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Obama Signs Nonprofits Pension Bill.

President Obama on April 7 signed into law legislation that would give nonprofits the option of a permanent exemption from pension funding requirements.

The measure, the Cooperative and Small Employer Charity Pension Flexibility Act (H.R. 4275), would apply to about 30 pension plans held by more than 127,000 active nonprofit employees, according to a summary provided by the bill's sponsors, Rep. Susan W. Brooks, R-Ind., and House Ways and Means Committee member Ron Kind, D-Wis. Congress exempted charity and cooperative pension plans from the Pension Protection Act of 2006, but the exemption is set to expire, the summary says. Many nonprofits are able to provide defined benefit pension plans to their employees only because they can pool their resources with other associations in a multiemployer plan structure, the bill text notes.

The House passed H.R. 4275 March 24. The Senate followed a day later, passing the measure by a voice vote. The measure would reduce revenue by $190 million over 10 years, according to a Joint Committee on Taxation estimate (JCX-24-14).

by Meg Shreve

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