

Hardship Withdrawal Information

NOTE: You must apply for and have a current 401(k) loan outstanding before you are qualified to take a hardship withdrawal. In addition, to qualify for a hardship withdrawal for the purchase of a primary residence, you must have a 401(k) residential loan outstanding.

Under the Safe Harbor Rules and Regulations of the Internal Revenue Code, there are only six qualifying events/reasons that allow an active employee to withdraw funds from the Pantex 401(k) Plan under a Hardship Withdrawal.

- A. **To purchase a home/primary residence.** The amount allowed is the down payment and closing costs plus taxes and penalties
Required Documentation – Copy of the purchase and sales agreement, including estimated or actual closing costs, signed by both buyer and seller
- B. **To pay unreimbursed medical expenses that fall under Section 213(d) of the IRS Code.** The amount allowed is the amount of unpaid/unreimbursed medical expenses that exceed 7.5% of your adjusted gross income as reported on your IRS Form 1040.
Required Documentation – Copies of medical bills, Explanation of Benefits statements from an insurer, or other proof of out-of-pocket costs incurred as a result of covered medical expenses.
- C. **To prevent your eviction from, or foreclosure on, your principle residence.** The amount allowed is the amount due, plus late charges, penalties, taxes – plus next month's payment/rent.
Required Documentation – Copy of the eviction or foreclosure notice, including documentation of the amount needed to prevent eviction or foreclosure.
- D. **To pay for post-secondary education for your spouse, child, or yourself.** The amount allowed is the unpaid current tuition, fees, books, supplies and equipment as well as room and board for a student enrolled at least half time, plus taxes and penalties.
Required Documentation – Copy of acceptance and enrollment verification from a college or university, including a copy of the bill or statement for tuition and related covered expenses.
- E. **To pay funeral expenses for a member of the immediate family.** The amount allowed is the cost of unpaid funeral expenses plus taxes and penalties.
Required Documentation – Copy of the bill, invoice, or estimate from the service provider for covered services, along with a written description of the decedent's relationship to the employee.
- F. **To pay for the repair of damage to the participant's principal residence that would qualify for the casualty deduction under Internal Revenue Code Section 165.** The amount allowed is the actual cost of repairs plus taxes and penalties.
Required Documentation – Copy of the bill, invoice or estimate for repairs from a contractor, along with a written description of the casualty and related damage.

FACTS TO KNOW ABOUT 401(k) HARDSHIP WITHDRAWAL

- A) You must have exhausted all available 401(k) loans to be eligible for a hardship withdrawal.
- A). You cannot make any contributions or receive any company match in the plan for a period of six months after taking a hardship withdrawal. This will in turn raise your taxable income for the six month period.
- B). While under suspended participation, you may still make changes to your investment options, however, you may not make changes to future contributions until such time as you are allowed to again make contributions.
- C). You may not pay back the Hardship Withdrawal.
- D). When you prepare your Federal Income Taxes for the year in which the withdrawal occurred, you must:
 - 1). Claim the entire amount of the withdrawal as income for that year.
 - 2). Take the 10% Early Distribution Excise Tax Penalty for that tax reporting year, unless you were over age 59½ when you applied for the withdrawal.