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# Torrillo & Associates

Benefit Plan Audit Specialists

- [Home](#)
- [About](#)
  - [Specialists](#)
  - [Our Team](#)
  - [Careers](#)
- [Services](#)
  - [401\(k\) Audits](#)
  - [403\(b\) Audits](#)
  - [Pension Plan Audits](#)
  - [Audit Process](#)
  - [CPA Firm Assistance](#)
- [Clients](#)
- [Videos](#)
- [Blog](#)
- [FAQs](#)
- [Contact Us](#)

Select Page

## Disaster Tax Relief for Retirement Plans



President Trump signed into law [H.R. 3823, the “Disaster Tax Relief and Airport and Airway Extension Act of 2017”](#), which delivers temporary tax relief for retirement plans as well as other tax relief to the victims of Hurricanes Harvey, Irma, and Maria while reauthorizing the

Federal Aviation Administration (FAA) for six months.

The bill contains provisions permitting hurricane losses to be written off for tax purposes by individuals, eliminating a requirement that personal losses must exceed 10% of adjusted gross income to qualify for a deduction and temporarily suspends limitations on the deduction for charitable contributions made before year-end for hurricane relief. It also provides relief for retirement plans by allowing hurricane victims penalty-free access to retirement funds. Provisions related to relief for retirement plans include:

- Permitting tax-favored withdrawals from retirement plans, by providing an exception to the 10% early retirement plan withdrawal penalty for qualified hurricane relief distributions, providing favorable repayment terms, and allowing taxpayers the option of spreading out income inclusion resulting from such withdrawals over a 3-year period;
- Permitting for the re-contribution of certain retirement plan withdrawals for home purchases or construction, which were received after Feb. 28, 2017 and before Sept. 21, 2017, where the home purchase or construction was cancelled on account of Hurricane Harvey, Irma, or Maria; and
- Providing flexibility for loans from retirement plans for qualified hurricane relief, by increasing the maximum amount that a participant or beneficiary can borrow from a qualified employer plan from \$50,000 to \$100,000, removing the “one half of present value” limitation, and delaying certain repayment dates.

A “qualified hurricane distribution” is any distribution from an eligible retirement plan, as defined in the Act, made: on or after Aug. 23, 2017, and before Jan. 1, 2019, to an individual whose principal place of abode on Aug. 23, 2017, is

located in the [Hurricane Harvey disaster](#) area and who has sustained an economic loss by reason of Hurricane Harvey; on or after Sept. 4, 2017, and before Jan. 1, 2019, to an individual whose principal place of abode on Sept. 4, 2017, is located in the Hurricane Irma disaster area and who has sustained an economic loss by reason of Hurricane Irma; and on or after Sept. 16, 2017, and before Jan. 1, 2019, to an individual whose principal place of abode on Sept. 16, 2017, is located in the Hurricane Maria disaster area and who has sustained an economic loss by reason of Hurricane Maria.

For purposes of trustee-to-trustee transfer rules, and withholding rules, qualified hurricane distributions wouldn't be treated as eligible rollover distributions. Qualified hurricane contributions would be treated as meeting plan distribution requirements.


Note: Individuals, plan sponsors and others should consider consulting their tax advisor or ERISA attorney regarding the effects of any of these provisions.

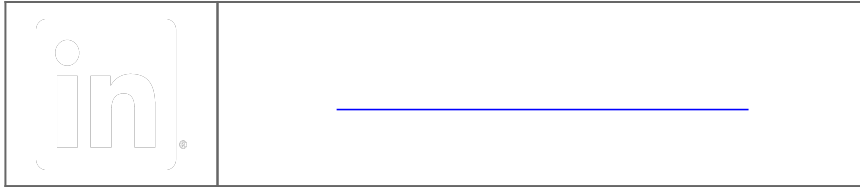


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## Who We Are

Torrillo & Associates, LLC specializes in employee benefit plan audits including 401k audits, 403b audits, pension plan audits, and other retirement plan audits. We are licensed in 10 states including Pennsylvania, New Jersey, Delaware, New York and Florida. We are also able to practice in additional states that have passed firm mobility.

## Recent Articles

- [Executive Order Issued to Expand Access to Alternative Assets for 401\(k\) Investors](#)
- [DOL Promotes New On-Line Self-Correction Program](#)
- [DOL Files Amicus Brief Supporting Use of Forfeitures to Reduce Employer Contributions](#)
- [US Department of Labor Rescinds 2022 Guidance on Cryptocurrency in 401\(k\) Plans](#)

## Site Navigation

- [Home](#)
- [About](#)
- [Services](#)
- [Careers](#)
- [Clients](#)
- [Videos](#)
- [Blog](#)
- [FAQs](#)
- [Contact Us](#)
- [Privacy Policy](#)

- [Terms of Use](#)

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