

115TH CONGRESS  
1ST SESSION

# H. R. 2030

To amend the Internal Revenue Code of 1986 to extend the rollover period for plan loan offset amounts and to modify the rules relating to hardship withdrawals from cash or deferred arrangements.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 6, 2017

Mr. SAM JOHNSON of Texas (for himself and Mr. NEAL) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to extend the rollover period for plan loan offset amounts and to modify the rules relating to hardship withdrawals from cash or deferred arrangements.

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 “Savings Enhancement  
5 by Alleviating Leakage in 401(k) Savings Act”.

1 **SEC. 2. EXTENDED ROLLOVER PERIOD FOR PLAN LOAN**  
2 **OFFSET AMOUNTS.**

3 (a) IN GENERAL.—Paragraph (3) of section 402(c)  
4 of the Internal Revenue Code of 1986 is amended by re-  
5 designating subparagraph (B) as subparagraph (C) and  
6 by inserting after subparagraph (A) the following new sub-  
7 paragraph:

8 “(B) ROLLOVER OF CERTAIN PLAN LOAN  
9 OFFSET AMOUNTS.—

10 “(i) IN GENERAL.—In the case of an  
11 eligible rollover distribution of a qualified  
12 plan loan offset amount, the requirements  
13 of subparagraph (A) shall be treated as  
14 met if such transfer occurs on or before  
15 the due date (including extensions) for fil-  
16 ing the return of tax for the taxable year  
17 in which such amount is treated as distrib-  
18 uted from a qualified employer plan.

19 “(ii) QUALIFIED PLAN LOAN OFFSET  
20 AMOUNT.—For purposes of this subpara-  
21 graph, the term ‘qualified plan loan offset  
22 amount’ means a plan loan offset amount  
23 which is treated as distributed from a  
24 qualified employer plan to a participant or  
25 beneficiary solely by reason of—

1 “(I) the termination of the quali-  
 2 fied employer plan, or

3 “(II) the failure to meet the re-  
 4 payment terms of the loan from such  
 5 plan because of the severance from  
 6 employment of the participant.

7 “(iii) PLAN LOAN OFFSET AMOUNT.—  
 8 For purposes of clause (ii), the term ‘plan  
 9 loan offset amount’ means the amount by  
 10 which the participant’s accrued benefit  
 11 under the plan is reduced in order to repay  
 12 a loan from the plan.

13 “(iv) LIMITATION.—This subpara-  
 14 graph shall not apply to any plan loan off-  
 15 set amount unless such plan loan offset  
 16 amount relates to a loan to which section  
 17 72(p)(1) does not apply by reason of sec-  
 18 tion 72(p)(2).

19 “(v) QUALIFIED EMPLOYER PLAN.—  
 20 For purposes of this subsection, the term  
 21 ‘qualified employer plan’ has the meaning  
 22 given such term by section 72(p)(4).”.

23 (b) CONFORMING AMENDMENT.—Subparagraph (A)  
 24 of section 402(c)(3) of the Internal Revenue Code of 1986

1 is amended by striking “subparagraph (B)” and inserting  
2 “subparagraphs (B) and (C)”.

3 (c) EFFECTIVE DATE.—The amendments made by  
4 this section shall apply to transfers made after December  
5 31, 2017.

6 **SEC. 3. MODIFICATION OF RULES GOVERNING HARDSHIP**  
7 **DISTRIBUTIONS.**

8 Not later than 1 year after the date of the enactment  
9 of this Act, the Secretary of the Treasury shall modify  
10 Treasury Regulation section 1.401(k)–1(d)(3)(iv)(E) to—

11 (1) delete the prohibition imposed by paragraph

12 (2) thereof; and

13 (2) to make any other modifications necessary  
14 to carry out the purposes of section  
15 401(k)(2)(B)(i)(IV) of the Internal Revenue Code of  
16 1986.

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