

103<sup>D</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 1874

To amend the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code of 1986 in order to increase the adequacy and efficiency of the private pension system (consisting of employer and individual retirement plans) by reducing pension vesting requirements, improving the portability of earned pension benefits, and encouraging the preservation of pension asset accumulations for use in retirement, and for other purposes.

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IN THE HOUSE OF REPRESENTATIVES

APRIL 28, 1993

Mr. GIBBONS introduced the following bill; which was referred jointly to the Committees on Education and Labor and Ways and Means

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## A BILL

To amend the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code of 1986 in order to increase the adequacy and efficiency of the private pension system (consisting of employer and individual retirement plans) by reducing pension vesting requirements, improving the portability of earned pension benefits, and encouraging the preservation of pension asset accumulations for use in retirement, 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,*

1 **SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.**

2 This Act may be cited as “The Pension Portability  
3 Improvement Act of 1993”.

4 **TABLE OF CONTENTS**

- Sec. 1. Short Title and Table of Contents.
- Sec. 2. Minimum Vesting Standards.
- Sec. 3. Portability Requirements for Qualified Plans.
- Sec. 4. Prototype Portable Pension Accounts.
- Sec. 5. Exemptions for Certain Collectively Bargained Plans.
- Sec. 6. Effective Date and Regulations.

5 **SEC. 2. MINIMUM VESTING STANDARDS.**

6 (a) IN GENERAL.—Paragraph (2) of section 411(a)  
7 of the Internal Revenue Code (related to minimum vesting  
8 standards) is amended to read as follows:

9 “(2) EMPLOYER CONTRIBUTIONS.—A plan sat-  
10 isfies the requirements of this paragraph, if it satis-  
11 fies the requirements of subparagraphs (A), (B), or  
12 (C).—

13 “(A) THREE YEAR VESTING.—A plan sat-  
14 isfies the requirements of this subparagraph if  
15 an employee who has completed at least three  
16 years of service has a nonforfeitable right to  
17 100 percent of the employee’s accrued benefit  
18 derived from employer contributions.

19 “(B) ONE TO FIVE YEAR VESTING.—A  
20 plan satisfies the requirements of this subpara-  
21 graph if an employee has a nonforfeitable right  
22 to a percentage of the employee’s accrued bene-

1 fit derived from employer contributions deter-  
 2 mined under the following table:

“Years of Service	Nonforfeitable Percentage
1 .....	20
2 .....	40
3 .....	60
4 .....	80
5 or more .....	100.

3 “(C) MULTIEMPLOYER PLANS.—A plan  
 4 satisfies the requirements of this subparagraph  
 5 if—

6 “(i) the plan is a multiemployer plan  
 7 (within the meaning of section 414(f), and

8 “(ii) under the plan—

9 “(I) an employee who is covered  
 10 pursuant to a collective bargaining  
 11 agreement described in section 414  
 12 (f)(1)(B) and who has completed at  
 13 least five years of service has a non-  
 14 forfeitable right to 100 percent of the  
 15 employee’s accrued benefits derived  
 16 from employer contributions, and

17 “(II) the requirements of sub-  
 18 paragraph (A) or (B) are met with re-  
 19 spect to employees not described in  
 20 subclause (I).”.

21 (b) AMENDMENTS TO ERISA.—IN GENERAL.—Para-  
 22 graph (2) of section 203(a) of the Employee Retirement

1 Income Security Act of 1974 (29 U.S.C. 1053(a)(2)) is  
2 amended to read as follows:

3 “(2) A plan satisfies the requirements of this  
4 paragraph if it satisfies the following requirements  
5 of subparagraph (A), (B), or (C).

6 “(A) A plan satisfies the requirements of  
7 this subparagraph if an employee who has com-  
8 pleted at least three years of service has a non-  
9 forfeitable right to 100 percent of the employ-  
10 ee’s accrued benefit derived from employer con-  
11 tributions.

12 “(B) A plan satisfies the requirement of  
13 this subparagraph if an employee has a non-  
14 forfeitable right to a percentage of the employ-  
15 ee’s accrued benefit derived from employer con-  
16 tributions determined under the following table:

“Years of Service	Nonforfeitable Percentage
1 .....	20
2 .....	40
3 .....	60
4 .....	80
5 or more .....	100.

17 “(C) A plan satisfies the requirements of  
18 this subparagraph if—

19 “(i) the plan is a multiemployer plan  
20 (within the meaning of section 3(37)), and

21 “(ii) under the plan—

1           “(I) an employee who is covered  
2           pursuant to a collective bargaining  
3           agreement described in section  
4           414(f)(1)(B) and who has completed  
5           at least five years of service has a  
6           nonforfeitable right to 100 percent of  
7           the employee’s accrued benefit derived  
8           from employer contributions, and

9           “(II) the requirements of sub-  
10          paragraph (A) or (B) are met with re-  
11          spect to employees not described in  
12          subclause (I).”.

13 **SEC. 3. PORTABILITY REQUIREMENTS FOR QUALIFIED**  
14 **PLANS.**

15       (a) IN GENERAL.—Part 2 of title I of the Employee  
16 Retirement Income Security Act of 1974 is amended by  
17 inserting after section 204(h) the following new sub-  
18 section:

19       “(i) PORTABILITY REQUIREMENTS FOR QUALIFIED  
20 PLANS.—

21           “(1) GENERAL RULES.—

22           “(A) QUALIFIED PLANS.—Each qualified  
23 plan shall, at the election of an employee upon  
24 separation from service, make a direct transfer  
25 of the portion of the employee’s eligible amount

1 specified in the election to a portable pension  
2 account specified in the election.

3 “(B) INDIVIDUALS.—An individual may—

4 “(i) establish a portable pension ac-  
5 count on the individual’s own behalf to  
6 which transfers described in paragraph  
7 (1)(A), or transfers from other portable  
8 pension accounts, may be made, and

9 “(ii) transfer, in a direct transfer,  
10 amounts in a portable pension account es-  
11 tablished on the individual’s behalf to a  
12 portable pension account maintained by a  
13 qualified plan in which the individual is a  
14 participant or to another portable pension  
15 account established by the individual on  
16 the individual’s own behalf.

17 “(2) PORTABLE PENSION ACCOUNTS.—For pur-  
18 poses of this section.—

19 “(A) IN GENERAL.—The term ‘portable  
20 pension account’ means—

21 “(i) in the case of an employer, an in-  
22 dividual account plan, an individual ac-  
23 count within a qualified plan, or a sim-  
24 plified employee pension under section  
25 408(k) of the Internal Revenue Code meet-

1 ing requirements of the following para-  
2 graphs of this subsection, and

3 “(ii) in the case of an individual, an  
4 individual retirement plan meeting such re-  
5 quirements.

6 “(B) DISTRIBUTION REQUIREMENTS.—

7 “(i) IN GENERAL.—The requirements  
8 of this paragraph are met if distributions  
9 from the account—

10 “(I) may only be made in a per-  
11 mitted retirement income form, and

12 “(II) may only be made with the  
13 consent of the participant.

14 “(ii) PERMITTED RETIREMENT IN-  
15 COME FORM.—For the purposes of sub-  
16 paragraph (A) a permitted retirement in-  
17 come form means:

18 “(I) A lump sum distribution of  
19 the employee’s entire earned benefit.

20 “(II) A qualified joint and survi-  
21 vor annuity (within the meaning of  
22 section 205(d)).

23 “(III) Any other joint life annu-  
24 ity (including a cash refund annuity).

1                   “(IV) A single life annuity (in-  
2                   cluding a cash refund annuity).

3                   “(V) Any series of substantially  
4                   equal periodic payments described in  
5                   section 72(t)(2)(A)(iv) of the Internal  
6                   Revenue Code which are not part of  
7                   an annuity described in the preceding  
8                   clauses.

9                   “(iii) SPOUSAL CONSENT.—The re-  
10                  quirements of this paragraph shall not be  
11                  met unless the account provides that any  
12                  election as to form of benefits must meet  
13                  spousal consent requirements which are  
14                  identical to the requirements of section  
15                  205(c)(2).

16                  “(C) ASSET CONTROL.—The requirements  
17                  of this paragraph are met if the account pro-  
18                  vides that participants may elect to exercise  
19                  control over the assets in their accounts and  
20                  such control is the same as that described in  
21                  section 404(c) (as determined under regulations  
22                  prescribed by the Secretary).

23                  “(D) NOTICE.—The requirements of this  
24                  paragraph are met if the account provides that,

1 immediately before any distribution, notice is  
2 provided to the recipient with respect to—

3 “(i) the provisions under which the  
4 distribution may or may not be subject to  
5 tax or penalty under the Internal Revenue  
6 Code of 1986, and

7 “(ii) the terms and conditions of each  
8 permitted retirement income form under  
9 paragraph (B) (including the terms and  
10 conditions of any spousal consent require-  
11 ments under subparagraph (B)(iii).

12 “(3) ELIGIBLE AMOUNT.—For purposes of this  
13 section—

14 “(A) IN GENERAL.—The term ‘eligible  
15 amount’ means, with respect to any partici-  
16 pant—

17 “(i) in the case of a defined benefit  
18 plan that is at least 100 percent funded  
19 for nonforfeitable accrued benefits, 100  
20 percent of the present value of the partici-  
21 pant’s nonforfeitable accrued benefits  
22 under the plan,

23 “(ii) in the case of a defined benefit  
24 plan that is less than 100 percent funded  
25 for nonforfeitable accrued benefits, a per-

1 centage of the present value of the partici-  
2 pant's nonforfeitable accrued benefits  
3 under the plan equal to the plan's percent-  
4 age of funding for nonforfeitable accrued  
5 benefits, and

6 “(iii) in the case of a defined con-  
7 tribution plan, the balance to the credit of  
8 the participant at the time of the distribu-  
9 tion without regard to any reductions on  
10 account of back-end loads, market value  
11 adjustments, early withdrawal charges, or  
12 any other charges or penalties.

13 “(B) EMPLOYEE CONTRIBUTIONS.—The  
14 eligible amount shall include employee contribu-  
15 tions.

16 “(C) PRESENT VALUE.—For purposes of  
17 subparagraphs (A)(i) and (A)(ii)—

18 “(i) the present value of the non-  
19 forfeitable accrued benefits of a participant  
20 shall be determined utilizing formulas pub-  
21 lished by the Pension Benefit Guaranty  
22 Corporation for lump sum valuations with  
23 the following specifications regarding their  
24 application:

1           “(I) For the period commencing  
2           with the normal retirement date for  
3           full benefits under the plan, the im-  
4           mediate annuity rate as published by  
5           the Pension Benefit Guaranty Cor-  
6           poration shall be utilized as the dis-  
7           count rate.

8           “(II) For the period commencing  
9           with the date of termination of em-  
10          ployment until the normal retirement  
11          date for full benefits under the plan,  
12          a discount rate of not more than 3  
13          percent shall be utilized. In addition,  
14          for the period between termination of  
15          employment and until the normal re-  
16          tirement date for full benefits under  
17          the plan, the resulting present value  
18          shall be determined as if the payment  
19          at the normal retirement date is not  
20          contingent on the survival of any per-  
21          son to that date.

22          “(III) The formulas shall utilize  
23          unisex mortality tables constructed to  
24          reflect the experience of the plan re-

1                   garding the percentages of males and  
2                   females in the plan.

3                   “(ii) PHASE-IN.—For plan years be-  
4                   ginning in 1995 or 1996, the following per-  
5                   centages shall be substituted for 3 percent  
6                   in subparagraph (i)(b);

“For plan years		
beginning in		The percentage is
1995 .....		5
1996 .....		4.

7                   “(4) OTHER DEFINITIONS AND RULES.—For  
8                   purposes of this section—

9                   “(A) QUALIFIED PLAN.—The term ‘quali-  
10                  fied plan’ means—

11                  “(i) a plan described in section 401(a)  
12                  of the Internal Revenue Code of 1986  
13                  which includes a trust which is exempt  
14                  from tax under section 501(a) of such  
15                  Code,

16                  “(ii) an annuity plan described in sec-  
17                  tion 403(a) of such Code, and

18                  “(iii) an annuity contract described in  
19                  section 403(b) of such Code.

20                  “(B) INDIVIDUAL RETIREMENT PLAN.—  
21                  The term ‘individual retirement plan’ means—

22                  “(i) an individual retirement account  
23                  described in section 408(a) of such Code,  
24                  and

1           “(ii) an individual retirement annuity  
2           described in section 408(b) of such Code.

3           “(C) BENEFICIARIES OR ALTERNATE PAY-  
4           EES.—In the case of an individual who is a ben-  
5           eficiary of the participant or an alternate payee  
6           (within the meaning of section 206(d)(3)(K)  
7           under a plan, such an individual shall be treat-  
8           ed in the same manner as a participant in the  
9           plan.

10       (b) AMENDMENTS TO THE INTERNAL REVENUE  
11       CODE.—Section 411 of the Internal Revenue Code of  
12       1986 is amended by inserting at the end thereof, the fol-  
13       lowing new subparagraph:

14       “(f) PORTABILITY REQUIREMENTS FOR QUALIFIED  
15       PLANS.—

16       “(1) GENERAL RULES.—

17           “(A) QUALIFIED PLANS.—Each qualified  
18           plan shall, at the election of an employee upon  
19           separation from service, make a direct transfer  
20           of the portion of the employee’s eligible amount  
21           specified in the election to a portable pension  
22           account specified in the election.

23           “(B) INDIVIDUALS.—An individual may—

24           “(i) establish a portable pension ac-  
25           count on the individual’s own behalf to

1 which transfers described in paragraph  
2 (1)(A), or transfers from other portable  
3 pension accounts, may be made, and

4 “(ii) transfer, in a direct transfer,  
5 amounts in a portable pension account es-  
6 tablished on the individual’s behalf to a  
7 portable pension account maintained by a  
8 qualified plan in which the individual is a  
9 participant or to another portable pension  
10 account established by the individual on  
11 the individual’s own behalf.

12 “(2) PORTABLE PENSION ACCOUNTS.—For the  
13 purposes of this section—

14 “(A) IN GENERAL.—The term ‘portable  
15 pension account’ means—

16 “(i) in the case of an employer, an in-  
17 dividual account plan, an individual ac-  
18 count within a qualified plan, or a sim-  
19 plified employee pension under section  
20 408(k) of the Internal Revenue Code meet-  
21 ing requirements of the following para-  
22 graphs of this subsection, and

23 “(ii) in the case of an individual, an  
24 individual retirement plan meeting such re-  
25 quirements.

1 “(B) DISTRIBUTION REQUIREMENTS.—

2 “(i) IN GENERAL.—The requirements  
3 of this paragraph are met if distributions  
4 from the account—

5 “(I) may only be made in a per-  
6 mitted retirement income form, and

7 “(II) may only be made with the  
8 consent of the participant.

9 “(ii) PERMITTED RETIREMENT IN-  
10 COME FORM.—For the purposes of sub-  
11 paragraph (i), a permitted retirement in-  
12 come form means:

13 “(I) A lump sum distribution of  
14 the individual’s entire earned benefit.

15 “(II) A qualified joint and survi-  
16 vor annuity (within the meaning of  
17 section 205(D)).

18 “(III) Any other joint life annu-  
19 ity (including a cash refund annuity).

20 “(IV) A single life annuity (in-  
21 cluding a cash refund annuity).

22 “(V) Any series of substantially  
23 equal periodic payments described in  
24 section 72(t)(2)(A)(iv) of the Internal  
25 Revenue Code of 1986 which are not

1 part of an annuity described in the  
2 preceding clauses.

3 “(iii) SPOUSAL CONSENT.—The re-  
4 quirements of this paragraph shall not be  
5 met unless the account provides that any  
6 election as to form of benefit must meet  
7 spousal consent requirements which are  
8 identical to the requirements of section  
9 205(c)(2).

10 “(C) ASSET CONTROL.—The requirements  
11 of this paragraph are met if the account pro-  
12 vides that participants may elect to exercise  
13 control over the assets in their accounts and  
14 such control is the same as that described in  
15 section 404(c) (as determined under regulations  
16 prescribed by the Secretary).

17 “(D) NOTICE.—The requirements of this  
18 paragraph are met if the account provides that,  
19 immediately before any distribution, notice is  
20 provided to the recipient with respect to—

21 “(i) the provisions under which the  
22 distribution may or may not be subject to  
23 tax or penalty under the Internal Revenue  
24 Code of 1986, and

1           “(ii) the terms and conditions of each  
2           permitted retirement income form under  
3           paragraph (B)(ii) (including the terms and  
4           conditions of any spousal consent require-  
5           ments under paragraph (B)(iii)).

6           “(3) ELIGIBLE AMOUNT.—For the purposes of  
7           this section—

8           “(A) IN GENERAL.—The term ‘eligible  
9           amount’ means, with respect to any partici-  
10          pant—

11           “(i) in the case of a defined benefit  
12          plan that is at least 100 percent funded  
13          for nonforfeitable accrued benefits, 100  
14          percent of the present value of the partici-  
15          pant’s nonforfeitable accrued benefits  
16          under the plan,

17           “(ii) in the case of a defined benefit  
18          plan that is less than 100 percent funded  
19          for nonforfeitable accrued benefits, a per-  
20          centage of the present value of the partici-  
21          pant’s nonforfeitable accrued benefits  
22          under the plan equal to the plan’s percent-  
23          age of funding for nonforfeitable accrued  
24          benefits, and

1           “(iii) in the case of a defined con-  
2           tribution plan, the balance to the credit of  
3           the participant as of the time of the dis-  
4           tribution without regard to any reductions  
5           on account of back-end loads, market value  
6           adjustments, early withdrawal charges, or  
7           any other charges or penalties.

8           “(B) EMPLOYEE CONTRIBUTIONS.—The  
9           eligible amount shall include employee contribu-  
10          tions.

11          “(C) PRESENT VALUE.—For purposes of  
12          subparagraphs (A)(i) and (A)(ii)—

13               “(i) the present value of the non-  
14               forfeitable accrued benefits of a participant  
15               shall be determined utilizing formulas pub-  
16               lished by the Pension Benefit Guaranty  
17               Corporation for lump sum valuations with  
18               the following specifications regarding their  
19               application:

20                       “(I) For the period commencing  
21                       with the normal retirement date for  
22                       full benefits under the plan, the im-  
23                       mediate annuity rate as published by  
24                       the Pension Benefit Corporation shall  
25                       be utilized as the discount rate.

1                   “(II) For the period commencing  
 2                   with the date of termination from em-  
 3                   ployment until the normal retirement  
 4                   date for full benefits under the plan,  
 5                   a discount rate of not more than 3  
 6                   percent shall be utilized. In addition,  
 7                   for the period between termination of  
 8                   employment and until the normal re-  
 9                   tirement date for full benefits under  
 10                  the plan, the resulting present value  
 11                  shall be determined as if the payment  
 12                  at the normal retirement date is not  
 13                  contingent on the survival of any per-  
 14                  son to that date.

15                  “(III) The formulas shall utilize  
 16                  unisex mortality tables constructed to  
 17                  reflect the experience of the plan re-  
 18                  garding the percentages of males and  
 19                  females in the plan.

20                  “(ii) PHASE-IN.—For plan years be-  
 21                  ginning in 1995 or 1996, the following per-  
 22                  centages shall be substituted for 3 percent  
 23                  in subparagraph (i) (b)

“For plan years beginning in	The percentage is
1995 .....	5
1996 .....	4.

1           “(4) OTHER DEFINITIONS AND RULES.—For  
2 purposes of this subsection.—

3           “(A) QUALIFIED PLAN.—The term ‘quali-  
4 fied plan’ means—

5           “(i) a plan described in section 401(a)  
6 of the Internal Revenue Code of 1986  
7 which includes a trust which is exempt  
8 from tax under section 501(a) of such  
9 Code,

10           “(ii) an annuity plan described in sec-  
11 tion 403(a) of such Code, and

12           “(iii) an annuity contract described in  
13 section 403(b) of such Code.

14           “(B) INDIVIDUAL RETIREMENT PLAN.—  
15 The term ‘individual retirement plan’ means—

16           “(i) an individual retirement account  
17 described in section 408(a) of such Code,  
18 and

19           “(ii) an individual retirement annuity  
20 described in section 408(b) of such Code.

21           “(C) DIRECT TRANSFER.—For the pur-  
22 poses of this section, the term ‘direct transfer’  
23 means a direct rollover from a qualified plan  
24 described in Subparagraph 411(f)(4), a trustee-  
25 to-trustee transfer between accounts established

1 by individuals in such plans, and transfers be-  
2 tween annuity contracts described in sections  
3 403(a) and 403(b) of the Code.

4 “(D) BENEFICIARIES OR ALTERNATE PAY-  
5 EES.—In the case of an individual who is a ben-  
6 eficiary of the participant or an alternate payee  
7 (within the meaning of section 206(d)(3)(K) of  
8 the Employee Retirement Income Security Act  
9 of 1974) under a plan, such individual shall be  
10 treated in the same manner as if a participant  
11 under the plan.”.

12 (5) CONFORMING AMENDMENTS.—

13 (A) Section 204(g)(2) of such Act (29  
14 U.S.C. 1054(g)(2)) is amended by adding at  
15 the end the following new sentence: “Except as  
16 otherwise provided in regulations of the Sec-  
17 retary of Labor and the Secretary of the Treas-  
18 ury, the requirements of subparagraph (B) shall  
19 not be treated as violated in the case of a direct  
20 transfer described in subparagraph 411(f) of  
21 the Internal Revenue Code and Section 204(i)  
22 of ERISA.”.

23 (B) section 204(d) of such Act (29 U.S.C.  
24 1054(d)) is amended—

25 (i) in paragraph (1), by striking “or”,

1 (ii) in paragraph (2), by striking the  
2 period and inserting “or”, and

3 (iii) by inserting after paragraph (2)  
4 the following new paragraph:

5 “(3) a direct transfer described in subpara-  
6 graph 411(f) of the Internal Revenue Code and sec-  
7 tion 205(i) of ERISA.”.

8 (C) The table of contents for part 2 of  
9 subtitle B of title I of such Act is amended by  
10 inserting after the item relating to section 205  
11 the following new item:

12 “(c) EFFECTIVE DATE.—The amendments made by  
13 this section shall apply to distributions in plan years be-  
14 ginning after December 31, 1994.”.

15 **SEC. 4. PROTOTYPE PORTABLE PENSION ACCOUNTS.**

16 (a) IN GENERAL.—The Secretarys of Labor and the  
17 Treasury shall prescribe by regulations one or more proto-  
18 type portable pension accounts which would, upon adop-  
19 tion by any plan sponsor, constitute a portable pension  
20 account meeting the requirements of subsection 204(i) of  
21 the Employee Retirement Income Security Act of 1974  
22 and subsection 411(f) of the Internal Revenue Code. Reg-  
23 ulations for such prototype portable pension accounts shall  
24 be issued within twelve months after the date of enactment  
25 of this Act.

1 (b) ACCOUNT SPONSOR.—A plan sponsor of a port-  
2 able pension account means any person who has the power  
3 to acquire, manage, or dispose of any asset of a portable  
4 pension account and is at least one of the following:

5 (1) An employer or organization of employers  
6 adopting a portable pension account;

7 (2) An association or organization of employees  
8 sponsoring a portable pension account on behalf of  
9 its members;

10 (3) A registered investment advisor under the  
11 Investment Advisors Act of 1940;

12 (4) A bank, as defined in that Act;

13 (5) An insurance company qualified to perform  
14 services with respect to a portable pension account  
15 but only if participants are fully covered under a  
16 State guaranty fund; or

17 (6) A savings and loan association regulated by  
18 the Office of Thrift Management and empowered by  
19 law to perform services with respect to a portable  
20 pension account.

21 **SEC. 5. EXEMPTIONS FOR CERTAIN COLLECTIVELY BAR-**  
22 **GAINED PLANS.**

23 (a) Any multi-employer plan, as defined by title I,  
24 subtitle A, section 3 (37)(A) of the Employee Retirement  
25 Income Security Act of 1974, that is established pursuant

1 to a collective bargaining agreement, shall be exempt from  
2 the provisions of sections 3 and 4 of this Act.

3 (b) Any plan that is established or maintained pursu-  
4 ant to a collective bargaining agreement but that does not  
5 qualify as a multiemployer plan may seek an exemption  
6 from the provisions of sections 3 and 4 of this Act by ap-  
7 plication to the Secretary of Labor by the plan adminis-  
8 trator and by notice to affected or interested parties. The  
9 application and notice shall certify and present evidence  
10 that participants in the plan are eligible to benefit from  
11 portability provisions in their plan and related plans with-  
12 in their industry. Based on evidence that the plan and re-  
13 lated plans contain adequate provisions for portability of  
14 benefits within the industry, the Secretary may exempt the  
15 applicant from the provisions of sections 3 and 4 of this  
16 Act.

17 **SEC. 6. EFFECTIVE DATE AND REGULATIONS.**

18 (a) EFFECTIVE DATE.—The amendments made by  
19 this Act shall apply to plan years beginning after the date  
20 which occurs two years after the date of enactment of this  
21 Act.

22 (b) REGULATIONS.—The Secretary of Labor and the  
23 Secretary of the Treasury shall, not later than twelve  
24 months after the date of enactment of this Act, issue such

- 1 regulations as are necessary to carry out the amendments
- 2 made by this Act.

○

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