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(Original Signature of Member)

111TH CONGRESS  
1ST SESSION

# H. R.

To held rebuild retirement, college, and personal savings.

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## IN THE HOUSE OF REPRESENTATIVES

Mr. BOEHNER introduced the following bill; which was referred to the  
Committee on \_\_\_\_\_

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# A BILL

To held rebuild retirement, college, and personal savings.

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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as  
5 the “Savings Recovery Act of 2009”.

6 (b) TABLE OF CONTENTS.—The table of contents of  
7 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—INCREASE IN EXEMPT AMOUNT UNDER SOCIAL  
SECURITY EARNINGS TEST

Sec. 101. Increase in monthly exempt amount under the social security earn-  
ings test for individuals who have not attained retirement age.

TITLE II—CAPITAL GAINS AND LOSSES

Sec. 201. Exclusion of certain dividends and long-term capital gains of noncorporate taxpayers.

Sec. 202. Increase in limitation on capital losses of noncorporate taxpayers.

TITLE III—SAVINGS FOR HIGHER EDUCATION

Sec. 301. Credit for contributions to 529 plans.

Sec. 302. Investment direction under qualified tuition programs.

TITLE IV—RETIREMENT PLANS

Subtitle A—Individual Retirement Plans and Defined Contribution Plans

Sec. 401. Elimination of marriage penalties in income limitations with respect to individual retirement plan contributions.

Sec. 402. Increase in dollar limitations on contributions to retirement plans.

Sec. 403. Increase in permitted catch-up contributions to retirement plans.

Sec. 404. Extension of waiver of required minimum distribution rules.

Subtitle B—Defined Benefit Plans

Sec. 411. Expansion of corridor within which single-employer defined benefit plans are allowed to average asset values.

Sec. 412. Extended period for single-employer defined benefit plans to amortize the short fall amortization base for 2009 and 2010.

**1 TITLE I—INCREASE IN EXEMPT  
2 AMOUNT UNDER SOCIAL SE-  
3 CURITY EARNINGS TEST**

**4 SEC. 101. INCREASE IN MONTHLY EXEMPT AMOUNT UNDER  
5 THE SOCIAL SECURITY EARNINGS TEST FOR  
6 INDIVIDUALS WHO HAVE NOT ATTAINED RE-  
7 TIREMENT AGE.**

8 (a) IN GENERAL.—Section 203(f)(8) of the Social  
9 Security Act (42 U.S.C. 403(f)(8)) is amended—

10 (1) by redesignating subparagraph (E) as sub-  
11 paragraph (F); and

12 (2) by inserting after subparagraph (D) the fol-  
13 lowing new subparagraph:

1           “(E) Notwithstanding any other provision of  
2           this subsection, the exempt amount which is applica-  
3           ble to an individual who has not attained retirement  
4           age before the close of the taxable year ending after  
5           2008 and before 2010 shall be, for each month of  
6           such taxable year, \$2,360.”.

7           (b) CONFORMING AMENDMENTS.—Section 203(f) of  
8           such Act is amended—

9           (1) in paragraph (8)(B)—

10                   (A) by striking “subparagraph (D))” and  
11                   all that follows through “individuals),” in the  
12                   matter in clause (ii) preceding subclause (I),  
13                   and inserting “subparagraph (D)) or the tax-  
14                   able year ending after 2008 and before 2010  
15                   (with respect to other individuals),”; and

16                   (B) by striking “subparagraph (D))” and  
17                   all that follows through “individuals),” in clause  
18                   (ii)(II), and inserting “subparagraph (D)) or  
19                   2007 (with respect to other individuals),”; and

20           (2) in paragraph (9), by striking “and (8)(E)”  
21           and inserting “(8)(E), and (8)(F)”.

22           (c) EFFECTIVE DATE.—The amendments made by  
23           this section shall apply for taxable years ending after 2008  
24           in the case of individuals who have not, with respect to  
25           the taxable year involved, attained retirement age (within

1 the meaning of section 203(f)(9) of the Social Security  
2 Act) before the close of such taxable year.

3 **TITLE II—CAPITAL GAINS AND**  
4 **LOSSES**

5 **SEC. 201. EXCLUSION OF CERTAIN DIVIDENDS AND LONG-**  
6 **TERM CAPITAL GAINS OF NONCORPORATE**  
7 **TAXPAYERS.**

8 (a) IN GENERAL.—Part III of subchapter B of chap-  
9 ter 1 of the Internal Revenue Code of 1986 is amended  
10 by inserting after section 139C the following new section:

11 **“SEC. 139D. CERTAIN DIVIDENDS AND LONG-TERM CAPITAL**  
12 **GAINS.**

13 “(a) IN GENERAL.—In the case of a taxpayer other  
14 than a corporation, gross income shall not include—

15 “(1) any qualified dividend income (as defined  
16 in section 1(h)(11)(B), determined without regard to  
17 clause (ii)(IV) thereof and without regard to section  
18 303 of the Jobs and Growth Tax Relief Reconcili-  
19 ation Act of 2003) received during 2009 or 2010,  
20 and

21 “(2) any gain from the sale or exchange of  
22 qualified property held for more than 1 year if such  
23 asset was acquired by purchase (as defined in sec-  
24 tion 179(d)(2)) during 2009 or 2010.

1       “(b) QUALIFIED PROPERTY.—For purposes of this  
2 section, the term ‘qualified property’ means—

3           “(1) any security (as defined in section  
4 475(c)(2) determined without regard to the last sen-  
5 tence thereof), and

6           “(2) any nonresidential real property (as de-  
7 fined in section 168(e)(2)(B)).

8       “(c) SPECIAL RULES.—

9           “(1) EXCEPTION FOR UNRECAPTURED SECTION  
10 1250 GAIN.—Subsection (a) shall not apply to any  
11 gain which would be treated as ordinary income if  
12 section 1250(b)(1) included all depreciation and the  
13 applicable percentage under section 1250(a) were  
14 100 percent.

15           “(2) TREATMENT OF LONG-TERM SECTION 1256  
16 GAIN.—Gain on a section 1256 contract which is  
17 treated as long-term capital gain under section 1256  
18 shall be treated for purposes of this section as gain  
19 on the sale of qualified property held for more than  
20 1 year.

21           “(3) APPLICATION OF CERTAIN RULES.—Rules  
22 similar to the rules of section 1202(k) shall apply  
23 for purposes of this section.”.

24       (b) CONFORMING AMENDMENTS.—

1           (1) Section 1(h)(11)(B)(ii) of such Code is  
2           amended by striking “and” at the end of subclause  
3           (II), by striking the period at the end of subclause  
4           (III) and inserting “, and”, and by adding at the  
5           end the following new subclause:

6                               “(IV) any dividend excluded from  
7                               gross income under section 139D.”.

8           (2) The table of sections for part III of sub-  
9           chapter B of chapter 1 of such Code is amended by  
10          inserting after the item relating to section 139C the  
11          following new item:

          “Sec. 139D. Certain dividends and long-term capital gains.”.

12          (c) EFFECTIVE DATE.—The amendments made by  
13          this section shall apply to taxable years ending after De-  
14          cember 31, 2008.

15       **SEC. 202. INCREASE IN LIMITATION ON CAPITAL LOSSES OF**  
16                               **NONCORPORATE TAXPAYERS.**

17          (a) IN GENERAL.—Subsection (b) of section 1211 of  
18          the Internal Revenue Code of 1986 is amended to read  
19          as follows:

20                               “(b) OTHER TAXPAYERS.—

21                                       “(1) IN GENERAL.—In the case of a taxpayer  
22                                       other than a corporation, losses from sales or ex-  
23                                       changes of capital assets shall be allowed only to the  
24                                       extent of the gains from such sales or exchanges,  
25                                       plus (if such losses exceed such gains) the lower of—

1           “(A) \$10,000 (half of such amount in the  
2 case of a married individual filing a separate re-  
3 turn), or

4           “(B) the excess of such losses over such  
5 gains.

6           “(2) INFLATION ADJUSTMENT.—In the case of  
7 any taxable year beginning in a calendar year after  
8 2009, the \$10,000 amount contained in paragraph  
9 (1)(A) shall be increased by an amount equal to—

10           “(A) such dollar amount, multiplied by

11           “(B) the cost-of-living adjustment deter-  
12 mined under section 1(f)(3) for the calendar  
13 year in which the taxable year begins, deter-  
14 mined by substituting ‘calendar year 2008’ for  
15 ‘calendar year 1992’ in subparagraph (B)  
16 thereof.

17 Any increase determined under the preceding sen-  
18 tence shall be rounded to the nearest multiple of  
19 \$250.”.

20           (b) EFFECTIVE DATE.—The amendment made by  
21 this section shall apply to taxable years beginning after  
22 December 31, 2008.

1 **TITLE III—SAVINGS FOR HIGHER**  
2 **EDUCATION**

3 **SEC. 301. CREDIT FOR CONTRIBUTIONS TO 529 PLANS.**

4 (a) IN GENERAL.—Subsection (d) of section 25B of  
5 the Internal Revenue Code of 1986 (relating to elective  
6 deferrals and IRA contributions by certain individuals) is  
7 amended by redesignating paragraph (2) as paragraph (3)  
8 and by inserting after paragraph (1) the following new  
9 paragraph:

10 “(2) CONTRIBUTIONS TO QUALIFIED TUITION  
11 PROGRAMS.—

12 “(A) IN GENERAL.—The term ‘qualified  
13 savings contribution’ includes the amount of  
14 any purchase or contribution described in para-  
15 graph (1)(A) of section 529(b) to a qualified  
16 tuition program (as defined in such section)  
17 if—

18 “(i) the taxpayer has the power to au-  
19 thorize distributions and otherwise admin-  
20 ister the account, and

21 “(ii) the designated beneficiary of  
22 such purchase or contribution is the tax-  
23 payer, the taxpayer’s spouse, or an indi-  
24 vidual with respect to whom the taxpayer  
25 is allowed a deduction under section 151.

1           “(B) LIMITATION BASED ON COMPENSA-  
2           TION.—The amount treated as a qualified sav-  
3           ings contribution by reason of subparagraph  
4           (A) for any taxable year shall not exceed the  
5           sum of—

6                   “(i) the compensation (as defined in  
7                   section 219(f)(1)) includible in the tax-  
8                   payer’s gross income for the taxable year,  
9                   and

10                   “(ii) the amount excluded from the  
11                   taxpayer’s gross income under section 112  
12                   (relating to combat pay) for such year.

13           “(C) DETERMINATION OF ADJUSTED  
14           GROSS INCOME.—Solely for purposes of deter-  
15           mining the applicable percentage under sub-  
16           section (b) which applies with respect to the  
17           amount treated as a qualified savings contribu-  
18           tion by reason of subparagraph (A), adjusted  
19           gross income (determined without regard to this  
20           subparagraph) shall be increased by the excess  
21           (if any) of—

22                   “(i) the social security benefits re-  
23                   ceived during the taxable year (within the  
24                   meaning of section 86), over

1                   “(ii) the amount included in gross in-  
2                   come for such year under section 86.”.

3           (b) CONFORMING AMENDMENTS.—

4           (1) Section 25B of such Code is amended by  
5           striking “qualified retirement savings” each place it  
6           appears in the text and inserting “qualified sav-  
7           ings”.

8           (2) The subsection heading for section 25B(d)  
9           of such Code is amended by striking “RETIRE-  
10          MENT”.

11          (3) Subparagraph (A) of section 25B(d)(3) of  
12          such Code, as redesignated by subsection (a), is  
13          amended—

14                (A) by striking “paragraph (1)” the first  
15                place it appears and inserting “paragraph (1)  
16                or (2)”, and

17                (B) by striking “paragraph (1)” the sec-  
18                ond place it appears and inserting “paragraph  
19                (1), or (2), as the case may be,”.

20          (4) The heading for section 25B of such Code  
21          is amended by striking “**AND IRA CONTRIBU-**  
22          **TIONS**” and inserting “**, IRA CONTRIBUTIONS,**  
23          **AND QUALIFIED TUITION PROGRAM CONTRIBU-**  
24          **TIONS**”.



1 **TITLE IV—RETIREMENT PLANS**  
2 **Subtitle A—Individual Retirement**  
3 **Plans and Defined Contribution**  
4 **Plans**

5 **SEC. 401. ELIMINATION OF MARRIAGE PENALTIES IN IN-**  
6 **COME LIMITATIONS WITH RESPECT TO INDI-**  
7 **VIDUAL RETIREMENT PLAN CONTRIBUTIONS.**

8 (a) **ELIMINATION OF MARRIAGE PENALTY IN LIMI-**  
9 **TATION ON DEDUCTION FOR IRA CONTRIBUTIONS.—**

10 (1) **IN GENERAL.—**Subparagraph (B) of section  
11 219(g)(3) of the Internal Revenue Code of 1986 is  
12 amended to read as follows:

13 “(B) **APPLICABLE DOLLAR AMOUNT.—**

14 “(i) **IN GENERAL.—**The term ‘applica-  
15 ble dollar amount’ means \$50,000 (twice  
16 such amount in the case of a joint return).

17 “(ii) **MARRIED INDIVIDUALS FILING A**  
18 **SEPARATE RETURN.—**In the case of a mar-  
19 ried individual filing a separate return, the  
20 applicable dollar amount is zero.”.

21 (2) **CONFORMING AMENDMENT.—**Paragraph (8)  
22 of section 219(g) of such Code is amended by strik-  
23 ing “the dollar amount in the last row of the table  
24 contained in paragraph (3)(B)(i), the dollar amount  
25 in the last row of the table contained in paragraph

1 (3)(B)(ii), and the dollar amount contained in para-  
2 graph (7)(A)” and inserting “the dollar amounts  
3 contained in paragraphs (3)(B)(i) and (7)(A)”.

4 (b) **ELIMINATION OF MARRIAGE PENALTY IN LIM-  
5 TATION ON ROTH IRA CONTRIBUTIONS.—**

6 (1) **IN GENERAL.—**Subclause (I) of section  
7 408A(c)(3)(C)(ii) of such Code is amended by strik-  
8 ing “\$150,000” and inserting “twice the amount in  
9 effect under subclause (II)”.

10 (2) **CONFORMING AMENDMENT.—**Subparagraph  
11 (E) of section 408A(c)(3) of such Code is amended  
12 by striking “the dollar amounts in subclauses (I)  
13 and (II) of subparagraph (C)(ii) shall each” and in-  
14 sserting “the dollar amount in subparagraph  
15 (C)(ii)(II) shall”.

16 (c) **EFFECTIVE DATE.—**The amendments made by  
17 this section shall apply to taxable years beginning after  
18 December 31, 2008.

19 **SEC. 402. INCREASE IN DOLLAR LIMITATIONS ON CON-  
20 TRIBUTIONS TO RETIREMENT PLANS.**

21 (a) **PERMANENT INCREASE IN DOLLAR LIMITATION  
22 ON DEDUCTION FOR CONTRIBUTIONS TO INDIVIDUAL RE-  
23 TIREMENT PLANS.—**

1           (1) IN GENERAL.—Paragraph (5) of section  
2           219(b) of the Internal Revenue Code of 1986 is  
3           amended—

4                   (A) by amending subparagraph (A) to read  
5           as follows:

6                           “(A) IN GENERAL.—The deductible  
7           amount for any taxable year is the applicable  
8           dollar amount in effect under section 402(g)(1)  
9           for such taxable year.”, and

10                   (B) by striking subparagraph (D).

11           (2) SIMPLE RETIREMENT ACCOUNTS.—Sub-  
12           paragraph (E) of section 408(p)(2) of such Code is  
13           amended to read as follows:

14                           “(E) APPLICABLE DOLLAR AMOUNT.—For  
15           purposes of subparagraph (A)(ii), the applicable  
16           dollar amount for any taxable year is the appli-  
17           cable dollar amount in effect under section  
18           402(g)(1) for such taxable year.”.

19           (b) TEMPORARY INCREASE IN CONTRIBUTIONS TO  
20           DEFINED CONTRIBUTION PLANS.—

21                   (1) INCREASE IN LIMITATION ON ELECTIVE DE-  
22           FERRALS.—Paragraph (1) of section 402(g) of such  
23           Code is amended by adding at the end the following  
24           new subparagraph:



1           (1) IN GENERAL.—Clause (ii) of section  
2           219(b)(5)(B) of the Internal Revenue Code of 1986  
3           is amended to read as follows:

4                   “(ii) APPLICABLE AMOUNT.—For pur-  
5                   poses of clause (i), the applicable amount  
6                   for any taxable year is the applicable dollar  
7                   amount in effect under section  
8                   414(v)(2)(B) for such taxable year.”.

9           (2) SIMPLE RETIREMENT ACCOUNTS.—

10                   (A) IN GENERAL.—Subparagraph (B) of  
11                   section 414(v)(2) of such Code is amended to  
12                   read as follows:

13                           “(B) APPLICABLE DOLLAR AMOUNT.—For  
14                           purposes of this paragraph, the applicable dol-  
15                           lar amount is \$5,000.”.

16                   (B) CONFORMING AMENDMENTS.—

17                           (i) Subparagraph (C) of section  
18                           402(g)(1) of such Code is amended by  
19                           striking “section 414(v)(2)(B)(i)” and in-  
20                           serting “section 414(v)(2)(B)”.

21                           (ii) Subparagraph (C) of section  
22                           414(v)(2) of such Code is amended by  
23                           striking “subparagraph (B)(i) and the  
24                           \$2,500 amount in subparagraph (B)(ii)”  
25                           and inserting “subparagraph (B)”.

1 (iii) Clause (ii) of section  
2 457(e)(18)(A) of such Code is amended by  
3 striking “section 414(v)(2)(B)(i)” and in-  
4 serting “section 414(v)(2)(B)”.

5 (b) TEMPORARY INCREASE IN PERMITTED CATCH-UP  
6 CONTRIBUTIONS.—Subparagraph (B) of section 414(v)(2)  
7 of such Code, as amended by subsection (a), is amended  
8 by adding at the end the following: “In the case of taxable  
9 years beginning in 2009, 2010, or 2011, the applicable  
10 dollar amount in effect under the preceding sentence shall  
11 not be less than \$10,000.”.

12 (c) EFFECTIVE DATE.—The amendments made by  
13 this section shall apply to taxable years beginning after  
14 December 31, 2008.

15 **SEC. 404. EXTENSION OF WAIVER OF REQUIRED MINIMUM**  
16 **DISTRIBUTION RULES.**

17 (a) IN GENERAL.—Subparagraph (H) of section  
18 401(a)(9) of the Internal Revenue Code of 1986 is amend-  
19 ed—

20 (1) by striking “calendar year 2009” in clause  
21 (i) and inserting “calendar years 2009, 2010, 2011,  
22 and 2012”,

23 (2) by striking “2009” in clause (ii)(I) and in-  
24 serting “2012”, and

1           (3) by striking “calendar year 2009” in clause  
2           (ii)(II) and inserting “calendar years 2009, 2010,  
3           2011, and 2012”.

4           (b) ELIGIBLE ROLLOVER DISTRIBUTIONS.—The last  
5 sentence of section 402(c)(4) of such Code is amended—

6           (1) by striking “2009” the first place it appears  
7           and inserting “calendar year 2009, 2010, 2011, or  
8           2012”, and

9           (2) by striking “2009” the second place it ap-  
10          pears and inserting “such calendar years”.

11          (c) EFFECTIVE DATE.—

12          (1) IN GENERAL.—The amendments made by  
13          this section shall apply for calendar years beginning  
14          after December 31, 2009.

15          (2) PROVISIONS RELATING TO PLAN OR CON-  
16          TRACT AMENDMENTS.—

17                  (A) IN GENERAL.—If this paragraph ap-  
18                  plies to any pension plan or contract amend-  
19                  ment, such pension plan or contract shall not  
20                  fail to be treated as being operated in accord-  
21                  ance with the terms of the plan during the pe-  
22                  riod described in subparagraph (B)(ii) solely be-  
23                  cause the plan operates in accordance with this  
24                  section.

1 (B) AMENDMENTS TO WHICH PARAGRAPH  
2 APPLIES.—

3 (i) IN GENERAL.—This paragraph  
4 shall apply to any amendment to any pen-  
5 sion plan or annuity contract which—

6 (I) is made pursuant to the  
7 amendments made by this section,  
8 and

9 (II) is made on or before the last  
10 day of the first plan year beginning  
11 on or after January 1, 2012.

12 In the case of a governmental plan, sub-  
13 clause (II) shall be applied by substituting  
14 “2013” for “2012”.

15 (ii) CONDITIONS.—This paragraph  
16 shall not apply to any amendment unless  
17 during the period beginning on the effec-  
18 tive date of the amendment and ending on  
19 December 31, 2012, the plan or contract is  
20 operated as if such plan or contract  
21 amendment were in effect

## 1 **Subtitle B—Defined Benefit Plans**

### 2 **SEC. 411. EXPANSION OF CORRIDOR WITHIN WHICH SIN-** 3 **GLE-EMPLOYER DEFINED BENEFIT PLANS** 4 **ARE ALLOWED TO AVERAGE ASSET VALUES.**

5 (a) AMENDMENT TO ERISA.—Paragraph (3) of sec-  
6 tion 303(g) of the Employee Retirement Income Security  
7 Act of 1974 is amended by adding at the end the following  
8 new subparagraph:

9 “(C) SPECIAL RULE FOR 2009 AND 2010.—  
10 In the case of plan years beginning in 2009 or  
11 2010, subparagraph (B)(iii) shall be applied—  
12 “(i) by substituting ‘80 percent’ for  
13 ‘90 percent’, and  
14 “(ii) by substituting ‘120 percent’ for  
15 ‘110 percent’.”.

16 (b) AMENDMENT TO IRC.—Paragraph (3) of section  
17 430(g) of the Internal Revenue Code of 1986 is amended  
18 by adding at the end the following new subparagraph:

19 “(C) SPECIAL RULE FOR 2009 AND 2010.—  
20 In the case of plan years beginning in 2009 or  
21 2010, subparagraph (B)(iii) shall be applied—  
22 “(i) by substituting ‘80 percent’ for  
23 ‘90 percent’, and  
24 “(ii) by substituting ‘120 percent’ for  
25 ‘110 percent’.”.

1 (c) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to plan years beginning after De-  
3 cember 31, 2008.

4 **SEC. 412. EXTENDED PERIOD FOR SINGLE-EMPLOYER DE-**  
5 **FINED BENEFIT PLANS TO AMORTIZE THE**  
6 **SHORT FALL AMORTIZATION BASE FOR 2009**  
7 **AND 2010.**

8 (a) AMENDMENTS TO ERISA.—

9 (1) IN GENERAL.—Paragraph (2) of section  
10 303(c) of the Employee Retirement Income Security  
11 Act of 1974 is amended by adding at the end the  
12 following new subparagraph:

13 “(D) SPECIAL RULE FOR 2009 AND 2010.—  
14 In the case of the short fall amortization base  
15 of the plan for any plan year beginning in 2009  
16 or 2010 (hereafter in this subparagraph re-  
17 ferred to as the ‘base year’)—

18 “(i) DETERMINATION OF INSTALL-  
19 MENTS.—The shortfall amortization in-  
20 stallments are—

21 “(I) in the case of the last 7 plan  
22 years in the 9-plan year period begin-  
23 ning with the base year, the amounts  
24 necessary to amortize the shortfall  
25 amortization base of the plan for the

1 base year in level annual installments  
2 over such last 7 plan years, and

3 “(II) in the case of the first 2  
4 plan years in such 9-plan year period,  
5 interest on such shortfall amortization  
6 base (determined as provided in sub-  
7 paragraph (C)).

8 “(ii) SHORTFALL INSTALLMENT.—  
9 The shortfall amortization installment for  
10 any plan year in the 9-plan-year period  
11 under clause (i) with respect to such short-  
12 fall amortization base is the annual install-  
13 ment determined under clause (i) for that  
14 year for that base.”.

15 (2) CONFORMING AMENDMENT.—Paragraph (1)  
16 of section 303(c) of such Act is amended by striking  
17 “the shortfall amortization bases for such plan year  
18 and each of the 6 preceding plan years” and insert-  
19 ing “any shortfall amortization base which has not  
20 been fully amortized under this subsection”.

21 (b) AMENDMENTS TO IRC.—

22 (1) IN GENERAL.—Paragraph (2) of section  
23 430(c) of the Internal Revenue Code of 1986 is  
24 amended by adding at the end the following new  
25 subparagraph:

1                   “(D) SPECIAL RULE FOR 2009 AND 2010.—

2                   In the case of the short fall amortization base  
3                   of the plan for any plan year beginning in 2009  
4                   or 2010 (hereafter in this subparagraph re-  
5                   ferred to as the ‘base year’)—

6                   “(i) DETERMINATION OF INSTALL-  
7                   MENTS.—The shortfall amortization in-  
8                   stallments are—

9                   “(I) in the case of the last 7 plan  
10                  years in the 9-plan year period begin-  
11                  ning with the base year, the amounts  
12                  necessary to amortize the shortfall  
13                  amortization base of the plan for the  
14                  base year in level annual installments  
15                  over such last 7 plan years, and

16                  “(II) in the case of the first 2  
17                  plan years in such 9-plan year period,  
18                  interest on such shortfall amortization  
19                  base (determined as provided in sub-  
20                  paragraph (C)).

21                  “(ii) SHORTFALL INSTALLMENT.—  
22                  The shortfall amortization installment for  
23                  any plan year in the 9-plan-year period  
24                  under clause (i) with respect to such short-  
25                  fall amortization base is the annual install-

1                   ment determined under clause (i) for that  
2                   year for that base.”.

3                   (2) CONFORMING AMENDMENT.—Paragraph (1)  
4                   of section 430(e) of such Code is amended by strik-  
5                   ing “the shortfall amortization bases for such plan  
6                   year and each of the 6 preceding plan years” and in-  
7                   serting “any shortfall amortization base which has  
8                   not been fully amortized under this subsection”.

9                   (c) EFFECTIVE DATE.—The amendments made by  
10                  this section shall apply to plan years beginning after De-  
11                  cember 31, 2008.