

IRS Broadens Eligibility for COVID-19 In-Service Distributions and Participant Loans Under DC Plans

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On June 19, the IRS issued Notice 2020-50. It expounds on the rules for in-service withdrawals and participant loans for defined contribution (DC) plans for participants adversely affected by the COVID-19 pandemic. The Notice also broadens the category of eligible participants to include those who experience adverse financial consequences as a result of:

- the individual having a reduction in pay (or self-employment income) due to COVID-19 or having a job offer rescinded or start date for a job delayed due to COVID-19;
- the individual's spouse or a member of the individual's household 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childcare due to COVID-19, having a reduction in pay (or self-employment income) due to COVID-19, or having a job offer rescinded or start date for a job delayed due to COVID-19; or
- closing or reducing hours of a business owned or operated by the individual's spouse or a member of the individual's household due to COVID-19.