

IRS Releases FAQs on Retirement Plan Relief Under the CARES Act

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The IRS recently published guidance in the form of FAQs related to the implementation of retirement plan relief available under the CARES Act. While the guidance does not resolve all of the open issues, it does provide some helpful clarifications and insight into what we may expect from future guidance. Specifically, the guidance confirms that the CARES Act provisions allowing for coronavirus-related distributions (referred to as **CRDs**) and loan relief are permissible, not required. Furthermore, the guidance points out that even if a 401(k) plan decides not to allow CRDs, if an individual meets the requirements to be a "qualified individual," he or she may be able to treat other plan distributions as a CRD for federal tax purposes. Individuals need to consult with their personal tax advisors on these matters. Finally, alluding to what we may expect from future guidance, the CARES Act FAQs referred back to IRS Notice 2005-92 (issued on November 30, 2005), which provided guidance on the tax-favored treatment of 401(k) participant loans and distributions made to victims of Hurricane Katrina, stating that the Treasury Department and IRS anticipate that additional CARES Act guidance on the 401(k) loans and distributions will apply the principles of Notice 2005-92.

The recent CARES Act FAQs are available [here](#).