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otherwise generally applies to distributions made before an individual reaches age 59 ½.

Jun. 21, 2020



The Internal Revenue Service has released [Notice 2020-50](#) (PDF) to help retirement plan participants affected by the COVID-19 coronavirus take advantage of the CARES Act provisions providing enhanced access to plan distributions and plan loans. This includes expanding the categories of individuals eligible for these types of

distributions and loans (referred to as “qualified individuals”) and providing helpful

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over a three-year period, and an individual has three years to repay a coronavirus-related distribution to a plan or IRA and undo the tax consequences of the distribution.

In addition, the CARES Act provides that plans may implement certain relaxed rules for qualified individuals relating to plan loan amounts and repayment terms. In particular, plans may suspend loan repayments that are due from March 27 through Dec. 31, 2020, and the dollar limit on loans made between March 27 and Sept. 22, 2020, is raised from \$50,000 to \$100,000.

As authorized under the CARES Act, Notice 2020-50 expands the definition of who is a qualified individual to take into account additional factors such as reductions in pay, rescissions of job offers, and delayed start dates with respect to an individual, as well as adverse financial consequences to an individual arising from the impact of the COVID-19 coronavirus on the individual’s spouse or household member. As expanded under Notice 2020-50, a qualified individual is anyone who –

- is diagnosed, or whose spouse or dependent is diagnosed, with the virus SARS-CoV-2 or the coronavirus disease 2019 (collectively, “COVID-19”) by a test approved by the Centers for Disease Control and Prevention (including a test authorized under the Federal Food, Drug, and Cosmetic Act); or
- experiences adverse financial consequences as a result of the individual, the individual’s spouse, or a member of the individual’s household (that is, someone who shares the individual’s principal residence):
 - being quarantined, being furloughed or laid off, or having work hours reduced due to COVID-19;
 - being unable to work due to lack of childcare due to COVID-19;
 - closing or reducing hours of a business that they own or operate due to COVID-19;

- having pay or self-employment income reduced due to COVID-19; or

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provides employers a safe harbor procedure for implementing the suspension of loan repayments otherwise due through the end of 2020, but notes that there may be other reasonable ways to administer these rules.

Employers, financial institutions, and individuals should refer to Notice 2020- fo50r more details about how the CARES Act rules for coronavirus-related distributions and loans from plans apply.

This tax relief and other information related to the effects of COVID-19 on federal income tax is available on the [IRS Coronavirus Tax Relief pages](#) of IRS.gov.

Benefits

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