

118TH CONGRESS
1ST SESSION

H. R. 2637

To amend the Internal Revenue Code of 1986 to waive the early withdrawal penalty on certain distributions from qualified retirement plans.

IN THE HOUSE OF REPRESENTATIVES

APRIL 17, 2023

Mr. SANTOS 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 waive the early withdrawal penalty on certain distributions from qualified retirement plans.

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 WITHDRAWAL PENALTY ON**
4 **CERTAIN DISTRIBUTIONS FROM QUALIFIED**
5 **RETIREMENT PLANS.**

6 (a) IN GENERAL.—Section 72(t)(2) of the Internal
7 Revenue Code of 1986 is amended to add at the end the
8 following new subparagraph:

9 “(O) GENERAL EXEMPTION AMOUNT.—

1 “(i) IN GENERAL.—Any distribution
2 (other than a distribution to which para-
3 graph (1) does not apply without regard to
4 this subparagraph) from an applicable eli-
5 gible retirement plan (as defined in sub-
6 paragraph (H)(vi)(I)) of any individual to
7 the extent that such distribution does not
8 exceed the excess of \$10,000 over the ag-
9 gregate amount of such distributions made
10 from all such plans of such individual dur-
11 ing the 5-year period ending on the date of
12 such distribution.

13 “(ii) TREATMENT OF PLAN DISTRIBUTIONS.—An applicable eligible retirement
14 plan (as defined in subparagraph
15 (H)(vi)(I)) shall not be treated as failing
16 to meet any requirement of this title mere-
17 ly because the plan allows a distribution to
18 an individual, unless the aggregate amount
19 of such distributions (other than distribu-
20 tions allowed without regard to this clause)
21 from all plans maintained by the employer
22 (and any member of any controlled group
23 which includes the employer, determined as
24 provided in subparagraph (H)(iv)(II)) to
25

1 such individual during the 5-year period
2 ending on the date of such distribution ex-
3 ceeds \$10,000.”.

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

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