

## 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- Allow additional portions of an account to be withdrawn in case of a qualifying hardship, including the gain on 401(k) contributions, but not the gain on 403(b) contributions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](#)