IMA Retirement

DISASTER RECOVERY
WITHDRAWALS AND LOANS

Natural disasters, like the recent LA Wildfires, can create unexpected financial and emotional hardships for employees. Your retirement plan may be in a position to play vital role in providing a safety net to your plan participants by offering Disaster Recovery Withdrawals and Loans. This feature, made available by the recently enacted Secure 2.0 legislation, not only supports your workforce during times of crisis but also underscores your commitment to their well-being.

Under the Secure 2.0 Act, retirement plans can be amended to allow:

+ **Qualified Disaster Distributions:** Employees can withdraw up to $22,000 in 2024 from their retirement accounts without incurring the 10% early withdrawal penalty. Taxes on this distribution can be spread over three years, and employees have the option to repay the amount to their plan within three years.
+ **Enhanced Loan Limits:** Disaster-affected employees can borrow up to $100,000 or 100% of their vested account balance (whichever is less). This is an increase from the standard limits.
+ **Loan Repayment Flexibility:** Loan repayments for employees in federally declared disaster areas can be delayed for one year, easing financial pressure during recovery.

To offer these benefits, your retirement plan documents may need to be amended to include disaster recovery features if they have not been previously adopted. If you are unsure if your plan currently allows for access to disaster recovery withdrawals and loans, IMA Retirement can help you review your current plan documents to determine if amendments are needed.

IMARETIREMENT.COM