGS ACCOUNT.—

(1) ALTERNATIVE METHODS OF COMPLIANCE.—Section 110(a) of the Employee Retirement Income Security Act (29 U.S.C. 1030(a)) is amended by inserting ''(including pension-linked emergency savings accounts offered in conjunction with a pension plan)'' after ''class of pension plans''.

(2) MINIMIZED REPORTING BURDEN FOR PENSION-LINKED EMERGENCY SAVINGS ACCOUNTS.—Section 101 of such Act (29 U.S.C. 1021) is amended—

(A) by redesignating subsection (n) as subsection (o); and

(B) by inserting after subsection (m) the following:

"(n) PENSION-LINKED EMERGENCY SAVINGS ACCOUNTS.—

"(1) IN GENERAL.—The requirements of subsection (a) shall not apply to a pension-linked emergency savings account made available under section 801.

"(2) SIMPLIFIED REPORTING.—Nothing in this subsection shall preclude the Secretary from providing, by regulations or otherwise, simplified reporting procedures or requirements for such a pension-linked emergency savings account.".

(d) FIDUCIARY DUTY.—Section 404(c) of the Employee Retirement Income Security Act (29 U.S.C. 1104(c)) is amended by adding at the end the following:

"(6) DEFAULT INVESTMENT ARRANGEMENTS FOR A PENSION-LINKED EMERGENCY SAVINGS ACCOUNT.—For purposes of paragraph (1), a participant in a pension-linked emergency savings account shall be treated as exercising control over the assets in the account with respect to the amount of contributions and earnings which are invested in accordance with section 801(b)(1)(C).".

(e) JOINT REGULATORY AUTHORITY.—The Secretary of Labor and the Secretary of the Treasury (or a delegate of either such Secretary) shall have authority to issue joint regulations or other guidance, or to coordinate in developing regulations or other guidance, to carry out the purposes of this title, including adjustment of the maximum benefit under section 801(c)(3) of the Employee Retirement Income Security Act, as added by this title, to account for inflation, as well as expansion of corrections programs, if necessary.

TITLE III—NOTICE AND DISCLOSURE

SEC. 301. DEFINED CONTRIBUTION PLAN FEE DISCLOSURE IMPROVEMENTS.

Not later than 3 years after the date of enactment of this Act, the Secretary of Labor shall—

(1) review section 2550.404a–5 of title 29, Code of Federal Regulations (relating to fiduciary requirements for disclosure in participant-directed individual account plans);

(2) explore, through a public request for information or otherwise, how the contents and design of the disclosures described in such section may be improved to enhance participants' understanding of fees and expenses related to a defined contribution

plan (as defined in section 3 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002)) as well as the cumulative effect of such fees and expenses on retirement savings over time; and

(3) report to the Committee on Health, Education, Labor, and Pensions of the Senate and the Committee on Education and Labor of the House of Representatives on the findings of the exploration described in paragraph (2), including beneficial education for consumers on financial literacy concepts as related to retirement plan fees and recommendations for legislative changes needed to address such findings.

SEC. 302. CONSOLIDATION OF DEFINED CONTRIBUTION PLAN NOTICES.

Not later than 2 years after the date of enactment of this Act, the Secretary of Labor and the Secretary of the Treasury (or such Secretaries' delegates) shall adopt regulations providing that a plan (as defined in section 3 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002)) may, but is not required to, consolidate 2 or more of the notices required under sections 404(c)(5)(B) and 514(e)(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1104(c)(5)(B) and 29 U.S.C. 1144(e)(3)) and sections 401(k)(12)(D), 401(k)(13)(E), and 414(w)(4) of the Internal Revenue Code of 1986 into a single notice so long as the combined notice—

(1) includes the required content;

(2) clearly identifies the issues addressed therein;

(3) is furnished at the time and with the frequency required for each such notice; and

(4) is presented in a manner that is reasonably calculated to be understood by the average plan participant and that does not obscure or fail to highlight the primary information required for each notice.

SEC. 303. INFORMATION NEEDED FOR FINANCIAL OPTIONS RISK MITIGATION ACT.

(a) SHORT TITLE.—This section may be cited as the ''Information Needed for Financial Options Risk Mitigation Act'' or the ''INFORM Act''.

(b) IN GENERAL.—Part 1 of subtitle B of title I of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1021 et seq.), as amended by section 107, is amended by adding at the end the following:

"SEC. 113. NOTICE AND DISCLOSURE REQUIREMENTS WITH RESPECT TO LUMP SUM WINDOWS.

"(a) IN GENERAL.—A plan administrator of a pension plan that amends the plan to provide a period of time during which a participant or beneficiary may elect to receive a lump sum under clause (i) of section 401(a)(9)(A) of the Internal Revenue Code of 1986, instead of future monthly payments under clause (ii) of such section, shall furnish notice—

"(1) to each participant or beneficiary offered such lump sum amount, in the manner in which the participant and beneficiary receives the lump sum offer from the plan sponsor, not later than 90 days prior to the first day on which the participant or beneficiary may make an election with respect to such lump sum; and

"(2) to the Secretary and the Pension Benefit Guaranty Corporation, not later than 30 days prior to the first day on which participants and beneficiaries may make an election with respect to such lump sum.

"(b) NOTICE TO PARTICIPANTS AND BENEFICIARIES.—

"(1) CONTENT.—The notice required under subsection (a)(1) shall include the following:

"(A) Available benefit options, including the estimated monthly benefit that the participant or beneficiary would receive at normal retirement age (if not already in pay status), whether there is a subsidized early retirement option or qualified joint and survivor annuity that is fully subsidized (in accordance with section 417(a)(5) of the Internal Revenue Code of 1986, the monthly benefit amount if payments begin immediately, and the lump sum amount available if the participant or beneficiary takes the option.

"(B) An explanation of how the lump sum was calculated, including the interest rate, mortality assumptions, and whether any additional plan benefits were included in the lump sum, such as early retirement subsidies.

"(C) In a manner consistent with the manner in which a written explanation is required to be given under 417(a)(3) of the Internal Revenue Code of 1986, the relative value of the lump sum option for a terminated vested participant compared to the value of—

"(i) the single life annuity, (or other standard form of benefit); and “(ii) the qualified joint and survivor annuity (as defined in section 205(d)(1));

“(D) Whether it would be reasonably likely to replicate the plan’s stream of payments by purchasing a comparable retail annuity using the lump sum.

“(E) The potential ramifications of accepting the lump sum, including longevity risks, loss of protections guaranteed by the Pension Benefit Guaranty Corporation (with an explanation of the monthly benefit amount that would be protected by the Pension Benefit Guaranty Corporation if the plan is terminated with insufficient assets to pay benefits), loss of protection from creditors, loss of spousal protections, and other protections under this Act that would be lost.

“(F) General tax rules related to accepting a lump sum, including rollover options and early distribution penalties with a disclaimer that the plan does not provide tax, legal, or accounting advice, and a suggestion that participants and beneficiaries consult with their own tax, legal, and accounting advisors before determining whether to accept the offer.

"(G) How to accept or reject the offer, the deadline for response, and whether a spouse is required to consent to the election.

"(H) Contact information for the point of contact at the plan administrator for participants and beneficiaries to get more information or ask questions about the options.

"(2) PLAIN LANGUAGE.—The notice under this subsection shall be written in a manner calculated to be understood by the average plan participant.

"(3) MODEL NOTICE.—The Secretary shall issue a model notice for purposes of the notice under subsection (a)(1), including for information required under subparagraphs (C) through (F) of paragraph (1).

"(c) NOTICE TO THE SECRETARY AND PENSION BENEFIT GUARANTY CORPORATION.—The notice required under subsection (a)(2) shall include the following:

"(1) The total number of participants and beneficiaries eligible for such lump sum option.

"(2) The length of the limited period during which the lump sum is offered.

"(3) An explanation of how the lump sum was calculated, including the interest rate, mortality assumptions, and whether any additional plan benefits were included in the lump sum, such as early retirement subsidies.

"(4) A sample of the notice provided to participants and beneficiaries under subsection (a)(1).

"(d) POST-OFFER REPORT TO THE SECRETARY AND PENSION BENEFIT GUARANTY CORPORATION.—Not later than 90 days after the conclusion of the limited period during which participants and beneficiaries in a plan may accept a plan's offer to convert their annuity into a lump sum as generally permitted under section 401(a)(9) of the Internal Revenue Code of 1986, a plan sponsor shall submit a report to the Secretary and the Director of the Pension Benefit Guaranty Corporation that includes the number of participants and beneficiaries who accepted the lump sum offer and such other information as the Secretary may require.

"(e) PUBLIC AVAILABILITY.—The Secretary shall make the information provided in the notice to the Secretary required under subsection (a)(2) and in the post-offer reports submitted under subsection (d) publicly available in a form that protects the confidentiality of the information provided.

"(f) BIANNUAL REPORT.—Not later than 6 months after the date of enactment of this section and every 6 months thereafter, so long as the Secretary has received notices and post-offer reports under subsections (c) and (d), the Secretary shall submit to Congress a report that summarizes such notices and post-offer reports during the applicable reporting period.''.

(c) CLERICAL AMENDMENT.—The table of contents in section 1 of the Employee Retirement Income Security Act of 1974, as amended by section 107(a)(2), is further amended by inserting after the item relating to section 112 the following new item:

Sec. 113. Notice and disclosure requirements with respect to lump sum windows.

(d) ENFORCEMENT.—Section 502 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1132) is amended—

(1) in subsection (c)(1), by striking ''or section 105(a)'' and inserting '', section 105(a), or section 112(a)''; and

(2) in subsection (a)(4), by striking ''105(c)'' and inserting ''section 105(c) or 112(a)''.

(e) APPLICATION.—The requirements of section 113 of the ERISA, as added by subsection (b), shall apply beginning on the applicable effective date specified in the final regulations promulgated pursuant to subsection (f).

(f) REGULATORY AUTHORITY.—Not earlier than 1 year after the date of enactment of this Act, the Secretary of Labor and the Secretary of the Treasury shall jointly issue regulations to implement section 113 of the Employee Retirement Income Security Act of 1974, as added by subsection (a). Such regulations shall require plan sponsors to comply in good faith with the regulations beginning not later than 1 year after issuance of a final rule with respect to subsections (a)(1) and (b) of such section 113, and beginning not later than 6 months after issuance of a final rule with respect to subsections (a)(2), (c), (d), and (e) of such section 113.

SEC. 304. DEFINED BENEFIT ANNUAL FUNDING NOTICES.

(a) IN GENERAL.—Section 101(f)(2)(B) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1021(f)(2)(B)) is amended—

(1) in clause (i)(I), by striking ''funding target attainment percentage (as defined in section 303(d)(2))'' and inserting ''percentage of plan liabilities funded (as described in clause (ii)(I)(bb))'';

(2) in clause (ii)(I)—

(A) by striking '', a statement of'';

(B) by striking item (aa);

(C) by redesignating item (bb) as item (aa);

(D) in item (aa), as so redesignated—

(i) by inserting ''a statement of'' before ''the value'' and

(ii) by striking "and" at the end; and

(E) by adding at the end the following:

"(bb) a statement of the percentage of plan liabilities funded, calculated as the ratio between the value of the plan's assets and liabilities, as determined under item (aa), for the plan year to which the notice relates and for the 2 preceding plan years, and

"(cc) if the information in (aa) and (bb) is presented in tabular form, a statement that describes that in the event of a plan termination the corporation's calculation of plan liabilities may be greater and that references the section of the notice with the information required under clause (x), and";

(3) in clause (iii), in the matter preceding subclause (I), by inserting "for the plan year to which the notice relates as of the last day of such plan

year and the preceding 2 plan years, in tabular format," after "participants";

(4) in clause (iv)—

(A) by striking "plan and the asset" and inserting "plan, the asset"; and

(B) by inserting ", and the average return on assets for the plan year," after "assets)";

(5) by redesignating clauses (ix) through (xi) as clause (x) through (xii), respectively;

(6) by inserting after clause (viii) the following:

"(ix) in the case of a single-employer plan, a statement as to whether the plan's funded status, based on the plan's liabilities described under subclause (II) for the plan year to which the notice relates, and for the 2 preceding plan years, is at least 100 percent (and, if not, the actual percentages), that includes—

"(I) the plan's assets, as of the last day of the plan year and for the 2 preceding plan years, as determined under clause (ii)(I)(aa),

"(II) the plan's liabilities, as of the last day of the plan year and for the 2 preceding plan years, as determined under clause (ii)(1)(aa), and

"(III) the funded status of the plan, determined as the ratio of the plan's assets and liabilities calculated under subclauses (I) and (II), for the plan year to which the notice relates, and for the 2 preceding plan years,"; and

(7) in clause (x), as so redesignated, by striking the comma at the end and inserting the following: "and a statement that, in the case of a single-employer plan—

"(I) if plan assets are sufficient to pay vested benefits that are not guaranteed by the Pension Benefit Guaranty Corporation, participants and beneficiaries may receive benefits in excess of the guaranteed amount, and

"(II) in determining valuation of guaranteed benefits, the Pension Benefit Guaranty Corporation uses, as of the date of enactment of the RISE &

SHINE Act, a valuation methodology that—

"(aa) places a higher value on the future cost of benefits than any valuation methodology required under Federal statute, and

"(bb) makes it less likely that participants and beneficiaries will receive amounts in excess of the guaranteed amount under Federal law,".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply with respect to plan years beginning after December 31, 2023.

TITLE IV—MODERNIZATION

SEC. 401. AUTOMATIC REENROLLMENT UNDER QUALIFIED AUTOMATIC CONTRIBUTION ARRANGEMENTS AND ELIGIBLE AUTOMATIC CONTRIBUTION ARRANGEMENTS.

(a) ELIGIBLE AUTOMATIC CONTRIBUTION ARRANGEMENTS.—Section 514(e)(2) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1144(e)(2)) is amended—

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

(2) by striking "(2) For purposes of" and inserting "(2)(A) For purposes of"; and

(3) 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 plan years but not more than once annually 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 pursuant to subparagraph (A)(ii) not to have any 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 individual employee dates of enrollment.''.

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

SEC. 402. INCIDENTAL PLAN EXPENSES.

(a) FINDINGS.—Congress finds the following:

(1) Retirement plan sponsors engage advisors to assist in administering their retirement plans. Such advisors and other service providers are paid via monthly or annual retainers to advise on plan administration or the investment fund lineup. Such retainers are charged to the retirement plan.

(2) Other, incidental expenses incurred related to plan design, may not be charged to the plan because they are deemed settlor functions. For example, if a plan sponsor were to inquire about a beneficial plan design feature, such as automatic enrollment and reenrollment or automatic escalation, the advisor or other service provider would bill the employer a separate amount that could not be charged back to the plan. Because these inquiries result in additional costs, many employers, especially small employers, choose to forego these incidental plan de-

sign features, even when they might generate tremendous benefits for their employees.

(3) According to the 2021 Plan Sponsor Council of America's Annual Survey of Profit Sharing and 401(k) Plans, only 30.5 percent of employers with fewer than 50 workers have an automatic enrollment feature in their retirement plan, compared to over 77 percent of employers with more than 1,000 workers. Small employers need additional resources to improve their retirement plan design.

(b) FACILITATING THE IMPLEMENTATION OF BENEFICIAL PLAN FEATURES.—

(1) PLAN ASSETS.—Section 403(c)(1) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1103(c)(1)) is amended by inserting "(including incidental expenses solely for the benefit of the participants and their beneficiaries)" before the period.

(2) FIDUCIARY STANDARD OF CARE.—Section 404(a)(1)(A)(ii) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1104(a)(1)(A)(ii)) is amended by inserting "(including incidental expenses solely for the benefit of the participants and their beneficiaries)" before the semicolon.

TITLE V—AMENDMENTS TO PLANS OFFERED BY MULTIPLE EMPLOYERS

SEC. 501. REPORT ON POOLED EMPLOYER PLANS.

The Secretary of Labor shall—

(1) conduct a study on the pooled employer plan (as such term is defined in section 3(43) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002(43))) industry, including on—

(A) the legal name and number of pooled employer plans;

(B) the number of participants in such plans;

(C) the range of investment options provided in such plans;

(D) the fees assessed in such plans;

(E) the manner in which employers select and monitor such plans;

(F) the disclosures provided to participants in such plans;

(G) the number and nature of any enforcement actions by the Secretary of Labor on such plans;

(H) the extent to which such plans have increased retirement savings coverage in the United States; and

(I) any additional information as the Secretary determines is necessary; and

(2) not later than 5 years after the date of enactment of this Act, and every 5 years thereafter, submit to Congress and make available on a publicly accessible website of the Department of Labor, a report on the findings of the study under paragraph (1), including recommendations on how pooled employer plans can be improved, through legislation, to serve and protect retirement plan participants.

SEC. 502. ANNUAL AUDITS FOR GROUP OF PLANS.

Section 202(a) of the Setting Every Community Up for Retirement Enhancement Act of 2019 (Public Law 116–94; 26 U.S.C. 6058 note) is amended—

(1) by striking ''so that all members'' and inserting the following: ''so that—

''(1) all members'';

(2) by striking the period and inserting ''; and''; and

(3) by adding at the end the following:

''(2) any opinions required by section 103(a)(3) of the Employee Retirement Income Security Act of

1974 (29 U.S.C. 1023(a)(3)) shall relate only to each individual plan which would otherwise be subject to the requirements of such section 103(a)(3).''.

TITLE VI—DEFINED BENEFIT PLAN PROVISIONS

SEC. 601. CASH BALANCE.

(a) AMENDMENT OF INTERNAL REVENUE CODE OF 1986.—Section 414 of the Internal Revenue Code of 1986, as amended by the preceding sections of this Act, is further amended by adding at the end the following new subsection:

''(bb) PROJECTED INTEREST CREDITING RATE.— For purposes of this part, in the case of an applicable defined benefit plan (as defined in section 411(a)(13)(B)) which provides variable interest crediting rates, the interest crediting rate which is treated as in effect and as the projected interest crediting rate shall be a reasonable projection of such variable interest crediting rate, not to exceed 6 percent.''.

(b) AMENDMENT OF EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—Section 210 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1060) is amended by adding at the end the following new subsection:

"(g) PROJECTED INTEREST CREDITING RATE.—For purposes of this title, in the case of an applicable defined benefit plan (within the meaning of section 203(f)(3)) which provides variable interest crediting rates, the interest crediting rate which is treated as in effect and as the projected interest crediting rate shall be a reasonable projection of such variable interest crediting rate, not to exceed 6 percent.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to years beginning after the date of enactment of this Act.

SEC. 602. TERMINATION OF VARIABLE RATE PREMIUM INDEXING.

(a) IN GENERAL.—Paragraph (8) of 4006(a) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1306(a)) is amended by—

(1) in subparagraph (A)—

(A) in clause (vi), by striking "and";

(B) in clause (vii), by striking the period at the end and inserting "; and"; and

(C) by adding at the end the following:

"(viii) for plan years beginning after calendar year 2022, $48.";

(2) in subparagraph (B), in the matter preceding clause (i), by inserting ''and before 2023'' after ''2012'' ; and

(3) in subparagraph (D)(vii), by inserting ''and before 2023'' after ''2019''.

(b) TECHNICAL AMENDMENT.—Clause (i) of section 4006(a)(3)(E) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1306(a)(3)(E)) is amended by striking ''subparagraph (H)'' and inserting ''subparagraph (I)''.

SEC. 603. ENHANCING RETIREE HEALTH BENEFITS IN PENSION PLANS.

(a) EXTENSION OF TRANSFERS OF EXCESS PENSION ASSETS TO RETIREE HEALTH ACCOUNTS UNDER THE INTERNAL REVENUE CODE OF 1986.—Paragraph (4) of section 420(b) of the Internal Revenue Code of 1986 is amended by striking ''December 31, 2025'' and inserting ''December 31, 2032''.

(b) EXTENSION OF TRANSFERS OF EXCESS PENSION ASSETS TO RETIREE HEALTH ACCOUNTS UNDER THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—

(1) DEFINITIONS.—Section 101(e)(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1021(e)(3)) is amended by striking ''(as

in effect on the date of the enactment of the Surface Transportation and Veterans Health Care Choice Improvement Act of 2015)'' and inserting ''(as in effect on the date of enactment of the RISE & SHINE Act)''.

(2) USE OF ASSETS.—Section 403(c)(1) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1103(c)(1)) is amended by striking ''(as in effect on the date of the enactment of the Surface Transportation and Veterans Health Care Choice Improvement Act of 2015)'' and inserting ''(as in effect on the date of enactment of the RISE & SHINE Act)''.

(3) EXEMPTION.—Section 408(b)(13) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1108(b)(13)) is amended—

(A) by striking ''January 1, 2026'' and inserting ''January 1, 2033''; and

(B) by striking ''(as in effect on the date of the enactment of the Surface Transportation and Veterans Health Care Choice Improvement Act of 2015)'' and inserting ''(as in effect on the date of enactment of the RISE & SHINE Act)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to transfers made after the date of enactment of this Act.

TITLE VII—ADDITIONAL RETIREMENT ENHANCEMENTS

SEC. 701. PROVISIONS RELATING TO PLAN AMENDMENTS.

(a) IN GENERAL.—Part 2 of subtitle B of title I of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1021 et seq.) is amended—

(1) by redesignating section 211 as section 212; and

(2) by inserting after section 210 the following new section:

"SEC. 211. PLAN AMENDMENTS DUE TO THE RISE & SHINE ACT.

''(a) IN GENERAL.—If this section applies to any retirement plan or contract amendment—

''(1) such retirement plan or contract shall be treated as being operated in accordance with the terms of the plan during the period described in subsection (b)(2)(A); and

''(2) except as provided by the Secretary of the Treasury (or the Secretary's delegate) and the Secretary of Labor (or the Secretary's delegate), such retirement plan shall not fail to meet the requirements of section 411(d)(6) of the Internal Revenue Code of 1986 and section 204(g) of this Act by reason of such amendment.

"(b) AMENDMENTS TO WHICH SECTION APPLIES.—

"(1) IN GENERAL.—This section shall apply to any amendment to any retirement plan or annuity contract which is made—

"(A) pursuant to any amendment made by the RISE & SHINE Act or pursuant to any regulation issued by the Secretary of the Treasury or the Secretary of Labor (or a delegate of either such Secretary) under the RISE & SHINE Act; and

"(B) on or before the last day of the first plan year beginning on or after January 1, 2025.

"(2) CONDITIONS.—This section shall not apply to any amendment unless—

"(A) during the period—

"(i) beginning on the date the legislative or regulatory amendment described in paragraph (1)(A) takes effect (or in the case of a plan or contract amendment not required by such legislative or regulatory amendment, the effective date specified by the plan); and

"(ii) ending on the date described in paragraph (1)(B) (or, if earlier, the date the plan or contract amendment is adopted),

the plan or contract is operated as if such plan or contract amendment were in effect; and

"(B) such plan or contract amendment applies retroactively for such period.".

(b) CLERICAL AMENDMENT.—The table of contents in section 1 of the Employee Retirement Income Security Act of 1974 is amended by striking the item relating to section 211 and by inserting after the item relating to section 210 the following new items:

SEC. 702. WORKER OWNERSHIP, READINESS, AND KNOWLEDGE (WORK) ACT.

(a) SHORT TITLE.—This section may be cited as the "Worker Ownership, Readiness, and Knowledge Act" or the "WORK Act".

(b) DEFINITIONS.—In this section:

(1) EXISTING PROGRAM.—The term "existing program" means a program, designed to promote employee ownership, 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 Initiative established under subsection (c).

(3) NEW PROGRAM.—The term ''new program'' means a program, designed to promote employee ownership, 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).

(c) EMPLOYEE OWNERSHIP INITIATIVE.—

(1) ESTABLISHMENT.—The Secretary shall establish within the Department of Labor an Employee Ownership Initiative to promote employee ownership.

(2) FUNCTIONS.—In carrying out the Initiative, the Secretary shall—

(A) support within the States existing programs designed to promote employee ownership; and

(B) facilitate within the States the formation of new programs designed to promote employee ownership.

(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 (e); and

(ii)(I) 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; or

(II) funding projects for information gathering on those techniques, and dissemination of that information to the programs, by groups outside the Department of Labor; 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 representatives from States without existing programs.

(d) PROGRAMS REGARDING EMPLOYEE OWNERSHIP.—

(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 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 and business ownership succession planning, 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;

(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; and

(D) training other entities to apply for funding under this subsection, to establish new programs, and to carry out program activities.

(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, labor organizations, 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 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 programs by staff from new programs receiving funding under this section; and

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

(4) GUIDANCE.—The Secretary shall issue formal guidance, for—

(A) recipients of grants awarded under subsection (e) and one-stop partners (as defined in section 3 of the Workforce Innovation and Opportunity Act (29 U.S.C. 3102)) affiliated with the workforce development systems (as so defined) of the States, proposing that programs and other activities funded under this section be—

(i) proactive in encouraging actions and activities that promote employee ownership of businesses; and

(ii) comprehensive in emphasizing both employee ownership of businesses so as to increase productivity and broaden capital ownership; and

(B) acceptable standards and procedures to establish good faith fair market value for shares of a business to be acquired by an employee stock ownership plan (as defined in section 407(d)(6) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1107(d)(6))).

(e) GRANTS.—

(1) IN GENERAL.—In carrying out the program established under subsection (d), the Secretary may make grants for use in connection with new programs and existing programs within a State for any of the following activities:

(A) Education and outreach as provided in subsection (d)(2)(A).

(B) Technical assistance as provided in subsection (d)(2)(B).

(C) Training activities for employees and employers as provided in subsection (d)(2)(C).

(D) Activities facilitating cooperation among employee-owned firms.

(E) Training as provided in subsection (d)(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.—Any State failing to support or establish a program pursuant to this section during any fiscal year may submit applications under paragraph (3) in the subsequent fiscal years but may not screen applications by local entities described in paragraph (4) before submitting the applications to the Secretary.

(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 2024, $300,000.

(B) For fiscal year 2025, $330,000.

(C) For fiscal year 2026, $363,000.

(D) For fiscal year 2027, $399,300.

(E) For fiscal year 2028, $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.

(f) 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 (e) and to provide related technical assistance.

(g) REPORTING.—Not later than the expiration of the 36-month period following the date of enactment of this Act, the Secretary shall prepare and submit to Congress a report—

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

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

(h) AUTHORIZATIONS OF APPROPRIATIONS.—

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

(A) For fiscal year 2024, $4,000,000.

(B) For fiscal year 2025, $7,000,000.

(C) For fiscal year 2026, $10,000,000.

(D) For fiscal year 2027, $13,000,000.

(E) For fiscal year 2028, $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.