OCTOBER 24, 2016

IRS Eases Loan and Hardship Distribution Rules for Hurricane Mathew Victims

In Announcement 2016-39 issued on October 21, 2016, the IRS follows its long-standing practice and eases application of the qualified plan loan and/or hardship rules for those who were impacted by Hurricane Mathew. For example, the relief allows impacted individuals to obtain a hardship distribution without the need to prove a hardship based on the types enumerated in the regulations. Further, no post-hardship distribution contribution restrictions are required.

The relief applies to participants whose principal residence or place of employment on October 4, 2016 was located in one of the counties in North Carolina, South Carolina, Georgia and Florida identified by FEMA because of devastation caused by Hurricane Mathew ("Impacted Counties") or who have certain relatives who reside or work in the Impacted Counties. For more details about this relief, see Announcement 2016-39.