

SEC. 1004. REQUIREMENT FOR ADDITIONAL SURVIVOR ANNUITY OPTION.

(a) AMENDMENTS TO INTERNAL REVENUE CODE.—

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

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

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

(C) by inserting after clause (i) the following:

“(ii) if the participant elects a waiver under clause (i), may elect the qualified optional survivor annuity at any time during the applicable election period, and”.

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

“(g) **DEFINITION OF QUALIFIED OPTIONAL SURVIVOR ANNUITY.—**

“(1) **IN GENERAL.—**For purposes of this section, the term ‘qualified optional survivor annuity’ means an annuity—

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

“(B) which is the actuarial equivalent of a single annuity for the life of the participant. Such term also includes any annuity in a form having the effect of an annuity described in the preceding sentence.

“(2) **APPLICABLE PERCENTAGE.—**

“(A) **IN GENERAL.—**For purposes of paragraph (1), if the survivor annuity percentage—

“(i) is less than 75 percent, the applicable percentage is 75 percent, and

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

“(B) SURVIVOR ANNUITY PERCENTAGE.— For purposes of subparagraph (A), the term ‘survivor annuity percentage’ means the percentage which the survivor annuity under the plan’s qualified joint and survivor annuity bears to the annuity payable during the joint lives of the participant and the spouse.”.

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

(b) AMENDMENTS TO ERISA.—

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

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

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

(C) by inserting after clause (i) the following:

“(ii) if the participant elects a waiver under clause (i), may elect the qualified optional survivor annuity at any time during the applicable election period, and”.

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

(A) by inserting “(1)” after “(d)”;

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

(C) by adding at the end the following:

“(2)(A) For purposes of this section, the term ‘qualified optional survivor annuity’ means an annuity—

“(i) for the life of the participant with a survivor annuity for the life of the spouse which is equal to the applicable percentage of the amount of the annuity which is payable during the joint lives of the participant and the spouse, and

“(ii) which is the actuarial equivalent of a single annuity for the life of the participant. Such term also includes any annuity in a form having the effect of an annuity described in the preceding sentence.

“(B)(i) For purposes of subparagraph (A), if the survivor annuity percentage—

“(I) is less than 75 percent, the applicable percentage is 75 percent, and

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

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

(3) NOTICE.—Section 205(c)(3)(A)(i) of such Act (29 U.S.C. 1055(c)(3)(A)(i)) is amended by inserting “and of the qualified optional survivor annuity” after “annuity”.

(c) EFFECTIVE DATES.—

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

(2) SPECIAL RULE FOR COLLECTIVELY BARGAINED PLANS.—In the case of a plan maintained pursuant to 1 or more collective bargaining agreements between employee representatives and 1 or more employers ratified on or before the date of the enactment of this Act, the amendments made by this section shall not apply to plan years beginning before the earlier of—

(A) the later of—

(i) January 1, 2008, or

(ii) the date on which the last collective bargaining agreement related to the plan terminates (determined without regard to any extension thereof after the date of enactment of this Act), or

(B) January 1, 2009.