

MEMO# 17687

June 18, 2004

CONFERENCE CALL TO DISCUSS PROPOSED GUARDSMEN AND RESERVISTS FINANCIAL RELIEF ACT (H.R. 1779)

[17687] June 18, 2004 TO: PENSION COMMITTEE No. 30-04 PENSION OPERATIONS ADVISORY COMMITTEE No. 44-04 RE: CONFERENCE CALL TO DISCUSS PROPOSED GUARDSMEN AND RESERVISTS FINANCIAL RELIEF ACT (H.R. 1779) H.R. 1779, the "Guardsmen and Reservists Financial Relief Act of 2004," which passed the House of Representatives in April, would provide an additional exception to the ten- percent penalty tax under section 72(t) of the Internal Revenue Code for "any qualified reservist distribution."¹ A distribution would qualify for such treatment if it were made (1) from an IRA or amounts attributable to elective deferrals under section 402(g)(3)(A) or (C) of the Code; (2) to an individual who was, by reason of being a member of a reserve component, ordered or called to active duty for period in excess of 179 days or for an indefinite period; and (3) during the period beginning on the date of such order or call and ending at the close of the active duty period. Corresponding changes would be made to the distribution restrictions applicable to sections 401(k) and 403(b) of the Code. The exception would apply to individuals ordered or called to active duty after September 11, 2001, and before September 12, 2005. In addition, an individual who received a qualified reservist distribution could, at any time during the two-year period beginning on the day after the end of the active duty period, recontribute the distribution to an IRA. The legislation would also provide that this two-year period would not end before the end of the two-year period following the date of enactment. A conference call has been scheduled for Wednesday, June 23, at 2:00 p.m. Eastern time to discuss this legislation. If you would like to participate, please complete the attached response form and fax it to Brenda Turner at (202) 326-5841 by Tuesday, June 22. As indicated 2 on the response form, the call-in number is 1-888-913-9971 and the passcode is 49529. Please contact me at (202) 371-5432 if you have any questions about the call. Kathy D. Ireland Senior Associate Counsel Attachment Attachment (in .pdf format)