

Federal Capsule 107th Congress (2001-2002):

Legislative and Regulatory Proposals of Interest to NCTR members (as of 12-3-02). Any bold text indicates new item. THOMAS is found at <http://thomas.loc.gov>. SLG means state and local government.

Issue	Bill Number & Sponsor	Summary	Status
Bankruptcy Reform	H.R. 333 by Rep. George Gekas (R-PA); S. 420 (was S. 220) by Sen. Charles Grassley (R-IA)	Makes numerous changes in bankruptcy code, including exemption of all retirement savings assets from bankruptcy estate.	Conference Agreement reached 7/26/02. See H. Rep. 107-617, available on THOMAS, Committee Reports 104th-107th. On 11/14/02, House defeated procedural rule to bring Agreement to floor, passed different version (H.R. 5743), and sent it to Senate. (Despite changes, H.R. 5743 retained retirement provisions.) Senate did not act on either H.R. 5743 or Agreement before adjournment.
Corporate Governance	H.R. 3763, by Rep. Michael Oxley (R-OH); S. 2673, by Sen. Paul Sarbanes (D-MD); final version known as "Sarbanes-Oxley Act"	Revised regulation of auditors and other measures to protect investors by improving the accuracy and reliability of corporate disclosures made pursuant to the securities laws.	Signed into law by President on 7/30/01 (Public Law 107-204).
Expanded Federal Regulation of SLG Retirement Systems (Approach 1)	H.R. 3446, by Rep. Robert Andrews(R-FL) (Section 101 relates to expanded regulation; remainder of bill concerns other retirement changes)	Requires, as a condition of pension qualification under Internal Revenue Code, state and local governments to enact specified reporting and disclosure standards and to create a qualified review board that oversees a state's decisions on pension contribution issues.	Introduced 12/11/2001 and referred to Ways and Means Committee.
Retirement Savings and Pension Reform	H.R. 1836, by Rep. Bill Thomas (R-CA), "Economic Growth and Tax Relief Reconciliation Act," (EGATRRRA) generally incorporates pension provisions of H.R. 10 by Reps. Rob Portman (R-OH) and Ben Cardin (D-MD) and S. 742 by Sens. Charles Grassley (R-IA) and Max Baucus (D-MT)	Increases retirement savings opportunities, expands portability, and eliminates cumbersome rules. For a summary, click onto "EGATRRRA Info" button on www.nctr.org .	Signed into law by President on 6/7/01 (Public Law 107-16).

Issue	Bill Number & Sponsor	Summary	Status
Expanded Federal Regulation of SLG Retirement Systems (Approach 2)	H.R. 3762, by Rep. John Boehner (R-OH), "The Pension Security Act" (Incorporates certain text from H.R. 3669, a similar bill that passed by the House Ways and Means Committee on March 14);S. 1971, by Sen. Charles Grassley (R-IA), National Employee Savings and Trust Equity Guarantee Act	Among other provisions, H.R. 3762 requires two new notices for participants in public and private defined contribution plans: an investment education notice and a notice in advance of a "black out" period. The investment education notice must be made available to participants in defined contribution plans yearly and may be posted on a website. Failure to provide the notice results in a monetary penalty of up to \$50,000 unless mitigating circumstances are shown. The "black out" notice is intended to alert plan participants to periods during which the plan may restrict their rights to direct investments, obtain loans from the plan, or receive distributions. Failure to meet the requirements results in an excise tax of up to \$500,000 unless mitigating circumstances are shown.	H.R. 3762 passed by House 4/11/02. S. 1971 reported 8/2/02 by Senate Finance Committee. See Sen. Rep. 107-242, available on THOMAS, Committee Reports 104th-107th. We understand that compromise legislation to exempt public plans was informally agreed to. No action occurred before adjournment, however, on either compromise or underlying bill.

Issue	Bill Number & Sponsor	Summary	Status								
Change in Pension Rules	H.R. 5558, Reps. Rob Portman (R-OH) and Ben Cardin (D-MD), "the Retirement Savings and Security Act of 2002"	<p>Among other provisions, H.R. 5558 would incrementally increase the minimum distribution age at which a participant must generally begin to receive a distribution as follows (the current age is 70 ½):</p> <table border="0"> <tr> <td style="padding-right: 40px;">AGE</td> <td>YEAR</td> </tr> <tr> <td>73</td> <td>2003-2004</td> </tr> <tr> <td>74</td> <td>2005-2006</td> </tr> <tr> <td>75</td> <td>2007</td> </tr> </table> <p>The bill also accelerates the increases in annual limits in several types of plans, for example:</p> <ul style="list-style-type: none"> -The limit on annual elective deferrals to a qualified arrangement (such as a 401(k) plan or 403(b) tax-sheltered annuity) would increase from \$11,000 in 2002 to \$15,000 in 2003 instead of 2006. -The limit on annual deferrals to an eligible deferred compensation plan of a State or local government employer (a 457 plan) would increase from \$11,000 in 2002 to \$15,000 in 2003 instead of 2006. <p>It also affects the rules that allow individuals who have attained age 50 to make catch-up contributions. For 401(k)s, 403(b)s, and 457s, the catch-up contribution limit would increase from \$1,000 in 2002 to \$5,000 in 2003 instead of 2006.</p>	AGE	YEAR	73	2003-2004	74	2005-2006	75	2007	<p>Reported 10/10/02 by House Ways and Means Committee. See H. Rep. 107-733, available on THOMAS, Committee Reports 104th-107th.</p>
AGE	YEAR										
73	2003-2004										
74	2005-2006										
75	2007										
Social Security											
> <i>Government Pension Offset (GPO)</i>	H.R. 664 by Rep. William Jefferson (D-LA); S. 611 by Sen. Barbara Mikulski (D-MD)	<p>Lessens the effect of the GPO by making it applicable only if the spouse's or surviving spouse's Social Security and government pension combined exceeds \$1,200 a month. The offset reduces the amount of an individual's Social Security spouse's or widow's benefits by two-thirds of the amount of his/her government pension. In other words, if an individual receives a monthly public pension of \$600, two-thirds of that, or \$400, must be used to offset the Social Security spouse's or widow's benefits. If he/she is eligible for a \$500 widow's benefit, he/she will receive \$100 per month from Social Security (\$500-\$400=\$100). Social Security Administration estimates cost of \$10.1 billion for years 2003-2012 (as of 4/29/02).</p>	<p>Introduced 2/14/01 and referred to Ways and Means Committee. S. 611 introduced 3/26/01 and referred to Finance Committee.</p>								
	H.R. 2638 by Rep. Buck McKeon (R-CA)	<p>Repeals GPO, unlike Rep. Jefferson's and Sen. Mikulski's proposals, which would modify it.</p>	<p>Introduced 7/25/01 and referred to Ways and Means Committee.</p>								

Issue	Bill Number & Sponsor	Summary	Status
	S. 1523 by Sen. Dianne Feinstein (D-CA)	Repeals GPO and WEP (see below about WEP). Social Security Administration estimates cost of \$61.9 billion for years 2003-2012 (as of 4/29/02).	Introduced 10/10/01 and referred to Finance Committee.
	H.R. 3497 by Rep. Clay Shaw (R-FL) (Section 207 relates to GPO. Title I relates to creation of Social Security private accounts, as noted below. Remainder of bill concerns other changes in Social Security Act)	Reduces current offset from 2/3 to 1/3. At present, the offset reduces the amount of an individual's spousal/widow benefit under Social Security by two-thirds of the amount of his/her government pension.	Introduced 12/13/01 and referred to Ways and Means Committee.
> <i>Windfall Elimination Provision (WEP)</i>	H.R. 1073 by Rep. Barney Frank (D-MA)	Restricts application of WEP to individual's whose combined monthly income from the individual's primary insurance amount (i.e., his/her Social Security benefit) and the portion of the monthly periodic payment attributable to noncovered service performed after 1956 exceeds \$2000. It also provides for graduated implementation of WEP by specified percentages with respect to incremental amounts above such threshold, up to 100% for combined amounts over \$3000. WEP primarily affects people who spent most of their careers working for a government agency, but who also worked at other jobs where they paid Social Security taxes long enough to qualify for retirement or disability benefits.	Introduced 3/15/01 and referred to Ways and Means Committee.
	S. 2521 by Sen. John Kerry (D-MA)	See H.R. 1073.	Introduced 5/15/02 and referred to Finance Committee.
	H.R. 848 by Rep. Max Sandlin (D-TX)	Repeals WEP, unlike Rep. Barney Frank's proposal which would modify it.	Introduced 3/1/01 and referred to Ways and Means Committee.
	S. 1523 by Sen. Dianne Feinstein (D-CA)	Repeals WEP and GPO (see above about GPO). Social Security Administration estimates cost of \$61.9 billion for years 2003-2012 (as of 4/29/02).	Introduced 10/10/01 and referred to Finance Committee.
> <i>Social Security Privatization</i>	H.R. 3497 by Rep. Clay Shaw (R-FL) (Title I relates to privatization; remainder of bill concerns other changes in Social Security)	Establishes a Social Security Guarantee Program, to be administered by a Social Security Guarantee Board established within the Social Security Administration. Authorizes any individual age 18 with a Social Security number to elect to enroll as a covered individual and receive in the Social Security guarantee account established for him or her by the Board a calendar year payment of Social Security guarantee refundable credits and interest.	Introduced 12/13/01 and referred to Ways and Means Committee.

Issue	Bill Number & Sponsor	Summary	Status
<p>> <i>Restriction on State and Local Government Retirement System Use of Social Security Numbers as Identifiers</i></p>	<p>H.R. 2036, Social Security Number Privacy and Identity Theft Prevention Act of 2001 by Rep. Clay Shaw (R-FL); S. 1014, Social Security Number Privacy and Identity Theft Prevention Act of 2001 by Sen. Jim Bunning; S. 848, Social Security Number Misuse Prevention Act of 2001, by Sen. Dianne Feinstein (D-CA)</p>	<p>H.R. 2036 and S. 1014 would, among other provisions, prohibit display to general public of social security account numbers (SSANs) possessed by governmental agencies; prohibit display of SSANs on checks issued for payment by governmental agencies; prohibit display by governmental agencies of personal identification numbers; and create new penalties. S. 848 would, among other provisions, prohibit display, sale, or purchase of SSANs (certain exceptions provided for display, sale, or purchase of SSANs written on public records); prohibit use of SSANs on checks issued for payment by governmental agencies; and create new penalties.</p>	<p>Introduced 5/25/01 and referred to Ways and Means Committee, Energy and Commerce Committee, and Financial Services Committee. S. 1014 introduced 6/12/01 and referred to the Finance Committee. H.R. 2036 and S. 1014 are identical. S. 848 introduced 5/9/01 and referred to Judiciary Committee. S. 848 passed Judiciary Committee on 5/16/02. Referred to the Committee on Finance by unanimous consent. Hearing held 7/11/02 by Subcommittee of Finance Committee.</p>