

106TH CONGRESS
1ST SESSION

H. R. 2826

To amend the Internal Revenue Code of 1986 to allow penalty-free distributions from qualified retirement plans on account of the death or disability of the participant's spouse.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 9, 1999

Mrs. EMERSON (for herself and Mr. HULSHOF) 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 penalty-free distributions from qualified retirement plans on account of the death or disability of the participant's spouse.

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. DISTRIBUTIONS FROM QUALIFIED RETIRE-**
4 **MENT PLANS ON ACCOUNT OF DEATH OR DIS-**
5 **ABILITY OF PARTICIPANT'S SPOUSE.**

6 (a) DISTRIBUTIONS PERMITTED.—

7 (1) 401(k) PLANS.—Subclause (I) of section
8 401(k)(2)(B)(i) of the Internal Revenue Code of

1 1986 (defining qualified cash or deferred arrange-
2 ment) is amended by striking “, death, or disability”
3 and inserting “or the death or disability of the par-
4 ticipant or the participant’s spouse”.

5 (2) 403(b) ANNUITIES.—

6 (A) Clause (ii) of section 403(b)(7)(A) of
7 such Code is amended by inserting “(or, if ear-
8 lier, the employee’s spouse dies or becomes dis-
9 abled (as so defined)” after “section
10 72(m)(7))”.

11 (B) Subparagraph (A) of section
12 403(b)(11) of such Code is amended by insert-
13 ing before the comma at the end “or when the
14 spouse of the employee dies or becomes disabled
15 (as so defined)”.

16 (3) ROTH IRAS.—Subparagraph (A) of section
17 408A(d)(2) of such Code is amended—

18 (A) by inserting before the comma at the
19 end of clause (ii) “or made to the individual on
20 or after the death of the individual’s spouse”,
21 and

22 (B) by striking clause (iii) and inserting
23 the following new clause:

24 “(iii) attributable to the disability
25 (within the meaning of section 72(m)(7))

1 of the individual or the individual's spouse,
2 or”.

3 (b) PENALTY-FREE WITHDRAWALS.—Subparagraph
4 (A) of section 72(t)(2) of such Code is amended—

5 (1) by inserting before the comma at the end of
6 clause (ii) “or made to the employee on or after the
7 death of the employee's spouse”, and

8 (2) by striking clause (iii) and inserting the fol-
9 lowing new clause:

10 “(iii) attributable to the disability
11 (within the meaning of subsection (m)(7))
12 of the employee or the employee's spouse,”.

13 (c) EFFECTIVE DATE.—The amendments made by
14 this section shall apply to distributions after December 31,
15 1999.

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