

116TH CONGRESS  
1ST SESSION

# S. 2495

To amend the Internal Revenue Code of 1986 to establish an exception to the penalty on early distributions from qualified plans for individuals diagnosed with certain terminal illnesses.

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## IN THE SENATE OF THE UNITED STATES

SEPTEMBER 18, 2019

Mr. BURR (for himself and Mr. BENNET) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to establish an exception to the penalty on early distributions from qualified plans for individuals diagnosed with certain terminal illnesses.

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 “Kathryn Manginelli  
5 Act of 2019” or the “Compassionate Retirement Act of  
6 2019”.

1 **SEC. 2. EXCEPTION TO PENALTY ON EARLY DISTRIBUTIONS**  
2 **FROM QUALIFIED PLANS FOR INDIVIDUALS**  
3 **WITH A TERMINAL ILLNESS.**

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

7 “(H) TERMINAL ILLNESS.—

8 “(i) IN GENERAL.—Distributions  
9 which are made to the employee on or  
10 after the date on which such employee has  
11 been diagnosed with a terminal illness.

12 “(ii) DEFINITION.—For purposes of  
13 this subparagraph, the term ‘terminal ill-  
14 ness’ means an illness or physical condi-  
15 tion, as diagnosed by a physician (as de-  
16 fined in section 1861(r)(1) of the Social  
17 Security Act (42 U.S.C. 1395x(r)(1))),  
18 which can reasonably be expected to result  
19 in death in 7 years or less after the date  
20 of such diagnosis.

21 “(iii) DOCUMENTATION.—For pur-  
22 poses of this subparagraph, an employee  
23 shall not be considered to have been diag-  
24 nosed with a terminal illness described in  
25 clause (i) unless such employee furnishes

1                   sufficient evidence in such form and man-  
2                   ner as the Secretary may require.”.

3           (b) **EFFECTIVE DATE.**—The amendment made by  
4 this section shall apply to distributions after the date of  
5 the enactment of this Act.

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