

108TH CONGRESS
2^D SESSION

H. R. 1779

AN ACT

To amend the Internal Revenue Code of 1986 to allow penalty-free withdrawals from retirement plans during the period that a military reservist or national guardsman is called to active duty for an extended period, and for other purposes.

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To amend the Internal Revenue Code of 1986 to allow penalty-free withdrawals from retirement plans during the period that a military reservist or national guardsman is called to active duty for an extended period, 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 “Guardsmen and Re-

5 servists Financial Relief Act of 2004”.

6 **SEC. 2. PENALTY-FREE WITHDRAWALS FROM RETIREMENT**
7 **PLANS FOR INDIVIDUALS CALLED TO ACTIVE**
8 **DUTY FOR AT LEAST 179 DAYS.**

9 (a) IN GENERAL.—Paragraph (2) of section 72(t) of
10 the Internal Revenue Code of 1986 (relating to 10-percent
11 additional tax on early distributions from qualified retire-
12 ment plans) is amended by adding at the end the following
13 new subparagraph:

14 “(G) DISTRIBUTIONS FROM RETIREMENT
15 PLANS TO INDIVIDUALS CALLED TO ACTIVE
16 DUTY.—

17 “(i) IN GENERAL.—Any qualified re-
18 servist distribution.

19 “(ii) AMOUNT DISTRIBUTED MAY BE
20 REPAID.—Any individual who receives a
21 qualified reservist distribution may, at any
22 time during the 2-year period beginning on
23 the day after the end of the active duty pe-
24 riod, make one or more contributions to an
25 individual retirement plan of such indi-

1 vidual in an aggregate amount not to ex-
2 ceed the amount of such distribution. The
3 dollar limitations otherwise applicable to
4 contributions to individual retirement plans
5 shall not apply to any contribution made
6 pursuant to the preceding sentence. No de-
7 duction shall be allowed for any contribu-
8 tion pursuant to this clause.

9 “(iii) QUALIFIED RESERVIST DIS-
10 TRIBUTION.—For purposes of this sub-
11 paragraph, the term ‘qualified reservist
12 distribution’ means any distribution to an
13 individual if—

14 “(I) such distribution is from an
15 individual retirement plan, or from
16 amounts attributable to employer con-
17 tributions made pursuant to elective
18 deferrals described in subparagraph
19 (A) or (C) of section 402(g)(3) or sec-
20 tion 501(c)(18)(D)(iii),

21 “(II) such individual was (by rea-
22 son of being a member of a reserve
23 component (as defined in section 101
24 of title 37, United States Code)), or-
25 dered or called to active duty for a pe-

1 riod in excess of 179 days or for an
2 indefinite period, and

3 “(III) such distribution is made
4 during the period beginning on the
5 date of such order or call and ending
6 at the close of the active duty period.

7 “(iv) APPLICATION OF SUBPARA-
8 GRAPH.—This subparagraph applies to in-
9 dividuals ordered or called to active duty
10 after September 11, 2001, and before Sep-
11 tember 12, 2005. In no event shall the 2-
12 year period referred to in clause (ii) end
13 before the date which is 2-years after the
14 date of the enactment of this subpara-
15 graph.”.

16 (b) CONFORMING AMENDMENTS.—

17 (1) Section 401(k)(2)(B)(i) of such Code is
18 amended by striking “or” at the end of subclause
19 (III), by striking “and” at the end of subclause (IV)
20 and inserting “or”, and by inserting after subclause
21 (IV) the following new subclause:

22 “(V) the date on which a period
23 referred to in section
24 72(t)(2)(G)(iii)(III) begins, and”.

1 (2) Section 403(b)(11) of such Code is amend-
2 ed by striking “or” at the end of subparagraph (A),
3 by striking the period at the end of subparagraph
4 (B) and inserting “, or”, and by inserting after sub-
5 paragraph (B) the following new subparagraph:

6 “(C) for distributions to which section
7 72(t)(2)(G) applies.”.

8 (c) EFFECTIVE DATE.—The amendment made by
9 this section shall apply to distributions after September
10 11, 2001.

 Passed the House of Representatives April 21, 2004.

Attest:

Clerk.