

1 a court decree of divorce, annulment, or legal separation
2 or the terms of any court-approved property settlement
3 incident to any such court decree shall not be terminated
4 upon the death of the individual who performed the service
5 with respect to which such annuity is so computed unless
6 such termination is otherwise required by the terms of
7 such court decree.”

8 (b) EFFECTIVE DATE.—The amendment made by
9 this section shall take effect 1 year after the date of the
10 enactment of this Act.

11 **SEC. 1004. REQUIREMENT FOR ADDITIONAL SURVIVOR AN-**
12 **NUITY OPTION.**

13 (a) AMENDMENTS TO INTERNAL REVENUE CODE.—

14 (1) ELECTION OF SURVIVOR ANNUITY.—Section
15 417(a)(1)(A) of the Internal Revenue Code of 1986
16 is amended—

17 (A) in clause (i), by striking “, and” and
18 inserting a comma;

19 (B) by redesignating clause (ii) as clause
20 (iii); and

21 (C) by inserting after clause (i) the fol-
22 lowing:

23 “(ii) if the participant elects a waiver
24 under clause (i), may elect the qualified op-

1 tional survivor annuity at any time during the
2 applicable election period, and”.

3 (2) DEFINITION.—Section 417 of such Code is
4 amended by adding at the end the following:

5 “(g) DEFINITION OF QUALIFIED OPTIONAL SUR-
6 VIVOR ANNUITY.—

7 “(1) IN GENERAL.—For purposes of this sec-
8 tion, the term ‘qualified optional survivor annuity’
9 means an annuity—

10 “(A) for the life of the participant with a
11 survivor annuity for the life of the spouse which
12 is equal to the applicable percentage of the
13 amount of the annuity which is payable during
14 the joint lives of the participant and the spouse,
15 and

16 “(B) which is the actuarial equivalent of a
17 single annuity for the life of the participant.

18 Such term also includes any annuity in a form hav-
19 ing the effect of an annuity described in the pre-
20 ceding sentence.

21 “(2) APPLICABLE PERCENTAGE.—

22 “(A) IN GENERAL.—For purposes of para-
23 graph (1), if the survivor annuity percentage—

24 “(i) is less than 75 percent, the appli-
25 cable percentage is 75 percent, and

1 “(ii) is greater than or equal to 75
2 percent, the applicable percentage is 50
3 percent.

4 “(B) SURVIVOR ANNUITY PERCENTAGE.—
5 For purposes of subparagraph (A), the term
6 ‘survivor annuity percentage’ means the per-
7 centage which the survivor annuity under the
8 plan’s qualified joint and survivor annuity bears
9 to the annuity payable during the joint lives of
10 the participant and the spouse.”.

11 (3) NOTICE.—Section 417(a)(3)(A)(i) of such
12 Code is amended by inserting “and of the qualified
13 optional survivor annuity” after “annuity”.

14 (b) AMENDMENTS TO ERISA.—

15 (1) ELECTION OF SURVIVOR ANNUITY.—Section
16 205(c)(1)(A) of the Employee Retirement Income
17 Security Act of 1974 (29 U.S.C. 1055(c)(1)(A)) is
18 amended—

19 (A) in clause (i), by striking “, and” and
20 inserting a comma;

21 (B) by redesignating clause (ii) as clause
22 (iii); and

23 (C) by inserting after clause (i) the fol-
24 lowing:

1 “(ii) if the participant elects a waiver
2 under clause (i), may elect the qualified op-
3 tional survivor annuity at any time during the
4 applicable election period, and”.

5 (2) DEFINITION.—Section 205(d) of such Act
6 (29 U.S.C. 1055(d)) is amended—

7 (A) by inserting “(1)” after “(d)”;

8 (B) by redesignating paragraphs (1) and
9 (2) as subparagraphs (A) and (B), respectively;
10 and

11 (C) by adding at the end the following:

12 “(2)(A) For purposes of this section, the term ‘quali-
13 fied optional survivor annuity’ means an annuity—

14 “(i) for the life of the participant with a sur-
15 vivor annuity for the life of the spouse which is
16 equal to the applicable percentage of the amount of
17 the annuity which is payable during the joint lives
18 of the participant and the spouse, and

19 “(ii) which is the actuarial equivalent of a sin-
20 gle annuity for the life of the participant.

21 Such term also includes any annuity in a form having the
22 effect of an annuity described in the preceding sentence.

23 “(B)(i) For purposes of subparagraph (A), if the sur-
24 vivor annuity percentage—

1 “(I) is less than 75 percent, the applicable per-
2 centage is 75 percent, and

3 “(II) is greater than or equal to 75 percent, the
4 applicable percentage is 50 percent.

5 “(ii) For purposes of clause (i), the term ‘survivor
6 annuity percentage’ means the percentage which the sur-
7 vivor annuity under the plan’s qualified joint and survivor
8 annuity bears to the annuity payable during the joint lives
9 of the participant and the spouse.”.

10 (3) NOTICE.—Section 205(c)(3)(A)(i) of such
11 Act (29 U.S.C. 1055(c)(3)(A)(i)) is amended by in-
12 serting “and of the qualified optional survivor annu-
13 ity” after “annuity”.

14 (c) EFFECTIVE DATES.—

15 (1) IN GENERAL.—The amendments made by
16 this section shall apply to plan years beginning after
17 December 31, 2007.

18 (2) SPECIAL RULE FOR COLLECTIVELY BAR-
19 GAINED PLANS.—In the case of a plan maintained
20 pursuant to 1 or more collective bargaining agree-
21 ments between employee representatives and 1 or
22 more employers ratified on or before the date of the
23 enactment of this Act, the amendments made by this
24 section shall not apply to plan years beginning be-
25 fore the earlier of—

- 1 (A) the later of—
2 (i) January 1, 2008, or
3 (ii) the date on which the last collec-
4 tive bargaining agreement related to the
5 plan terminates (determined without re-
6 gard to any extension thereof after the
7 date of enactment of this Act), or
8 (B) January 1, 2009.

9 **TITLE XI—ADMINISTRATIVE**
10 **PROVISIONS**

11 **SEC. 1101. EMPLOYEE PLANS COMPLIANCE RESOLUTION**
12 **SYSTEM.**

13 (a) IN GENERAL.—The Secretary of the Treasury
14 shall have full authority to establish and implement the
15 Employee Plans Compliance Resolution System (or any
16 successor program) and any other employee plans correc-
17 tion policies, including the authority to waive income, ex-
18 cise, or other taxes to ensure that any tax, penalty, or
19 sanction is not excessive and bears a reasonable relation-
20 ship to the nature, extent, and severity of the failure.

21 (b) IMPROVEMENTS.—The Secretary of the Treasury
22 shall continue to update and improve the Employee Plans
23 Compliance Resolution System (or any successor pro-
24 gram), giving special attention to—