

Roth IRA Withdrawals (Prior to Age 59 ½)

Qualified Distributions

If the Roth IRA account holder is (i) aged 59 ½ or older and (ii) has held any Roth IRA for 5 years (as 5 years is defined by the tax law), he or she can withdraw any amount in his/her own Roth IRA at anytime tax and penalty free. See Treas. Reg. Sec. [1.408A-6 Q&A 1\(b\)](#).

Pre-Age 59 ½ Distributions

Generally, if the Roth IRA account holder either (or both) (i) has not attained age 59 ½ or (ii) has not held any Roth IRA for at least 5 years (as 5 years is defined by the tax law), he or she can withdraw a “nonqualified distribution.” As such, the withdrawal will generally be taxed in the following order:

- 1) Return of Previous Contributions
- 2) Return of Amounts Previously Converted to Roth IRAs
- 3) Return of Earnings

See [Treas. Reg. Sec. 1.408A-6 Q&A 4 and 8](#). See also IRS Publication 590-B (2019), top of page 31: <https://www.irs.gov/pub/irs-pdf/p590b.pdf>

Return of Previous Contributions

Returns of previous contributions are not includible in the taxpayer's gross income. See [Treas. Reg. Sec. 1.408A-6 Q&A 4](#). Thus, they are not taxable (regardless of when withdrawn).

Returns of previous contributions are not subject to the section 72(t) 10 percent additional tax on early distributions from retirement accounts. See [Treas. Reg. Sec. 1.408A-6 Q&A 5\(a\)](#).

When a Penalty Exception is Also an Income Tax Exception (the “Super Exceptions”)

Generally speaking, a nonqualified distribution of earnings from a Roth IRA is subject to both ordinary income tax and a ten percent penalty.

However, there are instances under which penalty exceptions excuse the earnings from the ten percent penalty. See this [website](#) and [Section 72\(t\)\(2\)](#).

However, four of the penalty exceptions are also income tax exceptions **if the taxpayer has owned a Roth IRA for at least five years**. See [Treas. Reg. Sec. 1.408A-6 Q&A 1\(b\)](#). These four “Super Exceptions” are:

- Death
- Disability
- Age 59 ½ or older
- Qualified first-time homebuyer (only up to \$10K of distributions)