HR 4972

Expanding Penalty Free Withdrawal Act of 2016

Congress: 114 (2015–2017, Ended)
Chamber: House
Policy Area: Taxation
Introduced: Apr 15, 2016
Current Status: Referred to the House Committee on Ways and Means.
Latest Action: Referred to the House Committee on Ways and Means. (Apr 15, 2016)
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Sponsor

Name: Rep. Watson Coleman, Bonnie [D-NJ-12]
Party: Democratic • **State:** NJ • **Chamber:** House

Cosponsors

No cosponsors are listed for this bill.

Committee Activity

Committee	Chamber	Activity	Date
Ways and Means Committee	House	Referred To	Apr 15, 2016

Subjects & Policy Tags

Policy Area:

Taxation

Related Bills

No related bills are listed.

Expanding Penalty Free Withdrawal Act of 2016

This bill amends the Internal Revenue Code to expand the exceptions that permit penalty-free distributions to unemployed individuals from retirement plans.

The 10% additional tax on early distributions from retirement plans does not apply to an individual after separation from employment if: (1) the individual has received federal or state unemployment compensation for 26 consecutive weeks or, if less, the maximum period available under state law, and (2) the distributions are made during the year or the succeeding year in which the compensation is paid.

The exception is limited to the lesser of: (1) $50,000 from all plans of the individual over a one-year period, or (2) the greater of $10,000 or one-half of the fair market value of the individual's retirement plans and the nonforfeitable portion of the individual's defined contribution plans.

The exception does not apply to distributions that are: (1) included in the existing exception for distributions to unemployed individuals for health insurance premiums, or (2) are made after the individual has been employed for at least 60 days after the separation.

Actions Timeline

- **Apr 15, 2016:** Introduced in House
- **Apr 15, 2016:** Referred to the House Committee on Ways and Means.