

NAGDCA Legislative Alert - 12/2/17

Senate Passes Tax Bill: Drops Defined Contribution Plan Consolidation Provisions

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In the early morning hours on December 2, the U.S. Senate voted 51 to 49 to adopt [its version of the Tax Cuts and Jobs Act](#).

In the final round of negotiations to secure the votes of holdout Republican senators, leaders agreed to accept an amendment offered by Sen. Susan Collins (R-Maine) and co-sponsored by Sen. Rob Portman (R-Ohio). The Collins amendment deleted language in the bill reported out by the Senate Finance Committee which would have repealed some of the unique features of 457(b) and 403(b) plans—so-called plan consolidation—including eliminating 457(b) plans' special catch up rules. NAGDCA policy opposes plan consolidation and has been working to build support for the Collins amendment in order to protect important governmental defined contribution plan features.

As we previously reported, the bill does not change the pre-tax contributions to defined contribution retirement plans—so-called Rothification—or other potential provisions which NAGDCA had argued were the most harmful to government defined contribution plans and participants. An earlier version of the bill had language which would have imposed the ten percent penalty for early withdrawals on governmental 457(b) plans, but Sen. Portman succeeded in having that provision struck from the version of the bill that was reported out by the Finance Committee.

The next step in the process traditionally would be a formal conference committee to hammer out an agreement between the House and Senate versions of the bill before sending it to the President for his signature. House Republican leaders have indicated that they intend to go to conference, though there may be political pressure for the House to simply accept the Senate bill.

We will continue to work with Congress and keep you updated.

[Click here](#) to access the Senate passed version of the Tax Cuts and Jobs Act.