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## Is your retirement your strike fund?

In the last issue we covered how to use BCSS to smooth out irregularities in pay. Now we'll move into the more specific intricacies of a strike situation.

"Water, water everywhere, nor any drop to drink." Imagine being stranded on the open ocean, dying of thirst, surrounded by undrinkable salt water. Relate this to the scenario of having an empty checking account, no liquid savings, and \$150,000 in a retirement account from which you cannot make withdrawals.

This isn't exactly the reality; several cases allow us to take a distribution from a retirement account, but we usually wouldn't want to. Retirement accounts are given special tax treatment, and in return, we are incentivized to use them only as retirement accounts. If you are under 59½ years old, hardship distributions will incur a 10 percent penalty, plus income tax on the withdrawal. Cases that qualify are listed in IRS regulations, and include unreimbursed medical expenses, payments to prevent foreclosure or eviction from your residence, college tuition, etc. Penalty-free distributions are possible if you become totally disabled, are ordered by a court to distribute the funds in the event of a divorce, or if you lose your job after age 55. There are other cases allowed in both lists, but notice that labor disputes are not included in either.

## What about 401(k) loans?

Borrowing money always has a cost, and loans against retirement accounts do too. Those costs may be less than borrowing money from a bank, but that's not always the case. In some scenarios, a 401(k) loan is the best course of action, but good planning and savings will likely keep you out of those scenarios. If your emergency fund planning is based on a 401(k) loan (*though we hope it is not*), realize that those loans **will not be available after the start of a strike**. This means you'll need to initiate a loan **before** the strike date.

It's important to know which services we rely on may not be available if we are in a self-help situation. In the next issue we'll cover more of these services.

Until then, we welcome your feedback and discussion. If you have any questions for your subject-matter experts, ideas for additional topics that we should cover, or just want to let us know what you think, please visit [B6alpa.com](http://B6alpa.com) or contact us at [JBUCommunications@alpa.org](mailto:JBUCommunications@alpa.org).

FINANCIAL EXPERTS AGREE THAT YOU SHOULD HAVE AT LEAST SIX MONTHS OF YOUR BASIC EXPENSES IN SAVINGS FOR ANY FINANCIAL EMERGENCY THAT MIGHT COME YOUR WAY—THIS INCLUDES THE POSSIBILITY OF A LEGAL JOB ACTION SUCH AS A WORK STOPPAGE.

TAKE A LOOK AT YOUR LIFE AND START SAVING TODAY.

# CONTRACT ABOVE ALL

