

Sample article for organizations to use to reach customers (335 word count)

Post the following article on your websites and/or use in other communication vehicles to help your customers.

Know the consequences of 401(k) plan hardship distributions

Your 401(k) plan may allow you to withdraw money before you actually retire for certain events that cause you to suffer a financial hardship. For example, your plan may allow a hardship distribution to pay for you, your spouse, your dependent or your primary plan beneficiary's:

- medical expenses,
- funeral expenses or
- tuition and related educational expenses.

However, you should know the following consequences before taking a hardship distribution:

- The amount of the hardship distribution will permanently reduce the amount you will have in the plan when you retire.
- You must pay income tax on any previously untaxed amount of the hardship distribution.
- You may also have to pay an additional 10 percent tax, unless you are 59½ or older, or qualify for another [exception](#).
- You may not be able to contribute to the plan for six months after you receive the hardship distribution.

Your 401(k) plan helps you save money for your retirement while you're working. So, carefully consider the consequences and all your alternatives before taking a hardship distribution.

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NOTE TO EDITOR: Below are links to helpful retirement plans information on [IRS.gov](#).

- [Retirement Topics – Hardship Distributions](#) – information on the circumstances under which a 401(k) plan may allow a hardship distribution.
- [Retirement Plans FAQs Regarding Hardship Distributions](#) – questions and answers on the types of hardships that qualify for these distributions and the maximum amount of these distributions.
- [Publication 575, Pension and Annuity Income](#) – explains how retirement plan distributions are taxed.
- [Retirement Topics – Exceptions to Tax on Early Distributions](#) – information on when you don't have to pay an additional 10% tax on early distributions.

On Twitter? Send these Tweets:

- Learn about taking money from your #retirement plan for a financial hardship <http://go.usa.gov/cJq9J> #IRS
- Get answers to common questions about #IRAs and #retirement plans <http://go.usa.gov/cJqXe> #IRS