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Congress approves budget resolution, starts reconciliation process

On August 24, the House approved a \$3.5 trillion budget resolution, officially starting the reconciliation process. Congressional Democrats will use the resolution to advance a multitrillion dollar bill that is expected to include corporate and individual tax increases to pay for priorities outlined in the American Jobs Plan and American Families Plan (e.g., affordable housing, education, workforce development, child care, paid family leave, and health care). Details of the underlying bill remain in development and subject to negotiation.

Clarity about the specific provisions, including tax changes, under consideration will improve in September when Congressional committees begin the work of advancing the underlying legislation. Most notably, starting September 9, the House Ways and Means (tax) Committee is scheduled to hold mark-ups where members will for the first time debate legislative text.

Senate passes infrastructure bill

On August 10, the Senate passed [H.R. 3684](#), the Infrastructure Investment and Jobs Act (IIJA), by a vote of 69-30. The \$1+ trillion package includes funding for hard infrastructure (e.g., roads, bridges, ports) as well as broadband, electric vehicles, clean water, road/auto safety, climate resiliency (e.g., wildfire response/prevention) and cybersecurity.

The bill is paid for using repurposed COVID relief money, GSE and Superfund fees, new cryptocurrency reporting requirements, and pension plan interest rate smoothing, among other

provisions. No tax measures directly impacting retirement accounts or related products were included.

IIJA is now awaiting action in the House, where there is a nonbinding commitment to approve the legislation by September 27, so passage is expected but timing remains uncertain.

Senate Finance Chairman reintroduces mark to market tax treatment of derivatives

On August 5, Senator Ron Wyden (D-OR), Chairman of the Senate Finance Committee, introduced [S. 2621](#), the Modernization of Derivatives Tax Act (MODA) to require mark to market and ordinary tax treatment for all derivatives.

The bill would require investors to annually pay tax on their gains or deduct their losses. Gains would be taxed at ordinary income rates, which is already the case for banks and securities dealers with respect to derivatives. This bill would also repeal nine tax code sections and revise many others.

Senators introduce bill to streamline disaster relief

On August 3, Sen. Bill Cassidy (R-LA) and Bob Menendez (D-NJ) [introduced a bill](#) to expedite relief to those impacted by natural disasters. The bill would enable individuals impacted by natural disaster to access their retirement benefits without being forced to pay any withdrawal fees or penalties or wait for Congress to take action.

Senator reintroduces proposal to pay for LTC with retirement money

On July 22, Sen. Pat Toomey (R-PA) [reintroduced](#) the Long-Term Care Affordability Act, a bill to increase the affordability of long-term care insurance. The bill would allow individuals to pay up to \$2,500 each year for long-term care insurance with their 401(k), 403(b) or IRA funds without a tax penalty.

Relatedly, on July 1, Rep. Tom Suozzi (D-NY) [introduced](#) the Well-Being Insurance for Seniors to be at Home (WISH) Act which would create a public-private partnership to provide long-term care insurance for older Americans so they can age at home if they wish instead of needing to spend down their life savings and enter Medicaid-funded nursing homes.

The bill would create a new federal Long-Term Care Insurance Trust Fund that would pay for the “catastrophic” period of long-term care for those who need many years of it and enable private insurance companies to offer affordable coverage plans for elderly Americans’ initial years of potential disability.

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Text of H.R. 3684, Infrastructure Investment and Jobs Act
<https://www.congress.gov/bill/117th-congress/house-bill/3684/text>

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Text of S. 2621, Modernization of Derivatives Act of 2021
<https://www.congress.gov/bill/117th-congress/senate-bill/2621/text>

Cassidy, Menendez Introduce Legislation to Remove Financial Penalties for Individuals, Get Families Back on Their Feet After from Natural Disasters

<https://www.cassidy.senate.gov/newsroom/press-releases/cassidy-menendez-introduce-legislation-to-remove-financial-penalties-for-individuals-get-families-back-on-their-feet-after-from-natural-disasters>

Toomey Re-Introduces Measure to Make Long-Term Care Insurance More Affordable

<https://www.toomey.senate.gov/newsroom/press-releases/toomey-re-introduces-measure-to-make-long-term-care-insurance-more-affordable>

Suozzi Introduces Legislation To Transform American Elder Care, Create Federal Long-Term Care Insurance Program

<https://suozzi.house.gov/media/press-releases/suozzi-introduces-legislation-transform-american-elder-care-create-federal-long>

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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.

About this report

BOB BEASLEY, CRC, Communications Consultant, edits this report. Beasley brings more than 30 years of financial services communications experience to your plan. He has contributed to past editions of the *Governmental 457(b) Guidebook*, edits countless newsletters and plan sponsor communications, and in 2001 authored “What you should know about the Economic Growth and Tax Relief Reconciliation Act of 2001.” He often voices Nationwide’s online presentations.

Beasley has served on the Education and Communication Committee for the Plan Sponsor Council of America and as a member of the National Association of Government Defined Contribution Administrators.

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