

117TH CONGRESS  
2D SESSION

# H. R. 7146

To amend the Internal Revenue Code of 1986 to provide for penalty-free withdrawals from retirement accounts for certain emergency expenses, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 17, 2022

Mr. WENSTRUP (for himself and Mr. SUOZZI) introduced the following bill;  
which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to provide for penalty-free withdrawals from retirement accounts for certain emergency expenses, and for other purposes.

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 “Enhancing Emergency  
5 and Retirement Savings Act of 2022”.

1 **SEC. 2. WITHDRAWALS FOR CERTAIN EMERGENCY EX-**  
2 **PENSES.**

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

6 “(I) DISTRIBUTIONS FOR CERTAIN EMER-  
7 GENCY EXPENSES.—

8 “(i) IN GENERAL.—Any emergency  
9 personal expense distribution.

10 “(ii) ANNUAL LIMITATION.—Not more  
11 than 1 distribution per calendar year may  
12 be treated as an emergency personal ex-  
13 pense distribution by any individual.

14 “(iii) DOLLAR LIMITATION.—The  
15 amount which may be treated as an emer-  
16 gency personal expense distribution by any  
17 individual in any calendar year shall not  
18 exceed the lesser of \$1,000 or an amount  
19 equal to the excess of—

20 “(I) the individual’s total non-  
21 forfeitable accrued benefit under the  
22 plan (the individual’s total interest in  
23 the plan in the case of an individual  
24 retirement plan), determined as of the  
25 date of each such distribution, over

26 “(II) \$1,000.

1           “(iv) EMERGENCY PERSONAL EX-  
2           PENSE DISTRIBUTION.—For purposes of  
3           this subparagraph, the term ‘emergency  
4           personal expense distribution’ means any  
5           distribution from an applicable eligible re-  
6           tirement plan (as defined in subparagraph  
7           (H)(vi)(I)) to an individual for purposes of  
8           meeting unforeseeable or immediate finan-  
9           cial needs relating to necessary personal or  
10          family emergency expenses. The adminis-  
11          trator of an applicable eligible retirement  
12          plan may rely on an employee’s certifi-  
13          cation that the employee satisfies the con-  
14          ditions of the preceding sentence in deter-  
15          mining whether any distribution is an  
16          emergency personal expense distribution.

17          “(v) TREATMENT OF PLAN DISTRIBUTI-  
18          ONS.—If a distribution to an individual  
19          would (without regard to clause (iii)) be an  
20          emergency personal expense distribution, a  
21          plan shall not be treated as failing to meet  
22          any requirement of this title merely be-  
23          cause the plan treats the distribution as an  
24          emergency personal expense distribution,  
25          unless the aggregate amount of such dis-

1 tributions from all plans maintained by the  
2 employer (and any member of any con-  
3 trolled group which includes the employer,  
4 determined as provided in subparagraph  
5 (H)(iv)(II)) to such individual exceeds the  
6 limitation determined under clause (iii).

7 “(vi) AMOUNT DISTRIBUTED MAY BE  
8 REPAID.—

9 “(I) IN GENERAL.—Any indi-  
10 vidual who receives an emergency per-  
11 sonal expense distribution may, at any  
12 time during the 3-year period begin-  
13 ning on the day after the date on  
14 which such distribution was received,  
15 make one or more contributions in an  
16 aggregate amount not to exceed the  
17 amount of such distribution to an ap-  
18 plicable eligible retirement plan of  
19 which such individual is a beneficiary  
20 and to which a rollover contribution of  
21 such distribution could be made under  
22 section 402(c), 403(a)(4), 403(b)(8),  
23 408(d)(3), or 457(e)(16), as the case  
24 may be.

1                   “(II) LIMITATION ON CONTRIBU-  
2                   TIONS TO APPLICABLE ELIGIBLE RE-  
3                   TIREMENT PLANS OTHER THAN  
4                   IRAS.—The aggregate amount of con-  
5                   tributions made by an individual  
6                   under subclause (I) to any applicable  
7                   eligible retirement plan which is not  
8                   an individual retirement plan shall not  
9                   exceed the aggregate amount of emer-  
10                  gency personal expense distributions  
11                  which are made from such plan to  
12                  such individual. Subclause (I) shall  
13                  not apply to contributions to any ap-  
14                  plicable eligible retirement plan which  
15                  is not an individual retirement plan  
16                  unless the individual is eligible to  
17                  make contributions (other than those  
18                  described in subclause (I)) to such ap-  
19                  plicable eligible retirement plan.

20                  “(III) TREATMENT OF REPAY-  
21                  MENTS OF DISTRIBUTIONS FROM AP-  
22                  PLICABLE ELIGIBLE RETIREMENT  
23                  PLANS OTHER THAN IRAS.—If a con-  
24                  tribution is made under subclause (I)  
25                  with respect to an emergency personal

1 expense distribution from an applica-  
2 ble eligible retirement plan other than  
3 an individual retirement plan, then  
4 the taxpayer shall, to the extent of the  
5 amount of the contribution, be treated  
6 as having received such distribution in  
7 an eligible rollover distribution (as de-  
8 fined in section 402(c)(4)) and as  
9 having transferred the amount to the  
10 applicable eligible retirement plan in a  
11 direct trustee to trustee transfer with-  
12 in 60 days of the distribution.

13 “(IV) TREATMENT OF REPAY-  
14 MENTS FOR DISTRIBUTIONS FROM  
15 IRAS.—If a contribution is made  
16 under subclause (I) with respect to an  
17 emergency personal expense distribu-  
18 tion from an individual retirement  
19 plan, then, to the extent of the  
20 amount of the contribution, such dis-  
21 tribution shall be treated as a dis-  
22 tribution described in section  
23 408(d)(3) and as having been trans-  
24 ferred to the applicable eligible retire-  
25 ment plan in a direct trustee to trust-

1 ee transfer within 60 days of the dis-  
2 tribution.

3 “(vii) LIMITATION ON SUBSEQUENT  
4 DISTRIBUTIONS.—If a distribution is treat-  
5 ed as an emergency personal expense dis-  
6 tribution in any calendar year with respect  
7 to a plan, no amount may be treated as  
8 such a distribution in any subsequent cal-  
9 endar year with respect to such plan un-  
10 less—

11 “(I) such previous distribution is  
12 fully repaid pursuant to clause (vi) to  
13 such plan, or

14 “(II) the aggregate of the elective  
15 deferrals and employee contributions  
16 to the plan (the total amounts con-  
17 tributed to the plan in the case of an  
18 individual retirement plan) subsequent  
19 to such previous distribution is at  
20 least equal to the amount of such pre-  
21 vious distribution which has not been  
22 so repaid.

23 “(viii) SPECIAL RULES.—Rules simi-  
24 lar to the rules of subclauses (II) and (IV)

1 of subparagraph (H)(vi) shall apply to any  
2 emergency personal expense distribution.”.

3 (b) EFFECTIVE DATE.—The amendments made by  
4 this section shall apply to distributions made after Decem-  
5 ber 31, 2021.

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