

Are you an inactive member of MainePERS taking a refund of your contributions and interest? If so, you may be entitled to special tax treatment if you meet the requirements for a "coronavirus-related distribution." This special treatment includes lower federal tax withholding and not having the 10% early withdrawal penalty that usually applies if you take a refund under age 59½.

This special treatment only applies to inactive members. An inactive member is someone who used to be, but is no longer, employed in a position covered by a MainePERS defined benefit retirement plan and who has not taken a refund of their retirement contributions. Active members (those still employed in a MainePERS-covered position) are not able to take a refund under Maine law because they continue to earn credit toward a retirement benefit.

A "coronavirus-related distribution" is any distribution made on or after January 1, 2020, and before December 31, 2020, to a member:

- who is diagnosed with the virus SARS-CoV-2 or with coronavirus disease 2019 (COVID-19) by a test approved by the Centers for Disease Control and Prevention;
- whose spouse or dependent (as defined for federal tax purposes) is diagnosed with such virus or disease by such a test; or
- who experiences adverse financial consequences as a result of being quarantined, being furloughed or laid off or having work hours reduced due to such virus or disease, being unable to work due to lack of child care due to such virus or disease, closing or reducing hours of a business owned or operated by the individual due to such virus or disease, or other factors as determined by the Secretary of the Treasury (or the Secretary's delegate).

To take a coronavirus-related distribution, you must sign a certification that they meet one or more of the above requirements. You can find the [certification form](#) on our web site.

Coronavirus-related distributions are not treated as eligible rollover distributions. Federal withholding is at 10% unless you elect on Form W-4P to have no federal withholding. Maine State tax withholding is at 5% unless you are exempt from withholding as shown on your Form W-4ME. These [forms](#) are on our web site.

Up to \$100,000 in coronavirus-related distributions in a single tax year are exempt from the 10% early distribution tax penalty that usually applies to distributions taken by individuals under the age of 59½. Any amount of a coronavirus-related distribution that is required to be included in gross income may be spread-out over a three-year period on your tax returns. If you receive a coronavirus-related distribution, you may, but are not required to, repay the amount of the distribution to any eligible retirement plan within the three years after taking the distribution.

The above is for your information and is not tax advice. You should consult with your own tax advisor if you have questions or concerns about your situation.