



## **Senate Finance Committee Passes Retirement Security Legislation, Extends Section 1042 Tax Deferral to S-Corporations**

June 22, 2022, Washington, DC – Today the United States Senate Finance Committee passed the *Enhancing American Retirement Now (EARN) Act*, which includes a provision partially expanding section 1042 tax deferral to ESOPs that are S-corporations. The *EARN Act* section 1042 provision matches a similar provision in the *Securing a Strong Retirement Act* (H.R. 2954) which passed the House of Representatives in March. The bill passed the Senate Finance Committee with unanimous support.

James Bonham, President and CEO of The ESOP Association, said “Chairman Wyden, joined by Ranking Member Crapo, understands and appreciates the benefits of employee ownership. Our membership is thankful for the inclusion of the provision that extends section 1042 to S-corporations, which is long overdue. We are grateful for the bipartisan support for this effort and appreciate the important work done by the Senate Finance Committee on retirement security.”

This legislation is sponsored by committee Chair Ron Wyden (D-OR), and it continues the effort of advancing bipartisan retirement security legislation that includes the section 1042 provision that The ESOP Association and its passionate members have supported, most recently at TEA’s Annual ESOP Advocacy Day and National Conference in early May.

In March Congress passed H.R. 2954, the *Securing a Strong Retirement Act of 2022*, often known as SECURE 2.0. Last week, the Senate Health, Education, Labor, and Pensions (HELP) Committee approved S. 4353, the *Retirement Improvement and Savings Enhancement to Supplement Healthy Investments for the Nest Act*, or the *RISE & SHINE Act*, which includes significant provisions that promote ESOPs through a new federal grant program and require the U.S. Department of Labor (DOL) to provide regulatory guidance the Association has been seeking for more than four decades.

Together the *EARN Act* and the *RISE & SHINE Act* are intended to form the Senate version of a retirement security bill, which the Senate may consider in the future.

[Read the Section By Section Summary Here](#)

Read the Detailed Summary on p. 155 of the [JCT Bluebook Template \(senate.gov\)](#)

The ESOP Association's comments on [H.R. 2954](#) and [S. 4354](#)

## About the ESOP Association

The ESOP Association is the largest organization in the world supporting employee-owned companies, the more than 10 million U.S. employees who participate in an ESOP, and the professionals who provide services to them. Headquartered at the International Employee Ownership Center in Washington, DC and operating as a 501©6 organization with the affiliated Employee Ownership Foundation, The ESOP Association conducts and funds academic research, provides more than 160 annual conferences and events attended by nearly 15,000 individuals, and advocates on behalf of employee owners and their businesses to federal and state lawmakers.

Press Contact:

Greg Facchiano

Vice President, Government Relations and Public Affairs

[media@esopassociation.org](mailto:media@esopassociation.org)

202-293-2971

### The ESOP Association

The International Employee Ownership Center

200 Massachusetts Ave NW Suite 410, Washington, DC 20001

[esop@esopassociation.org](mailto:esop@esopassociation.org) | (202) 293-2971 | [esopassociation.org](http://esopassociation.org)