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(Original Signature of Member)

111TH CONGRESS
1ST SESSION

H. R. _____

To amend the Internal Revenue Code of 1986 to waive the 10 percent penalty on distributions from qualified retirement plans for mortgage payments on qualified residences and in respect of unemployment and to increase the age at which distributions from qualified retirement plans are required to begin from 70½ to 75.

IN THE HOUSE OF REPRESENTATIVES

Mr. LATTA introduced the following bill; which was referred to the Committee
on _____

A BILL

To amend the Internal Revenue Code of 1986 to waive the 10 percent penalty on distributions from qualified retirement plans for mortgage payments on qualified residences and in respect of unemployment and to increase the age at which distributions from qualified retirement plans are required to begin from 70½ to 75.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Individual Recovery
3 Assistance Act of 2009”.

4 **SEC. 2. MORATORIUM ON PENALTY FOR EARLY DISTRIBUTIONS FROM QUALIFIED RETIREMENT PLANS.**

7 (a) **IN GENERAL.**—Paragraph (2) of section 72(t) of
8 the Internal Revenue Code of 1986 is amended by adding
9 at the end the following:

10 “(I) **RECOVERY DISTRIBUTIONS.**—In the
11 case of distributions on or after the date of the
12 enactment of this subparagraph and before the
13 end of the 1-year period beginning on such
14 date, any qualified recovery distribution.”.

15 (b) **QUALIFIED RECOVERY DISTRIBUTION.**—Sub-
16 section (t) of section 72 of such Code is amended by add-
17 ing at the end the following new paragraph:

18 “(11) **QUALIFIED RECOVERY DISTRIBUTION.**—
19 For purposes of paragraph (2)(I)—

20 “(A) **IN GENERAL.**—The term ‘qualified
21 recovery distribution’ means any distribution
22 which is—

23 “(i) a qualified mortgage distribution,
24 or

25 “(ii) a qualified unemployment dis-
26 tribution.

1 “(B) QUALIFIED MORTGAGE DISTRIBUTION
2 DISTRIBUTIONS.—For purposes of subpara-
3 graph (A), the term ‘qualified mortgage dis-
4 tribution’ means a distribution to the extent
5 that the aggregate distributions for the taxable
6 year do not exceed the aggregate payments of
7 the taxpayer for the taxable year for principal,
8 interest, escrow for real estate taxes and prop-
9 erty insurance, and mortgage insurance with re-
10 spect to any residence that is a qualified resi-
11 dence (as defined in section 163(h)(4)(A)) of
12 the taxpayer for the taxable year.

13 “(C) QUALIFIED UNEMPLOYMENT DIS-
14 TRIBUTION.—For purposes of subparagraph
15 (A)—

16 “(i) IN GENERAL.—The term ‘quali-
17 fied unemployment distribution’ means a
18 distribution to an individual after separa-
19 tion from employment if—

20 “(I) such individual has received
21 unemployment compensation for 12
22 consecutive weeks under any Federal
23 or State unemployment compensation
24 law by reason of such separation, and

1 “(II) such distribution is made
2 during any taxable year during which
3 such unemployment compensation is
4 paid or the succeeding taxable year.

5 “(ii) DISTRIBUTIONS AFTER REEM-
6 PLOYMENT AND SELF-EMPLOYED INDIVID-
7 UALS.—Rules similar to the rules of
8 clauses (ii) and (iii) of paragraph (2)(D)
9 shall apply.

10 “(D) COORDINATION.—Distributions shall
11 not be taken into account under subparagraph
12 (A) if such distributions are described in sub-
13 paragraph (A), (C), (D), (E), (F), or (G) of
14 paragraph (2) or to the extent paragraph (1)
15 does not apply to such distributions by reason
16 of paragraph (2)(B).”.

17 (c) EFFECTIVE DATE.—The amendments made by
18 this section shall apply to distributions on or after the date
19 of the enactment of this Act.

20 **SEC. 3. INCREASE IN AGE FOR REQUIRED DISTRIBUTIONS.**

21 (a) IN GENERAL.—Subparagraphs (B)(iv)(I) and (C)
22 of section 401(a)(9) of the Internal Revenue Code of 1986
23 are amended by striking “70½” each place it occurs and
24 inserting “75”.

25 (b) CONFORMING AMENDMENTS.—

1 (1) Section 219(d)(1) of such Code is amended
2 by striking “70½” in the heading and the text and
3 inserting “75”.

4 (2) Section 408(b)(4) of such Code is amended
5 by striking “70½” and inserting “75”.

6 (3) 408(d)(8)(B)(ii) of such Code is amended
7 by striking “70½” and inserting “75”.

8 (4) 408A(c)(4) of such Code is amended by
9 striking “70½” in the heading and the text and in-
10 serting “75”.

11 (5) Section 457(d)(1)(A)(i) of such Code is
12 amended by striking “70½” and inserting “75”.

13 (c) EFFECTIVE DATE.—The amendments made by
14 this subsection shall apply to years beginning after the
15 date of the enactment of this Act.