

CIEBA

The Committee on Investment
of Employee Benefit Assets

BENEFIT HEADLINES

September 2014

Congress

Legislation: Last week, the Senate unanimously passed a bill (S. 2511) that would clarify what constitutes a "substantial cessation of operations" under ERISA Section 4062(e). The clarifications change the liability trigger from a reduction of 20 percent of plan participants to a reduction of 15 percent of all employees of the employer. They also specify that a cessation of operations must be "permanent." The House is expected to consider this issue during the lame duck session after the November mid-term elections. [[Click here for a link to S. 2511.](#)]

Also last week, as its final pre-election action, Congress passed a short-term continuing resolution that will keep the government operating until December 11, 2014. Congress will also address longer-term government funding during the lame duck session.

Hearings: At a Senate Finance Committee hearing, "Retirement Savings 2.0," Chairman Ron Wyden (D-OR) suggested that tax reform of IRAs is a necessary part of reforming retirement policy. Wyden cited a study by the Government Accountability Office, which found that an estimated 8,000 taxpayers have IRAs worth more than \$5 million, and several hundred have IRAs worth more than \$25 million. [[Click here for a link to GAO Report 14-878T.](#)]

Two CIEBA members testified before the House Ways & Means Select Revenue Measures Subcommittee. In his testimony, Scott Henderson, Vice President of Pension Investment and Strategy for Kroger Co., urged Congress to enact a package of proposals, called "Solutions Not Bailouts," including a provision that would allow troubled multiemployer plans to reduce accrued benefits.

Deborah Tully, Director of Compensation and Benefits Finance for Raytheon, asked Congress to pass legislation that would provide permanent relief from nondiscrimination rules for frozen defined benefit plans. The bill provides that plans would be deemed to continue to be nondiscriminatory if they were nondiscriminatory when they were closed. [[Click here for a link to HR. 5381.](#)]

ERISA Regulatory Agencies

Last week, the Treasury Department released long-awaited final regulations regarding the market rate of return rules for hybrid pension plans, and proposed regulations addressing the transition from a noncompliant interest crediting rate to a permitted rate. Under the final regulations, which are effective January 1, 2016, the maximum fixed interest crediting rate will be 6%. Comments on the proposed regulations are due December 18, 2014, and a public hearing is scheduled for January 9, 2015. [[Click here for the Treasury Hybrid Plans regulations.](#)]

Congress recently passed the Highway and Transportation Funding Act of 2014. This legislation includes an extension of MAP-21 pension interest rate smoothing provisions. Plan sponsors have the option to use the interest rate relief for 2013 plan years, and are required to use the new rates for 2014. The Treasury Department issued guidance on the effect of these changes on plan funding and benefit restrictions. [[Click here for Treasury Notice 2014-53.](#)]

The Treasury Department also issued guidance on rollovers from Roth retirement savings accounts. The notice provides rules for allocating disbursements between pretax and after-tax amounts. [[Click here for Treasury Notice 2014-54.](#)]

The Department of Labor released a field assistance bulletin updating the fiduciary obligations to locate missing participants in terminating defined contribution plans. [[Click here for FAB 2014-01.](#)]

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Recent Webinar: A copy of the presentation from CIEBA's September 16th webinar, "Looking Forward to 2015: The Legislative Outlook and the Impact of Recent Litigation" is available at the [CIEBA Webinars & Education page](#).

Annual Meeting: CIEBA's 2014 Annual Meeting will be held October 21-23 at the Liaison Hotel in Washington, DC. You may register and pay for the meeting online by [clicking here](#).