

WHAT YOU NEED TO KNOW ABOUT CHANGES TO HARDSHIP RULES EFFECTIVE FOR PLAN YEARS BEGINNING ON OR AFTER JANUARY 1, 2019

The Bipartisan Budget Act of 2018 signed into law in early February includes several provisions affecting hardship distribution rules in retirement plans. The modifications are as follows:

- End of the 6 month suspension of elective deferrals following a hardship withdrawal from a 401(k) Plan.
- Eliminate the restrictions from taking a hardship withdrawal of earnings on elective deferrals, as well as allow hardship withdrawals from Safe Harbor contributions and qualified non-elective contributions (QNECs) and qualified matching contributions (QMACs). Your Plan may or may not have these sources as an option.
- Remove the requirement that a loan must be taken before being eligible for a hardship withdrawal

What do you need to do at this time?

- You may in operation apply any of these provisions as of the effective date. You can choose to retain the current provisions of your Plan if you prefer. **
- A Plan Amendment will be required by the end of the 2019 Plan Year. Once IRS approved model language for the amendment is available we will reach out to you regarding the amendment process.
- Call your Compliance Consultant if you have any questions – we are always available to assist you with the application rules and regulations regarding your Plan.

*****Please contact your Compliance Consultant immediately if you do not wish to modify your plan provisions to include these changes. If we do not hear from you by December 31, 2018, we will incorporate these provisions into all hardship withdrawals processed on or after the first day of your 2019 plan year.***