

1 (b) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to distributions made after Decem-
3 ber 31, 2023.

4 **SEC. 305. EXPANSION OF EMPLOYEE PLANS COMPLIANCE**
5 **RESOLUTION SYSTEM.**

6 (a) IN GENERAL.—Except as otherwise provided in
7 the Internal Revenue Code of 1986, regulations, or other
8 guidance of general applicability prescribed by the Sec-
9 retary of the Treasury or the Secretary’s delegate (re-
10 ferred to in this section as the “Secretary”), any eligible
11 inadvertent failure to comply with the rules applicable
12 under section 401(a), 403(a), 403(b), 408(p), or 408(k)
13 of such Code may be self-corrected under the Employee
14 Plans Compliance Resolution System (as described in Rev-
15 enue Procedure 2021–30, or any successor guidance, and
16 hereafter in this section referred to as the “EPCRS”), ex-
17 cept to the extent that (1) such failure was identified by
18 the Secretary prior to any actions which demonstrate a
19 specific commitment to implement a self-correction with
20 respect to such failure, or (2) the self-correction is not
21 completed within a reasonable period after such failure is
22 identified. For purposes of self-correction of an eligible in-
23 advertent failure, the correction period under section 9.02
24 of Revenue Procedure 2021–30 (or any successor guid-
25 ance), except as otherwise provided under such Code, reg-

1 ulations, or other guidance of general applicability pre-
2 scribed by the Secretary, is indefinite and has no last day,
3 other than with respect to failures identified by the Sec-
4 retary prior to any actions which demonstrate a specific
5 commitment to implement a self-correction with respect
6 to such failure or with respect to a self-correction that is
7 not completed within a reasonable period, as described in
8 the preceding sentence.

9 (b) LOAN ERRORS.—In the case of an eligible inad-
10 vertent failure relating to a loan from a plan to a partici-
11 pant—

12 (1) such failure may be self-corrected under
13 subsection (a) according to the rules of section 6.07
14 of Revenue Procedure 2021–30 (or any successor
15 guidance), including the provisions related to wheth-
16 er a deemed distribution must be reported on Form
17 1099–R,

18 (2) the Secretary of Labor shall treat any such
19 failure which is so self-corrected under subsection
20 (a) as meeting the requirements of the Voluntary Fi-
21 duciary Correction Program of the Department of
22 Labor if, with respect to the violation of the fidu-
23 ciary standards of the Employee Retirement Income
24 Security Act of 1974, there is a similar loan error

1 eligible for correction under EPCRS and the loan
2 error is corrected in such manner, and

3 (3) the Secretary of Labor may impose report-
4 ing or other procedural requirements with respect to
5 parties that intend to rely on the Voluntary Fidu-
6 ciary Correction Program for self-corrections de-
7 scribed in paragraph (2).

8 (c) EPCRS FOR IRAS.—The Secretary shall expand
9 the EPCRS to allow custodians of individual retirement
10 plans (as defined in section 7701(a)(37) of the Internal
11 Revenue Code of 1986) to address eligible inadvertent fail-
12 ures with respect to an individual retirement plan (as so
13 defined), including (but not limited to)—

14 (1) waivers of the excise tax which would other-
15 wise apply under section 4974 of the Internal Rev-
16 enue Code of 1986, and

17 (2) rules permitting a nonspouse beneficiary to
18 return distributions to an inherited individual retire-
19 ment plan described in section 408(d)(3)(C) of the
20 Internal Revenue Code of 1986 in a case where, due
21 to an inadvertent error by a service provider, the
22 beneficiary had reason to believe that the distribu-
23 tion could be rolled over without inclusion in income
24 of any part of the distributed amount.

1 (d) CORRECTION METHODS FOR ELIGIBLE INAD-
2 VERTENT FAILURES.—The Secretary shall issue guidance
3 on correction methods that are required to be used to cor-
4 rect eligible inadvertent failures, including general prin-
5 ciples of correction if a specific correction method is not
6 specified by the Secretary.

7 (e) ELIGIBLE INADVERTENT FAILURE.—For pur-
8 poses of this section—

9 (1) IN GENERAL.—Except as provided in para-
10 graph (2), the term “eligible inadvertent failure”
11 means a failure that occurs despite the existence of
12 practices and procedures which—

13 (A) satisfy the standards set forth in sec-
14 tion 4.04 of Revenue Procedure 2021–30 (or
15 any successor guidance), or

16 (B) satisfy similar standards in the case of
17 an individual retirement plan.

18 (2) EXCEPTION.—The term “eligible inad-
19 vertent failure” shall not include any failure which
20 is egregious, relates to the diversion or misuse of
21 plan assets, or is directly or indirectly related to an
22 abusive tax avoidance transaction.

23 (f) APPLICATION OF CERTAIN REQUIREMENTS FOR
24 CORRECTING ERRORS.—This section shall not apply to
25 any failure unless the correction of such failure under this

1 section is made in conformity with the general principles
2 that apply to corrections of such failures under the Inter-
3 nal Revenue Code of 1986, including regulations or other
4 guidance issued thereunder and including those principles
5 and corrections set forth in Revenue Procedure 2021–30
6 (or any successor guidance).

7 (g) ISSUANCE OF GUIDANCE.—The Secretary of the
8 Treasury, or the Secretary’s delegate, shall revise Revenue
9 Procedure 2021–30 (or any successor guidance) to take
10 into account the provisions of this section not later than
11 the date which is 2 years after the date of enactment of
12 this Act.

13 **SEC. 306. ELIMINATE THE “FIRST DAY OF THE MONTH” RE-**
14 **QUIREMENT FOR GOVERNMENTAL SECTION**
15 **457(b) PLANS.**

16 (a) IN GENERAL.—Section 457(b)(4) is amended to
17 read as follows:

18 “(4) which provides that compensation—

19 “(A) in the case of an eligible employer de-
20 scribed in subsection (e)(1)(A), will be deferred
21 only if an agreement providing for such deferral
22 has been entered into before the compensation
23 is currently available to the individual, and

24 “(B) in any other case, will be deferred for
25 any calendar month only if an agreement pro-