

Retirement Plan Distributions: Exceptions to 10% Additional Tax

Most retirement plan distributions are subject to income tax and may be subject to an additional 10% tax.

The distribution will NOT be subject to the 10% additional early distribution tax in the following circumstances:	Exception to 10% Additional Tax		
	Qualified Plans (401(k), etc.)	IRA, SEP, SIMPLE IRA* and SARSEP Plans	Internal Revenue Code Section(s)
AGE after participant/IRA owner reaches age 59½	yes	yes	72(t)(2)(A)(i)
AUTOMATIC ENROLLMENT permissive withdrawals from a plan with auto enrollment features	yes	yes for SIMPLE IRAs and SARSEPs	414(w)(1)(B)
CORRECTIVE DISTRIBUTIONS corrective distributions (and associated earnings) of excess contributions, excess aggregate contributions and excess deferrals, made timely	yes	n/a	401(k)(8)(D), 401(m)(7)(A), 402(g)(2)(C)
DEATH after death of the participant/IRA owner	yes	yes	72(t)(2)(A)(ii)
DISABILITY total and permanent disability of the participant/IRA owner	yes	yes	72(t)(2)(A)(iii)
DOMESTIC RELATIONS to an alternate payee under a Qualified Domestic Relations Order	yes	n/a	72(t)(2)(C)
EDUCATION qualified higher education expenses	no	yes	72(t)(2)(E)
EQUAL PAYMENTS series of substantially equal payments	yes	yes	72(t)(2)(A)(iv)
ESOP dividend pass through from an ESOP	yes	n/a	72(t)(2)(A)(vi)
HOMEBUYERS qualified first-time homebuyers, up to \$10,000	no	yes	72(t)(2)(F)
LEVY because of an IRS levy of the plan	yes	yes	72(t)(2)(A)(vii)
MEDICAL amount of unreimbursed medical expenses (> 7.5% AGI; after 2012, 10% if under age 65)	yes	yes	72(t)(2)(B)
health insurance premiums paid while unemployed	no	yes	72(t)(2)(D)
MILITARY certain distributions to qualified military reservists called to active duty	yes	yes	72(t)(2)(G)
RETURNED IRA CONTRIBUTIONS if withdrawn by extended due date of return	n/a	yes	408(d)(4)
earnings on these returned contributions	n/a	no	408(d)(4)
ROLLOVERS in-plan Roth rollovers or eligible distributions contributed to another retirement plan or IRA within 60 days	yes	yes	402(c), 402A(d)(3), 403(a)(4), 403(b)(8), 408(d)(3), 408A(d)(3)
SEPARATION FROM SERVICE the employee separates from service during or after the year the employee reaches age 55 (age 50 for public safety employees in a governmental defined benefit plan)	yes	no	72(t)(2)(A)(v), 72(t)(10)

NOTE: Governmental 457(b) distributions are not subject to the 10% additional tax except for distributions attributable to rollovers from another type of plan or IRA.

*25% instead of 10% if made within the first 2 years of participation

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