

# Deciding whether to take a financial hardship withdrawal?

## Here's what you need to know.

We hope that you never face unexpected financial setbacks. But if you do, you may be eligible to take a financial hardship withdrawal from your employer's retirement plan. However, the price you might pay for early access to your savings should make it your last resort.

### Here are some things to consider before taking a financial hardship withdrawal:

- ✓ You will need to have documents to support your hardship and in many cases will need to provide that documentation.
- ✓ Before you're eligible, you may need to exhaust all other resources, including other plan withdrawals and in some cases the plan's loan provision.
- ✓ Taxes and penalties may decrease the amount you receive by at least 30%.
  - 20% must go to federal taxes.
  - 10% will go to an IRS penalty if you're under 59½.
  - State income taxes may be required.
  - You may have to pay withdrawal fees.
- ✓ A withdrawal could make it harder to stay on track with your retirement goals.

### Let's look at some reasons a financial hardship withdrawal may be considered:

- Tuition, related educational expenses, and room and board expenses for the next 12 months
- Medical expenses
- The purchase of a home
- Funeral expenses
- Federally declared disaster-related expenses and losses
- To avoid eviction from or foreclosure on your current home
- Repairing major damage to your primary residence

## Have you exhausted all other resources and still need help? Take the next step.

If you've decided the effects of a financial hardship withdrawal are worth the immediate results, we can help you move forward.

Visit [principal.com/withdrawal](https://principal.com/withdrawal) or call us at **800-547-7754** to talk to a retirement specialist.



This document is intended to be educational in nature and is not intended to be taken as a recommendation.

You should consider the differences in investment options and risks, fees and expenses, tax implications, services and penalty-free withdrawals for your various options. There may be other factors to consider due to your specific needs and situation. You may wish to consult your tax professional or legal counsel.

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