

Withdraw Retirement Penalty Free up to \$100,000

Before the CARES Act, an individual could be subject to a 10% additional tax for taking a withdrawal from a qualified retirement plan. Now, individuals can take a coronavirus-related distribution, up to \$100,000, that will not be subject to the additional 10% tax, if it meets certain criteria.

To be considered a coronavirus-related distribution the withdrawal must occur between January 1, 2020 and December 31, 2020. The individual must meet one of the following to qualify:

1. The individual is diagnosed with the virus SARS-CoV-2 or COVID-19,
2. A spouse or dependent is diagnosed with the virus or disease, or
3. The individual suffers financial adversity due to the virus or disease because of:
 - i. being quarantined,
 - ii. being furloughed or laid off,
 - iii. having work hours reduced,
 - iv. being unable to work due to lack of child care, or
 - v. the business owned by the individual is forced to close or reduce hours.

If desired, an individual can repay the coronavirus-related distribution at any time within a 3-year period after the date of the distribution and the distribution will be considered a rollover. Additionally, the individual can spread out the income from the distribution over the 3-year tax period beginning with the year the distribution is taken.

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