

**Publications**

# Welcomed IRS Guidance on Use of Forfeitures and Hardship Distributions

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**SERVICES**

The IRS recently issued two pieces of long-awaited guidance to facilitate qualified plan operations. The first was the issuance of proposed regulations that would permit forfeitures to be used to fund safe harbor contributions and other corrective contributions. The second was the issuance of new audit procedures regarding the substantiation of hardship distributions, which permits a method of substantiating hardship distributions without having to review and retain the underlying support documentation to show the immediate and heavy financial need for a safe harbor hardship distribution. The new guidance is summarized in the attached article.