

118TH CONGRESS
2D SESSION

H. R. 10467

To amend the Internal Revenue Code of 1986 to provide for in-service rollovers for individual retirement annuity purchases.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 18, 2024

Mr. PANETTA (for himself and Mr. LAHOOD) 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 provide for in-service rollovers for individual retirement annuity purchases.

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 “Retirement Simplifica-
5 tion and Clarity Act”.

6 **SEC. 2. IN-SERVICE ROLLOVERS FOR ANNUITY PURCHASES.**

7 (a) IN GENERAL.—Section 401(k) of the Internal
8 Revenue Code of 1986 is amended by adding at the end
9 the following new paragraph:

1 “(17) SPECIAL RULE FOR PRE-RETIREMENT
2 ROLLOVER.—Notwithstanding the requirements of
3 paragraph (2)(B)(i), a plan may permit a partici-
4 pant who has attained age 50 or older to elect a di-
5 rect rollover of all or a portion the accrued benefit
6 of the participant attributable to employer contribu-
7 tions made pursuant to the employee’s election to an
8 individual retirement annuity (as defined in section
9 408(b)).”.

10 (b) SAFE HARBOR.—Section 402(f) of such Code is
11 amended by redesignating paragraph (2) as paragraph (3)
12 and by inserting after paragraph (1) the following new
13 paragraph:

14 “(2) SAFE HARBOR.—

15 “(A) IN GENERAL.—A written explanation
16 shall satisfy the requirements of paragraph (1)
17 if it includes the following information in con-
18 cise, plain language:

19 “(i) The taxpayer has 30 days to re-
20 view such explanation before they must
21 take any action.

22 “(ii) Distributions made directly to
23 the taxpayer will be subject to income tax
24 withholding and added to gross income to
25 the extent taxable.

1 “(iii) The taxpayer may owe an addi-
2 tional 10 percent tax on a distribution
3 issued before the taxpayer attains age
4 59½.

5 “(iv) A 20 percent income tax with-
6 holding will apply to distributions that are
7 not eligible for rollover.

8 “(v) A taxpayer can defer Federal in-
9 come tax on eligible distributions by rolling
10 such distribution over to another qualified
11 plan or individual retirement arrangement.

12 “(vi) A taxpayer may not rollover—
13 “(I) required minimum distribu-
14 tions,
15 “(II) hardship distributions,
16 “(III) a series of payments to be
17 made over a number of years,
18 “(IV) employee stock ownership
19 plan dividends, or
20 “(V) corrective distributions.

21 “(vii) The plan administrator can be
22 contacted for information regarding wheth-
23 er all or a portion of a payment to the tax-
24 payer is eligible for rollover.

1 “(viii) A plan may require the tax-
2 payer to take a distribution upon the tax-
3 payer’s attainment of the plan’s retirement
4 age, or in the case of a benefit that is less
5 than \$7,000, the plan may automatically
6 pay the benefit directly to the taxpayer or
7 in a rollover to a traditional IRA or, for
8 designated Roth amounts, a Roth IRA it
9 establishes for the taxpayer.

10 “(ix) Eligible amounts may be rolled
11 over to a new plan or to an IRA when a
12 taxpayer changes jobs, and the adminis-
13 trator of the new plan can confirm how to
14 accomplish such a rollover.

15 “(x) The taxpayer may choose to leave
16 eligible amounts in their original plan.

17 “(xi) The taxpayer may rollover an el-
18 igible distribution to a traditional IRA, in-
19 dividual retirement annuity, or a Roth IRA
20 for designated Roth contributions.

21 “(xii) Direct rollovers are not subject
22 to the mandatory 20 percent withholding,
23 and the distribution may be in the form of
24 a check payable to the new plan or ar-
25 rangement or by electronic transfer.

1 “(xiii) If the taxpayer receives a pay-
2 ment directly, the taxpayer has up to 60
3 days from the date of distribution to roll-
4 over an amount equal to the eligible
5 amount received plus the dollar amount
6 that was withheld and sent to the Internal
7 Revenue Service.

8 “(xiv) The taxpayer may obtain addi-
9 tional information from the Internal Rev-
10 enue Service.

11 “(B) REGULATIONS AND GUIDANCE.—The
12 Secretary may promulgate such regulations and
13 guidance as are necessary to administer this
14 section, including regulations updating the list
15 in subparagraph (A) as necessary.”.

16 (c) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to taxable years beginning after
18 December 31, 2024.

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