

**ESTIMATED BUDGET EFFECTS OF
THE "NATIONAL EMPLOYEE SAVINGS AND TRUST EQUITY GUARANTEE ACT,"
AS ORDERED REPORTED BY THE COMMITTEE ON FINANCE ON SEPTEMBER 17, 2003,
AND AS PROPOSED TO BE MODIFIED ON FEBRUARY 2, 2004**

Fiscal Years 2004 - 2013

[Millions of Dollars]

Provision	Effective	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004-08	2004-13
Diversification of Pension Plan Assets	generally pyba 12/31/03 & DOE	----- <i>Negligible Revenue Effect</i> -----											
Information to Assist Pension Plan Participants [1]	various	---	-12	-19	-22	-24	-27	-7	---	---	---	-78	-112
Protection of Pension Plan Participants	various	----- <i>Negligible Revenue Effect</i> -----											
Other Provisions Relating to Pensions													
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]	generally pyba 12/31/03	3,890	6,547	3,843	1,186	-970	-2,661	-3,649	-3,620	-3,208	-3,072	14,496	-1,715
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	[3]	----- <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	[4]	-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.....	pyba 12/31/04	---	[4]	-1	-1	-1	-1	-1	-1	-1	-1	-3	-8
9. SIMPLE plan portability [5]	pyba 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]	----- <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> -----											
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	----- <i>Negligible Revenue Effect</i> -----											

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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 [5]	dma fripp	[4]	[4]	[4]	[4]	[4]	[4]	[4]	[4]	[4]	[4]	[4]	[4]
6. Reduced PBGC premiums for small and new plans [7]	pfea 12/31/04 & pyba 12/31/04	---	[4]	-3	-5	-6	-7	-7	-7	-8	-8	-14	-51
7. Authorization for PBGC to pay interest on premium overpayment refunds [5]	iafpbnet DOE	-2	-3	-3	-3	-3	-3	-3	-3	-3	-3	-14	-29
8. Rules for substantial owner benefits in terminated plans [5]	[8]	---	[4]	[4]	[4]	[4]	[4]	[4]	[4]	[4]	[4]	[4]	[4]
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. 2-year extension of transition rule to pension funding requirements	pyba 12/31/03	2	6	2	-3	-2	-2	-2	-1	-1	[4]	5	-1
11. Acceleration of PBGC computation of benefits attributable to recoveries from employers [5]	noitto/a 30da DOE	----- Negligible Revenue Effect -----											
12. Multiemployer plan explanation notice	pyba 12/31/05	----- No Revenue Effect -----											
13. No reduction in unemployment compensation as a result of pension rollovers [5]	wbo/a DOE	----- Estimate to be Provided by the Congressional Budget Office -----											
14. Withholding on certain distributions from 457 governmental eligible deferred compensation plans	[6]	-3	1	1	[9]	[9]	[9]	[9]	[9]	[9]	[9]	-1	[4]
15. Minimum cost requirement for excess asset transfers	tyea DOE	----- Negligible Revenue Effect -----											
16. Social Security coverage under divided retirement system for public employees in Kentucky [10]	1/1/03	2	1	2	2	3	3	3	4	4	4	10	28
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	[4]	[4]	[4]	[4]	[4]	[4]	[4]	[4]	-1	-1	-2	-5
3. Allow transfers of excess pension plan assets to multiemployer retiree health plan	tyba 12/31/04	---	[9]	[9]	[9]	[9]	[9]	[9]	[9]	[9]	[9]	2	4
F. Plan amendments	DOE	----- No Revenue Effect -----											
Total of Other Provisions Relating to Pensions		3,886	6,523	3,779	1,096	-1,065	-2,753	-3,734	-3,699	-3,287	-3,146	14,220	-2,398
Provisions Relating to Executives and Stock Options													
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	[9]	[9]	[9]	4	7	8	159	178

Provision	Effective	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004-08	2004-13	
B. Stock Options														
1. Exclusion of incentive stock options and employee stock purchase plan stock options from wages	DOE	----- <i>No Revenue Effect</i> -----												
2. Capital gain treatment on sale of stock acquired from exercise of statutory stock options to comply with conflict-of-interest requirements	sa DOE	[9]	1	1	1	1	1	1	1	1	1	3	6	
Total of Provisions Relating to Executives and Stock Options		94	157	173	50	23	22	20	149	197	182	495	1,063	
Women's Pension Protection Provisions														
A. Joint Study of Application of Spousal Consent Rules to Defined Contribution Plans	DOE	----- <i>No Revenue Effect</i> -----												
B. Treatment of Subsequent Qualified Domestic Relations Orders	DOE	----- <i>Negligible Revenue Effect</i> -----												
C. Protection of Rights of Former Spouses Under the Railroad Retirement System [5]	1ya DOE	---	[4]	[4]	[4]	-1	-1	-1	-1	-2	-2	-2	-10	
D. Modifications of Joint and Survivor Annuity Requirements	generally pyba 12/31/04	----- <i>Negligible Revenue Effect</i> -----												
Total of Women's Pension Protection Provisions		[12]	[4]	[4]	[4]	-1	-1	-1	-1	-2	-2	-2	-10	
Tax Court Pension and Compensation Modernization Provisions [13] [14]														
	generally DOE	-3	[4]	[4]	[4]	[4]	[4]	[4]	[4]	[4]	[4]	-1	-4	-6
Other Provisions														
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. Exclusion for payments under the National Health Service Corps Loan Repayment Program	tyba 12/31/04	---	[15]	-1	-1	-2	-3	-3	-5	-6	-7	-4	-27	
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 fund [16]	DOE	----- <i>The Net Effect of Revenues and Outlays is Negligible</i> -----												
B. Revenue Provisions														
1. Extend provision under section 420 permitting qualified transfers of excess defined benefit pension plan assets to 401(h) accounts (through 12/31/13)	DOE	---	---	18	38	40	40	40	40	40	40	97	298	
2. Limit basis step-up for imported pensions	doo/a DOE	2	12	13	14	15	15	16	16	17	17	56	137	
3. Modify the taxation of death benefits for certain employer-owned life insurance contracts	cia DOE	----- <i>Negligible Revenue Effect</i> -----												

Provision	Effective	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004-08	2004-13
4. Modification of Certain Insurance Company Rules - limit 501(c)(15) to organizations with annual gross receipts not to exceed \$600,000 and with premiums greater than 50% of gross receipts; and modify definition of insurance company for P&C companies for exemption and investment income election purposes.....	tyba 12/31/03	54	120	134	136	138	140	143	147	152	158	582	1,323
5. Reporting of taxable mergers and acquisitions	aa DOE	1	2	3	3	3	3	3	3	3	3	12	27
Total of Other Provisions		57	-81	89	190	194	195	199	201	206	211	450	1,465
NET TOTAL		4,034	6,587	4,022	1,314	-873	-2,564	-3,523	-3,350	-2,886	-2,756	15,081	2

Joint Committee on Taxation

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

Legend for "Effective" column:

- | | | |
|---|---|---|
| aa = acquisitions after | dma = distributions made after | pybo/a = plan years beginning on or after |
| adi = amounts deferred in | fripp = final regulations implementing the provision are prescribed | sa = sales after |
| cf = contributions for | iafpbnet = interest accruing for periods beginning not earlier than | tyba = taxable years beginning after |
| cia = contracts issued after | noitto/a = notice of intent to terminate on or after | yba = years beginning after |
| da = distributions after | pfea = plans first effective after | wbo/a = weeks beginning on or after |
| DOE = date of enactment | pma = payments made after | 30da = 30 days after |
| doo/a = distributions occurring on or after | pyba = plan years beginning 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] Effective as if included in the amendments made by section 1526(a) of the Taxpayer Relief Act of 1997.

[4] Loss of less than \$500,000.

[5] Estimate reflects outlay effects provided by the Congressional Budget Office.

[6] Effective as if included in the Economic Growth and Tax Relief Reconciliation Act of 2001.

[7] 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.

[8] 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.

[9] Gain of less than \$500,000.

[10] Estimate provided by the Congressional Budget Office and includes off-budget revenues and \$1 million of off-budget outlays.

[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	[9]	[9]	[9]	[9]	[9]	[9]	[9]	[9]	[9]	3	5

[15] Loss of less than \$1 million.

[16] 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 proposal will be deposited into the UMW Combined Benefit Fund. The net effect, including both the revenue raised and the outlay effects provided by the Congressional Budget Office, is negligible.