

117TH CONGRESS
1ST SESSION

S. 1889

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.

IN THE SENATE OF THE UNITED STATES

MAY 27, 2021

Mr. BURR (for himself and Mr. BENNET) 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 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 2021” or the “Compassionate Retirement Act of
6 2021”.

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 “(I) TERMINAL ILLNESS.—

8 “(i) IN GENERAL.—Distributions
 9 which are made to the employee who is a
 10 terminally ill individual on or after the
 11 date on which such employee has been cer-
 12 tified by a physician as having a terminal
 13 illness.

14 “(ii) DEFINITION.—For purposes of
 15 this subparagraph, the term ‘terminally ill
 16 individual’ has the same meaning given
 17 such term under section 101(g)(4)(A), ex-
 18 cept that ‘84 months’ shall be substituted
 19 for ‘24 months’.

20 “(iii) DOCUMENTATION.—For pur-
 21 poses of this subparagraph, an employee
 22 shall not be considered to be a terminally
 23 ill individual unless such employee fur-
 24 nishes sufficient evidence in such form and
 25 manner as the Secretary may require.”.

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

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