

Severe Winter Storm Hardship Withdrawal Relief

March 2, 2021

The safe harbor rules for hardship withdrawals from a retirement plan permit such withdrawals for expenses and losses incurred by a participant due to a natural disaster declared by the Federal Emergency Management Agency (**FEMA**) under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, provided the participant's principal residence or principal place of employment at the time of the disaster was located in an area designated by FEMA for individual assistance related to that disaster. FEMA issued a series of disaster declarations as a result of the February 2021 winter storms that impacted portions of Texas, Louisiana, and Oklahoma. A list of counties that have been designated by FEMA for individual assistance in those states can be found on FEMA's website [here](#). Those disaster declarations mean that affected participants may be eligible for hardship distributions from their 401(k) plan accounts. Plan sponsors with participants who live or work in the affected counties should review their 401(k) plan's hardship distribution provisions to ensure they contain either the updated safe harbor provisions specifically allowing hardship distributions for federally declared disasters or catch-all language permitting distributions on any permissible hardship under the Internal Revenue Code.