



Should I Withdraw from My 401(k) During a Pandemic?

Over the past several months, the pandemic has led many Americans to financial hardships. Individuals are fearful of how they'll meet their financial obligations. The stimulus package may help alleviate some of the concerns, but what about those who still won't make ends meet? When those funds have been exhausted, what options are next? As expressed in our previous communication, withdrawing from your 401(k) savings may sound tempting, but there are other alternative options. Analyze this from a case-by-case perspective:

- **Reduce monthly expenses.** Do you have monthly subscriptions that can be temporarily suspended or discontinued entirely to cut monthly costs? Examples include Netflix, Hulu, YouTube TV, etc. Consider keeping only one subscription that works for the entire family.
- **Student loans.** The stimulus package offers a six-month payment break for individuals with federal loans.¹ This means individuals are automatically enrolled into this program by default. Payments will not be due within the next six months from March 2020 through September 2020. Interest will not be incurred; therefore, the outstanding amount on the loan won't increase during this period. Borrowers are allowed to opt out of this program by calling their servicing provider.
- **Utilize emergency funds.** Resort to emergency funds first. In theory, this is why emergency funds were set up to begin with—a means of easy access during unprecedented times.
- **Selling some stocks for immediate cash.** The question of whether or not selling stocks during a crisis is smart has become a common question amongst investors. It's important to not panic-sell. Instead, allow us to offer you a no-cost, no obligation consultation to present you with options that'll best suit your situation.
- **Refinancing student loan debt, mortgage payments, or car payments.** If your student loan lender didn't fall under the stimulus package, consider refinancing or going into forbearance. Although prolonging the life of the loan long term isn't something we'd want to do, it can offer short term relief. This also applies to mortgage and car payments.

You work hard for your 401(k) savings plan. They're not something that has been saved overnight but has taken many years of contribution. The value of your account could be worth much more years from now if left untouched. If you find yourself asking this question, give us a call at 435-723-3370. Let us explore these avenues and develop a strategy to help you restore financial stability all the while protecting your retirement future.
