

ERISA Insights



June 21, 2024

IRS Releases Guidance on Certain SECURE 2.0 Penalty Tax Exceptions

The IRS has issued [Notice 2024-55](#), providing guidance on [emergency personal expense distributions](#) and [domestic abuse victim distributions](#) that are effective after December 31, 2023 under SECURE 2.0. The Notice details in question-and-answer format what represents an applicable distribution, distribution restrictions, withholding and notice requirements, repayment or rollover details, and exceptions to the 10 percent additional tax on early distributions. The IRS intends to issue regulations related to the 10 percent additional tax under IRC Section 72(t), and is soliciting comments no later than October 7, 2024.

Emergency Personal Expense Distributions

This SECURE 2.0 provision creates a new penalty tax exception for IRA owners and retirement plan participants. It also creates an optional distributable event for plan participants in 401(a) plans (including 401(k) plans), 403(a) annuity plans, 403(b) plans, governmental 457(b) plans, as well as from SEP and SIMPLE plans, and IRAs. This distribution option is not available to participants in defined benefit plans. This provision applies to distributions taken after December 31, 2023.

Cases of Domestic Abuse Distributions

SECURE 2.0 creates a new distribution option for account owners who are victims of domestic abuse. If permitted, penalty-free distributions may be taken from 401(a) plans (including 401(k) plans), 403(a) plans, 403(b) plans, and governmental 457(b) plans that are not subject to the joint and survivor annuity rules, as well as from SEP and SIMPLE plans, and IRAs. This option is available for distributions taken after December 31, 2023.

Ascensus will continue to follow any new guidance as it is released. Visit ascensus.com for the latest developments.