Aviben®
Benefits Administrator. Elevated Solutions.

1995 E. Rum River Dr. S., Cambridge, MN 55008
Metro: 763-689-0111 | Toll Free: 855-369-5518
Fax: 763-689-6685 | www.aviben.com
A Division of Educators Benefit Consultants, LLC ("EBC")

Rules Applicable to Hardship Distributions

A hardship distribution shall only be approved based on the participant's ability to prove that the request for the hardship distribution is on account of an immediate and heavy financial need and that the withdrawal is necessary to satisfy the financial need.

- The amount of the distribution cannot exceed the immediate and heavy financial need.
- Hardship distributions are taxable and additional taxes could apply.
- Hardship distributions cannot be made from earnings on elective contributions or from Qualified Non-Elective Contributions (QNEC) or Qualified Matching Contributions (QMAC) accounts.

Expenses That Could Qualify Under the Treasury Rules Are As Follows:

- Medical care
- Costs related to the purchase of a principal residence for the employee—not mortgage payments
- Tuition, related educational expenses, and room and board for up to the next 12 months of post-secondary education for the employee, the employee's spouse, children, or legal dependents.
- Payments necessary to prevent the eviction of the employee from principal residence or foreclosure on the mortgage of the principal residence
- Funeral or burial expenses for the employee's deceased parents, spouse, children, or dependents
- Repair of damage to the employee's principal residence that would qualify for the casualty deduction under section 165
- The hardship distribution must not exceed the amount of the financial need. The amount may include the federal, state, or local income tax or penalties that are a result of the distribution.

It is the burden of the employee to **prove** that he/she is in a hardship status according to the Treasury Department's rules.