

MEMO# 2912

July 25, 1991

PENSION SIMPLIFICATION LEGISLATION INTRODUCED

July 19, 1991 TO: FEDERAL LEGISLATION MEMBERS NO. 10-91 FEDERAL LEGISLATION
COMMITTEE NO. 11-91 RE: PENSION SIMPLIFICATION LEGISLATION INTRODUCED

In the final days before the July 4th Congressional Recess, key members of the House and Senate introduced three major initiatives to make pension plans more accessible to small business. Attached are Congressional Record statements on H.R. 2641, the "Employee Benefits Simplification Act of 1991," introduced by Rep. Rod Chandler (R-WA); H.R. 2730, the "Pension Access and Simplification Act of 1991," introduced by Rep. Dan Rostenkowski (D-IL); and S. 1364/H.R. 2742, the "Employee Benefits Simplification Act," introduced by Senator David Pryor (D-AR) and Rep. Ben Cardin (D-MD). Each of the three bills adopts recommendations to expand the availability of salary reduction simplified employee pension plans (SARSEPs) to employers with 100 or fewer employees. This figure is up from the current limit of 25 employees. Another significant provision in the Pryor-Cardin bill would modify the discrimination rules applicable to SARSEPs. Under their bill, no minimum participation rules would apply. Discrimination rules would be satisfied if either (1) all participating non-highly compensated employees receive at least a 100 percent match on elective deferrals up to 3 percent of compensation, and at least a 50 percent match on elective deferrals of 3 to 5 percent of compensation or (2) all eligible non-highly compensated employees receive 3 percent of compensation. These revised SARSEP discrimination rules mirror the proposed 401(k) discrimination rules under the bill. On July 25, the Institute will testify on this legislation before the Ways and Means Committee. This memo can also be found on FUNDS, the Institute's Fund User Network and Delivery System, under Legislative Affairs, Washington Update. We will keep you informed as this matter develops. Julie Domenick Vice President Legislative Affairs

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