

116TH CONGRESS
1ST SESSION

S. 2495

To amend the Internal Revenue Code of 1986 to establish an exception to the penalty on early distributions from qualified plans for individuals diagnosed with certain terminal illnesses.

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 18, 2019

Mr. BURR (for himself and Mr. BENNET) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to establish an exception to the penalty on early distributions from qualified plans for individuals diagnosed with certain terminal illnesses.

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 “Kathryn Manginelli
5 Act of 2019” or the “Compassionate Retirement Act of
6 2019”.

1 **SEC. 2. EXCEPTION TO PENALTY ON EARLY DISTRIBUTIONS**
 2 **FROM QUALIFIED PLANS FOR INDIVIDUALS**
 3 **WITH A TERMINAL ILLNESS.**

4 (a) IN GENERAL.—Section 72(t)(2) of the Internal
 5 Revenue Code of 1986 is amended by adding at the end
 6 the following new subparagraph:

7 “(H) TERMINAL ILLNESS.—

8 “(i) IN GENERAL.—Distributions
 9 which are made to the employee on or
 10 after the date on which such employee has
 11 been diagnosed with a terminal illness.

12 “(ii) DEFINITION.—For purposes of
 13 this subparagraph, the term ‘terminal ill-
 14 ness’ means an illness or physical condi-
 15 tion, as diagnosed by a physician (as de-
 16 fined in section 1861(r)(1) of the Social
 17 Security Act (42 U.S.C. 1395x(r)(1))),
 18 which can reasonably be expected to result
 19 in death in 7 years or less after the date
 20 of such diagnosis.

21 “(iii) DOCUMENTATION.—For pur-
 22 poses of this subparagraph, an employee
 23 shall not be considered to have been diag-
 24 nosed with a terminal illness described in
 25 clause (i) unless such employee furnishes

1 sufficient evidence in such form and man-
2 ner as the Secretary may require.”.

3 (b) EFFECTIVE DATE.—The amendment made by
4 this section shall apply to distributions after the date of
5 the enactment of this Act.

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