

## Rebuilding after the flood MEANS OF RECOVERY AVAILABLE

### Loans and Hardship Distributions from Employer-Sponsored Retirement Plans

The IRS has recently announced that it will provide some relief to taxpayers who have been adversely affected by the recent storms and flooding that began August 11, 2016, and who have retirement assets in qualified employer plans that they would like to use to alleviate hardships caused by the storms and flooding.

This relief allows eligible participants in 401(k) plans, employees of public schools and tax-exempt organizations with 403(b) sheltered annuities, and state and local government employees with 457(b) deferred compensation plans to “take advantage of streamlined loan procedures and liberalized hardship distribution rules.” IRA participants may also take advantage of the relaxed hardship distribution rules.

While the IRS relief provides for certain requirements and procedures to be eased in order for those affected to access their funds quickly and with less red-tape, it does **not** waive the penalties or tax consequences associated with the withdrawals. Distributions are still includible in gross income (unless a distribution is made up of already-taxed amounts) and are generally subject to a 10% additional tax penalty for early withdrawal.

<https://www.irs.gov/pub/irs-drop/a-16-30.pdf>

We are here to help. If you have questions about how this may affect you, contact your Hannis T. Bourgeois advisor for assistance.