

118TH CONGRESS
1ST SESSION

H. R. 3942

To amend the Employee Retirement Income Security Act of 1974 to permit default investment arrangements in annuities, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 9, 2023

Mr. NORCROSS (for himself and Mr. WALBERG) introduced the following bill; which was referred to the Committee on Education and the Workforce

A BILL

To amend the Employee Retirement Income Security Act of 1974 to permit default investment arrangements in annuities, 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. SHORT TITLE.**

4 This Act may be cited as the “Lifetime Income For
5 Employees Act”.

6 **SEC. 2. DEFAULT INVESTMENT IN ANNUITY CONTRACTS.**

7 (a) IN GENERAL.—Section 404(c)(5) of the Em-
8 ployee Retirement Income Security Act of 1974 (29
9 U.S.C. 1104(c)(5)) is amended—

10 (1) in subparagraph (A)—

1 (A) by inserting “or subparagraph (C), as
2 appropriate,” after “subparagraph (B)”; and

3 (B) by inserting “or in a covered annuity
4 contract” after “by the Secretary”; and

5 (2) by adding at the end the following:

6 “(C) COVERED ANNUITY CONTRACT.—

7 “(i) IN GENERAL.—For purposes of
8 this paragraph, the term ‘covered annuity
9 contract’ means an investment in an annu-
10 ity contract that meets the following re-
11 quirements:

12 “(I) The annuity contract does
13 not impose a liquidity restriction on
14 the transfer of invested amounts dur-
15 ing the 180-day period beginning on
16 the date of the initial investment in
17 such contract by the participant or
18 beneficiary.

19 “(II) The fiduciary ensures that
20 each participant or beneficiary is pro-
21 vided notice in writing in accordance
22 with clause (ii).

23 “(III) The fiduciary allocates not
24 more than 50 percent of any periodic
25 contribution or, immediately after a

1 rebalancing of account investments,
2 50 percent of the value of the assets
3 of the account, to the annuity con-
4 tract (or, as applicable, to the portion
5 thereof to which a liquidity restriction
6 applies after the 180-day period in
7 subclause (I)).

8 “(ii) NOTICE REQUIREMENT.—For
9 the purposes of this subparagraph, each
10 participant or beneficiary shall be provided
11 notice in writing in a manner that is rea-
12 sonably designed to be understood by the
13 average plan participant, as follows:

14 “(I) Not later than 30 days in
15 advance of the initial investment, a
16 notice that includes—

17 “(aa) an explanation of the
18 circumstances under which assets
19 in the account may be invested
20 on behalf of the participant or
21 beneficiary in the annuity con-
22 tract, including an explanation of
23 the targeted range and maximum
24 amount or percentage of such as-
25 sets to be invested;

1 “(bb) an explanation of the
2 rights, and any limitations or re-
3 strictions thereon, of a partici-
4 pant or beneficiary to direct or
5 transfer amounts invested, or to
6 be invested, in an annuity con-
7 tract to other investment alter-
8 natives available under the plan;

9 “(cc) a general description
10 of the annuity contract, including
11 the duration of guaranteed pay-
12 ments and identification of the
13 insurer;

14 “(dd) an explanation of how
15 a participant or beneficiary may
16 obtain additional information in
17 writing about their investment al-
18 ternatives; and

19 “(ee) a description of how to
20 obtain a copy of the annuity con-
21 tract.

22 “(II) Not later than 30 days be-
23 fore the date of the imposition of a li-
24 quidity restriction described in sub-
25 clause (i)(I), that includes—

1 “(aa) a statement explaining
2 that the participant’s or bene-
3 ficiaries’ contributions will short-
4 ly become subject to liquidity re-
5 strictions;

6 “(bb) an explanation of the
7 rights of the participant or bene-
8 ficiary to direct or transfer
9 amounts to be invested in alter-
10 natives under the plan; and

11 “(cc) an explanation of how
12 a participant or beneficiary may
13 obtain additional information
14 about their investment alter-
15 natives.

16 “(iii) DEFINITION OF ANNUITY CON-
17 TRACT.—For purposes of this subpara-
18 graph, the term ‘annuity contract’ means a
19 contract (or provision or feature thereof)
20 that—

21 “(I) is issued by an insurer quali-
22 fied to do business in a State; and

23 “(II) provides for the payment of
24 guaranteed benefits annually (or more
25 frequently) for a fixed term or for the

1 remainder of the life of the partici-
2 pant or beneficiary or the joint lives
3 of the participant and the partici-
4 pant's designated beneficiary.”.

5 (b) EFFECTIVE DATE.—The amendments made by
6 subsection (a) shall apply with respect to investments
7 made on or after the date of enactment of this Act.

○