

The Pension Protection Act of 2006 provides that for distributions made after September 11, 2001, the 10% early withdrawal penalty does not apply to **qualified reservist distributions**. A qualified reservist distribution is:

- One made to a reservist called to active duty for a period of at least 180 days or for an indefinite period.
- Made beginning on the date of such order calling to active duty and ending on the close of the active duty period.
- Made from an IRA or from amounts attributable to elective deferrals under a 403(b) plan, 401(k) plan, or certain similar arrangements.

A 403(b) or 401(k) plan is not in violation of other distribution restrictions by reason of making a qualified reservist distribution. If a determination is made that a distribution made in a closed tax year qualifies as a qualified reservist distribution, amended returns for those closed years may be filed through August 16, 2007. Additionally, the amounts withdrawn may be repaid to an IRA in one or more contributions within 2 years after the later of August 16, 2006, or the day after the active duty period ends. Such contributions will not be taken into account for purposes of the dollar limitations normally applicable to IRA contributions.

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