

FACT or FICTION: The CARES Act also allowed people younger than 59 1/2 to take up to \$100,000 from their retirement accounts in 2020 without the usual 10 percent penalty.

FACT! Also, it allowed people to spread out the tax on their retirement plan withdrawal over three years — and to replace that money in their accounts if they wanted to. (The withdrawals had to be COVID-related.) The early withdrawal penalty is back in 2021, and income on withdrawals will count as income for the 2021 tax year. However, the COVID-Related Tax Relief Act of 2020 (COVIDTRA) allows for the same treatment of retirement plan withdrawals made because of qualified disasters. To qualify, taxpayers must have lived in a qualified disaster area and suffered financial loss because of that disaster.

(Source: AARP) <https://www.aarp.org/retirement/planning-for-retirement/info-2021/what-every-retirement-saver-needs-to-know.html>