

104TH CONGRESS
1ST SESSION

H. R. 2810

To amend the Internal Revenue Code of 1986 to provide that cafeteria plans which provide for grandfathered 401(k) plans may also provide for contributions to section 457 plans.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 19, 1995

Mr. FILNER introduced the following bill; which was referred to the
Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to provide that cafeteria plans which provide for grandfathered 401(k) plans may also provide for contributions to section 457 plans.

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. PROVISION OF SECTION 457 PLANS BY CAFE-**
4 **TERIA PLANS WHICH ALSO PROVIDE FOR**
5 **401(k) PLAN CONTRIBUTIONS.**

6 (a) IN GENERAL.—Paragraph (2) of section 125(d)
7 of the Internal Revenue Code of 1986 (relating to cafe-

1 teria plans) is amended by adding at the end the following
2 new subparagraph:

3 “(D) EXCEPTION FOR SECTION 457 PLANS
4 IF GRANDFATHERED 401(k) PLANS ALSO OF-
5 FERED.—

6 “(i) IN GENERAL.—Subparagraph (A)
7 shall not apply to an eligible deferred com-
8 pensation plan (as defined in section 457)
9 provided for by a cafeteria plan (deter-
10 mined without regard to this paragraph), if
11 such cafeteria plan also provides for a
12 grandfathered 401(k) plan.

13 “(ii) GRANDFATHERED 401(k)
14 PLAN.—For purposes of clause (i), the
15 term ‘grandfathered 401(k) plan’ means a
16 qualified cash or deferred arrangement (as
17 defined in section 401(k)(2)) adopted by a
18 State or local government (or political sub-
19 division thereof) before May 6, 1986.”

20 (b) EFFECTIVE DATE.—The amendment made by
21 this section shall apply to plan years beginning after De-
22 cember 31, 1995.

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