

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

_____ 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.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

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

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

Sec. 1. Short title; table of contents.

TITLE I—RETIREMENT IMPROVEMENT AND SAVINGS
ENHANCEMENT (RISE)

Sec. 101. Updating dollar limit for mandatory distributions.

Sec. 102. Multiple employer 403(b) plans.

Sec. 103. Performance benchmarks for asset allocation funds.

Sec. 104. Pooled employer plans modification.

Sec. 105. Review of pension risk transfer interpretive bulletin.

Sec. 106. Review and report to congress relating to reporting and disclosure re-
quirements.

Sec. 107. Eliminating unnecessary plan requirements related to unenrolled par-
ticipants.

Sec. 108. Recovery of retirement plan overpayments.

Sec. 109. Improving coverage for part-time workers.

TITLE II—EMERGENCY SAVINGS ACT OF 2022

Sec. 201. Short title.

Sec. 202. Emergency savings accounts linked to defined contribution plans.

TITLE III—NOTICE AND DISCLOSURE

Sec. 301. Defined contribution plan fee disclosure improvements.

Sec. 302. Consolidation of defined contribution plan notices.

Sec. 303. Information needed for financial options risk mitigation act.

Sec. 304. Defined benefit annual funding notices.

TITLE IV—MODERNIZATION

Sec. 401. Automatic reenrollment under qualified automatic contribution ar-
rangements and eligible automatic contribution arrangements.

Sec. 402. Incidental plan expenses.

TITLE V—AMENDMENTS TO PLANS OFFERED BY MULTIPLE
EMPLOYERS

Sec. 501. Report on pooled employer plans.

Sec. 502. Annual audits for group of plans.

TITLE VI—DEFINED BENEFIT PLAN PROVISIONS

Sec. 601. Cash balance.

Sec. 602. Termination of variable rate premium indexing.

Sec. 603. Enhancing retiree health benefits in pension plans.

TITLE VII—ADDITIONAL RETIREMENT ENHANCEMENTS

Sec. 701. Provisions relating to plan amendments.

Sec. 702. Worker Ownership, Readiness, and Knowledge (WORK) Act.

1 **TITLE I—RETIREMENT IM-**
2 **PROVEMENT AND SAVINGS**
3 **ENHANCEMENT (RISE)**

4 **SEC. 101. UPDATING DOLLAR LIMIT FOR MANDATORY DIS-**
5 **TRIBUTIONS.**

6 (a) IN GENERAL.—Section 203(e)(1) of the Em-
7 ployee Retirement Income Security Act of 1974 (29
8 U.S.C. 1053(e)(1)) and sections 401(a)(31)(B)(ii) and
9 411(a)(11)(A) of the Internal Revenue Code of 1986 are
10 each amended by striking “\$5,000” and inserting
11 “\$7,000”.

12 (b) EFFECTIVE DATE.—The amendments made by
13 this section shall apply to distributions made after Decem-
14 ber 31, 2023.

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

16 (a) IN GENERAL.—Section 403(b) of the Internal
17 Revenue Code of 1986 is amended by adding at the end
18 the following new paragraph:

19 “(15) MULTIPLE EMPLOYER PLANS.—

20 “(A) IN GENERAL.—Except in the case of
21 a church plan, this subsection shall not be
22 treated as failing to apply to an annuity con-
23 tract solely by reason of such contract being
24 purchased under a plan maintained by more
25 than 1 employer.

1 “(B) TREATMENT OF EMPLOYERS FAILING
2 TO MEET REQUIREMENTS OF PLAN.—

3 “(i) IN GENERAL.—In the case of a
4 plan maintained by more than 1 employer,
5 this subsection shall not be treated as fail-
6 ing to apply to an annuity contract held
7 under such plan merely because of one or
8 more employers failing to meet the require-
9 ments of this subsection if such plan satis-
10 fies rules similar to the rules of section
11 413(e)(2) with respect to any such em-
12 ployer failure.

13 “(ii) ADDITIONAL REQUIREMENTS IN
14 CASE OF NON-GOVERNMENTAL PLANS.—A
15 plan shall not be treated as meeting the re-
16 quirements of this subparagraph unless the
17 plan meets the requirements of rules simi-
18 lar to the rules of subparagraph (A) or (B)
19 of section 413(e)(1), except in the case of
20 a multiple employer plan maintained solely
21 by any of the following: A State, a political
22 subdivision of a State, or an agency or in-
23 strumentality of any one or more of the
24 foregoing.”.

1 (b) ANNUAL REGISTRATION FOR 403(b) MULTIPLE
2 EMPLOYER PLAN.—Section 6057 of such Code is amend-
3 ed by redesignating subsection (g) as subsection (h) and
4 by inserting after subsection (f) the following new sub-
5 section:

6 “(g) 403(b) MULTIPLE EMPLOYER PLANS TREATED
7 AS ONE PLAN.—In the case of annuity contracts to which
8 this section applies and to which section 403(b) applies
9 by reason of the plan under which such contracts are pur-
10 chased meeting the requirements of paragraph (15) there-
11 of, such plan shall be treated as a single plan for purposes
12 of this section.”.

13 (c) ANNUAL INFORMATION RETURNS FOR 403(b)
14 MULTIPLE EMPLOYER PLAN.—Section 6058 of such Code
15 is amended by redesignating subsection (f) as subsection
16 (g) and by inserting after subsection (e) the following new
17 subsection:

18 “(f) 403(b) MULTIPLE EMPLOYER PLANS TREATED
19 AS ONE PLAN.—In the case of annuity contracts to which
20 this section applies and to which section 403(b) applies
21 by reason of the plan under which such contracts are pur-
22 chased meeting the requirements of paragraph (15) there-
23 of, such plan shall be treated as a single plan for purposes
24 of this section.”.

1 (d) AMENDMENTS TO EMPLOYEE RETIREMENT IN-
2 COME SECURITY ACT OF 1974.—

3 (1) IN GENERAL.—Section 3(43)(A) of the Em-
4 ployee Retirement Income Security Act of 1974 (29
5 U.S.C. 1002(43)(A)) is amended—

6 (A) in clause (ii), by striking “section
7 501(a) of such Code or” and inserting “section
8 501(a) of such Code, a plan that consists of
9 contracts described in section 403(b) of such
10 Code, or”; and

11 (B) in the flush text at the end, by striking
12 “the plan.” and inserting “the plan, but such
13 term shall include any program (other than a
14 governmental plan) maintained for the benefit
15 of the employees of more than 1 employer that
16 consists of contracts described in section 403(b)
17 of such Code and that meets the requirements
18 of subparagraph (A) or (B) of section 413(e)(1)
19 of such Code.”.

20 (2) CONFORMING AMENDMENTS.—Sections
21 3(43)(B)(v)(II) and 3(44)(A)(i)(I) of the Employee
22 Retirement Income Security Act of 1974 (29 U.S.C.
23 1002(43)(B)(v)(II) and 1002(44)(A)(i)(I)) are each
24 amended by striking “section 401(a) of such Code
25 or” and inserting “section 401(a) of such Code, a

1 plan that consists of contracts described in section
2 403(b) of such Code, or”.

3 (e) REGULATIONS RELATING TO EMPLOYER FAIL-
4 URE TO MEET MULTIPLE EMPLOYER PLAN REQUIRE-
5 MENTS.—The Secretary of the Treasury (or the Sec-
6 retary’s delegate) shall prescribe such regulations as may
7 be necessary to clarify, in the case of plans to which sec-
8 tion 403(b)(15) of the Internal Revenue Code of 1986 ap-
9 plies, the treatment of an employer departing such plan
10 in connection with such employer’s failure to meet mul-
11 tiple employer plan requirements.

12 (f) MODIFICATION OF MODEL PLAN LANGUAGE,
13 ETC.—

14 (1) PLAN NOTIFICATIONS.—The Secretary of
15 the Treasury (or the Secretary’s delegate) shall mod-
16 ify the model plan language published under section
17 413(e)(5) of the Internal Revenue Code of 1986 to
18 include language that notifies participating employ-
19 ers described in section 501(c)(3), and which are ex-
20 empt from tax under section 501(a), that the plan
21 is subject to the Employee Retirement Income Secu-
22 rity Act of 1974 (29 U.S.C. 1001 et seq.) and that
23 such employer is a plan sponsor with respect to its
24 employees participating in the multiple employer

1 plan and, as such, has certain fiduciary duties with
2 respect to the plan and to its employees.

3 (2) MODEL PLANS FOR MULTIPLE EMPLOYER
4 403(b) NON-GOVERNMENTAL PLANS.—For plans to
5 which section 403(b)(15)(A) of the Internal Revenue
6 Code of 1986 applies (other than a plan maintained
7 for its employees by a State, a political subdivision
8 of a State, or an agency or instrumentality of any
9 one or more of the foregoing), the Secretary of the
10 Treasury shall publish model plan language similar
11 to model plan language published under section
12 413(e)(5) of such Code.

13 (3) EDUCATIONAL OUTREACH TO EMPLOYERS
14 EXEMPT FROM TAX.—The Secretary of the Treasury
15 (or the Secretary's delegate), in consultation with
16 the Secretary of Labor, shall provide education and
17 outreach to increase awareness to employers de-
18 scribed in section 501(c)(3) of the Internal Revenue
19 Code of 1986, and which are exempt from tax under
20 section 501(a) of such Code, that multiple employer
21 plans are subject to the Employee Retirement In-
22 come Security Act of 1974 (29 U.S.C. 1001 et seq.)
23 and that such employer is a plan sponsor with re-
24 spect to its employees participating in the multiple

1 employer plan and, as such, has certain fiduciary
2 duties with respect to the plan and to its employees.

3 (g) NO INFERENCE WITH RESPECT TO CHURCH
4 PLANS.—Regarding any application of section 403(b) of
5 the Internal Revenue Code of 1986 to an annuity contract
6 purchased under a church plan (as defined in section
7 414(e) of such Code) maintained by more than 1 em-
8 ployer, or to any application of rules similar to section
9 413(e) of such Code to such a plan, no inference shall
10 be made from section 403(b)(15)(A) of such Code (as
11 added by this Act) not applying to such plans.

12 (h) EFFECTIVE DATE.—

13 (1) IN GENERAL.—The amendments made by
14 this section shall apply to plan years beginning after
15 December 31, 2022.

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

1 403(b)(15) of the Internal Revenue Code of 1986
2 applies.

3 **SEC. 103. PERFORMANCE BENCHMARKS FOR ASSET ALLO-**
4 **CATION FUNDS.**

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

12 (1) the blend is reasonably representative of the
13 asset class holdings of the designated investment al-
14 ternative;

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

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

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

4 (b) **STUDY.**—Not later than 3 years after the date
5 of enactment of this Act, the Secretary of Labor shall de-
6 liver a report to the Committees on Finance and Health,
7 Education, Labor, and Pensions of the Senate and the
8 Committees on Ways and Means and Education and
9 Labor of the House of Representatives regarding the utili-
10 zation, effectiveness, and participants’ understanding of
11 the benchmarking requirements under this section.

12 **SEC. 104. POOLED EMPLOYER PLANS MODIFICATION.**

13 (a) **IN GENERAL.**—Section 3(43)(B)(ii) of the Em-
14 ployee Retirement Income Security Act of 1974 (29
15 U.S.C. 1002(43)(B)(ii)) is amended to read as follows:

16 “(ii) designate a named fiduciary
17 (other than an employer in the plan) to be
18 responsible for collecting contributions to
19 the plan and require such fiduciary to im-
20 plement written contribution collection pro-
21 cedures that are reasonable, diligent, and
22 systematic;”.

23 (b) **EFFECTIVE DATE.**—The amendments made by
24 this section shall apply to plan years beginning after De-
25 cember 31, 2022.

1 **SEC. 105. REVIEW OF PENSION RISK TRANSFER INTERPRE-**
2 **TIVE BULLETIN.**

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

5 (1) review section 2509.95–1 of title 29, Code
6 of Federal Regulations (relating to the fiduciary
7 standards under the Employee Retirement Income
8 Security Act of 1974 when selecting an annuity pro-
9 vider for a defined benefit pension plan) and consult
10 with the Advisory Council on Employee Welfare and
11 Pension Benefit Plans (established under section
12 512 of the Employee Retirement Income Security
13 Act of 1974 (29 U.S.C. 1142)), to determine wheth-
14 er amendments to section 2509.95–1 of title 29,
15 Code of Federal Regulations are warranted; and

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

19 **SEC. 106. REVIEW AND REPORT TO CONGRESS RELATING**
20 **TO REPORTING AND DISCLOSURE REQUIRE-**
21 **MENTS.**

22 (a) **STUDY.**—As soon as practicable after the date of
23 enactment of this Act, the Secretary of Labor, the Sec-
24 retary of the Treasury, and the Director of the Pension
25 Benefit Guaranty Corporation shall review the reporting

1 and disclosure requirements as applicable to each such
2 agency head, of—

3 (1) the Employee Retirement Income Security
4 Act of 1974 applicable to pension plans (as defined
5 in section 3(2) of such Act (29 U.S.C. 1002(2)); and

6 (2) the Internal Revenue Code of 1986 applica-
7 ble to qualified retirement plans (as defined in sec-
8 tion 4974(c) of such Code, without regard to para-
9 graphs (4) and (5) of such section).

10 (b) REPORT.—

11 (1) IN GENERAL.—Not later than 3 years after
12 the date of enactment of this Act, the Secretary of
13 Labor, the Secretary of the Treasury, and the Direc-
14 tor of the Pension Benefit Guaranty Corporation,
15 jointly, and after consultation with a balanced group
16 of participant and employer representatives, shall
17 with respect to plans referenced in subsection (a) re-
18 port on the effectiveness of the applicable reporting
19 and disclosure requirements and make such rec-
20 ommendations as may be appropriate to the Com-
21 mittee on Education and Labor and the Committee
22 on Ways and Means of the House of Representatives
23 and the Committee on Health, Education, Labor,
24 and Pensions and the Committee on Finance of the
25 Senate to consolidate, simplify, standardize, and im-

1 prove such requirements so as to simplify reporting
2 for such plans and ensure that plans can furnish
3 and participants and beneficiaries timely receive and
4 better understand the information they need to mon-
5 itor their plans, plan for retirement, and obtain the
6 benefits they have earned.

7 (2) ANALYSIS OF EFFECTIVENESS.—To assess
8 the effectiveness of the applicable reporting and dis-
9 closure requirements, the report shall include an
10 analysis, based on plan data, of how participants
11 and beneficiaries are providing preferred contact in-
12 formation, the methods by which plan sponsors and
13 plans are furnishing disclosures, and the rate at
14 which participants and beneficiaries (grouped by key
15 demographics) are receiving, accessing, under-
16 standing, and retaining disclosures.

17 (3) COLLECTION OF INFORMATION.—The agen-
18 cies shall conduct appropriate surveys and data col-
19 lection to obtain any needed information.

20 **SEC. 107. ELIMINATING UNNECESSARY PLAN REQUIRE-**
21 **MENTS RELATED TO UNENROLLED PARTICI-**
22 **PANTS.**

23 (a) AMENDMENT OF EMPLOYEE RETIREMENT IN-
24 COME SECURITY ACT OF 1974.—

1 (1) IN GENERAL.—Part 1 of subtitle B of title
2 I of the Employee Retirement Income Security Act
3 of 1974 (29 U.S.C. 1021 et seq.) is amended by re-
4 designating section 111 as section 112 and by in-
5 serting after section 110 the following new section:

6 **“SEC. 111. ELIMINATING UNNECESSARY PLAN REQUIRE-**
7 **MENTS RELATED TO UNENROLLED PARTICI-**
8 **PANTS.**

9 “(a) IN GENERAL.—Notwithstanding any other pro-
10 vision of this title, with respect to any individual account
11 plan, no disclosure, notice, or other plan document (other
12 than the notices and documents described in paragraphs
13 (1) and (2)) shall be required to be furnished under this
14 title to any unenrolled participant if the unenrolled partici-
15 pant is furnished—

16 “(1) an annual reminder notice of such partici-
17 pant’s eligibility to participate in such plan and any
18 applicable election deadlines under the plan; and

19 “(2) any document requested by such partici-
20 pant that the participant would be entitled to receive
21 notwithstanding this section.

22 “(b) UNENROLLED PARTICIPANT.—For purposes of
23 this section, the term ‘unenrolled participant’ means an
24 employee who—

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

3 “(2) has been furnished—

4 “(A) the summary plan description pursu-
5 ant to section 104(b), and

6 “(B) any other notices related to eligibility
7 under the plan required to be furnished under
8 this title, or the Internal Revenue Code of
9 1986, in connection with such participant’s ini-
10 tial eligibility to participate in such plan;

11 “(3) does not have an account balance in the
12 plan; and

13 “(4) satisfies such other criteria as the Sec-
14 retary of Labor may determine appropriate, as pre-
15 scribed in guidance issued in consultation with the
16 Secretary of Treasury.

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

21 “(c) ANNUAL REMINDER NOTICE.—For purposes of
22 this section, the term ‘annual reminder notice’ means a
23 notice provided in accordance with section 2520.104b-1
24 of title 29, Code of Federal Regulations (or any successor
25 regulation), which—

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

6 “(2) notifies the unenrolled participant of—

7 “(A) the unenrolled participant’s eligibility
8 to participate in the plan; and

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

12 “(3) provides such information in a prominent
13 manner and calculated to be understood by the aver-
14 age participant.”.

15 (2) CLERICAL AMENDMENT.—The table of con-
16 tents in section 1 of the Employee Retirement In-
17 come Security Act of 1974 is amended by striking
18 the item relating to section 111 and by inserting
19 after the item relating to section 110 the following
20 new items:

“Sec. 111. Eliminating unnecessary plan requirements related to unenrolled participants.

“Sec. 112. Repeal and effective date.”.

21 (b) AMENDMENT OF INTERNAL REVENUE CODE OF
22 1986.—Section 414 of the Internal Revenue Code of 1986
23 is amended by adding at the end the following new sub-
24 section:

1 “(aa) **ELIMINATING UNNECESSARY PLAN REQUIRE-**
2 **MENTS RELATED TO UNENROLLED PARTICIPANTS.—**

3 “(1) **IN GENERAL.—**Notwithstanding any other
4 provision of this title, with respect to any defined
5 contribution plan, no disclosure, notice, or other plan
6 document (other than the notices and documents de-
7 scribed in subparagraphs (A) and (B)) shall be re-
8 quired to be furnished under this title to any
9 unenrolled participant if the unenrolled participant
10 is furnished—

11 “(A) an annual reminder notice of such
12 participant’s eligibility to participate in such
13 plan and any applicable election deadlines under
14 the plan, and

15 “(B) any document requested by such par-
16 ticipant that the participant would be entitled
17 to receive notwithstanding this subsection.

18 “(2) **UNENROLLED PARTICIPANT.—**For pur-
19 poses of this subsection, the term ‘unenrolled partici-
20 pant’ means an employee who—

21 “(A) is eligible to participate in a defined
22 contribution plan,

23 “(B) has been furnished—

24 “(i) the summary plan description
25 pursuant to section 104(b) of the Em-

1 ployee Retirement Income Security Act of
2 1974, and

3 “(ii) any other notices related to eligi-
4 bility under the plan and required to be
5 furnished under this title, or the Employee
6 Retirement Income Security Act of 1974,
7 in connection with such participant’s initial
8 eligibility to participate in such plan,

9 “(C) does not have an account balance in
10 the plan, and

11 “(D) satisfies such other criteria as the
12 Secretary of the Treasury may determine ap-
13 propriate, as prescribed in guidance issued in
14 consultation with the Secretary of Labor.

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

19 “(3) ANNUAL REMINDER NOTICE.—For pur-
20 poses of this subsection, the term ‘annual reminder
21 notice’ means the notice described in section 111(c)
22 of the Employee Retirement Income Security Act of
23 1974.’.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to plan years beginning after De-
3 cember 31, 2022.

4 **SEC. 108. RECOVERY OF RETIREMENT PLAN OVERPAY-**
5 **MENTS.**

6 (a) OVERPAYMENTS UNDER ERISA.—Section 206 of
7 the Employee Retirement Income Security Act of 1974
8 (29 U.S.C. 1056) is amended by adding at the end the
9 following new subsection:

10 “(h) SPECIAL RULES APPLICABLE TO BENEFIT
11 OVERPAYMENTS.—

12 “(1) GENERAL RULE.—In the case of an inad-
13 vertent benefit overpayment by any pension plan, the
14 responsible plan fiduciary shall not be considered to
15 have failed to comply with the requirements of this
16 title merely because such fiduciary determines, in
17 the exercise of its fiduciary discretion, not to seek
18 recovery of all or part of such overpayment from—

19 “(A) any participant or beneficiary,

20 “(B) any plan sponsor of, or contributing
21 employer to—

22 “(i) an individual account plan, pro-
23 vided that the amount needed to prevent or
24 restore any impermissible forfeiture from
25 any participant’s or beneficiary’s account

1 arising in connection with the overpayment
2 is, separately from and independently of
3 the overpayment, allocated to such account
4 pursuant to the nonforfeitability require-
5 ments of section 203 (for example, out of
6 the plan's forfeiture account, additional
7 employer contributions, or recoveries from
8 those responsible for the overpayment), or
9 “(ii) a defined benefit pension plan
10 subject to the funding rules in part 3 of
11 this subtitle B, unless the responsible plan
12 fiduciary determines, in the exercise of its
13 fiduciary discretion, that failure to recover
14 all or part of the overpayment faster than
15 required under such funding rules would
16 materially affect the plan's ability to pay
17 benefits due to other participants and
18 beneficiaries, or
19 “(C) any fiduciary of the plan, other than
20 a fiduciary (including a plan sponsor or contrib-
21 uting employer acting in a fiduciary capacity)
22 whose breach of its fiduciary duties resulted in
23 such overpayment, provided that if the plan has
24 established prudent procedures to prevent and
25 minimize overpayment of benefits and the rel-

1 evant plan fiduciaries have followed such proce-
2 dures, an inadvertent benefit overpayment will
3 not give rise to a breach of fiduciary duty.

4 “(2) REDUCTION IN FUTURE BENEFIT PAY-
5 MENTS AND RECOVERY FROM RESPONSIBLE
6 PARTY.—Paragraph (1) shall not fail to apply with
7 respect to any inadvertent benefit overpayment
8 merely because, after discovering such overpayment,
9 the responsible plan fiduciary—

10 “(A) reduces future benefit payments to
11 the correct amount provided for under the
12 terms of the plan, or

13 “(B) seeks recovery from the person or
14 persons responsible for the overpayment.

15 “(3) EMPLOYER FUNDING OBLIGATIONS.—
16 Nothing in this subsection shall relieve an employer
17 of any obligation imposed on it to make contribu-
18 tions to a plan to meet the minimum funding stand-
19 ards under part 3 of this subtitle B or to prevent
20 or restore an impermissible forfeiture in accordance
21 with section 203.

22 “(4) RECOUPMENT FROM PARTICIPANTS AND
23 BENEFICIARIES.—If the responsible plan fiduciary,
24 in the exercise of its fiduciary discretion, decides to
25 seek recoupment from a participant or beneficiary of

1 all or part of an inadvertent benefit overpayment
2 made by the plan to such participant or beneficiary,
3 it may do so, subject to the following conditions:

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

7 “(B) If the plan seeks to recoup past over-
8 payments of a non-decreasing periodic benefit
9 by reducing future benefit payments—

10 “(i) the reduction ceases after the
11 plan has recovered the full dollar amount
12 of the overpayment,

13 “(ii) the amount recouped each cal-
14 endar year does not exceed 10 percent of
15 the full dollar amount of the overpayment,
16 and

17 “(iii) future benefit payments are not
18 reduced to below 90 percent of the periodic
19 amount otherwise payable under the terms
20 of the plan.

21 Alternatively, if the plan seeks to recoup past
22 overpayments of a non-decreasing periodic ben-
23 efit through one or more installment payments,
24 the sum of such installment payments in any
25 calendar year does not exceed the sum of the

1 reductions that would be permitted in such year
2 under the preceding sentence.

3 “(C) If the plan seeks to recoup past over-
4 payments of a benefit other than a non-decreas-
5 ing periodic benefit, the plan satisfies require-
6 ments developed by the Secretary for purposes
7 of this subparagraph.

8 “(D) Efforts to recoup overpayments are—

9 “(i) not accompanied by threats of
10 litigation, unless the responsible plan fidu-
11 ciary reasonably believes it could prevail in
12 a civil action brought in Federal or State
13 court to recoup the overpayments, and

14 “(ii) not made through a collection
15 agency or similar third party, unless the
16 participant or beneficiary ignores or rejects
17 efforts to recoup the overpayment following
18 either a final judgment in Federal or State
19 court or a settlement between the partici-
20 pant or beneficiary and the plan, in either
21 case authorizing such recoupment.

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

1 “(F) Recoupment may not be sought if the
2 first overpayment occurred more than 3 years
3 before the participant or beneficiary is first no-
4 tified in writing of the error.

5 “(G) A participant or beneficiary from
6 whom recoupment is sought is entitled to con-
7 test all or part of the recoupment pursuant to
8 the plan’s claims procedures.

9 “(H) In determining the amount of
10 recoupment to seek, the responsible plan fidu-
11 ciary shall take into account the hardship that
12 recoupment likely would impose on the partici-
13 pant or beneficiary.

14 “(5) EFFECT OF CULPABILITY.—Subpara-
15 graphs (A) through (F) of paragraph (4) shall not
16 apply to protect a participant or beneficiary who is
17 culpable. For purposes of this paragraph, a partici-
18 pant or beneficiary is culpable if the individual bears
19 responsibility for the overpayment (such as through
20 misrepresentations or omissions that led to the over-
21 payment), or if the individual knew, or had good
22 reason to know under the circumstances, that the
23 benefit payment or payments were materially in ex-
24 cess of the correct amount. Notwithstanding the pre-
25 ceding sentence, an individual is not culpable merely

1 because the individual believed the benefit payment
2 or payments were or might be in excess of the cor-
3 rect amount, if the individual raised that question
4 with an authorized plan representative and was told
5 the payment or payments were not in excess of the
6 correct amount. With respect to a culpable partici-
7 pant or beneficiary, efforts to recoup overpayments
8 shall not be made through threats of litigation, un-
9 less a lawyer for the plan makes a determination
10 that there is a reasonable likelihood of success to re-
11 cover an amount that would be greater than the cost
12 of recovery.”.

13 (b) OVERPAYMENTS UNDER INTERNAL REVENUE
14 CODE OF 1986.—

15 (1) QUALIFICATION REQUIREMENTS.—Section
16 414 of the Internal Revenue Code of 1986, as
17 amended by the preceding provisions of this Act, is
18 amended by adding at the end the following new
19 subsection:

20 “(bb) SPECIAL RULES APPLICABLE TO BENEFIT
21 OVERPAYMENTS.—

22 “(1) IN GENERAL.—A plan shall not fail to be
23 treated as described in clause (i), (ii), (iii), or (iv)
24 of section 219(g)(5)(A) (and shall not fail to be

1 treated as satisfying the requirements of section
2 401(a) or 403) merely because—

3 “(A) the plan fails to obtain payment from
4 any participant, beneficiary, employer, plan
5 sponsor, fiduciary, or other party on account of
6 any inadvertent benefit overpayment made by
7 the plan, or

8 “(B) the plan sponsor amends the plan to
9 increase past or future benefit payments to af-
10 fected participants and beneficiaries in order to
11 adjust for prior inadvertent benefit overpay-
12 ments.

13 “(2) REDUCTION IN FUTURE BENEFIT PAY-
14 MENTS AND RECOVERY FROM RESPONSIBLE
15 PARTY.—Paragraph (1) shall not fail to apply to a
16 plan merely because, after discovering a benefit over-
17 payment, such plan—

18 “(A) reduces future benefit payments to
19 the correct amount provided for under the
20 terms of the plan, or

21 “(B) seeks recovery from the person or
22 persons responsible for such overpayment.

23 “(3) EMPLOYER FUNDING OBLIGATIONS.—
24 Nothing in this subsection shall relieve an employer
25 of any obligation imposed on it to make contribu-

1 tions to a plan to meet the minimum funding stand-
2 ards under sections 412 and 430 or to prevent or re-
3 store an impermissible forfeiture in accordance with
4 section 411.

5 “(4) OBSERVANCE OF BENEFIT LIMITATIONS.—
6 Notwithstanding paragraph (1), a plan to which
7 paragraph (1) applies shall observe any limitations
8 imposed on it by section 401(a)(17) or 415. The
9 plan may enforce such limitations using any method
10 approved by the Secretary for recouping benefits
11 previously paid or allocations previously made in ex-
12 cess of such limitations.

13 “(5) COORDINATION WITH OTHER QUALIFICA-
14 TION REQUIREMENTS.—The Secretary may issue
15 regulations or other guidance of general applicability
16 specifying how benefit overpayments and their
17 recoupment or non-recoupment from a participant or
18 beneficiary shall be taken into account for purposes
19 of satisfying any requirement applicable to a plan to
20 which paragraph (1) applies.”.

21 (2) ROLLOVERS.—Section 402(c) of such Code
22 is amended by adding at the end the following new
23 paragraph:

24 “(12) In the case of an inadvertent benefit
25 overpayment from a plan to which section

1 414(bb)(1) applies which is transferred to an eligible
2 retirement plan by or on behalf of a participant or
3 beneficiary—

4 “(A) the portion of such overpayment with
5 respect to which recoupment is not sought on
6 behalf of the plan shall be treated as having
7 been paid in an eligible rollover distribution if
8 the payment would have been an eligible roll-
9 over distribution but for being an overpayment,
10 and

11 “(B) the portion of such overpayment with
12 respect to which recoupment is sought on behalf
13 of the plan shall be permitted to be returned to
14 such plan and in such case shall be treated as
15 an eligible rollover distribution transferred to
16 such plan by the participant or beneficiary who
17 received such overpayment (and the plans mak-
18 ing and receiving such transfer shall be treated
19 as permitting such transfer).

20 In any case in which recoupment is sought on behalf
21 of the plan but is disputed by the participant or ben-
22 eficiary who received such overpayment, such dispute
23 shall be subject to the claims procedures of the plan
24 that made such overpayment, such plan shall notify
25 the plan receiving the rollover of such dispute, and

1 the plan receiving the rollover shall retain such over-
2 payment on behalf of the participant or beneficiary
3 (and shall be entitled to treat such overpayment as
4 plan assets) pending the outcome of such proce-
5 dures.”.

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

9 (d) CERTAIN ACTIONS BEFORE DATE OF ENACT-
10 MENT.—Plans, fiduciaries, employers, and plan sponsors
11 are entitled to rely on—

12 (1) a good faith interpretation of then existing
13 administrative guidance for inadvertent benefit over-
14 payment recoupments and recoveries that com-
15 menced before the date of enactment of this Act,
16 and

17 (2) determinations made before the date of en-
18 actment of this Act by the responsible plan fidu-
19 ciary, in the exercise of its fiduciary discretion, not
20 to seek recoupment or recovery of all or part of an
21 inadvertent benefit overpayment.

22 In the case of a benefit overpayment that occurred prior
23 to the date of enactment of this Act, any installment pay-
24 ments by the participant or beneficiary to the plan or any
25 reduction in periodic benefit payments to the participant

1 or beneficiary, which were made in recoupment of such
2 overpayment and which commenced prior to such date,
3 may continue after such date. Nothing in this subsection
4 shall relieve a fiduciary from responsibility for an overpay-
5 ment that resulted from a breach of its fiduciary duties.

6 **SEC. 109. IMPROVING COVERAGE FOR PART-TIME WORK-**
7 **ERS.**

8 (a) IN GENERAL.—Section 202 of the Employee Re-
9 tirement Income Security Act of 1974 (29 U.S.C. 1052)
10 is amended by adding at the end the following new sub-
11 section:

12 “(c) SPECIAL RULE FOR CERTAIN PART-TIME EM-
13 PLOYEES.—

14 “(1) IN GENERAL.—A pension plan that in-
15 cludes either a qualified cash or deferred arrange-
16 ment (as defined in section 401(k) of the Internal
17 Revenue Code of 1986) or a salary reduction agree-
18 ment (as described in section 403(b) of such Code)
19 shall not require, as a condition of participation in
20 the arrangement or agreement, that an employee
21 complete a period of service with the employer (or
22 employers) maintaining the plan extending beyond
23 the close of the earlier of—

1 “(A) the period permitted under subsection
2 (a)(1) (determined without regard to subpara-
3 graph (B)(i) thereof); or

4 “(B) the first 24-month period—

5 “(i) consisting of 2 consecutive 12-
6 month periods during each of which the
7 employee has at least 500 hours of service;
8 and

9 “(ii) by the close of which the em-
10 ployee has attained the age of 21.

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

14 “(3) COORDINATION WITH OTHER RULES.—

15 “(A) IN GENERAL.—In the case of employ-
16 ees who are eligible to participate in the ar-
17 rangement or agreement solely by reason of
18 paragraph (1)(B):

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

1 “(ii) NONDISCRIMINATION RULES.—
2 Notwithstanding paragraph (1), section
3 401(k)(15)(B)(i)(I) of such Code shall
4 apply.

5 “(iii) TIME OF PARTICIPATION.—The
6 rules of subsection (a)(4) shall apply to
7 such employees.

8 “(B) TOP-HEAVY RULES.—An employer
9 may elect to exclude all employees who are eligi-
10 ble to participate in a plan maintained by the
11 employer solely by reason of paragraph (1)(B)
12 from the application of the vesting and benefit
13 requirements under subsections (b) and (c) of
14 section 416 of the Internal Revenue Code of
15 1986.

16 “(4) 12-MONTH PERIOD.—For purposes of this
17 subsection, 12-month periods shall be determined in
18 the same manner as under the last sentence of sub-
19 section (a)(3)(A), except that 12-month periods be-
20 ginning before January 1, 2022, shall not be taken
21 into account.”.

22 (b) VESTING.—Section 203(b) of the Employee Re-
23 tirement Income Security Act of 1974 (29 U.S.C.
24 1053(b)) is amended by redesignating paragraph (4) as

1 paragraph (5) and by inserting after paragraph (3) the
2 following new paragraph:

3 “(4) PART-TIME EMPLOYEES.—For purposes of
4 determining whether an employee who is eligible to
5 participate in a qualified cash or deferred arrange-
6 ment or a salary reduction agreement under a plan
7 solely by reason of section 202(c)(1)(B) has a non-
8 forfeitable right to employer contributions—

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

13 “(B) paragraph (3) shall be applied by
14 substituting ‘at least 500 hours of service’ for
15 ‘more than 500 hours of service’ in subpara-
16 graph (A) thereof.

17 For purposes of this paragraph, 12-month periods
18 shall be determined in the same manner as under
19 the last sentence of section 202(a)(3)(A), except that
20 12-month periods beginning before January 1, 2022,
21 shall not be taken into account.”.

22 (c) REDUCTION IN PERIOD SERVICE REQUIREMENT
23 FOR QUALIFIED CASH AND DEFERRED ARRANGE-
24 MENTS.—Section 401(k)(2)(D)(ii) of the Internal Revenue

1 Code of 1986 is amended by striking “3” and inserting
2 “2”.

3 (d) PRE-2021 SERVICE.—Section 112(b) of the Set-
4 ting Every Community Up for Retirement Enhancement
5 Act of 2019 (26 U.S.C. 401 note) is amended by striking
6 “section 401(k)(2)(D)(ii)” and inserting “paragraphs
7 (2)(D)(ii) and (15)(B)(iii) of section 401(k)”.

8 (e) EFFECTIVE DATES.—

9 (1) IN GENERAL.—Except as provided in para-
10 graph (2), the amendments made by this section
11 shall apply to plan years beginning at least 1 year
12 after final regulations implementing this section are
13 promulgated.

14 (2) SUBSECTION (d).—The amendment made
15 by subsection (d) shall take effect as if included in
16 the enactment of section 112 of the Setting Every
17 Community Up for Retirement Enhancement Act of
18 2019.

19 **TITLE II—EMERGENCY SAVINGS**
20 **ACT OF 2022**

21 **SEC. 201. SHORT TITLE.**

22 This title may be cited as the “Emergency Savings
23 Act of 2022”.

1 **SEC. 202. EMERGENCY SAVINGS ACCOUNTS LINKED TO DE-**
2 **FINED CONTRIBUTION PLANS.**

3 (a) EMPLOYEE PENSION BENEFIT PLANS.—Section
4 3 of the Employee Retirement Income Security Act (29
5 U.S.C. 1002) is amended—

6 (1) in paragraph (2)(A), by inserting after the
7 first sentence the following: “A pension plan may in-
8 clude a pension-linked emergency savings account.”
9 and

10 (2) by adding at the end the following:

11 “(45) PENSION-LINKED EMERGENCY SAVINGS
12 ACCOUNT.—The term ‘pension-linked emergency sav-
13 ings account’ means an account established or main-
14 tained by a sponsor of a defined contribution plan
15 for purposes of offering or providing a participant of
16 such plan the opportunity to maintain a short-term
17 savings account that—

18 “(A) is offered as part of such defined con-
19 tribution plan;

20 “(B) accepts only—

21 “(i) participant contributions which
22 are treated in the same manner as Roth
23 contributions for purposes of inclusion in
24 gross income; and

25 “(ii) employer contributions which are
26 includible in gross income of the partici-

1 “(1) IN GENERAL.—A pension-linked emer-
2 gency savings account offered in accordance with
3 subsection (a) shall—

4 “(A) not have a minimum account balance
5 requirement;

6 “(B) allow for withdrawal by the partici-
7 pant of the account balance, in whole or in part
8 at the discretion of the participant, at least
9 once per calendar month and for distribution of
10 such withdrawal to the participant as soon as
11 practicable but, other than in exceptional cir-
12 cumstances, not later than 1 week from the
13 date on which the participant elects to make
14 such withdrawal;

15 “(C) be held as cash, in an interest-bearing
16 deposit account, or in an investment or insur-
17 ance product designed to preserve principal and
18 provide a reasonable rate of return, whether or
19 not such return is guaranteed, consistent with
20 liquidity; and

21 “(D) not be subject to—

22 “(i) any unreasonable fees, restric-
23 tions, expenses, or charges in connection
24 with such pension-linked emergency sav-
25 ings account; and

1 “(ii) any fees in connection with the
2 withdrawal of funds from such pension-
3 linked emergency savings account other
4 than reasonable reimbursement fees im-
5 posed for paper mailings and the handling
6 of paper checks related to such pension-
7 linked emergency savings account.

8 “(2) ESTABLISHMENT AND TERMINATION OF
9 ACCOUNT.—

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

15 “(B) TERMINATION OF ACCOUNT.—A plan
16 sponsor may terminate the pension-linked emer-
17 gency savings account feature of an associated
18 defined contribution plan at any time. Such ter-
19 mination shall be treated as if a termination of
20 employment had occurred in accordance with
21 subsection (d), except the reasonable time de-
22 scribed in such subsection shall be as soon as
23 practicable not later than 60 days after the
24 date of such termination of the pension-linked

1 emergency savings account feature of such asso-
2 ciated defined contribution plan.

3 “(c) ACCOUNT CONTRIBUTIONS.—

4 “(1) EMPLOYER CONTRIBUTIONS.—

5 “(A) IN GENERAL.—Subject to the max-
6 imum account balance under paragraph (3), a
7 plan sponsor may, without regard to any elec-
8 tion otherwise by a participant, deposit to the
9 pension-linked emergency savings account of
10 the participant an amount in addition to the
11 amount contributed by the participant under
12 paragraph (2).

13 “(B) EMPLOYER CONTRIBUTIONS.—Em-
14 ployer contributions shall be included in the
15 gross income of a participant for purposes of
16 the Internal Revenue Code of 1986.

17 “(2) PARTICIPANT CONTRIBUTIONS.—

18 “(A) IN GENERAL.—Subject to the max-
19 imum account balance under paragraph (3)—

20 “(i) a plan sponsor may automatically
21 enroll a participant in the pension-linked
22 emergency savings account at a participant
23 contribution rate selected by the plan spon-
24 sor, which, unless the participant affirma-
25 tively elects a different percentage of the

1 compensation of the participant to be con-
2 tributed to the pension-linked emergency
3 savings account, may not exceed 3 percent
4 of the compensation of the participant; or

5 “(ii) a participant may enroll in the
6 pension-linked emergency savings account
7 at a participant contribution rate selected
8 by the participant.

9 “(B) CONTROL OF TRANSFER.—A partici-
10 pant, at any time (subject to such reasonable
11 advance notice as is required by the plan ad-
12 ministrator), may—

13 “(i) adjust the participant contribu-
14 tion rate under subparagraph (A) to the
15 pension-linked emergency savings account
16 of the participant; or

17 “(ii) opt out of or pause for a speci-
18 fied period of time such contributions.

19 “(C) ADJUSTMENT OF PARTICIPANT CON-
20 TRIBUTION RATE BY PLAN SPONSOR.—A plan
21 sponsor may adjust the participant contribution
22 rate selected by such plan sponsor described in
23 subparagraph (A)(i) not more than once annu-
24 ally.

25 “(3) ACCOUNT LIMITS.—

1 “(A) IN GENERAL.—Subject to subpara-
2 graph (B), no contributions under paragraphs
3 (1) and (2) shall be accepted to the extent such
4 contributions would cause the balance of the
5 pension-linked emergency savings account to ex-
6 ceed the lesser of—

7 “(i) \$2,500; or

8 “(ii) an amount determined by the
9 plan sponsor of the pension-linked emer-
10 gency savings account.

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

22 “(B) EXCESS CONTRIBUTIONS DIRECTED
23 TO PLAN.—To the extent any elected contribu-
24 tions under paragraphs (1) and (2) to the pen-
25 sion-linked emergency savings account of a par-

1 participant for a taxable year would cause the bal-
2 ance of the pension-linked emergency savings
3 account to exceed the maximum account bal-
4 ance described in subparagraph (A)—

5 “(i) the participant may be treated as
6 having elected to increase the participant’s
7 contributions to the associated defined con-
8 tribution plan by an amount not more than
9 the rate at which contributions were being
10 made to the pension-linked emergency sav-
11 ings account, and

12 “(ii) any such contributions shall be
13 treated as elective deferrals (as such term
14 is defined in section 402(g)(3) of the Inter-
15 nal Revenue Code of 1986) under such
16 plan and shall be contributed to the plan
17 on behalf of the participant instead of to
18 the pension-linked emergency savings ac-
19 count.

20 “(4) DISCLOSURE BY PLAN SPONSOR OF
21 TRANSFER.—

22 “(A) IN GENERAL.—Not less than 15 days
23 prior to the date on which the first transfer
24 under this subsection occurs, the percentage of
25 compensation and amount of the participant’s

1 compensation transferred under paragraph (1)
2 is adjusted, or the plan sponsor adjusts the per-
3 centage of compensation of the automatic par-
4 ticipant contribution under paragraph (2)(A)(i),
5 the plan sponsor shall provide to the participant
6 notice of—

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

9 “(ii) the amount of the intended con-
10 tribution or the change in the percentage
11 of the compensation of the participant of
12 such contribution;

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

15 “(I) adjust the participant con-
16 tribution rate under paragraph (2)(A)
17 to the pension-linked emergency sav-
18 ings account of the participant; or

19 “(II) opt out of or pause for a
20 specified period of time such contribu-
21 tions;

22 “(iv) how such contributions will be
23 invested;

24 “(v) the limits on, and tax treatment
25 of, such contributions;

1 “(vi) any fees, expenses, or charges
2 associated with such pension-linked emer-
3 gency savings account;

4 “(vii) procedures for participant with-
5 draws from such pension-linked emer-
6 gency savings account, including any limits
7 on frequency.

8 “(B) CONSOLIDATED NOTICES.—The re-
9 quired notices under subparagraph (A) may be
10 included with any other notice under this Act,
11 including under section 404(c)(5)(B) or
12 514(e)(3), or under section 401(k)(13)(E) or
13 414(w)(4) of the Internal Revenue Code of
14 1986, if such other notice is provided to the
15 participant not less than 15 days prior to the
16 date described in such subparagraph and not
17 more than 60 days prior to the date on which
18 the first transfer under this subsection occurs.

19 “(5) EMPLOYER MATCHING CONTRIBUTIONS TO
20 A DEFINED CONTRIBUTION PLAN FOR EMPLOYEE
21 CONTRIBUTIONS TO A PENSION-LINKED EMERGENCY
22 SAVINGS ACCOUNT.—

23 “(A) IN GENERAL.—If an employer makes
24 any matching contributions to a defined con-

1 tribution plan of which a pension-linked emer-
2 gency savings account is part—

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

9 “(ii) such employer shall make match-
10 ing contributions on behalf of such partici-
11 pant to the associated defined contribution
12 plan on account of such contributions
13 under paragraph (2) at the same rate as
14 any other matching contribution on ac-
15 count of an elective deferral by such par-
16 ticipant.

17 To the extent any such matching contribution
18 exceeds the maximum account balance under
19 paragraph (3)(A), such contributions shall be
20 contributed to the plan as provided in para-
21 graph (3)(B).

22 “(B) DEFINITIONS.—For purposes of sub-
23 paragraph (A), the terms ‘matching contribu-
24 tion’ and ‘elective deferral’ shall have the mean-

1 ings given such terms in section 401(m)(4) of
2 the Internal Revenue Code of 1986.

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

7 “(1) allow, as relevant, for transfer by the par-
8 ticipant of the account balance of such account, in
9 whole or in part, into the designated Roth account
10 (within the meaning of section 402A of the Internal
11 Revenue Code of 1986) of the participant under the
12 associated defined contribution plan; and

13 “(2) for any amounts in such account not
14 transferred under paragraph (1), make such
15 amounts available within a reasonable time not later
16 than the earlier of the date on which the employer
17 contributing to the plan makes the final compensa-
18 tion payment related to such employment or 60 days
19 after the date of such termination—

20 “(A) to the participant or the beneficiary;

21 or

22 “(B) as a direct rollover to a Roth IRA (as
23 defined in section 408A(b) of the Internal Rev-
24 enue Code of 1986) of such participant.

1 would be required to satisfy in order for this subsection
2 to apply with respect to such an account.

3 **“SEC. 804. REPORTING AND DISCLOSURE REQUIREMENTS.**

4 “The Secretary shall prescribe such regulations as
5 may be necessary to address reporting and disclosure re-
6 quirements for pension-linked emergency savings accounts
7 in order to prevent unnecessary reporting and disclosure
8 for such accounts under this Act, including for purposes
9 of any reporting or disclosure related to pension plans re-
10 quired by this title or title IV or under the Internal Rev-
11 enue Code of 1986.

12 **“SEC. 805. REPORT TO CONGRESS ON MAXIMUM ACCOUNT**
13 **BALANCE LIMITS.**

14 “The Secretary of Labor and the Secretary of the
15 Treasury shall—

16 “(1) conduct a study on the use of emergency
17 savings from a pension-linked emergency savings ac-
18 count regarding—

19 “(A) whether the maximum account bal-
20 ance under section 801(c)(3) is sufficient;

21 “(B) whether the limitation on contribu-
22 tions under sections 801(c)(2)(A)(i) are appro-
23 priate; and

24 “(C) the participation rate of such ac-
25 counts by plan sponsors and participants and

1 the resulting impact on participant retirement
2 savings, including the impact on retirement sav-
3 ings leakage and the effect of such accounts on
4 retirement plan participation by low- and mod-
5 erate-income households; and

6 “(2) not later than 7 years after the date of en-
7 actment of the RISE & SHINE Act, submit to Con-
8 gress a report on the findings of the study under
9 paragraph (1).”.

10 (2) CLERICAL AMENDMENT.—The table of con-
11 tents in section 1 of the Employee Retirement In-
12 come Security Act of 1974 (29 U.S.C. 1001 note) is
13 amended by inserting after the item relating to sec-
14 tion 734 the following new items:

“PART 8. PENSION-LINKED EMERGENCY SAVINGS ACCOUNTS

“801. Pension-linked emergency savings accounts.

“802. Annual notice for pension-linked emergency savings account.

“803. Preemption of State anti-garnishment laws.

“804. Reporting and disclosure requirements.

“805. Report to Congress on maximum account balance limits.”.

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

17 (1) ALTERNATIVE METHODS OF COMPLI-
18 ANCE.—Section 110(a) of the Employee Retirement
19 Income Security Act (29 U.S.C. 1030(a)) is amend-
20 ed by inserting “(including pension-linked emergency
21 savings accounts offered in conjunction with a pen-
22 sion plan)” after “class of pension plans”.

1 (2) MINIMIZED REPORTING BURDEN FOR PEN-
2 SION-LINKED EMERGENCY SAVINGS ACCOUNTS.—
3 Section 101 of such Act (29 U.S.C. 1021) is amend-
4 ed—

5 (A) by redesignating subsection (n) as sub-
6 section (o); and

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

9 “(n) PENSION-LINKED EMERGENCY SAVINGS AC-
10 COUNTS.—

11 “(1) IN GENERAL.—The requirements of sub-
12 section (a) shall not apply to a pension-linked emer-
13 gency savings account made available under section
14 801.

15 “(2) SIMPLIFIED REPORTING.—Nothing in this
16 subsection shall preclude the Secretary from pro-
17 viding, by regulations or otherwise, simplified report-
18 ing procedures or requirements for such a pension-
19 linked emergency savings account.”.

20 (d) FIDUCIARY DUTY.—Section 404(c) of the Em-
21 ployee Retirement Income Security Act (29 U.S.C.
22 1104(c)) is amended by adding at the end the following:

23 “(6) DEFAULT INVESTMENT ARRANGEMENTS
24 FOR A PENSION-LINKED EMERGENCY SAVINGS AC-
25 COUNT.—For purposes of paragraph (1), a partici-

1 part in a pension-linked emergency savings account
2 shall be treated as exercising control over the assets
3 in the account with respect to the amount of con-
4 tributions and earnings which are invested in accord-
5 ance with section 801(b)(1)(C).”.

6 (e) TAX TREATMENT OF PENSION-LINKED EMER-
7 GENCY SAVINGS ACCOUNTS.—

8 (1) IN GENERAL.—Subpart A of part I of sub-
9 chapter D of chapter 1 of the Internal Revenue Code
10 of 1986 is amended by inserting after section 409A
11 the following new section:

12 **“SEC. 409B. PENSION-LINKED EMERGENCY SAVINGS AC-**
13 **COUNTS.**

14 “(a) IN GENERAL.—Any pension-linked emergency
15 savings account established pursuant to section 801 of the
16 Employee Retirement Income Security Act of 1974 shall
17 be treated for purposes of this title as provided in this
18 section.

19 “(b) TREATMENT AS AFTER-TAX CONTRIBUTIONS.—
20 Any contribution to a pension-linked emergency savings
21 account shall be—

22 “(1) an employee contribution, or

23 “(2) if made by an employer, shall be includible
24 in gross income of the employee.

1 “(c) PLAN QUALIFICATIONS.—Any plan of which a
2 pension-linked emergency savings account is a part shall
3 not be treated as failing to meet any requirement of this
4 chapter solely by reason of including such account, or sole-
5 ly by reason of allowing distributions from such account
6 in a manner consistent with section 801(b)(1)(B) of the
7 Employee Retirement Income Security Act of 1974.

8 “(d) COORDINATION WITH PLAN.—

9 “(1) IN GENERAL.—No distribution of amounts
10 from a pension-linked emergency savings account
11 shall be contributed or rolled over to any eligible re-
12 tirement plan (as defined in section 402(c)(8)(B))
13 except as provided in paragraph (2).

14 “(2) ROLLOVER ON TERMINATION OF EMPLOY-
15 MENT.—Upon termination of employment of the
16 participant with the employer sponsoring the plan of
17 which a pension-linked emergency savings account is
18 part, the account balance of such account may be
19 contributed to—

20 “(A) a designated Roth account (within
21 the meaning of section 402A) of the partici-
22 pant, or

23 “(B) a Roth IRA of the participant,
24 in accordance with section 801(d) of the Employee
25 Retirement Income Security Act of 1974. Such con-

1 tribution shall be treated in the same manner as a
2 rollover contribution to which section 402A(c)(4) ap-
3 plies or as a qualified rollover contribution within
4 the meaning of section 408A(e), whichever is appli-
5 cable, except that subparagraph (F) of section
6 408A(d)(3) shall not apply to such contribution (in-
7 cluding by reason of section 402A(c)(4)(D)).

8 “(e) COORDINATION WITH NONDISCRIMINATION RE-
9 QUIREMENTS AND CONTRIBUTION LIMITATIONS.—For
10 purposes of paragraphs (4) and (30) of section 401(a),
11 paragraphs (3), (12), and (13) of section 401(k), section
12 401(m), section 403(b)(1)(E), and section 415, contribu-
13 tions to a pension-linked emergency savings account—

14 “(1) shall be treated as elective deferrals, and

15 “(2) shall be aggregated with contributions to
16 the plan of which such account is a part.

17 “(f) HARDSHIP RULES.—A plan of which a pension-
18 linked emergency savings account is a part shall not be
19 treated as failing to meet any requirement of this chapter
20 solely because under the terms of the plan a participant
21 is required to withdraw all amounts in a pension-linked
22 emergency savings account of the participant before re-
23 ceiving any distribution which is based on financial hard-
24 ship or any loan from the plan.

1 “(g) EXEMPTION FROM ADDITIONAL TAX ON EARLY
2 DISTRIBUTIONS.—A pension-linked emergency savings ac-
3 count shall not be treated as a qualified retirement plan
4 for purposes of section 72(t).

5 “(h) TREATMENT OF EARNINGS.—Any earnings on
6 contributions to a pension-linked emergency savings ac-
7 count shall not be included in gross income, and distribu-
8 tions from such account shall not be subject to with-
9 holding.”.

10 (2) BASIS RECOVERY.—Section 72(d) of such
11 Code is amended by adding at the end the following
12 new paragraph:

13 “(3) TREATMENT OF CONTRIBUTIONS TO A
14 PENSION-LINKED EMERGENCY SAVINGS ACCOUNT.—
15 For purposes of this section, contributions to a pen-
16 sion-linked emergency savings account to which sec-
17 tion 409B applies (and any income allocable thereto)
18 may be treated as a separate contract.”.

19 (3) CLERICAL AMENDMENT.—The table of sec-
20 tions for subpart A of part I of subchapter D of
21 chapter 1 of such Code is amended by inserting
22 after the item relating to section 409A the following
23 new item:

“Sec. 409B. Pension-linked emergency savings accounts.”.

24 (f) JOINT REGULATORY AUTHORITY.—The Secretary
25 of Labor and the Secretary of the Treasury (or a delegate

1 of either such Secretary) shall have authority to issue joint
2 regulations or other guidance, or to coordinate in devel-
3 oping regulations or other guidance, to carry out the pur-
4 poses of this title, including adjustment of the maximum
5 benefit under section 801(c)(3) of the Employee Retire-
6 ment Income Security Act, as added by this title, to ac-
7 count for inflation, as well as expansion of corrections pro-
8 grams, if necessary.

9 **TITLE III—NOTICE AND**
10 **DISCLOSURE**

11 **SEC. 301. DEFINED CONTRIBUTION PLAN FEE DISCLOSURE**
12 **IMPROVEMENTS.**

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

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

19 (2) explore, through a public request for infor-
20 mation or otherwise, how the contents and design of
21 the disclosures described in such section may be im-
22 proved to enhance participants' understanding of
23 fees and expenses related to a defined contribution
24 plan (as defined in section 3 of the Employee Retire-
25 ment Income Security Act of 1974 (29 U.S.C.

1 1002)) as well as the cumulative effect of such fees
2 and expenses on retirement savings over time; and
3 (3) report to the Committee on Health, Edu-
4 cation, Labor, and Pensions of the Senate and the
5 Committee on Education and Labor of the House of
6 Representatives on the findings of the exploration
7 described in paragraph (2), including beneficial edu-
8 cation for consumers on financial literacy concepts
9 as related to retirement plan fees and recommenda-
10 tions for legislative changes needed to address such
11 findings.

12 **SEC. 302. CONSOLIDATION OF DEFINED CONTRIBUTION**
13 **PLAN NOTICES.**

14 Not later than 2 years after the date of enactment
15 of this Act, the Secretary of Labor and the Secretary of
16 the Treasury (or such Secretaries' delegates) shall adopt
17 regulations providing that a plan (as defined in section
18 3 of the Employee Retirement Income Security Act of
19 1974 (29 U.S.C. 1002)) may, but is not required to, con-
20 solidate 2 or more of the notices required under sections
21 404(e)(5)(B) and 514(e)(3) of the Employee Retirement
22 Income Security Act of 1974 (29 U.S.C. 1104(c)(5)(B)
23 and 29 U.S.C. 1144(e)(3)) and sections 401(k)(12)(D),
24 401(k)(13)(E), and 414(w)(4) of the Internal Revenue

1 Code of 1986 into a single notice so long as the combined
2 notice—

3 (1) includes the required content;

4 (2) clearly identifies the issues addressed there-
5 in;

6 (3) is furnished at the time and with the fre-
7 quency required for each such notice; and

8 (4) is presented in a manner that is reasonably
9 calculated to be understood by the average plan par-
10 ticipant and that does not obscure or fail to high-
11 light the primary information required for each no-
12 tice.

13 **SEC. 303. INFORMATION NEEDED FOR FINANCIAL OPTIONS**
14 **RISK MITIGATION ACT.**

15 (a) **SHORT TITLE.**—This section may be cited as the
16 “Information Needed for Financial Options Risk Mitiga-
17 tion Act” or the “INFORM Act”.

18 (b) **IN GENERAL.**—Part 1 of subtitle B of title I of
19 the Employee Retirement Income Security Act of 1974
20 (29 U.S.C. 1021 et seq.), as amended by section 107, is
21 amended by adding at the end the following:

22 **“SEC. 113. NOTICE AND DISCLOSURE REQUIREMENTS WITH**
23 **RESPECT TO LUMP SUM WINDOWS.**

24 “(a) **IN GENERAL.**—A plan administrator of a pen-
25 sion plan that amends the plan to provide a period of time

1 during which a participant or beneficiary may elect to re-
2 ceive a lump sum under clause (i) of section 401(a)(9)(A)
3 of the Internal Revenue Code of 1986, instead of future
4 monthly payments under clause (ii) of such section, shall
5 furnish notice—

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

13 “(2) to the Secretary and the Pension Benefit
14 Guaranty Corporation, not later than 30 days prior
15 to the first day on which participants and bene-
16 ficiaries may make an election with respect to such
17 lump sum.

18 “(b) NOTICE TO PARTICIPANTS AND BENE-
19 FICIARIES.—

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

22 “(A) Available benefit options, including
23 the estimated monthly benefit that the partici-
24 pant or beneficiary would receive at normal re-
25 tirement age (if not already in pay status),

1 whether there is a subsidized early retirement
2 option or qualified joint and survivor annuity
3 that is fully subsidized (in accordance with sec-
4 tion 417(a)(5) of the Internal Revenue Code of
5 1986, the monthly benefit amount if payments
6 begin immediately, and the lump sum amount
7 available if the participant or beneficiary takes
8 the option.

9 “(B) An explanation of how the lump sum
10 was calculated, including the interest rate, mor-
11 tality assumptions, and whether any additional
12 plan benefits were included in the lump sum,
13 such as early retirement subsidies.

14 “(C) In a manner consistent with the man-
15 ner in which a written explanation is required
16 to be given under 417(a)(3) of the Internal
17 Revenue Code of 1986, the relative value of the
18 lump sum option for a terminated vested partic-
19 ipant compared to the value of—

20 “(i) the single life annuity, (or other
21 standard form of benefit); and

22 “(ii) the qualified joint and survivor
23 annuity (as defined in section 205(d)(1));

24 “(D) Whether it would be reasonably likely
25 to replicate the plan’s stream of payments by

1 purchasing a comparable retail annuity using
2 the lump sum.

3 “(E) The potential ramifications of accept-
4 ing the lump sum, including longevity risks, loss
5 of protections guaranteed by the Pension Ben-
6 efit Guaranty Corporation (with an explanation
7 of the monthly benefit amount that would be
8 protected by the Pension Benefit Guaranty Cor-
9 poration if the plan is terminated with insuffi-
10 cient assets to pay benefits), loss of protection
11 from creditors, loss of spousal protections, and
12 other protections under this Act that would be
13 lost.

14 “(F) General tax rules related to accepting
15 a lump sum, including rollover options and
16 early distribution penalties with a disclaimer
17 that the plan does not provide tax, legal, or ac-
18 counting advice, and a suggestion that partici-
19 pants and beneficiaries consult with their own
20 tax, legal, and accounting advisors before deter-
21 mining whether to accept the offer.

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

1 “(H) Contact information for the point of
2 contact at the plan administrator for partici-
3 pants and beneficiaries to get more information
4 or ask questions about the options.

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

8 “(3) MODEL NOTICE.—The Secretary shall
9 issue a model notice for purposes of the notice under
10 subsection (a)(1), including for information required
11 under subparagraphs (C) through (F) of paragraph
12 (1).

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

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

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

20 “(3) An explanation of how the lump sum was
21 calculated, including the interest rate, mortality as-
22 sumptions, and whether any additional plan benefits
23 were included in the lump sum, such as early retire-
24 ment subsidies.

1 “(4) A sample of the notice provided to partici-
2 pants and beneficiaries under subsection (a)(1).

3 “(d) POST-OFFER REPORT TO THE SECRETARY AND
4 PENSION BENEFIT GUARANTY CORPORATION.—Not later
5 than 90 days after the conclusion of the limited period
6 during which participants and beneficiaries in a plan may
7 accept a plan’s offer to convert their annuity into a lump
8 sum as generally permitted under section 401(a)(9) of the
9 Internal Revenue Code of 1986, a plan sponsor shall sub-
10 mit a report to the Secretary and the Director of the Pen-
11 sion Benefit Guaranty Corporation that includes the num-
12 ber of participants and beneficiaries who accepted the
13 lump sum offer and such other information as the Sec-
14 retary may require.

15 “(e) PUBLIC AVAILABILITY.—The Secretary shall
16 make the information provided in the notice to the Sec-
17 retary required under subsection (a)(2) and in the post-
18 offer reports submitted under subsection (d) publicly avail-
19 able in a form that protects the confidentiality of the infor-
20 mation provided.

21 “(f) BIENNIAL REPORT.—Not later than 6 months
22 after the date of enactment of this section and every 6
23 months thereafter, so long as the Secretary has received
24 notices and post-offer reports under subsections (c) and
25 (d), the Secretary shall submit to Congress a report that

1 summarizes such notices and post-offer reports during the
2 applicable reporting period.”.

3 (c) CLERICAL AMENDMENT.—The table of contents
4 in section 1 of the Employee Retirement Income Security
5 Act of 1974, as amended by section 107(a)(2), is further
6 amended by inserting after the item relating to section
7 112 the following new item:

Sec. 113. Notice and disclosure requirements with respect to lump sum win-
dows.

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

11 (1) in subsection (c)(1), by striking “or section
12 105(a)” and inserting “, section 105(a), or section
13 112(a)”; and

14 (2) in subsection (a)(4), by striking “105(c)”
15 and inserting “section 105(c) or 112(a)”.

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

20 (f) REGULATORY AUTHORITY.—Not earlier than 1
21 year after the date of enactment of this Act, the Secretary
22 of Labor and the Secretary of the Treasury shall jointly
23 issue regulations to implement section 113 of the Em-
24 ployee Retirement Income Security Act of 1974, as added

1 by subsection (a). Such regulations shall require plan
2 sponsors to comply in good faith with the regulations be-
3 ginning not later than 1 year after issuance of a final rule
4 with respect to subsections (a)(1) and (b) of such section
5 113, and beginning not later than 6 months after issuance
6 of a final rule with respect to subsections (a)(2), (c), (d),
7 and (e) of such section 113.

8 **SEC. 304. DEFINED BENEFIT ANNUAL FUNDING NOTICES.**

9 (a) IN GENERAL.—Section 101(f)(2)(B) of the Em-
10 ployee Retirement Income Security Act of 1974 (29
11 U.S.C. 1021(f)(2)(B)) is amended—

12 (1) in clause (i)(I), by striking “funding target
13 attainment percentage (as defined in section
14 303(d)(2))” and inserting “percentage of plan liabil-
15 ities funded (as described in clause (ii)(I)(bb))”;

16 (2) in clause (ii)(I)—

17 (A) by striking “, a statement of”;

18 (B) by striking item (aa);

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

21 (D) in item (aa), as so redesignated—

22 (i) by inserting “a statement of” be-
23 fore “the value” and

24 (ii) by striking “and” at the end; and

25 (E) by adding at the end the following:

1 “(bb) a statement of the
2 percentage of plan liabilities
3 funded, calculated as the ratio
4 between the value of the plan’s
5 assets and liabilities, as deter-
6 mined under item (aa), for the
7 plan year to which the notice re-
8 lates and for the 2 preceding
9 plan years, and

10 “(cc) if the information in
11 (aa) and (bb) is presented in tab-
12 ular form, a statement that de-
13 scribes that in the event of a plan
14 termination the corporation’s cal-
15 culation of plan liabilities may be
16 greater and that references the
17 section of the notice with the in-
18 formation required under clause
19 (x), and”;

20 (3) in clause (iii), in the matter preceding sub-
21 clause (I), by inserting “for the plan year to which
22 the notice relates as of the last day of such plan
23 year and the preceding 2 plan years, in tabular for-
24 mat,” after “participants”;

25 (4) in clause (iv)—

1 (A) by striking “plan and the asset” and
2 inserting “plan, the asset”; and

3 (B) by inserting “, and the average return
4 on assets for the plan year,” after “assets”;

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

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

8 “(ix) in the case of a single-employer
9 plan, a statement as to whether the plan’s
10 funded status, based on the plan’s liabil-
11 ities described under subclause (II) for the
12 plan year to which the notice relates, and
13 for the 2 preceding plan years, is at least
14 100 percent (and, if not, the actual per-
15 centages), that includes—

16 “(I) the plan’s assets, as of the
17 last day of the plan year and for the
18 2 preceding plan years, as determined
19 under clause (ii)(I)(aa),

20 “(II) the plan’s liabilities, as of
21 the last day of the plan year and for
22 the 2 preceding plan years, as deter-
23 mined under clause (ii)(1)(aa), and

24 “(III) the funded status of the
25 plan, determined as the ratio of the

1 plan’s assets and liabilities calculated
2 under subclauses (I) and (II), for the
3 plan year to which the notice relates,
4 and for the 2 preceding plan years,”;
5 and

6 (7) in clause (x), as so redesignated, by striking
7 the comma at the end and inserting the following:
8 “and a statement that, in the case of a single-em-
9 ployer plan—

10 “(I) if plan assets are sufficient
11 to pay vested benefits that are not
12 guaranteed by the Pension Benefit
13 Guaranty Corporation, participants
14 and beneficiaries may receive benefits
15 in excess of the guaranteed amount,
16 and

17 “(II) in determining valuation of
18 guaranteed benefits, the Pension Ben-
19 efit Guaranty Corporation uses, as of
20 the date of enactment of the RISE &
21 SHINE Act, a valuation methodology
22 that—

23 “(aa) places a higher value
24 on the future cost of benefits
25 than any valuation methodology

1 required under Federal statute,
2 and
3 “(bb) makes it less likely
4 that participants and bene-
5 ficiaries will receive amounts in
6 excess of the guaranteed amount
7 under Federal law,”.

8 (b) EFFECTIVE DATE.—The amendments made by
9 subsection (a) shall apply with respect to plan years begin-
10 ning after December 31, 2023.

11 **TITLE IV—MODERNIZATION**

12 **SEC. 401. AUTOMATIC REENROLLMENT UNDER QUALIFIED** 13 **AUTOMATIC CONTRIBUTION ARRANGEMENTS** 14 **AND ELIGIBLE AUTOMATIC CONTRIBUTION** 15 **ARRANGEMENTS.**

16 (a) QUALIFIED AUTOMATIC CONTRIBUTION AR-
17 RANGEMENTS.—

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

21 “(v) PERIODIC AUTOMATIC DEFERRAL
22 REQUIRED FOR POST-2024 ARRANGE-
23 MENTS.—In the case of a qualified auto-
24 matic contribution arrangement which
25 takes effect after December 31, 2024, the

1 requirements of this subparagraph shall be
2 treated as met only if, under the arrange-
3 ment, at least every 3 plan years, but not
4 more than once annually, each employee—

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

7 “(II) who, at the time of the de-
8 termination, has in effect an affirma-
9 tive election pursuant to clause (ii)(I)
10 not to have any contributions de-
11 scribed in clause (i) made,

12 is treated as having made the election de-
13 scribed in clause (i) unless the employee
14 makes a new affirmative election under
15 clause (ii). Such determination may be
16 made at one time for all employees de-
17 scribed in the preceding sentence for a
18 plan year, regardless of individual em-
19 ployee dates of enrollment.”.

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

22 (A) in the heading, by inserting “FOR PRE-
23 2025 ARRANGEMENTS” after “REQUIRED”, and

24 (B) by striking “Clause (i)” and inserting
25 “In the case of a qualified automatic contribu-

1 tion arrangement in effect before January 1,
2 2025, clause (i)”.

3 (b) ELIGIBLE AUTOMATIC CONTRIBUTION ARRANGE-
4 MENTS.—Section 414(w)(3) of the Internal Revenue Code
5 of 1986 is amended—

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

9 (2) by striking “ARRANGEMENT.—For purposes
10 of” and inserting “ARRANGEMENT.—

11 “(A) IN GENERAL.—For purposes of”, and

12 (3) by adding at the end the following new sub-
13 paragraph:

14 “(B) PERIODIC AUTOMATIC DEFERRAL RE-
15 QUIRED.—In the case of an eligible automatic
16 contribution arrangement taking effect after
17 December 31, 2024, the requirements of this
18 subsection shall be treated as met only if, under
19 the arrangement, at least every 3 plan years,
20 but not more than once annually, each em-
21 ployee—

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

24 “(ii) who, at the time of the deter-
25 mination, has in effect an affirmative elec-

1 tion pursuant to subparagraph (A)(ii) not
2 to have any contributions described in such
3 subparagraph made,
4 is treated as having made the election at the
5 uniform percentage level described in subpara-
6 graph (A)(ii) unless the employee makes a new
7 election under such subparagraph. Such deter-
8 mination may be made at one time for all em-
9 ployees described in the preceding sentence for
10 a plan year, regardless of individual employee
11 dates of enrollment.”.

12 (c) CONFORMING AMENDMENT.—Section 514(e)(2)
13 of the Employee Retirement Income Security Act of 1974
14 (29 U.S.C. 1144(e)(2)) is amended—

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

18 (2) by striking “(2) For purposes of” and in-
19 serting “(2)(A) For purposes of”; and

20 (3) by adding at the end the following:

21 “(B) In the case of an automatic contribution
22 arrangement taking effect after December 31, 2024,
23 the requirements of subparagraph (A)(ii) shall be
24 treated as met only if, under the arrangement, at

1 least every 3 plan years but not more than once an-
2 nually each employee—

3 “(i) who is eligible to participate in the ar-
4 rangement; and

5 “(ii) who, at the time of the determination,
6 has in effect an affirmative election pursuant to
7 subparagraph (A)(ii) not to have any contribu-
8 tions described in such subparagraph made;

9 is treated as having made the election at the uni-
10 form percentage of compensation described in sub-
11 paragraph (A)(ii) unless the employee makes a new
12 election under such subparagraph. Such determina-
13 tion may be made at one time for all employees de-
14 scribed in the preceding sentence for a plan year, re-
15 gardless of individual employee dates of enroll-
16 ment.”.

17 (d) **EFFECTIVE DATE.**—The amendments made by
18 this section shall apply to arrangements taking effect after
19 December 31, 2024.

20 **SEC. 402. INCIDENTAL PLAN EXPENSES.**

21 (a) **FINDINGS.**—Congress finds the following:

22 (1) Retirement plan sponsors engage advisors
23 to assist in administering their retirement plans.
24 Such advisors and other service providers are paid
25 via monthly or annual retainers to advise on plan

1 administration or the investment fund lineup. Such
2 retainers are charged to the retirement plan.

3 (2) Other, incidental expenses incurred related
4 to plan design, may not be charged to the plan be-
5 cause they are deemed settlor functions. For exam-
6 ple, if a plan sponsor were to inquire about a bene-
7 ficial plan design feature, such as automatic enroll-
8 ment and reenrollment or automatic escalation, the
9 advisor or other service provider would bill the em-
10 ployer a separate amount that could not be charged
11 back to the plan. Because these inquiries result in
12 additional costs, many employers, especially small
13 employers, choose to forego these incidental plan de-
14 sign features, even when they might generate tre-
15 mendous benefits for their employees.

16 (3) According to the 2021 Plan Sponsor Coun-
17 cil of America's Annual Survey of Profit Sharing
18 and 401(k) Plans, only 30.5 percent of employers
19 with fewer than 50 workers have an automatic en-
20 rollment feature in their retirement plan, compared
21 to over 77 percent of employers with more than
22 1,000 workers. Small employers need additional re-
23 sources to improve their retirement plan design.

24 (b) FACILITATING THE IMPLEMENTATION OF BENE-
25 FICIAL PLAN FEATURES.—

1 (1) PLAN ASSETS.—Section 403(c)(1) of the
2 Employee Retirement Income Security Act of 1974
3 (29 U.S.C. 1103(c)(1)) is amended by inserting
4 “(including incidental expenses solely for the benefit
5 of the participants and their beneficiaries)” before
6 the period.

7 (2) FIDUCIARY STANDARD OF CARE.—Section
8 404(a)(1)(A)(ii) of the Employee Retirement Income
9 Security Act of 1974 (29 U.S.C. 1104(a)(1)(A)(ii))
10 is amended by inserting “(including incidental ex-
11 penses solely for the benefit of the participants and
12 their beneficiaries)” before the semicolon.

13 **TITLE V—AMENDMENTS TO**
14 **PLANS OFFERED BY MUL-**
15 **TIPLE EMPLOYERS**

16 **SEC. 501. REPORT ON POOLED EMPLOYER PLANS.**

17 The Secretary of Labor shall—

18 (1) conduct a study on the pooled employer
19 plan (as such term is defined in section 3(43) of the
20 Employee Retirement Income Security Act of 1974
21 (29 U.S.C. 1002(43))) industry, including on—

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

24 (B) the number of participants in such
25 plans;

1 (C) the range of investment options pro-
2 vided in such plans;

3 (D) the fees assessed in such plans;

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

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

8 (G) the number and nature of any enforce-
9 ment actions by the Secretary of Labor on such
10 plans;

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

14 (I) any additional information as the Sec-
15 retary determines is necessary; and

16 (2) not later than 5 years after the date of en-
17 actment of this Act, and every 5 years thereafter,
18 submit to Congress and make available on a publicly
19 accessible website of the Department of Labor, a re-
20 port on the findings of the study under paragraph
21 (1), including recommendations on how pooled em-
22 ployer plans can be improved, through legislation, to
23 serve and protect retirement plan participants.

1 **SEC. 502. ANNUAL AUDITS FOR GROUP OF PLANS.**

2 Section 202(a) of the Setting Every Community Up
3 for Retirement Enhancement Act of 2019 (Public Law
4 116–94; 26 U.S.C. 6058 note) is amended—

5 (1) by striking “so that all members” and in-
6 serting the following: “so that—

7 “(1) all members”;

8 (2) by striking the period and inserting “;
9 and”; and

10 (3) by adding at the end the following:

11 “(2) any opinions required by section 103(a)(3)
12 of the Employee Retirement Income Security Act of
13 1974 (29 U.S.C. 1023(a)(3)) shall relate only to
14 each individual plan which would otherwise be sub-
15 ject to the requirements of such section 103(a)(3).”.

16 **TITLE VI—DEFINED BENEFIT**
17 **PLAN PROVISIONS**

18 **SEC. 601. CASH BALANCE.**

19 (a) AMENDMENT OF INTERNAL REVENUE CODE OF
20 1986.—Section 414 of the Internal Revenue Code of
21 1986, as amended by the preceding sections of this Act,
22 is further amended by adding at the end the following new
23 subsection:

24 “(cc) PROJECTED INTEREST CREDITING RATE.—
25 For purposes of this part, in the case of an applicable de-
26 fined benefit plan (as defined in section 411(a)(13)(B))

1 which provides variable interest crediting rates, the inter-
2 est crediting rate which is treated as in effect and as the
3 projected interest crediting rate shall be a reasonable pro-
4 jection of such variable interest crediting rate, not to ex-
5 ceed 6 percent.”.

6 (b) AMENDMENT OF EMPLOYEE RETIREMENT IN-
7 COME SECURITY ACT OF 1974.—Section 210 of the Em-
8 ployee Retirement Income Security Act of 1974 (29
9 U.S.C. 1060) is amended by adding at the end the fol-
10 lowing new subsection:

11 “(g) PROJECTED INTEREST CREDITING RATE.—For
12 purposes of this title, in the case of an applicable defined
13 benefit plan (within the meaning of section 203(f)(3))
14 which provides variable interest crediting rates, the inter-
15 est crediting rate which is treated as in effect and as the
16 projected interest crediting rate shall be a reasonable pro-
17 jection of such variable interest crediting rate, not to ex-
18 ceed 6 percent.”.

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

1 **SEC. 602. TERMINATION OF VARIABLE RATE PREMIUM IN-**
2 **DEXING.**

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

6 (1) in subparagraph (A)—

7 (A) in clause (vi), by striking “and”;

8 (B) in clause (vii), by striking the period
9 at the end and inserting “; and”; and

10 (C) by adding at the end the following:

11 “(viii) for plan years beginning after
12 calendar year 2022, \$48.”;

13 (2) in subparagraph (B), in the matter pre-
14 ceding clause (i), by inserting “and before 2023”
15 after “2012” ; and

16 (3) in subparagraph (D)(vii), by inserting “and
17 before 2023” after “2019”.

18 (b) TECHNICAL AMENDMENT.—Clause (i) of section
19 4006(a)(3)(E) of the Employee Retirement Income Secu-
20 rity Act of 1974 (29 U.S.C. 1306(a)(3)(E)) is amended
21 by striking “subparagraph (H)” and inserting “subpara-
22 graph (I)”.

23 **SEC. 603. ENHANCING RETIREE HEALTH BENEFITS IN PEN-**
24 **SION PLANS.**

25 (a) EXTENSION OF TRANSFERS OF EXCESS PENSION
26 ASSETS TO RETIREE HEALTH ACCOUNTS UNDER THE

1 THE INTERNAL REVENUE CODE OF 1986.—Paragraph
2 (4) of section 420(b) of the Internal Revenue Code of
3 1986 is amended by striking “December 31, 2025” and
4 inserting “December 31, 2032”.

5 (b) EXTENSION OF TRANSFERS OF EXCESS PENSION
6 ASSETS TO RETIREE HEALTH ACCOUNTS UNDER THE
7 EMPLOYEE RETIREMENT INCOME SECURITY ACT OF
8 1974.—

9 (1) DEFINITIONS.—Section 101(e)(3) of the
10 Employee Retirement Income Security Act of 1974
11 (29 U.S.C. 1021(e)(3)) is amended by striking “(as
12 in effect on the date of the enactment of the Surface
13 Transportation and Veterans Health Care Choice
14 Improvement Act of 2015)” and inserting “(as in ef-
15 fect on the date of enactment of the RISE &
16 SHINE Act)”.

17 (2) USE OF ASSETS.—Section 403(c)(1) of the
18 Employee Retirement Income Security Act of 1974
19 (29 U.S.C. 1103(c)(1)) is amended by striking “(as
20 in effect on the date of the enactment of the Surface
21 Transportation and Veterans Health Care Choice
22 Improvement Act of 2015)” and inserting “(as in ef-
23 fect on the date of enactment of the RISE &
24 SHINE Act)”.

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

4 (A) by striking “January 1, 2026” and in-
5 serting “January 1, 2032”; and

6 (B) by striking “(as in effect on the date
7 of the enactment of the Surface Transportation
8 and Veterans Health Care Choice Improvement
9 Act of 2015)” and inserting “(as in effect on
10 the date of enactment of the RISE & SHINE
11 Act)”.

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

15 **TITLE VII—ADDITIONAL** 16 **RETIREMENT ENHANCEMENTS**

17 **SEC. 701. PROVISIONS RELATING TO PLAN AMENDMENTS.**

18 (a) IN GENERAL.—If this section applies to any re-
19 tirement plan or contract amendment—

20 (1) such retirement plan or contract shall be
21 treated as being operated in accordance with the
22 terms of the plan during the period described in sub-
23 section (b)(2)(A); and

24 (2) except as provided by the Secretary of the
25 Treasury (or the Secretary’s delegate), such retire-

1 ment plan shall not fail to meet the requirements of
2 section 411(d)(6) of the Internal Revenue Code of
3 1986 and section 204(g) of the Employee Retirement
4 Income Security Act of 1974 by reason of such
5 amendment.

6 (b) AMENDMENTS TO WHICH SECTION APPLIES.—

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

10 (A) pursuant to any amendment made by
11 this Act or pursuant to any regulation issued by
12 the Secretary of the Treasury or the Secretary
13 of Labor (or a delegate of either such Sec-
14 retary) under this Act; and

15 (B) on or before the last day of the first
16 plan year beginning on or after January 1,
17 2025.

18 In the case of a governmental plan (as defined in
19 section 414(d) of the Internal Revenue Code of
20 1986), this paragraph shall be applied by sub-
21 stituting “2026” for “2025”.

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

24 (A) during the period—

1 (i) beginning on the date the legisla-
2 tive or regulatory amendment described in
3 paragraph (1)(A) takes effect (or in the
4 case of a plan or contract amendment not
5 required by such legislative or regulatory
6 amendment, the effective date specified by
7 the plan); and

8 (ii) ending on the date described in
9 paragraph (1)(B) (as modified by the sec-
10 ond sentence of paragraph (1)) (or, if ear-
11 lier, the date the plan or contract amend-
12 ment is adopted),

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

15 (B) such plan or contract amendment ap-
16 plies retroactively for such period.

17 (c) COORDINATION WITH OTHER PROVISIONS RE-
18 LATING TO PLAN AMENDMENTS.—

19 (1) SECURE ACT.—Section 601(b)(1) of the
20 Setting Every Community Up for Retirement En-
21 hancement Act of 2019 (26 U.S.C. 414 note) is
22 amended—

23 (A) in subparagraph (B), by striking “Jan-
24 uary 1, 2022” and inserting “January 1,
25 2024”; and

1 (B) in the flush matter following subpara-
2 graph (B), by striking “substituting ‘2024’ for
3 ‘2022’.” and inserting “substituting ‘2026’ for
4 ‘2024’.”.

5 (2) CARES ACT.—

6 (A) SPECIAL RULES FOR USE OF RETIRE-
7 MENT FUNDS.—Section 2202(c)(2)(A)(ii) of the
8 CARES Act (26 U.S.C. 72 note) is amended by
9 striking “January 1, 2022” and inserting “Jan-
10 uary 1, 2024”.

11 (B) TEMPORARY WAIVER OF REQUIRED
12 MINIMUM DISTRIBUTIONS RULES FOR CERTAIN
13 RETIREMENT PLANS AND ACCOUNTS.—Section
14 2203(c)(2)(B)(i) of the CARES Act (26 U.S.C.
15 401 note) is amended—

16 (i) in subclause (II), by striking “Jan-
17 uary 1, 2022” and inserting “January 1,
18 2024”; and

19 (ii) in the flush matter following sub-
20 clause (II), by striking “substituting
21 ‘2024’ for ‘2022’.” and inserting “sub-
22 stituting ‘2026’ for ‘2024’.”.

23 (C) TAXPAYER CERTAINTY AND DISASTER
24 TAX RELIEF ACT OF 2020.—Section
25 302(d)(2)(A)(ii) of the Taxpayer Certainty and

1 Disaster Tax Relief Act of 2020 (Public Law
2 116–260) is amended by striking “January 1,
3 2022” and inserting “January 1, 2024”.

4 **SEC. 702. WORKER OWNERSHIP, READINESS, AND KNOWL-**
5 **EDGE (WORK) ACT.**

6 (a) **SHORT TITLE.**—This section may be cited as the
7 “Worker Ownership, Readiness, and Knowledge Act” or
8 the “WORK Act”.

9 (b) **DEFINITIONS.**—In this section:

10 (1) **EXISTING PROGRAM.**—The term “existing
11 program” means a program, designed to promote
12 employee ownership, that exists on the date on
13 which the Secretary is carrying out a responsibility
14 authorized under this section.

15 (2) **INITIATIVE.**—The term “Initiative” means
16 the Employee Ownership Initiative established under
17 subsection (c).

18 (3) **NEW PROGRAM.**—The term “new program”
19 means a program, designed to promote employee
20 ownership, that does not exist on the date on which
21 the Secretary is carrying out a responsibility author-
22 ized under this section.

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

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

4 (c) EMPLOYEE OWNERSHIP INITIATIVE.—

5 (1) ESTABLISHMENT.—The Secretary shall es-
6 tablish within the Department of Labor an Em-
7 ployee Ownership Initiative to promote employee
8 ownership.

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

11 (A) support within the States existing pro-
12 grams designed to promote employee ownership;
13 and

14 (B) facilitate within the States the forma-
15 tion of new programs designed to promote em-
16 ployee ownership.

17 (3) DUTIES.—To carry out the functions enu-
18 merated in paragraph (2), the Secretary shall—

19 (A) support new programs and existing
20 programs by—

21 (i) making Federal grants authorized
22 under subsection (e); and

23 (ii)(I) acting as a clearinghouse on
24 techniques employed by new programs and
25 existing programs within the States, and

1 disseminating information relating to those
2 techniques to the programs; or

3 (II) funding projects for information
4 gathering on those techniques, and dis-
5 semination of that information to the pro-
6 grams, by groups outside the Department
7 of Labor; and

8 (B) facilitate the formation of new pro-
9 grams, in ways that include holding or funding
10 an annual conference of representatives from
11 States with existing programs, representatives
12 from States developing new programs, and rep-
13 resentatives from States without existing pro-
14 grams.

15 (d) PROGRAMS REGARDING EMPLOYEE OWNER-
16 SHIP.—

17 (1) ESTABLISHMENT OF PROGRAM.—Not later
18 than 180 days after the date of enactment of this
19 Act, the Secretary shall establish a program to en-
20 courage new programs and existing programs within
21 the States to foster employee ownership throughout
22 the United States.

23 (2) PURPOSE OF PROGRAM.—The purpose of
24 the program established under paragraph (1) is to

1 encourage new and existing programs within the
2 States that focus on—

3 (A) providing education and outreach to
4 inform employees and employers about the pos-
5 sibilities and benefits of employee ownership
6 and business ownership succession planning, in-
7 cluding providing information about financial
8 education, employee teams, open-book manage-
9 ment, and other tools that enable employees to
10 share ideas and information about how their
11 businesses can succeed;

12 (B) providing technical assistance to assist
13 employee efforts to become business owners, to
14 enable employers and employees to explore and
15 assess the feasibility of transferring full or par-
16 tial ownership to employees, and to encourage
17 employees and employers to start new em-
18 ployee-owned businesses;

19 (C) training employees and employers with
20 respect to methods of employee participation in
21 open-book management, work teams, commit-
22 tees, and other approaches for seeking greater
23 employee input; and

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

4 (3) PROGRAM DETAILS.—The Secretary may in-
5 clude, in the program established under paragraph
6 (1), provisions that—

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

9 (i) target key groups, such as retiring
10 business owners, senior managers, labor
11 organizations, trade associations, commu-
12 nity organizations, and economic develop-
13 ment organizations;

14 (ii) encourage cooperation in the orga-
15 nization of workshops and conferences; and

16 (iii) prepare and distribute materials
17 concerning employee ownership, and busi-
18 ness ownership succession planning;

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

21 (i) provide preliminary technical as-
22 sistance to employee groups, managers,
23 and retiring owners exploring the possi-
24 bility of employee ownership;

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

3 (iii) assist in the funding of objective
4 third-party feasibility studies and prelimi-
5 nary business valuations, and in selecting
6 and monitoring professionals qualified to
7 conduct such studies; and

8 (iv) provide a data bank to help em-
9 ployees find legal, financial, and technical
10 advice in connection with business owner-
11 ship;

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

14 (i) provide for courses on employee
15 participation; and

16 (ii) provide for the development and
17 fostering of networks of employee-owned
18 companies to spread the use of successful
19 participation techniques; and

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

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

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

3 (4) GUIDANCE.—The Secretary shall issue for-
4 mal guidance, for—

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

13 (i) proactive in encouraging actions
14 and activities that promote employee own-
15 ership of businesses; and

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

20 (B) acceptable standards and procedures
21 to establish good faith fair market value for
22 shares of a business to be acquired by an em-
23 ployee stock ownership plan (as defined in sec-
24 tion 407(d)(6) of the Employee Retirement In-

1 come Security Act of 1974 (29 U.S.C.
2 1107(d)(6)).

3 (e) GRANTS.—

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

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

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

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

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

17 (E) Training as provided in subsection
18 (d)(2)(D) for new programs provided by partici-
19 pants in existing programs dedicated to the ob-
20 jectives of this section, except that, for each fis-
21 cal year, the amount of the grants made for
22 such training shall not exceed 10 percent of the
23 total amount of the grants made under this sec-
24 tion.

1 (2) AMOUNTS AND CONDITIONS.—The Sec-
2 retary shall determine the amount and any condi-
3 tions for a grant made under this subsection. The
4 amount of the grant shall be subject to paragraph
5 (6), and shall reflect the capacity of the applicant
6 for the grant.

7 (3) APPLICATIONS.—Each entity desiring a
8 grant under this subsection shall submit an applica-
9 tion to the Secretary at such time, in such manner,
10 and accompanied by such information as the Sec-
11 retary may reasonably require.

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

18 (5) APPLICATIONS BY ENTITIES.—

19 (A) ENTITY APPLICATIONS.—If a State
20 fails to support or establish a program pursu-
21 ant to this section during any fiscal year, the
22 Secretary shall, in the subsequent fiscal years,
23 allow local entities described in paragraph (4)
24 from that State to make applications for grants
25 under paragraph (3) on their own initiative.

1 (B) APPLICATION SCREENING.—Any State
2 failing to support or establish a program pursu-
3 ant to this section during any fiscal year may
4 submit applications under paragraph (3) in the
5 subsequent fiscal years but may not screen ap-
6 plications by local entities described in para-
7 graph (4) before submitting the applications to
8 the Secretary.

9 (6) LIMITATIONS.—A recipient of a grant made
10 under this subsection shall not receive, during a fis-
11 cal year, in the aggregate, more than the following
12 amounts:

13 (A) For fiscal year 2024, \$300,000.

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

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

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

17 (E) For fiscal year 2028, \$439,200.

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

24 (f) EVALUATIONS.—The Secretary is authorized to
25 reserve not more than 10 percent of the funds appro-

1 priated for a fiscal year to carry out this section, for the
2 purposes of conducting evaluations of the grant programs
3 identified in subsection (e) and to provide related technical
4 assistance.

5 (g) REPORTING.—Not later than the expiration of the
6 36-month period following the date of enactment of this
7 Act, the Secretary shall prepare and submit to Congress
8 a report—

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

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

13 (h) AUTHORIZATIONS OF APPROPRIATIONS.—

14 (1) IN GENERAL.—There are authorized to be
15 appropriated for the purpose of making grants pur-
16 suant to subsection (e) the following:

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

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

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

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

21 (E) For fiscal year 2028, \$16,000,000.

22 (2) ADMINISTRATIVE EXPENSES.—There are
23 authorized to be appropriated for the purpose of
24 funding the administrative expenses related to the

1 Initiative, for each of fiscal years 2022 through
2 2026, an amount not in excess of the lesser of—
3 (A) \$350,000; or
4 (B) 5.0 percent of the maximum amount
5 available under paragraph (1) for that fiscal
6 year.