

117TH CONGRESS
1ST SESSION

S. _____

To amend the Internal Revenue Code of 1986 to increase retirement savings,
to improve retirement plan administration, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Mr. GRASSLEY (for himself, Ms. HASSAN, and Mr. LANKFORD) introduced the
following bill; which was read twice and referred to the Committee on

A BILL

To amend the Internal Revenue Code of 1986 to increase
retirement savings, to improve retirement plan adminis-
tration, 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.**

4 This Act may be cited as the “Improving Access to
5 Retirement Savings Act”.

6 **SEC. 2. MULTIPLE EMPLOYER 403(b) PLANS.**

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

1 “(15) MULTIPLE EMPLOYER PLANS.—

2 “(A) IN GENERAL.—Except in the case of
3 a church plan, this subsection shall not be
4 treated as failing to apply to an annuity con-
5 tract solely by reason of such contract being
6 purchased under a plan maintained by more
7 than 1 employer.

8 “(B) TREATMENT OF EMPLOYERS FAILING
9 TO MEET REQUIREMENTS OF PLAN.—

10 “(i) IN GENERAL.—In the case of a
11 plan maintained by more than 1 employer,
12 this subsection shall not be treated as fail-
13 ing to apply to an annuity contract held
14 under such plan merely because of 1 or
15 more employers failing to meet the require-
16 ments of this subsection, if such plan satis-
17 fies rules similar to the rules of section
18 413(e)(2) with respect to any such em-
19 ployer failure.

20 “(ii) ADDITIONAL REQUIREMENTS IN
21 CASE OF NON-GOVERNMENTAL PLANS.—A
22 plan shall not be treated as meeting the re-
23 quirements of this subsection unless the
24 plan meets the requirements of subpara-
25 graph (A) or (B) of section 413(e)(1), ex-

1 cept in the case of a multiple employer
2 plan maintained solely by a State, a polit-
3 ical subdivision of a State, or an agency or
4 instrumentality thereof.”.

5 (b) ANNUAL REGISTRATION FOR 403(b) MULTIPLE
6 EMPLOYER PLAN.—Section 6057 of the Internal Revenue
7 Code of 1986 is amended by redesignating subsection (g)
8 as subsection (h) and by inserting after subsection (f) the
9 following new subsection:

10 “(g) 403(b) MULTIPLE EMPLOYER PLANS TREATED
11 AS 1 PLAN.—In the case of annuity contracts to which
12 this section applies and to which section 403(b) applies
13 by reason of the plan under which such contracts are pur-
14 chased meeting the requirements of paragraph (15) there-
15 of, such plan shall be treated as a single plan for purposes
16 of this section.”.

17 (c) ANNUAL INFORMATION RETURNS FOR 403(b)
18 MULTIPLE EMPLOYER PLAN.—Section 6058 of the Inter-
19 nal Revenue Code of 1986 is amended by redesignating
20 subsection (f) as subsection (g) and by inserting after sub-
21 section (e) the following new subsection:

22 “(f) 403(b) MULTIPLE EMPLOYER PLANS TREATED
23 AS 1 PLAN.—In the case of annuity contracts to which
24 this section applies and to which section 403(b) applies
25 by reason of the plan under which such contracts are pur-

1 chased meeting the requirements of paragraph (15) there-
2 of, such plan shall be treated as a single plan for purposes
3 of this section.”.

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

6 (1) TREATED AS POOLED EMPLOYER PLAN.—

7 (A) IN GENERAL.—Section 3(43)(A) of the
8 Employee Retirement Income Security Act of
9 1974 (29 U.S.C. 1002(43)(A)) is amended—

10 (i) in clause (ii), by striking “section
11 501(a) of such Code or” and inserting
12 “501(a) of such Code, a plan that consists
13 of contracts described in section 403(b) of
14 such Code, or”; and

15 (ii) in the flush text at the end, by
16 striking “the plan.” and inserting “the
17 plan, but such term shall include any pro-
18 gram (other than a governmental plan)
19 maintained for the benefit of the employees
20 of more than 1 employer that consists of
21 contracts described in section 403(b) of
22 such Code and that meets the require-
23 ments of subparagraph (A) or (B) of sec-
24 tion 413(e)(1) of such Code.”.

1 (B) CONFORMING AMENDMENTS.—Para-
2 graphs (43)(B)(v)(II) and (44)(A)(i)(I) of sec-
3 tion 3 of such Act (29 U.S.C. 1002) are each
4 amended by striking “section 401(a) of such
5 Code or” and inserting “401(a) of such Code,
6 a plan that consists of contracts described in
7 section 403(b) of such Code, or”.

8 (2) FIDUCIARIES.—Section 3(43)(B)(ii) of such
9 Act (29 U.S.C. 1002(43)(B)(ii)) is amended—

10 (A) by striking “trustees meeting the re-
11 quirements of section 408(a)(2) of the Internal
12 Revenue Code of 1986” and inserting “trustees
13 (or other fiduciaries in the case of a plan that
14 consists of contracts described in section 403(b)
15 of the Internal Revenue Code of 1986) meeting
16 the requirements of section 408(a)(2) of such
17 Code”; and

18 (B) by striking “holding” and inserting
19 “holding (or causing to be held under the terms
20 of a plan consisting of such contracts)”.

21 (e) REGULATIONS.—

22 (1) PLAN TERMINATION.—The Secretary of the
23 Treasury (or the Secretary’s designee) shall pre-
24 scribe such regulations as may be necessary to clar-
25 ify the treatment of a plan termination by an em-

1 ployer in the case of plans to which section
2 403(b)(15) of the Internal Revenue Code of 1986
3 applies.

4 (2) EDUCATIONAL OUTREACH TO EMPLOYERS
5 EXEMPT FROM TAX.—The Secretary of the Treasury
6 (or the Secretary’s designee), in consultation with
7 the Secretary of Labor, shall provide education and
8 outreach to increase awareness among employers
9 which are exempt from tax under section 501(a) of
10 such Code that—

11 (A) multiple employer plans are subject to
12 the Employee Retirement Income Security Act
13 of 1974, and

14 (B) each employer is a plan sponsor with
15 respect to its employees participating in the
16 multiple employer plan and, as such, has cer-
17 tain fiduciary duties with respect to the plan
18 and to its employees.

19 (f) MODIFICATION OF MODEL PLAN LANGUAGE.—

20 (1) PLAN NOTIFICATIONS.—The Secretary of
21 the Treasury (or the Secretary’s designee) shall
22 modify the model plan language published under sec-
23 tion 413(e)(5) of the Internal Revenue Code of 1986
24 to include language which notifies participating em-
25 ployers which are exempt from tax under section

1 501(a) of such Code that the plan is subject to the
2 Employee Retirement Income Security Act of 1974
3 and that such employer is a plan sponsor with re-
4 spect to its employees participating in the multiple
5 employer plan and, as such, has certain fiduciary
6 duties with respect to the plan and to its employees.

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

16 (g) NO INFERENCE WITH RESPECT TO CHURCH
17 PLANS.—Regarding any application of section 403(b) of
18 the Internal Revenue Code of 1986 to an annuity contract
19 purchased under a church plan (as defined in section
20 414(e) of such Code) maintained by more than 1 em-
21 ployer, or to any application of rules similar to section
22 413(e) of such Code to such a plan, no inference shall
23 be drawn solely because section 403(b)(15)(A) of such
24 Code (as added by this Act) does not apply to such plans.

25 (h) EFFECTIVE DATE.—

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

4 (2) RULE OF CONSTRUCTION.—Nothing in the
5 amendments made by subsection (a) shall be con-
6 strued as limiting the authority of the Secretary of
7 the Treasury or the Secretary’s delegate (determined
8 without regard to such amendment) to provide for
9 the proper treatment of a failure to meet any re-
10 quirement applicable under the Internal Revenue
11 Code of 1986 with respect to one employer (and its
12 employees) in the case of a plan to which section
13 403(b)(15) applies.

14 **SEC. 3. SAFE HARBOR FOR CORRECTIONS OF EMPLOYEE**
15 **ELECTIVE DEFERRAL FAILURES.**

16 (a) IN GENERAL.—Section 414 of the Internal Rev-
17 enue Code of 1986 is amended by adding at the end the
18 following new subsection:

19 “(aa) CORRECTING AUTOMATIC CONTRIBUTION ER-
20 RORS.—

21 “(1) IN GENERAL.—Any plan or arrangement
22 shall not fail to be treated as a plan described in
23 section 401(a), 403(b), 408, or 457(b), as applica-
24 ble, solely by reason of a corrected error.

1 “(2) CORRECTED ERROR.—For purposes of this
2 subsection, the term ‘corrected error’ means a rea-
3 sonable administrative error in implementing an
4 automatic enrollment or automatic escalation feature
5 in accordance with the terms of an eligible automatic
6 contribution arrangement (as defined under sub-
7 section (w)(3)), provided that such implementation
8 error—

9 “(A) is corrected by the date which is 9½
10 months after the end of the plan year during
11 which the failure occurred,

12 “(B) is corrected in a manner which is fa-
13 vorable to the participant, and

14 “(C) is of a type which is so corrected for
15 all similarly situated participants in a non-
16 discriminatory manner.

17 Such correction may occur before or after the partic-
18 ipant has terminated employment and may occur
19 without regard to whether the error is identified by
20 the Secretary.

21 “(3) REGULATIONS AND GUIDANCE FOR FAVOR-
22 ABLE CORRECTION METHODS.—The Secretary shall,
23 by regulations or other guidance of general applica-
24 bility, specify the correction methods which are in a

1 manner favorable to the participant for purposes of
2 paragraph (2)(B).”.

3 (b) **EFFECTIVE DATE.**—The amendment made by
4 this section shall apply to the correction of any error with
5 respect to which the date described in section
6 414(aa)(2)(A) of the Internal Revenue Code of 1986 (as
7 added by this section) is after the date of enactment of
8 this Act.

9 **SEC. 4. APPLICATION OF CREDIT FOR SMALL EMPLOYER**
10 **PENSION PLAN STARTUP COSTS TO EMPLOY-**
11 **ERS WHICH JOIN AN EXISTING PLAN.**

12 (a) **IN GENERAL.**—Section 45E(d)(3)(A) of the In-
13 ternal Revenue Code of 1986 is amended by striking “ef-
14 fective” and inserting “effective with respect to the eligible
15 employer”.

16 (b) **EFFECTIVE DATE.**—The amendment made by
17 this section shall apply to eligible employer plans which
18 become effective with respect to the eligible employer after
19 the date of the enactment of this Act.

1 **SEC. 5. AMENDMENTS TO INCREASE BENEFIT ACCRUALS**
2 **UNDER PLAN FOR PREVIOUS PLAN YEAR AL-**
3 **LOWED UNTIL EMPLOYER TAX RETURN DUE**
4 **DATE.**

5 (a) IN GENERAL.—Section 401(b) of the Internal
6 Revenue Code of 1986 is amended by adding at the end
7 the following new paragraph:

8 “(3) RETROACTIVE PLAN AMENDMENTS THAT
9 INCREASE BENEFIT ACCRUALS.—If—

10 “(A) an employer amends a stock bonus,
11 pension, profit-sharing, or annuity plan to in-
12 crease benefits accrued under the plan effective
13 for the preceding plan year (other than increas-
14 ing the amount of matching contributions (as
15 defined in subsection (m)(4)(A))),

16 “(B) such amendment would not otherwise
17 cause the plan to fail to meet any of the re-
18 quirements of this subchapter, and

19 “(C) such amendment is adopted before
20 the time prescribed by law for filing the return
21 of the employer for a taxable year (including
22 extensions thereof) during which such amend-
23 ment is effective,

24 the employer may elect to treat such amendment as
25 having been adopted as of the last day of the plan
26 year in which the amendment is effective.”.

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