

Sprinkler Industry Supplemental Pension Fund

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Taxes-Coronavirus-Related Hardship Distributions

Distributions that qualify as coronavirus-related distributions as defined in the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) will receive favorable tax treatment. Among other things, coronavirus-related distributions (“CRD”): (a) are not subject to the 10% tax penalty typically applicable to early distributions and (b) will be included gross income for federal tax purposes over a 3-year period, unless you elect otherwise.

This summary provides general guidance on the federal tax treatment and reporting of CRD(s). Consult your financial professional or tax advisor, or refer to **IRS Notice 2020-50** at **IRS.gov** for additional details.

CRDs-taxes

Your CRD(s) are taxable income. When you file your federal income taxes, you must report your CRD(s) on Form 8915-E. Your CRD(s) must be included in your taxable income when you file your federal income-tax return. (State income tax may also apply; check with your state income-tax forms for more information.)

You have two options for including your CRD(s) for federal income tax:

One-year income inclusion- You may include the entire amount of your CRD(s) in your income in 2020.

Three-year ratable income inclusion- You may include your CRD(s) ratably (one third each year) over a three-year period that begins with 2020 (i.e., 2020, 2021, and 2022). If you choose this method, it important that save your 2020 Form 1099-R.

Whichever option you elect, it applies to all your CRD(s) and your election is irrevocable (i.e., you can't change your option afterward).

Generally, if you take your money from your retirement plan before age 59 ½ you owe a 10% early withdrawal tax penalty. This penalty **doesn't apply to your CRD(s)**. If you are under age 59 ½, will indicate that the 10% penalty may apply; however, by including the Form 8915-E when you file your federal income-tax return, the IRS will know the 10% penalty doesn't apply.