Self-certification of Hardship Withdrawals - Administrative Procedure

These procedures describe the general processing considerations for hardship distributions through participant self-certification. Self-certification is available for plans that have Safe Harbor hardship reasons.

Self-Certification of Hardship Distributions has been authorized under the SECURE Act 2.0. Self-certification allows a participant to request a hardship distribution without having to provide supporting documentation of their financial need when making the hardship distribution request.

While supporting documentation is not required up front, a participant should maintain the documentation with their tax records and be prepared to provide the documentation upon request. This documentation must demonstrate the hardship reason and the dollar amount required to satisfy the need.

If a plan does not use self-certification, participants are required to upload documentation to support their request for a hardship.

A plan may allow a participant to take a hardship withdrawal from their retirement plan account when they experience an immediate and heavy financial need.

Participants must submit hardship requests through the distribution portal by completing the hardship distribution request, which they can access online.

Hardships are only eligible for specific "safe harbor" types. Eligible “safe harbor” hardship types are:

1. Medical expenses for you, your spouse or dependents;
2. Purchase of a principal residence (the residence that is listed as the principal residence on your Form 1040);
3. Tuition and related expenses for the next 12 months for you, your spouse or dependents
4. Payment to prevent eviction or foreclosure;
5. Funeral expenses for your parents, spouse or dependents;
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.

The self-certification will provide as follows:

I hereby self-certify that my request for hardship withdrawal is a certification that: (1) the distribution is on account of a financial need of a type deemed in the regulations to be an immediate and heavy financial need; (2) that the amount requested is not in excess of the amount required to satisfy such financial need; and (3) that I have no alternative means reasonably available to satisfy such financial need.

Plans that require Spousal Consent will have to upload a completed Spousal Consent form, but a Participant may still self-certify their financial need.

This hardship self-certification service begins on November 1, 2023.