

[DISCUSSION DRAFT]

117TH CONGRESS
2D SESSION

H. R. _____

To [to be provided].

IN THE HOUSE OF REPRESENTATIVES

M. _____ introduced the following bill; which was referred to the
Committee on _____

A BILL

To [to be provided].

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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “_____ Act of 2022”.

6 (b) TABLE OF CONTENTS.—The table of contents for
7 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Defined contribution plan fee disclosure improvements.
- Sec. 3. Default investment in annuity contracts.
- Sec. 4. Increasing spousal protection under defined contribution plans.
- Sec. 5. Automatic reenrollment.
- Sec. 6. Employee Ownership and Participation Initiative.
- Sec. 7. Refund to Rainy Day Savings Program.

1 **SEC. 2. DEFINED CONTRIBUTION PLAN FEE DISCLOSURE**
2 **IMPROVEMENTS.**

3 Not later than 1 year after the date of enactment
4 of this Act, the Secretary of Labor shall review section
5 2550.404a-5 of title 29, Code of Federal Regulations, and
6 explore how the content and design of the covered disclo-
7 sures may be improved to enhance participants' under-
8 standing of fees and expenses as well as the cumulative
9 effect of fees and expenses on retirement savings over
10 time.

11 **SEC. 3. DEFAULT INVESTMENT IN ANNUITY CONTRACTS.**

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

15 (1) in subparagraph (A)—

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

18 (B) by inserting “or in a covered annuity
19 contract.” after “by the Secretary”; and

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

21 “(C) COVERED ANNUITY CONTRACT.—

22 “(i) IN GENERAL.—For purposes of
23 this paragraph, the term ‘covered annuity
24 contract’ means an investment in an annu-
25 ity contract that meets the following re-
26 quirements:

1 “(I) The annuity contract does
2 not impose a liquidity restriction on
3 the transfer of invested amounts dur-
4 ing the 180-day period beginning on
5 the date of the initial investment in
6 such contract by the participant or
7 beneficiary.

8 “(II) The fiduciary ensures that
9 each participant or beneficiary is pro-
10 vided notice in writing in accordance
11 with clause (ii).

12 “(III) The fiduciary allocates not
13 more than 50 percent of any periodic
14 contribution or, immediately after a
15 rebalancing of account investments,
16 50percent of the value of the assets of
17 the account, to the annuity contract
18 (or, as applicable, to the portion
19 thereof to which a liquidity restriction
20 applies after the 180-day period in
21 subclause (I)).

22 “(ii) NOTICE REQUIREMENT.—For
23 the purposes of this subparagraph, each
24 participant or beneficiary shall be provided
25 notice in writing in a manner that is rea-

1 sonably designed to be understood by the
2 average plan participant, as follows:

3 “(I) Not later than 30 days in
4 advance of the initial investment, a
5 notice that includes—

6 “(aa) an explanation of the
7 circumstances under which assets
8 in the account may be invested
9 on behalf of the participant or
10 beneficiary in the annuity con-
11 tract, including an explanation of
12 the targeted range and maximum
13 amount or percentage of such as-
14 sets to be invested;

15 “(bb) an explanation of the
16 rights, and any limitations or re-
17 strictions thereon, of a partici-
18 pant or beneficiary to direct or
19 transfer amounts invested, or to
20 be invested, in an annuity con-
21 tract to other investment alter-
22 natives available under the plan;

23 “(cc) a general description
24 of the annuity contract, including
25 the duration of guaranteed pay-

1 ments and identification of the
2 insurer;

3 “(dd) an explanation of how
4 a participant or beneficiary may
5 obtain additional information in
6 writing about their investment al-
7 ternatives; and

8 “(ee) a description of how to
9 obtain a copy of the annuity con-
10 tract.

11 “(II) Not later than 30 days be-
12 fore the date of the imposition of a li-
13 quidity restriction described in sub-
14 clause (i)(I), that includes—

15 “(aa) a statement explaining
16 that the participant’s or bene-
17 ficiaries’ contributions will short-
18 ly become subject to liquidity re-
19 strictions;

20 “(bb) an explanation of the
21 rights of the participant or bene-
22 fiary to direct or transfer
23 amounts to be invested in alter-
24 natives under the plan; and

1 “(cc) an explanation of how
2 a participant or beneficiary may
3 obtain additional information
4 about their investment alter-
5 natives.

6 “(iii) DEFINITION OF ANNUITY CON-
7 TRACT.—For purposes of this subpara-
8 graph, the term ‘annuity contract’ means a
9 contract (or provision or feature thereof)
10 that—

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

13 “(II) provides for the payment of
14 guaranteed benefits annually (or more
15 frequently) for a fixed term or for the
16 remainder of the life of the partici-
17 pant or beneficiary or the joint lives
18 of the participant and the partici-
19 pant’s designated beneficiary.”.

20 **SEC. 4. INCREASING SPOUSAL PROTECTION UNDER DE-**
21 **FINED CONTRIBUTION PLANS.**

22 (a) AMENDMENTS TO EMPLOYEE RETIREMENT IN-
23 COME SECURITY ACT OF 1974.—

24 (1) IN GENERAL.—Part 2 of subtitle B of title
25 I of the Employee Retirement Income Security Act

1 of 1974 (29 U.S.C. 1051 et seq.) is amended by in-
2 sserting after section 205 the following new section:

3 **“SEC. 205A. ADDITIONAL SPOUSAL CONSENT REQUIRE-**
4 **MENTS.**

5 “(a) IN GENERAL.—Each individual account plan to
6 which section 205 does not apply shall provide that, except
7 as provided in subsections (c) and (d), no distribution may
8 be made under the plan unless the spousal consent re-
9 quirements of subsection (e) are met.

10 “(b) COORDINATION WITH SECTION 205.—Nothing
11 in this section shall be construed to exempt an individual
12 account plan from the requirements of paragraph (1)(B),
13 (1)(C), or (2) of section 205(b) with respect to any partici-
14 pant.

15 “(c) EXCEPTIONS FOR CERTAIN DISTRIBUTIONS.—
16 Subsection (a) shall not apply to—

17 “(1) any distribution that is—

18 “(A) a minimum required distribution de-
19 scribed in section 4974(b) of the Internal Rev-
20 enue Code of 1986; or

21 “(B) permitted under section 203(e)(1) to
22 be made without the consent of the participant;

23 “(2) any distribution in the form of a qualified
24 joint and survivor annuity (as defined in section
25 205(d)(1)), a qualified optional survivor annuity (as

1 defined in section 205(d)(2)), a qualified preretire-
2 ment survivor annuity (as defined in section 205(e)),
3 or a series of substantially equal periodic payments
4 (not less frequently than annually) made for the
5 joint lives (or life expectancies) of the participant
6 and the participant's spouse; or

7 “(3) in the case of a participant who does not
8 elect a form of benefit described in paragraph (2)
9 under the plan or who is participating in a plan that
10 does not provide such a form of benefit, any dis-
11 tribution of the participant's entire nonforfeitable
12 accrued benefit if 50 percent of such accrued benefit
13 is transferred to an individual retirement plan (as
14 defined in section 7701(a)(37) of the Internal Rev-
15 enue Code of 1986) of the spouse of the participant.

16 A transfer described in paragraph (3) to an individual re-
17 tirement plan shall be treated in the same manner as a
18 transfer under section 408(d)(6) of the Internal Revenue
19 Code of 1986.

20 “(d) EXCEPTIONS FOR CERTAIN ROLLOVER CON-
21 TRIBUTIONS.—

22 “(1) IN GENERAL.—Subsection (a) shall not
23 apply to any distribution that is an eligible rollover
24 distribution (as defined in section 402(f)(2)(A) of
25 the Internal Revenue Code of 1986) made in the

1 form of a direct trustee-to-trustee transfer within
2 the meaning of section 401(a)(31) of the Internal
3 Revenue Code of 1986—

4 “(A) to a plan to which this section or sec-
5 tion 205 applies; or

6 “(B) to an individual retirement plan (as
7 defined in section 7701(a)(37) of the Internal
8 Revenue Code of 1986) if—

9 “(i) the sole beneficiary of such plan
10 is the spouse of the participant, or the
11 spousal consent requirements of subsection
12 (e) are met with respect to any designation
13 of 1 or more other beneficiaries; and

14 “(ii) under the terms of the individual
15 retirement plan, the beneficiary of such
16 plan (whether the spouse or other bene-
17 ficiary designated under subparagraph
18 (A)) may not be changed unless—

19 “(I) the spousal consent require-
20 ments of subsection (e) are met with
21 respect to any such change; or

22 “(II) the spousal consent under
23 clause (i) to the designation of a bene-
24 ficiary other than the spouse expressly
25 permits such designation to be

1 changed without the further consent
2 of the spouse.

3 “(2) REGULATORY AUTHORITY.—The Secretary
4 of the Treasury and the Secretary of Labor may
5 jointly issue regulations to implement subparagraphs
6 (A) and (B) of paragraph (1).

7 “(e) SPOUSAL CONSENT REQUIREMENTS.—

8 “(1) IN GENERAL.—For purposes of this sec-
9 tion, except as provided in paragraph (2), the spous-
10 al consent requirements of this subsection are met
11 with respect to any distribution or any designation
12 or change of beneficiary if—

13 “(A) the plan provides to each participant,
14 within a reasonable period of time before such
15 distribution or designation or change of bene-
16 ficiary is made and consistent with such regula-
17 tions as the Secretary of the Treasury may pre-
18 scribe, a written explanation of the rights of the
19 participant and the participant’s spouse under
20 this section;

21 “(B) the spouse of the participant consents
22 in writing to the distribution or designation or
23 change of beneficiary;

1 “(C) in the case of a distribution, the writ-
2 ten consent under subparagraph (B) is made
3 during the consent period; and

4 “(D) the written consent under subpara-
5 graph (B)—

6 “(i) acknowledges the effect of such
7 distribution or designation or change of
8 beneficiary; and

9 “(ii) is witnessed by a plan represent-
10 ative or a notary public.

11 “(2) EXCEPTIONS.—The requirements of para-
12 graph (1) (other than subparagraph (A) thereof)
13 shall not apply with respect to any distribution or
14 designation or change of beneficiary if a participant
15 establishes to the satisfaction of the administrator
16 that—

17 “(A) there is no spouse;

18 “(B) the participant and the participant’s
19 spouse have not been married for at least 1
20 year as of the date of the distribution or des-
21 ignation or change of beneficiary; or

22 “(C) such consent cannot be obtained be-
23 cause—

24 “(i) the spouse cannot be located;

1 “(ii) due to exceptional circumstances,
2 requiring the participant to seek the
3 spouse’s consent would be inappropriate;
4 or

5 “(iii) of such other circumstances as
6 the Secretary of the Treasury, in consulta-
7 tion with the Secretary of Labor, may by
8 regulations prescribe.

9 “(3) CONSENT LIMITED TO SPOUSE AND
10 EVENT.—Any written consent by a spouse under
11 paragraph (1), or the establishment by a participant
12 that an exception under paragraph (2) applies with
13 respect to a spouse, shall be effective only with re-
14 spect to that spouse and to the distribution or des-
15 ignation or change of beneficiary to which it relates.

16 “(4) CONSENT PERIOD.—For purposes of this
17 subsection, the term ‘consent period’ means, with re-
18 spect to any distribution—

19 “(A) the 90-day period immediately pre-
20 ceding the date of such distribution; or

21 “(B) such other period as the Secretary of
22 the Treasury may provide.

23 “(f) DISCHARGE OF PLAN FROM LIABILITY.—Rules
24 similar to the rules of section 205(c)(6) shall apply for
25 purposes of this section.”.

1 (2) CLERICAL AMENDMENT.—The table of sec-
2 tions of part 2 of subtitle B of title I of the Em-
3 ployee Retirement Income Security Act of 1974 is
4 amended by inserting after the item relating to sec-
5 tion 205 the following new item:

“Sec. 205A. Additional spousal consent requirements.”.

6 (3) RIGHT OF ACTION.—Section 502(a) of the
7 Employee Retirement Income Security Act of 1974
8 (29 U.S.C. 1132) is amended—

9 (A) by striking “or” at the end of para-
10 graph (10);

11 (B) by striking the period at the end of
12 paragraph (11) and inserting “; or”; and

13 (C) by adding at the end the following new
14 paragraph:

15 “(12) by an individual for appropriate relief in
16 the case of a violation of the individual’s rights
17 under section 205A.”.

18 (4) PARALLEL AMENDMENT TO SECTION 205.—
19 Section 205(c)(2)(B) of the Employee Retirement
20 Income Security Act of 1974 (29 U.S.C.
21 1055(c)(2)(B)) is amended by inserting “, because
22 due to exceptional circumstances, requiring the par-
23 ticipant to seek the spouse’s consent would be inap-
24 propriate” after “located”.

1 (b) CONFORMING AMENDMENT TO INTERNAL REV-
2 ENUE CODE OF 1986.—Section 401(a) of the Internal
3 Revenue Code of 1986 is amended by inserting after para-
4 graph (17) the following new paragraph:

5 “(18) ADDITIONAL SPOUSAL CONSENT RE-
6 QUIREMENTS.—

7 “(A) IN GENERAL.—To the extent para-
8 graph (11) does not apply to a defined con-
9 tribution plan, except as provided in subpara-
10 graphs (C) and (D), a trust forming part of
11 such plan shall not constitute a qualified trust
12 under this section unless no distribution may be
13 made under the plan unless the spousal consent
14 requirements of subparagraph (E) are met.

15 “(B) COORDINATION WITH PARAGRAPH
16 (11).—Nothing in this paragraph shall be con-
17 strued to exempt a defined contribution plan
18 from the requirements of subparagraph (B)(ii),
19 (B)(iii), or (C) of paragraph (11) with respect
20 to any participant.

21 “(C) EXCEPTIONS FOR CERTAIN DISTRIBU-
22 TIONS.—Subparagraph (A) shall not apply to—

23 “(i) any distribution that is—

1 “(I) a minimum required dis-
2 tribution described in section 4974(b),
3 or

4 “(II) permitted under section
5 411(a)(11) to be made without the
6 consent of the participant,

7 “(ii) any distribution in the form of a
8 qualified joint and survivor annuity (as de-
9 fined in section 417(b)), a qualified op-
10 tional survivor annuity (as defined in sec-
11 tion 417(g)), a qualified preretirement sur-
12 vivor annuity (as defined in section
13 417(c)), or a series of substantially equal
14 periodic payments (not less frequently than
15 annually) made for the joint lives (or life
16 expectancies) of the participant and the
17 participant’s spouse, or

18 “(iii) in the case of a participant who
19 does not elect a form of benefit described
20 in clause (ii) under the plan or who is par-
21 ticipating in a plan that does not provide
22 such a form of benefit, any distribution of
23 the participant’s entire nonforfeitable ac-
24 crued benefit if 50 percent of such accrued
25 benefit is directly transferred to an indi-

1 vidual retirement plan of the spouse of the
2 participant.

3 A transfer described in clause (iii) to an indi-
4 vidual retirement plan shall be treated in the
5 same manner as a transfer under section
6 408(d)(6) and shall be deemed not to violate
7 paragraph (2) or (13).

8 “(D) EXCEPTIONS FOR CERTAIN ROLL-
9 OVER CONTRIBUTIONS.—

10 “(i) IN GENERAL.—Subparagraph (A)
11 shall not apply to any distribution, involv-
12 ing a participant who has a spouse, that is
13 an eligible rollover distribution (as defined
14 in section 402(f)(2)(A)) made in the form
15 of a direct trustee-to-trustee transfer with-
16 in the meaning of paragraph (31)—

17 “(I) to a plan to which this para-
18 graph or paragraph (11) applies; or

19 “(II) to an individual retirement
20 plan if—

21 “(aa) the sole beneficiary of
22 such plan is the spouse of the
23 participant, or the spousal con-
24 sent requirements of subpara-
25 graph (E) are met with respect

1 to any designation of 1 or more
2 other beneficiaries; and

3 “(bb) under the terms of the
4 individual retirement plan, the
5 beneficiary of such plan (whether
6 the spouse or other beneficiary
7 designated under clause (i)) may
8 not be changed unless—

9 “(AA) the spousal con-
10 sent requirements of sub-
11 paragraph (E) are met with
12 respect to any such change,
13 or

14 “(BB) the spousal con-
15 sent under subclause (I) to
16 the designation of a bene-
17 ficiary other than the spouse
18 expressly permits such des-
19 ignation to be changed with-
20 out the further consent of
21 the spouse.

22 “(ii) REGULATORY AUTHORITY.—The
23 Secretary of the Treasury and the Sec-
24 retary of Labor may jointly issue regula-

1 tions to implement subparagraphs sub-
2 clauses (I) and (II) of clause (i).

3 “(E) SPOUSAL CONSENT REQUIRE-
4 MENTS.—

5 “(i) IN GENERAL.—For purposes of
6 this paragraph, except as provided in
7 clause (ii), the spousal consent require-
8 ments of this subparagraph are met with
9 respect to any distribution or any designa-
10 tion or change of beneficiary if—

11 “(I) the plan provides to each
12 participant, within a reasonable period
13 of time before such distribution or
14 designation or change of beneficiary is
15 made and consistent with such regula-
16 tions as the Secretary may prescribe,
17 a written explanation of the rights of
18 the participant and the participant’s
19 spouse under this paragraph,

20 “(II) the spouse of the partici-
21 pant consents in writing to the dis-
22 tribution or designation or change of
23 beneficiary,

24 “(III) in the case of a distribu-
25 tion, the written consent under sub-

1 clause (II) is made during the consent
2 period, and

3 “(IV) the written consent under
4 subclause (ii)—

5 “(aa) acknowledges the ef-
6 fect of such distribution or des-
7 igation or change of beneficiary,
8 and

9 “(bb) is witnessed by a plan
10 representative or a notary public.

11 “(ii) EXCEPTIONS UNDER SECTION
12 417(A)(2)(B) TO APPLY.—The requirements
13 of clause (i) (other than subclause (I)
14 thereof) shall not apply with respect to any
15 distribution or designation or change of
16 beneficiary if a participant establishes to
17 the satisfaction of the administrator that—

18 “(I) there is no spouse,

19 “(II) the participant and the par-
20 ticipant’s spouse have not been mar-
21 ried for at least 1 year as of the date
22 of the distribution or designation or
23 change of beneficiary, or

24 “(III) such consent cannot be ob-
25 tained because—

1 “(aa) the spouse cannot be
2 located;

3 “(bb) due to exceptional cir-
4 cumstances, requiring the partici-
5 pant to seek the spouse’s consent
6 would be inappropriate; or

7 “(cc) of such other cir-
8 cumstances as the Secretary, in
9 consultation with the Secretary
10 of Labor, may by regulations pre-
11 scribe.

12 “(iii) CONSENT LIMITED TO SPOUSE
13 AND EVENT.—Any written consent by a
14 spouse under clause (i), or the establish-
15 ment by a participant that an exception
16 under clause (ii) applies with respect to a
17 spouse, shall be effective only with respect
18 to that spouse and to the distribution or
19 designation or change of beneficiary to
20 which it relates.

21 “(iv) CONSENT PERIOD.—For pur-
22 poses of this subparagraph, the term ‘con-
23 sent period’ means, with respect to any
24 distribution—

1 “(I) the 90-day period imme-
2 diately preceding the date of such dis-
3 tribution, or

4 “(II) such other period as the
5 Secretary may provide.”.

6 **SEC. 5. AUTOMATIC REENROLLMENT.**

7 (a) **ELIGIBLE AUTOMATIC CONTRIBUTION ARRANGE-**
8 **MENTS.—**

9 (1) **AMENDMENT TO THE EMPLOYEE RETIRE-**
10 **MENT INCOME SECURITY ACT OF 1974.—**Section
11 514(e)(2) of the Employee Retirement Income Secu-
12 rity Act of 1974 (29 U.S.C. 1144(e)(2)) is amend-
13 ed—

14 (A) by redesignating subparagraphs (A)
15 through (C) as clauses (i) through (iii), respec-
16 tively, and moving the margins of such clauses
17 2 ems to the right,

18 (B) by striking “(2) For purposes of” and
19 inserting “(2)(A) For purposes of”, and

20 (C) by adding at the end the following:

21 “(B) In the case of an eligible automatic
22 contribution arrangement taking effect after
23 December 31, 2024, the requirements of sub-
24 paragraph (A)(ii) shall be treated as met only

1 if, under the arrangement, at least every 3
2 years each employee—

3 “(i) who is eligible to participate in
4 the arrangement, and

5 “(ii) who, at the time of the deter-
6 mination, has in effect an affirmative elec-
7 tion pursuant to subparagraph (A)(ii) not
8 to have contributions described in such
9 subparagraph made,
10 is treated as having made the election at the
11 uniform percentage of compensation described
12 in subparagraph (A)(ii) unless the employee
13 makes a new election under such subparagraph.
14 Such determination may be made at one time
15 for all employees described in the preceding
16 sentence for a plan year, regardless of indi-
17 vidual employee dates of enrollment.”.

18 (2) AMENDMENT TO THE INTERNAL REVENUE
19 CODE OF 1986.—Section 414(w)(3) of the Internal
20 Revenue Code of 1986 is amended—

21 (A) by redesignating subparagraphs (A)
22 through (C) as clauses (i) through (iii), respec-
23 tively, and moving the margins of such clauses
24 2 ems to the right;

1 (B) by striking “ For purposes of” and in-
2 serting the following:

3 “(A) IN GENERAL.—For purposes of”

4 (C) by adding at the end the following new
5 subparagraph:

6 “(B) PERIODIC AUTOMATIC DEFERRAL RE-
7 QUIRED.—In the case of an eligible automatic
8 contribution arrangement taking effect after
9 December 31, 2024, the requirements of this
10 subsection shall be treated as met only if, under
11 the arrangement, at least every 3 plan years
12 each employee—

13 “(i) who is eligible to participate in
14 the arrangement, and

15 “(ii) who, at the time of the deter-
16 mination, has in effect an affirmative elec-
17 tion under subparagraph (A)(ii) not to
18 have such contributions described in such
19 subparagraph made,

20 is treated as having made the election at the
21 uniform percentage level described in subpara-
22 graph (A)(ii) unless the employee makes a new
23 election under such subparagraph. Such deter-
24 mination may be made at one time for all em-
25 ployees described in the preceding sentence for

1 a plan year, regardless of individual employee
2 dates of enrollment.”

3 (b) QUALIFIED AUTOMATIC CONTRIBUTION AR-
4 RANGEMENTS.—

5 (1) IN GENERAL.—Section 401(k)(13)(C) of the
6 Internal Revenue Code of 1986 is amended by add-
7 ing at the end the following new clause:

8 “(v) PERIODIC AUTOMATIC DEFERRAL
9 REQUIRED FOR POST-2024 ARRANGE-
10 MENTS.—In the case of a qualified auto-
11 matic contribution arrangement which
12 takes effect after December 31, 2024, the
13 requirements of this subparagraph shall be
14 treated as met only if, under the arrange-
15 ment, at least every 3 plan years each em-
16 ployee—

17 “(I) who is eligible to participate
18 in the arrangement, and

19 “(II) who, at the time of the de-
20 termination, has in effect an affirma-
21 tive election pursuant to clause (ii)
22 not to have contributions described in
23 clause (i) made,

24 is treated as having made the election de-
25 scribed in clause (i) unless the employee

1 makes a new affirmative election under
2 clause (ii). Such determination may be
3 made at one time for all employees de-
4 scribed in the preceding sentence for a
5 plan year, regardless of individual em-
6 ployee dates of enrollment.”

7 (2) CONFORMING AMENDMENTS.—Clause (iv)
8 of section 401(k)(13)(C) of such Code is amended—

9 (A) in the heading, by inserting “for pre-
10 2025 arrangements” after “required”; and

11 (B) by striking “Clause (i)” and inserting
12 “In the case of a qualified automatic contribu-
13 tion arrangement in effect before January 1,
14 2025, clause (i)”.

15 (c) EFFECTIVE DATE.—The amendments made by
16 this section shall apply to arrangements taking effect after
17 December 31, 2024.

18 **SEC. 6. EMPLOYEE OWNERSHIP AND PARTICIPATION INI-**
19 **TIATIVE.**

20 (a) DEFINITIONS.—In this section:

21 (1) EXISTING PROGRAM.—The term “existing
22 program” means a program, designed to promote
23 employee ownership and employee participation in
24 business decisionmaking, that exists on the date on

1 which the Secretary is carrying out a responsibility
2 authorized under this section.

3 (2) INITIATIVE.—The term “Initiative” means
4 the Employee Ownership and Participation Initiative
5 established under subsection (b).

6 (3) NEW PROGRAM.—The term “new program”
7 means a program, designed to promote employee
8 ownership and employee participation in business de-
9 cisionmaking, that does not exist on the date on
10 which the Secretary is carrying out a responsibility
11 authorized under this section.

12 (4) SECRETARY.—The term “Secretary” means
13 the Secretary of Labor.

14 (5) STATE.—The term “State” has the mean-
15 ing given the term under section 3 of the Workforce
16 Innovation and Opportunity Act (29 U.S.C. 3102).

17 (b) EMPLOYEE OWNERSHIP AND PARTICIPATION INI-
18 TIATIVE.—

19 (1) ESTABLISHMENT.—The Secretary of Labor
20 shall establish within the Department of Labor an
21 Employee Ownership and Participation Initiative to
22 promote employee ownership and employee participa-
23 tion in business decisionmaking.

24 (2) FUNCTIONS.—In carrying out the Initiative,
25 the Secretary shall—

1 (A) support within the States existing pro-
2 grams designed to promote employee ownership
3 and employee participation in business decision-
4 making; and

5 (B) facilitate within the States the forma-
6 tion of new programs designed to promote em-
7 ployee ownership and employee participation in
8 business decisionmaking.

9 (3) DUTIES.—To carry out the functions enu-
10 merated in paragraph (2), the Secretary shall—

11 (A) support new programs and existing
12 programs by—

13 (i) making Federal grants authorized
14 under subsection (d); and

15 (ii)(I) acting as a clearinghouse on
16 techniques employed by new programs and
17 existing programs within the States, and
18 disseminating information relating to those
19 techniques to the programs; or

20 (II) funding projects for information
21 gathering on those techniques, and dis-
22 semination of that information to the pro-
23 grams, by groups outside the Department
24 of Labor; and

1 (B) facilitate the formation of new pro-
2 grams, in ways that include holding or funding
3 an annual conference of representatives from
4 States with existing programs, representatives
5 from States developing new programs, and rep-
6 resentatives from States without existing pro-
7 grams.

8 (c) PROGRAMS REGARDING EMPLOYEE OWNERSHIP
9 AND PARTICIPATION.—

10 (1) ESTABLISHMENT OF PROGRAM.—Not later
11 than 180 days after the date of enactment of this
12 Act, the Secretary shall establish a program to en-
13 courage new programs and existing programs within
14 the States to foster employee ownership and em-
15 ployee participation in business decisionmaking
16 throughout the United States.

17 (2) PURPOSE OF PROGRAM.—The purpose of
18 the program established under paragraph (1) is to
19 encourage new and existing programs within the
20 States that focus on—

21 (A) providing education and outreach to
22 inform employees and employers about the pos-
23 sibilities and benefits of employee ownership,
24 business ownership succession planning, and
25 employee participation in business decision-

1 making, including providing information about
2 financial education, employee teams, open-book
3 management, and other tools that enable em-
4 ployees to share ideas and information about
5 how their businesses can succeed;

6 (B) providing technical assistance to assist
7 employee efforts to become business owners, to
8 enable employers and employees to explore and
9 assess the feasibility of transferring full or par-
10 tial ownership to employees, and to encourage
11 employees and employers to start new em-
12 ployee-owned businesses;

13 (C) training employees and employers with
14 respect to methods of employee participation in
15 open-book management, work teams, commit-
16 tees, and other approaches for seeking greater
17 employee input; and

18 (D) training other entities to apply for
19 funding under this subsection, to establish new
20 programs, and to carry out program activities.

21 (3) PROGRAM DETAILS.—The Secretary may in-
22 clude, in the program established under paragraph
23 (1), provisions that—

24 (A) in the case of activities described in
25 paragraph (2)(A)—

1 (i) target key groups, such as retiring
2 business owners, senior managers, unions,
3 trade associations, community organiza-
4 tions, and economic development organiza-
5 tions;

6 (ii) encourage cooperation in the orga-
7 nization of workshops and conferences; and

8 (iii) prepare and distribute materials
9 concerning employee ownership and par-
10 ticipation, and business ownership succes-
11 sion planning;

12 (B) in the case of activities described in
13 paragraph (2)(B)—

14 (i) provide preliminary technical as-
15 sistance to employee groups, managers,
16 and retiring owners exploring the possi-
17 bility of employee ownership;

18 (ii) provide for the performance of
19 preliminary feasibility assessments;

20 (iii) assist in the funding of objective
21 third-party feasibility studies and prelimi-
22 nary business valuations, and in selecting
23 and monitoring professionals qualified to
24 conduct such studies; and

1 (iv) provide a data bank to help em-
2 ployees find legal, financial, and technical
3 advice in connection with business owner-
4 ship;

5 (C) in the case of activities described in
6 paragraph (2)(C)—

7 (i) provide for courses on employee
8 participation; and

9 (ii) provide for the development and
10 fostering of networks of employee-owned
11 companies to spread the use of successful
12 participation techniques; and

13 (D) in the case of training described in
14 paragraph (2)(D)—

15 (i) provide for visits to existing pro-
16 grams by staff from new programs receiv-
17 ing funding under this section; and

18 (ii) provide materials to be used for
19 such training.

20 (4) GUIDANCE.—The Secretary shall issue for-
21 mal guidance, for recipients of grants awarded under
22 subsection (d) and one-stop partners (as defined in
23 section 3 of the Workforce Innovation and Oppor-
24 tunity Act (29 U.S.C. 3102)) affiliated with the
25 workforce development systems (as so defined) of

1 the States, proposing that programs and other ac-
2 tivities funded under this section be—

3 (A) proactive in encouraging actions and
4 activities that promote employee ownership of,
5 and participation in, businesses; and

6 (B) comprehensive in emphasizing both
7 employee ownership of, and participation in,
8 businesses so as to increase productivity and
9 broaden capital ownership.

10 (d) GRANTS.—

11 (1) IN GENERAL.—In carrying out the program
12 established under subsection (c), the Secretary may
13 make grants for use in connection with new pro-
14 grams and existing programs within a State for any
15 of the following activities:

16 (A) Education and outreach as provided in
17 subsection (c)(2)(A).

18 (B) Technical assistance as provided in
19 subsection (c)(2)(B).

20 (C) Training activities for employees and
21 employers as provided in subsection (c)(2)(C).

22 (D) Activities facilitating cooperation
23 among employee-owned firms.

24 (E) Training as provided in subsection
25 (c)(2)(D) for new programs provided by partici-

1 pants in existing programs dedicated to the ob-
2 jectives of this section, except that, for each fis-
3 cal year, the amount of the grants made for
4 such training shall not exceed 10 percent of the
5 total amount of the grants made under this sec-
6 tion.

7 (2) AMOUNTS AND CONDITIONS.—The Sec-
8 retary shall determine the amount and any condi-
9 tions for a grant made under this subsection. The
10 amount of the grant shall be subject to paragraph
11 (6), and shall reflect the capacity of the applicant
12 for the grant.

13 (3) APPLICATIONS.—Each entity desiring a
14 grant under this subsection shall submit an applica-
15 tion to the Secretary at such time, in such manner,
16 and accompanied by such information as the Sec-
17 retary may reasonably require.

18 (4) STATE APPLICATIONS.—Each State may
19 sponsor and submit an application under paragraph
20 (3) on behalf of any local entity consisting of a unit
21 of State or local government, State-supported insti-
22 tution of higher education, or nonprofit organization,
23 meeting the requirements of this section.

24 (5) APPLICATIONS BY ENTITIES.—

1 (A) ENTITY APPLICATIONS.—If a State
2 fails to support or establish a program pursu-
3 ant to this section during any fiscal year, the
4 Secretary shall, in the subsequent fiscal years,
5 allow local entities described in paragraph (4)
6 from that State to make applications for grants
7 under paragraph (3) on their own initiative.

8 (B) APPLICATION SCREENING.—Any State
9 failing to support or establish a program pursu-
10 ant to this section during any fiscal year may
11 submit applications under paragraph (3) in the
12 subsequent fiscal years but may not screen ap-
13 plications by local entities described in para-
14 graph (4) before submitting the applications to
15 the Secretary.

16 (6) LIMITATIONS.—A recipient of a grant made
17 under this subsection shall not receive, during a fis-
18 cal year, in the aggregate, more than the following
19 amounts:

20 (A) For fiscal year 2023, \$300,000.

21 (B) For fiscal year 2024, \$330,000.

22 (C) For fiscal year 2025, \$363,000.

23 (D) For fiscal year 2026, \$399,300.

24 (E) For fiscal year 2027, \$439,200.

1 (7) ANNUAL REPORT.—For each year, each re-
2 recipient of a grant under this subsection shall submit
3 to the Secretary a report describing how grant funds
4 allocated pursuant to this subsection were expended
5 during the 12-month period preceding the date of
6 the submission of the report.

7 (e) EVALUATIONS.—The Secretary is authorized to
8 reserve not more than 10 percent of the funds appro-
9 priated for a fiscal year to carry out this section, for the
10 purposes of conducting evaluations of the grant programs
11 identified in subsection (d) and to provide related technical
12 assistance.

13 (f) REPORTING.—Not later than the expiration of the
14 36-month period following the date of enactment of this
15 Act, the Secretary shall prepare and submit to Congress
16 a report—

17 (1) on progress related to employee ownership
18 and participation in businesses in the United States;
19 and

20 (2) containing an analysis of critical costs and
21 benefits of activities carried out under this section.

22 (g) AUTHORIZATIONS OF APPROPRIATIONS.—

23 (1) IN GENERAL.—There are authorized to be
24 appropriated for the purpose of making grants pur-
25 suant to subsection (d) the following:

- 1 (A) For fiscal year 2023, \$4,000,000.
2 (B) For fiscal year 2024, \$7,000,000.
3 (C) For fiscal year 2025, \$10,000,000.
4 (D) For fiscal year 2026, \$13,000,000.
5 (E) For fiscal year 2027, \$16,000,000.

6 (2) ADMINISTRATIVE EXPENSES.—There are
7 authorized to be appropriated for the purpose of
8 funding the administrative expenses related to the
9 Initiative, for each of fiscal years 2022 through
10 2026, an amount not in excess of the lesser of—

- 11 (A) \$350,000; or
12 (B) 5.0 percent of the maximum amount
13 available under paragraph (1) for that fiscal
14 year.

15 **SEC. 7. REFUND TO RAINY DAY SAVINGS PROGRAM.**

16 (a) ESTABLISHMENT.—

17 (1) IN GENERAL.—Not later than December 31,
18 2024, the Secretary of the Treasury or the Sec-
19 retary's delegate (referred to in this subsection as
20 the "Secretary") shall establish and implement a
21 program (referred to in this subsection as the "Re-
22 fund to Rainy Day Savings Program") to allow par-
23 ticipating taxpayers, pursuant to the requirements
24 established under this section, to defer payment on
25 20 percent of the amount which would otherwise be

1 refunded to such taxpayer as an overpayment (as
2 described in section 6401 of the Internal Revenue
3 Code of 1986).

4 (2) PERIOD OF DEFERRAL.—Except as pro-
5 vided under paragraph (3)(E), a participating tax-
6 payer may elect to defer payment of the amount de-
7 scribed in paragraph (1) and have such amount de-
8 posited in the Rainy Day Fund (as described in
9 paragraph (3)).

10 (3) RAINY DAY FUND.—

11 (A) IN GENERAL.—The Secretary shall es-
12 tablish in the Treasury a fund, in such manner
13 as the Secretary determines to be appropriate,
14 to be known as the “Rainy Day Fund”, con-
15 sisting of any amounts described in paragraph
16 (1) on which payment has been deferred by par-
17 ticipating taxpayers.

18 (B) INVESTMENT.—Any amounts depos-
19 ited in the Rainy Day Fund shall be invested by
20 the Secretary, in United States Treasury secu-
21 rities issued under chapter 31 of title 31,
22 United States Code, that are suitable for the
23 needs of the Rainy Day Fund.

24 (C) DISBURSEMENTS FROM FUND.—

1 (i) IN GENERAL.—On the date that is
2 180 days after the date of deposit in the
3 Rainy Day Fund of an amount deferred by
4 such taxpayer under paragraph (1), the
5 amounts in the Rainy Day Fund shall be
6 made available to the Secretary to dis-
7 tribute to such taxpayer in an amount
8 equal to such amount plus any interest ac-
9 crued on such amount (as determined
10 under subparagraph (D)).

11 (ii) DISTRIBUTED TO TAXPAYERS.—
12 The amounts described in clause (i) shall
13 be distributed to the account identified by
14 the participating taxpayer under paragraph
15 (4)(B).

16 (D) INTEREST ACCRUED.—The amount of
17 interest accrued on the amount deferred by a
18 participating taxpayer under subsection (a)
19 shall be determined by the Secretary based
20 upon the return on the investment of such
21 amounts under subparagraph (B).

22 (E) EARLY WITHDRAWAL.—

23 (i) IN GENERAL.—As soon as possible
24 after receipt by the Secretary of the indi-
25 vidual income tax return of the partici-

1 participating taxpayer and October 15 of the ap-
2 plicable year, such taxpayer may elect to
3 terminate the deferral of the amount de-
4 scribed under paragraph (1) and receive a
5 distribution from the Rainy Day Fund
6 equal to such amount and any interest
7 which has accrued on such amount up to
8 that date.

9 (ii) COMPLETE WITHDRAWAL.—A par-
10 participating taxpayer making an election
11 under clause (i) must terminate deferral of
12 the full amount described under paragraph
13 (1), and such amount shall be distributed
14 to the bank account identified by the par-
15 ticipating taxpayer under paragraph
16 (4)(B).

17 (4) PARTICIPATING TAXPAYER.—For purposes
18 of this section, the term “participating taxpayer”
19 means a taxpayer who—

20 (A) prior to the due date for filing the re-
21 turn of tax for such taxable year, elects to par-
22 ticipate in the Refund to Rainy Day Savings
23 Program, in accordance with regulations to be
24 issued by the Secretary; and

1 (B) provides the Secretary with an account
2 and routing number or any other financial in-
3 formation deemed necessary by the Secretary
4 for purposes of subparagraphs (C)(ii) and
5 (E)(ii) of paragraph (3).

6 (5) FORMS.—The Secretary shall ensure that
7 the election to defer payment of the amount de-
8 scribed in paragraph (1) may be claimed on appro-
9 priate tax forms.

10 (6) IMPLEMENTATION.—

11 (A) EDUCATIONAL MATERIALS AND OUT-
12 REACH.—The Secretary shall—

13 (i) design educational materials for
14 taxpayers regarding financial savings and
15 the Refund to Rainy Day Savings Pro-
16 gram,

17 (ii) publicly disseminate and distribute
18 such materials during the first calendar
19 quarter of each calendar year and fol-
20 lowing disbursement of amounts described
21 in paragraph (3)(C), and

22 (iii) engage in outreach regarding the
23 Refund to Rainy Day Savings Program to
24 the Volunteer Income Tax Assistance pro-
25 gram and paid tax preparers.

1 (B) INFORMATION FOR PARTICIPATING
2 TAXPAYERS.—The Secretary shall ensure that a
3 participating taxpayer is able to electronically
4 verify the status of the amount deferred by
5 such taxpayer under paragraph (1), including
6 any interest accrued on such amount and the
7 status of any distribution.

8 (C) FEDERALLY FUNDED BENEFITS.—Any
9 amounts described in paragraph (1) which are
10 distributed to a participating taxpayer, includ-
11 ing any interest accrued on such amount, shall
12 be treated in the same manner as any refund
13 made to such taxpayer under section 32 of the
14 Internal Revenue Code of 1986 for purposes of
15 determining the eligibility of such taxpayer for
16 benefits or assistance, or the amount or extent
17 of benefits or assistance, under any Federal
18 program or under any State or local program
19 financed in whole or in part with Federal funds.

20 (b) ASSETS FOR INDEPENDENCE INNOVATION DEM-
21 ONSTRATION PROJECTS.—

22 (1) REAUTHORIZATION.—The Assets for Inde-
23 pendence Act (42 U.S.C. 604 note) is amended—

24 (A) in section 416, by inserting “, and,
25 subject to section 417, \$25,000,000 for each of

1 fiscal years 2024, 2025, 2026, 2027, and 2028,
2 to remain available until expended.”; and

3 (B) by adding at the end the following new
4 section:

5 **“SEC. 417. RESERVATION OF FUNDS.**

6 “(a) IN GENERAL.—Subject to subsections (b) and
7 (c), from the funds appropriated for each of fiscal years
8 2024, 2025, 2026, 2027, and 2028 under section 416, the
9 Secretary shall reserve—

10 “(1) \$3,000,000 for general research and eval-
11 uation; and

12 “(2) any amounts remaining after application
13 of paragraph (1) to fund AFI innovation demonstra-
14 tion projects under section 418.

15 “(b) PILOT PROGRAM FUNDING.—From the amounts
16 reserved under subsection (a) for each of fiscal years
17 2024, 2025, and 2026, the Secretary shall make available
18 for operating the pilot program established under section
19 7(c) of the _____ Act of 2022—

20 “(1) 50 percent of the amount reserved for the
21 relevant fiscal year under paragraph (1) of sub-
22 section (a) (after any adjustment under subsection
23 (c)); and

24 “(2) 25 percent of the amount reserved for the
25 relevant fiscal year under paragraph (2) of sub-

1 section (a) (after any adjustment under subsection
2 (c)).

3 “(c) PROPORTIONAL ADJUSTMENT.—In any of fiscal
4 years 2024, 2025, 2026, 2027, and 2028, if the amount
5 appropriated for such fiscal year is greater or less than
6 the amount authorized for such fiscal year under section
7 416, the amounts reserved under subsection (a) shall be
8 increased or decreased for such fiscal year so that each
9 such amount bears the same proportion to the amount ap-
10 propriated as each of the amounts reserved under such
11 subsection bears to the amount authorized.”.

12 (2) ESTABLISHMENT OF INNOVATION PRO-
13 GRAM.—The Assets for Independence Act (42
14 U.S.C. 604 note), as amended by paragraph (1), is
15 further amended by adding at the end the following
16 new section:

17 **“SEC. 418. AFI INNOVATION PROJECTS.**

18 “(a) IN GENERAL.—The Secretary is authorized to
19 make grants to qualified entities to conduct AFI innova-
20 tion projects under this section.

21 “(b) DEFINITIONS.—For purposes of this section:

22 “(1) AFI INNOVATION PROJECT.—The term
23 ‘AFI innovation project’ means a demonstration
24 project carried out by a qualified entity under this
25 section.

1 “(2) INNOVATION DEVELOPMENT ACCOUNT.—

2 The term ‘innovation development account’ means
3 an account that is established in a federally insured
4 financial institution or a State insured financial in-
5 stitution and meets such other requirements as are
6 established by the Secretary.

7 “(c) APPLICATION.—

8 “(1) CRITERIA AND PREFERENCES.—

9 “(A) IN GENERAL.—Subject to subpara-
10 graph (B), in considering an application to con-
11 duct an AFI innovation project, the Secretary
12 shall apply subsections (c) and (d) of section
13 405 to the application in the same manner that
14 such subsections apply to an application to con-
15 duct a demonstration project under section 405.

16 “(B) MODIFICATION.—For purposes of
17 this paragraph, paragraph (1) of section 405(c)
18 shall be applied without regard to the phrase
19 ‘through activities requiring one or more quali-
20 fied expenses’.

21 “(2) APPROVAL OF AFI INNOVATION
22 PROJECTS.—Not later than 12 months after the
23 date of the enactment of this section, the Secretary
24 shall, on a competitive basis, approve such applica-
25 tions to conduct AFI innovation projects as the Sec-

1 retary considers to be appropriate, taking into ac-
2 count the considerations required by paragraph (1).
3 The Secretary shall ensure, to the maximum extent
4 practicable, that the applications that are approved
5 involve a range of communities (both rural and
6 urban) and diverse populations.

7 “(d) PROJECT DURATION AND GRANT AMOUNT.—

8 “(1) DURATION.—The Secretary shall award
9 grants under this section for a period not to exceed
10 5 project years.

11 “(2) GRANT AMOUNT.—For each project year
12 of an AFI innovation project approved under this
13 section, the Secretary may make a grant to the
14 qualified entity authorized to conduct the project. In
15 making such a grant, the Secretary shall make the
16 grant on the first day of the project year in an
17 amount not to exceed the lesser of—

18 “(A) the aggregate amount of funds com-
19 mitted as matching contributions from non-
20 Federal public or private sector sources; or

21 “(B) \$1,000,000.

22 “(e) ELIGIBILITY AND SELECTION OF INDIVIDUALS
23 TO PARTICIPATE IN AN AFI INNOVATION PROJECT.—

24 “(1) ELIGIBILITY CRITERIA.—Subject to the
25 approval of the Secretary, each qualified entity con-

1 ducting an AFI innovation project shall establish eli-
2 gibility requirements for participants in the project.

3 Such requirements shall—

4 “(A) be more expansive than the require-
5 ments established under section 408; and

6 “(B) ensure that eligibility is limited to
7 low-income individuals.

8 “(2) SELECTION OF INDIVIDUALS TO PARTICI-
9 PATE.—Each qualified entity conducting an AFI in-
10 novation project shall select, from among the indi-
11 viduals that meet the eligibility requirements estab-
12 lished by the entity under paragraph (1), the indi-
13 viduals—

14 “(A) that the qualified entity determines to
15 be best suited to participate; and

16 “(B) to whom the qualified entity will
17 make disbursements or deposits in accordance
18 with subsection (f).

19 “(f) DISBURSEMENTS BY QUALIFIED ENTITIES.—

20 “(1) IN GENERAL.—Each qualified entity con-
21 ducting an AFI innovation project shall, in a man-
22 ner consistent with the program requirements estab-
23 lished by such entity, disburse to a third-party or de-
24 posit into the innovation development account of
25 each individual participating in the project from the

1 funds described in subsection (d)(2), a matching
2 contribution of not less than \$0.50 and not more
3 than \$8 for every \$1 deposited in the account by a
4 project participant.

5 “(2) LIMITATION ON DISBURSEMENTS FOR AN
6 INDIVIDUAL.—Not more than \$5,000 from a grant
7 made under subsection (d)(1) shall be provided to
8 any one individual over the course of the AFI inno-
9 vation project.

10 “(3) LIMITATION ON DISBURSEMENTS FOR A
11 HOUSEHOLD.—Not more than \$10,000 from a grant
12 made under subsection (d)(1) shall be provided to
13 any one household over the course of the AFI inno-
14 vation project.

15 “(4) ADJUSTMENT FOR INFLATION.—

16 “(A) IN GENERAL.—For each calendar
17 year after 2023, the dollar amounts in para-
18 graphs (2) and (3) shall be increased by an
19 amount equal to the product of—

20 “(i) such dollar amount, and

21 “(ii) the cost-of-living adjustment de-
22 termined under section 1(f)(3) for the cal-
23 endar year, determined by substituting
24 ‘calendar year 2022’ for ‘calendar year
25 1992’ in subparagraph (B) thereof.

1 “(B) ROUNDING.—If any increase deter-
2 mined under subparagraph (A) is not a multiple
3 of \$50, such increase shall be rounded to the
4 next lowest multiple of \$50.”.

5 (3) CONFORMING AMENDMENTS.—The Assets
6 for Independence Act (42 U.S.C. 604 note), as
7 amended by paragraphs (1) and (2), is further
8 amended—

9 (A) in section 404(2), by inserting “or sec-
10 tion 418” before the period;

11 (B) in section 406—

12 (i) in subsection (a), by striking “to
13 conduct a demonstration project under this
14 title” and inserting “under section 405”;
15 and

16 (ii) in subsection (b), by striking
17 “conducted under this title” and inserting
18 “approved under section 405”;

19 (C) in section 407—

20 (i) in subsection (c)—

21 (I) in paragraph (1)—

22 (aa) in subparagraph (A),
23 by inserting “or, in the case of a
24 participant in a project con-
25 ducted under section 418, other

1 permitted expenses” after “quali-
2 fied expenses”; and

3 (bb) in subparagraph (B),
4 by inserting “or subsection (f) of
5 section 418” after “section 410”;
6 and

7 (II) in paragraph (3), by insert-
8 ing “or section 418(d)(1)”; and

9 (ii) in subsection (d)(2)(A), by insert-
10 ing “or section 418(d)(1)” after “section
11 406(b)”;

12 (D) in section 408, by striking “conducted
13 under this title” each place it appears and in-
14 serting “approved under section 405”;

15 (E) in section 409, by striking “conducted
16 under this title” and inserting “approved under
17 section 405”;

18 (F) in section 410, by striking “under this
19 title” and inserting “conducting a demonstra-
20 tion project approved under section 405”;

21 (G) in section 413(a), by inserting “or sec-
22 tion 418(c)” after “under section 405”; and

23 (H) in section 415, by inserting “or inno-
24 vation development account” after “individual
25 development account”.

1 (c) MATCHED REFUND TO RAINY DAY SAVINGS
2 PILOT PROGRAM.—

3 (1) IN GENERAL.—Not later than 6 months
4 after the date of the enactment of this Act and
5 using the funds made available pursuant to section
6 417(b) of the Assets for Independence Act, the Sec-
7 retary of Health and Human Services, acting
8 through the Director of Community Services (in this
9 section referred to as “the Secretary”), shall estab-
10 lish under this subsection a matched savings account
11 pilot program to encourage saving by eligible individ-
12 uals. Under the pilot program, a qualified entity
13 may apply to the Secretary for a grant to conduct
14 a pilot project described in paragraph (2) (in this
15 section referred to as a “pilot project”). The pilot
16 program shall operate for a period of 3 years.

17 (2) PILOT PROJECT DESCRIBED.—

18 (A) IN GENERAL.—A pilot project is a
19 project in which a qualified entity establishes a
20 matched savings program that meets the re-
21 quirements of subparagraph (B) for eligible in-
22 dividuals who are selected by the entity to par-
23 ticipate in the program.

24 (B) REQUIREMENTS.—

1 (i) DEPOSITS INTO DIRECT DEPOSIT
2 ACCOUNTS.—

3 (I) IN GENERAL.—A matched
4 savings program established as part of
5 a pilot project shall match amounts
6 saved by each eligible individual par-
7 ticipating in the pilot project, with
8 such match amount to be equal to or
9 less than the amount of any payment
10 deferred by such individual under the
11 Refund to Rainy Day Savings Pro-
12 gram established in subsection (a)(1).

13 (II) TIMING.—Any amount de-
14 scribed in subclause (I) shall not be
15 distributed to an eligible individual
16 until the amounts described in sub-
17 paragraphs (C)(ii) or (E)(ii) of sub-
18 section (a)(1) have been distributed to
19 the bank account identified by such
20 individual.

21 (ii) EVALUATION OF PROGRAM BY
22 INDEPENDENT RESEARCH ORGANIZA-
23 TION.—

24 (I) IN GENERAL.—From amounts
25 made available under section

1 417(b)(2) of the Assets for Independ-
2 ence Act, as added by subsection
3 (b)(1)(B), the Secretary shall enter
4 into a contract with an independent
5 research organization for purposes of
6 evaluating pilot projects conducted
7 under this section.

8 (II) COORDINATION.—Each
9 qualified entity that establishes a
10 matched savings program as part of a
11 pilot project shall collaborate with the
12 independent research organization de-
13 scribed in subclause (I) to evaluate
14 the outcomes and impact of the
15 project.

16 (III) IMPACT.—The evaluation
17 described in subclause (I) shall in-
18 clude an examination of the demo-
19 graphic characteristics of the individ-
20 uals participating in the pilot project,
21 such as gender, race, age, geographic
22 location, and family makeup, and how
23 the impacts of the project vary among
24 different demographic groups and the

1 effects of the pilot program on retire-
2 ment savings for eligible individuals.

3 (IV) PROGRAM FEATURES.—The
4 program features to be evaluated
5 through the pilot projects conducted
6 under this section may include—

7 (aa) different levels of
8 matching contributions by quali-
9 fied entities;

10 (bb) lock-out periods during
11 which an eligible individual may
12 not make withdrawals from their
13 account; and

14 (cc) educational materials
15 intended to promote savings.

16 (C) DURATION.—A pilot project shall be
17 for a duration of not more than 3 years.

18 (D) FEDERALLY FUNDED BENEFITS.—Any
19 amounts described in subparagraph (B)(i)
20 which are distributed to an eligible individual
21 shall be treated in the same manner as any re-
22 fund made to such taxpayer under section 32 of
23 the Internal Revenue Code of 1986 for purposes
24 of determining the eligibility of such taxpayer
25 for benefits or assistance, or the amount or ex-

1 tent of benefits or assistance, under any Fed-
2 eral program or under any State or local pro-
3 gram financed in whole or in part with Federal
4 funds.

5 (3) STRATEGIC COMMUNICATIONS PLAN.—The
6 Secretary shall devise a strategic communications
7 plan to ensure a strong pilot program.

8 (4) ANNUAL REPORT TO CONGRESS.—The Sec-
9 retary shall submit an annual report to Congress on
10 the progress and outcomes of the pilot program es-
11 tablished under this section.

12 (5) DEFINITIONS.—In this subsection:

13 (A) ELIGIBLE INDIVIDUAL.—The term “el-
14 igible individual” means an individual who—

15 (i) has deferred payment of the
16 amount described in subsection (a)(1)
17 under the Refund to Rainy Day Savings
18 Program established in such subsection,
19 and

20 (ii) meets the eligibility requirements
21 under section 408 of the Assets for Inde-
22 pendence Act, except that subsection (a)(2)
23 of such section shall not apply.

24 (B) QUALIFIED ENTITY.—

1 (i) IN GENERAL.—The term “qualified
2 entity” means—

3 (I) one or more not-for-profit or-
4 ganizations described in section
5 501(c)(3) of the Internal Revenue
6 Code of 1986 and exempt from tax-
7 ation under section 501(a) of such
8 Code;

9 (II) a State or local government
10 agency, or a tribal government, sub-
11 mitting an application to conduct a
12 pilot project jointly with an organiza-
13 tion described in subclause (I);

14 (III) a site that offers free tax
15 help to individuals who qualify
16 through the Internal Revenue Serv-
17 ice’s Voluntary Income Tax Assist-
18 ance or Tax Counseling for the Elder-
19 ly programs; or

20 (IV) an entity that—

21 (aa) is—

22 (AA) a credit union
23 designated as a low-income
24 credit union by the National

1 Credit Union Administra-
2 tion; or

3 (BB) an organization
4 designated as a community
5 development financial insti-
6 tution by the Secretary of
7 the Treasury (or the Com-
8 munity Development Finan-
9 cial Institutions Fund); and

10 (bb) can demonstrate a col-
11 laborative relationship with a
12 local community-based organiza-
13 tion whose activities are designed
14 to address poverty in the commu-
15 nity and the needs of community
16 members for economic independ-
17 ence and stability.

18 (V) RULE OF CONSTRUCTION.—

19 Nothing in this paragraph shall be
20 construed as preventing an organiza-
21 tion described in clause (i)(I) from
22 collaborating with a financial institu-
23 tion or for-profit community develop-
24 ment corporation to carry out the pur-
25 poses of this section.