

Background

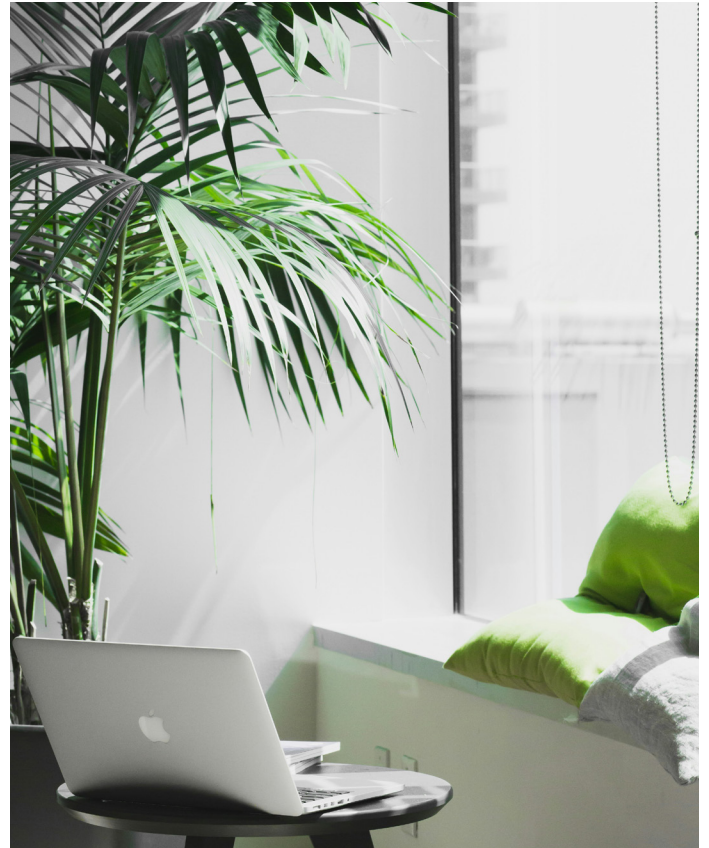
Employers will no longer need to collect documentation to support a participant's hardship withdrawal request, due to SECURE 2.0. The legislation has added the option to authorize hardship withdrawals for participants who self-certify that they meet the requirements of this type of distribution.

When is this option available?

Technically, right now! SECURE 2.0 made this effective immediately. However, not all recordkeepers and forms providers are ready to support this yet. As soon as self-certification language is added to forms and online distribution requests, this option can be used.

Is this new rule a requirement?

No. An employer can continue to require documentation proving hardship expenses are valid before approving a hardship withdrawal request. Self-certification is a new option to avoid this additional fiduciary responsibility and administrative burden.



Does this mean employees can take a hardship for any reason now?

No. The hardship reasons that are permitted by law have not changed. The participant must certify they qualify based on one of these reasons and that they have an immediate and heavy financial need, that they are not taking more than necessary to satisfy the need, and that they have no reasonable alternative means of paying the expense and administrative burden.