

## Section 326.

(last updated 1/19/2023)

**Title:** Exception to penalty on early distributions from qualified plans for individuals with a terminal illness

**Effective Date:** Effective upon enactment.

**Mandatory or Optional:** Optional

**Plans Affected:** All

**Previous Law:** Present law imposes a 10% tax penalty on early distributions from tax-preferred retirement accounts unless certain exceptions apply.

**SECURE 2.0 Law:** Creates an exception to the 10% early withdrawal penalty for distributions to individuals whose physician certifies that they have an illness or condition that is reasonably expected to result in death in 84 months or less.

**Guidance and/or Correction Bills:**

- None