



ED SLOTT'S IRA ADVISOR

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TAX & ESTATE PLANNING FOR YOUR RETIREMENT SAVINGS

Retirement Account Relief for Hurricane Victims Signed into Law

On September 29, President Trump signed H.R. 3823, the “**Disaster Tax Relief and Airport and Airway Extension Act of 2017**” (the Act) into law. The new law, a rare example of Congress operating in a timely and bipartisan manner, includes a package of tax relief for victims of Hurricanes Harvey, Irma, and Maria. These provisions are very similar to both the tax relief provided during Hurricane Katrina in 2005 and the relief proposed for victims of Hurricane Sandy in 2012 that never became law. They include several provisions that allow hurricane victims to tap their retirement accounts easily and without some negative tax consequences.

An individual who has not sustained an economic loss will not qualify for tax relief.

This temporary exception applies to both IRAs and employer plans and will end on December 31, 2018.

A qualified hurricane distribution is a distribution made to an individual whose principal place of abode is in a hurricane disaster area and who has sustained an economic loss caused by the hurricane. (For a complete list of hurricane disaster areas, visit: <https://www.fema.gov/disasters>)

An individual who has not sustained an economic loss will not qualify for tax relief under this legislation. The distribution must also be taken within the following time frames:

- **Hurricane Harvey**
On or after August 23, 2017 and before January 1, 2019
- **Hurricane Irma**
On or after September 4, 2017 and before January 1, 2019
- **Hurricane Maria**
On or after September 16, 2017 and before January 1, 2019

Penalty-Free Distributions

Distributions taken from retirement plans are generally subject to a 10% early distribution penalty unless an exception applies. Only Congress can write exceptions into the tax code. In the Act, Congress has done exactly that – *created a temporary exception to the penalty for “qualified hurricane distributions.”*

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Guest IRA Expert

Carol Schmidlin
President
Franklin Planning
Sewell, NJ

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