

110TH CONGRESS  
2D SESSION

# H. R. 5641

To amend the Internal Revenue Code of 1986 to permit hardship loans  
from certain individual retirement plans.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 14, 2008

Mr. McCOTTER (for himself and Mr. PAUL) 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 permit  
hardship loans from certain individual retirement plans.

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. SHORT TITLE.**

4 This Act may be cited as the “IRA Assistance Act  
5 of 2008”.

6 **SEC. 2. HARDSHIP LOANS FROM CERTAIN INDIVIDUAL RE-**  
7 **TIREMENT PLANS.**

8 (a) IN GENERAL.—Paragraph (2) of section 72(t) is  
9 amended by adding at the end the following new subpara-  
10 graph:

1                   “(H) HARDSHIP LOANS FROM CERTAIN IN-  
2                   DIVIDUAL RETIREMENT PLANS.—

3                   “(i) IN GENERAL.—Any qualified  
4                   hardship loan.

5                   “(ii) QUALIFIED HARDSHIP LOAN.—  
6                   For purposes of this subparagraph, the  
7                   term ‘qualified hardship loan’ means any  
8                   distribution to an individual from a quali-  
9                   fied individual retirement plan of such in-  
10                  dividual upon hardship of such individual  
11                  (within the meaning of section  
12                  401(k)(2)(B)(i)(IV)) if one or more con-  
13                  tributions to a qualified individual retire-  
14                  ment plan of such individual in an aggre-  
15                  gate amount equal to such distribution are  
16                  made during the 5-year period beginning  
17                  on the date of such distribution.

18                  “(iii) QUALIFIED INDIVIDUAL RETIRE-  
19                  MENT PLAN.—For purposes of this sub-  
20                  paragraph, the term ‘qualified individual  
21                  retirement plan’ means an individual re-  
22                  tirement plan other than a Roth IRA.

23                  “(iv) LIMITATION ON AMOUNT OF  
24                  LOAN.—Such term shall not include any  
25                  loan unless the amount of such loan (when

1 added to the outstanding balance of all  
2 other hardship loans from Qualified indi-  
3 vidual retirement plans of such individual)  
4 does not exceed \$50,000.

5 “(v) TREATMENT OF RECONTRIBU-  
6 TIONS.—In the case of any contribution to  
7 a qualified individual retirement plan taken  
8 into account under clause (ii)—

9 “(I) the dollar limitations other-  
10 wise applicable to contributions to  
11 qualified individual retirement plans  
12 shall not apply to such contribution,  
13 and

14 “(II) no deduction shall be al-  
15 lowed for such contribution.

16 “(vi) FAILURE TO REPAY.—In the  
17 case of a failure to make the aggregate  
18 amount of contributions described in clause  
19 (ii) during the 5-year period described  
20 therein, the penalty determined under  
21 paragraph (1) shall be imposed for the tax-  
22 able year in which such 5-year period ends  
23 in lieu of the taxable year in which the dis-  
24 tribution was made.”.

1       (b) EFFECTIVE DATE.—The amendment made by  
2 this section shall apply to distributions made after the 6-  
3 month period beginning on the date of the enactment of  
4 this Act.

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