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IRC Section 72

The section of the IRS code that allows an alternate payee to receive a one-time distribution from a retirement plan without having to pay a 10% tax penalty.

This little-known piece of the tax code can provide a great source of relief for individuals who received some part of their ex-spouse's retirement plan in the divorce settlement. This one-time, penalty-free early distribution can help in establishing a post-divorce life, whether that is buying a new car, renting a new apartment, or paying to go back to school. It should be noted that ordinary income tax does apply to this distribution.

Source: <https://institutedfa.com/learning-center/top-ten-divorce-terms-know/>

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