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COMMITTEE ON EDUCATION
AND THE WORKFORCE

U.S. HOUSE OF REPRESENTATIVES
2181 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-6100

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June 28, 2013

The Honorable John Kline
Chairman
Committee on Education and the Workforce
U.S. House of Representatives
2181 Rayburn House Office Building
Washington, D.C. 20515-6100

Dear Chairman Kline:

As you are aware, the interest rates on federal Stafford subsidized student loans are set to double this Monday, July 1, 2013, from 3.4 percent to 6.8 percent. This means that college students across the country will pay some \$4 billion in additional interest payments for next year's loans. For individual students, it means they will pay thousands more for their student loans over their college career. That's simply unacceptable.

In May, our Committee and then the House passed H.R. 1911, legislation that the independent Congressional Research Service concluded would charge students even more interest on their loans than if the interest rate doubled. As you know, the proposal quickly drew a veto threat from President Obama, had no viability in the Senate, and is opposed by every major student group in the nation. Unfortunately, the Committee rejected Congressman Courtney's amendment to simply freeze the 3.4% interest rate for two additional years, and the House refused to allow that amendment a vote on the floor.

Mr. Chairman, the Committee has not done right by the nation's 7 million students who depend on these federal student loans to go to college. Passing a dead on arrival bill in the House is not good enough. Democrats continue to support legislation that will stop the interest rate from doubling, without charging students billions of dollars in extra interest charges to pay down the deficit.

The Honorable John Kline
June 28, 2013
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The Committee must take urgent action to reverse the doubling of student loan interest rates for millions of students. We request that you and your Republican colleagues drop your proposal to pile on more student debt, and take immediate action to pass corrective legislation.


Therefore, pursuant to Committee Rule 1(c), we respectfully request that you schedule a special meeting for Committee members to mark up and report the attached Keep Student Loans Affordable Act of 2013.

We look forward to your response.

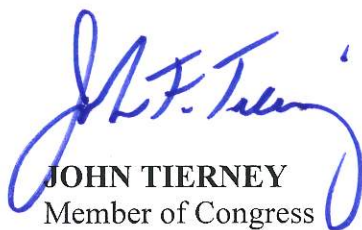
Sincerely,




GEORGE MILLER
Senior Democratic Member



RUBÉN HINOJOSA
Senior Democratic Member, Subcommittee
on Higher Education and Workforce
Training



JOHN TIERNEY
Member of Congress



JOE COURTNEY
Member of Congress

Attachment

.....
(Original Signature of Member)

113TH CONGRESS
1ST SESSION

H. R. _____

To amend the Higher Education Act of 1965 to extend the current reduced interest rate for undergraduate Federal Direct Stafford Loans for 1 year, to modify required distribution rules for pension plans, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. GEORGE MILLER of California (for himself and [see ATTACHED LIST of cosponsors]) introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the Higher Education Act of 1965 to extend the current reduced interest rate for undergraduate Federal Direct Stafford Loans for 1 year, to modify required distribution rules for pension plans, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Keep Student Loans
5 Affordable Act of 2013”.

1 **SEC. 2. INTEREST RATE EXTENSION.**

2 Section 455(b)(7)(D) of the Higher Education Act of
3 1965 (20 U.S.C. 1087e(b)(7)(D)) is amended—

4 (1) in the matter preceding clause (i), by strik-
5 ing “and before July 1, 2013,” and inserting “and
6 before July 1, 2014,”; and

7 (2) in clause (v), by striking “and before July
8 1, 2013,” and inserting “and before July 1, 2014,”.

9 **SEC. 3. MODIFICATIONS OF REQUIRED DISTRIBUTION**
10 **RULES FOR PENSION PLANS.**

11 (a) IN GENERAL.—Section 401(a)(9)(B) of the Inter-
12 nal Revenue Code of 1986 is amended to read as follows:

13 “(B) REQUIRED DISTRIBUTIONS WHERE
14 EMPLOYEE DIES BEFORE ENTIRE INTEREST IS
15 DISTRIBUTED.—

16 “(i) 5-YEAR GENERAL RULE.—A trust
17 shall not constitute a qualified trust under
18 this section unless the plan provides that,
19 if an employee dies before the distribution
20 of the employee’s interest (whether or not
21 such distribution has begun in accordance
22 with subparagraph (A)), the entire interest
23 of the employee will be distributed within
24 5 years after the death of such employee.

25 “(ii) EXCEPTION FOR ELIGIBLE DES-
26 IGNATED BENEFICIARIES.—If—

1 “(I) any portion of the employ-
2 ee’s interest is payable to (or for the
3 benefit of) an eligible designated bene-
4 ficiary,

5 “(II) such portion will be distrib-
6 uted (in accordance with regulations)
7 over the life of such eligible des-
8 ignated beneficiary (or over a period
9 not extending beyond the life expect-
10 ancy of such beneficiary), and

11 “(III) such distributions begin
12 not later than 1 year after the date of
13 the employee’s death or such later
14 date as the Secretary may by regula-
15 tions prescribe,

16 then, for purposes of clause (i) and except
17 as provided in clause (iv) or subparagraph
18 (E)(iii), the portion referred to in sub-
19 clause (I) shall be treated as distributed on
20 the date on which such distributions begin.

21 “(iii) SPECIAL RULE FOR SURVIVING
22 SPOUSE OF EMPLOYEE.—If the eligible
23 designated beneficiary referred to in clause
24 (ii)(I) is the surviving spouse of the em-
25 ployee—

1 “(I) the date on which the dis-
2 tributions are required to begin under
3 clause (ii)(III) shall not be earlier
4 than the date on which the employee
5 would have attained age 70½, and

6 “(II) if the surviving spouse dies
7 before the distributions to such spouse
8 begin, this subparagraph shall be ap-
9 plied as if the surviving spouse were
10 the employee.

11 “(iv) RULES UPON DEATH OF ELIGI-
12 BLE DESIGNATED BENEFICIARY.—If an el-
13 igible designated beneficiary dies before the
14 portion of an employee’s interest described
15 in clause (ii) is entirely distributed, clause
16 (ii) shall not apply to any beneficiary of
17 such eligible designated beneficiary and the
18 remainder of such portion shall be distrib-
19 uted within 5 years after the death of such
20 beneficiary.”.

21 (b) DEFINITION OF ELIGIBLE DESIGNATED BENE-
22 FICIARY.—Section 401(a)(9)(E) of the Internal Revenue
23 Code of 1986 is amended to read as follows:

1 “(E) DEFINITIONS AND RULES RELATING
2 TO DESIGNATED BENEFICIARY.—For purposes
3 of this paragraph—

4 “(i) DESIGNATED BENEFICIARY.—The
5 term ‘designated beneficiary’ means any
6 individual designated as a beneficiary by
7 the employee.

8 “(ii) ELIGIBLE DESIGNATED BENE-
9 FICIARY.—The term ‘eligible designated
10 beneficiary’ means, with respect to any em-
11 ployee, any designated beneficiary who, as
12 of the date of death of the employee, is—

13 “(I) the surviving spouse of the
14 employee,

15 “(II) subject to clause (iii), a
16 child of the employee who has not
17 reached majority (within the meaning
18 of subparagraph (F)),

19 “(III) disabled (within the mean-
20 ing of section 72(m)(7)),

21 “(IV) a chronically ill individual
22 (within the meaning of section
23 7702B(e)(2), except that the require-
24 ments of subparagraph (A)(i) thereof
25 shall only be treated as met if there is

1 a certification that, as of such date,
2 the period of inability described in
3 such subparagraph with respect to the
4 individual is an indefinite one that is
5 reasonably expected to be lengthy in
6 nature), or

7 “(V) an individual not described
8 in any of the preceding subparagraphs
9 who is not more than 10 years young-
10 er than the employee.

11 “(iii) SPECIAL RULE FOR CHIL-
12 DREN.—Subject to subparagraph (F), an
13 individual described in clause (ii)(II) shall
14 cease to be an eligible designated bene-
15 ficiary as of the date the individual reaches
16 majority and the requirement of subpara-
17 graph (B)(i) shall not be treated as met
18 with respect to any remaining portion of
19 an employee’s interest payable to the indi-
20 vidual unless such portion is distributed
21 within 5 years after such date.”.

22 (c) REQUIRED BEGINNING DATE.—Section
23 401(a)(9)(C) of the Internal Revenue Code of 1986 is
24 amended by adding at the end the following new clause:

1 “(v) EMPLOYEES BECOMING 5-PER-
2 CENT OWNERS AFTER AGE 70¹/₂.—If an
3 employee becomes a 5-percent owner (as
4 defined in section 416) with respect to a
5 plan year ending in a calendar year after
6 the calendar year in which the employee
7 attains age 70¹/₂, then clause (i)(II) shall
8 be applied by substituting the calendar
9 year in which the employee became such
10 an owner for the calendar year in which
11 the employee retires.”.

12 (d) EFFECTIVE DATES.—

13 (1) IN GENERAL.—Except as provided in this
14 subsection, the amendments made by this section
15 shall apply to distributions with respect to employees
16 who die after December 31, 2013.

17 (2) REQUIRED BEGINNING DATE.—

18 (A) IN GENERAL.—The amendment made
19 by subsection (c) shall apply to employees be-
20 coming a 5-percent owner with respect to plan
21 years ending in calendar years beginning before,
22 on, or after the date of the enactment of this
23 Act.

24 (B) SPECIAL RULE.—If—

1 (i) an employee became a 5-percent
2 owner with respect to a plan year ending
3 in a calendar year which began before Jan-
4 uary 1, 2013, and

5 (ii) the employee has not retired be-
6 fore calendar year 2014,

7 such employee shall be treated as having be-
8 come a 5-percent owner with respect to a plan
9 year ending in 2013 for purposes of applying
10 section 401(a)(9)(C)(v) of the Internal Revenue
11 Code of 1986 (as added by the amendment
12 made by subsection (c)).

13 (3) EXCEPTION FOR CERTAIN BENE-
14 FICIARIES.—If a designated beneficiary of an em-
15 ployee who dies before January 1, 2014, dies after
16 December 31, 2013—

17 (A) the amendments made by this section
18 shall apply to any beneficiary of such des-
19 ignated beneficiary, and

20 (B) the designated beneficiary shall be
21 treated as an eligible designated beneficiary for
22 purposes of applying section 401(a)(9)(B)(iv) of
23 such Code (as in effect after the amendments
24 made by this section).

1 (4) EXCEPTION FOR CERTAIN EXISTING ANNU-
2 ITY CONTRACTS.—

3 (A) IN GENERAL.—The amendments made
4 by this section shall not apply to a qualified an-
5 nuity which is a binding annuity contract in ef-
6 fect on the date of the enactment of this Act
7 and at all times thereafter.

8 (B) QUALIFIED ANNUITY CONTRACT.—For
9 purposes of this paragraph, the term “qualified
10 annuity” means, with respect to an employee,
11 an annuity—

12 (i) which is a commercial annuity (as
13 defined in section 3405(e)(6) of such
14 Code) or payable by a defined benefit plan,

15 (ii) under which the annuity payments
16 are substantially equal periodic payments
17 (not less frequently than annually) over the
18 lives of such employee and a designated
19 beneficiary (or over a period not extending
20 beyond the life expectancy of such em-
21 ployee or the life expectancy of such em-
22 ployee and a designated beneficiary) in ac-
23 cordance with the regulations described in
24 section 401(a)(9)(A)(ii) of such Code (as
25 in effect before such amendments) and

1 which meets the other requirements of this
2 section 401(a)(9) of such Code (as so in
3 effect) with respect to such payments, and

4 (iii) with respect to which—

5 (I) annuity payments to the em-
6 ployee have begun before January 1,
7 2014, and the employee has made an
8 irrevocable election before such date
9 as to the method and amount of the
10 annuity payments to the employee or
11 any designated beneficiaries, or

12 (II) if subclause (I) does not
13 apply, the employee has made an ir-
14 revocable election before the date of
15 the enactment of this Act as to the
16 method and amount of the annuity
17 payments to the employee or any des-
18 ignated beneficiaries.