

114TH CONGRESS
2D SESSION

H. R. 5761

To amend the Internal Revenue Code of 1986 to permit penalty-free in-service retirement distributions for employees serving as mentors.

IN THE HOUSE OF REPRESENTATIVES

JULY 13, 2016

Mr. BERA (for himself and Mr. REED) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Education and the Workforce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend the Internal Revenue Code of 1986 to permit penalty-free in-service retirement distributions for employees serving as mentors.

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 “Train the Future Act”.

5 **SEC. 2. ENCOURAGING MENTORS TO TRAIN THE FUTURE.**

6 (a) EARLY DISTRIBUTIONS FROM QUALIFIED RE-
7 TIREMENT PLANS.—Section 72(t)(2) of the Internal Rev-
8 enue Code of 1986 is amended—

1 (1) in subparagraph (A)—

2 (A) by striking “or” at the end of clause
3 (vii);

4 (B) by striking the period at the end of
5 clause (viii) and inserting “, or”; and

6 (C) by adding at the end the following new
7 clause:

8 “(ix) made to an employee who is
9 serving as a mentor.”; and

10 (2) by adding at the end the following new sub-
11 paragraph:

12 “(H) DISTRIBUTIONS TO MENTORS.—For
13 purposes of this paragraph, the term ‘mentor’
14 means an individual who—

15 “(i) has attained 55 years of age,

16 “(ii) is not separated from their em-
17 ployment with a company, corporation, or
18 institution of higher education,

19 “(iii) in accordance with such require-
20 ments and standards as the Secretary de-
21 termines to be necessary, has substantially
22 reduced their hours of employment with
23 their employer, with the individual to be
24 engaged in mentoring activities described
25 in clause (iv) for not less than 20 percent

1 of the hours of employment after such re-
2 duction, and

3 “(iv) is responsible for the training
4 and education of employees or students in
5 an area of expertise for which the indi-
6 vidual has a professional credential, certifi-
7 cate, or degree.”.

8 (b) DISTRIBUTIONS DURING WORKING RETIRE-
9 MENT.—Paragraph (36) of section 401(a) of the Internal
10 Revenue Code of 1986 is amended to read as follows:

11 “(36) DISTRIBUTIONS DURING WORKING RE-
12 TIREMENT.—

13 “(A) IN GENERAL.—A trust forming part
14 of a pension plan shall not be treated as failing
15 to constitute a qualified trust under this section
16 solely because the plan provides that a distribu-
17 tion may be made from such trust to an em-
18 ployee who—

19 “(i) has attained age 62 and who is
20 not separated from employment at the
21 time of such distribution, or

22 “(ii) subject to subparagraph (B), is
23 serving as a mentor (as such term is de-
24 fined in section 72(t)(2)(H)).

1 “(B) LIMITATION ON DISTRIBUTIONS TO
2 MENTORS.—For purposes of subparagraph
3 (A)(ii), the amount of the distribution made to
4 an employee who is serving as a mentor shall
5 not be greater than the amount equal to the
6 product obtained by multiplying—

7 “(i) the amount of the distribution
8 that would have been payable to the em-
9 ployee if such employee had separated
10 from employment instead of reducing their
11 hours of employment with their employer
12 and engaging in mentoring activities, in ac-
13 cordance with clauses (iii) and (iv) of sec-
14 tion 72(t)(2)(H), by

15 “(ii) the percentage equal to the
16 quotient obtained by dividing—

17 “(I) the sum of—

18 “(aa) the number of hours
19 per pay period by which the em-
20 ployee’s hours of employment are
21 reduced, and

22 “(bb) the number of hours
23 of employment that such em-
24 ployee is engaging in mentoring
25 activities, by

1 “(II) the total number of hours
2 per pay period worked by the em-
3 ployee before such reduction in hours
4 of employment.”.

5 (c) ERISA.—Subparagraph (A) of section 3(2) of the
6 Employee Retirement Income Security Act of 1974 (29
7 U.S.C. 1002(2)) is amended by striking the period at the
8 end and inserting the following: “, or solely because such
9 distribution is made to an employee who is serving as a
10 mentor (as such term is defined in section 72(t)(2)(H) of
11 the Internal Revenue Code of 1986).”.

12 (d) APPLICATION.—The amendments made by this
13 section shall apply to distributions made in taxable years
14 beginning after December 31, 2015.

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