

112TH CONGRESS
1ST SESSION

H. R. 3234

To amend the Internal Revenue Code of 1986 to allow penalty-free withdrawals from pension plans for unemployed individuals who have exhausted their rights to unemployment compensation.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 14, 2011

Mr. PLATTS (for himself and Mr. LYNCH) 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 allow penalty-free withdrawals from pension plans for unemployed individuals who have exhausted their rights to unemployment compensation.

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 “Unemployed Worker
5 Assistance Act of 2011”.

1 **SEC. 2. PENALTY-FREE WITHDRAWALS FOR THE UNEM-**
2 **EMPLOYED WHO HAVE EXHAUSTED THEIR**
3 **RIGHTS TO UNEMPLOYMENT COMPENSA-**
4 **TION.**

5 (a) IN GENERAL.—Paragraph (2) of section 72(t) of
6 the Internal Revenue Code of 1986 (relating to subsection
7 not to apply to certain distributions) is amended by adding
8 at the end the following new subparagraph:

9 “(H) DISTRIBUTIONS TO UNEMPLOYED IN-
10 DIVIDUALS WHO HAVE EXHAUSTED THEIR
11 RIGHTS TO UNEMPLOYMENT COMPENSATION.—

12 “(i) IN GENERAL.—Distributions to
13 an individual after separation from em-
14 ployment if—

15 “(I) such individual exhausted all
16 rights to unemployment compensation
17 under any Federal or State unemploy-
18 ment compensation law with respect
19 to such separation, and

20 “(II) such distribution is made
21 while such rights are exhausted and
22 before reemployment or self-employ-
23 ment.

24 “(ii) AMOUNT DISTRIBUTED MAY BE
25 REPAID.—

1 “(I) IN GENERAL.—Any indi-
2 vidual who receives a qualified dis-
3 tribution may, at any time during the
4 5-year period beginning on the day
5 after the date on which such distribu-
6 tion was received, make one or more
7 contributions in an aggregate amount
8 not to exceed the amount of such dis-
9 tribution to an eligible retirement plan
10 of which such individual is a bene-
11 ficiary and to which a rollover con-
12 tribution of such distribution could be
13 made under section 402(c), 403(a)(4),
14 403(b)(8), 408(d)(3), or 457(e)(16),
15 as the case may be.

16 “(II) TREATMENT OF REPAY-
17 MENTS OF DISTRIBUTIONS FROM ELI-
18 GIBLE RETIREMENT PLANS OTHER
19 THAN IRAS.—For purposes of this
20 title, if a contribution is made pursu-
21 ant to subclause (I) with respect to a
22 qualified distribution from an eligible
23 retirement plan other than an indi-
24 vidual retirement plan, then the tax-
25 payer shall, to the extent of the

1 amount of the contribution, be treated
2 as having received the qualified dis-
3 tribution in an eligible rollover dis-
4 tribution (as defined in section
5 402(c)(4)) and as having transferred
6 the amount to the eligible retirement
7 plan in a direct trustee to trustee
8 transfer within 60 days of the dis-
9 tribution.

10 “(III) TREATMENT OF REPAY-
11 MENTS FOR DISTRIBUTIONS FROM
12 IRAS.—For purposes of this title, if a
13 contribution is made pursuant to sub-
14 clause (I) with respect to a qualified
15 distribution from an individual retire-
16 ment plan (as defined by section
17 7701(a)(37)), then, to the extent of
18 the amount of the contribution, the
19 qualified distribution shall be treated
20 as a distribution described in section
21 408(d)(3) and as having been trans-
22 ferred to the eligible retirement plan
23 in a direct trustee to trustee transfer
24 within 60 days of the distribution.

25 “(iii) SPECIAL RULES.—

1 “(I) QUALIFIED DISTRIBUTIONS
2 TREATED AS MEETING PLAN DIS-
3 TRIBUTION REQUIREMENTS.—For
4 purposes of this title, a qualified dis-
5 tribution shall be treated as meeting
6 the requirements of sections
7 401(k)(2)(B)(i), 403(b)(7)(A)(ii),
8 403(b)(11), and 457(d)(1)(A).

9 “(II) EXEMPTION OF DISTRIBUTIONS FROM TRUSTEE TO TRUSTEE
10 TRANSFER AND WITHHOLDING
11 RULES.—For purposes of sections
12 401(a)(31), 402(f), and 3405, quali-
13 fied distributions shall not be treated
14 as eligible rollover distributions.

15 “(iv) DEFINITIONS.—For purposes of
16 this subparagraph—

17 “(I) QUALIFIED DISTRIBUTION.—The term ‘qualified distribu-
18 tion’ means any distribution meeting
19 the requirements of clause (i).
20 the requirements of clause (i).
21 the requirements of clause (i).

22 “(II) ELIGIBLE RETIREMENT
23 PLAN.—The term ‘eligible retirement
24 plan’ has the meaning given such
25 term by section 402(c)(8)(B).

1 “(v) REEMPLOYMENT AND SELF-EM-
2 PLOYMENT.—Rules similar to the rules of
3 clauses (ii) and (iii) of subparagraph (D)
4 shall apply for purposes of this subpara-
5 graph.”.

6 (b) EFFECTIVE DATE.—The amendment made by
7 subsection (a) shall apply to distributions made after the
8 date of the enactment of this Act.

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