

110TH CONGRESS
2D SESSION

H. R. 5641

To amend the Internal Revenue Code of 1986 to permit hardship loans from certain individual retirement plans.

IN THE HOUSE OF REPRESENTATIVES

MARCH 14, 2008

Mr. McCOTTER (for himself and Mr. PAUL) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to permit hardship loans from certain individual retirement plans.

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 “IRA Assistance Act
5 of 2008”.

6 **SEC. 2. HARDSHIP LOANS FROM CERTAIN INDIVIDUAL RE-**
7 **TIREMENT PLANS.**

8 (a) IN GENERAL.—Paragraph (2) of section 72(t) is
9 amended by adding at the end the following new subpara-
10 graph:

1 “(H) HARDSHIP LOANS FROM CERTAIN IN-
2 DIVIDUAL RETIREMENT PLANS.—

3 “(i) IN GENERAL.—Any qualified
4 hardship loan.

5 “(ii) QUALIFIED HARDSHIP LOAN.—
6 For purposes of this subparagraph, the
7 term ‘qualified hardship loan’ means any
8 distribution to an individual from a quali-
9 fied individual retirement plan of such in-
10 dividual upon hardship of such individual
11 (within the meaning of section
12 401(k)(2)(B)(i)(IV)) if one or more con-
13 tributions to a qualified individual retire-
14 ment plan of such individual in an aggre-
15 gate amount equal to such distribution are
16 made during the 5-year period beginning
17 on the date of such distribution.

18 “(iii) QUALIFIED INDIVIDUAL RETIRE-
19 MENT PLAN.—For purposes of this sub-
20 paragraph, the term ‘qualified individual
21 retirement plan’ means an individual re-
22 tirement plan other than a Roth IRA.

23 “(iv) LIMITATION ON AMOUNT OF
24 LOAN.—Such term shall not include any
25 loan unless the amount of such loan (when

1 added to the outstanding balance of all
2 other hardship loans from Qualified indi-
3 vidual retirement plans of such individual)
4 does not exceed \$50,000.

5 “(v) TREATMENT OF RECONTRIBU-
6 TIONS.—In the case of any contribution to
7 a qualified individual retirement plan taken
8 into account under clause (ii)—

9 “(I) the dollar limitations other-
10 wise applicable to contributions to
11 qualified individual retirement plans
12 shall not apply to such contribution,
13 and

14 “(II) no deduction shall be al-
15 lowed for such contribution.

16 “(vi) FAILURE TO REPAY.—In the
17 case of a failure to make the aggregate
18 amount of contributions described in clause
19 (ii) during the 5-year period described
20 therein, the penalty determined under
21 paragraph (1) shall be imposed for the tax-
22 able year in which such 5-year period ends
23 in lieu of the taxable year in which the dis-
24 tribution was made.”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to distributions made after the 6-
3 month period beginning on the date of the enactment of
4 this Act.

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