

Legislative and Regulatory Report

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

August 2022

Inside this issue

President signs reconciliation package into law	Below
Congressmen propose increasing retirement plan contribution limits	Below
Delaware governor signs mandatory auto-IRA program into law	Page 2

President signs reconciliation package into law

On August 16, the President [signed](#) into law H.R. 5376, the Inflation Reduction Act of 2022. The bill [generates](#) over \$700 billion in new revenue to pay for approximately \$400 billion in new spending on climate, energy and health care priorities and roughly \$300 billion in federal deficit reduction. Passage of the act finishes the nearly 2-year process of negotiating a reconciliation bill. Originally pitched as the [American Families Plan](#) and later the [Build Back Better Act](#), the Inflation Reduction Act is a narrower bill — scaled back from over \$3 trillion. As a result, the handful of retirement provisions (\$10 million cap and elimination of backdoor Roth conversions) included in the House-passed Build Back Better Act were not included in the Inflation Reduction Act.

Importantly, the Inflation Reduction Act does include other tax provisions, including a 15% corporate minimum tax on book income, increased funding for IRS enforcement, a 1% surtax on stock buybacks, and a 2-year extension of the excess loss limitation for pass-through businesses.

Congressmen propose increasing retirement plan contribution limits

On July 28, Reps. David Schweikert (R-AZ) and Byron Donalds (R-FL) [introduced](#) H.R. 8579, the Retirement Protection Act of 2022. The bill would raise the yearly contribution limit for Roth and traditional IRAs to \$10,000 and raise the workplace retirement yearly contribution limit to \$24,500. Pitched as a way to help offset inflation and support Americans' long-term financial security, the bill is unlikely to advance as it [lacks bipartisan support](#), among other reasons.

Delaware governor signs mandatory auto-IRA program into law

On August 18, Delaware Gov. John Carney (D) [signed](#) the Delaware Expanding Access for Retirement and Necessary Saving (EARNs) Act ([H.B. 205](#)) into law, making Delaware the 12th state to enact a state-run IRA program for private-sector employees that includes an employer mandate. The Act establishes the Delaware EARNs Program, which will consist of an automatic enrollment payroll deduction Roth IRA. Traditional IRAs may also be authorized by the program. The program may include automatic escalation. The Act generally requires nongovernmental employers in Delaware to participate in the program if they (1) employ at least 5 employees who would be subject to automatic enrollment in the program, (2) have been in business in Delaware for at least 6 months in the immediately preceding calendar year, and (3) do not maintain a “specified tax-favored retirement plan.” To the extent practicable, the board overseeing the development is required to implement the program by January 1, 2025.

References and source material used in this publication

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“Schweikert, Donalds Introduce Bill to Fight Inflation and Increase Savings Alternatives for Americans,” Congressman David Schweikert, [Schweikert, Donalds Introduce Bill to Fight Inflation and Increase Savings Alternatives for Americans - Congressman Schweikert \(house.gov\)](#), (July 29, 2022).

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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](#).



[\(Back to the Table of Contents\)](#)

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2

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