

Wayne Allard

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CONTACT: Angela de Rocha at (202) 224-5944

SENATOR ALLARD INTRODUCES BILL ALLOWING NATIONAL GUARD, RESERVISTS TO MAKE PENALTY-FREE, EARLY IRA OR 401(K) WITHDRAWALS

WASHINGTON, D.C. – U.S. Senator Wayne Allard (R-Colorado) has introduced legislation that will allow members of the National Guard and Reservists whose units are activated for more than 179 days to make penalty-free, early withdrawals from their IRAs or 401(k) plans. Co-sponsors of the bill are Senators Richard Durbin (D-Illinois) and Mary Landrieu (D-Louisiana).

The bill, introduced Friday, retroactively covers members of the Guard and Reserve who were called to service beginning on September 11, 2001, and extends coverage to those who may continue to be called to active duty through September 12, 2005. In addition, the legislation encourages repayment of any withdrawn IRA or 401(k) funds within two years of the end of their active duty, ensuring retirement financial security for soldiers and their families, by temporarily lifting the contribution cap to equal the amount of the withdrawn funds to allow for full repayment.

“Since 9/11, many men and women have left their jobs in the private sector to serve our national defense and fight the war on terror. Some have taken drastic pay cuts from their civilian jobs in order to fulfill their duty to the country, and this is beginning to create financial strains on their families,” Senator Allard said.

“My bill will permit the families and loved ones of our citizen-soldiers to access their retirement funds without being penalized,” the Senator said.

The General Accounting Office reports that nearly 41 percent of Reservists are impacted by a pay discrepancy between their military and civilian salaries. National Guard and Military Reservists account for more than half of all U.S. military personnel. There are currently 169,000 National Guardsmembers and Military Reservists on active duty helping fight the war on terror. Since September 11, 2001, a total of 373,707 National Guardsmembers and Military Reservists have been mobilized.

Legislation identical to the Allard amendment, sponsored by Colorado Rep. Bob Beauprez, was unanimously approved by the U.S. House on April 21.

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