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*The Tax Blotter is a round-up of brief tax news.*

## **Tax Blotter 022222**

Generally, you must pay a 10% penalty tax on IRA withdrawals before age 59½, but there are several special exceptions written into the tax code.

**Guidance on SEPPs.** In new Notice 2022-6, the IRS has issued guidance on the early withdrawal exception for “substantially equal periodic payments” (SEPPs). There are three safe-harbor methods allowed, but two of them require payments that may

deplete accounts. Now the IRS says you have a one-time opportunity to switch to the

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**Get tax-smart.** You can avoid the early withdrawal penalty if you use IRA funds to pay qualified higher education expenses. This includes any university, college, vocational school or other accredited public, private or nonprofit post-secondary school that is eligible for student aid programs offered through the Department of Education. Note that the list of qualified expenses goes beyond tuition and includes administrative fees; books, supplies, and equipment; and room and board for full-time students.

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