

106TH CONGRESS
2D SESSION

S. 2853

To amend the Internal Revenue Code of 1986 to allow distributions to be made from certain pension plans before the participant is severed from employment.

IN THE SENATE OF THE UNITED STATES

JULY 12, 2000

Mr. GRASSLEY 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 allow distributions to be made from certain pension plans before the participant is severed from employment.

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. CERTAIN PENSION DISTRIBUTIONS ALLOWED**
4 **BEFORE SEVERANCE FROM EMPLOYMENT.**

5 (a) IN GENERAL.—Section 401(a) of the Internal
6 Revenue Code of 1986 (relating to qualified pension, prof-
7 it-sharing, and stock bonus plans) is amended by inserting
8 after paragraph (34) the following new paragraph:

1 “(35) DISTRIBUTION PRIOR TO SEVERANCE
 2 FROM EMPLOYMENT.—A trust forming part of a de-
 3 fined benefit plan (or a defined contribution plan
 4 which is subject to the funding standards of section
 5 412) shall not constitute a qualified trust under this
 6 section if the plan provides a distribution to a par-
 7 ticipant who has not been severed from employment
 8 and the distribution is made before the earliest of
 9 the following with respect to the participant:

10 “(A) Normal retirement age (as defined in
 11 section 411(a)(8)).

12 “(B) Attainment of age 59½.

13 “(C) The date the participant completes
 14 30 years of service.”

15 (b) EFFECTIVE DATE.—The amendment made by
 16 this section shall apply to years beginning after December
 17 31, 2000.

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