

109TH CONGRESS  
2D SESSION

# S. 2193

To amend the Internal Revenue Code of 1986 to establish fairness in the treatment of certain pension plans maintained by churches, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

JANUARY 25, 2006

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

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## A BILL

To amend the Internal Revenue Code of 1986 to establish fairness in the treatment of certain pension plans maintained by churches, 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. EXTENDING WAIVER OF DEFINED BENEFIT**  
4 **COMPENSATION LIMIT TO PARTICIPANTS IN**  
5 **CHURCH PLANS WHO ARE NOT HIGHLY COM-**  
6 **PENSATED EMPLOYEES.**

7 (a) IN GENERAL.—Paragraph (11) of section 415(b)  
8 of the Internal Revenue Code of 1986 is amended by add-  
9 ing at the end the following: “Subparagraph (B) of para-

1 graph (1) shall not apply to a plan maintained by an orga-  
 2 nization described in section 3121(w)(3) except with re-  
 3 spect to highly compensated benefits. For purposes of this  
 4 paragraph, the term ‘highly compensated benefits’ means  
 5 any benefits accrued for an employee in any year on or  
 6 after the first year in which such employee is a highly com-  
 7 pensated employee (as defined in section 414(q)) of the  
 8 organization described in section 3121(w)(3). For pur-  
 9 poses of applying paragraph (1)(B) to highly compensated  
 10 benefits, all benefits of the employee otherwise taken into  
 11 account (without regard to this paragraph) shall be taken  
 12 into account.”.

13 (b) EFFECTIVE DATE.—The amendments made by  
 14 this section shall apply to plan years beginning after De-  
 15 cember 31, 2005.

16 **SEC. 2. EQUALIZING TREATMENT OF RETIREMENT INCOME**  
 17 **ACCOUNTS PROVIDED BY CHURCHES WITH**  
 18 **RESPECT TO ACQUISITION INDEBTEDNESS.**

19 (a) IN GENERAL.—Section 514(c)(9)(C) of the Inter-  
 20 nal Revenue Code of 1986 (defining qualified organiza-  
 21 tion) is amended by striking “or” at the end of clause  
 22 (ii), by striking the period at the end of clause (iii) and  
 23 inserting “; or” , and by adding at the end the following:  
 24 “(iv) a retirement income account (as  
 25 defined in section 403(b)(9)(B)).”.

1       (b) **EFFECTIVE DATE.**—The amendments made by  
2 this section shall apply to taxable years beginning after  
3 December 31, 2005.

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