



NCRGEA Government Relations Update

NCRGEA Governmental Relations Update #20-21: Part 2 of 2

This is the second part of a two-part updates on federal relief

In the first part of this two-part series, we covered the issue of Coronavirus-related distributions, a new class of early withdrawals from 401(k) and 457 personal retirement accounts. Currently, the tax penalty is waived if the distribution is repaid to the account within three years. CRDs are available to account holders and their immediate family members who were infected with the SARS-CoV-2 virus and suffered subsequent financial difficulties because of the virus.

Financial conditions that qualify a person for a CRD are as follows:

- a. Being quarantined
- b. Being furloughed or laid off
- c. Having work hours reduced
- d. Having a reduction in pay (or self-employment income)
- e. Having a job offer rescinded
- f. Having a job starting date delayed
- g. Being unable to work due to lack of childcare
- h. The closing or reduced hours of a business owned or operated by the participant, the participant's spouse, or a member of the participant's household.

Retired account holders gain an additional benefit from the CARES Act provisions about CRDs. Required Minimum Distributions (RMDs), the mandatory withdrawals for account-holders age 72 or older, have been waived for 2020. For eligible participants, RMDs received in 2020 can be treated as CRDs, including paying back or rolling over the RMD to an eligible plan, and avoid being taxed.

Stay Tuned

Richard Rogers
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