

107TH CONGRESS  
1ST SESSION

# H. R. 578

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.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 13, 2001

Mrs. EMERSON 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 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 arrangement)  
2 is amended by striking “, death, or disability”  
3 and inserting “or the death or disability of the participant or the participant’s spouse”.

5 (2) 403(b) ANNUITIES.—

6 (A) Clause (ii) of section 403(b)(7)(A) of such Code is amended by inserting “(or, if earlier, the employee’s spouse dies or becomes disabled (as so defined)” after “section 72(m)(7)”).

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

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

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

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

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

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

13 (c) EFFECTIVE DATE.—The amendments made by  
14 this section shall apply to distributions after December 31,  
15 2001.

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