

NAGDCA Legislative Alert - September 14, 2018

House Ways and Means Committee approves "Tax Reform 2.0" retirement legislation on party line vote – No adverse provisions for government DC plans

By Paul V. Beddoe, NAGDCA Director of Government Affairs

Late in the afternoon on Thursday, September 13, 2018, the Ways and Means Committee voted to send H.R. 6757, the Family Retirement Act, to the full U.S. House of Representatives for consideration. The vote was 21 to 14 with all the committee Republicans voting yes, and all the Democrats voting no. The bill was one of three measures the tax-writing committee was considering as part of "Tax Reform 2.0," which Chairman Kevin Brady (R-Texas) pitched as a sequel to the Tax Cuts and Jobs Act of 2017 (H.R. 1) enacted in December last year.

The bill did not contain any of the adverse provisions NAGDCA has been actively advocating against over the summer, including Rothification and so-called plan consolidation.

The other two bills cleared by the committee are primarily aimed at making temporary tax cuts enacted in last year's overhaul permanent. H.R. 6760, the Protecting Family and Small Business Tax Cuts Act, focuses on the individual cuts and H.R. 6766, the American Innovation Act, addresses start up business matters.

The Family Retirement Act does include some provisions which could affect governmental defined contribution plans, if enacted. These include:

Sec. 106, which would address the portability of lifetime income investments in defined contribution plans;

Sec. 107, which would address the treatment of custodial accounts on termination of section 403(b) plans;

Sec. 109, which would provide an exemption from required minimum distribution rules for individuals with low account balances; and

Sec. 303, which would permit penalty-free withdrawals from retirement plans for individuals in case of birth of child or adoption.

Although House Speaker Paul Ryan (R-Wisc.) has said that he plans to bring the package to the floor during the last week of September, the Senate has indicated no plans to take up the bills. Retirement policy advocates believe that it may be possible to move a retirement bill during the lame duck session after the November elections as a companion to the Retirement Enhancement and Savings Act (RESA) which was approved unanimously by the Senate Finance Committee last year but has languished in the House. This would require bipartisan negotiations with the Senate.

NAGDCA will continue to monitor this and other legislation of interest to governmental defined contribution administrators. We will share the latest at the Washington DC Update session on Monday, September 24 at the NAGDCA Annual Conference in Philadelphia.

To review the legislative text of H.R. 6757, [click here](#).

For the Joint Committee on Taxation explanation of the bill, [click here](#).