

## **COVID-19: IRA Pandemic Withdrawals**

The CARES Act has created the ability for individuals to withdraw up to \$100,000 from retirement accounts such as a 401(k) or an **IRA account** in total without having to pay a 10% penalty, if they are under age 59½, as long as the funds are repaid to the account within three years.

To qualify for this relief you need to fall into one of two categories.

1. You, your spouse or a dependent is diagnosed with COVID-19.
2. You have suffered financial consequences as a result of the pandemic. These might include reduced income from being quarantined or furloughed, having your hours reduced, being unable to work due to childcare issues or other issues beyond your control arising out of this situation.

This waiver of the 10% penalty is retroactive to January 1, 2020, so if you had taken a distribution from your retirement plan earlier in the year that had been subject to the penalty it will now qualify for this waiver.

While the distribution will still be subject to taxes as with any retirement account distribution, the tax liability can be spread out over the next three years. Additionally, you will be able to “re-contribute” the money back into the account over the next three years to avoid some or all of the taxes. These contributions can be made without regard to the normal plan contribution limits.

To make such a withdrawal from an IRA held at Denison State Bank, call or email the bank:

(785) 364-3131 [online@dsbks.com](mailto:online@dsbks.com)