

# Pension Protection Act of 2006

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In a minor miracle of aligned bipartisan interests, on August 3, 2006, Congress passed H.R. 4, the *Pension Protection Act of 2006*. President Bush is expected to sign into law this bill that addresses the growing problem of underfunded pension plans, provides permanency for expanded contribution limits for 401(k) plans and IRAs, and expands plan design opportunities with an automatic enrollment safe harbor and cash balance plan guidance.

Most of the Act's provisions are not effective until 2008. However, some provisions have immediate, if not retroactive, effect, such as permanency of the savings provisions under the *Economic Growth and Tax Relief Reconciliation Act of 2001*, cash balance and hybrid plan rules, pension funding relief for airlines and increased pension contribution deduction limits. Provisions affecting 401(k) plans tend to start to apply in 2007, when minimum vesting and investment advice provisions take effect.

In the coming weeks, the Benefits Law Group will be providing you details of the Act and alerting you to ways in which your defined contribution, defined benefit and other employee plans may be affected.

If you have questions in the meantime about how the *Pension Protection Act of 2006* affects your plan, please contact a member of the Benefits Law Group.

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