

108TH CONGRESS
1ST SESSION

H. R. 64

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

JANUARY 7, 2003

Mrs. EMERSON 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 2001.

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