

# CFDD Legislative Update

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A new congress and administration typically offer hope that constructive retirement-related bills will be submitted (or re-submitted) in the new year. Bills for the new year will be introduced beginning when Congress convenes in January 2009. In this edition, we will recap some of the legislative changes which went into effect in 2008.

- **Heroes Earning Assistance and Relief Tax (HEART) Act of 2008 [Public Law 110-245]**
  - Allows plans to treat individuals who die or become disabled while serving in the military as though they had returned to work the day before they died or became disabled
- **Pension Protection Act of 2006 (Provisions below became effective in 2008)**
  - Automatic enrollment 401(k) safe harbor
  - Excess contributions refunded in 6 months
  - No gap period for ADP (actual deferral percentage) and ACP (actual contribution percentage) test corrections (gap still applies to excess deferrals)
  - 90 days to “revoke” first automatic enrollment deferrals
  - Direct rollovers to Roth IRAs
  - Funding notice for single employer defined benefit plans
  - Bonding increase for plans that hold employer securities
- **Emergency Economic Stabilization Act of 2008 [Public Law 110-343]**
  - Allows taxpayers to make tax-free contributions from their IRA plans to qualified charitable organizations until 12-31-09
  - Authorizes Troubled Asset Relief Program (TARP) under which U.S. Treasury Secretary may purchase troubled assets from any financial institution. [More guidance is needed to determine whether, and to what extent, the TARP will extend to purchase of troubled assets held by or on behalf of an eligible retirement plan.]
- **Worker, Retiree and Employer Recovery Act of 2008 [H.R. 7327]**
  - Suspends required minimum distributions for 2009 from qualified plans and IRAs
  - Permits use of smoothing over 24 months for pension plan funding
  - Eases funding transition rules
  - Allows multi-employer plan sponsors to temporarily freeze plan at funding status held in previous plan year
  - Provides temporary relief from mandatory accrual of pension benefits

Source: govtrack.us

CFDD= Center for Due Diligence; H.R.= House of Representatives; IRA= Individual Retirement Account

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Please note: This primer is not intended to be investment advice. The information presented is based on current interpretation of pending retirement legislation. State laws may differ.

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