

## Section 331.

(last updated 1/19/2023)

**Title:** Special rules for the use of retirement funds in connection with qualified federally declared disasters

**Effective Date:** Effective for disasters occurring on or after January 26, 2021.

**Mandatory or Optional:** Optional

**Plans Affected:** All

**Previous Law:** In recent years, Congress has eased plan distribution and loan rules in cases of disaster on a case-by-case basis.

**SECURE 2.0 Law:** Provides permanent special rules governing plan distributions and loans in cases of qualified federally declared disasters.

- Up to \$22,000 may be distributed to a participant per disaster;
- Amount is exempt from the 10% early withdrawal fee;
- Inclusion in gross income may be spread over 3-year period;
- Amounts may be recontributed to a plan or account during the 3-year period beginning on the day after the date of the distribution;
- Allows certain home purchase distributions to be recontributed to a plan or account if those funds were to be used to purchase
- a home in a disaster area and were not so used because of the disaster; and
- Increases the maximum loan amount for qualified individuals and extends the repayment period.

**Guidance and/or Correction Bills:**

- None