

Expansion of Early Withdrawal Penalty Waiver for Public Safety Workers

The IAFF supports expanding the current waiver from the 10 percent penalty on early withdrawals for certain retirement plans to include private sector fire fighters and encourages senators to cosponsor S 1431.

BACKGROUND

In 2006, Congress enacted an important retirement benefit for the nation's public safety officers. The Pension Protection Act (PPA) contained a provision waiving the 10 percent early withdrawal penalty for certain retirement savings plans for fire fighters and law enforcement officers. Most retirement savings vehicles discourage workers from receiving disbursements until age 59½ by imposing a 10 percent penalty on early distributions. The PPA waived the penalty for public safety officers who received payments from certain defined benefit pension plans after age 50. This change was intended to reflect the early retirement ages common in public safety occupations. In 2015, the law was updated to allow public

safety workers employed by the federal government to take early withdrawals penalty free and expanded the types of retirement plans a worker could access.

Currently, private sector public safety officers are not protected from the early withdrawal penalty. Private sector fire fighters, like their counterparts at the federal and local level, retire at an earlier age than most occupations due to the dangerous nature of the profession.

This legislation will allow private sector fire fighters the choice to access their hard-earned retirement savings when they truly need it, allowing for a safer and more comfortable retirement.

LEGISLATION

Senate: S 1431, the Retirement Security and Savings Act
Sponsors: Senator Rob Portman (R-OH); Senator Ben Cardin (D-MD)

Summary: The Retirement Security and Savings Act will allow private sector fire fighters to access their qualified retirement account without incurring a 10 percent penalty before age 59½.