

104TH CONGRESS
1ST SESSION

S. 1258

To amend the Internal Revenue Code of 1986 to allow a 1-time election of the interest rate to be used to determine present value for purposes of pension cash-out restrictions, and for other purposes.

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 18 (legislative day, SEPTEMBER 5), 1995

Mr. KYL introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to allow a 1-time election of the interest rate to be used to determine present value for purposes of pension cash-out restrictions, 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. INTEREST RATE FOR DETERMINATION OF**
4 **PRESENT VALUE FOR PURPOSES OF PENSION**
5 **CASH-OUT RESTRICTIONS.**

6 (a) IN GENERAL.—Subclause (II) of section
7 417(e)(3)(A)(ii) of the Internal Revenue Code of 1986 (re-
8 lating to determination of present value) is amended by

1 inserting “, or, at the irrevocable election of the plan, an
 2 annual interest rate specified in the plan, which may not
 3 be less than 5 percent nor more than 8 percent” after
 4 “prescribe”.

5 (b) CONFORMING AMENDMENT.—Subclause (II) of
 6 section 205(g)(3)(A)(ii) of the Employee Retirement In-
 7 come Security Act of 1974 (29 U.S.C. 1055(g)(3)(A)(ii))
 8 is amended by inserting “, or, at the irrevocable election
 9 of the plan, an annual interest rate specified in the plan,
 10 which may not be less than 5 percent nor more than 8
 11 percent” after “prescribe”.

12 (c) EFFECTIVE DATE.—The amendments made by
 13 this section shall take effect as if included in the enact-
 14 ment of the amendments made by section 767 of the Uru-
 15 guay Round Agreements Act.

16 **SEC. 2. MODIFICATION OF CERTAIN ASSUMPTIONS FOR AD-**
 17 **JUSTING BENEFITS OF DEFINED BENEFIT**
 18 **PLANS FOR EARLY RETIREES.**

19 (a) IN GENERAL.—Subparagraph (E) of section
 20 415(b)(2) of the Internal Revenue Code of 1986 (relating
 21 to limitation on certain assumptions) is amended—

22 (1) by striking “Except as provided in clause
 23 (ii), for purposes of adjusting any benefit or limita-
 24 tion under subparagraph (B) or (C),” in clause (i)
 25 and inserting “For purposes of adjusting any limita-

1 tion under subparagraph (C) and, except as provided
2 in clause (ii), for purposes of adjusting any benefit
3 under subparagraph (B),”, and

4 (2) by striking “For purposes of adjusting the
5 benefit or limitation of any form of benefit subject
6 to section 417(e)(3),” in clause (ii) and inserting
7 “For purposes of adjusting any benefit under sub-
8 paragraph (B) for any form of benefit subject to sec-
9 tion 417(e)(3),”.

10 (b) EFFECTIVE DATE.—The amendments made by
11 this section shall take effect as if included in the enact-
12 ment of the amendments made by section 767 of the Uru-
13 guay Round Agreements Act.

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