



# Information regarding use of retirement funds in connection with federally declared disasters

## Qualified disaster recovery distributions

**Section 331 of the SECURE 2.0 Act allows distributions from employer-sponsored retirement plans in the event of a federally declared disaster. The requirements to receive a qualified disaster recovery distribution are as follows:**

- You must have a principal residence in a qualified disaster area during the relevant disaster.
- You have sustained an economic loss by reason of the disaster.

**The rules with respect to qualified disaster recovery distribution are as follows:**

- Distributions of up to \$22,000 permitted from employer-sponsored retirement plans for affected individuals.
- Distributions will not be subject to the 10% additional tax for early distributions.
- Income attributable to distributions will be taken into account as gross income over three years.
- Distributions are, generally, not subject to mandatory 20% withholding.
- Distributions can be repaid to an employer-sponsored plan or IRA.
- Distributions are automatically available to eligible plan participants who are impacted by federally declared disasters from the first day of a qualified disaster's incident period until the date that is 179 days after the latest of:
  - The first day of the incident period with respect to the disaster
  - Or the day that the disaster declaration is issued



### RECONTRIBUTING DISTRIBUTIONS

Section 331 permits individuals to retribute distributions from eligible retirement plans if the distributions were to be used to purchase or construct a principal residence in a disaster area and that principal residence was not purchased or constructed because of the disaster.

The repayments may be made on or after the first incident date of a disaster through the date, which is 180 days after the latest of:

- The first day of the incident period with respect to the disaster
- Or the day that the disaster declaration is issued

## Retirement plan loan relief

**Also, section 331 provides for automatic loan relief to any qualified individual whose principal place of residence is located in a federally declared disaster area and who sustains an economic loss by reason of the disaster. It also increases the minimum loan limit for qualified individuals to the lesser of:**

- \$100,000, or the greater of \$10,000 or 100% of the present value of the participant's nonforfeitable accrued benefit.
- The relief is available during the 180-day period following the latest of:
  - The first day of the incident period with respect to the disaster
  - Or the day that the disaster declaration is issued
- For qualified individuals, section 331 permits a one-year extension of any loan repayment otherwise due on or after a disaster's first incident date and through the end of the subsequent 180-day period.



Before requesting a distribution, you should consult a tax professional. Additional information regarding these qualified disaster recovery distributions can be found on the **IRS website**. To learn more about this option, please contact TIAA at **800-842-2252** weekdays between 5 a.m. and 7 p.m. PT.

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