

**ESTIMATED BUDGET EFFECTS OF  
THE "NATIONAL EMPLOYEE SAVINGS AND TRUST EQUITY GUARANTEE ACT,"  
AS REPORTED BY THE COMMITTEE ON FINANCE**

Fiscal Years 2004 - 2013

[Millions of Dollars]

Provision	Effective	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004-08	2004-13
<b>Diversification of Pension Plan</b>	<b>generally pyba 12/31/03</b>												
<b>Assets</b> .....	<b>&amp; DOE</b>	----- <i>Negligible Revenue Effect</i> -----											
<b>Information to Assist Pension Plan</b>													
<b>Participants [1]</b> .....	<b>various</b>	---	-12	-19	-22	-24	-27	-7	---	---	---	-78	-112
<b>Protection of Pension Plan Participants</b> .....	<b>various</b>	----- <i>Negligible Revenue Effect</i> -----											
<b>Other Provisions Relating to Pensions</b>													
A. Provisions Relating to Pension Plan Funding													
1. Replacement of interest rate on 30-year Treasury securities used for certain pension plan purposes and other funding provisions [2] [3] .....	generally pyba 12/31/03	577	940	2,564	2,492	106	-398	-882	-1,699	-2,020	-2,224	6,680	-543
2. Update deduction rules for combination plans .....	cf tyba 12/31/04	---	-12	-24	-30	-30	-30	-30	-30	-30	-30	-96	-246
B. Improvements in Portability and Distribution Provisions													
1. Purchase of permissive service credit .....	[4]	----- <i>Negligible Revenue Effect</i> -----											
2. Rollover of after-tax amounts .....	tyba 12/31/04	----- <i>Negligible Revenue Effect</i> -----											
3. Application of minimum distribution rules to governmental plans .....	DOE	----- <i>No Revenue Effect</i> -----											
4. Inapplicability of 10% additional tax on early distributions from pension plans of public safety employees .....	da DOE	[5]	-2	-3	-3	-3	-3	-3	-3	-4	-4	-10	-27
5. Allow rollovers by nonspouse beneficiaries of certain retirement plan distributions.....	dma 12/31/04	---	-8	-24	-32	-35	-32	-28	-24	-21	-17	-99	-222
6. Faster vesting of employer nonelective contributions.....	generally cf pyba 12/31/04	----- <i>Negligible Revenue Effect</i> -----											
7. Allow direct rollovers from retirement plans to Roth IRAs.....	dma 12/31/04	----- <i>Negligible Revenue Effect</i> -----											
8. Elimination of higher early withdrawal tax on certain SIMPLE distributions.....	yba 12/31/04	---	[5]	-1	-1	-1	-1	-1	-1	-1	-1	-3	-8
9. SIMPLE plan portability .....	yba 12/31/04	----- <i>Negligible Revenue Effect</i> -----											
10. Eligibility for participation in section 457 plans.....	DOE	----- <i>Negligible Revenue Effect</i> -----											
11. Benefit transfers to the PBGC [6].....	[7]	----- <i>Estimate to be Provided by the Congressional Budget Office</i> -----											
C. Administrative Provisions													
1. Improvement of employee plans compliance resolution system .....	DOE	----- <i>Negligible Revenue Effect</i> -----											

Provision	Effective	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004-08	2004-13
2. Extension to all governmental plans of moratorium on application of certain nondiscrimination rules applicable to State and local government plans .....	pyba 12/31/04	----- Negligible Revenue Effect -----											
3. Notice and consent period regarding distributions .....	yba 12/31/04	----- Negligible Revenue Effect -----											
4. Pension plan reporting simplification .....	generally pybo/a 1/1/04	----- No Revenue Effect -----											
5. Missing participants [6] .....	dma fripp	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]
6. Reduced PBGC premiums for small and new plans [8] .....	pfea 12/31/04 & pyba 12/31/04	---	[5]	-3	-5	-6	-7	-7	-7	-8	-8	-14	-51
7. Authorization for PBGC to pay interest on premium overpayment refunds [6] .....	iafpbnet DOE	-2	-3	-3	-3	-3	-3	-3	-3	-3	-3	-14	-29
8. Rules for substantial owner benefits in terminated plans [6] .....	[9]	---	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]
9. Voluntary early retirement incentive and employment retention plans maintained by local educational agencies and other entities .....	generally DOE	-2	-4	-7	-9	-11	-11	-11	-11	-11	-11	-33	-88
10. Acceleration of PBGC computation of benefits attributable to recoveries from employers [6] .....	noitto/a 30da DOE	----- Negligible Revenue Effect -----											
11. Multiemployer plan funding and solvency notices [3] .....	pyba 12/31/05	----- No Revenue Effect -----											
12. No reduction in unemployment compensation as a result of pension rollovers [6] .....	wbo/a DOE	----- Estimate to be Provided by the Congressional Budget Office -----											
13. Withholding on certain distributions from 457 governmental eligible deferred compensation plans .....	[7]	-3	1	1	[10]	[10]	[10]	[10]	[10]	[10]	[10]	-1	[5]
14. Minimum cost requirement for excess asset transfers.....	tyea DOE	----- Negligible Revenue Effect -----											
D. Studies .....	DOE	----- No Revenue Effect -----											
E. Other Provisions													
1. Additional IRA catch-up contributions for certain individuals (sunset for taxable years beginning after 12/31/08) .....	tyba 12/31/03	-1	-3	-4	-6	-7	-6	-3	-3	-3	-3	-21	-38
2. Distributions by an S corp to an employee stock ownership plan .....	1/1/98	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	-1	-1	-2	-5
3. Allow transfers of excess pension plan assets to multiemployer retiree health plan .....	tyba 12/31/04	---	[10]	[10]	[10]	[10]	[10]	[10]	[10]	[10]	[10]	2	4
F. Plan amendments .....	DOE	----- No Revenue Effect -----											
<b>Total of Other Provisions Relating to Pensions .....</b>		<b>569</b>	<b>909</b>	<b>2,496</b>	<b>2,403</b>	<b>10</b>	<b>-491</b>	<b>-968</b>	<b>-1,781</b>	<b>-2,102</b>	<b>-2,302</b>	<b>6,389</b>	<b>-1,253</b>
<b>Provisions Relating to Executives and Stock Options</b>													
A. Provisions Relating to Executives													
1. Repeal of limitation on issuance of Treasury guidance regarding nonqualified deferred compensation .....	tyba DOE	----- Negligible Revenue Effect -----											
2. Include in income certain nonqualified deferred compensation, including compensation funded with assets located outside the United States .....	adi tyba 12/31/04	-5	133	122	42	21	20	18	139	182	167	313	839
3. Deferral of certain stock option and restricted stock option gains prohibited [11] .....	after 12/31/04	---	11	6	2	1	1	1	5	7	6	20	40
4. Increase in withholding from supplemental wage payments in excess of \$1 million .....	pma 12/31/03	99	12	44	5	[10]	[10]	[10]	4	7	8	159	178
B. Stock Options													
1. Exclusion of incentive stock options and employee stock purchase plan stock options from wages .....	DOE	----- No Revenue Effect -----											

Provision	Effective	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004-08	2004-13	
2. Capital gain treatment on sale of stock acquired from exercise of statutory stock options to comply with conflict-of-interest requirements .....	sa DOE	[10]	1	1	1	1	1	1	1	1	1	3	6	
<b>Total of Provisions Relating to Executives and Stock Options .....</b>		<b>94</b>	<b>157</b>	<b>173</b>	<b>50</b>	<b>23</b>	<b>22</b>	<b>20</b>	<b>149</b>	<b>197</b>	<b>182</b>	<b>495</b>	<b>1,063</b>	
<b>Women's Pension Protection Provisions</b>														
A. Joint Study of Application of Spousal Consent Rules to Defined Contribution Plans .....	DOE	----- No Revenue Effect -----												
B. Treatment of Subsequent Qualified Domestic Relations Orders .....	DOE	----- Negligible Revenue Effect -----												
C. Protection of Rights of Former Spouses Under the Railroad Retirement System [6] .....	1ya DOE	---	[5]	[5]	[5]	-1	-1	-1	-1	-2	-2	-2	-10	
D. Modifications of Joint and Survivor Annuity Requirements .....	generally pyba 12/31/04	----- Negligible Revenue Effect -----												
<b>Total of Women's Pension Protection Provisions .....</b>		<b>[12]</b>	<b>[5]</b>	<b>[5]</b>	<b>[5]</b>	<b>-1</b>	<b>-1</b>	<b>-1</b>	<b>-1</b>	<b>-2</b>	<b>-2</b>	<b>-2</b>	<b>-10</b>	
<b>Tax Court Pension and Compensation Modernization Provisions [13] [14] .....</b>														
	generally DOE	<b>-3</b>	<b>[5]</b>	<b>[5]</b>	<b>[5]</b>	<b>[5]</b>	<b>[5]</b>	<b>[5]</b>	<b>[5]</b>	<b>[5]</b>	<b>[5]</b>	<b>-1</b>	<b>-4</b>	<b>-6</b>
<b>Other Provisions</b>														
A. General Provisions														
1. Exclusion for postsecondary educational benefits provided by an employer to children of employees (sunset 12/31/05).....	tyba 12/31/04	---	-130	-44	---	---	---	---	---	---	---	-174	-174	
2. Exclude from gross income and employment taxes payments made to individuals under NHSC Loan Repayment Program and certain State loan repayment programs .....	tyba 12/31/04	---	-1	-2	-2	-4	-5	-6	-8	-11	-14	-9	-53	
3. Temporary exclusion for group legal services benefits (sunset 12/31/05) .....	tyba 12/31/04	---	-85	-34	---	---	---	---	---	---	---	-119	-119	
4. Transfer of funds from Black Lung Trust Fund to Combined Benefit Fund [15].....	tyba 12/31/02	----- The Net Effect of Revenues and Outlays is Negligible -----												
B. Revenue Provisions														
1. Application of basis rules to nonresident aliens.....	doo/a DOE	2	12	13	14	15	15	16	16	17	17	56	137	
2. Modify the taxation of death benefits for certain employer-owned life insurance contracts.....	cia DOE	----- Negligible Revenue Effect -----												
3. Reporting of taxable mergers and acquisitions .....	aa DOE	1	2	3	3	3	3	3	3	3	3	12	27	
<b>Total of Other Provisions .....</b>		<b>3</b>	<b>-202</b>	<b>-64</b>	<b>15</b>	<b>14</b>	<b>13</b>	<b>13</b>	<b>11</b>	<b>9</b>	<b>6</b>	<b>-234</b>	<b>-182</b>	
<b>NET TOTAL .....</b>		<b>663</b>	<b>852</b>	<b>2,586</b>	<b>2,446</b>	<b>22</b>	<b>-484</b>	<b>-943</b>	<b>-1,622</b>	<b>-1,898</b>	<b>-2,117</b>	<b>6,566</b>	<b>-500</b>	

Joint Committee on Taxation

NOTE: Details may not add to totals due to rounding.

[Legend and Footnotes for the Table appear on the following page]

**Legend and Footnotes for the Table:**

Legend for "Effective" column:

aa = acquisitions after  
 adi = amounts deferred in  
 cf = contributions for  
 cia = contracts issued after  
 da = distributions after  
 DOE = date of enactment  
 doo/a = distributions occurring on or after

dma = distributions made after  
 fripp = final regulations implementing the provision are prescribed  
 iafpbnet = interest accruing for periods beginning not earlier than  
 noitto/a = notice of intent to terminate on or after  
 pfea = plans first effective after  
 pma = payments made after  
 pyba = plan years beginning after

pybo/a = plan years beginning on or after  
 sa = sales after  
 tyba = taxable years beginning after  
 yba = years beginning after  
 wbo/a = weeks beginning on or after  
 30da = 30 days after  
 1ya = 1 year after

- [1] Revenue loss is associated with the provision relating to treatment of qualified retirement planning services. This provision is effective for taxable years beginning after December 31, 2004 and before January 1, 2010.
- [2] Estimate does not include effects on PBGC variable-rate premiums, which are the responsibility of the Congressional Budget Office.
- [3] H.R. 3108, the "Pension Funding Equity Act of 2004" (P.L. 108-218) contains related provisions. The estimate of this provision reflects the enactment of H.R. 3108.
- [4] Generally effective as if included in the amendments made by section 1526(a) of the Taxpayer Relief Act of 1997, except that the provision regarding trustee-to-trustee transfers is effective as if included in the amendments made by section 647 of the Economic Growth and Tax Relief Act of 2001.
- [5] Loss of less than \$500,000.
- [6] Estimate reflects outlay effects provided by the Congressional Budget Office.
- [7] Effective as if included in the Economic Growth and Tax Relief Reconciliation Act of 2001.
- [8] Estimate provided by the Congressional Budget Office. PBGC premiums are offsetting collections to a mandatory spending account, thus reductions (increases) in premium receipts are reflected as increases (decreases) in direct spending.
- [9] Effective for plan terminations with respect to which notices of intent to terminate are provided, or for which proceedings for termination are instituted by the PBGC, after December 31, 2004.
- [10] Gain of less than \$500,000.
- [11] Estimate includes interaction with item 2.
- [12] Negligible revenue effect.
- [13] Certain portions of the estimate were provided by the Congressional Budget Office.
- |  |             |             |             |             |             |             |             |             |             |             |                |                |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|----------------|----------------|
|  | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2004-08</u> | <u>2004-13</u> |
| [14] Includes the following increase in outlay effects ..... | 3           | [10]        | [10]        | [10]        | [10]        | [10]        | [10]        | [10]        | [10]        | [10]        | 3              | 5              |
- [15] The provision eliminates aggregate limit on the amount of excess black lung benefit trust assets that may be used to pay accident and health benefits for coal miners. Revenue raised by the provision will be deposited into the UMWA Combined Benefit Fund. The net effect, including both the revenue raised and the outlay effects provided by the Congressional Budget Office, is negligible.