



Early Withdrawal Penalty Exceptions

Exceptions to 10% Withdrawal Penalty

The following are the exceptions to the 10% early withdrawal penalty. Be sure to note the differences between the IRA and Qualified Plan rules. A "Yes" indicates the exception applies.

IRA	Qualified Plan	Exception
Yes	Yes	Distribution after the participant/IRA owner reaches age 59 1/2
No	Yes	Distribution made to an employee after separating from service in or after the year he reaches age 55 (age 50 for qualified public safety employees).
Yes	Yes	Distribution is part of a series of substantially equal periodic payments made over the life expectancy of the participant or joint lives of the participant and his beneficiary.
Yes	Yes	Distribution made due to total and permanent disability.
Yes	Yes	Distribution made due to death.
Yes	Yes	Distribution to the extent the individual's unreimbursed medical expenses exceed 10% (7.5% if taxpayer or spouse was born before January 2, 1950) of his AGI.
No	Yes	Distribution made to an alternate payee pursuant to a qualified domestic relations order (QDRO).
Yes	No	Distribution to pay for health insurance premiums for certain unemployed individuals.
Yes	No	Distribution to the extent of the qualified higher education expenses for the year of the taxpayer, spouse, child or grandchild.
Yes	No	Distribution for the first-time home purchases (no home ownership in prior two years). Exception limited to \$10,000 (lifetime).
Yes	Yes	Distribution due to an IRS levy on the qualified plan or IRA. The exception will not apply if funds are withdrawn to avoid a levy or to satisfy a levy on other property.
Yes	Yes	Distribution to reservists while serving on active duty for at least 180 days.
N/A	Yes	Dividend pass through from an Employee Stock Ownership Plan (ESOP)
N/A	Yes	Corrective distributions and associated earnings of excess contributions, excess aggregate contributions and excess deferrals made timely
Yes*	Yes	Permissive withdrawals from a plan with auto enrollment features
Yes	N/A	IRA contributions withdrawn by the due date (including extensions) of the return. Note: Related earnings are subject to the penalty.
Yes	Yes	In plan Roth rollovers or eligible distributions contributed to another retirement plan or IRA within 60 days.

* - Simple IRAs and SARSEPs