

New Hardship Withdrawal Rules for 401(k) and 403(b) Plans

Articles February 13, 2019

On November 14, 2018, the IRS issued proposed regulations about the new hardship withdrawal rules that generally became effective January 1, 2019. The proposed regulations:

- Clarify that a hardship exists for a casualty loss that is unrelated to a federally-declared disaster
- Add a new optional category for permitting hardship withdrawals for FEMA-declared disasters
- Confirm that the six-month suspension required in the past for employee contributions may be eliminated as of January 1, 2019 but must be eliminated as of January 1, 2020
- Permit plans to eliminate the condition that participants first exhaust their borrowing privileges
- Allow additional portions of an account to be withdrawn in case of a qualifying hardship, including the gain on 401(k) contributions, but not the gain on 403(b) contributions
- Adjust the rules for what a participant must provide as part of a request for a hardship withdrawal

For additional information contact Ed Wodarczyk or [click here](#)