

Retirement Plan Payment of Certain Disability Insurance Premiums Not Taxable

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Generally, payment of an accident or health insurance premium from a qualified retirement plan constitutes a taxable distribution. Recently issued final regulations provide an exception to this general rule if the disability insurance contract pays benefits to the plan on the employee's behalf in the event of an employee's inability to continue employment due to disability. This exception applies provided the payment of benefits does not exceed the reasonable expectation of the annual contributions that would have been made to the plan on the employee's behalf during the period of disability. These regulations apply for taxable years beginning on or after January 1, 2015, though taxpayers may elect to apply the final regulations to earlier taxable years. The final regulations can be found [here](#).