

105TH CONGRESS  
2D SESSION

# H. R. 3600

To amend the Internal Revenue Code of 1986 to allow penalty-free withdrawals from retirement plans to provide medical care for relatives who are 55 years old or older.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 30, 1998

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

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## A BILL

To amend the Internal Revenue Code of 1986 to allow penalty-free withdrawals from retirement plans to provide medical care for relatives who are 55 years old or older.

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 INDIVID-**  
4 **UAL RETIREMENT PLANS, 401(k) PLANS, ETC.**  
5 **FOR MEDICAL CARE FOR QUALIFIED REL-**  
6 **ATIVES.**

7 (a) UNLIMITED PENALTY-FREE DISTRIBUTIONS FOR  
8 MEDICAL CARE FOR RELATIVES.—Subparagraph (B) of  
9 section 72(t)(2) is amended to read as follows:

1           “(B) MEDICAL EXPENSES.—Distributions  
 2           made to the employee (other than distributions  
 3           described in subparagraph (A), (C), or (D)) to  
 4           the extent such distributions do not exceed the  
 5           qualified medical expenses (as defined in para-  
 6           graph (9)) of the taxpayer for the taxable  
 7           year.”.

8           (b) DEFINITION OF QUALIFIED MEDICAL EX-  
 9           PENSES.—Subsection (t) of section 72 of such Code (relat-  
 10          ing to 10-percent additional tax on early distributions  
 11          from qualified retirement plans) is amended by adding at  
 12          the end the following new paragraph:

13           “(9) QUALIFIED MEDICAL EXPENSES.—For  
 14          purposes of paragraph (2)(B)—

15           “(A) IN GENERAL.—The term ‘qualified  
 16          medical expenses’ means expenses that would be  
 17          allowable to the taxpayer as a deduction under  
 18          section 213 for amounts paid during the tax-  
 19          able year for medical care for a qualified rel-  
 20          ative, determined—

21           “(i) without regard to whether the  
 22          taxpayer itemizes deductions for such tax-  
 23          able year, and

24           “(ii) in the case of a qualified relative  
 25          who has attained age 55 before the close of

1 the taxable year, without regard to wheth-  
2 er the qualified relative is a dependent of  
3 the taxpayer.

4 “(B) QUALIFIED RELATIVE.—The term  
5 ‘qualified relative’ means an individual who—

6 “(i) bears a relationship to the tax-  
7 payer described in any of paragraphs (1)  
8 through (8) of section 152(a), or

9 “(ii) is the spouse of an individual de-  
10 scribed in paragraph (7) of such section.”.

11 (c) EFFECTIVE DATE.—The amendments made by  
12 this section shall apply to taxable years beginning after  
13 December 31, 1997.

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