

Retirement Plan Hardship Distribution Operational Checklist

This Hardship Distribution Operational Checklist is intended to reflect the new rules for hardship distributions from retirement plans that were recently issued by the Internal Revenue Service. You should carefully review the Checklist to ensure that the Checklist conforms with your intended operation of your plan.

Your plan's Adoption Agreement (AA) will eventually need to be amended to reflect the choices that you select in this Checklist. We will let you know when this amendment must be adopted.

1. Sources for Hardship Distributions

(a) Source accounts (not including earnings). For Plan Years beginning after December 31, 2018 (or such later date specified under (a)(10) below), a Participant may take an in-service distribution upon the occurrence of a hardship that satisfies the new hardship distribution rules with respect to the following sources:

- (1) No change to current Plan sources available for hardship distributions under AA §§10-1 and 10-2.
- (2) Pre-Tax Salary Deferral Account
- (3) Roth Deferral Account
- (4) Qualified Nonelective Contribution (QNEC) Account
- (5) Qualified Matching Contribution (QMAC) Account
- (6) Safe Harbor Employer Contribution Account
- (7) Safe Harbor Matching Contribution Account
- (8) QACA Safe Harbor Employer Contribution Account
- (9) QACA Safe Harbor Matching Contribution Account
- (10) Describe the effective date (if later than the beginning of the Plan Year beginning after December 31, 2018) for which the election(s) above apply: _____ [not later than January 1, 2020]

(b) Earnings on source accounts. For Plan Years beginning after December 31, 2018 (or such later date specified under (b)(11) below), amounts available for Hardship distributions will include earnings on the following available sources:

- (1) Amounts available for hardship will include earnings on all available sources (this election does not apply to hardship distributions applicable to elective deferral amounts from a 403(b) plan)
- (2) No change to current Plan rule (i.e., earnings will not be available on Salary Deferrals, except for those on grandfathered (pre-1989) earnings, if applicable).
- (3) Pre-Tax Salary Deferral Account
- (4) Roth Deferral Account
- (5) Qualified Nonelective Contribution (QNEC) Account
- (6) Qualified Matching Contribution (QMAC) Account
- (7) Safe Harbor Employer Contribution Account
- (8) Safe Harbor Matching Contribution Account
- (9) QACA Safe Harbor Employer Contribution Account
- (10) QACA Safe Harbor Matching Contribution Account
- (11) Describe the effective date (if later than the beginning of the Plan Year beginning after December 31, 2018) for which the election(s) above apply: _____ [not later than January 1, 2020]

2. Need to Obtain All Available Loans

- (a) For Plan Years beginning after December 31, 2018 (or such later date specified in 1.(a)(10) above), if a Participant requests a Hardship distribution from any of the Accounts specified in 1. above and AA §§10-1 and 10-2, the Participant will **NO LONGER** be required to obtain all nontaxable loans available under the Plan and all other plans maintained by the Employer.
- (b) No change to current Plan provisions. Participants will (or will continue to) be required to obtain all nontaxable loans available under the Plan and all plans maintained by the Employer.
- (c) Describe any special requirements, including special effective dates, with respect to the need to first obtain all available loans: _____

3. Suspension of Ability to Make Salary Deferrals during 2019 (Applicable only to Plans using the safe harbor hardship distribution rule)

- (a) For Plan Years beginning after December 31, 2018 (or such later date specified in 1.(a)(10) above) and applicable to hardship distributions before January 1, 2020, if a Participant takes a hardship distribution from the Pre-Tax Deferral Account and/or Roth Deferral Account, as specified in 1. above or AA §§10-1 and 10-2, the Participant is NOT suspended from making Salary Deferrals (and After-Tax Employee Contributions, if applicable) for any period of time after the receipt of the hardship distribution.
- (b) No change to current Plan provisions. For hardship distributions made before January 1, 2020, the Participant will continue to be suspended from making Salary Deferrals (and After-Tax Employee Contributions, if applicable) for a period of 6 months after the receipt of the hardship distribution.
- (c) Describe any special requirements, including special effective dates [prior to January 1, 2020], with respect to the suspension from making Salary Deferrals (and After-Tax Employee Contributions, if applicable): _____

**4. Application of suspension requirements for pre-2019 Plan Year hardship distributions
(Applicable only to Plans using the safe harbor hardship distribution suspension rule as of the last day of the 2018 Plan Year)**

- (a) No change to current Plan provisions. A Participant who has received a hardship distribution from the Pre-Tax Deferral Account and/or Roth Deferral Account prior to the beginning of the 2019 Plan Year will continue to be suspended from making Salary Deferrals (and After-Tax Employee Contributions, if applicable) for a period of 6 months after the receipt of the hardship distribution.
- (b) Effective on the first day of the Plan Year beginning after December 31, 2018, a Participant who has received a hardship distribution from the Pre-Tax Deferral Account and/or Roth Deferral Account prior to the beginning of the 2019 Plan Year is no longer suspended from making Salary Deferrals (and After-Tax Employee Contributions, if applicable).
- (c) Describe any special rules, including special effective dates [prior to 1/1/20], with respect to the suspension from making Salary Deferrals (and After-Tax Employee Contributions, if applicable) for Participants who have received pre-2019 hardship distributions: _____

The above request for change in plan operation is deemed effective until such changes are incorporated into a plan amendment.

Name of Employer

Plan Name

Name/Title of Authorized Representative

Signature of Authorized Representative

Date