On March 13, 2020, President Trump declared a national state of emergency to address the coronavirus (COVID-19) pandemic. While this action will provide additional emergency funding and waive regulatory hurdles for testing and care, it does not enable participants to request hardship withdrawals in 401(k) or 403(b) plans, or change the general standards for approving unforeseen emergency withdrawals from 457(b) plans.

Given the considerable impact of COVID-19, many participants are reaching out to access funds from their retirement plan. Fidelity is actively working to support potential withdrawal options when they become available.

Fidelity is currently monitoring and assessing the following as it relates to financial strains as a result of COVID-19:

**Regulatory Relief and Guidance.** The Internal Revenue Service (IRS) has not yet granted flexibility for hardship or unforeseen emergency withdrawal requests. We’ve been in communication with regulators and other government officials about lifting the normal plan restrictions to enable participants to access funds without requiring documentation, as with prior disasters.

**Legislative Relief.** We’re awaiting Congressional action about available options that allow participants to access their retirement plan funds.

**Federal Emergency Management Agency (FEMA)-Declared Disasters.** This new category was included in last year’s IRS hardship withdrawal regulations, and is generally available for 401(k) and 403(b) plans. However, President Trump’s national emergency declaration does not satisfy the requirements under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act) to enable participants to obtain hardship withdrawals under the regulation’s FEMA-declared disaster portion until the following requirements are satisfied:

1. Each state’s* governor must request a declaration from President Trump that a major disaster exists;
2. President Trump must then declare a major disaster under the Stafford Act;
3. FEMA must then declare COVID-19 as a disaster under the Stafford Act; and
4. The individual’s principal residence or principal place of employment at the time of the disaster was located in an area designated by FEMA for individual assistance with respect to the disaster.

Once these requirements have been satisfied, then hardship withdrawals—if allowed under your plan—are permissible for expenses and losses (including loss of income) incurred by an employee because of a FEMA-declared disaster, provided that the participant’s home or workplace is located in an area designated by FEMA for individual assistance.

*A state under the Stafford Act “means any State of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands.”

We anticipate that the COVID-19 pandemic will eventually become a Federal Emergency Management Agency (FEMA)-declared disaster to allow participants to request hardship withdrawals for expenses and losses incurred specifically as a result of COVID-19.

For 457(b) plans, plan administrators will need to determine whether expenses and losses incurred specifically as a result of COVID-19 will qualify as reasons for unforeseen emergency withdrawals.

Other Types of Hardship Withdrawals. Your 401(k), 403(b) and/or 457(b) plans may allow participants to obtain hardship withdrawals or unforeseen emergency withdrawals for other reasons related to an immediate and heavy financial need—such as:

• Medical care;
• The purchase of a principal residence;
• Educational payments;
• The prevention of a foreclosure or eviction from a principal residence;
• Funeral and burial expenses; or
• Repairs to a principal residence because of a casualty loss.

The withdrawal amount and available contribution sources will be determined based on your plan’s rules.

Helping Your Participants Access Funds Quickly and Safely: Zero-Day Wait Electronic Funds Transfer (EFT)

To provide needed funds to your plan participants quickly and safely, Fidelity is turning on Zero-Day Wait EFT. Your participants can add their bank account information and have proceeds for eligible distributions deposited electronically into their account—without the typical 10-day wait time associated with adding a new bank account.

Participants will receive real-time alerts via text and email, and a mailed postcard once their account has been updated. For high-risk transactions, two-factor authentication has been implemented—including for direct deposit set-up. Participants will be eligible to take up to $50,000 each day for 10 calendar days.

What’s Next?

We’ll keep you informed as we learn more about the hardship withdrawal solutions that become available to you and your participants, as well as other common plan issues as a result of COVID-19.

If you have questions, please contact your Fidelity representative.