

104TH CONGRESS  
2D SESSION

# H. R. 3688

To require that 401(k)-type pension plans be subject to the same prohibited transaction rules that apply to traditional defined benefit pension plans.

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IN THE HOUSE OF REPRESENTATIVES

JUNE 20, 1996

Mr. CONDIT introduced the following bill; which was referred to the  
Committee on Economic and Educational Opportunities

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## A BILL

To require that 401(k)-type pension plans be subject to the same prohibited transaction rules that apply to traditional defined benefit pension 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. SHORT TITLE.**

4 This Act may be cited as the “401(k) Pension Protec-  
5 tion Act of 1996”.

6 **SEC. 2. CERTAIN PROHIBITED TRANSACTIONS APPLIED TO**  
7 **401(k) PLANS.**

8 (a) IN GENERAL.—Paragraph (3) of section 407(d)  
9 of the Employee Retirement Income Security Act of 1974  
10 (29 U.S.C. 1107(d)) is amended by adding at the end the

1 following new sentence: “Such term also excludes an indi-  
2 vidual account plan that includes a qualified cash or de-  
3 ferred arrangement described in section 401(k) of the In-  
4 ternal Revenue Code of 1986, if such plan, together with  
5 all other individual account plans maintained by the em-  
6 ployer, owns more than 10 percent of the assets owned  
7 by all pension plans maintained by the employer. For pur-  
8 poses of the preceding sentence, the assets of such plan  
9 subject to participant control (within the meaning of sec-  
10 tion 404(c)) shall not be taken into account.”.

11 (b) EFFECTIVE DATE; TRANSITION RULE.—

12 (1) EFFECTIVE DATE.—Except as provided in  
13 paragraph (2), the amendment made by this section  
14 shall apply to plans on and after the date of the en-  
15 actment of this Act.

16 (2) TRANSITION RULE FOR PLANS HOLDING  
17 EXCESS SECURITIES OR PROPERTY.—In the case of  
18 a plan which on the date of the enactment of this  
19 Act has holdings of employer securities and employer  
20 real property (as defined in section 407(d) of the  
21 Employee Retirement Income Security Act of 1974  
22 (29 U.S.C. 1107(d)) in excess of the amount speci-  
23 fied in such section 407, the amendment made by  
24 this section shall apply to any acquisition of such se-  
25 curities and property on or after such date of enact-

1        ment, but shall not apply to the specific holdings  
2        which constitute such excess during the period of  
3        such excess.

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