

## Securing a Strong Retirement Act (SSRA) - Provisions (05/05/21)

Section	Summary	JCT Revenue Estimates	In Other Bills
<b>Title I - Expanding Coverage and Increasing Retirement Savings</b>		Costs over \$21 billion over 10 years	
Sec. 101 - Expanding Automatic Enrollment in Retirement Plans	New DC plans, including 401(k), 403(b) and SIMPLE plans, would be required to automatically enroll participants with at least a 3% contribution rate and increase the rate by 1% per year to at least 10%, but no more than 15%. Employees would have at least 90 days to unenroll. Small businesses with fewer than 10 employees, new businesses less than 3 years old, and churches and governments would be exempt. Effective for plan years beginning in 2023.	Costs over \$6 billion over 10 years	<a href="#">Modification of policy concept included in Section 2 of H.R. 4523 of Chairman Neal's Automatic Retirement Plan Act (115th Congress)</a>
Sec. 102 - Small Employer Pension Plan Start-up Credit Modification	Establishes a new credit and expands an existing credit to encourage small employers to offer DC retirement plans. The new credit would offset up to \$1,000 of employer contributions per employee in the first year, phased down gradually over 5 years. This new credit applies to companies with 100 or fewer employees, however, it is phased in based on the number of employees, reaching a maximum at 50 or fewer employees. For companies with 50 or fewer employees, the existing credit for start-up costs would be increased to 100% of costs from 50% under present law. The existing cap of \$5,000 per employer would be retained. Effective in the tax years beginning in 2022.	Costs over \$3 billion over 10 years	<a href="#">Policy concept included in Section 9 of H.R. 4523 of Chairman Neal's Automatic Retirement Plan Act (115th Congress)</a>
Sec. 103 - Promotion of Saver's Credit	Requires the Treasury Secretary to take steps necessary and appropriate to increase public awareness of the Saver's Credit. Requires the Treasury Secretary to report back to Congress within 90 days of the enactment of the bill summarizing those efforts, such as the distribution of digital and print materials in the 5 most commonly spoken languages in the U.S. besides English.	Costs over \$400 million over 10 years	-

Sec. 104 - 403(b)s Allowed to Invest in CITs	Allows employers with 403(b) plans, including public schools and tax-exempt organizations, to structure their retirement plans as collective investment trusts. The proposal is applicable to amounts invested after Dec. 31, 2021.	Negligible revenue effect	<a href="#">H.R. 2741, the Public Service Retirement Fairness Act of 2021; Section 117 of S. 1431, Sens. Portman and Cardin's Retirement Security and Savings Act (116th Congress)</a>
Sec. 105 - New Required Beginning Dates for RMDs	The required beginning date for required minimum distributions (RMDs) from employer-sponsored DC plans and traditional IRAs would now be age 73 in 2027, and age 75 in 2033. Effective for distributions required to be made after Dec. 31, 2021, for employees and IRA owners who attain age 72 after such date.	Costs over \$6.8 billion over 10 years	<a href="#">Variation of this policy included in Section 108 of S. 1431, Sens. Portman and Cardin's Retirement Security and Savings Act (116th Congress)</a>
Sec. 106 - Indexing IRA Catch-up Limit	The catch-up contribution limit to IRAs for those aged 50 and over (currently \$1,000) would be indexed to inflation after 2022. The limit for DC plan catch-ups is already indexed. Applies to taxable years beginning after Dec. 31, 2022.	Costs over \$150 million over 10 years	Section 120 of S. 1431, Sens. Portman and Cardin's Retirement Security and Savings Act (116th Congress)
Sec. 107 - Catch-up Contribution Limit Increase at Age 62 until Age 65	Raises catch-up contributions to \$10,000 for those who have attained age 62, but not age 65 who participate in employer-sponsored 401(k) and 403(b) plans (amount indexed to inflation). Participants in SIMPLE plans would be allowed to contribute an additional \$5,000. Retains existing catch-up contribution limits for those aged 50. Applies to tax years beginning after Dec. 31, 2022.	Costs over \$2.1 billion over 10 years	Variation of this policy included in Section 121 of S. 1431, Sens. Portman and Cardin's Retirement Security and Savings Act (116th Congress)
Sec. 108 - 403(b) MEPs	Allows unrelated public education or non-profit employers to join together to provide their employees a retirement plan under 403(b). Effective for plan years beginning in 2022.	Costs under \$200 million over 10 years	<a href="#">Section 2 of S. 5064, Sens. Grassley, Hassan, and Lankford's Improving Access to Retirement Savings Act (116th Congress)</a>

Sec. 109 - Student Loan Matching Program	Employers would be allowed to match employee student loan payments with a contribution to the employee's retirement plan, such as a 401(k) plan. Effective for contributions made beginning with the 2022 plan year. The latest version of this program addresses a problem that ARA identified about the impact this new retirement plan design feature could have with the special test that applies to 401(k) plans called the average deferral percentage (ADP) test. Since that problem has been fixed in this bill, small businesses will now not have to worry that this benefit puts their retirement plan testing at risk.	Costs over \$2 billion over 10 years	H.R. 6276; S. 1428, the Retirement Parity for Student Loans Act; Section 112 of S. 1431, Sens. Portman and Cardin's Retirement Security and Savings Act (116th Congress)
Sec. 110 - Application of Small Employer Pension Plan Start-up Credit for Existing Plans	Provides an incentive for small employers to join together to provide their employees a retirement plan by extending the start-up tax credit to employers based on the year they join existing plans. Effective with respect to the eligible employer after the date of enactment of the bill.	Costs over \$200 million over 10 years	<a href="#">Section 4 of S. 5064, Sens. Grassley, Hassan, and Lankford's Improving Access to Retirement Savings Act (116th Congress)</a>
Sec. 111 - Small Employer Retirement Plan Eligibility Credit for Military Spouses	Helps military families save for retirement by extending a tax credit to small employers who offer military spouses a retirement plan with enhanced eligibility rules and an accelerated vesting schedule. The credit of up to \$500 per military spouse would apply for three years. The credit applies to taxable years beginning after the date of enactment.	Costs over \$200 million over 10 years	H.R. 7927; S. 4173, Military Spouses Retirement Security Act (116th Congress)
Sec. 112 - Small Immediate Financial Incentives for Contributing to a Retirement Plan	Allows employers to provide a small and immediate financial incentive to join and contribute to a retirement plan, including 401(k) and 403(b) plans. Effective for plan years beginning after the date of enactment of the bill.	Negligible revenue effect	Section 119 of S. 1431, Sens. Portman and Cardin's Retirement Security and Savings Act (116th Congress)
Sec. 113 - Safe Harbor for Corrections of Employee Elective Deferral Failures	Allows employers to correct inadvertent errors within 9½ months after the end of the year in which the error occurs where the correction is favorable to the employee. Effective after the date of enactment of the bill.	Raises over \$600 million over 10 years	<a href="#">Section 3 of S. 5064, Sens. Grassley, Hassan, and Lankford's Improving Access to Retirement Savings Act (116th Congress)</a>

Sec. 114 - Long-term Part-time (LTPT) Worker Definition Modification	Requires part-time workers who work for at least 500 hours per year for <b>two years</b> to be eligible to make employee contributions to an employer's DC plan. Effective as if included in Section 112 of the Setting Every Community Up for Retirement Enhancement Act of 2019.	Costs under \$200 million over 10 years	<a href="#">Section 4 of S. 975, Senator Murray's Women's Retirement Protection Act (116th Congress)</a>
Sec. 115 - Findings Relating to S-Corp ESOPs	Resolution stating that it is the goal of Congress to preserve and foster employee ownership of S corporations through ESOPs.	Negligible revenue effect	
<b>Title II - Preservation of Income</b>		Costs under \$500 million over 10 years	
Sec. 201 - Remove RMD Requirements for Certain Life Annuities	Allows individuals to satisfy the RMD requirements by purchasing a fixed annuity with a circumscribed set of features, such as increasing no more than 5% per year or providing for a death benefit equal to the amounts paid for the annuity minus prior payments. Effective upon date of enactment.	Raises over \$400 million over 10 years	Section 202 of S. 1431, Sens. Portman and Cardin's Retirement Security and Savings Act (116th Congress)
Sec. 202 - Qualifying Longevity Annuity Contracts (QLACs) modifications	Individuals are already allowed to purchase a fixed annuity that begins at age 85, known as a "qualified longevity annuity contract" (QLAC), to satisfy a portion of their RMD requirements at age 72 or later. This provision allows individuals to buy QLACs to satisfy all their RMD requirement up to \$200,000. The current cap applicable to QLACs is the lesser of 25% of the account balance or \$125,000. Effective with respect to contracts purchased or received in an exchange on or after the date of enactment. The changes with respect to joint and survivor annuities and the short free look period are effective with respect to contracts purchased or received in an exchange on or after July 2, 2014.	Costs over \$60 million over 10 years	Section 201 of S. 1431, Sens. Portman and Cardin's Retirement Security and Savings Act (116th Congress)

Sec. 203 - Insurance ETFs	Allows individuals to purchase insurance-dedicated exchange-traded funds (ETFs) through a variable annuity or a private placement life insurance policy. The provision relating to the amendments to the regulatory diversification requirements is effective for segregated asset account investments made on or after the date that is seven years after the date of enactment.	Costs under \$900 million over 10 years	Section 204 of S. 1431, Sens. Portman and Cardin's Retirement Security and Savings Act (116th Congress)
<b>Title III - Simplification and Clarification of Retirement Plan Rules</b>		Costs over \$5.7 billion over 10 years	
Sec. 301 - Recovery of Retirement Plan Overpayments	Protects individuals from efforts by plan sponsors to recover excess payments when the individual did not cause the overpayment after a three-year period. Applies on the date of enactment. In the case of a benefit overpayment that occurred prior to the date of enactment, any installment payments by the participant or beneficiary to the plan or any reduction in periodic benefit payments to the participant or beneficiary, which were made in recoupment of such overpayment and which commenced prior to such date, may continue after such date.	No cost over 10 years	<a href="#">Modification of Section 310 of H.R. 4524, Chairman Neal's Retirement Plan Simplification and Enhancement Act of 2017 (115th Congress)</a>
Sec. 302 - Reduction in Retirement Plan Excise Taxes	Reduces the excise tax for failure to take an RMD to 25% from 50%, and further reduces the excise tax to 10% for taxpayers who take the required RMD before an IRS audit or (if earlier) the second year after the year in which the excise tax is imposed. Applies to taxable years beginning in 2022.	Costs under \$100 million over 10 years	<a href="#">Section 2 of H.R. 8606; Section 310 of S. 1431 Sens. Portman and Cardin's Retirement Security and Savings Act (116th Congress)</a>
Sec. 303 - Performance Benchmarks for Asset Allocation Funds	Directs the Secretary of Labor to issue guidance that would allow plan administrators to use an alternative method for benchmarking target-date funds. Effective on the date of enactment.	Negligible revenue effect	<a href="#">H.R. 8660, standalone bill introduced by Rep. Dwight Evans (D-PA, 3rd); Section 303 of S. 1431, Sens. Portman and Cardin's Retirement Security and Savings Act (116th Congress)</a>

Sec. 304 - Required Reporting and Disclosure Improvements Report	Requires the Departments of Treasury and Labor, and the Pension Benefit Guaranty Corporation (PBGC) to report back to Congress with recommendations to streamline the reporting and disclosure requirements for employer-sponsored plans. Effective on date of enactment.	Negligible revenue effect	Sections 301 & 302 of S. 1431, Sens. Portman and Cardin's Retirement Security and Savings Act (116th Congress)
Sec. 305 - Eliminate Plan Requirements for Unenrolled Participants	This provision would allow plans to provide much more limited information to employees who are not contributing to a plan and that have no balance in the plan. Effective for plan years beginning in 2022.	Negligible revenue effect	Section 322 of S. 1431, Sens. Portman and Cardin's Retirement Security and Savings Act (116th Congress)
Sec. 306 - Retirement Savings Lost and Found	Requires the PBGC to update its existing online database of lost accounts to include the unclaimed accounts of all former employees worth \$6,000 or less. Employers would be allowed to transfer to the PBGC the retirement accounts of former employees with a balance of less than \$1,000. Employers could disburse accounts worth between \$1,000 and \$6,000, but they would be required to establish an IRA in the name of the former employee, as under present law. The PBGC would only be permitted to accept accounts worth less than \$1,000, and these accounts would be invested in U.S. Treasury securities. Effective on date of enactment.	Costs over \$400 million over 10 years	<a href="#">Modification of H.R. 7439; S. 4192, the Retirement Savings Lost and Found Act of 2020 (116th Congress)</a>
Sec. 307 - EPCRS Expansion	This provision would expand the EPCRS program to cover plan errors and IRAs as well as employer sponsored plans. It would also allow the IRS to waive the excise tax for RMDs when an IRA owner self-corrects the error within 180 days. Effective on date of enactment.	Costs \$40 million over 10 years	<a href="#">Section 302 of H.R. 4524, Chairman Neal's Retirement Plan Simplification and Enhancement Act of 2017 (115th Congress)</a>
Sec. 308 - Eliminate "First Day of the Month" Requirement for 457(b) plans	Consistent with the rules applicable to other employer-sponsored plans, this provision would allow employee participants in 457(b) plans to change their contributions at any time. Applies to taxable years beginning after the date of enactment.	Negligible revenue effect	Section 305 of S. 1431, Sens. Portman and Cardin's Retirement Security and Savings Act (116th Congress)

<p>Sec. 309 - Qualified Charitable Distribution Rule Modifications</p>	<p>The provision indexes the annual \$100,000 exclusion limit for inflation for taxable years beginning after 2021. Second, the proposal allows a taxpayer to elect for a taxable year to treat certain distributions from an IRA to a split-interest entity as if the contributions were made directly to a qualifying charity for purposes of the exclusion from gross income for qualified charitable distributions. Such an election may not have been in effect for a preceding taxable year; thus, the election may be made for only one taxable year during the taxpayer's lifetime. The aggregate amount of distributions of the taxpayer with respect to the election may not exceed \$50,000 (indexed for inflation for taxable years beginning after 2021).</p>	<p>Costs under \$2.3 billion over 10 years</p>	<p>Modification of Section 502 of S. 1431, Sens. Portman and Cardin's Retirement Security and Savings Act (116th Congress)</p>
<p>Sec. 310 - Firefighter Distributions</p>	<p>The provision amends the age 50 exception for qualified public safety employees in governmental plans so that the exception also applies to distributions from a qualified retirement plan or section 403(b) plan to an employee who provides firefighting services. Thus, the provision expands the age 50 exception to also apply to private-sector firefighters receiving distributions from a qualified retirement plan or section 403(b) plan. Effective for distributions made beginning in 2022.</p>	<p>Costs \$2 million over 10 years</p>	<p>Section 321 of S. 1431, Sens. Portman and Cardin's Retirement Security and Savings Act (116th Congress)</p>
<p>Sec. 311 - First Responder Retirement Plan Disability Payment Exclusion</p>	<p>Disability payments to first responders from retirement plans would be excluded from income. Effective for amounts received with respect to taxable years beginning in 2027.</p>	<p>Costs over \$2.5 billion over 10 years</p>	
<p>Sec. 312 - IRA Tax Penalties Statute of Limitations Clarification</p>	<p>Starts the statute of limitations on assessments on IRA penalties when the taxpayer files his or her individual tax return. Effective date of enactment.</p>	<p>Costs \$25 million over 10 years</p>	
<p>Sec. 313 - Paper Statement Mandate</p>	<p>Requires at least one quarterly benefit statement to be delivered on paper unless the participant opts-out of the paper requirement. The paper disclosure requirement is once every 3 years for defined benefit plans. Applies to plan years beginning in 2023.</p>	<p>Negligible revenue effect</p>	

Section 314 – Employers Can Exclude Employees Who Don't Meet Age and Service Requirements from Top-heavy Rules	If a top-heavy DC plan covers employees who do not meet the minimum age and service requirements under the Code, and the plan satisfies the top-heavy minimum contribution requirement separately with respect to such employees, such employees may be excluded from consideration in determining whether any plan of the employer satisfies the top-heavy minimum contribution requirement. Applies to plan years beginning after date of enactment.	Raises under \$400 million over 10 years	Section 106 of S. 1431, Sens. Portman and Cardin's Retirement Security and Savings Act (116th Congress)
Section 315 - Repayment of Qualified Birth or Adoption Distribution Limited to 3 Years	A recontribution of any portion of a qualified birth or adoption distribution, may, at any time during the three-year period beginning on the day after the date on which the distribution was received, be recontributed to an applicable eligible retirement plan to which a rollover can be made. The amendment made to this section will take effect as if included in the enactment of section 113 of the SECURE Act of 2019.	Negligible revenue effect	
Section 316 - Self-certification for Deemed Hardship Distributions	In determining whether a distribution is due to an employee hardship, the plan administrator of a section 401(k) plan or a section 403(b) plan may rely on the employee's certification that the distribution is on account of a financial need of a type that is deemed in Treasury regulations to be an immediate and heavy financial need. Effective for plan years beginning in 2022.	Raises over \$400 million over 10 years	
Section 317 - Penalty-free Withdrawals for Domestic Abuse Victims	Creates an exception to the 10% early-withdrawal tax in the case of an eligible distribution to a domestic abuse victim. Such eligible distributions may be recontributed to applicable eligible retirement plans, subject to certain requirements. Effective for distributions made after the date of enactment.	Costs under \$50 million over 10 years	

Section 318 - Family Attribution Rule Fixes	The provision updates old tax rules to reflect the modern economy and removes needless barriers to small business retirement plan formation, particularly for women business owners. Specifically, the legislation addresses two inequities in the stock attribution rules: 1) it removes attribution for spouses with separate and unrelated businesses who reside in community property states, and 2) it removes attribution between parents with separate and unrelated business who have minor children. Applies to plan years beginning on or after the date of enactment.	Costs over \$1 billion over 10 years	<a href="#">H.R. 2796, standalone bill introduced by Rep. Jimmy Panetta (D-CA, 20th) and Rep. Jodey Arrington (R-TX, 19th) (117th Congress)</a>
Section 319 - Allow More Time to Add Discretionary Plan Amendments to Increase Benefits	If an employer amends a stock bonus, pension, profit-sharing, or annuity plan to increase benefits accrued under the plan effective for the preceding plan year (other than increasing the amount of matching contributions), the amendment would not otherwise cause the plan to fail to meet any of qualification requirements, and the amendment is adopted before the time prescribed by law for filing the return of the employer for a taxable year (including extensions) during which the amendment is effective, the employer may elect to treat such amendment as having been adopted as of the last day of the plan year in which the amendment is effective. Applies to amendments made in plan years beginning after Dec. 31, 2022.	Negligible revenue effect	
Section 320 - Retroactive First-Year Elective Deferrals for Sole-Proprietors	In the case of an individual who owns the entire interest in an unincorporated trade or business, and who is the only employee of such trade or business, any elective deferral under a section 401(k) plan to which the preceding sentence applies which is made by such individual before the time for filing the return of such individual for the taxable year (determined without regard to any extensions) shall be treated as having been made before the end of the plan's first plan year. This extension of time would only apply to the first plan year in which the section 401(k) plan is established. Effective for plan years beginning after the date of enactment.	Negligible revenue effect	

Section 321 - Limiting Cessation of IRA Treatment to Portion of Account Involved in a Prohibited Transaction	The provision modifies the disqualification rule that applies when an IRA owner or beneficiary engages in a prohibited transaction so that only the portion of the IRA that is used in the prohibited transaction is treated as distributed to the individual. Applies to taxable years beginning after date of enactment.	Costs under \$50 million over 10 years	
<b>Title IV - Technical Amendments</b>			
Section 401 - SECURE Act technical corrections	Clarifies that all DB plan participants (other than 5% owners) who retire after the year they turn 70 ½ are entitled to an actuarial adjustment for the post-70 ½ period for which they are not receiving distributions. A second technical correction relates to a change to the excise tax on excess IRS contributions to reflect SECURE Section 116 difficulty-of-care payments. Third is a correction of an incorrect Code citation in SECURE Act Section 113 regarding qualified birth or adoption distributions. The amendments made by the proposal are effective as if included in the section of the SECURE Act to which the amendment relates.	Negligible revenue effect	
<b>Title V - Administrative Provisions</b>			
Section 501 - Plan Amendments	Allows plan amendments made pursuant to this bill to be made by the end of 2023 (2025 in the case of governmental plans) as long as the plan operates in accordance with such amendments as of the effective date of a bill requirement or amendment.	Negligible revenue effect	Section 601 of S. 1431, Sens. Portman and Cardin's Retirement Security and Savings Act (116th Congress)
<b>Title VI - Revenue Provisions</b>			
Section 601 - SIMPLE and SEP Roth IRAs	Under the provision, a SEP and a SIMPLE IRA are permitted to be designated as Roth IRAs. Applies to tax years beginning in 2022.	Raises over \$700 million over 10 years	

Section 602 - Hardship Rules for 403(b) Plans	The proposal conforms the hardship distribution rules for section 403(b) plans to those of section 401(k) plans. Thus, the proposal provides that in addition to elective deferrals, a section 403(b) plan may distribute, on account of an employee's hardship, qualified nonelective contributions, qualified matching contributions, and earnings on any of these contributions (including on elective deferrals). Effective for plan years beginning in 2022.	Raises over \$600 million over 10 years	
Section 603 - Catch-up Contributions Required to be Roth	Under the provision, a section 401(a) qualified plan, section 403(b) plan, or governmental section 457(b) plan that permits an eligible participant to make catch-up contributions must require such contributions to be designated Roth contributions. The provision does not apply to SIMPLEs or SEPs. Applies to taxable years beginning in 2022.	Raises over \$13.2 billion over 10 years	
Section 604 - Optional Treatment of Employer Matching Contributions as Roth Contributions	Under the provision, a section 401(a) qualified plan, a section 403(b) plan, or a governmental 457(b) plan may permit an employee to designate matching contributions as designated Roth contributions. An employer matching contribution that is a designated Roth contribution shall not be excludable from gross income. Applies to contributions made after the date of the enactment.	Raises over \$12.8 billion over 10 years	