

107TH CONGRESS
1ST SESSION

H. R. 3463

To amend the Internal Revenue Code of 1986 to provide protections for participants in cash or deferred arrangements under section 401(k) with respect to the acquisition and holding of employer securities.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 12, 2001

Mr. DEUTSCH (for himself, Mr. GREEN of Texas, Mr. FROST, Ms. LEE, and Mr. LIPINSKI) 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 protections for participants in cash or deferred arrangements under section 401(k) with respect to the acquisition and holding of employer securities.

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 “Pension Protection
5 Act”.

1 “(ii) immediately after such acquisi-
2 tion, the aggregate fair market value of
3 employer securities held on behalf of such
4 employee by the plan which are attrib-
5 utable to employee contributions does not
6 exceed 10 percent of the fair market value
7 of all assets of the plan attributable to
8 such employee’s contributions.

9 “(C) HOLDING EMPLOYER SECURITIES.—

10 A cash or deferred arrangement of an employer
11 meets the requirements of this subparagraph if,
12 with respect to any employee, as of December
13 31 of any year, the fair market value of em-
14 ployer securities held by the plan of which such
15 arrangement is a part on behalf of such em-
16 ployee is 10 percent or less of the aggregate
17 fair market value of the assets of the plan at-
18 tributable to such employee’s contributions.

19 “(D) DIVESTMENT OF EMPLOYER SECURI-
20 TIES.—A cash or deferred arrangement of an
21 employer meets the requirements of this sub-
22 paragraph if the plan of which such arrange-
23 ment is a part permits participants to direct the
24 plan to divest the participant’s account of em-

1 employer securities after 3 years after the date on
2 which such securities are acquired.

3 “(E) EMPLOYER SECURITIES.—For pur-
4 poses of this paragraph, the term ‘employer se-
5 curities’ has the meaning given such term by
6 section 409(l).”.

7 (b) EFFECTIVE DATE; TRANSITION RULE.—

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

12 (2) TRANSITION RULE FOR PLANS HOLDING
13 EXCESS SECURITIES.—In the case of a plan which
14 on the date of the enactment of this Act has hold-
15 ings of employer securities (as defined in section
16 401(k)(13) of the Internal Revenue Code of 1986)
17 in excess of the amount specified in such section
18 401(k)(13)(B), section 401(k)(13) of the Internal
19 Revenue Code of 1986 (as added by this section)
20 shall apply to any acquisition of such securities on
21 or after such date of enactment, but section
22 401(k)(13)(C) of such Code shall not apply to the
23 specific holdings which constitute such excess during
24 the period of such excess.