

104TH CONGRESS
2D SESSION

S. 1927

To prohibit 401(k) plans from investing in collectibles and to require certain 401(k) plans to provide to participants annual, detailed reports on the investments made by such plans.

IN THE SENATE OF THE UNITED STATES

JUNE 28, 1996

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

A BILL

To prohibit 401(k) plans from investing in collectibles and to require certain 401(k) plans to provide to participants annual, detailed reports on the investments made by such 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. 401(k) PLANS PROHIBITED FROM INVESTING IN**
4 **COLLECTIBLES.**

5 (a) IN GENERAL.—Paragraph (4) of section 401(k)
6 of the Internal Revenue Code of 1986 (relating to cash
7 or deferred arrangements) is amended by adding at the
8 end the following new subparagraph:

1 “(D) INVESTMENT IN COLLECTIBLES
 2 TREATED AS DISTRIBUTIONS.—The rules of
 3 section 408(m) shall apply to a cash or deferred
 4 arrangement of any employer.”

5 (b) EFFECTIVE DATE.—The amendment made by
 6 subsection (a) shall apply to plan years beginning after
 7 the date of the enactment of this Act.

8 **SEC. 2. REQUIREMENT OF ANNUAL, DETAILED INVEST-**
 9 **MENT REPORTS APPLIED TO CERTAIN 401(k)**
 10 **PLANS.**

11 (a) IN GENERAL.—Paragraph (4) of section 401(k)
 12 of the Internal Revenue Code of 1986 (relating to cash
 13 or deferred arrangements), as amended by section 1, is
 14 amended by adding at the end the following new subpara-
 15 graph:

16 “(E) ANNUAL, DETAILED INVESTMENT RE-
 17 PORTS REQUIRED.—

18 “(i) IN GENERAL.—A cash or deferred
 19 arrangement of any employer with less
 20 than 100 participants shall not be treated
 21 as a qualified cash or deferred arrange-
 22 ment unless the plan of which it is a part
 23 provides to each participant an annual in-
 24 vestment report detailing the name of each
 25 investment acquired during such plan year

1 and the date and cost of such acquisition,
2 the name of each investment sold during
3 such year and the date and net proceeds of
4 such sale, and the overall rate of return for
5 all investments for such year.

6 “(ii) EXCEPTION.—Clause (i) shall
7 not apply with respect to any participant
8 described in section 404(c) of the Em-
9 ployee Retirement Income Security Act of
10 1974 (29 U.S.C. 1104(c)).”

11 (b) EFFECTIVE DATE.—The amendment made by
12 subsection (a) shall apply to plan years beginning after
13 the date of the enactment of this Act.

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