

103^D CONGRESS
2^D SESSION

H. R. 3758

To amend the Internal Revenue Code of 1986 to allow reservists called to active duty for certain purposes to make penalty-free withdrawals from certain retirement plans to the extent of lost income while on active duty.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 1, 1994

Mr. WALKER introduced the following bill; which was referred to the
Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to allow reservists called to active duty for certain purposes to make penalty-free withdrawals from certain retirement plans to the extent of lost income while on active duty.

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. PENALTY-FREE DISTRIBUTIONS FROM CER-**
4 **TAIN RETIREMENT PLANS FOR RESERVISTS**
5 **CALLED TO ACTIVE DUTY FOR CERTAIN**
6 **PURPOSES.**

7 (a) IN GENERAL.—Paragraph (2) of section 72(t) of
8 the Internal Revenue Code of 1986 (relating to exceptions

1 to 10-percent additional tax on early distributions from
2 qualified retirement plans) is amended by adding at the
3 end thereof the following new subparagraph:

4 “(D) DISTRIBUTIONS FOR RESERVISTS
5 SERVING ON ACTIVE DUTY FOR CERTAIN PUR-
6 POSES.—Any qualified reservist distribution (as
7 defined in paragraph (6)) from an individual re-
8 tirement plan or from amounts attributable to
9 employer contributions made pursuant to elec-
10 tive deferrals described in subparagraph (A) or
11 (C) of section 402(g)(3) or section
12 501(c)(18)(D)(iii).”

13 (b) QUALIFIED RESERVIST DISTRIBUTION.—Sub-
14 section (t) of section 72 of such Code is amended by add-
15 ing at the end thereof the following new paragraph:

16 “(6) QUALIFIED RESERVIST DISTRIBUTION.—
17 For purposes of paragraph (2)(D)—

18 “(A) IN GENERAL.—The term ‘qualified
19 reservist distribution’ means any distribution or
20 payment to a qualified reservist during the eli-
21 gible distribution period.

22 “(B) LIMITATION ON AMOUNT.—Para-
23 graph (2)(D) shall not apply to the extent that
24 the aggregate amount withdrawn during the eli-

1 gible distribution period exceeds the excess (if
2 any) of—

3 “(i) the amount earned income which
4 such individual would have received during
5 the eligible distribution period but for serv-
6 ing on active duty as described in subpara-
7 graph (C), over

8 “(ii) the earned income received dur-
9 ing such period.

10 “(C) QUALIFIED RESERVIST.—For pur-
11 poses of this paragraph, the term ‘qualified re-
12 servist’ means any member of a reserve compo-
13 nent of the Armed Forces of the United States
14 who is called or ordered to active duty in sup-
15 port of a contingency operation (as defined in
16 section 101 of title 10, United States Code).

17 “(D) ELIGIBLE DISTRIBUTION PERIOD.—
18 For purposes of this paragraph, the term ‘eligi-
19 ble distribution period’ means the period the in-
20 dividual is serving on active duty as described
21 in subparagraph (C).”

22 (c) CONFORMING AMENDMENTS.—

23 (1) Section 401(k)(2)(B)(i) of such Code is
24 amended by striking “or” at the end of subclause
25 (III), by striking “and” at the end of subclause (IV)

1 and inserting “or”, and by inserting after subclause
2 (IV) the following new subclause:

3 “(V) the date on which qualified
4 reservist distributions (as defined in
5 section 72(t)(6)) are made, and”.

6 (2) Section 403(b)(11) of such Code is amend-
7 ed by striking “or” at the end of subparagraph (A),
8 by striking the period at the end of subparagraph
9 (B) and inserting “, or”, and by inserting after sub-
10 paragraph (B) the following new subparagraph:

11 “(C) for qualified reservist distributions
12 (as defined in section 72(t)(6)).”

13 (d) EFFECTIVE DATE.—The amendments made by
14 this section shall apply to distributions after the date of
15 the enactment of this Act.

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