

116TH CONGRESS
1ST SESSION

H. R. 545

To allow penalty-free distributions from retirement accounts in the case of Federal employees and certain Federal contractors impacted by the Federal Government shutdown.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 15, 2019

Mr. OLSON (for himself, Mr. BEYER, Mr. PERLMUTTER, Mr. WEBER of Texas, Mr. MCKINLEY, Mr. TRONE, Ms. KENDRA S. HORN of Oklahoma, Mr. ALLRED, Mr. BROWN of Maryland, Mr. COURTNEY, Mr. BABIN, and Mr. GAETZ) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Oversight and Reform, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To allow penalty-free distributions from retirement accounts in the case of Federal employees and certain Federal contractors impacted by the Federal Government shutdown.

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 “Financial Relief for
5 Feds Act of 2019”.

1 **SEC. 2. TAX-FAVORED WITHDRAWALS FROM RETIREMENT**
2 **PLANS.**

3 (a) IN GENERAL.—Section 72(t) of the Internal Rev-
4 enue Code of 1986 shall not apply to any Federal Govern-
5 ment shutdown distribution.

6 (b) AGGREGATE DOLLAR LIMITATION.—

7 (1) IN GENERAL.—For purposes of this sub-
8 section, the aggregate amount of distributions re-
9 ceived by an individual which may be treated as
10 Federal Government shutdown distributions for any
11 taxable year, and with respect to any Federal appro-
12 priations lapse, shall not exceed the excess (if any)
13 of—

14 (A) the applicable amount, over

15 (B) the aggregate amounts treated as Fed-
16 eral Government shutdown distributions re-
17 ceived by such individual with respect to such
18 Federal appropriations lapse.

19 (2) APPLICABLE AMOUNT.—For purposes of
20 paragraph (1), the applicable amount with respect to
21 an individual is an amount equal to—

22 (A) \$4,000, multiplied by

23 (B) the number of 14-day periods begin-
24 ning during any Federal appropriations lapse
25 with respect to such individual.

26 (3) TREATMENT OF PLAN DISTRIBUTIONS.—

1 (A) IN GENERAL.—If a distribution to an
2 individual would (without regard to paragraph
3 (1)) be a Federal Government shutdown dis-
4 tribution, a plan shall not be treated as vio-
5 lating any provision of law merely because the
6 plan treats such distribution as a Federal Gov-
7 ernment shutdown distribution, unless the ag-
8 gregate amount of such distributions from all
9 plans maintained by the employer (and any
10 member of any controlled group which includes
11 the employer) to such individual exceeds the ap-
12 plicable amount with respect to such individual.

13 (B) NO TSP CONDITIONS ON CONTRIBU-
14 TIONS OR DISTRIBUTIONS.—In the case of the
15 Thrift Savings Fund, no limit on the number of
16 distributions made to an individual, or on the
17 amount of contributions which may be made by
18 such individual, shall be imposed solely by rea-
19 son of a distribution which is a Federal Govern-
20 ment shutdown distribution.

21 (4) CONTROLLED GROUP.—For purposes of
22 paragraph (3), the term “controlled group” means
23 any group treated as a single employer under sub-
24 section (b), (c), (m), or (o) of section 414 of the In-
25 ternal Revenue Code of 1986.

1 (c) AMOUNT DISTRIBUTED MAY BE REPAID.—

2 (1) IN GENERAL.—Any individual who receives
3 a Federal Government shutdown distribution may,
4 at any time during the 3-year period beginning on
5 the day after the date on which such distribution
6 was received, make 1 or more contributions in an
7 aggregate amount not to exceed the amount of such
8 distribution to an eligible retirement plan of which
9 such individual is a beneficiary and to which a roll-
10 over contribution of such distribution could be made
11 under section 402(c), 403(a)(4), 403(b)(8),
12 408(d)(3), or 457(e)(16), of the Internal Revenue
13 Code of 1986, as the case may be.

14 (2) TREATMENT OF REPAYMENTS OF DISTRIBUTIONS FROM ELIGIBLE RETIREMENT PLANS OTHER
15 THAN IRAS.—For purposes of the Internal Revenue
16 Code of 1986, if a contribution is made pursuant to
17 paragraph (1) with respect to a Federal Government
18 shutdown distribution from an eligible retirement
19 plan other than an individual retirement plan, then
20 the taxpayer shall, to the extent of the amount of
21 the contribution, be treated as having received the
22 Federal Government shutdown distribution in an eli-
23 gible rollover distribution (as defined in section
24 402(c)(4) of such Code) and as having transferred
25

1 the amount to the eligible retirement plan in a direct
2 trustee to trustee transfer within 60 days of the dis-
3 tribution.

4 (3) TREATMENT OF REPAYMENTS OF DISTRIBUTIONS FROM IRAS.—For purposes of the Internal
5 Revenue Code of 1986, if a contribution is made
6 pursuant to paragraph (1) with respect to a Federal
7 Government shutdown distribution from an indi-
8 vidual retirement plan (as defined by section
9 7701(a)(37) of such Code), then, to the extent of the
10 amount of the contribution, the Federal Government
11 shutdown distribution shall be treated as a distribu-
12 tion described in section 408(d)(3) of such Code and
13 as having been transferred to the eligible retirement
14 plan in a direct trustee to trustee transfer within 60
15 days of the distribution.

17 (d) DEFINITIONS.—For purposes of this section—

18 (1) FEDERAL GOVERNMENT SHUTDOWN DIS-
19 TRIBUTION.—The term “Federal Government shut-
20 down distribution” means any distribution by an ap-
21 plicable individual from an eligible retirement plan
22 made during a Federal appropriations lapse with re-
23 spect to such individual.

24 (2) APPLICABLE INDIVIDUAL.—The term “ap-
25 plicable individual” means any individual—

1 (A) who is a Federal employee furloughed
2 due to a Federal appropriations lapse;

3 (B) who is placed on unpaid leave as a
4 Federal contractor, or as an employee of a Fed-
5 eral contractor, due to a Federal appropriations
6 lapse, and whose sole source of earned income
7 (as defined in section 32(c)(2) of the Internal
8 Revenue Code of 1986) would (but for such
9 lapse) be remuneration as such a contractor, or
10 employee thereof;

11 (C) who is an employee of a State or other
12 Federal grantee—

13 (i) whose compensation is advanced or
14 reimbursed in whole or in part by the Fed-
15 eral Government; and

16 (ii) who is furloughed due to a Fed-
17 eral appropriations lapse; or

18 (D) who is furloughed due to a Federal ap-
19 propriations lapse as an employee of the Dis-
20 trict of Columbia Courts, the Public Defender
21 Service for the District of Columbia, or the Dis-
22 trict of Columbia government.

23 Such term shall include any excepted employee or an
24 employee performing emergency work, as such terms
25 are defined by the Office of Personnel Management

1 or the appropriate District of Columbia public em-
2 ployer, as applicable, during a Federal appropria-
3 tions lapse.

4 (3) FEDERAL APPROPRIATION LAPSE.—

5 (A) IN GENERAL.—The term “Federal ap-
6 propriations lapse” means any continuous pe-
7 riod during which there is a lapse in Federal
8 appropriations.

9 (B) PERIOD OF LAPSE.—A period of lapse
10 in Federal appropriations shall not be a Federal
11 appropriations lapse with respect to an indi-
12 vidual for longer than the period during which
13 the individual is furloughed (or on unpaid leave
14 in the case of an individual described in para-
15 graph (2)(B)) due to such lapse.

16 (4) ELIGIBLE RETIREMENT PLAN.—The term
17 “eligible retirement plan” shall have the meaning
18 given such term by section 402(c)(8)(B) of the In-
19 ternal Revenue Code of 1986.

20 (e) INCOME INCLUSION SPREAD OVER 3-YEAR PE-
21 RIOD.—

22 (1) IN GENERAL.—In the case of any Federal
23 Government shutdown distribution, unless the tax-
24 payer elects not to have this paragraph apply for
25 any taxable year, any amount required to be in-

1 cluded in gross income for such taxable year shall be
 2 so included ratably over the 3-taxable-year period
 3 beginning with such taxable year.

4 (2) SPECIAL RULE.—For purposes of para-
 5 graph (1), rules similar to the rules of subparagraph
 6 (E) of section 408A(d)(3) of the Internal Revenue
 7 Code of 1986 shall apply.

8 (f) SPECIAL RULES.—

9 (1) EXEMPTION OF DISTRIBUTIONS FROM
 10 TRUSTEE TO TRUSTEE TRANSFER AND WITH-
 11 HOLDING RULES.—For purposes of sections
 12 401(a)(31), 402(f), and 3405 of the Internal Rev-
 13 enue Code of 1986, Federal Government shutdown
 14 distributions shall not be treated as eligible rollover
 15 distributions.

16 (2) FEDERAL GOVERNMENT SHUTDOWN DIS-
 17 TRIBUTIONS TREATED AS MEETING PLAN DISTRIBUTION
 18 REQUIREMENTS.—For purposes the Internal
 19 Revenue Code of 1986, a Federal Government shut-
 20 down distribution shall be treated as meeting the re-
 21 quirements of sections 401(k)(2)(B)(i),
 22 403(b)(7)(A)(ii), 403(b)(11), and 457(d)(1)(A) of
 23 such Code.

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