

IRS provides Retirement Plan Loan and Hardship Distribution Relief for Harvey Victims

August 31, 2017

The IRS has released Announcement 2017-11 providing relief from some of the loan and hardship distribution requirements under qualified retirement plans (including Code Section 401(a) and 403(b) plans) for the period of August 23, 2017 through January 31, 2018. The relief applies to employees or former employees either (i) whose principal residence on Aug. 23 was in one of the Texas counties identified by FEMA for individual assistance because of Hurricane Harvey, or (ii) whose place of employment on Aug. 23 was in one of those counties. The relief also applies if the employee's or former employee's lineal ascendant or descendant, dependent, or spouse lived or worked in one of those counties on Aug. 23. This relief will also apply to those living or working in other areas FEMA may identify for individual assistance in Texas or other states due to damage from Harvey. For a list of the counties FEMA has identified, click [here](#). A hardship distribution is still limited to the maximum amount permitted by IRS rules but can be provided for any hardship, not just those listed in the IRS regulations, and no post-distribution contribution restrictions are required. However, the normal tax rules still apply to any distribution. Plan loans can be made without following the procedural requirements imposed by the plan at the time of the loan. Finally, qualified plans that do not have loan or hardship distribution provisions can still make loans or hardship distributions, so long as the plan is amended to provide for them by December 31, 2017. For additional information on the loan and hardship distribution relief for individuals affected by Harvey, please see IRS Announcement 2017-11, which is available here: [Announcement 2017-11](#).