What are the Allowable Safe Harbor Reasons for Hardship Withdrawals?

Profit Sharing and 401(k) Plans, if elected under the plan's Adoption Agreement, may allow for withdrawals when an immediate and heavy financial needs is evident. While a Plan Administrator may offer hardship requirements other then those to be listed below, it is common the following Safe Harbor reasons be allowable forms of hardship:

1. Expenses for (or necessary to obtain) medical care (as defined in Code §213(d));
2. Costs directly related to the purchase (excluding mortgage payments) of a principal residence for the Participant;
3. Payments for burial or funeral expenses for the Participant's deceased parent, Spouse, children or dependents (as defined in Code §152, and without regard to Code §152(d)(1)(B));
4. Payment of tuition, related educational fees, and room and board expenses, for up to the next twelve (12) months of post-secondary education for the Participant, the Participant's Spouse, children, or dependents (as defined in Code §152, and without regard to Code §§152(b)(1), (b)(2), and (d)(1)(B));
5. Payments necessary to prevent the eviction of the Participant from the Participant's principal residence or foreclosure on the mortgage on that residence; or
6. Repair of your principal residence that would qualify for the casualty deduction under Code section 165 without regard to the limit on casualty losses that are deductible for income tax purposes under IRC 165(h);
7. FEMA Disaster Expense.

To determine if these are the requirements set forth in your plan, please refer to your adoption agreement. In addition, your assigned plan consultant can provide further support and clarification if needed.