



Legislative and Regulatory Report

A monthly review of the latest information of importance to retirement plan sponsors

May 2024

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Insurance trade associations file lawsuit against DOL

On May 24, 9 insurance trade associations filed a [lawsuit](#) against the Department of Labor (DOL) in the U.S. District Court for the Northern District of Texas, which falls under the jurisdiction of the 5th Circuit Court of Appeals. The associations involved in the lawsuit include the American Council of Life Insurers (ACLI), the National Association of Insurance and Financial Advisors (NAIFA), NAIFA-Texas, NAIFA-Dallas, NAIFA-Fort Worth, NAIFA-Pineywoods of East Texas, Finseca, the Insured Retirement Institute (IRI), and the National Association for Fixed Annuities (NAFA). The lawsuit seeks to overturn the Retirement Security Rule, arguing that it constitutes regulatory overreach, restricts access to financial advice, and disregards enhanced federal and state standards for financial professionals.

Legislation introduced to help small businesses provide retirement plans

On May 24, Sens. Maggie Hassan (D-NH) and Ted Budd (R-NC) introduced the [Retirement Investment in Small Employers \(RISE\) Act](#), bipartisan legislation designed to cut taxes for small businesses with fewer than 10 employees in establishing retirement plans for their employees. The legislation would ensure that small businesses would receive at least a \$2,500 tax credit to help pay for the costs of creating retirement plans. Trade groups such as ACLI support this legislation and are actively advocating for its passage.

Senate Finance Committee members discuss children's savings accounts

On May 21, the Senate Finance Committee held a full committee [hearing](#) titled “Child Savings Accounts and Other Tax-Advantaged Accounts Benefiting American Children.” Led by Chair Ron Wyden (D-OR), Democrats emphasized addressing inequality and enhancing educational outcomes, highlighting Sen. Bob Casey’s (D-PA) recent legislative proposal, the [401Kids Savings Act](#). In contrast, Republicans underscored the need for tax reforms, advocating for universal savings accounts (USAs) and scrutinizing the Biden Administration’s fiscal policies.

DOL releases updates to Abandoned Plan Program

On May 17, the Department of Labor (DOL) released [interim final rules](#) and an amendment to a prohibited transaction exemption (PTE) granting Chapter 7 bankruptcy trustees the authority to distribute assets from bankrupt companies’ retirement plans. Prior to the regulatory updates, Chapter 7 bankruptcy trustees were ineligible to use the Abandoned Plan Program, despite being responsible for administering retirement plan functions on behalf of bankrupt entities. The interim final rules and exemption will become effective on July 16, 2024. The DOL is also seeking comments on the interim final rules, due by July 16, 2024.

Judge assigned to lawsuit challenging fiduciary rule

On May 6, Judge Jeremy D. Kernodle, a Trump appointee, will hear the first [lawsuit](#) challenging the Department of Labor’s Fiduciary Rule. Filed by the Federation of Americans for Consumer Choice (FACC) and several independent insurance agents in the Eastern District of Texas, FACC is seeking a preliminary injunction to halt the new rule from taking effect while the case is being heard.

References and source material used in this publication

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“S.4398 - A bill to amend the Internal Revenue Code of 1986 to provide for a microemployer pension plan startup credit,” <https://www.congress.gov/bill/118th-congress/senate-bill/4398?q=%7B%22search%22%3A%22S.4398%22%7D&s=5&r=1> (May 23, 2024).

“Child Savings Accounts and Other Tax-Advantaged Accounts Benefiting American Children,” <https://www.finance.senate.gov/hearings/child-savings-accounts-and-other-tax-advantaged-accounts-benefiting-american-children> (May 21, 2024).

“The 401Kids Savings Act,” https://www.casey.senate.gov/imo/media/doc/401kids_savings_act_one_pager.pdf (Jan. 31, 2024).

“Abandoned Plan Regulations,” <https://www.federalregister.gov/documents/2024/05/17/2024-09029/abandoned-plan-regulations> (May 17, 2024).

“Trump-appointed judge will hear lawsuit against DOL fiduciary rule,” <https://insurancenewsnet.com/inarticle/trump-appointed-judge-will-hear-lawsuit-against-dol-fiduciary-rule> (May 6, 2024).

Keeping watch

You can find the most recent information on issues affecting governmental defined contribution plans, plan sponsors and plan participants on the Employer page of our plan website, NRSforu.com/plansponsor.



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