

1986 shall be made with respect to such change in method of accounting.

(n) AMENDMENTS RELATED TO SECTION 6077 OF THE 1988 ACT.—

(1) Paragraph (1) of section 847 is amended—

(A) by striking “separate estimated tax” and inserting “special estimated tax”, and

(B) by striking “after December 31, 1986” and inserting “in taxable years beginning after December 31, 1986”.

(2) The first sentence of section 847(2) is amended to read as follows: “The deduction under paragraph (1) shall be allowed only to the extent that such deduction would result in a tax benefit for the taxable year for which such deduction is allowed or any carryback year and only to the extent that special estimated tax payments are made in an amount equal to the tax benefit attributable to such deduction on or before the due date (determined without regard to extensions) for filing the return for the taxable year for which the deduction is allowed.”

(3) Paragraph (5) of section 847 is amended by adding at the end the following new sentence:

“To the extent that any amount added to the special loss discount account is not subtracted from such account before the 15th year after the year for which the amount was so added, such amount shall be subtracted from such account for such 15th year and included in gross income for such 15th year.”

(4) Paragraph (9) of section 847 is amended by striking “and” at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting “, and”, and by adding at the end the following new subparagraph:

“(C) providing for the application of this section in cases where the deduction allowed under paragraph (1) for any taxable year is less than the excess referred to in paragraph (1) for such year.”

(5) Section 847 (as amended by paragraph (4)) is amended by redesignating paragraph (9) as paragraph (10) and by inserting after paragraph (8) the following new paragraph:

“(9) EFFECT ON EARNINGS AND PROFITS.—In determining the earnings and profits—

“(A) any special estimated tax payment made for any taxable year shall be treated as a payment of income tax imposed by this title for such taxable year, and

“(B) any deduction or inclusion under this section shall not be taken into account.

Nothing in the preceding sentence shall be construed to affect the application of section 56(g) (relating to adjustments based on adjusted current earnings).”

(6) Paragraph (8) of section 847 is amended by adding at the end the following new sentence: “The limitations on consolidation contained in section 1503(c) shall not apply to the deduction allowed under paragraph (1).”

(o) AMENDMENTS RELATED TO SECTION 6105 OF THE 1988 ACT.—

(1) The subsection (c) of section 5276 added by section 6105 of the 1988 Act is amended—

(A) by striking “(c) EXEMPTION” and inserting “(d) EXCEPTION”,

(B) by striking “section 5271(a)(2)” in paragraph (1) and inserting “section 5271”, and

(C) by striking “specially denatured distilled spirits” in paragraph (2) and inserting “distilled spirits free of tax”.

(2) Subsection (a) of section 5276 is amended by striking “Except as provided in subsection (c),” and inserting “Except as otherwise provided in this section.”

(p) AMENDMENT RELATED TO SECTION 6135 OF THE 1988 ACT.— Paragraph (3) of section 953(d) is amended by striking “(as defined in section 1503(d))” and inserting “for purposes of section 1503(d) without regard to paragraph (2)(B) thereof”.

(q) AMENDMENT RELATED TO SECTION 6152 OF THE 1988 ACT.— Subparagraph (C) of section 2056(b)(7) is amended by striking “an annuity” and inserting “an annuity included in the gross estate of the decedent under section 2039”.

(r) AMENDMENT RELATED TO SECTION 6177 OF THE 1988 ACT.— Subclause (III) of section 148(f)(4)(B)(iii) is amended by striking “such date of issuance, or the date” and inserting “such date of issuance or the date”.

(s) AMENDMENTS RELATED TO SECTION 6180 OF THE 1988 ACT.—

(1) Paragraph (1) of section 142(i) is amended by inserting “IN GENERAL.—” after “(1)”.

(2) The paragraph (3) of section 146(g) added by section 6180 of the 1988 Act is redesignated as paragraph (4).

(3) Paragraph (3) of section 147(c) is amended by inserting a comma after “mass commuting facility” each place it appears.

(t) AMENDMENTS RELATED TO SECTION 6183 OF THE 1988 ACT.— Subclause (II) of section 148(f)(4)(C)(ii) is amended by striking “on behalf of” and inserting “to make loans to”.

(u) AMENDMENTS RELATED TO SECTION 6228 OF THE 1988 ACT.—

(1) The section 7520 added by section 6228 of the 1988 Act is redesignated as section 7521.

(2) The table of sections for chapter 77 is amended by striking the item added by section 6228 of the 1988 Act and inserting the following:

“Sec. 7521. Procedures involving taxpayer interviews.”

(v) AMENDMENTS RELATED TO SECTION 6242 OF THE 1988 ACT.—

(1) The section 6712 added by section 6242 of the 1988 Act is redesignated as section 6713.

(2) The table of sections for part I of subchapter B of chapter 68 is amended by striking the item added by section 6242 of the 1988 Act and inserting the following:

“Sec. 6713. Disclosure or use of information by preparers of returns.”

(w) AMENDMENT RELATED TO SECTION 6253 OF THE 1988 ACT.— Section 6253 of the 1988 Act is amended by inserting “, as amended by title I of this Act,” after “1986 Code”.

26 USC 168.

#### SEC. 7817. EFFECTIVE DATE.

26 USC 1 note.

Except as otherwise provided in this part, any amendment made by this part shall take effect as if included in the provision of the 1988 Act to which such amendment relates.

## PART II—AMENDMENTS RELATED TO REVENUE ACT OF 1987

#### SEC. 7821. AMENDMENTS RELATED TO SUBTITLE B.

(a) AMENDMENTS RELATED TO SECTION 10202 OF THE 1987 ACT.—

(1) Subparagraph (B) of section 453A(b)(2) is amended by striking "all obligations of the taxpayer described in paragraph (1)" and inserting "all such obligations held by the taxpayer".

(2) Subparagraph (B) of section 453A(d)(2) is amended by striking "before such secured indebtedness was incurred" and inserting "before the later of the times referred to in subparagraph (A) or (B) of paragraph (1)".

(3) Subparagraph (B) of section 453A(d)(1) is amended by inserting "the time" before the "the proceeds".

(4)(A) Paragraph (2) of section 26(b) (as amended by section 11811) is amended by striking "and" at the end of subparagraph (L), by striking the period at the end of subparagraph (M) and inserting ", and", and by adding at the end the following new subparagraph:

"(N) sections 453(l)(3) and 453A(c) (relating to interest on certain deferred tax liabilities)."

(B) Subsection (c) of section 453A is amended by redesignating paragraph (5) as paragraph (6) and by inserting after paragraph (4) the following new paragraph:

"(5) TREATMENT AS INTEREST.—Any amount payable under this subsection shall be taken into account in computing the amount of any deduction allowable to the taxpayer for interest paid or accrued during the taxable year."

(5) In the case of taxable years beginning in 1987, the reference to section 453 contained in section 56(a)(6) of the Internal Revenue Code of 1986 shall be treated as including a reference to section 453A.

(b) AMENDMENTS RELATED TO SECTION 10206 OF THE 1987 ACT.—Effective with respect to taxable years beginning after 1988, the last sentence of section 7519(d)(4) is amended—

(1) by striking "for taxable years beginning after 1987",

(2) by striking "if more than 50 percent" and inserting "unless more than 50 percent", and

(3) by striking "who would not have been entitled" and inserting "who would have been entitled".

(c) AMENDMENT RELATED TO SECTION 10222 OF THE 1987 ACT.—Clause (ii) of section 1503(e)(2)(A) is amended by striking "another member" and inserting "another corporation which is or was a member".

(d) AMENDMENTS RELATED TO SECTION 10242 OF THE 1987 ACT.—

(1) The item relating to section 842 in the table of sections for part III of subchapter L of chapter 1 is amended by striking "corporations" and inserting "companies".

(2) The heading for paragraph (4) of section 842(c) is amended by striking "YEILDS" and inserting "YIELDS".

**SEC. 7822. AMENDMENTS RELATED TO SUBTITLE C AND FOLLOWING SUBTITLES.**

(a) AMENDMENT RELATED TO SECTION 10301 OF THE 1987 ACT.—Paragraph (1) of section 6655(e) is amended by striking "section (d)(1)" and inserting "subsection (d)(1)".

(b) AMENDMENTS RELATED TO SECTION 10502 OF THE 1987 ACT.—

(1) Paragraph (1) of section 6427(i) is amended by striking "subsection (a)" and all that follows through "by any person" and inserting "subsection (a), (b), (c), (d), (e), (g), (h), (l), or (q) by any person".

(2) Clause (i) of section 6427(i)(2)(A) is amended to read as follows:

“(i) \$1,000 or more is payable under subsections (a), (b), (d), (e), (g), (h), and (q), or”.

(3) Subparagraph (B) of section 6427(i)(2) is amended to read as follows:

“(B) SPECIAL RULE.—If the requirements of subparagraph (A)(ii) are met by any person for any quarter but the requirements of subparagraph (A)(i) are not met by such person for such quarter, such person may file a claim under subparagraph (A) for such quarter only with respect to amounts referred to in subparagraph (A)(ii).”

(4) The subsection of section 6427 relating to payments for taxes imposed by section 4041(d) is redesignated as subsection (p).

(5) Paragraph (3) of section 9502(b) is amended by striking “, and” and inserting “; and”.

(6) Subparagraph (A) of section 9503(b)(4) is amended by striking “sections 4041(d)” and inserting “section 4041(d)”.

(7) Subsections (b)(3) and (c)(2)(A) of section 9508 are each amended by striking “Storage Trust Fund” and inserting “Storage Tank Trust Fund”.

(c) AMENDMENT RELATED TO SECTION 10611 OF THE 1987 ACT.—The table of sections for part II of subchapter B of chapter 1 is amended by inserting “Illegal” before “Federal” in the item relating to section 90.

(d) AMENDMENTS RELATED TO SECTION 10713 OF THE 1987 ACT.—

(1) Subparagraph (G) of section 10713(b)(2) of the 1987 Act is amended to read as follows: 26 USC 7611.

“(G) Paragraph (3) of section 7611(i) is amended by striking all that follows ‘income tax’ and inserting ‘, section 6852 (relating to termination assessments in case of flagrant political expenditures of section 501(c)(3) organizations), or section 6861 (relating to jeopardy assessments of income taxes, etc.),’”

(2) Clause (iii) of section 10713(b)(2)(E) of the 1987 Act is amended to read as follows: 26 USC 6863.

“(iii) by striking ‘6851(a) nor 6861(a)’ in subsection (b)(3)(A)(iii) and inserting ‘6851(a), 6852(a), nor 6861(a).’”

#### SEC. 7823. EFFECTIVE DATE.

26 USC 26 note.

Except as otherwise provided in this part, any amendment made by this part shall take effect as if included in the provision of the 1987 Act to which such amendment relates.

### PART III—AMENDMENTS RELATED TO TAX REFORM ACT OF 1986

#### SEC. 7831. AMENDMENTS RELATED TO TAX REFORM ACT OF 1986.

(a) AMENDMENT RELATED TO SECTION 101 OF THE 1986 ACT.—Subparagraph (B) of section 1(f)(6) (relating to rounding of inflation adjustments for married individuals filing separately) is amended by striking “(other than with respect to section 63(c)(4))” and inserting the following: “(other than with respect to subsection (c)(4) of section 63 (as it applies to subsections (c)(5)(A) and (f) of such section) and section 151(d)(3))”.

(b) AMENDMENT RELATED TO SECTION 201 OF THE 1986 ACT.—  
Paragraph (5) of section 1250(b) is amended—

(1) by striking “in the case of recovery property” in subparagraph (A) and inserting “in the case of property to which section 168 applies”, and

(2) by striking “in the case of any property which is not recovery property” in subparagraph (B) and inserting “in the case any property to which section 168 does not apply”.

## (c) AMENDMENTS RELATED TO SECTION 252 OF THE 1986 ACT.—

Regulations.

(1) Subparagraph (B) of section 42(i)(3) (defining low-income unit) is amended by inserting “(as determined under regulations prescribed by the Secretary taking into account local health, safety, and building codes)” after “suitable for occupancy”.

(2) Paragraph (3) of section 42(i) is amended by adding at the end the following new subparagraph:

“(D) STUDENTS IN GOVERNMENT-SUPPORTED JOB TRAINING PROGRAMS NOT TO DISQUALIFY UNIT.—A unit shall not fail to be treated as a low-income unit merely because it is occupied by an individual who is enrolled in a job training program receiving assistance under the Job Training Partnership Act or under other similar Federal, State, or local laws.”

(3) Subsection (i) of section 42 (relating to special rules) is amended by adding at the end the following new paragraph:

“(6) APPLICATION TO ESTATES AND TRUSTS.—In the case of an estate or trust, the amount of the credit determined under subsection (a) and any increase in tax under subsection (j) shall be apportioned between the estate or trust and the beneficiaries on the basis of the income of the estate or trust allocable to each.”

(4) Subsection (f) of section 42 is amended by adding at the end the following new paragraph:

“(4) DISPOSITIONS OF PROPERTY.—If a building (or an interest therein) is disposed of during any year for which credit is allowable under subsection (a), such credit shall be allocated between the parties on the basis of the number of days during such year the building (or interest) was held by each. In any such case, proper adjustments shall be made in the application of subsection (j).”

(5) Subsection (m) of section 42 (relating to regulations) is amended by striking “and” at the end of paragraph (2), by striking the period at the end of paragraph (3) and inserting “, and”, and by adding at the end the following new paragraph:

“(4) providing the opportunity for housing credit agencies to correct administrative errors and omissions with respect to allocations and record keeping within a reasonable period after their discovery, taking into account the availability of regulations and other administrative guidance from the Secretary.”

(6) Subparagraph (A) of section 42(d)(7) is amended by inserting “(or interest therein)” after “a building described in subparagraph (B)”.

## (d) AMENDMENTS RELATED TO SECTION 803 OF THE 1986 ACT.—

(1) Subparagraph (A) of section 803(d)(4) of the Tax Reform Act of 1986 is amended by striking so much of such subparagraph as precedes clause (i) thereof and inserting the following:

“(A) TRANSITION PROPERTY EXEMPTED FROM INTEREST CAPITALIZATION.—Section 263A of the Internal Revenue

Code of 1986 (as added by this section) and the amendment made by subsection (b)(1) shall not apply to interest costs which are allocable to any property—”.

(2) If any interest costs incurred after December 31, 1986, are attributable to costs incurred before January 1, 1987, the amendments made by section 803 of the Tax Reform Act of 1986 shall apply to such interest costs only to the extent such interest costs are attributable to costs which were required to be capitalized under section 263 of the Internal Revenue Code of 1954 and which would have been taken into account in applying section 189 of the Internal Revenue Code of 1954 (as in effect before its repeal by section 803 of the Tax Reform Act of 1986) or, if applicable, section 266 of such Code.

26 USC 263A  
note.

(e) APPLICATION OF FUTURE LEGISLATION TO TRANSITIONED BONDS.—Section 1318 of the Tax Reform Act of 1986 is amended by adding at the end the following new paragraph:

26 USC 141 note.

“(8) APPLICATION OF FUTURE LEGISLATION TO TRANSITIONED BONDS.—In the case of any bond to which the amendments made by section 1301 do not apply by reason of a provision of this Act, any amendment of the 1986 Code (and any other provision applicable to such Code) included in any law enacted after October 22, 1986, shall be treated as included in section 103 and section 103A (as appropriate) of the 1954 Code with respect to such bond unless—

“(A) such law expressly provides that such amendment (or other provision) shall not apply to such bond, or

“(B) such amendment (or other provision) applies to a provision of the 1986 Code—

“(i) for which there is no corresponding provision in section 103 and section 103A (as appropriate) of the 1954 Code, and

“(ii) which is not otherwise treated as included in such sections 103 and 103A with respect to such bond.”

(f) AMENDMENT RELATED TO SECTION 1114 OF THE 1986 ACT.—Subparagraphs (A) and (B) of section 1114(b)(9) of the Tax Reform Act of 1986 are each amended by striking “consist of supervising” and inserting “consist in supervising”.

26 USC 406, 407.

(g) EFFECTIVE DATE.—Any amendment made by this section shall take effect as if included in the provision of the Tax Reform Act of 1986 to which such amendment relates.

26 USC 1 note.

## PART IV—MISCELLANEOUS CHANGES

### SEC. 7841. MISCELLANEOUS CHANGES.

(a) AMENDMENT RELATED TO TRANSFERS INCIDENT TO DIVORCE OR SEPARATION.—

(1) Paragraph (6) of section 408(d) is amended by striking “his former spouse under a divorce decree or under a written instrument incident to such divorce” and inserting “his spouse or former spouse under a divorce or separation instrument described in subparagraph (A) of section 71(b)(2)”.

(2) Subsection (p) of section 414 is amended by redesignating paragraph (11) as paragraph (12) and by inserting after paragraph (10) the following new paragraph:

“(11) APPLICATION OF RULES TO GOVERNMENTAL AND CHURCH PLANS.—For purposes of this title, a distribution or payment

from a governmental plan (as defined in subsection (d)) or a church plan (as described in subsection (e)) shall be treated as made pursuant to a qualified domestic relations order if it is made pursuant to a domestic relations order which meets the requirement of clause (i) of paragraph (1)(A)."

26 USC 408 note.

(3) The amendments made by this subsection shall apply to transfers after the date of the enactment of this Act in taxable years ending after such date.

(b) AMENDMENT RELATED TO SINGLE-EMPLOYER PENSION PLAN AMENDMENTS ACT OF 1986.—

(1) Section 404(g)(1) is amended by inserting "4041(b)," before "4062".

26 USC 404 note.

(2) The amendment made by paragraph (1) shall apply to payments made after January 1, 1986, in taxable years ending after such date.

(c) DEFINITION OF COMPENSATION.—

(1) Paragraph (1) of section 219(f) (defining compensation) is amended by adding at the end thereof the following new sentence: "For purposes of this paragraph, section 401(c)(2) shall be applied as if the term trade or business for purposes of section 1402 included service described in subsection (c)(6)."

26 USC 219 note.

(2) The amendment made by paragraph (1) shall apply to contributions after the date of the enactment of this Act in taxable years ending after such date.

(d) MISCELLANEOUS CLERICAL CHANGES.—

(1) Paragraph (1) of section 6103(d) is amended by striking "45,".

(2) Section 6871 is amended by striking "44, or 45" each place it appears and inserting "or 44".

(3) Paragraph (5) of section 691(c) is amended by striking "paragraph (1)(D)" and inserting "paragraph (1)(C)".

(4) The table of chapters for subtitle D is amended by striking the comma in the item relating to chapter 42 and inserting a semicolon.

(5) Section 6652 is amended—

(A) by redesignating the subsection relating to information with respect to includible employee benefits as subsection (k), and

(B) by redesignating the subsection relating to alcohol and tobacco taxes as subsection (l).

(6) Paragraph (2) of section 410(a) is amended by striking the comma before the period.

(7) The heading of paragraph (1) of section 132(h) is amended by striking "OFFICERS, ETC.," and inserting "HIGHLY COMPENSATED EMPLOYEES".

(8) Paragraph (1) of section 66(d) is amended by striking "section 911(b)" and inserting "section 911(d)(2)".

(9) Subsection (e) of section 861 is amended by striking "section 826(a)" and inserting "section 862(a)".

(10) Paragraph (27) of section 381(a) (relating to credit under section 53) is redesignated as paragraph (26).

(11) Subclause (III) of section 382(l)(3)(B)(i) is amended by striking "divorce," and inserting "divorce".

(12) The last sentence of section 6157(a) is amended by striking "subsections (c) and (d)" and inserting "subsection (c)".

(13) Clause (i) of section 42(d)(6)(A) is amended by striking "Farmers' Home Administration" and inserting "Farmers Home Administration".

(14) Clause (ii) of section 42(d)(7)(A) is amended by striking "subsection (a)" and inserting "subsection (a)".

(15) Subparagraph (A) of section 42(e)(2) is amended by striking "capital account" and inserting "capital account".

(16) Paragraph (2) of section 844(a) is amended by striking "for the taxable year" and inserting "for a prior taxable year".

(17) Subsection (c) of section 4221 is amended by striking "or 4083".

(18) Clause (i) of section 274(n)(2)(F) is amended by inserting "any" before "Federal".

(19) Subparagraph (B) of section 132(f)(2) is amended by striking "section 151(e)(3)" and inserting "section 151(c)(3)".

(20) Sections 6420(e)(2), 6421(g)(2), and 6427(j)(2) are each amended by striking "section 7602" and inserting "section 7602(a)".

**(e) AMENDMENT RELATED TO TREATMENT OF TRANSACTIONS IN WHICH FEDERAL FINANCIAL ASSISTANCE PROVIDED.—**

(1) Section 597(b)(2) is amended by striking "to reflect such treatment" and inserting "in connection with such assistance".

(2) The amendment made by this subsection shall apply as if included in the amendments made by section 1401 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

26 USC 597 note.

**(f) AMENDMENT RELATED TO ALCOHOL, TOBACCO, AND FIREARMS RETURNS.—**Paragraph (6) of section 6091(b) is amended by inserting "section 4181 or" before "subtitle E".

**(g) AUTHORITY TO PAY ADMINISTRATIVE EXPENSES FROM VACCINE INJURY COMPENSATION TRUST FUND.**

(1) **IN GENERAL.**—Paragraph (1) of section 9510(c) (relating to expenditures from Vaccine Injury Compensation Trust Fund) is amended by inserting before the period at the end thereof the following: ", or for the payment of all expenses of administration (but not in excess of \$6,000,000 for any fiscal year) incurred by the Federal Government in administering such subtitle".

(2) **EFFECTIVE DATE.**—The amendment made by paragraph (1) shall apply to fiscal years beginning after September 30, 1989.

26 USC 9510 note.

## PART V—AMENDMENTS RELATED TO PENSION PROVISIONS

### SEC. 7851. DEFINITIONS.

For purposes of this part—

(1) **REFORM ACT.**—Except where incompatible with the intent, the term "Reform Act" means the Tax Reform Act of 1986.

(2) **ERISA.**—The term "ERISA" means the Employee Retirement Income Security Act of 1974.

## Subpart A—Amendments Related To Tax Reform Act of 1986

### SEC. 7861. AMENDMENTS RELATED TO TITLE XI OF THE REFORM ACT.

(a) **AMENDMENTS RELATED TO SECTION 1113 OF THE REFORM ACT.—**



29 USC 1053.

(1) Section 203(a)(2) of ERISA is amended—

(A) by striking “following” the first place it appears, and  
 (B) by striking “414(f)(1)(B)” in subparagraph (C)(ii)(I) and  
 inserting “3(37)(A)(ii)”.

29 USC 1052.

(2) Section 1113(e)(3) of the Reform Act is amended by striking “Section 202(B)(i)” and inserting “Section 202(a)(1)(B)(i)”.

26 USC 411 note.

(3) The second subsection (e) of section 1113 of the Reform Act is redesignated as subsection (f).

(4) Section 1113(f) of the Reform Act, as redesignated by paragraph (3), is amended by adding at the end thereof the following new paragraph:

“(4) REPEAL OF CLASS YEAR VESTING.—If a plan amendment repealing class year vesting is adopted after October 22, 1986, such amendment shall not apply to any employee for the 1st plan year to which the amendments made by subsections (b) and (e)(2) apply (and any subsequent plan year) if—

“(A) such plan amendment would reduce the nonforfeitable right of such employee for such year, and

“(B) such employee has at least 1 hour of service before the adoption of such plan amendment and after the beginning of such 1st plan year.

This paragraph shall not apply to an employee who has 5 consecutive 1-year breaks in service (as defined in section 411(a)(6)(A) of the Internal Revenue Code of 1986) which include the 1st day of the 1st plan year to which the amendments made by subsection (b) and (e)(2) apply. A plan shall not be treated as failing to meet the requirements of section 401(a)(26) of such Code by reason of complying with the provisions of this paragraph.”

26 USC 411.

(5)(A) Section 411(a)(3) is amended by adding at the end thereof the following new subparagraph:

“(G) TREATMENT OF MATCHING CONTRIBUTIONS FORFEITED BY REASON OF EXCESS DEFERRAL OR CONTRIBUTION.—A matching contribution (within the meaning of section 401(m)) shall not be treated as forfeitable merely because such contribution is forfeitable if the contribution to which the matching contribution relates is treated as an excess contribution under section 401(k)(8)(B), an excess deferral under section 402(g)(2)(A), or an excess aggregate contribution under section 401(m)(6)(B).”

(B) Paragraph (3) of section 203(a) of ERISA is amended by adding at the end thereof the following new subparagraph:

“(F) A matching contribution (within the meaning of section 401(m) of the Internal Revenue Code of 1986) shall not be treated as forfeitable merely because such contribution is forfeitable if the contribution to which the matching contribution relates is treated as an excess contribution under section 401(k)(8)(B) of such Code, an excess deferral under section 402(g)(2)(A) of such Code, or an excess aggregate contribution under section 401(m)(6)(B) of such Code.”

(6)(A) Section 411(a)(4)(A) is amended to read as follows:

“(A) years of service before age 18.”

(B) Subparagraph (A) of section 203(b)(1) of ERISA is amended to read as follows:

“(A) years of service before age 18.”

26 USC 4980 note.

(b) AMENDMENT RELATED TO SECTION 1132 OF THE ACT.—

(1) Notwithstanding any other provision of law, in the case of any qualified pension plan and welfare benefit plan described in paragraph (2), the assets of such pension plan in excess of its liabilities may be transferred to such welfare benefit plan upon the termination of such pension plan if such assets are to be used to provide retiree health benefits.

(2) For purposes of paragraph (1), a qualified pension plan and welfare benefit plan are described in this paragraph if—

(A) both such plans are jointly administered pursuant to a collective bargaining agreement between the employer maintaining such plans and one or more employee representatives,

(B) the welfare benefit plan provides retiree health benefits, and

(C) the qualified pension plan has assets in excess of liabilities (determined on a termination basis) and the welfare benefit plan has assets which are less than the present value of the benefits to be provided under the plan (determined as of the time of termination of the pension plan).

(3) For purposes of the Internal Revenue Code of 1986, any transfer of assets to which paragraph (1) applies shall be treated as a reversion of such assets to the employer maintaining the plan which is includible in the gross income of such employer and subject to the tax imposed by section 4980 of such Code.

(c) AMENDMENTS RELATED TO SECTION 1140 OF THE REFORM ACT.—

(1) Subsection (a) of section 1140 of the Reform Act is amended by striking “or subtitle C” and inserting “, subtitle C, or title XVIII of this Act”.

26 USC 401 note.

(2) Section 1140(c) of the Reform Act is amended by striking all after “the first plan year beginning” and inserting “after the later of—

“(1) December 31, 1988, or

“(2) the earlier of—

“(A) December 31, 1990, or

“(B) the date on which the last of such collective bargaining agreements terminate (without regard to any extension after February 28, 1986).”

(3) Section 1140(c) is amended by adding at the end thereof the following new flush sentence:

“For purposes of paragraph (1)(B) and any other provision of this title, an agreement shall not be treated as terminated merely because the plan is amended pursuant to such agreement to meet the requirements of any amendment made by this title or title XVIII of this Act.”.

(d) AMENDMENTS RELATED TO SECTION 1145 OF THE REFORM ACT.—

(1) Subsection (f) of section 303 of the Retirement Equity Act of 1984 is amended by striking “July 24, 1984” and inserting “July 17, 1984”.

26 USC 1001 note.

(2) Paragraph (3) of section 205(b) of ERISA, as added by section 1145(b) of the Reform Act, is redesignated as paragraph (4).

29 USC 1055.

SEC. 7862. AMENDMENTS RELATED TO TITLE XVIII OF THE REFORM ACT.

(a) AMENDMENT RELATED TO SECTION 1852 OF THE REFORM ACT.— Paragraph (1) of section 4402(h) of ERISA is amended by striking “January 12, 1982” the second place it appears and inserting “January 16, 1982”.

29 USC 1461.

- (b) AMENDMENT RELATED TO SECTION 1879 OF THE REFORM ACT.—  
 (1) Subsection (u) of section 1879 of the Reform Act is amended—  
 ed—  
 (A) by striking “206(h)” each place it appears in paragraphs (1) and (4)(B) and inserting “204(h)”,  
 (B) by redesignating paragraph (4) as paragraph (5), and  
 (C) by inserting after paragraph (3) the following:  
 “(4) CORRECTION OF CROSS REFERENCE.—Section 4218(1)(A) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1398(1)(A)) is amended by striking ‘section 4062(d)’ and inserting ‘section 4069(b)’.”
- 29 USC 1054 and note. (2) So much of section 204(h)(2) of ERISA as precedes subparagraph (A) thereof is amended by adjusting the left-hand margination thereof to full measure.
- 29 USC 1054. (c) AMENDMENTS RELATED TO SECTION 1895 OF THE REFORM ACT.—  
 (1)(A) Section 106(b)(2) (relating to exception to certain plans) is amended by striking the last sentence thereof.  
 (B) Section 601(b) of ERISA is amended by striking the last sentence thereof.  
 (C) The amendments made by this paragraph shall apply to years beginning after December 31, 1986.  
 (2)(A) Section 607(2) of ERISA is amended by striking “the individual’s employment or previous employment with an employer” and inserting “the performance of services by the individual for 1 or more persons maintaining the plan (including as an employee defined in section 401(c)(1) of the Internal Revenue Code of 1986)”.
- 26 USC 106. (B) Section 4980B(f)(7), as added by the Technical and Miscellaneous Revenue Act of 1988, is amended by striking “the individual’s employment or previous employment with an employer” and inserting “the performance of services by the individual for 1 or more persons maintaining the plan (including as an employee defined in section 401(c)(1))”.
- 29 USC 1161. (C) The amendments made by this paragraph shall apply to plan years beginning after December 31, 1989.
- 26 USC 106 note. (3)(A) Clause (iv) of section 162(k)(2)(B) is amended—  
 (i) by striking “ELIGIBILITY” in the heading and inserting “ENTITLEMENT”, and  
 (ii) by inserting “which does not contain any exclusion or limitation with respect to any preexisting condition of such beneficiary” after “or otherwise)” in subclause (I).
- 29 USC 1167. (B) Section 602(2)(D) of ERISA is amended—  
 (i) by striking “ELIGIBILITY” in the heading and inserting “ENTITLEMENT”, and  
 (ii) by inserting “which does not contain any exclusion or limitation with respect to any preexisting condition of such beneficiary” after “or otherwise)” in clause (i).
- 26 USC 4980B note. (C) Clause (iv) of section 4980B(f)(2)(B), as added by the Technical and Miscellaneous Revenue Act of 1988, is amended—  
 (i) by striking “ELIGIBILITY” in the heading and inserting “ENTITLEMENT”, and  
 (ii) by inserting “which does not contain any exclusion or limitation with respect to any preexisting condition of such beneficiary” after “or otherwise)” in subclause (I).
- 26 USC 162. (D) The amendments made by this paragraph shall apply to—  
 (i) qualifying events occurring after December 31, 1989, and
- 29 USC 1162. (i) qualifying events occurring after December 31, 1989, and
- 26 USC 162 note. (i) qualifying events occurring after December 31, 1989, and

(ii) in the case of qualified beneficiaries who elected continuation coverage after December 31, 1988, the period for which the required premium was paid (or was attempted to be paid but was rejected as such).

(4)(A) The last sentence of section 602(3) of ERISA is amended to read as follows: 29 USC 1162.

“In no event may the plan require the payment of any premium before the day which is 45 days after the day on which the qualified beneficiary made the initial election for continuation coverage.”

(B) The last sentence of section 4980B(f)(2)(C) of the 1986 Code (as added by the Technical and Miscellaneous Revenue Act of 1988) is amended to read as follows:

“In no event may the plan require the payment of any premium before the day which is 45 days after the day on which the qualified beneficiary made the initial election for continuation coverage.”

(C) The amendments made by this paragraph shall apply to plan years beginning after December 31, 1989. 26 USC 4980B note.

(5)(A) Clause (i) of section 4980B(f)(2)(B) is amended by adding at the end thereof the following new subclause:

“(V) QUALIFYING EVENT INVOLVING MEDICARE ENTITLEMENT.—In the case of an event described in paragraph (3)(D) (without regard to whether such event is a qualifying event), the period of coverage for qualified beneficiaries other than the covered employee for such event or any subsequent qualifying event shall not terminate before the close of the 36-month period beginning on the date the covered employee becomes entitled to benefits under title XVIII of the Social Security Act.”

(B) Section 602(2)(A) of ERISA is amended by adding at the end thereof the following new clause:

“(v) QUALIFYING EVENT INVOLVING MEDICARE ENTITLEMENT.—In the case of an event described in section 603(4) (without regard to whether such event is a qualifying event), the period of coverage for qualified beneficiaries other than the covered employee for such event or any subsequent qualifying event shall not terminate before the close of the 36-month period beginning on the date the covered employee becomes entitled to benefits under title XVIII of the Social Security Act.”

(C) The amendments made by this paragraph shall apply to plan years beginning after December 31, 1989. 26 USC 4980B note.

(6)(A) Section 3011(b)(6) of the Technical and Miscellaneous Revenue Act of 1988 (Public Law 100-647) is repealed.

(B) Subparagraph (A) shall be effective as if included in the enactment of section 3011(b) of the Technical and Miscellaneous Revenue Act of 1988. 29 USC 1167. Effective date. 29 USC 1167 note.

(d) AMENDMENTS RELATED TO SECTION 1898 OF THE REFORM ACT.—

(1)(A) Clause (ii) of section 417(a)(3)(B) (defining applicable period) is amended by striking subclause (V) and inserting at the end thereof the following new flush sentence: 26 USC 417.

“In the case of a participant who separates from service before attaining age 35, the applicable period shall be a reasonable period after separation.”

29 USC 1055.

(B) Clause (ii) of section 205(c)(3)(B) of ERISA is amended by striking subclause (V) and inserting at the end thereof the following new flush sentence:

“In the case of a participant who separates from service before attaining age 35, the applicable period shall be a reasonable period after separation.”

26 USC 417 note.

(2) Section 1898(b)(8) of the Reform Act is amended by adding at the end thereof the following new subparagraph:

“(C) EFFECTIVE DATE.—The amendments made by this paragraph shall apply to distributions after the date of the enactment of this Act.”

(3) Section 205(h) of ERISA is amended—

(A) in paragraph (1), by striking “the term” and inserting “The term”, and by striking “benefit,” and inserting “benefit.”; and

(B) in paragraph (3), by striking “the term” and inserting “The term”.

29 USC 1053.

(4) Subparagraph (B) of section 1898(d)(1) of the Reform Act is amended by striking “Paragraph (1)” and inserting “Subsection (e)(1)”.

29 USC 1053.

(5) Section 203(e)(1) of ERISA (as amended by section 1898(d)(1) of the Tax Reform Act of 1986) is further amended to read as follows:

“(e)(1) If the present value of any nonforfeitable benefit with respect to a participant in a plan exceeds \$3,500, the plan shall provide that such benefit may not be immediately distributed without the consent of the participant.”

(6) Subclause (IV) of section 205(c)(3)(B)(ii) of ERISA is amended by striking “401(a)(11)” and inserting “205”.

29 USC 1055.

(7) Subparagraph (B) of section 1898(b)(7) of the Reform Act is amended by striking “Subparagraph (C) of section 205(b)(1)” and inserting “Clause (i) of section 205(b)(1)(C)”.

(8) Section 205(e)(2) of ERISA is amended by striking “nonforfeitable accrued benefit” and inserting “nonforfeitable right (within the meaning of section 203)”.

(9)(A) Subparagraph (B) of section 1898(b)(14) of the Reform Act is amended by inserting “(as amended by section 1145(b))” after “1974”.

(B) Paragraph (3) of section 205(b) of ERISA (as added by section 1898(b)(14)(B) of the Reform Act) is redesignated as paragraph (4).

(10) Section 203(e)(1) of ERISA is amended by striking “vested accrued benefit” and inserting “nonforfeitable benefit”.

26 USC 106 note.

#### SEC. 7863. EFFECTIVE DATE.

Except as otherwise provided in this subpart, any amendment made by this subpart shall take effect as if included in the provision of the Reform Act to which such amendment relates.

### Subpart B—Amendments Related to Omnibus Budget Reconciliation Act of 1986

#### SEC. 7871. AMENDMENTS RELATED TO OMNIBUS BUDGET RECONCILIATION ACT OF 1986.

##### (a) AMENDMENTS RELATED TO SECTION 9202 OF THE ACT.—

(1) Section 411(b)(2) of the Internal Revenue Code of 1986 and section 204(b)(2) of ERISA are each amended by striking subparagraph (B) and by redesignating subparagraphs (C) and (D) as subparagraphs (B) and (C), respectively.

26 USC 411; 29 USC 1054.

(2) Section 411(b)(2)(C), as redesignated by paragraph (1), is amended by striking "subparagraph" and inserting "paragraph".

(3) Section 204(b)(2)(C) of ERISA, as redesignated by paragraph (1), is amended by striking "(C) and (D)" and inserting "(B) and (C)".

(4) The amendments made by this subsection shall take effect as if included in the amendments made by section 9202 of the Omnibus Budget Reconciliation Act of 1986.

Effective date.  
26 USC 411 note.

(b) AMENDMENTS RELATED TO SECTION 9203 OF THE ACT.—

(1) Section 411(a)(8)(B) is amended to read as follows:

"(B) the later of—

"(i) the time a plan participant attains age 65, or

"(ii) the 5th anniversary of the time a plan participant commenced participation in the plan."

(2) Section 3(24)(B) of ERISA is amended to read as follows:

29 USC 1002.

"(B) the later of—

"(i) the time a plan participant attains age 65, or

"(ii) the 5th anniversary of the time a plan participant commenced participation in the plan."

(3) The amendments made by this subsection shall take effect as if included in the amendments made by section 9203 of the Omnibus Budget Reconciliation Act of 1986.

Effective date.  
26 USC 411 note.

(c) AMENDMENT RELATING TO SECTION 9501.—Section 602(2)(A)(iii) of ERISA is amended by inserting "section" before "603(6)".

29 USC 1162.

### Subpart C—Amendments Related to Pension Protection Act

#### SEC. 7881. AMENDMENTS RELATED TO PENSION PROTECTION ACT.

(a) AMENDMENTS RELATED TO SECTION 9303.—

(1)(A) Subclause (II) of section 412(1)(3)(C)(ii) is amended by inserting "(but not below zero)" after "reducing".

26 USC 412.

(B) Subclause (II) of section 302(d)(3)(C)(ii) of ERISA is amended by inserting "(but not below zero)" after "reducing".

29 USC 1082.

(2)(A) Clause (i) of section 412(1)(4)(B) is amended by inserting "and the unamortized portion of the unfunded existing benefit increase liability" after "liability".

(B) Clause (i) of section 302(d)(4)(B) of ERISA is amended by inserting "and the unamortized portion of the unfunded existing benefit increase liability" after "liability".

(3)(A) Section 412(1)(5)(C) is amended by striking "October 17, 1987" and inserting "the first plan year beginning after December 31, 1988".

(B) Section 302(d)(5)(C) of ERISA is amended by striking "October 17, 1987" and inserting "the first plan year beginning after December 31, 1988".

(4)(A) Section 412(1)(7)(D) is amended—

(i) by striking "and" at the end of clause (iii)(I), by striking the period at the end of clause (iii)(II) and inserting ", and", and by adding at the end of clause (iii) the following new subclause:

“(III) has years of service greater than the minimum years of service necessary for eligibility to participate in the plan.”, and

(ii) by adding at the end thereof the following new clause:

“(iv) ELECTION.—An employer may elect not to have this subparagraph apply. Such an election, once made, may be revoked only with the consent of the Secretary.”.

29 USC 1082.

(B) Section 302(d)(7)(D) of ERISA is amended—

(i) by striking “and” at the end of clause (iii)(I), by striking the period at the end of clause (iii)(II) and inserting “, and”, and by adding at the end of clause (iii) the following new subclause:

“(III) has years of service greater than the minimum years of service necessary for eligibility to participate in the plan.”, and

(ii) by adding at the end thereof the following new clause:

“(iv) ELECTION.—An employer may elect not to have this subparagraph apply. Such an election, once made, may be revoked only with the consent of the Secretary of the Treasury.”.

26 USC 412.

(5)(A) Section 412(1)(8) is amended—

(i) by striking “reduced by any credit balance in the funding standard account” in subparagraph (A)(ii), and

(ii) by adding at the end thereof the following new subparagraph:

“(E) DEDUCTION FOR CREDIT BALANCES.—For purposes of this subsection, the amount determined under subparagraph (A)(ii) shall be reduced by any credit balance in the funding standard account. The Secretary may provide for such reduction for purposes of any other provision which references this subsection.”.

(B) Section 302(d)(8) of ERISA is amended—

(i) by striking “reduced by any credit balance in the funding standard account” in subparagraph (A)(ii), and

(ii) by adding at the end thereof the following new subparagraph:

“(E) DEDUCTION FOR CREDIT BALANCES.—For purposes of this subsection, the amount determined under subparagraph (A)(ii) shall be reduced by any credit balance in the funding standard account. The Secretary of the Treasury may provide for such reduction for purposes of any other provision which references this subsection.”.

(6)(A) Section 412(c)(9) is amended—

(i) by striking “3 years” and inserting “year”, and

(ii) by striking “3-YEAR” in the heading and inserting “ANNUAL”.

(B) Section 302(c)(9) of ERISA is amended by striking “3 years” and inserting “year”.

(7) Subclause (II) of section 9303(e)(3)(C)(ii) of the Pension Protection Act is amended by inserting “(and any income allocable to such amount)” after “clause (i)”.

26 USC 412 note.

(b) AMENDMENTS RELATED TO SECTION 9304.—

(1)(A) Subparagraph (A) of section 412(c)(10) is amended—

(i) by inserting “defined benefit” before “plan other”, and

(ii) by striking “PLANS” in the heading and inserting “DEFINED BENEFIT PLANS”.

(B) Subparagraph (A) of section 302(c)(10) of ERISA is amended by inserting "defined benefit" before "plan other". 29 USC 1082.

(2)(A) Subparagraph (B) of section 412(c)(10) is amended— 26 USC 412.

(i) by striking "multiemployer plan" and inserting "plan not described in subparagraph (A)", and

(ii) by striking "MULTIEMPLOYER" in the heading and inserting "OTHER".

(B) Subparagraph (B) of section 302(c)(10) of ERISA is amended by striking "multiemployer plan" and inserting "plan not described in subparagraph (A)".

(3)(A) Section 412(m)(1) is amended by inserting "defined benefit" before "plan other".

(B) Section 302(e)(1) of ERISA is amended by inserting "defined benefit" before "plan other".

(4)(A) Subparagraph (D) of section 412(m)(4) is amended to read as follows:

"(D) SPECIAL RULES FOR UNPREDICTABLE CONTINGENT EVENT BENEFITS.—In the case of a plan to which subsection (1) applies for any calendar year and which has any unpredictable contingent event benefit liabilities—

"(i) LIABILITIES NOT TAKEN INTO ACCOUNT.—Such liabilities shall not be taken into account in computing the required annual payment under subparagraph (B).

"(ii) INCREASE IN INSTALLMENTS.—Each required installment shall be increased by the greater of—

"(I) the unfunded percentage of the amount of benefits described in subsection (1)(5)(A)(i) paid during the 3-month period preceding the month in which the due date for such installment occurs, or

"(II) 25 percent of the amount determined under subsection (1)(5)(A)(ii) for the plan year.

"(iii) UNFUNDED PERCENTAGE.—For purposes of clause (ii)(I), the term 'unfunded percentage' means the percentage determined under subsection (1)(5)(A)(i)(I) for the plan year.

"(iv) LIMITATION ON INCREASE.—In no event shall the increases under clause (ii) exceed the amount necessary to increase the funded current liability percentage (within the meaning of subsection (1)(8)(B)) for the plan year to 100 percent."

(B) Subparagraph (D) of section 302(e)(4) of ERISA is amended to read as follows:

"(D) SPECIAL RULES FOR UNPREDICTABLE CONTINGENT EVENT BENEFITS.—In the case of a plan to which subsection (d) applies for any calendar year and which has any unpredictable contingent event benefit liabilities—

"(i) LIABILITIES NOT TAKEN INTO ACCOUNT.—Such liabilities shall not be taken into account in computing the required annual payment under subparagraph (B).

"(ii) INCREASE IN INSTALLMENTS.—Each required installment shall be increased by the greater of—

"(I) the unfunded percentage of the amount of benefits described in subsection (d)(5)(A)(i) paid during the 3-month period preceding the month in which the due date for such installment occurs, or

"(II) 25 percent of the amount determined under subsection (d)(5)(A)(ii) for the plan year.



“(iii) **UNFUNDED PERCENTAGE.**—For purposes of clause (ii)(I), the term ‘unfunded percentage’ means the percentage determined under subsection (d)(5)(A)(i)(I) for the plan year.

“(iv) **LIMITATION ON INCREASE.**—In no event shall the increases under clause (ii) exceed the amount necessary to increase the funded current liability percentage (within the meaning of subsection (d)(8)(B)) for the plan year to 100 percent.”.

29 USC 1021.

(5)(A) Section 101(d)(1) of ERISA is amended by striking “an employer of a plan” and inserting “an employer maintaining a plan”.

29 USC 1132.

(B) Section 502(c) of ERISA is amended by adding at the end thereof the following new paragraph:

Employment  
and  
unemployment.

“(3) Any employer maintaining a plan who fails to meet the notice requirement of section 101(d) with respect to any participant or beneficiary may in the court’s discretion be liable to such participant or beneficiary in the amount of up to \$100 a day from the date of such failure, and the court may in its discretion order such other relief as it deems proper.”.

29 USC 1021  
note.

(C) Section 9304(d) of the Pension Protection Act is amended by striking “Section” and inserting “Effective with respect to plan years beginning after December 31, 1987, section”.

26 USC 412.

(6)(A)(i) Subparagraph (B) of section 412(m)(1) is amended to read as follows:

“(B) the rate of interest used under the plan in determining costs (including adjustments under subsection (b)(5)(B)).”.

(ii) Clause (ii) of section 412(d)(1)(A) is amended by inserting “(including adjustments under subsection (b)(5)(B))” after “costs”.

29 USC 1082.

(B)(i) Subparagraph (B) of section 302(e)(1) of ERISA is amended to read as follows:

“(B) the rate of interest used under the plan in determining costs (including adjustments under subsection (b)(5)(B)).”.

29 USC 1083.

(ii) Section 303(a)(1)(B) of ERISA (as redesignated by subsection (e)(2)) is amended by inserting “(including adjustments under section 302(b)(5)(B))” after “costs”.

(7) Section 303(a) of ERISA (as amended by section 9306(c)(2)(A) of the Pension Protection Act) is amended—

(A) by redesignating subparagraphs (A) and (B) as paragraphs (1) and (2), respectively, and by adjusting the left-hand margination thereof 4 ems to the left;

(B) in paragraph (1) (as redesignated), by redesignating clauses (i) and (ii) as subparagraphs (A) and (B), respectively; and

(C) in paragraph (2) (as redesignated), by inserting “of such Code” after “section 6621(b)”.

(8) Subsection (f) of section 303 of ERISA (as so redesignated by section 9306(a)(2) of the Pension Protection Act) is transferred to immediately after subsection (e) of such section.

(c) **AMENDMENTS RELATED TO SECTION 9306.**—

(1) The last sentence of section 412(f)(4)(A) is amended by striking “the benefit liabilities” and inserting “for benefit liabilities”.

- (2) The last sentence of section 303(e)(1) of ERISA is amended by striking "the benefit liabilities" and inserting "for benefit liabilities". 29 USC 1088.
- (3) Section 9306(f)(3) of the Pension Protection Act is amended to read as follows: 26 USC 412 note.
- "(3) SUBSECTION (b).—The amendments made by subsection (b) shall apply to waivers for plan years beginning after December 31, 1987. For purposes of applying such amendments, the number of waivers which may be granted for plan years after December 31, 1987, shall be determined without regard to any waivers granted for plan years beginning before January 1, 1988."
- (d) AMENDMENTS RELATED TO SECTION 9307.— 26 USC 412.
- (1)(A) Clause (iii) of section 412(b)(5)(B) is amended by striking "for purposes of this section and for purposes of determining current liability,". 29 USC 1082.
- (B) Clause (iii) of section 302(b)(5)(B) of ERISA is amended by striking "for purposes of this section and for purposes of determining current liability,".
- (2)(A) Section 302(b)(5)(B) of ERISA is amended by inserting the following matter after the heading and before clause (i): "For purposes of determining a plan's current liability and for purposes of determining a plan's required contribution under section 302(d) for any plan year—".
- (B) Section 302(b)(5) of ERISA is amended by striking the matter following the heading thereof and preceding subparagraph (A).
- (C) Subclause (I) of section 302(b)(5)(B)(ii) of ERISA is amended by striking "average rate" and inserting "the weighted average of the rates".
- (3) Section 9307(f) of the Pension Protection Act is amended to read as follows: 26 USC 404 note.
- "(f) EFFECTIVE DATE.—
- "(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to years beginning after December 31, 1987.
- "(2) AMORTIZATION OF GAINS AND LOSSES.—Sections 412(b)(2)(B)(iv) and 412(b)(3)(B)(ii) of the Internal Revenue Code of 1986 and sections 302(b)(2)(B)(iv) and 302(b)(3)(B)(ii) of the Employee Retirement Income Security Act of 1974 (as amended by paragraphs (1)(A) and (2)(A) of subsection (a)) shall apply to gains and losses established in years beginning after December 31, 1987. For purposes of the preceding sentence, any gain or loss determined by a valuation occurring as of January 1, 1988, shall be treated as established in years beginning before 1988, or at the election of the employer, shall be amortized in accordance with Internal Revenue Service Notice 89-52."
- (4) Subparagraphs (A) and (B) of section 302(c)(3) of ERISA are each amended by adjusting the left-hand margination thereof, and of each subdivision thereof, 2 ems to the left.
- (e) AMENDMENTS RELATED TO SECTION 9311.— 29 USC 1344 note.
- (1) Section 9311(a)(2) of the Pension Protection Act is amended by striking "plan assets to the employer for purposes of section 4044(d)(1)(C) of the Employee Retirement Income Security Act of 1974" and inserting "residual plan assets upon termination". 29 USC 1344 note.
- (2) Section 9311(d) of the Pension Protection Act is amended—

(A) by striking "section 4041(c)" and inserting "section 4041" in paragraph (1), and

(B) by adding at the end thereof the following new flush sentence:

"Except as provided in subsection (a)(2), the amendments made by subsection (a) shall apply to any provision of the plan or plan amendment adopted after December 17, 1987."

29 USC 1344.

(3) Section 9311(b)(2) of the Pension Protection Act is amended by striking "subsection (c)(1)" and inserting "subsection (a)(1)".

29 USC 1344  
note.

(4) Section 9311(a)(2) of the Pension Protection Act is amended—

(A) by striking "1 year after the effective date of such amendments made by paragraph (1)" and inserting "December 17, 1988"; and

(B) by striking the last sentence.

(f) AMENDMENTS RELATED TO SECTION 9312.—

29 USC 1322  
note.

(1) Section 9312(b)(3)(B)(i) of the Pension Protection Act is amended—

(A) by striking "section 4022(c)(1)" in subclause (I) and inserting "section 4022(c)(3)", and

(B) by striking "subparagraph (B) of section 4022(c)(1)" and inserting "subparagraph (C) of section 4022(c)(3)".

29 USC 1362.

(2) Section 4062(a) of ERISA is amended—

(A) by inserting "and" at the end of paragraph (1);

(B) by striking paragraph (2);

(C) by redesignating paragraph (3) as paragraph (2); and

(D) in paragraph (2) (as so redesignated), by striking "subsection (d)" and inserting "subsection (c)".

29 USC 1364.

(3)(A) Section 4064(b) of ERISA is amended by striking "and clauses (i)(II) and (ii) of section 4062(b)(1)(A)" and inserting "and section 4068(a)".

29 USC 1368.

(B) Section 4068(a) of ERISA is amended by striking the last sentence.

29 USC 1322.

(4) Section 4022(c)(1) of ERISA is amended by striking "(in the case of a deceased participant)".

(5) Section 4022(c)(3)(B)(ii) of ERISA is amended by inserting "and during the 5-Federal fiscal year period ending with the fiscal year preceding the fiscal year in which occurs the date of the notice of intent to terminate with respect to the plan termination for which the recovery ratio is being determined" after "1987".

(6) Section 9312(b)(3)(B) of the Pension Protection Act is amended by striking clause (ii).

29 USC 1341.

(7) Section 4041(c) of ERISA is amended—

(A) by striking "(or its designee under section 4049(b))" in paragraph (2)(A)(iii)(II),

(B) by striking "section 4049" in paragraph (2)(A)(iii)(II) and inserting "section 4022(c)", and

(C) by striking the last sentence of paragraph (3)(C)(i).

29 USC 1370.

(8) Section 4070(a) of ERISA is amended by striking "4049".

29 USC 1301  
note.

(9) Section 9312(d)(1) of the Pension Protection Act is amended by striking "section 4041(c)" and inserting "section 4041".

(10)(A) Section 4062(b)(2)(B) of ERISA is amended by striking "the liability under paragraph (1)(A)(ii)" and inserting "so much of the liability under paragraph (1)(A) as exceeds 30 percent of the collective net worth of all persons described in subsection (a) (including interest)".

(B) Section 9312(b)(2)(B)(ii) of the Pension Protection Act is amended to read as follows: 29 USC 1362.

“(ii) Section 4062(d) of ERISA (as redesignated by paragraph (1)(B)) is amended by striking out paragraph (3).”

(C) Section 4068 of ERISA is amended by adding at the end the following new subsection: 29 USC 1368.

“(f) DEFINITIONS.—For purposes of this section—

“(1) The collective net worth of persons subject to liability in connection with a plan termination shall be determined as provided in section 4062(d)(1).

“(2) The term ‘pre-tax profits’ has the meaning provided in section 4062(d)(2).”

(11) Section 4022(c)(1) of ERISA is amended by striking “section 4044(a), to such participant” and inserting “section 4044(a). Such payment shall be made to such participant”. 29 USC 1322.

(12) Subsection (a) of section 4068 of ERISA is amended—

(A) by striking “to the extent such amount does not exceed 30 percent of the collective net worth of all persons described in section 4062(a)” the first place it appears; and

(B) by striking “to the extent such amount does not exceed 30 percent of the collective net worth of all persons described in section 4062(a)” the second place it appears and all that follows and inserting the following: “in the amount of such liability (including interest) upon all property and rights to property, whether real or personal, belonging to such person, except that such lien may not be in an amount in excess of 30 percent of the collective net worth of all persons described in section 4062(a)”. 29 USC 1322. Gifts and property. Real property.

(13) The table of contents in section 1 of ERISA is amended by striking the item relating to section 4049.

(g) AMENDMENTS RELATED TO SECTION 9313.—

(1) Section 4041(d)(1) of ERISA is amended by striking “sufficient for benefit commitments” and inserting “sufficient for benefit liabilities”. 29 USC 1341.

(2) Section 4041(c)(2)(B) of ERISA is amended by inserting “proposed” before “termination” in the parenthetical in the second sentence.

(3) Clause (ii) of section 4041(c)(2)(A) of ERISA is amended—

(A) by inserting “unless the corporation determines the information is not necessary for purposes of paragraph (3)(A) or section 4062,” before “certification”,

(B) by inserting “and, if applicable, the proposed distribution date” after “termination date” in subclause (I), and

(C) by striking “date” and inserting “dates” in subclauses (II) through (V).

(4) Subparagraph (B) of section 4041(b)(3) of ERISA is amended by adding a period at the end.

(5) Section 9313(b)(3) of the Pension Protection Act is amended by inserting “each place it appears” before the period. 29 USC 1341.

(6) Section 4041(b)(2)(A) of ERISA is amended by adjusting the left-hand margin of the last sentence two ems to the right.

(7) The first subsection (b) of section 9314 of the Pension Protection Act is amended by striking “Section 4042” and inserting “Section 4042(a)”, and by striking “third sentence” and inserting “last sentence”. 29 USC 1342.

29 USC 1371.

(8) Section 9314(c)(1) of the Pension Protection Act is amended by inserting "title IV of" after "Subtitle D of".

29 USC 1306.

(h) AMENDMENT RELATED TO SECTION 9331.—

(1) Subparagraph (E) of section 4006(a)(3) of ERISA is amended by adding at the end thereof the following new clause: "(v) No premium shall be determined under this subparagraph for any plan year if, as of the close of the preceding plan year, contributions to the plan for the preceding plan year were not less than the full funding limitation for the preceding plan year under section 412(c)(7) of the Internal Revenue Code of 1986."

(2) Clause (iii) of section 4006(c)(1)(A) of ERISA is amended by adjusting the left-hand margination thereof 2 ems to the left.

26 USC 401.

(i) AMENDMENTS RELATED TO SECTION 9341.—

(1)(A) Section 401(a)(29)(C)(i)(II) is amended by inserting "and any other plan amendments adopted after December 22, 1987, and before such plan amendment" after "amendment".

29 USC 1085b.

(B) Section 307(c)(1)(B) of ERISA is amended by inserting "and any other plan amendments adopted after December 22, 1987, and before such plan amendment".

(2) Section 307(d) of ERISA is amended by inserting "of the Treasury" after "Secretary".

(3)(A) Section 307 of ERISA is amended by redesignating subsection (e) as subsection (f) and by inserting after subsection (d) the following new subsection:

"(e) NOTICE.—A contributing sponsor which is required to provide security under subsection (a) shall notify the Pension Benefit Guaranty Corporation within 30 days after the amendment requiring such security takes effect. Such notice shall contain such information as the Corporation may require."

29 USC 1371.

(B) Section 4071 of ERISA is amended—

(i) by striking "or subtitle A, B, or C" and inserting "subtitle A, B, or C, as section 302(f)(4) or 307(e)", and

(ii) by inserting "or such section" after "such subtitle".

(4)(A) Clause (i) of section 401(a)(29)(A) is amended by inserting "to which the requirements of section 412 apply" after "multiemployer plan".

(B) Section 307(a)(1) of ERISA is amended by inserting "to which the requirements of section 302 apply" after "multiemployer plan".

26 USC 401 note.

(5) Section 9341(c) of the Pension Protection Act is amended by inserting "(without regard to any extension, amendment, or modification of such agreements on or after such date of enactment)" after "ratified before the date of enactment".

29 USC 1023.

(j) AMENDMENTS RELATED TO SECTION 9342.—

(1) Paragraph (11) of section 103(d) of ERISA is amended—

(A) by striking "60 percent" and inserting "70 percent", and

(B) by striking "such percentage" and inserting "the percentage which such value is of such liability."

29 USC 1132.

(2) Section 502(a)(6) of ERISA is amended by striking "subsection (i)" and inserting "subsection (c)(2) or (i)".

(3) Section 502(c)(2) of ERISA is amended—

(A) by inserting "against any plan administrator" after "civil penalty", and

(B) by striking "a plan administrator's" and inserting "such plan administrator's".

- (4) Paragraph (2) of section 413 of ERISA is amended by striking the comma. 29 USC 1113.
- (k) AMENDMENT RELATED TO SECTION 9343.—Section 403(c) of ERISA is amended by striking paragraph (3) and by redesignating paragraph (4) as paragraph (3). 29 USC 1103.
- (l) AMENDMENTS RELATED TO SECTION 9345.—
- (1) Section 407(d)(3)(C) of ERISA is amended by adjusting the left-hand margination thereof 2 ems to the left. 29 USC 1107.
- (2) Section 407(d)(9) of ERISA is amended—
- (A) by striking “such arrangement” and inserting “such individual account plan”; and
- (B) by adjusting the left-hand margination thereof 2 ems to the right.
- (3) Section 407(f) of ERISA is amended—
- (A) in paragraph (1), by striking “this subsection” and inserting “this paragraph”; and
- (B) by striking paragraph (3).
- (4) Section 407(f)(1) of ERISA is amended by inserting “immediately following the acquisition of such stock” after “if”.
- (5) Section 408(b) of ERISA is amended by adding at the end the following new paragraph: 29 USC 1108.
- “(12) The sale by a plan to a party in interest on or after December 18, 1987, of any stock, if—
- “(A) the requirements of paragraphs (1) and (2) of subsection (e) are met with respect to such stock,
- “(B) on the later of the date on which the stock was acquired by the plan, or January 1, 1975, such stock constituted a qualifying employer security (as defined in section 407(d)(5) as then in effect), and
- “(C) such stock does not constitute a qualifying employer security (as defined in section 407(d)(5) as in effect at the time of the sale).”
- (m) AMENDMENTS RELATED TO SECTION 9346.—
- (1)(A) Clause (iii) of section 411(c)(2)(C) is amended to read as follows: 26 USC 411.
- “(iii) interest on the sum of the amounts determined under clauses (i) and (ii) compounded annually—
- “(I) at the rate of 120 percent of the Federal mid-term rate (as in effect under section 1274 for the 1st month of a plan year) for the period beginning with the 1st plan year to which subsection (a)(2) applies (by reason of the applicable effective date) and ending with the date on which the determination is being made, and
- “(II) at the interest rate which would be used under the plan under section 417(e)(3) (as of the determination date) for the period beginning with the determination date and ending on the date on which the employee attains normal retirement age.”
- (B) Subparagraph (B) of section 411(c)(2) is amended to read as follows:
- “(B) DEFINED BENEFIT PLANS.—In the case of a defined benefit plan, the accrued benefit derived from contributions made by an employee as of any applicable date is the amount equal to the employee’s accumulated contributions expressed as an annual benefit commencing at normal retirement age, using an interest rate which would be used

under the plan under section 417(e)(3) (as of the determination date).”

26 USC 411.

(C) Section 411(c)(2) is amended by striking subparagraph (E).

(D) Section 411(a)(7) is amended by adding at the end thereof the following new subparagraph:

“(D) ACCRUED BENEFIT ATTRIBUTABLE TO EMPLOYEE CONTRIBUTIONS.—The accrued benefit of an employee shall not be less than the amount determined under subsection (c)(2)(B) with respect to the employee’s accumulated contributions.”

29 USC 1054.

(2)(A) Clause (iii) of section 204(c)(2)(C) of ERISA is amended to read as follows:

“(iii) interest on the sum of the amounts determined under clauses (i) and (ii) compounded annually—

“(I) at the rate of 120 percent of the Federal mid-term rate (as in effect under section 1274 of the Internal Revenue Code of 1986 for the 1st month of a plan year for the period beginning with the 1st plan year to which subsection (a)(2) applies by reason of the applicable effective date) and ending with the date on which the determination is being made, and

“(II) at the interest rate which would be used under the plan under section 205(g)(3) (as of the determination date) for the period beginning with the determination date and ending on the date on which the employee attains normal retirement age.”

(B) Subparagraph (B) of section 204(c)(2) of ERISA is amended to read as follows:

“(B) DEFINED BENEFIT PLANS.—In the case of a defined benefit plan, the accrued benefit derived from contributions made by an employee as of any applicable date is the amount equal to the employee’s accumulated contributions expressed as an annual benefit commencing at normal retirement age, using an interest rate which would be used under the plan under section 205(g)(3) (as of the determination date).”

(C) Section 204(c)(2) of ERISA is amended by striking subparagraph (E).

29 USC 1002.

(D) Paragraph (23) of section 3 of ERISA is amended by adding at the end thereof the following new flush sentence:

“The accrued benefit of an employee shall not be less than the amount determined under section 204(c)(2)(B) with respect to the employee’s accumulated contribution.”

29 USC 1054  
note.

(3) If—

(A) during the period beginning December 22, 1987, and ending June 21, 1988, a plan was amended to reflect the amendments made by section 9346 of the Pension Protection Act, and

(B) such plan is amended to reflect the amendments made by this subsection,

any plan amendment described in subparagraph (B) shall not be treated as reducing accrued benefits for purposes of section 411(d)(6) of the Internal Revenue Code of 1986 or section 204(g) of ERISA.

## SEC. 7882. EFFECTIVE DATE.

26 USC 401 note.

Except as otherwise provided in this subpart, any amendment made by this subpart shall take effect as if included in the provision of the Pension Protection Act to which such amendment relates.

### Subpart D—Additional Pension Provisions

## SEC. 7891. AMENDMENTS RELATING TO THE TAX REFORM ACT OF 1986.

## (a) AMENDMENTS RELATED TO SECTION 2.—

(1) Titles I, III, and IV of ERISA (other than sections 3(37)(E), 301(a)(7), and 308, the last sentence of section 408(d), and sections 414(c), 4001(a)(3)(ii), and 4303) are each amended by striking “Internal Revenue Code of 1954” each place it appears and inserting “Internal Revenue Code of 1986”.

29 USC 1001  
*et seq.*

(2) The last sentence of section 408(d) of ERISA (as amended by section 7894(e)(4)(A)(i)) is further amended—

29 USC 1108.

(A) by striking “section 408 of the Internal Revenue Code of 1954” and inserting “section 408 of the Internal Revenue Code of 1986”; and

(B) by striking “section 408(c) of such Code” and inserting “section 408(c) of the Internal Revenue Code of 1986”.

## (b) AMENDMENTS RELATED TO SECTION 1139.—

(1) Paragraphs (2)(A) and (2)(B) of section 203(e) of ERISA are each amended by adjusting the margination thereof, and of each subdivision thereof, 2 ems to the left.

29 USC 1053.

(2) Subparagraph (B) of section 203(e)(2) of ERISA is amended by striking “APPLICABLE INTEREST RATE.—”.

(3) Paragraph (3)(A) of section 205(g) of ERISA is amended by adjusting the left-hand margination thereof, and of each subdivision thereof, 2 ems to the left.

29 USC 1055.

(c) AMENDMENT RELATED TO SECTION 1145.—Paragraph (3) of section 205(b) of ERISA (as added by section 1145(b) of the Reform Act) is amended by adjusting the left-hand margination thereof 2 ems to the left.

## (d) AMENDMENTS RELATED TO SECTION 1895.—

(1)(A)(i) Section 606 of ERISA is amended—

29 USC 1166.

(I) in paragraph (2), by inserting after “30 days” the following: “(or, in the case of a group health plan which is a multiemployer plan, such longer period of time as may be provided in the terms of the plan)”; and

(II) in the first sentence following paragraph (4), by inserting after “14 days” the following: “(or, in the case of a group health plan which is a multiemployer plan, such longer period of time as may be provided in the terms of the plan)”.

(ii) Section 606 of ERISA is amended—

(I) by inserting “(a) IN GENERAL.—” before “In accordance”;

(II) by striking “For purposes of paragraph (4),” and inserting the following:

“(c) RULES RELATING TO NOTIFICATION OF QUALIFIED BENEFICIARIES BY PLAN ADMINISTRATOR.—For purposes of subsection (a)(4),”;

(III) by inserting after subsection (a)(4) (as so designated by the amendment made by subclause (I)) the following new subsection:



**“(b) ALTERNATIVE MEANS OF COMPLIANCE WITH REQUIREMENT FOR NOTIFICATION OF MULTIEMPLOYER PLANS BY EMPLOYERS.**—The requirements of subsection (a)(2) shall be considered satisfied in the case of a multiemployer plan in connection with a qualifying event described in paragraph (2) of section 603 if the plan provides that the determination of the occurrence of such qualifying event will be made by the plan administrator.”

(B)(i) Section 4980B(f)(6) of the 1986 Code (as added by the Technical and Miscellaneous Revenue Act of 1988) is amended—

(I) in subparagraph (B), by inserting after “30 days” the following: “(or, in the case of a group health plan which is a multiemployer plan, such longer period of time as may be provided in the terms of the plan)”; and

(II) in the first sentence following subparagraph (D), by inserting after “14 days” the following: “(or, in the case of a group health plan which is a multiemployer plan, such longer period of time as may be provided in the terms of the plan)”.

(ii) Section 4980B(f)(6) of the 1986 Code (as added by the Technical and Miscellaneous Revenue Act of 1988) is amended by inserting, after and below subparagraph (D), the following new flush sentence:

“The requirements of subparagraph (B) shall be considered satisfied in the case of a multiemployer plan in connection with a qualifying event described in paragraph (3)(B) if the plan provides that the determination of the occurrence of such qualifying event will be made by the plan administrator.”

(C) The amendments made by this paragraph shall apply with respect to plan years beginning on or after January 1, 1990.

(2)(A) Section 4980B(f) of the 1986 Code (as added by the Technical and Miscellaneous Revenue Act of 1988) is amended by adding at the end the following new paragraph:

“(8) **OPTIONAL EXTENSION OF REQUIRED PERIODS.**—A group health plan shall not be treated as failing to meet the requirements of this subsection solely because the plan provides both—

“(A) that the period of extended coverage referred to in paragraph (2)(B) commences with the date of the loss of coverage, and

“(B) that the applicable notice period provided under paragraph (6)(B) commences with the date of the loss of coverage.”

(B)(i) Section 607 of ERISA is amended—

(I) in the heading, by inserting “AND SPECIAL RULES” after “DEFINITIONS”; and

(II) by adding at the end the following new paragraph:

“(5) **OPTIONAL EXTENSION OF REQUIRED PERIODS.**—A group health plan shall not be treated as failing to meet the requirements of this part solely because the plan provides both—

“(A) that the period of extended coverage referred to in section 602(2) commences with the date of the loss of coverage, and

“(B) that the applicable notice period provided under section 606(a)(2) commences with the date of the loss of coverage.”

26 USC 4980B  
note.

29 USC 1167.

(ii) The item relating to section 607 in the table of contents in section 1 of ERISA is amended by inserting "and special rules" after "Definitions".

(C) The amendments made by this paragraph shall apply with respect to plan years beginning on or after January 1, 1990.

26 USC 4980B  
note.

(e) AMENDMENTS RELATED TO SECTION 1898.—Section 205(h) of ERISA is amended—

29 USC 1055.

(1) in paragraph (1), by striking "the term" and inserting "The term", and by striking "benefit," and inserting "benefit."; and

(2) in paragraph (3), by striking "the term" and inserting "The term".

(f) EFFECTIVE DATE.—Except as otherwise provided in this section, any amendment made by this section shall take effect as if included in the provision of the Reform Act to which such amendment relates.

29 USC 1002  
note.

#### SEC. 7892. AMENDMENTS RELATING TO THE PENSION PROTECTION ACT.

(a) AMENDMENT RELATED TO SECTION 9203.—Section 202(a)(2) of ERISA is amended by striking the comma.

29 USC 1052.

(b) AMENDMENT RELATED TO SECTION 9301.—Paragraph (7) of section 302(c) of ERISA is amended by adjusting the left-hand margination thereof, and of each subdivision thereof, 2 ems to the left.

29 USC 1082.

(c) EFFECTIVE DATE.—Any amendment made by this section shall take effect as if included in the provision of the Omnibus Budget Reconciliation Act of 1987 or Pension Protection Act to which such amendment relates.

29 USC 1052  
note.

#### SEC. 7893. AMENDMENTS RELATING TO THE SINGLE-EMPLOYER PENSION PLAN AMENDMENTS ACT OF 1986.

(a) AMENDMENT RELATED TO SECTION 11004.—Section 3(37)(B) of ERISA is amended by striking "section 4001(c)(1)" and inserting "section 4001(b)(1)".

29 USC 1002.

(b) AMENDMENT RELATED TO SECTION 11005.—Subparagraph (B) of section 4022A(f)(2) of ERISA is amended by striking "the the enactment" and inserting "the enactment".

29 USC 1322a.

(c) AMENDMENT RELATED TO SECTION 11008.—Subparagraph (B) of section 4041(b)(2) of ERISA is amended by adjusting the margination of the sentence following clause (ii)(V) 2 ems to the left.

29 USC 1341.

(d) AMENDMENTS RELATED TO SECTION 11009.—

(1) Subparagraph (D) of section 4041(c)(3) of ERISA is amended by adjusting the margination thereof, and of each subdivision thereof, 2 ems to the right.

(2) Subclause (I) of section 4041(c)(3)(D)(ii) of ERISA is amended by striking "of" and inserting "under".

(e) AMENDMENT RELATED TO SECTION 11010.—Section 4042(a) of ERISA is amended, in the matter following paragraph (4), by inserting a period after "terms of the plan".

29 USC 1342.

(f) AMENDMENT RELATED TO SECTION 11013.—Subparagraph (A) of section 4218(1) of ERISA is amended by striking "section 4062(d)" and inserting "section 4069(b)".

29 USC 1398.

(g) AMENDMENTS RELATED TO SECTION 11016.—

(1) Section 4047 of ERISA is amended, in the first sentence, by striking "under this subtitle".

29 USC 1347.

(2) Section 4066 of ERISA is amended by inserting "any" before "contributing sponsor" the first place it appears.

29 USC 1366.

29 USC 1367. (3) Section 11016(a)(6)(A)(ii) of the Single-Employer Pension Plan Amendments Act of 1986 is amended to read as follows:  
 “(ii) by striking ‘employers’ and inserting ‘contributing sponsors and members of their controlled groups; and’”.

29 USC 1002 note. (h) EFFECTIVE DATE.—Any amendment made by this section shall take effect as if included in the provision of the Single-Employer Pension Plan Amendments Act of 1986 to which such amendment relates.

SEC. 7894. OTHER AMENDMENTS TO ERISA.

(a) AMENDMENTS RELATED TO SECTION 3.—

29 USC 1002. (1)(A) Section 3(33)(D)(iii) of ERISA is amended by inserting “of the Treasury” after “Secretary” each place it appears.

Effective date. 29 USC 1002 note. (B) The amendments made by subparagraph (A) shall take effect as if included in section 407 of the Multiemployer Pension Plan Amendments Act of 1980.

29 USC 1002. (2)(A) Section 3(37)(F) of ERISA (as added by section 136 of Public Law 100-202 (101 Stat. 1329-441)) is amended—

(i) in clause (i)(II), by striking “such Code” and inserting “the Internal Revenue Code of 1986”;

(ii) in clause (ii)(I), by inserting “of such Code” after “section 501(c)”;

(iii) in clause (ii)(II), by inserting “of such Code” after “section 170(b)(1)(A)(ii)”.

Effective date. 29 USC 1002 note. (B) The amendment made by this paragraph shall take effect as if included in section 136 of Public Law 100-202.

(3) Section 3(39) of ERISA is amended by inserting a comma after “mean” and by inserting “the” before “calendar”.

(4) Section 3 of ERISA is amended by adding at the end the following new paragraph:

“(41) SINGLE-EMPLOYER PLAN.—The term ‘single-employer plan’ means an employee benefit plan other than a multiemployer plan.”.

(b) AMENDMENTS RELATED TO PART 1 OF SUBTITLE B OF TITLE I.—

(1) The heading for part 1 of subtitle B of title I of ERISA is amended by striking “Part I” and inserting “Part 1”.

29 USC 1021. (2) Section 101(a)(2) of ERISA is amended by striking “section” and inserting “sections”.

29 USC 1024. (3) Section 104(a)(5)(B) of ERISA is amended by striking the period and inserting a comma.

(4) Section 104(b)(1) of ERISA is amended by striking the comma after “summary”.

29 USC 1025. (5) Section 105(b) of ERISA is amended by striking “12 month” and inserting “12-month”.

29 USC 1026. (6) Section 106(b) of ERISA is amended by striking “section” and inserting “sections”.

29 USC 1028. (7) Section 108 of ERISA is amended by striking “act of omission” and inserting “act or omission”.

(c) AMENDMENTS RELATED TO PART 2 OF SUBTITLE B OF TITLE I.—

29 USC 1051. (1)(A) Section 201 of ERISA is amended—

(i) in paragraph (6), by striking “or” at the end;

(ii) in paragraph (7), by striking “plan.” and inserting “plan; or”; and

(iii) in paragraph (8), by striking “Any” and inserting “any”.

- (B) The amendments made by subparagraph (A) shall take effect as if included in section 411 of the Multiemployer Pension Plan Amendments Act of 1980. Effective date.  
29 USC 1051  
note.
- (2)(A) Section 202(a)(1)(B)(ii) of ERISA is amended by striking “institution” and inserting “organization”. 29 USC 1052.
- (B) Section 202(b)(2) of ERISA is amended by striking “the plan” and inserting “a plan”.
- (3) Section 203(a)(3)(D)(v) of ERISA is amended by striking “nonforfeitably” and inserting “nonforfeitability”. 29 USC 1053.
- (4) Section 204(b)(1)(A) of ERISA is amended in the last sentence by striking “suparagraph” and inserting “subparagraph”. 29 USC 1054.
- (5) Section 204(b)(1)(E) of ERISA is amended by striking “years” in the last sentence and inserting “year”.
- (6) Section 204(d) of ERISA is amended, in the matter following paragraph (2), so as to remove the indentation of the term “Paragraph” the first place it appears.
- (7)(A) Section 205(c)(6) of ERISA is amended by striking “act” and inserting “Act”. 29 USC 1055.
- (B) The amendment made by subparagraph (A) shall take effect as if included in section 103 of the Retirement Equity Act of 1984 in reference to the new section 205(c)(5) of ERISA as added by such section 3113. Effective date.  
29 USC 1055  
note.
- (8) Section 206(a)(1) of ERISA is amended by inserting “occurs” after “(1)”. 29 USC 1056.
- (9)(A) Section 206(d)(3)(I) of ERISA is amended by striking “act” and inserting “Act”.
- (B) The amendment made by subparagraph (A) shall take effect as if included in section 104 of the Retirement Equity Act of 1984. Effective date.  
29 USC 1056  
note.
- (10) Section 210(c) of ERISA is amended by striking “such code” and inserting “such Code”. 29 USC 1060.
- (11)(A) Section 201(6) of ERISA is amended by striking “section 409 of such Code” and inserting “section 409 of the Internal Revenue Code of 1954 (as effective for obligations issued before January 1, 1984)”. 29 USC 1051.
- (B) The amendment made by subparagraph (A) shall take effect as if originally included in section 491(b) of Public Law 98-369. Effective date.  
29 USC 1051  
note.
- (d) AMENDMENT RELATED TO PART 3 OF SUBTITLE B OF TITLE I.—
- (1)(A) Section 301(a) of ERISA is amended— 29 USC 1081.
- (i) in paragraph (8), by striking “or” at the end;
- (ii) in paragraph (9), by striking “plan.” and inserting “plan; or”; and
- (iii) in paragraph (10), by striking “Any” and inserting “any”.
- (B) The amendments made by subparagraph (A) shall take effect as if included in section 411 of the Multiemployer Pension Plan Amendments Act of 1980. Effective date.  
29 USC 1081  
note.
- (2) Clause (iii) of section 302(b)(3)(B) of ERISA is amended by striking the period and inserting a comma. 29 USC 1082.
- (3) Subparagraph (A) of section 304(b)(2) of ERISA is amended by striking the period and inserting a comma. 29 USC 1084.
- (4)(A) Section 301(a)(7) of ERISA is amended by striking “section 409 of such Code” and inserting “section 409 of the Internal Revenue Code of 1954 (as effective for obligations issued before January 1, 1984)”.

- Effective date.  
29 USC 1081  
note.
- 29 USC 1082. (B) The amendment made by subparagraph (A) shall take effect as if originally included in section 491(b) of Public Law 98-369.
- 29 USC 1103. (5) Paragraph (6) of section 302(c) of ERISA is amended by striking "subsection (g)" and inserting "section 305".
- (e) AMENDMENTS RELATED TO PART 4 OF SUBTITLE B OF TITLE I.—
- 29 USC 1103. (1)(A) Subsection (c) of section 403 of ERISA is amended—
- (i) in paragraph (2)(A), by striking "part iv" and inserting "title IV", and
- (ii) by inserting "if such contribution or payment is" after "(i)" and "(ii)", respectively.
- Effective date.  
29 USC 1103  
note.
- 29 USC 1107. (B) The amendments made by subparagraph (A) shall take effect as if included in section 410 of the Multiemployer Pension Plan Amendments Act of 1980.
- (2) Section 407(d)(6)(A) of ERISA is amended—
- (A) by inserting "plan" after "money purchase"; and
- (B) by striking "employee securities" and inserting "employer securities".
- (3) Paragraph (3) of section 403(b) of ERISA is amended—
- (A) by redesignating clauses (i) and (ii) as subparagraphs (A) and (B), respectively;
- (B) by striking ", to the extent" and all that follows through "applicable" in subparagraph (B) (as so redesignated); and
- (C) by adding at the end, after and below subparagraph (B) (as redesignated), the following:
- "to the extent that such plan's assets are held in one or more custodial accounts which qualify under section 401(f) or 408(h) of such Code, whichever is applicable."
- 29 USC 1108. (4)(A) Section 408(d) of ERISA is amended, in the last sentence—
- (i) by striking "individual retirement account, individual retirement annuity, or an individual retirement bond (as defined in section 408 or 409 of the Internal Revenue Code of 1954)" and inserting "individual retirement account or individual retirement annuity described in section 408 of the Internal Revenue Code of 1954 or a retirement bond described in section 409 of the Internal Revenue Code of 1954 (as effective for obligations issued before January 1, 1984)"; and
- (ii) by striking "section 408(c) of such code" and inserting "section 408(c) of such Code".
- Effective date.  
29 USC 1108  
note.
- 29 USC 1113. (B) The amendments made by subparagraph (A) shall take effect as if originally included in section 491(b) of the Deficit Reduction Act of 1984.
- 29 USC 1114. (5) Section 413 of ERISA is amended by striking "(a)".
- (6) Section 414(c)(2) of ERISA is amended by striking "1954)" and inserting "1986", and by striking "prior law" and inserting "prior law)".
- (f) AMENDMENTS RELATED TO PART 5 OF SUBTITLE B OF TITLE I.—
- 29 USC 1132. (1) Section 502(b)(1) of ERISA is amended by striking "respect" and inserting "respect".
- 29 USC 1144. (2)(A) Section 514(b)(5)(C) of ERISA (as amended by section 301 of Public Law 97-473 (96 Stat. 2611)) is amended by striking "such parts" the second place it appears and inserting "such parts 1 and 4 and the preceding sections of this part".

(B) The amendment made by this paragraph shall take effect as if included in section 301 of Public Law 97-473.	Effective date. 29 USC 1144 note.
(3)(A) Section 514(b)(6)(B) of ERISA (as amended by section 302 of Public Law 97-473 (96 Stat. 2612)) is amended by striking "section 3(1)" and inserting "section 3(1)".	29 USC 1144.
(B) The amendments made by this paragraph shall take effect as if included in section 302 of Public Law 97-473.	Effective date. 29 USC 1144 note.
(g) AMENDMENTS TO TITLE IV.—	
(1) Section 4022(b)(2) of ERISA is amended by striking "60 month" and inserting "60-month".	29 USC 1322.
(2) Paragraph (1) of section 4044(a) of ERISA is amended by striking "accrued" and inserting "accrued".	29 USC 1344.
(3)(A) Section 4021(a) of ERISA is amended by striking "this section" and inserting "this title".	29 USC 1321.
(B) Section 4022(a) of ERISA is amended by striking "section 4021" and inserting "this title".	
(C)(i) Section 4022A(a)(1) of ERISA is amended by striking "section 4021" and inserting "this title".	29 USC 1322a.
(ii) The amendment made by clause (i) shall take effect as if originally included in section 102 of the Multiemployer Pension Plan Amendments Act of 1980.	Effective date. 29 USC 1322a note.
(4)(A) Paragraph (2) of section 4068(c) of ERISA is amended by striking "section 3466 of the Revised Statutes (31 U.S.C. 191)" and inserting "section 3713 of title 31 of the United States Code".	29 USC 1368.
(B) The amendment made by subparagraph (A) shall take effect as if originally included in section 3 of Public Law 97-258.	Effective date. 29 USC 1368 note.
(h) AMENDMENTS CLARIFYING APPLICABILITY OF ORIGINAL EFFECTIVE DATE PROVISIONS.—	
(1) Section 111 of ERISA is amended by adding at the end the following new subsection: "(d) Subsections (b) and (c) shall not apply with respect to amendments made to this part in provisions enacted after the date of the enactment of this Act."	29 USC 1031.
(2) Section 211 of ERISA is amended by adding at the end the following new subsection: "(f) The preceding provisions of this section shall not apply with respect to amendments made to this part in provisions enacted after the date of the enactment of this Act."	29 USC 1061.
(3) Section 308 of ERISA is amended by adding at the end the following new subsection: "(f) The preceding provisions of this section shall not apply with respect to amendments made to this part in provisions enacted after the date of the enactment of this Act."	29 USC 1086.
(4) Section 414 of ERISA is amended by adding at the end the following new subsection: "(e) The preceding provisions of this section shall not apply with respect to amendments made to this part in provisions enacted after the date of the enactment of this Act."	29 USC 1114.
(5)(A) Section 4402 of ERISA is amended by adding at the end the following new subsection: "(i) The preceding provisions of this section shall not apply with respect to amendments made to this title in provisions enacted after the date of the enactment of the Tax Reform Act of 1986."	29 USC 1461.
(B) The amendment made by subparagraph (A) shall take effect as if originally included in the Reform Act.	Effective date. 29 USC 1461 note.

29 USC 1002  
note.

(i) **EFFECTIVE DATE.**—Except as otherwise provided in this section, any amendment made by this section shall take effect as if originally included in the provision of the Employee Retirement Income Security Act of 1974 to which such amendment relates.

## TITLE VIII—HUMAN RESOURCE AND INCOME SECURITY PROVISIONS

### SEC. 8000. TABLE OF CONTENTS; AMENDMENT OF SOCIAL SECURITY ACT.

#### (a) TABLE OF CONTENTS.—

- Sec. 8000. Table of contents; amendment of Social Security Act.  
 Sec. 8001. Extension of authority to transfer foster care funds to child welfare services.  
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 Sec. 8015. Demonstration of effectiveness of Minnesota Family Investment Plan.  
 Sec. 8016. Increase in funding for title XX social services block grant.

(b) **AMENDMENT OF SOCIAL SECURITY ACT.**—Except as otherwise expressly provided, whenever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Social Security Act.

### SEC. 8001. EXTENSION OF AUTHORITY TO TRANSFER FOSTER CARE FUNDS TO CHILD WELFARE SERVICES.

(a) **3-YEAR EXTENSION.**—Subsections (b)(1), (b)(2)(B), (b)(4)(B), (b)(5)(A), (b)(5)(A)(ii), (c)(1), and (c)(2) of section 474 (42 U.S.C. 674) are each amended by striking “1989” and inserting “1992”.

42 USC 674 note.

(b) **EFFECTIVE DATE.**—The amendments made by subsection (a) shall take effect on October 1, 1989.

### SEC. 8002. EXTENSION OF INDEPENDENT LIVING INITIATIVES PROGRAM.

(a) **PROGRAM EXTENDED FOR 3 YEARS.**—Section 477 (42 U.S.C. 677) is amended—

(1) in each of subsections (a)(1) and (e)(1), by striking “, 1988, and 1989” and inserting “through 1992”; and

(2) in subsection (c), by striking “the fiscal year 1988 or 1989” and inserting “any of the fiscal years 1988 through 1992”.

(b) **ENTITLEMENT INCREASED.**—Section 477(e)(1) (42 U.S.C. 677(e)(1)) is amended—

(1) by inserting “(A)” after “(1)”; and

(2) by striking "The amount" and inserting "The basic amount";

(3) by striking "and 1989" and inserting "1989, 1990, 1991, and 1992";

(4) by striking "\$45,000,000" and inserting "the basic ceiling for such fiscal year"; and

(5) by adding after and below such provision the following:

"(B) The maximum additional amount to which a State shall be entitled under section 474(a)(4) for fiscal years 1991 and 1992 shall be an amount which bears the same ratio to the additional ceiling for such fiscal year as the basic amount of such State bears to \$45,000,000."; and

State and local governments.

"(C) As used in this section:

"(i) The term 'basic ceiling' means—

"(I) for fiscal year 1990, \$50,000,000; and

"(II) for each fiscal year other than fiscal year 1990, \$45,000,000.

"(ii) The term 'additional ceiling' means—

"(I) for fiscal year 1991, \$15,000,000; and

"(II) for fiscal year 1992, \$25,000,000."

(c) MATCHING PAYMENTS TO STATES.—Section 474(a)(4) (42 U.S.C. 674(a)(4)) is amended to read as follows:

"(4) an amount equal to the sum of—

"(A) so much of the amounts expended by such State to carry out programs under section 477 as do not exceed the basic amount for such State determined under section 477(e)(1); and

"(B) the lesser of—

"(i) one-half of any additional amounts expended by such State for such programs; or

"(ii) the maximum additional amount for such State under such section 477(e)(1)."

(d) STUDY BY THE SECRETARY OF HHS; REPORT.—

42 USC 677 note.

(1) STUDY.—The Secretary of Health and Human Services shall study the programs authorized under section 477 of the Social Security Act for the purposes of evaluating the effectiveness of the programs. The study shall include a comparison of outcomes of children who participated in the programs and a comparable group of children who did not participate in the programs.

Children and youth.

(2) REPORT.—Upon completion of the study, the Secretary shall issue a report to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives.

(e) EFFECTIVE DATE.—The amendments made by subsections (a), (b) and (c) shall take effect October 1, 1989.

42 USC 674 note.

**SEC. 8003. PERMANENT EXTENSION OF MEDICAID ELIGIBILITY EXTENSION DUE TO COLLECTION OF CHILD OR SPOUSAL SUPPORT.**

(a) ELIMINATION OF SUNSET ON APPLICABILITY OF MEDICAID ELIGIBILITY EXTENSION.—Section 20(b) of the Child Support Enforcement Amendments of 1984 (Public Law 98-378) is amended by striking "and before October 1, 1989".

42 USC 606 note.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on October 1, 1989.

42 USC 606 note.



**SEC. 8004. NEW AFDC QUALITY CONTROL SYSTEM.**

(a) **IN GENERAL.**—Part A of title IV (42 U.S.C. 601 et seq.) is amended by inserting after section 407 the following:

State and local  
governments.  
42 USC 608.

**“SEC. 408. AFDC QUALITY CONTROL SYSTEM.**

“(a) **IN GENERAL.**—In order to improve the accuracy of payments of aid to families with dependent children, the Secretary shall establish and operate a quality control system under which the Secretary shall determine, with respect to each State, the amount (if any) of the disallowance required to be repaid to the Secretary due to erroneous payments made by the State in carrying out the State plan approved under this part.

**“(b) REVIEW OF CASES.—****“(1) STATE REVIEW.—**

“(A) **IN GENERAL.**—Each State with a plan approved under this part shall for each fiscal year, in accordance with the time schedule and methodology prescribed in regulations issued under paragraphs (1) and (2) of subsection (h)—

“(i) review a sample of cases in the State with respect to which a payment has been made under such plan during the fiscal year; and

“(ii) determine the level of erroneous payments for the State for the fiscal year.

**“(B) EFFECTS OF FAILURE TO COMPLETE REVIEW IN A TIMELY MANNER.—**

“(i) **SECRETARY CONDUCTS REVIEW.**—If a State fails to conduct and complete, on a timely basis, a review required by subparagraph (A), or otherwise fails to cooperate with the Secretary in implementing this subsection, the Secretary, directly or through contractual or such other arrangements as the Secretary may find appropriate, shall conduct the review and establish the error rate for the State for the fiscal year on the basis of the best data reasonably available to the Secretary, in accordance with the statistical methods that would apply if the review were conducted by the State.

“(ii) **STATE INCURS COSTS OF REVIEW.**—The amount that would otherwise be payable under this part to a State for which the Secretary conducts a review under clause (i) shall be reduced by the costs incurred by the Secretary in conducting the review.

“(2) **REVIEW BY THE SECRETARY.**—The Secretary shall review a subsample of the cases reviewed by the State, or by the Secretary with respect to the State, under paragraph (1).

“(3) **NOTIFICATION OF DIFFERENCE CASES.**—Upon completion of the review under paragraph (2), the Secretary shall notify the State of any case in the subsample which the Secretary finds involves erroneous payments, and which the State's review determined to be correct (in this section referred to as a 'difference case').

“(4) **ESTABLISHMENT OF QUALITY CONTROL REVIEW PANEL.**—The Secretary shall by regulation establish a Quality Control Review Panel to review difference cases.

“(5) **RESOLUTION OF DIFFERENCE CASES.—**

Regulations.