

Retirement Account Distribution Types

A distribution is a withdrawal of funds from a qualified retirement account. There are many types of distributions, and the options will vary depending on the plan document, the individual's employment status, and the funding source ("contribution") of the account.

View the chart below for an overview of these different types of distributions and their requirements for withdrawal.

Distribution Type	Individual's Employment Status	Requirement(s) for Withdrawal	Requirement(s) Detail
In-Service Distribution of Rollover Contribution Funds	Active	None	When an employee has rolled over from a previous qualified account, they can withdraw at any time.
In-Service Distribution Request	Active	<ul style="list-style-type: none"> Age requirement, as defined in plan document Certain contribution types have their own age restrictions 	<ul style="list-style-type: none"> Deferral, safe harbor employer contributions, and qualified non-elective employer contributions (QNECs) cannot be taken prior to age 59 ½. The in-service plan provision is protected by anti-cutback laws and can only be removed with respect to future participants.
Penalty-Free Birth or Adoption Withdrawal	Active	<ul style="list-style-type: none"> Withdrawal limit of \$5,000 per event Must occur within one year post-childbirth or adoption 	<ul style="list-style-type: none"> This is a penalty-free distribution. Both parents are eligible. The withdrawal may be paid back to the plan, if desired.
Hardship Withdrawal	Active*	As defined in plan document	Hardships are generally limited to: certain medical expenses, purchase of a principal residence, post-secondary education expenses, prevention of eviction/foreclosure, funeral expenses, casualty loss, and certain federally declared disasters.
Separation of Employment	Non-Active	Employee has separated service from the company for any reason (e.g., termination, retirement, disability, death)	Employee must have a vested account balance in the plan.
Required Minimum Distribution (RMD)**	See requirements detail	Age requirement, as defined by Internal Revenue Service (IRS)	Individual must be age 73 or older at the end of the calendar year and meet one of the following criteria: <ul style="list-style-type: none"> No longer employed at the end of the calendar year; More than 5% owner of the company, regardless of employment status; Spouse, parent, grandparent, or child of a more than 5% owner of the company, regardless of employment status.

* Subject to plan document definition.

** If an individual was required to take an RMD in 2024 and deferred to 2025, they must still take the RMD for 2024. If a participant meets the criteria and an RMD is not taken, the IRS can assess up to a 50% excise tax. Additionally, RMDs cannot be rolled over to another qualified plan or IRA.

Ascensus, LLC provides administrative and recordkeeping services. It is not a broker-dealer or an investment advisor and does not provide tax, legal, or accounting services. Ascensus® and the Ascensus logo are registered trademarks of Ascensus, LLC.

Copyright ©2025 Ascensus, LLC. All Rights Reserved. 2103150-RET-2103151 (01/2025)