NEW ERA OF BIPARTISANSHIP?

• Debt ceiling, Harvey, stop-gap funding bill in September
• Has it translated to other major policy areas?
PENSIONS AT 36,000 FEET

• Multiemployer plans
• State and local pension plans
• Single-employer plans
• Federal retirement plans
HEALTH CARE RELATED PROPOSALS

Medicare

• Bernie Sanders’ Medicare for all
• Age 55 optional buy-in for all, S. 1742, Sen. Debbie Stabenow (D-MI)
• Age 55 buy-in for public safety

HELPS (IRC §402(l))

• Increase, index $3k, include all public sector employees, add survivor benefit, and make it deduction-based
• Preserve the exclusion under different health care models
PLAYING DEFENSE ON TAX REFORM

- PEPTA
- Annuity accumulation plan
- Contribution limits
- Rothification
- Normalization provisions
- Pension normal cost
ROTHIFICATION

- Discussion of requiring new account-based contributions to be made under Roth rules
- Contributions made from after-tax dollars, but tax-free at distribution
- Would apply to IRAs, 401(k), 457(b) and 403(b) plans
CAMP PROPOSAL

- Proposed in 2014 draft tax reform legislation
- Then-Chairman of the Ways & Means Committee Dave Camp (R-MI)
- Half-and-half plan
CAMP PROPOSAL

• Estimates that it would have raised $143.7 billion over 10 years
• Some believe new version would raise $500 billion+ over 10 years; no official score, yet
WINDFALL ELIMINATION PROVISION

• Social Security benefit reduction for those who also earn a pension from non-covered employment
• Reduction of first tranche of average monthly earnings from 90% replacement to 40%
• First $885 of average monthly earnings
WINDFALL ELIMINATION PROVISION

- H.R. 711 (114th Congress), Ways and Means Chairman Kevin Brady (R-TX)
- Bipartisan support -- Rep. Richard Neal (D-MA), W&Ms Senior Democrat
- Two subsets of retirees would be created
WINDFALL ELIMINATION PROVISION

- First Subset: (a) Already retired and subject to WEP and (b) those who will turn 62 prior to a certain date (modification of WEP)
- Second Subset: Those who will turn 62 on or after a certain date (replacement formula based on actual work history)
WINDFALL ELIMINATION PROVISION

- A complete exception to current WEP is 30 years of substantial earnings (SE) under Social Security
- Graduated phase-out of WEP penalty begins at 21 years of SE
- For 2017, SE = $23,625
- Relationship between this exemption and new formula in H.R. 711
NORMAL RETIREMENT AGE

• May 2007 Regulations
• Qualification issue, 1.401(a)-1(b)
• NRA = Age = A number
• YOS or combination YOS and age ≠ compliance
TREASURY NOTICE 2012-29

• Governmental plans that do not provide in-service distributions prior to age 62 ≠ NRA
• QPSE safe harbor of age 50 applies even where QPSEs are subgroup of a larger plan
• Effective date
NORMAL RETIREMENT AGE

- Proposed regulations (January 2016)
- Governmental plan may use NRA that reflects YOS
- Public safety safe harbors of age 50 (as clarified), rule of 70 or 20 years credited service
H.R. 931, FIREFIGHTER CANCER REGISTRY

- Requires HHS Secretary to develop voluntary registry on cancer incidence among firefighters
- Rep. Chris Collins (R-NY), 188 cosponsors
- Passed House on 9/12/17
CONTACT INFORMATION

Tony Roda, Partner
Williams & Jensen, PLLC
701 8th Street, NW, Suite 500
Washington, DC 20001
(202) 659-8201
ajroda@wms-jen.com