IRS Expands Access to COVID-19 Related Plan Distributions and Loans



The Internal Revenue Service (IRS) Notice 2020-50, *Guidance for Coronavirus-Related Distributions and Loans from Retirement Plans*

***Under the CARES Act*, expands access to COVID-19 related plan distributions and plan loans for qualified participants under the CARES Act by expanding the categories of individuals eligible for these types of distributions and loans (referred to as "qualified individuals"). It also provides guidance and examples on how qualified individuals will reflect the tax treatment of these distributions and loans on their federal income tax filings.**

Notice 2020-50 expands the definition of who is a qualified individual to take into account additional factors. These factors include: reductions in pay, rescissions of job offers, and delayed start dates with respect to an individual, as well as adverse financial consequences to an individual arising from the impact of the COVID-19 coronavirus on the individual's spouse or household member.

As expanded under Notice 2020-50, a qualified individual is anyone who –

- is diagnosed, or whose spouse or dependent is diagnosed, with the virus SARS-CoV-2 or the coronavirus disease 2019 (collectively, "COVID-19") by a test approved by the Centers for Disease Control and Prevention (including a test authorized under the Federal Food, Drug, and Cosmetic Act); or
- experiences adverse financial consequences as a result of the individual, the individual's spouse, or a member of the individual's household (that is, someone who shares the individual's principal residence):
    - being quarantined, being furloughed or laid off, or having work hours reduced due to COVID-19;
    - being unable to work due to lack of childcare due to COVID-19;
    - closing or reducing hours of a business that they own or operate due to COVID-19;
    - having pay or self-employment income reduced due

to COVID-19; or
- having a job offer rescinded or start date for a job delayed due to COVID-19.

[Click here](#) for IRS Notice 2020-50.

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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.

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