

October 2021

Voya Alert! IRS Tax Relief for Natural Disaster Victims of New York, New Jersey, Mississippi, and North Carolina

The Internal Revenue Service (IRS) has announced tax relief for taxpayers of certain natural disasters. The relief extends deadlines for certain actions that are otherwise due to be performed during specified relief periods, and sets a new due date for those actions. The IRS has the authority to grant these extensions pursuant to the presidential declaration of an emergency under the Robert T. Stafford Disaster Relief and Emergency Assistance Act. The full list of deadlines that have been extended is included in [Rev. Proc. 2018-58](#).

Natural Disaster	FEMA Declaration	Relief Period	Extension Deadline Date
Hurricane Ida – NY	(4615-DR-NY)	September 1, 2021, and before January 3, 2022	January 3, 2022
Hurricane Ida – NJ	(4614-DR-NJ)	September 1, 2021, and before January 3, 2022	January 3, 2022
Hurricane Ida – MS	(3569-EM-MS)	August 28, 2021, and before November 1, 2021	November 1, 2021
Hurricane Ida – MS	(DR-4626-MS)	August 28, 2021, and before January 3, 2022	January 3, 2022
Tropical Storm Fred – NC	(DR-4617-NC)	August 16, 2021, and before December 15, 2021	December 15, 2021

Retirement plan transactions covered by the IRS' extension of time

The following provides a summary of the key retirement plan action deadlines extended under this IRS guidance:

Corrective distribution of excess deferrals from a 401(k) or 403(b) plan: Excess deferrals and attributable earnings ordinarily must be distributed from a plan by April 15 following the year in which the deferral was made. If the relief period includes April 15, such a corrective distribution is extended to the extension date, if applicable.

Corrective distribution of excess contribution amounts following a failed ADP test of a 401(k) plan: Ordinarily, excess contributions following a failed ADP test must be distributed by the end of the plan year following the plan year in which the deferrals were made to correct a 401(k) plan's failed ADP test. If the relief period includes the correction distribution deadline, the due date is extended to the extension date.

Corrective distribution of excess aggregate contribution amounts following a failed ACP test from 401(a), 401(k) and ERISA 403(b) plans: Excess aggregate contribution amounts and attributable earnings ordinarily must be distributed by the end of the plan year following the plan year in which matching contributions and/or employee non-Roth after-tax contributions were made. If the relief period includes the correction distribution deadline, the due date is extended to the extension date.

Loan Repayments:

The due dates for making plan loan repayments for plan participants in 401(a), 401(k), 403(b), and governmental 457(b) plans has been extended. For payments originally due during the relief period, the due dates may be extended to the extension date at the employer's discretion.

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Indirect rollovers: Eligible amounts distributed from a 401, 403(b) or governmental 457(b) plan must be rolled over to another eligible retirement plan no later than 60 days from receipt of the rollover eligible distribution. The extension permits rollover eligible distributions received during the relief period to be indirectly rolled over until the extension date without regard to the normal 60-day limitation.

Withdrawal from an Eligible Automatic Contribution Arrangement (EACA): Ordinarily, a participant whose contributions become subject to an EACA may elect to take a withdrawal from that EACA within 90 days of the date that that participant's first became subject to the EACA. The extension permits such a participant to elect a withdrawal from an EACA by the extension date.

IRS Form 5500 (annual return/annual report of employee benefit plan) for ERISA 401(a), 401(k) and 403(b) plans: Ordinarily IRS Form 5500 Annual Return/Annual Report must be filed by the last day of the 7th month following the close of the plan year. If the deadline for the Form 5500 filing was during the relief period, the due date is extended to the extension date.

Deductible contributions for 401(a) and 401(k) plans: The deadline for a for-profit employer to make deductible contributions is ordinarily not later than the due date for the employer's filing of its federal tax return. If the employer's federal tax return filing date was during the relief period, the due date for contributions is extended to the extension date.

Self-correction of operational defects under the IRS' Employee Plans Compliance Resolution System (EPCRS): Ordinarily, most operational defects must be corrected by the last day of the third plan year following the plan year for which the failure occurred. If the correction period would have ended during the relief period, the correction period date is extended to the extension date.

Substantially equal periodic payments: Periodic payments that are substantially equal satisfy an exception to the IRS 10% premature distribution penalty tax, provided that they are made at least annually over the employee's life/life expectancy (or, if applicable, over the joint lives/joint life expectancies of the employee and designated beneficiary). To the extent that payments are delayed during the relief period, the exception to the IRS 10% premature distribution penalty tax will still apply.

IRA transactions covered by the IRS's extension of time

The following IRA deadlines have been extended to the extension date:

IRA contributions: Ordinarily, individuals must contribute to their traditional and Roth IRA contributions for a given tax year by the due date (without regard to extensions) for filing the federal individual income tax return (i.e., April 15). If the relief period includes the due date for filing the federal individual income tax return, IRA contributions attributable to the applicable tax year can be made until the extension date.

Indirect rollovers: Eligible amounts distributed from a traditional or Roth IRA must be rolled over to another eligible retirement plan no later than 60 days from receipt of the rollover eligible distribution. The extension permits rollover eligible distributions received during the relief period to be indirectly rolled over until the extension date without regard to the normal 60-day limitation.

Corrective distribution of excess contribution to IRAs: Ordinarily, excess IRA contributions (including attributable earnings) must be distributed by the due date (including any extensions) for filing the individual's federal individual income tax return. If the relief period includes the due date (including any extensions) for filing the individual's federal individual income tax return, the correction due date is extended to the extension date.

IRS Form 5498 (IRA Contribution Information): IRS Form 5498 normally must be filed by the IRA vendor with the IRS and sent to the IRA account owner by June 1 following the year in which IRA contributions were made for each individual for whom the vendor maintains an IRA. If the relief period includes June 1, the filing due date is extended to the extension date.

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Recharacterization of IRA Contributions: The regular deadline for recharacterizing a nonrollover contribution made to a Roth IRA or to a traditional IRA as having been made to the traditional IRA is the due date (including any extensions) for filing the individual's federal individual income tax return. If the relief period includes the due date (including any extensions) for filing the individual's federal individual income tax return, the recharacterization deadline is extended to the extension date.

SIMPLE IRA Deductible Contributions: Ordinarily, a for-profit employer must make deductible contributions to its SIMPLE IRA plan no later than the employer's federal tax return filing date. If the date for making the deductible contributions would have ended during the relief period, the deductible contribution period is extended to the extension date.

Substantially Equal Periodic Payments: Periodic payments that are substantially equal satisfy an exception to the IRS 10% premature distribution penalty tax, provided that they are made at least annually over the employee's life/life expectancy (or, if applicable, over the joint lives/joint life expectancies of the employee and designated beneficiary). To the extent that payments are delayed during the relief period, the exception to the IRS 10% premature distribution penalty tax will still apply.

The IRS extension applies to plans under IRS audit

The IRS recognizes that, both IRS employees and plan sponsors may be unable to access documents, systems or other resources necessary to timely perform an audit of an employer's retirement plan.

Voya continues to monitor any additional IRS and DOL guidance.

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