

HR 1295

Expanding Penalty Free Withdrawal Act of 2019

Congress: 116 (2019–2021, Ended)

Chamber: House

Policy Area: Taxation

Introduced: Feb 14, 2019

Current Status: Referred to the House Committee on Ways and Means.

Latest Action: Referred to the House Committee on Ways and Means. (Feb 14, 2019)

Official Text: <https://www.congress.gov/bill/116th-congress/house-bill/1295>

Sponsor

Name: Rep. Watson Coleman, Bonnie [D-NJ-12]

Party: Democratic • **State:** NJ • **Chamber:** House

Cosponsors (9 total)

Cosponsor	Party / State	Role	Date Joined
Del. Norton, Eleanor Holmes [D-DC-At Large]	D · DC		Apr 7, 2020
Rep. Courtney, Joe [D-CT-2]	D · CT		Apr 7, 2020
Rep. Jayapal, Pramila [D-WA-7]	D · WA		Apr 7, 2020
Rep. Richmond, Cedric L. [D-LA-2]	D · LA		Apr 7, 2020
Rep. Thompson, Bennie G. [D-MS-2]	D · MS		Apr 7, 2020
Rep. Jackson Lee, Sheila [D-TX-18]	D · TX		Apr 28, 2020
Rep. Raskin, Jamie [D-MD-8]	D · MD		Apr 28, 2020
Rep. Cárdenas, Tony [D-CA-29]	D · CA		Oct 6, 2020
Rep. Cohen, Steve [D-TN-9]	D · TN		Oct 9, 2020

Committee Activity

Committee	Chamber	Activity	Date
Ways and Means Committee	House	Referred To	Feb 14, 2019

Subjects & Policy Tags

Policy Area:

Taxation

Related Bills

No related bills are listed.

Expanding Penalty Free Withdrawal Act of 2019

This bill expands the exceptions in the Internal Revenue Code 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

- **Feb 14, 2019:** Introduced in House
- **Feb 14, 2019:** Referred to the House Committee on Ways and Means.