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(Original Signature of Member)

114TH CONGRESS  
2D SESSION

**H. R.** 5805

To increase portability of and access to retirement savings, and for other purposes.

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IN THE HOUSE OF REPRESENTATIVES

Mr. MESSER introduced the following bill; which was referred to the Committee on \_\_\_\_\_

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**A BILL**

To increase portability of and access to retirement savings, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Retirement Savings  
5 Lost and Found Act of 2016”.

6 **SEC. 2. RETIREMENT SAVINGS LOST AND FOUND.**

7 (a) ESTABLISHMENT.—

8 (1) IN GENERAL.—Not later than 2 years after  
9 the date of the enactment of this Act, the Commis-

1 sioner of Social Security and the Secretary of the  
2 Treasury in cooperation shall establish an online  
3 mechanism to be known as the “Retirement Savings  
4 Lost and Found”, to be managed by the Director of  
5 the Retirement Savings Lost and Found established  
6 under section 3(c) of this Act—

7 (A) to allow an individual to search for in-  
8 formation that enables the individual to locate  
9 the plan administrator of any plans with re-  
10 spect to which the individual is a participant or  
11 beneficiary, and to provide contact information  
12 for the plan administrator of any plan described  
13 in paragraph (2) with respect to which the indi-  
14 vidual may be entitled to a benefit,

15 (B) to allow such Director to assist such  
16 an individual in locating any plan of the indi-  
17 vidual, and

18 (C) to allow such Director to make any  
19 necessary changes to contact information on  
20 record for the plan administrator based on any  
21 changes to the plan due to merger, bankruptcy,  
22 termination, or other causes.

23 (2) PLANS DESCRIBED.—A plan described in  
24 this paragraph is a plan to which the vesting stand-  
25 ards of section 203 of part 2 of subtitle B of title

1 I of the Employee Retirement Income Security Act  
2 of 1974 apply with respect to any plan year to which  
3 the amendments made by subsection (c)(2)(C) apply.

4 (b) ADMINISTRATION.—The Retirement Savings Lost  
5 and Found established under subsection (a) shall provide  
6 individuals described in subsection (a)(1) only with the  
7 ability to view contact information for the plan adminis-  
8 trator of any plan with respect to which the individual is  
9 a participant or beneficiary, sufficient to allow the indi-  
10 vidual to locate the individual’s account.

11 (c) CURRENT INFORMATION.—

12 (1) IN GENERAL.—Paragraph (2) of section  
13 6057(a) of the Internal Revenue Code of 1986 is  
14 amended—

15 (A) by redesignating subparagraph (E) as  
16 subparagraph (G),

17 (B) by striking “and” at the end of sub-  
18 paragraph (D), and

19 (C) by inserting after subparagraph (D)  
20 the following new subparagraphs:

21 “(E) the name and taxpayer identifying  
22 number of each participant or former partici-  
23 pant in the plan—

24 “(i) who, during any previous plan  
25 year, was reported under subparagraph

1 (C), and with respect to whom the benefits  
2 described in subparagraph (C)(ii) were  
3 fully paid during the plan year,

4 “(ii) with respect to whom any  
5 amount was distributed under section  
6 401(a)(31)(B) during the plan year, or

7 “(iii) with respect to whom an annuity  
8 contract was distributed during the plan  
9 year,

10 “(F) in the case of a participant or former  
11 participant to whom subparagraph (E) ap-  
12 plies—

13 “(i) the amount distributed,

14 “(ii) in the case of a participant de-  
15 scribed in clause (ii) thereof, the name and  
16 address of the designated trustee or issuer  
17 described in section 401(a)(31)(B)(i) and  
18 the account number of the individual re-  
19 tirement plan to which the amount was  
20 distributed, and

21 “(iii) in the case of a participant de-  
22 scribed in clause (iii) thereof, the name  
23 and address of the issuer of such annuity  
24 contract and the contract or certificate  
25 number, and”.

1           (2) RULES RELATING TO DIRECT TRUSTEE-TO-  
2 TRUSTEE TRANSFERS.—

3           (A) IN GENERAL.—Paragraph (6) of sec-  
4 tion 402(e) of such Code is amended—

5                 (i) by striking “TRANSFERS.—Any”  
6 and inserting “TRANSFERS.—

7 “(A) IN GENERAL.—Any”, and

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

10                 “(B) NOTIFICATION OF TRUSTEE.—In the  
11 case of a distribution under section  
12 401(a)(31)(B), the plan administrator shall no-  
13 tify the designated trustee or issuer described  
14 in clause (i) thereof that the transfer is a man-  
15 datory distribution required by such section.”.

16           (B) PENALTY.—Subsection (i) of section  
17 6652 of such Code is amended—

18                 (i) by striking “TO RECIPIENTS” in  
19 the heading and inserting “OR NOTIFICA-  
20 TION”,

21                 (ii) by striking “402(f),” and insert-  
22 ing “402(f) or a notification as required by  
23 section 402(e)(6)(B),”, and

1 (iii) by striking “such written expla-  
2 nation” and inserting “such written expla-  
3 nation or notification”.

4 (C) REPORTS.—Subsection (i) of section  
5 408 of such Code is amended—

6 (i) by redesignating subparagraphs  
7 (A) and (B) of paragraph (2) as clauses (i)  
8 and (ii), respectively, and by moving such  
9 clauses 2 ems to the right,

10 (ii) by redesignating paragraphs (1)  
11 and (2) as subparagraphs (A) and (B), re-  
12 spectively, and by moving such subpara-  
13 graphs 2 ems to the right,

14 (iii) by striking “as the Secretary pre-  
15 scribes” in subparagraph (B)(ii), as so re-  
16 designated, and all that follows through “a  
17 simple retirement account” and inserting  
18 “as the Secretary prescribes.

19 “(3) SIMPLE RETIREMENT ACCOUNTS.—In the  
20 case of a simple retirement account”,

21 (iv) by striking “REPORTS.—The  
22 trustee of” and inserting “REPORTS.—

23 “(1) IN GENERAL.—The trustee of”,

24 (v) by striking “under paragraph (2)”  
25 in paragraph (3), as redesignated by clause

1 (iii), and inserting “under paragraph  
2 (1)(B)”, and

3 (vi) by inserting after paragraph  
4 (1)(B)(ii), as redesignated by the pre-  
5 ceding clauses, the following new para-  
6 graph:

7 “(2) MANDATORY DISTRIBUTIONS.—In the case  
8 of an account, contract, or annuity to which a trans-  
9 fer of a distribution under section 401(a)(31)(B) is  
10 made (including a transfer of such an amount from  
11 the individual retirement plan to which the amount  
12 was originally transferred to another individual re-  
13 tirement plan), the report required by this sub-  
14 section shall—

15 “(A) identify the distribution of such  
16 amount as a mandatory distribution required by  
17 such section,

18 “(B) include the name, address, and tax-  
19 payer identifying number of the trustee or  
20 issuer of the individual retirement plan to which  
21 the amount is transferred, and

22 “(C) be filed with the Director of the Re-  
23 tirement Savings Lost and Found established  
24 under section 2(a) of the Retirement Savings

1           Lost and Found Act of 2016 as well as with the  
2           Secretary.”.

3           (3) EFFECTIVE DATE.—The amendments made  
4           by this subsection shall apply to distributions made,  
5           and returns and reports the due date for which is,  
6           after the date that is one year after the date of the  
7           enactment of this Act.

8           (d) REQUIREMENT OF ELECTRONIC FILING.—

9           (1) IN GENERAL.—Paragraph (2) of section  
10          6011(e) of the Internal Revenue Code of 1986 is  
11          amended—

12                 (A) by redesignating subparagraphs (A)  
13                 and (B) as clauses (i) and (ii), respectively, and  
14                 by moving such clauses 2 ems to the right,

15                 (B) by striking “the requirements of such  
16                 regulations” and all that follows through “the  
17                 Secretary shall require” and inserting “the re-  
18                 quirements of such regulations.

19                 “(B) CERTAIN PARTNERSHIPS.—Notwith-  
20                 standing subparagraph (A), the Secretary shall  
21                 require”,

22                 (C) by striking “REGULATIONS.—In pre-  
23                 scribing” and inserting “REGULATIONS.—

24                 “(A) IN GENERAL.—In prescribing”, and

1 (D) by adding at the end the following new  
2 subparagraph:

3 “(C) EXCEPTIONS.—Notwithstanding sub-  
4 paragraph (A), the Secretary shall require re-  
5 turns or reports required under—

6 “(i) sections 6057, 6058, and 6059,  
7 and

8 “(ii) sections 408(i), 6041, and 6047  
9 to the extent such return or report relates  
10 to the tax treatment of a distribution from  
11 a plan, account, contract, or annuity,  
12 to be filed on magnetic media, but only with re-  
13 spect to persons who are required to file at  
14 least 50 returns during the calendar year that  
15 includes the first day of the plan year to which  
16 such returns or reports relate.”.

17 (2) EFFECTIVE DATE.—The amendments made  
18 by this subsection shall apply to returns and reports  
19 the due date for which is after the date of the enact-  
20 ment of this Act.

21 (e) SAFEGUARDING PARTICIPANT PRIVACY AND SE-  
22 CURITY.—In establishing the Retirement Savings Lost  
23 and Found under subsection (a), the Commissioner of So-  
24 cial Security and the Secretary of the Treasury shall take  
25 all necessary and proper precautions, including consulting

1 with the Secretary of Health and Human Services, to en-  
2 sure that participants' plan information maintained by the  
3 Retirement Savings Lost and Found is protected and that  
4 persons other than the participant cannot fraudulently  
5 claim the benefits to which any participant is entitled, and  
6 to allow any participant to opt out of inclusion in the Lost  
7 and Found at the election of the participant.

8 **SEC. 3. MANDATORY TRANSFERS OF ROLLOVER DISTRIBUTIONS.**  
9

10 (a) INVESTMENT OPTIONS.—

11 (1) IN GENERAL.—Subparagraph (B) of section  
12 404(c)(3) of the Employee Retirement Income Security  
13 Act of 1974 (29 U.S.C. 1104(c)(3)) is amended  
14 by inserting “, and, to the extent the Secretary pro-  
15 vides in guidance or regulations issued after the en-  
16 actment of the Retirement Savings Lost and Found  
17 Act of 2016, is made to a target date or life cycle  
18 fund or to such other option as the Secretary may  
19 so provide” before the period.

20 (2) REGULATIONS.—Not later than 180 days  
21 after the date of the enactment of this Act, the Sec-  
22 retary of Labor shall promulgate regulations identi-  
23 fying the target date or life cycle funds, or speci-  
24 fying the characteristics of a target date or life cycle  
25 fund, that will be deemed to meet the requirements

1 of section 404(c)(3)(B) of the Employee Retirement  
2 Income Security Act of 1974 (29 U.S.C.  
3 1104(c)(3)(B)), as amended by paragraph (1).

4 (b) EXPANSION OF CAP; AUTHORITY TO TRANSFER  
5 LESSER AMOUNTS.—

6 (1) IN GENERAL.—Clause (ii) of section  
7 401(a)(31)(B) of the Internal Revenue Code of 1986  
8 is amended by striking “\$5,000” and inserting  
9 “\$6,000”.

10 (2) LESSER AMOUNTS.—Subparagraph (B) of  
11 section 401(a)(31) of such Code is amended by add-  
12 ing at the end the following new clauses:

13 “(iii) TRANSFERS OF LESSER  
14 AMOUNTS TO RETIREMENT SAVINGS LOST  
15 AND FOUND OR TREASURY.—In the case of  
16 a trust which is part of an eligible plan,  
17 such trust shall not be a qualified trust  
18 under this section unless such plan pro-  
19 vides that if—

20 “(I) a participant in the plan  
21 separates from the service covered by  
22 the plan and the deferred vested ben-  
23 efit to which such participant is enti-  
24 tled is not in excess of \$1,000, and

1                   “(II) the participant does not  
2                   make an election under subparagraph  
3                   (A) and does not elect to receive the  
4                   distribution directly,  
5                   the plan administrator shall, after noti-  
6                   fying the participant that the participant is  
7                   entitled to such benefit, transfer the  
8                   amount of such benefit to the Director of  
9                   the Retirement Savings Lost and Found in  
10                  accordance with section 3(c)(2) of the Re-  
11                  tirement Savings Lost and Found Act of  
12                  2016, or to an individual retirement ac-  
13                  count (as defined in section 408(a)) estab-  
14                  lished by the Secretary. Such transfer shall  
15                  not be made before the later of the date  
16                  that is 6 months after the date on which  
17                  the participant receives the notification re-  
18                  quired under the preceding sentence, or, if  
19                  the plan administrator attempts to pay the  
20                  distribution to the participant directly but  
21                  the participant has not claimed the dis-  
22                  tribution, the date that is 6 months after  
23                  the date on which the attempted payment  
24                  was sent to the participant.

1                   “(iv) INCOME TAX TREATMENT OF  
2                   TRANSFERS TO RETIREMENT SAVINGS  
3                   LOST AND FOUND.—For purposes of deter-  
4                   mining the income tax treatment of trans-  
5                   fers to the Director of the Retirement Sav-  
6                   ings Lost and Found under clause (iii)—

7                                 “(I) such a transfer shall be  
8                                 treated as a transfer to an individual  
9                                 retirement plan under clause (i), and

10                                “(II) the distribution of such  
11                                amounts by the Director of the Re-  
12                                tirement Savings Lost and Found  
13                                shall be treated as a distribution from  
14                                an individual retirement plan.

15                   “(v) NOTIFICATION TO RETIREMENT  
16                   SAVINGS LOST AND FOUND.—In the case  
17                   of a trust which is part of an eligible plan,  
18                   if a participant in the plan separates from  
19                   the service covered by the plan, the plan  
20                   administrator shall report—

21                                “(I) the total amount of the de-  
22                                ferred vested benefit to which the par-  
23                                ticipant is entitled, and

1                   “(II) the amount of any distribu-  
2                   tion of such benefit made to and  
3                   claimed by the participant,  
4                   to the Director of the Retirement Savings  
5                   Lost and Found for purposes of the Re-  
6                   tirement Savings Lost and Found estab-  
7                   lished under section 2(a) of the Retirement  
8                   Savings Lost and Found Act of 2016.”.

9           (c) OFFICE OF THE RETIREMENT SAVINGS LOST  
10 AND FOUND.—

11           (1) IN GENERAL.—Not later than one year  
12           after the date of the enactment of this Act, the  
13           Commissioner of Social Security and the Secretary  
14           of the Treasury shall establish within the appro-  
15           priate agency or subdivision thereof an Office of the  
16           Retirement Savings Lost and Found, to be adminis-  
17           tered by a Director of the Retirement Savings Lost  
18           and Found who (without regard to the agency or  
19           subdivision where such Office is established) shall  
20           report to both such Commissioner and such Sec-  
21           retary.

22           (2) RESPONSIBILITIES OF DIRECTOR.—

23           (A) IN GENERAL.—In addition to admin-  
24           istering the Retirement Savings Lost and  
25           Found under section 2, the Director of the Re-

1           tirement Savings Lost and Found established  
2           under this subsection shall—

3                   (i) invest any amount transferred  
4                   under section 401(a)(31)(B)(iii) of the In-  
5                   ternal Revenue Code of 1986 in United  
6                   States Treasury securities; and

7                   (ii) upon application filed by the par-  
8                   ticipant or beneficiary in such form and  
9                   manner as may be prescribed in regula-  
10                  tions, pay to the participant or beneficiary  
11                  the amount transferred (or the appropriate  
12                  survivor benefit) either—

13                           (I) in a single sum (plus inter-  
14                           est), or

15                           (II) in such other form as is  
16                           specified in regulations; and

17                   (iii) identify such amount as eligible  
18                   to be paid into an eligible retirement plan  
19                   described in section 402(c)(8)(B) of the  
20                   Internal Revenue Code of 1986.

21                  (B) OPTION TO CONTRACT.—The Director  
22                  of the Retirement Savings Lost and Found may  
23                  contract with a third party to carry out the re-  
24                  sponsibilities under subparagraph (A).

25                  (d) EFFECTIVE DATES.—

1           (1) IN GENERAL.—Except as provided in para-  
2 graph (2), the amendments made by this section  
3 shall apply to distributions made after the date that  
4 is 2 years after the date of the enactment of this  
5 Act.

6           (2) MANDATORY TRANSFER OF VESTED BENE-  
7 FITS.—The amendments made by subsection (b)  
8 shall apply to vested benefits with respect to partici-  
9 pants who separate from service connected to the  
10 plan before, on, or after the date that is 2 years  
11 after the date of the enactment of this Act.