

104TH CONGRESS
1ST SESSION

S. 1381

To amend the Internal Revenue Code of 1986 to allow individuals who are involuntarily unemployed to withdraw funds from individual retirement accounts and other qualified retirement plans without incurring a tax penalty.

IN THE SENATE OF THE UNITED STATES

NOVEMBER 2, 1995

Mr. LAUTENBERG introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to allow individuals who are involuntarily unemployed to withdraw funds from individual retirement accounts and other qualified retirement plans without incurring a tax penalty.

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. WAIVER OF EARLY DISTRIBUTION PENALTY**
4 **DURING PERIODS OF INVOLUNTARY UNEM-**
5 **PLOYMENT.**

6 (a) IN GENERAL.—Paragraph (2) of section 72(t) of
7 the Internal Revenue Code of 1986 (relating to exceptions

1 to 10-percent additional tax on early distributions from
2 qualified plans) is amended by adding at the end thereof
3 the following new subparagraph:

4 “(D) DISTRIBUTIONS FOR PERSONS WHO
5 ARE INVOLUNTARILY UNEMPLOYED.—Any dis-
6 tributions which are made during any applicable
7 involuntary unemployment period. For purposes
8 of this subparagraph—

9 “(i) the term ‘applicable involuntary
10 unemployment period’ means the consecu-
11 tive period beginning on the 30th day after
12 the first date on which an individual is en-
13 titled to receive unemployment compensa-
14 tion and ending with the date on which the
15 individual begins employment which dis-
16 qualifies the individual from receiving such
17 compensation (or would disqualify if such
18 compensation had not expired by reason of
19 a limitation on the number of weeks of
20 compensation); and

21 “(ii) the term ‘unemployment com-
22 pensation’ has the meaning given such
23 term by section 85(b).”

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

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