
PARTICIPANT RESOURCE

Unlocking Your Retirement Savings: A Guide to Distributions

Retirement plans are designed to help you build a secure financial future. However, there may be times when you need to access these funds earlier than anticipated. Understanding the various distribution options available to you is essential for making informed decisions. Always review your summary plan description for detailed information specific to your plan.

What is a distribution?

A distribution refers to the withdrawal of funds from your retirement account. The options available to you will depend on the specific provisions of your retirement plan, your current employment status, and the types of contributions in your account.

Types of distributions



Separation of employment: Access your funds if you leave your job due to retirement, a job change, disability, or death. Only the vested balances in your account are eligible for withdrawal.



Hardship withdrawal: If your plan allows, you may withdraw funds to cover expenses such as medical care, home purchase, tuition, eviction, funerals, casualty loss, and certain natural disasters. Proof of financial hardship is required by the Internal Revenue Service (IRS).



In-service distribution: Active employees who meet the age requirement may be eligible for this type of withdrawal. Check your plan's summary plan description for availability and specific details.



Required minimum distribution (RMD): These are mandatory withdrawals that must begin once you reach a certain age.



Key considerations



Taxes:

Distributions are taxed as ordinary income. Additionally, if you withdraw funds before age 59½, you may incur a 10-percent early withdrawal penalty.



Impact on retirement savings:

Withdrawals will reduce your retirement savings, which can affect your long-term financial security.



Learn more

Distribution options vary based on your specific retirement plan and personal circumstances. It's important to consider the tax implications and potential penalties associated with early withdrawals, as well as the impact on your overall retirement savings.

To dive deeper into the different types of [Retirement Account Distributions](#), review your summary plan description and speak with a financial advisor. Make informed decisions to ensure your financial security both now and in the future.