

111TH CONGRESS
1ST SESSION

H. R. 2331

To amend the Internal Revenue Code of 1986 to waive the 10 percent penalty on distributions from qualified retirement plans for mortgage payments on qualified residences and in respect of unemployment and to increase the age at which distributions from qualified retirement plans are required to begin from 70½ to 75.

IN THE HOUSE OF REPRESENTATIVES

MAY 7, 2009

Mr. LATTA 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 waive the 10 percent penalty on distributions from qualified retirement plans for mortgage payments on qualified residences and in respect of unemployment and to increase the age at which distributions from qualified retirement plans are required to begin from 70½ to 75.

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 “Individual Recovery
5 Assistance Act of 2009”.

1 **SEC. 2. MORATORIUM ON PENALTY FOR EARLY DISTRIBUTIONS FROM QUALIFIED RETIREMENT**
 2 **PLANS.**
 3

4 (a) IN GENERAL.—Paragraph (2) of section 72(t) of
 5 the Internal Revenue Code of 1986 is amended by adding
 6 at the end the following:

7 “(I) RECOVERY DISTRIBUTIONS.—In the
 8 case of distributions on or after the date of the
 9 enactment of this subparagraph and before the
 10 end of the 1-year period beginning on such
 11 date, any qualified recovery distribution.”.

12 (b) QUALIFIED RECOVERY DISTRIBUTION.—Sub-
 13 section (t) of section 72 of such Code is amended by add-
 14 ing at the end the following new paragraph:

15 “(11) QUALIFIED RECOVERY DISTRIBUTION.—
 16 For purposes of paragraph (2)(I)—

17 “(A) IN GENERAL.—The term ‘qualified
 18 recovery distribution’ means any distribution
 19 which is—

20 “(i) a qualified mortgage distribution,
 21 or

22 “(ii) a qualified unemployment dis-
 23 tribution.

24 “(B) QUALIFIED MORTGAGE DISTRIBUTION
 25 DISTRIBUTIONS.—For purposes of subpara-
 26 graph (A), the term ‘qualified mortgage dis-

1 tribution’ means a distribution to the extent
2 that the aggregate distributions for the taxable
3 year do not exceed the aggregate payments of
4 the taxpayer for the taxable year for principal,
5 interest, escrow for real estate taxes and prop-
6 erty insurance, and mortgage insurance with re-
7 spect to any residence that is a qualified resi-
8 dence (as defined in section 163(h)(4)(A)) of
9 the taxpayer for the taxable year.

10 “(C) QUALIFIED UNEMPLOYMENT DIS-
11 TRIBUTION.—For purposes of subparagraph
12 (A)—

13 “(i) IN GENERAL.—The term ‘quali-
14 fied unemployment distribution’ means a
15 distribution to an individual after separa-
16 tion from employment if—

17 “(I) such individual has received
18 unemployment compensation for 12
19 consecutive weeks under any Federal
20 or State unemployment compensation
21 law by reason of such separation, and

22 “(II) such distribution is made
23 during any taxable year during which
24 such unemployment compensation is
25 paid or the succeeding taxable year.

1 “(ii) DISTRIBUTIONS AFTER REEM-
 2 PLOYMENT AND SELF-EMPLOYED INDIVID-
 3 UALS.—Rules similar to the rules of
 4 clauses (ii) and (iii) of paragraph (2)(D)
 5 shall apply.

6 “(D) COORDINATION.—Distributions shall
 7 not be taken into account under subparagraph
 8 (A) if such distributions are described in sub-
 9 paragraph (A), (C), (D), (E), (F), or (G) of
 10 paragraph (2) or to the extent paragraph (1)
 11 does not apply to such distributions by reason
 12 of paragraph (2)(B).”.

13 (c) EFFECTIVE DATE.—The amendments made by
 14 this section shall apply to distributions on or after the date
 15 of the enactment of this Act.

16 **SEC. 3. INCREASE IN AGE FOR REQUIRED DISTRIBUTIONS.**

17 (a) IN GENERAL.—Subparagraphs (B)(iv)(I) and (C)
 18 of section 401(a)(9) of the Internal Revenue Code of 1986
 19 are amended by striking “70½” each place it occurs and
 20 inserting “75”.

21 (b) CONFORMING AMENDMENTS.—

22 (1) Section 219(d)(1) of such Code is amended
 23 by striking “70½” in the heading and the text and
 24 inserting “75”.

1 (2) Section 408(b)(4) of such Code is amended
2 by striking “70½” and inserting “75”.

3 (3) 408(d)(8)(B)(ii) of such Code is amended
4 by striking “70½” and inserting “75”.

5 (4) 408A(c)(4) of such Code is amended by
6 striking “70½” in the heading and the text and in-
7 serting “75”.

8 (5) Section 457(d)(1)(A)(i) of such Code is
9 amended by striking “70½” and inserting “75”.

10 (c) EFFECTIVE DATE.—The amendments made by
11 this subsection shall apply to years beginning after the
12 date of the enactment of this Act.

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