

AMENDMENT TO H.R. 1
OFFERED BY MR. SCHAUER OF MICHIGAN

Subtitle H of title I of division B is amended by adding at the end the following new part:

1 **PART 5—RECOVERY DISTRIBUTIONS FROM**
2 **QUALIFIED RETIREMENT PLANS**
3 **SEC. 1741. RECOVERY DISTRIBUTIONS FROM QUALIFIED**
4 **RETIREMENT PLANS.**

5 (a) **IN GENERAL.**—Paragraph (2) of section 72(t) is
6 amended by adding at the end the following:

7 “(H) **RECOVERY DISTRIBUTIONS.**—Any
8 distribution which is a recovery distribution (as
9 defined in paragraph (11)). Distributions shall
10 not be taken into account under the preceding
11 sentence if such distributions are described in
12 subparagraph (A), (C), (D), (E), (F), or (G) or
13 to the extent paragraph (1) does not apply to
14 such distributions by reason of subparagraph
15 (B).”.

16 (b) **RECOVERY DISTRIBUTION.**—Subsection (t) of
17 section 72 is amended by adding at the end the following
18 new paragraph:

1 “(11) RECOVERY DISTRIBUTIONS.—For pur-
2 poses of paragraph (2)(H)—

3 “(A) IN GENERAL.—The term ‘recovery
4 distribution’ means a distribution made during
5 calendar year 2008, 2009, or 2010 which, when
6 added to all prior recovery distributions made
7 during such calendar years, does not exceed the
8 greater of—

9 “(i) \$20,000, or

10 “(ii) 25 percent of the cash value of
11 the qualified retirement plan from which
12 such distribution is made (determined im-
13 mediately before such distribution).

14 “(B) LIMITATION ON AMOUNT INCLUDIBLE
15 IN GROSS INCOME.—Notwithstanding any other
16 provision of this title, the amount of any recov-
17 ery distribution which, but for this subpara-
18 graph, would be includible in gross income shall
19 be 72 percent of such amount.”.

20 (c) EFFECTIVE DATE.—The amendments made by
21 this section shall apply to distributions in taxable years
22 beginning after December 31, 2007.

