

# Hardship withdrawals from employer plans that permit them may be made if three conditions are met:

1. There must be an immediate and heavy financial need.
2. The amount requested to withdraw must be no more than is necessary to pay the expense. The withdrawal may also include amounts necessary to pay any taxes or penalties on the withdrawal itself.
3. The employee must demonstrate that there are no other resources available to cover the expense.

Beginning in 2023, 401(k) and 403(b) plans may allow employees to self-certify that all three hardship withdrawal requirements have been met.

There are 7 safe harbor categories that will automatically meet the requirement to satisfy an immediate and heavy financial need:

1. Medical expenses for the employee or the employee's spouse, dependent or primary beneficiary under the plan.
2. Costs related to the purchase of a principal residence for the employee (not including mortgage payments.)
3. Tuition, fees and room and board expenses for up to the next 12 months of post-secondary education for the employee or the employee's spouse, child, dependent, or primary beneficiary under the plan.
4. Payments necessary to prevent eviction from the employee's principal residence or to prevent foreclosure on a mortgage on a primary residence.
5. Burial or funeral expenses for the employee's parent, spouse, child, dependent, or primary beneficiary under the plan.
6. Expenses for the repair of damages to the employee's principal residence.
7. Expenses and losses incurred by the employee on account of a disaster declared by FEMA, provided the employee lived or worked in that designated disaster area.