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[H.R. 2146, the Defending Public Safety Employees' Retirement Act, as amended](#)

FLOOR SITUATION

On Tuesday, May 12, 2015, the House will consider [H.R. 2146](#), the *Defending Public Safety Employees' Retirement Act, as amended* under a suspension of the rules. H.R. 2146 was introduced on April 30, 2015, by Rep. David Reichert (R-WA) and was referred to the Committee on Ways and Means.

SUMMARY

H.R. 2146 amends the Internal Revenue Code to allow Federal law enforcement officers, firefighters, air traffic controllers, Federal Customs and Border Protection officers, and state and local public safety officers to make penalty-free withdrawals from their defined benefit and defined contribution retirement accounts after they reach age 50. If enacted, H.R. 2146 would apply to benefit distributions made after December 31, 2014.

BACKGROUND

Under current law, in an effort to discourage the use of retirement funds for purposes other than normal retirement, a 10% tax penalty is generally assessed on funds withdrawn from specified tax-sheltered retirement accounts for individuals before the age of 59½.¹ In 2006, the Pension Protection Act ([Public Law 109-280](#)) was enacted, which amended the Internal Revenue Code to allow state and local public safety officials to make withdrawals from defined benefit retirement plans without additional tax penalties beginning at age 50²; however, this privilege was not extended to Federal public safety officials and did not include withdrawals from defined contribution accounts.

According to the bill sponsor, because these specified Federal, state and local government employees are put in unique and oftentimes hazardous situations in the workplace over the course of their career, they are eligible to retire at earlier ages and should be eligible to withdraw their retirement funds without additional penalty earlier.³ H.R. 2146 extends these tax benefits to Federal law enforcement officers, firefighters, air traffic controllers and state and local public safety officers,

¹ <http://www.irs.gov/taxtopics/tc558.html>

² Section 828 of [Public Law 109-280](#)

³ <http://reichert.house.gov/press-release/reichert-pascrell-introduce-tax-bill-benefit-federal-law-enforcement-officers-and>

allowing them to make penalty-free withdrawals from both defined benefit and defined contribution retirement accounts beginning at age 50.

COST

The Joint Committee on Taxation (JCT) estimates enacting H.R. 2146 would cost \$6 million over Fiscal Years 2015 to 2025.

STAFF CONTACT

For questions or further information please contact [John Huston](#) with the House Republican Policy Committee by email or at 5-0190.