

PENSION SECURITY ACT OF 2002

Ways and Means Bill	Education & Workforce Bill	Final House Bill
<p><u>Benefit Statements</u> No provision</p>	Employers must provide employees with quarterly benefits statements of their account balances, including the amount invested in company stock.	Same as E&W bill
<p><u>Investment Education Notices</u> Employers must provide employees with quarterly notices explaining generally accepted investment principles.</p>	The quarterly benefit statement (above) must include a statement regarding the importance of diversification.	Employers must provide employees with quarterly investment education statements (annual statements for government plans).
<p><u>Blackout Notices</u> Employers must notify employees at least 30 days in advance of a blackout so that workers have an opportunity to change investment options.</p>	Same	Same as W&M and E&W bills.
<p><u>Fiduciary Liability</u> No provision</p>	Current law provides a safe harbor to shield employers from fiduciary liability in situations where workers make their own investment decisions. The provision would remove this protection during a blackout unless certain conditions are met.	Follows Ed & Workforce bill
<p><u>Diversification</u> Allows workers to diversify their own contributions immediately. Employer contributions could be diversified after the worker completes 3 (or 5) year of service depending on the type of employer contribution. A 5-year transition period applies. The rule applies to publicly-traded companies.</p>	Employers can choose between 2 diversification rules: (1) All contributions (employee and employer) can be diversified after 3 years of service (same as W&M bill), or (2) each contribution of company stock must be held for 3 years before it can be diversified. A 5-year transition applies. The rule applies to publicly-traded companies, unless the money is held in a "pure ESOP."	Workers can diversify their own contributions immediately as provided in W&M bill. Employer contributions can be diversified based on the two options. A 5-year transition applies. The rule applies to publicly-traded companies, unless the money is held in a pure ESOP.
<p><u>Retirement Planning</u> Workers can use pre-tax dollars to buy retirement planning services, including investment advice.</p>	Employers can voluntarily offer investment advice services through the plan's administrator as long as fees and conflicts of interest are disclosed.	Both provisions are included

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<p><u>Pension Funding Relief</u> New measure for 30-year treasury (which was enacted into law this year) is extended for the 2001 plan year, but only prospectively for payments due in 2002.</p>	Same	Same
<p><u>Portman-Cardin Reform Provisions</u> Provisions dropped from last year's bill because of procedural rules in the Senate are included.</p>	Same.	Same
<p><u>Clarify Tax Treatment of Statutory Stock Options</u> Preempts proposed Treasury regs by clarifying that statutory stock options are not subject to payroll taxes.</p>	No provision.	Same as W&M bill
<p><u>Ban on Insider Trading</u> (Financial Services Committee Jurisdiction) No provision</p>	(Financial Services Committee Jurisdiction) Prohibits executives from selling company stock during a blackout.	(Financial Services Committee Jurisdiction) Prohibits executives from selling company stock if more than 50% of the company's employees are restricted from selling stock in their 401(k) plans.