

104TH CONGRESS  
1ST SESSION

# S. 1381

To amend the Internal Revenue Code of 1986 to allow individuals who are involuntarily unemployed to withdraw funds from individual retirement accounts and other qualified retirement plans without incurring a tax penalty.

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## IN THE SENATE OF THE UNITED STATES

NOVEMBER 2, 1995

Mr. LAUTENBERG introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to allow individuals who are involuntarily unemployed to withdraw funds from individual retirement accounts and other qualified retirement plans without incurring a tax penalty.

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 DISTRIBUTION PENALTY**  
4 **DURING PERIODS OF INVOLUNTARY UNEM-**  
5 **PLOYMENT.**

6 (a) IN GENERAL.—Paragraph (2) of section 72(t) of  
7 the Internal Revenue Code of 1986 (relating to exceptions

1 to 10-percent additional tax on early distributions from  
 2 qualified plans) is amended by adding at the end thereof  
 3 the following new subparagraph:

4 “(D) DISTRIBUTIONS FOR PERSONS WHO  
 5 ARE INVOLUNTARILY UNEMPLOYED.—Any dis-  
 6 tributions which are made during any applicable  
 7 involuntary unemployment period. For purposes  
 8 of this subparagraph—

9 “(i) the term ‘applicable involuntary  
 10 unemployment period’ means the consecu-  
 11 tive period beginning on the 30th day after  
 12 the first date on which an individual is en-  
 13 titled to receive unemployment compensa-  
 14 tion and ending with the date on which the  
 15 individual begins employment which dis-  
 16 qualifies the individual from receiving such  
 17 compensation (or would disqualify if such  
 18 compensation had not expired by reason of  
 19 a limitation on the number of weeks of  
 20 compensation); and

21 “(ii) the term ‘unemployment com-  
 22 pensation’ has the meaning given such  
 23 term by section 85(b).”

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

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