

Summary of Public Pension Provisions in Current Federal Pension Tax Packages

<u>Comprehensive Retirement Security and Pension Reform Act (H.R. 1102)</u> Lead Sponsors: House Ways and Means Committee Members Rob Portman (R-OH) and Ben Cardin (D-MD) <i>Additional Co-Sponsors: 33</i>	<u>Pension Coverage and Portability Act (S. 741)</u> Lead Sponsors: Senate Finance Committee Members Chuck Grassley (R-IA) and Bob Graham (D-FL) <i>Additional Co-Sponsors: 12</i>	<u>Employee Pension Portability and Accountability Act of 1999 (H.R.1213)</u> Lead Sponsor: House Ways and Means Committee Member Richard Neal (D-MA) <i>Additional Co-Sponsors: 8 (Provisions originally part of Administration's FY 2000 Budget Proposal)</i>	<u>Retirement Savings Opportunity Act of 1999 (S. 646)</u> Lead Sponsors: Senate Finance Committee Chairman William Roth (R-DE) and Finance Committee Member Max Baucus (D-MT)	<u>Retirement Security Act of 1999 (H.R. 1590)</u> and the <u>Income Security Enhancement Act (S. 8)</u> Lead Sponsors: Co-Chairman of the Democratic Task Force on Retirement Security Sam Gejdenson (D-CT), and Senate Minority Leader Tom Daschle (D-SD) <i>Additional Co-Sponsors: 100 and 10</i>
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Portability of Pension Assets	<p>Would allow portability of retirement assets between all plans when employees switch jobs, including 403(b) and 457 plans.</p> <p>Rollovers greater than \$50,000, from a qualified plan to a 457 plan, would be subject to the Section 72(t) 10% penalty on early lump sum distributions.</p> <p>457 distributions would be given the same flexibility and direct rollover possibilities as currently available in 401(k) and other qualified plans, and would be subject to similar reporting, disclosure and withholding requirements.</p>	Same as HR 1102 (Portman/Cardin), however, there would be no application of the 72(t) 10% penalty on rollovers to 457 plans.	Would allow portability to and from 403(b) plans, however, would only allow rollovers from 457 plans to IRAs.	Same as HR 1213 (Neal)	Same as HR 1213 (Neal)
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Purchase of Service Credits in Public Sector Defined Benefit Plans	Would permit funds from 403(b) and 457 plans to be used to purchase permissive service credits in public sector defined benefit plans, as is currently permitted from other defined contribution plans.	Same as HR 1102 (Portman/Cardin)	Same as HR 1102 (Portman/Cardin)	Same as HR 1102 (Portman/Cardin)
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Defined Benefit Limits	<p>Would restore the annual benefit limits for defined benefit plans to \$180,000 (indexed). For governmental plans, would not actuarially reduce the limit below \$130,000 for those age 55 or older.</p> <p>Would restore the amount of compensation that may be taken into account under qualified retirement plans under Section 401(a)(17) to \$235,000 (indexed).</p>	<p>Would restore the annual benefit limits for defined benefit plans to \$160,000 (indexed). For all plans, would not actuarially reduce the limit below \$75,000 for those age 55 or older.</p> <p>Would restore the amount of compensation that may be taken into account under qualified retirement plans under section 401(a)(17) to \$200,000 (indexed).</p>			
Defined Contribution and Deferred Compensation Limits	<p>Would increase the annual limit on elective deferrals to 401(k), 403(b) and 457 plans to \$15,000/year.</p> <p>Would restore and index the annual contribution limit under 415(c) to \$45,000.</p>	<p>Would increase the annual elective deferral limit for 401(k) and 403(b) plans to \$12,000, and annual deferral limit for 457 plans to \$10,000.</p>		<p>Would increase annual contribution limits for 401(k) and 403(b) plans to \$15,000, and the limits on 457 plans to \$12,000.</p>	
457 Coordination Requirements	<p>Would repeal coordination requirements for 457 plans.</p>	<p>Same as HR 1102 (Portman/Cardin)</p>			
Catch-Up Contributions	<p>Would permit an additional \$5,000 (indexed) in annual elective deferrals for those age 50 and older. Would also index and increase the catch-up contribution for 457 plans to \$30,000.</p>			<p>Would provide for an additional catch-up contribution for those ages 55 and over equal to one-half of the applicable annual contribution limit.</p>	

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Percent of Compensation Limits	Would increase the compensation-based limits on defined contribution plans from 25% to 100% of compensation and from 33 ¹ / ₃ % to 100% of "includable compensation" for 457 plans.	Same as HR 1102 (Portman/Cardin)			
457 Domestic Relations Orders	Provides equitable tax treatment to Section 457 domestic relations order distributions.	Same as HR 1102 (Portman/Cardin)			
Roth 401(k) and 403(b) (Qualified Plus Contribution Program)	Same as S. 646 (Roth/Baucus)			Would provide for a Roth 401(k) and 403(b), which, similar to Roth IRAs, would permit after tax contributions to the plans and allow special purpose tax-free withdrawals of the balance attributable to those after tax contributions and their earnings. While the after tax contributions would require separate accounting, they will count toward the annual contribution limit under the plan.	
Clarification that 457 Limits do not Apply to "Mirror Plans"	Would clarify that Section 415 and 401(a)(17) "mirror plans" (excess benefit plans) for tax exempt organizations and state and local governments are not subject to Section 457 limitations on contributions.\	Same as HR 1102 (Portman/Cardin)			Same as HR 1102 (Portman/Cardin)

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<p>Maximum Exclusion Allowance</p>	<p>Would repeal the maximum exclusion allowance (MEA) limits for §403(b) plans. For §415(c) limitations on §403(b) annuities, compensation would be the same as §403(b) includible compensation. Eliminates all special §415(c)(4) optional limits for §403(b) plans. §403(b) plans are not required to be treated as controlled by the employer. Would modify the 403(b) maximum exclusion allowance to conform to Section 415 modifications.</p>	<p>Same as HR 1102 (Portman/Cardin)</p>		<p>Same as HR 1102 (Portman/Cardin)</p>	
<p>Modification of Government Pension Offset (GPO)</p>					<p>Would revise the Government Pension Offset provision currently applied to the Social Security spousal benefits of government employees also receiving a pension from work not covered by Social Security. The bill would require that the reduction applied to Social Security benefits for such spouses and surviving spouses be 2/3 of the amount by which the combined benefit exceeds \$1,200 a month, rather than 2/3 of the entire pension benefit.</p>