

**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.

