

HR 4050

Retirement Plan Simplification and Enhancement Act of 2012

Congress: 112 (2011–2013, Ended)

Chamber: House

Policy Area: Labor and Employment

Introduced: Feb 16, 2012

Current Status: Referred to the Subcommittee on Health, Employment, Labor, and Pensions.

Latest Action: Referred to the Subcommittee on Health, Employment, Labor, and Pensions. (Mar 29, 2012)

Official Text: <https://www.congress.gov/bill/112th-congress/house-bill/4050>

Sponsor

Name: Rep. Neal, Richard E. [D-MA-2]

Party: Democratic • **State:** MA • **Chamber:** House

Cosponsors

No cosponsors are listed for this bill.

Committee Activity

Committee	Chamber	Activity	Date
Education and Workforce Committee	House	Referred to	Mar 29, 2012
Ways and Means Committee	House	Referred To	Feb 16, 2012

Subjects & Policy Tags

Policy Area:

Labor and Employment

Related Bills

Bill	Relationship	Last Action
112 S 3532	Related bill	Sep 12, 2012: Read twice and referred to the Committee on Finance. (text of measure as introduced: CR S6272-6273)
112 S 143	Related bill	Jan 25, 2011: Read twice and referred to the Committee on Finance.

Retirement Plan Simplification and Enhancement Act of 2012 - Amends the Internal Revenue Code to repeal the 10% cap on the qualified percentage of an employee's compensation as the standard for an employer's contribution to an automatic cash or deferred contribution arrangement under the alternative method for meeting nondiscrimination requirements. Authorizes regulations to increase the qualified percentage.

Revises the period of service requirements for a qualified cash or deferred arrangement to cover long-term part-time employees working at least 3 consecutive 12-month periods during each of which the employee has at least 500 hours of service.

Requires separate application of the rules for a top-heavy defined benefit plan (whose the present value of the accrued benefits [PVAB] for the highly-paid key employees exceeds 60% of the PVAB for all employees) to any defined contribution plan covering part-time employees who do not meet age and service requirements.

Increases from \$500 to \$1,500 the dollar limitation on the small employer pension plan startup cost tax credit for each of the first three credit years.

Directs the Secretaries of the Treasury and of Labor to prescribe administrative guidance establishing conditions allowing the use of a multiple employer plan.

Directs the Government Accountability Office (GAO) to study the feasibility and desirability of extending the application of spousal consent requirements to defined contribution plans to which they do not currently apply.

Amends the Employee Retirement Income Security Act of 1974 (ERISA) to authorize an employee benefit plan to allow a named fiduciary, or a fiduciary designated by a named fiduciary, to appoint an annuity administrator for an individual account plan.

Directs the Secretary of the Treasury to issue final regulations stating that any specified age or service condition (or combination of such conditions) with respect to a lifetime income investment under a defined contribution plan shall be disregarded in determining whether the lifetime income investment is currently available for distribution to the employee.

Amends the Code to allow an Individual Retirement Account (IRA) to be invested in a life insurance contract rolled over to an IRA from a qualified retirement plan if the contract provides only incidental death benefits.

Declares that a trust forming part of a defined contribution plan shall not be treated as failing to constitute a qualified trust solely by reason of allowing after a certain date as portable lifetime income options: (1) qualified distributions of a lifetime income investment, or (2) distributions of a lifetime income investment in the form of a qualified plan distribution annuity contract.

Exempts from mandatory minimum plan distributions an employee whose aggregate retirement savings do not exceed \$100,000.

Amends ERISA to require the furnishing by paper, website, or other electronic communication of any pension plan documents or materials that must be furnished to a plan participant, beneficiary, or other individual.

Directs the Secretary of the Treasury to modify the Employee Plans Compliance Resolution System to correct plan loan, minimum distribution, and other errors.

Amends the Code to allow matching contributions or nonelective contributions (safe harbor contributions) to satisfy certain requirements even though they are funded in whole or in part by forfeitures.

Amends ERISA to specify the meaning of a substantial cessation of operations by an employer with respect to liability for termination of single-employer plans under a distress termination or a termination by a corporation.

Amends the Code to declare that an organization otherwise eligible to participate in a church plan shall not be aggregated with another such organization and treated as a single employer with it unless: (1) one organization provides directly or indirectly at least 80% of the operating funds for the other one during the recipient's preceding tax year, and (2) there is a degree of common management or supervision between the organizations.

Revises the prohibition against discrimination in favor of highly compensated employees by contributions or benefits provided under qualified pension, profit-sharing, and stock bonus plans. Extends certain protections to older, longer service participants.

Requires the Secretary of Labor, the Secretary of the Treasury, and the Pension Benefit Guaranty Corporation (PBGC) to review and report to the appropriate congressional committees on the reporting and disclosure requirements of ERISA applicable to pension plans and of the Code applicable to qualified retirement plans.

Directs the Secretaries of Labor and of the Treasury to adopt final regulations allowing, but not requiring, a plan to consolidate into a single notice two or more of the notices required by ERISA, the Code, and related regulations.

Actions Timeline

- **Mar 29, 2012:** Referred to the Subcommittee on Health, Employment, Labor, and Pensions.
- **Feb 16, 2012:** Introduced in House
- **Feb 16, 2012:** Sponsor introductory remarks on measure. (CR H807)
- **Feb 16, 2012:** Referred to the Committee on Ways and Means, and in addition to the Committee on Education and the Workforce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.