

1 **TITLE VI—AMENDMENTS TO THE**  
2 **EMPLOYEE RETIREMENT IN-**  
3 **COME SECURITY ACT OF 1974**  
4 **Subtitle A—Expanding Coverage**  
5 **and Increasing Portability**

6 **SEC. 601. PLAN LOANS FOR SUBCHAPTER S OWNERS, PART-**  
7 **ners, AND SOLE PROPRIETORS.**

8 (a) IN GENERAL.—Paragraph (2) of section 408(d)  
9 of the Employee Retirement Income Security Act of 1974  
10 (29 U.S.C. 1108(d)(2)) is amended by adding at the end  
11 the following new subparagraph:

12 “(C) For purposes paragraph (1)(A), the term  
13 ‘owner-employee’ shall only include a person described in  
14 clause (ii) or (iii) of subparagraph (A).”

15 (b) EFFECTIVE DATE.—The amendment made by  
16 this section shall apply to loans made after December 31,  
17 2000.

18 **SEC. 602. REDUCED PBGC PREMIUM FOR NEW PLANS OF**  
19 **SMALL EMPLOYERS.**

20 (a) IN GENERAL.—Subparagraph (A) of section  
21 4006(a)(3) of the Employee Retirement Income Security  
22 Act of 1974 (29 U.S.C. 1306(a)(3)(A)) is amended—

23 (1) in clause (i), by inserting “other than a new  
24 single-employer plan (as defined in subparagraph

1 (F)) maintained by a small employer (as so de-  
2 fined),” after “single-employer plan,”

3 (2) in clause (iii), by striking the period at the  
4 end and inserting “, and”, and

5 (3) by adding at the end the following new  
6 clause:

7 “(iv) in the case of a new single-employer plan  
8 (as defined in subparagraph (F)) maintained by a  
9 small employer (as so defined) for the plan year, \$5  
10 for each individual who is a participant in such plan  
11 during the plan year.”.

12 (b) DEFINITION OF NEW SINGLE-EMPLOYER  
13 PLAN.—Section 4006(a)(3) of the Employee Retirement  
14 Income Security Act of 1974 (29 U.S.C. 1306(a)(3)) is  
15 amended by adding at the end the following new subpara-  
16 graph:

17 “(F)(i) For purposes of this paragraph, a single-em-  
18 ployer plan maintained by a contributing sponsor shall be  
19 treated as a new single-employer plan for each of its first  
20 5 plan years if, during the 36-month period ending on the  
21 date of the adoption of such plan, the sponsor or any  
22 member of such sponsor’s controlled group (or any prede-  
23 cessor of either) had not established or maintained a plan  
24 to which this title applies with respect to which benefits

1 were accrued for substantially the same employees as are  
2 in the new single-employer plan.

3 “(ii)(I) For purposes of this paragraph, the term  
4 ‘small employer’ means an employer which on the first day  
5 of any plan year has, in aggregation with all members of  
6 the controlled group of such employer, 100 or fewer em-  
7 ployees.

8 “(II) In the case of a plan maintained by 2 or more  
9 contributing sponsors that are not part of the same con-  
10 trolled group, the employees of all contributing sponsors  
11 and controlled groups of such sponsors shall be aggregated  
12 for purposes of determining whether any contributing  
13 sponsor is a small employer.”.

14 (c) EFFECTIVE DATE.—The amendments made by  
15 this section shall apply to plans established after Decem-  
16 ber 31, 2000.

17 **SEC. 603. REDUCTION OF ADDITIONAL PBGC PREMIUM FOR**  
18 **NEW AND SMALL PLANS.**

19 (a) NEW PLANS.—Subparagraph (E) of section  
20 4006(a)(3) of the Employee Retirement Income Security  
21 Act of 1974 (29 U.S.C. 1306(a)(3)(E)) is amended by  
22 adding at the end the following new clause:

23 “(v) In the case of a new defined benefit plan, the  
24 amount determined under clause (ii) for any plan year  
25 shall be an amount equal to the product of the amount

1 determined under clause (ii) and the applicable percent-  
2 age. For purposes of this clause, the term ‘applicable per-  
3 centage’ means—

4 “(I) 0 percent, for the first plan year.

5 “(II) 20 percent, for the second plan year.

6 “(III) 40 percent, for the third plan year.

7 “(IV) 60 percent, for the fourth plan year.

8 “(V) 80 percent, for the fifth plan year.

9 For purposes of this clause, a defined benefit plan (as de-  
10 fined in section 3(35)) maintained by a contributing spon-  
11 sor shall be treated as a new defined benefit plan for its  
12 first 5 plan years if, during the 36-month period ending  
13 on the date of the adoption of the plan, the sponsor and  
14 each member of any controlled group including the spon-  
15 sor (or any predecessor of either) did not establish or  
16 maintain a plan to which this title applies with respect  
17 to which benefits were accrued for substantially the same  
18 employees as are in the new plan.”.

19 (b) SMALL PLANS.—Paragraph (3) of section  
20 4006(a) of the Employee Retirement Income Security Act  
21 of 1974 (29 U.S.C. 1306(a)) is amended—

22 (1) in subparagraph (E)(i) by striking “The”  
23 and inserting “Except as provided in subparagraph  
24 (G), the”, and

1           (2) by inserting after subparagraph (F) the fol-  
2           lowing new subparagraph:

3           “(G)(i) In the case of an employer who has 25 or  
4           fewer employees on the first day of the plan year, the addi-  
5           tional premium determined under subparagraph (E) for  
6           each participant shall not exceed \$5 multiplied by the  
7           number of participants in the plan as of the close of the  
8           preceding plan year.

9           “(ii) For purposes of clause (i), whether an employer  
10          has 25 or fewer employees on the first day of the plan  
11          year is determined taking into consideration all of the em-  
12          ployees of all members of the contributing sponsor’s con-  
13          trolled group. In the case of a plan maintained by 2 or  
14          more contributing sponsors, the employees of all contrib-  
15          uting sponsors and their controlled groups shall be aggre-  
16          gated for purposes of determining whether 25-or-fewer-  
17          employees limitation has been satisfied.”.

18          (c) EFFECTIVE DATES.—

19               (1) SUBSECTION (a).—The amendments made  
20               by subsection (a) shall apply to plans established  
21               after December 31, 2000.

22               (2) SUBSECTION (b).—The amendments made  
23               by subsection (b) shall apply to plan years beginning  
24               after December 31, 2000.

1 **SEC. 604. FASTER VESTING OF CERTAIN EMPLOYER**  
2 **MATCHING CONTRIBUTIONS.**

3 (a) IN GENERAL.—Section 203(a) of the Employee  
4 Retirement Income Security Act of 1974 (29 U.S.C.  
5 1053(a)) is amended—

6 (1) in paragraph (2), by striking “A plan” and  
7 inserting “Except as provided in paragraph (4), a  
8 plan”, and

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

10 “(4) FASTER VESTING FOR MATCHING CON-  
11 TRIBUTIONS.—In the case of matching contributions  
12 (as defined in section 401(m)(4)(A) of the Internal  
13 Revenue Code of 1986), paragraph (2) shall be  
14 applied—

15 “(A) by substituting ‘3 years’ for ‘5 years’  
16 in subparagraph (A), and

17 “(B) by substituting the following table for  
18 the table contained in subparagraph (B):

<b>“Years of service:</b>	<b>The nonforfeitable percentage is:</b>
2 .....	20
3 .....	40
4 .....	60
5 .....	80
6 or more .....	100.”.

19 (b) EFFECTIVE DATES.—

20 (1) IN GENERAL.—Except as provided in para-  
21 graph (2), the amendments made by this section

1 shall apply to plan years beginning after December  
2 31, 2000.

3 (2) COLLECTIVE BARGAINING AGREEMENTS.—

4 In the case of a plan maintained pursuant to 1 or  
5 more collective bargaining agreements between em-  
6 ployee representatives and 1 or more employers rati-  
7 fied by the date of enactment of this Act, the  
8 amendments made by this section shall not apply to  
9 plan years beginning before the earlier of—

10 (A) the later of—

11 (i) the date on which the last of such  
12 collective bargaining agreements termi-  
13 nates (determined without regard to any  
14 extension thereof on or after such date of  
15 enactment), or

16 (ii) January 1, 2001, or

17 (B) January 1, 2005.

18 (3) SERVICE REQUIRED.—With respect to any  
19 plan, the amendments made by this section shall not  
20 apply to any employee before the date that such em-  
21 ployee has 1 hour of service under such plan in any  
22 plan year to which the amendments made by this  
23 section apply.

1 **SEC. 605. TREATMENT OF FORMS OF DISTRIBUTION.**

2 (a) IN GENERAL.—Subsection (g) of section 204 of  
3 the Employee Retirement Income Security Act of 1974  
4 (29 U.S.C. 1054) is amended—

5 (1) in paragraph (2), by striking the last sen-  
6 tence and inserting the following: “The Secretary of  
7 the Treasury may by regulations provide that this  
8 paragraph shall not apply to any plan amendment  
9 that does not adversely affect the rights of partici-  
10 pants in a material manner.”; and

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

12 “(4)(A) A defined contribution plan (in this subpara-  
13 graph referred to as the ‘transferee plan’) shall not be  
14 treated as failing to meet the requirements of this sub-  
15 section merely because the transferee plan does not pro-  
16 vide some or all of the forms of distribution previously  
17 available under another defined contribution plan (in this  
18 paragraph referred to as the ‘transferor plan’) to the ex-  
19 tent that—

20 “(i) the forms of distribution previously avail-  
21 able under the transferor plan applied to the account  
22 of a participant or beneficiary under the transferor  
23 plan that was transferred from the transferor plan  
24 to the transferee plan pursuant to a direct transfer  
25 rather than pursuant to a distribution from the  
26 transferor plan;

1           “(ii) the terms of both the transferor plan and  
2           the transferee plan authorize the transfer described  
3           in clause (i);

4           “(iii) the transfer described in clause (i) was  
5           made pursuant to a voluntary election by the partici-  
6           pant or beneficiary whose account was transferred to  
7           the transferee plan;

8           “(iv) the election described in clause (iii) was  
9           made after the participant or beneficiary received a  
10          notice describing the consequences of making the  
11          election;

12          “(v) if the transferor plan provides for an annu-  
13          ity as the normal form of distribution under the plan  
14          in accordance with section 205, the transfer is made  
15          with the consent of the participant’s spouse (if any),  
16          and such consent meets requirements similar to the  
17          requirements imposed by section 205(c)(2); and

18          “(vi) the transferee plan allows the participant  
19          or beneficiary described in clause (iii) to receive any  
20          distribution which the participant or beneficiary is  
21          entitled under the transferee plan in the form of a  
22          single sum distribution.

23          “(B) Subparagraph (A) shall apply to plan mergers  
24          and other transactions having the effect of a direct trans-

1 fer, including consolidations of benefits attributable to dif-  
2 ferent employers within a multiple employer plan.

3 “(5) Except to the extent provided in regulations, a  
4 defined contribution plan shall not be treated as failing  
5 to meet the requirements of this section merely because  
6 of the elimination of a form of distribution previously  
7 available thereunder. This paragraph shall not apply to  
8 the elimination of a form of distribution with respect to  
9 any participant unless—

10 “(A) a single sum payment is available to such  
11 participant at the same time or times as the form  
12 of distribution being eliminated; and

13 “(B) such single sum payment is based on the  
14 same or greater portion of the participant’s account  
15 as the form of distribution being eliminated.”.

16 (b) REGULATIONS.—Not later than December 31,  
17 2001, the Secretary of the Treasury is directed to issue  
18 final regulations under section 204(g) of the Employee Re-  
19 tirement Income Security Act of 1974. Such regulations  
20 shall apply to plan years beginning after December 31,  
21 2001 or such earlier date as is specified by the Secretary  
22 of the Treasury.

23 (c) EFFECTIVE DATE.—The amendments made by  
24 this section shall apply to years beginning after December  
25 31, 2000.

1 **SEC. 606. EMPLOYERS MAY DISREGARD ROLLOVERS FOR**  
2 **PURPOSES OF CASH-OUT AMOUNTS.**

3 (a) IN GENERAL.—Section 203(e) of the Employee  
4 Retirement Income Security Act of 1974 (29 U.S.C.  
5 1053(e)) is amended by adding at the end the following:

6 “(4) A plan shall not fail to meet the requirements  
7 of this subsection if, under the terms of the plan, the  
8 present value of the nonforfeitable accrued benefit is de-  
9 termined without regard to that portion of such benefit  
10 which is attributable to rollover contributions (and earn-  
11 ings allocable thereto). For purposes of this paragraph,  
12 the term ‘rollover contributions’ means any rollover con-  
13 tribution under section 402(c), 403(a)(4), 403(b)(8),  
14 408(d)(3)(A)(ii), or 457(e)(16) of the Internal Revenue  
15 Code of 1986.”.

16 (b) EFFECTIVE DATE.—The amendments made by  
17 this section shall apply to distributions after December 31,  
18 2000.

19 **Subtitle B—Strengthening Pension**  
20 **Security and Enforcement**

21 **SEC. 611. REPEAL OF 150 PERCENT OF CURRENT LIABILITY**  
22 **FUNDING LIMIT.**

23 (a) IN GENERAL.—Section 302(c)(7) of the Em-  
24 ployee Retirement Income Security Act of 1974 (29  
25 U.S.C. 1082(c)(7)) is amended—

1 (1) by striking “the applicable percentage” in  
2 subparagraph (A)(i)(I) and inserting “in the case of  
3 plan years beginning before January 1, 2004, the  
4 applicable percentage”, and

5 (2) by amending subparagraph (F) to read as  
6 follows:

7 “(F) APPLICABLE PERCENTAGE.—For purposes  
8 of subparagraph (A)(i)(I), the applicable percentage  
9 shall be determined in accordance with the following  
10 table:

<b>“In the case of any plan year beginning in—</b>	<b>The applicable percentage is—</b>
2001 .....	160
2002 .....	165
2003 .....	170.”.

11 (b) EFFECTIVE DATE.—The amendments made by  
12 this section shall apply to plan years beginning after De-  
13 cember 31, 2000.

14 **SEC. 612. MISSING PARTICIPANTS.**

15 (a) IN GENERAL.—Section 4050 of the Employee Re-  
16 tirement Income Security Act of 1974 (29 U.S.C. 1350)  
17 is amended by redesignating subsection (c) as subsection  
18 (e) and by inserting after subsection (b) the following:

19 “(c) MULTIEMPLOYER PLANS.—The corporation  
20 shall prescribe rules similar to the rules in subsection (a)  
21 for multiemployer plans covered by this title that termi-  
22 nate under section 4041A.

23 “(d) PLANS NOT OTHERWISE SUBJECT TO TITLE.—

1           “(1) TRANSFER TO CORPORATION.—The plan  
2 administrator of a plan described in paragraph (4)  
3 may elect to transfer a missing participant’s benefits  
4 to the corporation upon termination of the plan.

5           “(2) INFORMATION TO THE CORPORATION.—To  
6 the extent provided in regulations, the plan adminis-  
7 trator of a plan described in paragraph (4) shall,  
8 upon termination of the plan, provide the corpora-  
9 tion information with respect to benefits of a miss-  
10 ing participant if the plan transfers such benefits—

11                   “(A) to the corporation, or

12                   “(B) to an entity other than the corpora-  
13 tion or a plan described in paragraph (4)(B)(ii).

14           “(3) PAYMENT BY THE CORPORATION.—If ben-  
15 efits of a missing participant were transferred to the  
16 corporation under paragraph (1), the corporation  
17 shall, upon location of the participant or beneficiary,  
18 pay to the participant or beneficiary the amount  
19 transferred (or the appropriate survivor benefit)  
20 either—

21                   “(A) in a single sum (plus interest), or

22                   “(B) in such other form as is specified in  
23 regulations of the corporation.

24           “(4) PLANS DESCRIBED.—A plan is described  
25 in this paragraph if—

1                   “(A) the plan is a pension plan (within the  
2                   meaning of section 3(2))—

3                   “(i) to which the provisions of this  
4                   section do not apply (without regard to  
5                   this subsection), and

6                   “(ii) which is not a plan described in  
7                   paragraphs (2) through (11) of section  
8                   4021(b), and

9                   “(B) at the time the assets are to be dis-  
10                  tributed upon termination, the plan—

11                  “(i) has missing participants, and

12                  “(ii) has not provided for the transfer  
13                  of assets to pay the benefits of all missing  
14                  participants to another pension plan (with-  
15                  in the meaning of section 3(2)).

16                  “(5) CERTAIN PROVISIONS NOT TO APPLY.—  
17                  Subsections (a)(1) and (a)(3) shall not apply to a  
18                  plan described in paragraph (4).”.

19                  (b) CONFORMING AMENDMENTS.—

20                  (1) Section 206(f) of the Employee Retirement  
21                  Income Security Act of 1974 (29 U.S.C. 1056(f)) is  
22                  amended—

23                  (A) by striking “title IV” and inserting  
24                  “section 4050”, and

1 (B) by striking “the plan shall provide  
2 that”.

3 (2) Section 401(a)(34) of such Act (relating to  
4 benefits of missing participants on plan termination)  
5 is amended by striking “title IV” and inserting “sec-  
6 tion 4050”.

7 (c) EFFECTIVE DATE.—The amendments made by  
8 this section shall apply to distributions made after final  
9 regulations implementing subsections (c) and (d) of sec-  
10 tion 4050 of the Employee Retirement Income Security  
11 Act of 1974 (as added by subsection (a)), respectively, are  
12 prescribed.

13 **SEC. 613. PERIODIC PENSION BENEFITS STATEMENTS.**

14 (a) IN GENERAL.—Section 105(a) of the Employee  
15 Retirement Income Security Act of 1974 (29 U.S.C. 1025  
16 (a)) is amended to read as follows:

17 “(a)(1) Except as provided in paragraph (2)—

18 “(A) The administrator of an individual ac-  
19 count plan shall furnish a pension benefit  
20 statement—

21 “(i) to a plan participant at least once an-  
22 nually, and

23 “(ii) to a plan beneficiary upon written re-  
24 quest.

1           “(B) The administrator of a defined benefit  
2 plan shall furnish a pension benefit statement—

3                   “(i) at least once every 3 years to each  
4 participant with a nonforfeitable accrued ben-  
5 efit who is employed by the employer maintain-  
6 ing the plan at the time the statement is fur-  
7 nished to participants, and

8                   “(ii) to a participant or beneficiary of the  
9 plan upon written request.

10           “(2) Notwithstanding paragraph (1), the adminis-  
11 trator of a plan to which more than 1 unaffiliated em-  
12 ployer is required to contribute shall only be required to  
13 furnish a pension benefit statement under paragraph (1)  
14 upon the written request of a participant or beneficiary  
15 of the plan.

16           “(3) A pension benefit statement under paragraph  
17 (1)—

18                   “(A) shall indicate, on the basis of the latest  
19 available information—

20                           “(i) the total benefits accrued, and

21                           “(ii) the nonforfeitable pension benefits, if  
22 any, which have accrued, or the earliest date on  
23 which benefits will become nonforfeitable,

1           “(B) shall be communicated in a manner cal-  
2           culated to be understood by the average plan partici-  
3           pant, and

4           “(C) may be provided in written, electronic, tel-  
5           ephonic, or other appropriate form.

6           “(4) In the case of a defined benefit plan, the require-  
7           ments of paragraph (1)(B)(i) shall be treated as met with  
8           respect to a participant if the administrator provides the  
9           participant at least once each year with notice of the avail-  
10          ability of the pension benefit statement and the ways in  
11          which the participant may obtain such statement. Such  
12          notice shall be provided in written, electronic, telephonic,  
13          or other appropriate form, and may be included with other  
14          communications to the participant if done in a manner  
15          reasonably designed to attract the attention of the partici-  
16          pant.”.

17          (b) CONFORMING AMENDMENTS.—

18                 (1) Section 105 of the Employee Retirement In-  
19                 come Security Act of 1974 (29 U.S.C. 1025) is  
20                 amended by striking subsection (d).

21                 (2) Section 105(b) of such Act (29 U.S.C.  
22                 1025(b)) is amended to read as follows:

23                 “(b) In no case shall a participant or beneficiary of  
24                 a plan be entitled to more than one statement described

1 in subsection (a)(1)(A) or (a)(1)(B)(ii), whichever is appli-  
2 cable, in any 12-month period.”.

3 (c) EFFECTIVE DATE.—The amendments made by  
4 this section shall apply to plan years beginning after De-  
5 cember 31, 2000.

6 **SEC. 614. CIVIL PENALTIES FOR BREACH OF FIDUCIARY**  
7 **RESPONSIBILITY.**

8 (a) IMPOSITION AND AMOUNT OF PENALTY MADE  
9 DISCRETIONARY.—Section 502(l)(1) of the Employee Re-  
10 tirement Income Security Act of 1974 (29 U.S.C.  
11 1132(l)(1)) is amended—

12 (1) by striking “shall” and inserting “may”,  
13 and

14 (2) by striking “equal to” and inserting “not  
15 greater than”.

16 (b) APPLICABLE RECOVERY AMOUNT.—Section  
17 502(l)(2) of such Act (29 U.S.C. 1132(l)(2)) is amended  
18 to read as follows:

19 “(2) For purposes of paragraph (1), the term ‘appli-  
20 cable recovery amount’ means any amount which is recov-  
21 ered from any fiduciary or other person (or from any other  
22 person on behalf of any such fiduciary or other person)  
23 with respect to a breach or violation described in para-  
24 graph (1) on or after the 30th day following receipt by  
25 such fiduciary or other person of written notice from the

1 Secretary of the violation, whether paid voluntarily or by  
2 order of a court in a judicial proceeding instituted by the  
3 Secretary under subsection (a)(2) or (a)(5). The Secretary  
4 may, in the Secretary's sole discretion, extend the 30-day  
5 period described in the preceding sentence.”.

6 (c) OTHER RULES.—Section 502(l) of the Employee  
7 Retirement Income Security Act of 1974 (29 U.S.C.  
8 1132(l)) is amended by adding at the end the following:

9 “(5) A person shall be jointly and severally liable for  
10 the penalty described in paragraph (1) to the same extent  
11 that such person is jointly and severally liable for the ap-  
12 plicable recovery amount on which the penalty is based.

13 “(6) No penalty shall be assessed under this sub-  
14 section unless the person against whom the penalty is as-  
15 sessed is given notice and opportunity for a hearing with  
16 respect to the violation and applicable recovery amount.”.

17 (d) EFFECTIVE DATES.—

18 (1) IN GENERAL.—The amendments made by  
19 this section shall apply to any breach of fiduciary re-  
20 sponsibility or other violation of part 4 of subtitle B  
21 of title I of the Employee Retirement Income Secu-  
22 rity Act of 1974 occurring on or after the date of  
23 enactment of this Act.

24 (2) TRANSITION RULE.—In applying the  
25 amendment made by subsection (b) (relating to ap-

1 plicable recovery amount), a breach or other viola-  
2 tion occurring before the date of enactment of this  
3 Act which continues after the 180th day after such  
4 date (and which may have been discontinued at any  
5 time during its existence) shall be treated as having  
6 occurred after such date of enactment.

7 **SEC. 615. PROTECTION OF INVESTMENT OF EMPLOYEE**  
8 **CONTRIBUTIONS TO 401(K) PLANS.**

9 (a) IN GENERAL.—Section 1524(b) of the Taxpayer  
10 Relief Act of 1997 is amended to read as follows:

11 “(b) EFFECTIVE DATE.—

12 “(1) IN GENERAL.—Except as provided in para-  
13 graph (2), the amendments made by this section  
14 shall apply to elective deferrals for plan years begin-  
15 ning after December 31, 1998.

16 “(2) NONAPPLICATION TO PREVIOUSLY AC-  
17 QUIRED PROPERTY.—The amendments made by this  
18 section shall not apply to any elective deferral that  
19 is invested in assets consisting of qualifying em-  
20 ployer securities, qualifying employer real property,  
21 or both, if such assets were acquired by the plan be-  
22 fore January 1, 1999.”.

23 (b) EFFECTIVE DATE.—The amendment made by  
24 this section shall apply as if included in the provision of  
25 the Taxpayer Relief Act of 1997 to which it relates.

1 **SEC. 616. NOTICE OF SIGNIFICANT REDUCTION IN BENEFIT**

2 **ACCRUALS.**

3 (a) IN GENERAL.—Subsection (h) of section 204 of  
4 the Employee Retirement Income Security Act of 1974  
5 (29 U.S.C. 1054) is amended to read as follows:

6 “(h) NOTICE OF SIGNIFICANT REDUCTION IN BEN-  
7 EFIT ACCRUALS.—

8 “(1) If a plan described in paragraph (4) is  
9 amended to provide for a significant reduction in the  
10 rate of future benefit accrual, the plan administrator  
11 shall provide a notice to—

12 “(A) each affected participant in the plan,

13 “(B) each affected beneficiary who is an  
14 alternate payee (within the meaning of section  
15 206(d)(3)(K)) under an applicable qualified do-  
16 mestic relations order (within the meaning of  
17 section 206(d)(3)(B)(i)), and

18 “(C) each employee organization rep-  
19 resenting affected participants in the plan, ex-  
20 cept that such notice shall instead be provided  
21 to a person designated to receive such notice on  
22 behalf of any person referred to in paragraph  
23 (A), (B), or (C). For purposes of this para-  
24 graph, an affected participant or beneficiary is  
25 a participant or beneficiary to whom the signifi-

1           cant reduction described in this paragraph is  
2           reasonably expected to apply.

3           “(2) The notice required by paragraph (1)  
4           shall—

5                   “(A) include the plan amendment, or a  
6                   summary of such plan amendment, and its ef-  
7                   fective date, and

8                   “(B) provide a notification and description  
9                   of the reduction described in paragraph (1).

10          A notification and description shall not fail to satisfy  
11          paragraph (2)(B) by reason of a failure to provide  
12          the specific amount of the reduction with respect to  
13          any participant or beneficiary.

14               “(3) The notice required by paragraph (1) shall  
15          be provided no less than 30 days prior to the effec-  
16          tive date of the plan amendment.

17               “(4) A plan is described in this paragraph if  
18          such plan is—

19                   “(A) a defined benefit plan, or

20                   “(B) an individual account plan which is  
21                   subject to the funding standards of section 302.

22               “(5) In the case of a material failure to comply  
23          with requirements of this subsection with respect to  
24          more than a de minimis number of persons described  
25          in paragraph (1), the plan amendment to which the

1 failure relates shall not be effective with respect to  
2 such persons for any period prior to the expiration  
3 of 30 days following the date on which a notice is  
4 provided in accordance with this subsection. For  
5 purposes of this paragraph, the term ‘material fail-  
6 ure’ includes any failure that results in materially  
7 less information being provided to the persons de-  
8 scribed in paragraph (1).”.

9 (b) EFFECTIVE DATE.—The amendments made by  
10 this section shall apply to plan amendments that are  
11 adopted more than 120 days after the date of enactment  
12 of this Act.

13 **SEC. 617. TECHNICAL CORRECTIONS TO SAVER ACT.**

14 Section 517 of the Employee Retirement Income Se-  
15 curity Act of 1974 (29 U.S.C. 1147) is amended—

16 (1) in subsection (a), by striking “2001 and  
17 2005 on or after September 1 of each year involved”  
18 and inserting “2001, 2005, and 2009 in the month  
19 of September of each year involved”;

20 (2) in subsection (b), by adding at the end the  
21 following new sentence: “To effectuate the purposes  
22 of this paragraph, the Secretary may enter into a co-  
23 operative agreement, pursuant to the Federal Grant  
24 and Cooperative Agreement Act of 1977 (31 U.S.C.

1       6301 et seq.), with the American Savings Education  
2       Council.”;

3               (3) in subsection (e)(2)—

4                       (A) by striking “Committee on Labor and  
5                       Human Resources” in subparagraph (B) and  
6                       inserting “Committee on Health, Education,  
7                       Labor, and Pensions”;

8                       (B) by striking subparagraph (D) and in-  
9                       serting the following:

10                      “(D) the Chairman and Ranking Member  
11                      of the Subcommittee on Labor, Health and  
12                      Human Services, and Education of the Com-  
13                      mittee on Appropriations of the House of Rep-  
14                      resentatives and the Chairman and Ranking  
15                      Member of the Subcommittee on Labor, Health  
16                      and Human Services, and Education of the  
17                      Committee on Appropriations of the Senate;”;

18                      (C) by redesignating subparagraph (G) as  
19                      subparagraph (J); and

20                      (D) by inserting after subparagraph (F)  
21                      the following new subparagraphs:

22                      “(G) the Chairman and Ranking Member  
23                      of the Committee on Finance of the Senate;

1           “(H) the Chairman and Ranking Member  
2 of the Committee on Ways and Means of the  
3 House of Representatives;

4           “(I) the Chairman and Ranking Member  
5 of the Subcommittee on Employer-Employee  
6 Relations of the Committee on Education and  
7 the Workforce of the House of Representatives;  
8 and”;

9 (4) in subsection (e)(3)(A)—

10           (A) by striking “There shall be no more  
11 than 200 additional participants.” and inserting  
12 “The participants in the National Summit shall  
13 also include additional participants appointed  
14 under this subparagraph.”;

15           (B) by striking “one-half shall be ap-  
16 pointed by the President,” in clause (i) and in-  
17 serting “not more than 100 participants shall  
18 be appointed under this clause by the Presi-  
19 dent,”, and by striking “and” at the end of  
20 clause (i);

21           (C) by striking “one-half shall be ap-  
22 pointed by the elected leaders of Congress” in  
23 clause (ii) and inserting “not more than 100  
24 participants shall be appointed under this  
25 clause by the elected leaders of Congress”, and

1 by striking the period at the end of clause (ii)  
2 and inserting “; and”; and

3 (D) by adding at the end the following new  
4 clause:

5 “(iii) The President, in consultation  
6 with the elected leaders of Congress re-  
7 ferred to in subsection (a), may appoint  
8 under this clause additional participants to  
9 the National Summit. The number of such  
10 additional participants appointed under  
11 this clause may not exceed the lesser of 3  
12 percent of the total number of all addi-  
13 tional participants appointed under this  
14 paragraph, or 10. Such additional partici-  
15 pants shall be appointed from persons  
16 nominated by the organization referred to  
17 in subsection (b)(2) which is made up of  
18 private sector businesses and associations  
19 partnered with Government entities to pro-  
20 mote long term financial security in retire-  
21 ment through savings and with which the  
22 Secretary is required thereunder to consult  
23 and cooperate and shall not be Federal,  
24 State, or local government employees.”;

1 (5) in subsection (e)(3)(B), by striking “Janu-  
2 ary 31, 1998” in subparagraph (B) and inserting  
3 “May 1, 2001, May 1, 2005, and May 1, 2009, for  
4 each of the subsequent summits, respectively”;

5 (6) in subsection (f)(1)(C), by inserting “, no  
6 later than 90 days prior to the date of the com-  
7 mencement of the National Summit,” after “com-  
8 ment” in paragraph (1)(C);

9 (7) in subsection (g), by inserting “, in con-  
10 sultation with the congressional leaders specified in  
11 subsection (e)(2),” after “report”;

12 (8) in subsection (i)—

13 (A) by striking “beginning on or after Oc-  
14 tober 1, 1997” in paragraph (1) and inserting  
15 “2001, 2005, and 2009”; and

16 (B) by adding at the end the following new  
17 paragraph:

18 “(3) RECEPTION AND REPRESENTATION AU-  
19 THORITY.—The Secretary is hereby granted recep-  
20 tion and representation authority limited specifically  
21 to the events at the National Summit. The Secretary  
22 shall use any private contributions received in con-  
23 nection with the National Summit prior to using  
24 funds appropriated for purposes of the National  
25 Summit pursuant to this paragraph.”; and

1 (9) in subsection (k)—

2 (A) by striking “shall enter into a contract  
3 on a sole-source basis” and inserting “may  
4 enter into a contract on a sole-source basis”;  
5 and

6 (B) by striking “fiscal year 1998” and in-  
7 serting “fiscal years 2001, 2005, and 2009”.

8 **SEC. 618. CONFORMING AMENDMENTS RELATING TO**  
9 **TRANSFER OF EXCESS DEFINED BENEFIT**  
10 **PLAN ASSETS FOR RETIREE HEALTH BENE-**  
11 **FITS.**

12 (a) IN GENERAL.—Title I of the Employee Retire-  
13 ment Income Security Act of 1974 is amended—

14 (1) in section 101(e)(3) (29 U.S.C. 1021(e)(3)),  
15 by striking “1995” and inserting “2001”;

16 (2) in section 403(c)(1) (29 U.S.C. 1103(c)(1)),  
17 by striking “1995” and inserting “2001”; and

18 (3) in section 408(b)(13) (29 U.S.C.  
19 1108(b)(13))—

20 (A) by striking “in a taxable year begin-  
21 ning before January 1, 2001” and inserting  
22 “made before October 1, 2009”; and

23 (B) by striking “1995” and inserting  
24 “2001”.

1 (b) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply with respect to taxable years begin-  
3 ning after December 31, 2000.

4 **Subtitle C—Reducing Regulatory**  
5 **Burdens**

6 **SEC. 621. MODIFICATION OF TIMING OF PLAN VALUATIONS.**

7 (a) IN GENERAL.—Paragraph (9) of section 302(c)  
8 of the Employee Retirement Income Security Act of 1974  
9 (29 U.S.C. 1053(c)) is amended—

10 (1) by inserting “(A)” after “(9)”, and

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

12 “(B)(i) Except as provided in clause (ii), if, for any  
13 plan year—

14 “(I) an election is in effect under this subpara-  
15 graph with respect to a plan, and

16 “(II) the assets of the plan are not less than  
17 125 percent of the plan’s current liability (as defined  
18 in paragraph (7)(B)), determined as of the valuation  
19 date for the preceding plan year,

20 then this section shall be applied using the information  
21 available as of such valuation date.

22 “(ii)(I) Clause (i) shall not apply for more than 2  
23 consecutive plan years and valuation shall be under sub-  
24 paragraph (A) with respect to any plan year to which  
25 clause (i) does not apply by reason of this clause.

1           “(II) Subclause (I) shall not apply to the extent that  
2 more frequent valuations are required under the regula-  
3 tions under subparagraph (A).

4           “(iii) Information under clause (i) shall, in accord-  
5 ance with regulations, be actuarially adjusted to reflect  
6 significant differences in participants.

7           “(iv) An election under this subparagraph, once  
8 made, shall be irrevocable without the consent of the Sec-  
9 retary of the Treasury.”.

10           (b) EFFECTIVE DATE.—The amendments made by  
11 this section shall apply to plan years beginning after De-  
12 cember 31, 2000.

13 **SEC. 622. SUBSTANTIAL OWNER BENEFITS IN TERMINATED**  
14 **PLANS.**

15           (a) MODIFICATION OF PHASE-IN OF GUARANTEE.—  
16 Section 4022(b)(5) of the Employee Retirement Income  
17 Security Act of 1974 (29 U.S.C. 1322(b)(5)) is amended  
18 to read as follows:

19           “(5)(A) For purposes of this paragraph, the term  
20 ‘majority owner’ means an individual who, at any time  
21 during the 60-month period ending on the date the deter-  
22 mination is being made—

23                   “(i) owns the entire interest in an unincor-  
24 porated trade or business,

1           “(ii) in the case of a partnership, is a partner  
2           who owns, directly or indirectly, 50 percent or more  
3           of either the capital interest or the profits interest  
4           in such partnership, or

5           “(iii) in the case of a corporation, owns, directly  
6           or indirectly, 50 percent or more in value of either  
7           the voting stock of that corporation or all the stock  
8           of that corporation.

9 For purposes of clause (iii), the constructive ownership  
10 rules of section 1563(e) of the Internal Revenue Code of  
11 1986 shall apply (determined without regard to section  
12 1563(e)(3)(C)).

13           “(B) In the case of a participant who is a majority  
14 owner, the amount of benefits guaranteed under this sec-  
15 tion shall equal the product of—

16           “(i) a fraction (not to exceed 1) the numerator  
17           of which is the number of years from the later of the  
18           effective date or the adoption date of the plan to the  
19           termination date, and the denominator of which is  
20           10, and

21           “(ii) the amount of benefits that would be guar-  
22           anteed under this section if the participant were not  
23           a majority owner.”.

24           (b) MODIFICATION OF ALLOCATION OF ASSETS.—

1           (1) Section 4044(a)(4)(B) of the Employee Re-  
2           tirement Income Security Act of 1974 (29 U.S.C.  
3           1344(a)(4)(B)) is amended by striking “section  
4           4022(b)(5)” and inserting “section 4022(b)(5)(B)”.

5           (2) Section 4044(b) of such Act (29 U.S.C.  
6           1344(b)) is amended—

7           (A) by striking “(5)” in paragraph (2) and  
8           inserting “(4), (5),”, and

9           (B) by redesignating paragraphs (3)  
10           through (6) as paragraphs (4) through (7), re-  
11           spectively, and by inserting after paragraph (2)  
12           the following:

13           “(3) If assets available for allocation under  
14           paragraph (4) of subsection (a) are insufficient to  
15           satisfy in full the benefits of all individuals who are  
16           described in that paragraph, the assets shall be allo-  
17           cated first to benefits described in subparagraph (A)  
18           of that paragraph. Any remaining assets shall then  
19           be allocated to benefits described in subparagraph  
20           (B) of that paragraph. If assets allocated to such  
21           subparagraph (B) are insufficient to satisfy in full  
22           the benefits described in that subparagraph, the as-  
23           sets shall be allocated pro rata among individuals on  
24           the basis of the present value (as of the termination

1 date) of their respective benefits described in that  
2 subparagraph.”.

3 (c) CONFORMING AMENDMENTS.—

4 (1) Section 4021 of the Employee Retirement  
5 Income Security Act of 1974 (29 U.S.C. 1321) is  
6 amended—

7 (A) in subsection (b)(9), by striking “as  
8 defined in section 4022(b)(6)”, and

9 (B) by adding at the end the following:

10 “(d) For purposes of subsection (b)(9), the term  
11 “substantial owner” means an individual who, at any time  
12 during the 60-month period ending on the date the deter-  
13 mination is being made—

14 “(1) owns the entire interest in an unincor-  
15 porated trade or business,

16 “(2) in the case of a partnership, is a partner  
17 who owns, directly or indirectly, more than 10 per-  
18 cent of either the capital interest or the profits inter-  
19 est in such partnership, or

20 “(3) in the case of a corporation, owns, directly  
21 or indirectly, more than 10 percent in value of either  
22 the voting stock of that corporation or all the stock  
23 of that corporation.

24 For purposes of paragraph (3), the constructive ownership  
25 rules of section 1563(e) of the Internal Revenue Code of

1 1986 shall apply (determined without regard to section  
2 1563(e)(3)(C)).”.

3 (2) Section 4043(c)(7) of such Act (29 U.S.C.  
4 1343(c)(7)) is amended by striking “section 4022(b)(6)”  
5 and inserting “section 4021(d)”.

6 (d) EFFECTIVE DATES.—

7 (1) IN GENERAL.—Except as provided in para-  
8 graph (2), the amendments made by this section  
9 shall apply to plan terminations—

10 (A) under section 4041(c) of the Employee  
11 Retirement Income Security Act of 1974 (29  
12 U.S.C. 1341(c)) with respect to which notices  
13 of intent to terminate are provided under sec-  
14 tion 4041(a)(2) of such Act (29 U.S.C.  
15 1341(a)(2)) after the December 31, 2000, and

16 (B) under section 4042 of such Act (29  
17 U.S.C. 1342) with respect to which proceedings  
18 are instituted by the corporation on or after  
19 such date.

20 (2) CONFORMING AMENDMENTS.—The amend-  
21 ments made by subsection (c) shall take effect on  
22 the date of enactment of this Act.

23 **SEC. 623. NOTICE AND CONSENT PERIOD REGARDING DIS-**  
24 **TRIBUTIONS.**

25 (a) EXPANSION OF PERIOD.—

1           (1) IN GENERAL.—Subparagraph (A) of section  
2           205(c)(7) of the Employee Retirement Income Secu-  
3           rity Act of 1974 (29 U.S.C. 1055) is amended by  
4           striking “90-day” and inserting “180-day”.

5           (2) MODIFICATION OF REGULATIONS.—The  
6           Secretary of the Treasury shall modify the regula-  
7           tions of such Secretary under part 2 of subtitle B  
8           of title I of the Employee Retirement Income Secu-  
9           rity Act of 1974 to the extent that they relate to  
10          sections 203(e) and 205 of such Act to substitute  
11          “180 days” for “90 days” each place it appears.

12          (3) EFFECTIVE DATE.—The amendments made  
13          by paragraph (1) and the modifications required by  
14          paragraph (2) shall apply to years beginning after  
15          December 31, 2000.

16          (b) CONSENT REGULATION INAPPLICABLE TO CER-  
17          TAIN DISTRIBUTIONS.—

18               (1) IN GENERAL.—The Secretary of the Treas-  
19               ury shall modify the regulations under section 205  
20               of the Employee Retirement Income Security Act of  
21               1974 to provide that the description of a partici-  
22               pant’s right, if any, to defer receipt of a distribution  
23               shall also describe the consequences of failing to  
24               defer such receipt.

1           (2) EFFECTIVE DATE.—The modifications re-  
2           quired by paragraph (1) shall apply to years begin-  
3           ning after December 31, 2000.

4 **SEC. 624. ANNUAL REPORT DISSEMINATION.**

5           (a) IN GENERAL.—Section 104(b)(3) of the Em-  
6           ployee Retirement Income Security Act of 1974 (29  
7           U.S.C. 1024(b)(3)) is amended by striking “shall furnish”  
8           and inserting “shall make available for examination (and,  
9           upon request, shall furnish)”.

10          (b) EFFECTIVE DATE.—The amendment made by  
11          this section shall apply to reports for years beginning after  
12          December 31, 1998.

13 **SEC. 625. EXCESS BENEFIT PLANS.**

14          (a) IN GENERAL.—Section 3(36) of the Employee  
15          Retirement Income Security Act of 1974 (29 U.S.C.  
16          1002(36)) is amended to read as follows:

17                 “(36) The term ‘excess benefit plan’ means a  
18                 plan, without regard to whether such plan is funded,  
19                 maintained by an employer solely for the purpose of  
20                 providing benefits to employees in excess of any limi-  
21                 tation imposed by section 401(a)(17) or 415 of the  
22                 Internal Revenue Code of 1986 or any other limita-  
23                 tion on contributions or benefits in such Code on  
24                 plans to which any of such sections apply. To the ex-  
25                 tent that a separable part of a plan (as determined

1 by the Secretary of Labor) maintained by an em-  
2 ployer is maintained for such purpose, that part  
3 shall be treated as a separate plan which is an ex-  
4 cess benefit plan.”.

5 (b) EFFECTIVE DATE.—The amendment made by  
6 this section shall apply to years beginning after December  
7 31, 1999.

8 **SEC. 626. BENEFIT SUSPENSION NOTICE.**

9 (a) MODIFICATION OF REGULATION.—The Secretary  
10 of Labor shall modify the regulation under section  
11 203(a)(3)(B) of the Employee Retirement Income Secu-  
12 rity Act of 1974 (29 U.S.C. 1053(a)(3)(B)) to provide  
13 that, except in the case of employment, subsequent to the  
14 commencement of payment of benefits, with a former em-  
15 ployer, the notification required by such regulation—

16 (1) may be included in the summary plan de-  
17 scription for the plan furnished in accordance with  
18 section 104(b) of such Act (29 U.S.C. 1024(b)),  
19 rather than in a separate notice, and

20 (2) need not include a copy of the relevant plan  
21 provisions.

22 (c) EFFECTIVE DATE.—The modification made  
23 under this section shall apply to plan years beginning after  
24 December 31, 1999.

1 **SEC. 627. PROVISIONS RELATING TO PLAN AMENDMENTS.**

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

4 (1) such plan or contract shall be treated as  
5 being operated in accordance with the terms of the  
6 plan during the period described in subsection

7 (b)(2)(A), and

8 (2) such plan shall not fail to meet the require-  
9 ments of section 204(g) of the Employee Retirement  
10 Income Security Act of 1974 (29 U.S.C. 1054(g)) by  
11 reason of such amendment.

12 (b) AMENDMENTS TO WHICH SECTION APPLIES.—

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

16 (A) pursuant to any amendment made by  
17 this Act, or pursuant to any regulation issued  
18 under this Act, and

19 (B) on or before the last day of the first  
20 plan year beginning on or after January 1,  
21 2003.

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

24 (A) during the period—

25 (i) beginning on the date the legisla-  
26 tive or regulatory amendment described in

1 paragraph (1)(A) takes effect (or in the  
2 case of a plan or contract amendment not  
3 required by such legislative or regulatory  
4 amendment, the effective date specified by  
5 the plan), and

6 (ii) ending on the date described in  
7 paragraph (1)(B) (or, if earlier, the date  
8 the plan or contract amendment is adopt-  
9 ed),

10 the plan or contract is operated as if such plan  
11 or contract amendment were in effect, and

12 (B) such plan or contract amendment ap-  
13 plies retroactively for such period.

14 **SEC. 628. SIMPLIFIED ANNUAL FILING REQUIREMENT FOR**  
15 **PLANS WITH FEWER THAN 25 EMPLOYEES.**

16 (a) IN GENERAL.—In the case of a retirement plan  
17 which covers less than 25 employees on the first day of  
18 the plan year and meets the requirements described in  
19 subsection (b), the Secretary of the Treasury shall provide  
20 for the filing of a simplified annual return that is substan-  
21 tially similar to the annual return required to be filed by  
22 a one-participant retirement plan.

23 (b) REQUIREMENTS.—A plan meets the requirements  
24 of this subsection if it—

1           (1) meets the minimum coverage requirements  
2           of section 410(b) of the Internal Revenue Code of  
3           1986 without being combined with any other plan of  
4           the business that covers the employees of the busi-  
5           ness,

6           (2) does not cover a business that is a member  
7           of an affiliated service group, a controlled group of  
8           corporations, or a group of businesses under com-  
9           mon control, and

10          (3) does not cover a business that leases em-  
11          ployees.