

H.R.1994 - Setting Every Community Up for Retirement Enhancement Act of 2019

116th Congress (2019-2020) | [Get alerts](#)

Sponsor: [Rep. Neal, Richard E. \[D-MA-1\]](#) (Introduced 03/29/2019)
Committees: House - Ways and Means; Education and Labor
Committee Meetings: [04/02/19 10:00AM](#)
Committee Reports: [H. Rept. 116-65](#)
Latest Action: Senate - 06/03/2019 Received in the Senate. ([All Actions](#))
Roll Call Votes: There have been [2 roll call votes](#)
Tracker: Introduced **Passed House** Passed Senate To President Became Law

*From the Desk of
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Passed House (05/23/2019)

Setting Every Community Up for Retirement Enhancement Act of 2019

TITLE I--EXPANDING AND PRESERVING RETIREMENT SAVINGS

(Sec. 101) The bill amends the Internal Revenue Code to revise requirements for multiple employer pension plans and pooled employer plans. It provides that failure of one employer in a multiple employer retirement plan to meet plan requirements will not cause all plans to fail and that assets in the failed plan will be transferred to another plan. It also establishes pooled employer plans that do not require a common characteristic.

(Sec. 102) The bill increases the cap for automatic contributions to pension plans from 10% to 15% of employee compensation, beginning after 2019.

(Sec. 103) The bill limits the annual safe harbor notice to matching contribution plans and permits amendments to nonelective status at any time before the 30th day before the close of the plan year. Amendments may be made after that date if the amendment provides for a nonelective contribution of at least 4% of compensation for all eligible employees and the plan is amended no later than the last day for distributing excess contributions for the plan year.

(Sec. 104) The bill increases the tax credit for small employer pension plan startup costs.

(Sec. 105) The bill creates a new three-year tax credit for small employers for startup costs for new pension plans that include automatic enrollment.

(Sec. 106) The bill treats stipends and non-tuition fellowships as compensation for purposes of the retirement savings tax deduction.

(Sec. 107) The prohibition on contributions to a traditional Individual Retirement Account (IRA) by an individual who has reached age 70-1/2 is repealed.

(Sec. 108) The bill prohibits the distribution of plan loans through credit cards or similar arrangements.

(Sec. 109) The bill permits certain tax-preferred pension plans to make a direct trustee-to-trustee transfer to another employer plan or IRA of lifetime income investments in the form of a qualified plan distribution annuity, if a lifetime income investment is no longer allowed as an investment option in a plan.

(Sec. 110) Treasury must issue guidance on the treatment of custodial accounts on the termination of Section 403(b) Plans.

(Sec. 111) The bill specifies those individuals who may be covered by pension plans maintained by church-controlled organizations.

(Sec. 112) The bill allows certain long-term employees who work at least 500 hours in 3 consecutive 12-month periods and have reached age 21.

(Sec. 113) The bill permits penalty-free withdrawals from retirement plans for expenses related to the birth of a child or adoption.

(Sec. 114) The bill increases from 70-1/2 to 72 the age for mandatory distributions from retirement plans.

(Sec. 115) The bill sets forth rules for reducing the annual contributions of community newspapers to their employee pension plans.

(Sec. 116) The bill treats difficulty of care payments to healthcare workers as earned income for retirement plan purposes.

TITLE II--ADMINISTRATIVE IMPROVEMENTS

(Sec. 201) The bill allows employers to treat retirement plans adopted before the due date of the tax return as adopted as of the last day of the taxable year.

(Sec. 202) The bill requires the filing of a consolidated Form 5500 for similar retirement plans.

(Sec. 203) The bill requires benefit statements provided to defined contribution plan participants to include a lifetime income disclosure at least once during any 12-month period.

(Sec. 204) The bill provides a safe harbor for fiduciaries in the selection of an insurer for a guaranteed retirement income contract.

(Sec. 205) The bill modifies pension plan nondiscrimination rules with respect to closed plans to permit existing participants to continue to accrue benefits.

(Sec. 206) The bill reduces Pension Benefit Guaranty Corporation (PBGC) premium rates for Cooperative and Small Employer Charity (CSEC) plans for plan years beginning after 2018.

TITLE III--OTHER BENEFITS

(Sec. 301) The bill reinstates for one year and increases the exclusion from gross income for benefits paid to volunteer firefighters and emergency medical responders.

(Sec. 302) The bill expands 529 education savings accounts to cover costs associated with registered apprenticeships, student loan repayments, and certain costs associated with elementary and secondary education.

TITLE IV--REVENUE PROVISIONS

(Sec. 401) The bill modifies required minimum distribution rules with respect to defined contribution plans and IRA balances upon the death of the account holder. All distributions must be made by the end of the 10th year after death, except for distributions made to certain eligible designated beneficiaries.

(Sec. 402) The penalty for failure to file is increased to the lesser of \$400 or 100% of the amount of the tax due.

(Sec. 403) The penalties for failure to file retirement plan returns are increased.

(Sec. 404) The Internal Revenue Service may share returns and return information with U.S. Customs and Border Protection to administer and collect the heavy vehicle use tax.

TITLE V--TAX RELIEF FOR CERTAIN CHILDREN

(Sec. 501) The bill eliminates the taxation of the unearned income of children at rates applicable to trusts and estates. Such income would be taxed at the parents' marginal tax rates.