Fidelity INVESTMENTS

Financial Emergency?

Consider all your options.

Life happens and it can sometimes be unexpected and expensive. What do you do if you have a financial hardship, like unexpected expenses such as a medical issue or reduction in pay? How can you act quickly and still make sure you can pay in a way that doesn't derail your entire budget?

Before exploring these emergency options that could increase your debt, consider what else may be available to you, like a payment plan option or consolidation services.

Is this a medical emergency? Consider using your Health Savings Account (HSA) or Flexible Spending Account (FSA) for qualified medical expenses if you have one.
LEARN MORE

If you don't have an HSA or FSA, don't have enough to cover the cost in full or this isn't health related, follow the path below.

Let's explore your options...

Do you have rainy day funds?
Consider using available cash or money you've put aside in a separate account for emergencies. If you participate in an Employee Stock Purchase Plan (ESPP) you may be able to withdraw your accumulated contributions.

↓

Do you have a credit card with no balance that you feel confident you can pay off in one month to avoid interest charges?
Consider using it. **LEARN MORE**

↓

Do you have other non-retirement accounts?
Consider using those accounts (e.g. brokerage accounts). If you have them, consider vested restricted stock, shares purchased in an ESPP, or vested in-the-money stock options.

↓

Do you have a retirement account that you are eligible to take a qualified withdrawal from? (e.g. 59.5 or older for IRA)
Consider taking it (pay close attention to the rules and continue contributing to minimize the impact to your long-term goal).

↓

Can you open or use an existing HELOC or personal loan that you feel confident you can pay back?
Consider opening a Home Equity Line of Credit (HELOC) or personal loan (if a reasonable rate of 6% or less).

↓

Do you have a 401(k) that you can take a loan from, and that you are confident you can pay back?
Consider taking a 401(k) loan to pay household bills and expenses, pay off high-interest debt, or pay back taxes or money owed to the IRS. (Continue to contribute to minimize the impact to your long-term savings goals). **LEARN MORE**

↓

Do you have an IRA but aren't eligible to take a penalty-free withdrawal?
Consider taking a non-qualified withdrawal (taxable and subject to a 10% IRS early withdrawal penalty).

↓

Can you cover the amount with your 401(k)?
Consider taking a hardship withdrawal if no other options are available and you have an immediate financial need to cover costs related to certain medical expenses, repairs for a primary home, or prevention of eviction or foreclosure. (Pay close attention to the rules and continue contributing to minimize the impact to your long-term goal).

Being in an unexpected financial squeeze can seem hard to recover from, but this could be a good time to take a look at your day-to-day expenses and see where you can make some adjustments and save a little extra cash. **LEARN MORE**

This hierarchy was created with the goal of minimizing the adverse effects of an emergency withdrawal such as unexpected or unplanned taxes, penalties or impacts to other planning goals. This information is intended to be educational and is not tailored to the investment needs of any specific investor. Investing involves risk, including risk of loss.

Hardship distributions are taxed as ordinary income and may be subject to a penalty when you file your income taxes.

Fidelity does not provide legal or tax advice. The information herein is general and educational in nature and should not be considered legal or tax advice. Tax laws and regulations are complex and subject to change, which can materially impact investment results. Fidelity cannot guarantee that the information herein is accurate, complete, or timely. Fidelity makes no warranties with regard to such information or results obtained by its use, and disclaims any liability arising out of your use of, or any tax position taken in reliance on, such information. Consult an attorney or tax professional regarding your specific situation.

Fidelity Brokerage Services LLC, Member NYSE, SIPC 900 Salem Street, Smithfield, RI 02917