

# Hurricane Disaster Relief

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October 6, 2017

## President Signs Bill Granting Hurricane Disaster Relief

In the wake of the devastation caused by Hurricanes Harvey, Irma and Maria, President Trump recently signed the *Disaster Tax Relief and Airport and Airway Extension Act of 2017* (Act). For those individuals in the affected areas, the Act, among other things:

- Provides penalty-free access to retirement funds through “qualified hurricane distributions” of up to \$100,000, allows the amount distributed to be repaid over 3 years, and allows taxpayers who cannot repay the distribution to spread out any income inclusion over 3 years.
- Allows for the repayment of certain retirement plan withdrawals (e.g., a hardship withdrawal) for home purchases that were cancelled on account of Hurricane Harvey, Irma or Maria.
- With respect to retirement plan loans, increases the maximum amount that a participant can borrow to the lesser of \$100,000 or 100% of the participant’s vested account, delays certain repayment dates, and provides for a longer repayment term by delaying the due date of the first repayment by one year and adjusting remaining repayment dates accordingly.

Any amendment required to implement the relief provided by the Act must generally be in place before December 31, 2019 (for calendar year plans).

## IRS Relief on Related Matters

The above relief is in addition to the relief previously provided by the IRS on related matters. That relief permits, among other things, 401(k) plans to make loans and hardship distributions to hurricane victims and members of their families up to the specified statutory limits. These distributions can be made before a plan is formally amended to provide for such features, and plans can relax its verification procedures. In addition, a plan can ignore the “safe harbor” rules that typically apply to hardship distributions, thereby allowing funds be used for food and shelter. Any amendment required to implement this IRS relief must generally be in place before December 31, 2018 (for calendar year plans).

It’s important to note that the IRS, DOL and PBGC have issued relief on other matters pertaining to employee benefit plans that are not addressed in this Advisory. If you have any questions or compliance concerns, please contact our [Employee Benefits](#) group.