Federal Legislative & Regulatory Report

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House Passes Senior Safe Act

On January 29, the House passed the HOME Act (H.R. 2255) by a voice vote. The bill includes the provisions of the:

- Senior $afe Act of 2017 (H.R. 3758)
- Expanding Access to Capital for Rural Job Creators Act (H.R. 4281)

All three bills were unanimously passed by the Financial Services Committee.

The Senior Safe Act, sometimes written as the Senior $afe Act or Senior$afe Act, aims to protect seniors from fraud by increasing communication between regulators and insurance providers. A companion bill has been introduced in the Senate by Sen. Susan Collins (R-ME).

Hybrid Multiemployer Pension Plan Introduced

On February 13, Reps. Phil Roe (R-TN) and Donald Norcross (D-NJ) introduced H.R. 4997, the Give Retirement Options to Workers (GROW) Act. The bill authorizes the creation of a new type of retirement option that combines the key features of defined benefit and defined contribution plans.

Under the GROW Act, workers will still receive lifetime income, but employers will receive greater stability by eliminating the uncertainty and volatility currently faced in the multiemployer system. Under the plan, employers will negotiate a fixed contribution rate and limit their risk.

Budget Deal Includes Retirement Provisions

On February 9, the President signed a two-year budget agreement that includes several retirement-related provisions:

- Section 41104. Individuals Held Harmless on Improper Levy on Retirement Plans
  Allows amounts, including interest, returned to an individual from the IRS pursuant to a levy, to be contributed to the IRA or employer-sponsored plan without regard to normal contribution limits. The provision is effective for levied amounts, and interest thereon, returned to individuals in taxable years beginning after December 31, 2017.

- Section 41113. Modification of Rules Governing Hardship Distribution
  Directs the Secretary of the Treasury to modify the applicable regulations within one year of the date of enactment to:
  (1) Delete the requirement that an employee be prohibited from making elective deferrals and employee contributions for six months after the receipt of a hardship distribution in order for the distribution to be deemed necessary to satisfy an immediate and heavy financial need, and
  (2) Make any other modifications necessary to carry out the purposes of the rule allowing elective deferrals to be distributed in the case of hardship.

  The regulations as revised by the provision shall apply to plan years beginning after December 31, 2018.

- Section 41114. Modification of Rules Relating to Hardship Withdrawals from Cash or Deferred Arrangements
  Provides employers the choice of allowing hardship distributions to also include account earnings and employer contributions. The provision would be effective for plan years beginning after 2018.

Relatedly, the President released his budget proposal for fiscal year 2019. The annual proposal is a non-binding, political statement of spending and policy priorities and a negotiating position that still relies upon Congress for enactment.

Overall, the Budget seeks $3 trillion in spending reductions over 10 years but ultimately would fail to balance the budget with a projected $445 billion deficit in 2028. Among the spending increases, the budget reflects the increased defense spending secured in the recently enacted Bipartisan Budget Act of 2018 and a $1.5 trillion infrastructure plan that includes $200 billion in federal spending.

Notably, this year's budget does not include any major tax provisions or a Treasury "Greenbook" because of the major recent rewrite of the U.S. tax code.

Senate Hearing Shows Support for Open MEPs

The Senate Health, Education, Labor and Pensions (HELP) Committee's Subcommittee on Primary Health and Retirement Security led a roundtable discussion on February 5 to discuss the gig economy and the future of retirement savings. During the sparsely attended hearing, the four witnesses expressed broad support for open multiple-employer plans (MEPs) to address the retirement savings shortfall made worse by the move towards the "gig economy" – the trend of people working for multiple employers on a part-time basis rather than a single firm for extended periods of their career.

According to an early February press release on Senator Chuck Schumer's, D-New York, website, the two-year budget agreement creates a Joint Select Committee to Solve the Multiemployer Pension Crisis which will introduce bipartisan legislation to address the multiemployer pension crisis by December this year.

The New York Times reported in February that "many of these plans are hurtling toward insolvency in the coming decade, with benefits owed to retirees projected to swamp what the plans can afford to pay." A sudden influx of plan insolvencies could overload the Pension Benefit Guaranty Corporation, affecting its ability to protect workers from financial harm.

Treasury Nominations Progress

The Senate Banking Committee voted on February 8 to approve the nomination of Thomas Workman to be the insurance expert on the Financial Stability Oversight Council (FSOC). Workman served as president and CEO of the Life Insurance Council of New York Inc. (LICONY) from 1999 to 2016, practiced law with Bricker & Eckler L.L.P. in Columbus, Ohio, from 1973 to 1999, chaired the Insurance Law Practice Group, and served as legislative counsel to the Association of Ohio Life Insurance Companies. Replacing Roy Woodall on the council, Mr. Workman has been nominated to serve a six-year term where he will be instrumental in reform efforts concerning the designation of non-banks as systemically important financial institutions (SIFI).

Also on February 8, the President formally nominated Charles "Chuck" Rettig to head the Internal Revenue Service (IRS). Mr. Rettig is a California tax attorney, working for the Beverly Hills-based Hochman, Salkin, Rettig, Toscher & Perez for the past 35 years. As head of the IRS, Mr. Rettig will oversee the implementation of the new tax code signed into law last December. He will succeed former IRS Commissioner John Koskinen. David Kautter, the assistant Treasury secretary for tax policy, has been serving as an interim replacement for Koskinen since his term ended in November.

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References and source material used in this publication

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Summary and Text of the HOME Act
https://www.congress.gov/bill/115th-congress/house-bill/2255

Summary and Text of the Senior $afe Act of 2017
https://www.congress.gov/bill/115th-congress/house-bill/3758

Summary and Text of the Expanding Access to Capital for Rural Job Creators Act
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Summary and Text of the GROW Act
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Budget Bill Includes Creation of Committee to Deal With Multiemployer Plans
https://www.planadviser.com/budget-bill-includes-creation-committee-deal-multiemployer-plans/

1.5 Million Retirees Await Congressional Fix for a Pension Time Bomb
https://www.nytimes.com/2018/02/18/business/multiemployer-pension-crisis.html

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Keeping watch

You can find the most recent information on issues affecting governmental defined contribution plans, plan sponsors and plan participants in the Employer page of our plan website, NRSforu.com. In addition, we report guidance on legislative and regulatory activity relevant to government sector plans through:

- *Federal Legislative and Regulatory Report* – distributed monthly and posted in the Plan Sponsor section of NRSforu.com. It's available online and for download.
- *Plan Sponsor Alerts* – published as needed to announce breaking news.
- *Governmental 457(b) Guidebook*

About this report

Bob Beasley, CRC, Communications Consultant, edits this report. Beasley brings 25 years of financial services communications experience to your plan. He has contributed to past editions of the *457(b) Governmental Guidebook,* edits countless newsletters and plan sponsor communications, and in 2001 authored "What you should know about the Economic Growth and Tax Relief Reconciliation Act of 2001." He often voices Nationwide's online presentations and telephone greetings.

Beasley has served on the Education and Communication Committee for the Plan Sponsor Council of America and as a member of the National Association of Government Defined Contribution Administrators.

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