

457 DEFERRED COMPENSATION PLAN EMERGENCY WITHDRAWAL PACKET



This booklet contains the following forms:

- 457 Deferred Compensation Plan Emergency Withdrawal Form
- 457 Deferred Compensation Plan Emergency Withdrawal Worksheet

457 Emergency Withdrawal Packet

INTRODUCTION

Your deferred compensation plan is one of the best ways you have available to accumulate savings for retirement. Emergencies, however, do occur. A strictly defined Internal Revenue Code (the Code) provision in your deferred compensation plan allows withdrawals in the event of an unforeseeable emergency. A plan not operating in compliance with the Code and IRS regulations is at risk of being deemed ineligible, with all plan assets immediately taxed. ICMA-RC assists with adherence to Code provisions to protect the tax-deferred status of the assets in your employer's plan. These withdrawals are an exception from normal retirement benefits under the plan.

Please note: If you have separated from service, you may request a withdrawal of funds from your account at any time using the regular withdrawal forms contained in the *457 Benefit Withdrawal Packet*. **Do not** use the forms contained in this packet to request your withdrawal. Please contact ICMA-RC to request the appropriate withdrawal packet.

UNFORESEEABLE EMERGENCIES DEFINED

An unforeseeable emergency is defined as a severe financial hardship created by:

- **sudden** and **unexpected** illness or accident to you, your spouse, your dependents, or your primary beneficiary (if permitted by your plan),
- loss of, or damage to, your property due to an accident, disaster, destruction, or theft, or
- other similar, equally severe and **unforeseeable** circumstances beyond your control.

For an emergency to comply with the Code and IRS regulations, it must satisfy **all** of the following:

- Financial hardship must be severe and beyond your control.
- Funds in your deferred compensation account must represent a last resort.
- Emergency circumstances must be **sudden**, **unexpected**, and **unbudgetable**.
- In the event of sudden illness, financial hardship must result from events affecting you, your spouse, a

dependent who can be claimed on your tax return, or your primary beneficiary (if permitted by your plan).

Additionally, the emergency situation must be one that cannot be relieved through insurance reimbursement, cash in savings accounts and credit unions, the cash value of life insurance or the liquidation of other assets, a loan from your deferred compensation or defined contribution account, or ceasing contributions.

Although there is no limit on the number of emergency withdrawals that may be made, each request must satisfy all of these conditions.

ELIGIBILITY TEST

To test whether or not your particular situation might qualify as an emergency, pose these key questions:

- Is the situation unforeseeable and beyond your control?
- Could you have budgeted for the situation?
- Are you eligible for a loan from your 457 plan to cover the emergency?
- If the situation is not one specifically allowed by the regulations, is it as severe a hardship as, for example, sudden illness or accident?

EXAMPLES OF QUALIFYING AND NON-QUALIFYING CIRCUMSTANCES

Regulations under the Code only specify four covered circumstances:

- 1) medical expenses resulting from the sudden illness or accident of you, your spouse, a dependent who can be claimed on your tax return, or your primary beneficiary (if permitted by your plan),
- 2) loss of property due to casualty, or
- 3) other similar extraordinary and unforeseeable circumstances arising as a result of events beyond your control.

In all of these circumstances, if insurance covers the expenses, deferred compensation assets may not be

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Examples of Non-Qualifying Requests	Examples of Qualifying Requests
<ul style="list-style-type: none"> • Purchase of a home or automobile • Education expenses, such as college tuition • Normal monthly expenses, including rent or mortgage payments, utilities, credit card bills, and car payments, • Loss of overtime or second job • Routine medical and dental bills, elective/ cosmetic surgery, or orthodontia • Normal maternity leave • Routine home or auto maintenance • Tax liability (payment of income tax, back taxes, or fines associated with back taxes)* • Travel expenses • Personal bankruptcy (except when resulting directly and solely from illness or casualty loss)* • Legal expenses (except in criminal cases) • Marital separation, divorce, or child support* • Repayment of loans <p style="font-size: small; margin-top: 20px;">*Although not reflected in the Internal Revenue Code, the IRS has stated in question-and-answer sessions that these situations would not comply.</p>	<ul style="list-style-type: none"> • Lost wages (realized) • Medical bills resulting from an accident or unexpected illness that are not covered by insurance • Damage to your home due to an accident or natural disaster (beyond insurance reimbursement) • Damage to your car or other personal property due to an accident or natural disaster (beyond insurance reimbursement) • Loss of your property due to theft (beyond insurance reimbursement) • Legal bills involving criminal charges against you, your spouse, a dependent who can be claimed on your tax return, or your primary beneficiary (if permitted by your plan) • Expenses associated with the imminent foreclosure of or eviction from your primary residence • Non-refundable deductibles and prescription medicine expenses associated with medical expenses resulting from the sudden illness or accident of you, your spouse, a dependent who can be claimed on your tax return, or your primary beneficiary (if permitted by your plan) • Funeral expenses for a spouse, a dependent who can be claimed on your tax return, or your primary beneficiary (if permitted by your plan) <p style="font-size: small; margin-top: 20px;">Please note: Unreimbursed medical expenses and expenses related to property loss or damage must have been incurred and be supported by actual bills – estimates will not be accepted.</p>

withdrawn. Specific events not considered emergencies by the Code include the purchase of real estate and payment of college tuition. Please see the table above for a list of potential examples of qualifying and non-qualifying requests.

- ✓ Exhaust all available loan options from your deferred compensation or defined contribution account(s).
- ✓ Obtain all proper documentation.
- ✓ Obtain your employer's authorization.

EMERGENCY WITHDRAWAL PROCEDURES

Before an emergency withdrawal disbursement is made, you must:

- ✓ Determine that suspending contributions will not satisfy the financial need.

Documenting Your Request

The *457 Emergency Withdrawal Form* asks you to describe the emergency in order to help confirm that it meets the guidelines. The form requires that you attach any documents supporting your request, including information about the circumstances, financial impact of

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the emergency, and the nature of your other resources available to meet the emergency. For example, a request for lost wages should include:

- ✓ a pay stub showing your normal pay rate,
- ✓ pay stubs showing no wages and all leave balances exhausted,
- ✓ a letter from your employer (or doctor, if applicable) documenting the reason for your absence and the timeframe, and
- ✓ evidence of additional payments received in lieu of wages (unemployment, disability).

If you do not provide adequate documentation with your emergency withdrawal request, processing may be delayed. Before submitting your request, be sure that you have included the following:

- ✓ fully completed *457 Emergency Withdrawal Form*,
- ✓ fully completed *457 Emergency Withdrawal Worksheet*,
- ✓ copies of bills detailing unreimbursed medical expenses or property damage/loss,
- ✓ proof of denial of insurance coverage,
- ✓ evidence of lost wages (pay stubs, employer/doctor letter, etc.), and
- ✓ any other supporting documentation that would assist in determining whether your request qualifies.

If your emergency withdrawal involves a circumstance concerning your primary beneficiary, be sure to confirm the beneficiary for your account. Confirming this information prior to submitting your paperwork will help to ensure timely processing of your request.

Once you have completed the form, submit it along with your supporting documentation to your employer.

Who is a Qualifying Dependent?

Dependent: a dependent is a qualifying child or qualifying relative as defined by IRS Code Section 152.

A qualifying child must:

1. be the child of the taxpayer or a descendant of such child, or be a brother, sister, stepbrother/step-sister of the taxpayer or a descendant of any such relative,
2. have the same principal residence as the taxpayer for more than one-half of the taxable year,
3. satisfy age requirements (must not have attained age 19 before the close of that taxable calendar year, if a student, must not have attained age 24 before the close of that taxable calendar year); or must be permanently and totally disabled, and
4. not have provided over one-half of such individual's own support for that taxable calendar year.

A qualifying relative is any person who must:

1. be related to you or lived with you for the entire year as a member of your household,
2. receive over one-half support by you for the calendar year for which dependency is claimed, and
3. not be a qualifying child of you or any other person.

Obtaining Employer Authorization

Under the Code, only your employer can authorize an emergency withdrawal. Upon request, ICMA-RC will provide an opinion to your employer concerning your request and whether the emergency situation meets the requirements of the Code and regulations.

Please be aware that if your employer seeks ICMA-RC's guidance, the processing of your request may be delayed. In order to expedite processing, please include adequate documentation verifying your emergency and the amount needed to cover the emergency.

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PROCESSING AND DISBURSEMENT AMOUNTS

You may only withdraw reasonably sufficient funds needed to satisfy the emergency plus the tax liability on that amount.

In Section 3 of the form, please indicate the actual amount needed to cover your emergency situation and indicate whether the amount should be increased ("grossed-up") to cover the amount being withheld for federal and/or state income taxes. When checks are "grossed-up" for taxes, the net amount will be within \$1.00 due to rounding.

Example - your actual emergency is \$1,000. You elect 10% federal income tax withholding, no state income tax withholding, and you would like the amount "grossed-up"

1. Withdrawal amount requested to cover the actual emergency
\$1,000
2. Withhold FEDERAL income tax at the rate of 10%
3. Withhold STATE income tax at the rate of ____
4. Should the withdrawal amount be increased "grossed-up" to cover the federal and/or state income tax withholding?

Yes No

Gross amount of your check	\$1,111.11
Federal income tax withholding	\$111.11
State income tax withholding	\$0.00
Net amount of your check	\$1,000.00

Taxation and Withholding Requirements

As you may know, the money you have deferred has not been included in your gross income. No federal or state income taxes have been paid. If your emergency withdrawal request is approved, you will receive a tax reporting Form 1099-R at the end of the year. You will need to include the total amount withdrawn in your gross income for the tax year in which you receive the payment.

When you complete the *457 Emergency Withdrawal Form*, you will indicate the desired percentage of both federal and state tax withholding. Emergency withdrawal requests are not eligible rollover distributions, and are not subject to mandatory tax withholding, so you may request "no withholding" if you do not want to have any taxes withheld from your payment. If no withholding instructions are provided on the form, ICMA-RC will withhold 10% for federal income tax and a default percentage for state income taxes (varies by state). Regardless of your withholding election, you are ultimately responsible for payment of federal and state income taxes on the distribution

ICMA-RC Processing

Be sure to complete your request fully.

Submitting inadequate documentation to your employer will delay the processing of your withdrawal request. Upon receipt of your employer-approved request, ICMA-RC will review it for completeness. Be sure to include your daytime phone number in Section 1 of the form, so ICMA-RC can contact you if necessary.

Payments for emergency withdrawals are made daily from participant accounts. Completed requests with your employer's signed approval should be mailed to:

ICMA-RC
Attn: Workflow Management Team
P.O. Box 96220
Washington, DC 20090-6220

For more timely processing, you may fax the completed forms to ICMA-RC. Forms can be faxed to the attention of the Workflow Management Team at 202-682-6439.

Please Note: Not providing all necessary information and documentation may result in your payment being delayed.

For further information,
please contact ICMA-RC's
Investor Services toll-free at
800-669-7400



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• Please submit this request to your employer for authorization PRIOR to sending it to ICMA-RC.

1
Employee Information

All Information in this Box Must Always be Completed to Avoid a Delay in Processing.

Employer Plan Number **3 0** Employer Plan Name _____ Marital Status Married Single

Social Security Number _____ Date of Birth _____ / _____ / _____ Daytime Phone Number (____) _____ - _____
Month Day Year Area Code

Full Name of Participant
 Last _____ First _____ M.I. _____

Mailing Address _____ Date of Hire _____ / _____ / _____
Month Day Year

Street _____
 City _____ State _____ Zip Code _____

2
Reason for Emergency Withdrawal

Emergency withdrawals from a 457 plan are permitted only when due to severe financial emergency, as defined by the Internal Revenue Code and regulations. Please select your circumstances from the following items. **You must attach documentation to support your answers.** (See page 2 of this packet "Documenting Your Request.")

REASON	REQUIRED DOCUMENTATION
<input type="checkbox"/> Foreclosure / Eviction	<input type="checkbox"/> Letter from the mortgage company indicating a dollar reinstatement amount needed to prevent foreclosure (letter must state foreclosure) or acceleration on primary residence <input type="checkbox"/> Letter from the leasing agency, court ordered eviction notice, or notarized letter from your landlord indicating a dollar amount needed to prevent eviction of primary residence
<input type="checkbox"/> Funeral Expenses	<input type="checkbox"/> Detailed funeral bill indicating the portion for which you are responsible <input type="checkbox"/> Funeral expenses relates to spouse, dependent, or primary beneficiary
<input type="checkbox"/> Involuntary Lost Wages	<input type="checkbox"/> Last full pay stub indicating regular full pay rate <input type="checkbox"/> Documentation indicating the dates of employment and UNPAID dates of work missed due to involuntary reasons. This must indicate any sick pay, vacation pay, workers compensation, unemployment benefits, or any form of compensation received while out of work. <input type="checkbox"/> Explanation of lost wages. Please attach an additional page explaining the reasons for your lost wages claim.
<input type="checkbox"/> Legal Fees (involving Criminal Charges)	<input type="checkbox"/> Signed attorney retainer agreement or bill from attorney – this must be for reasons beyond the participants control <input type="checkbox"/> Evidence of criminal charges <input type="checkbox"/> Legal fees relates to spouse, dependent, or primary beneficiary
<input type="checkbox"/> Unreimbursed Medical Bills	<input type="checkbox"/> Explanation of Benefits (EOB) from insurance company <input type="checkbox"/> Copies of actual bills showing the amounts covered and not covered by insurance, no more than one year old <input type="checkbox"/> If no insurance – statement indicating no medical insurance <input type="checkbox"/> Unreimbursed medical bills relates to spouse, dependent, or primary beneficiary
<input type="checkbox"/> Damage to property due to accident or natural disaster (beyond insurance reimbursement)	<input type="checkbox"/> Detailed repair bill for damages to your property (estimates are not acceptable). A letter from contractor explaining why repairs are not a result of normal wear and tear. <input type="checkbox"/> Letter from insurance company indicating a reason for no coverage <input type="checkbox"/> If covered by insurance, letter from the insurance company indicating the deductible amount owed for the repairs <input type="checkbox"/> If due to medical reasons, letter from physician stating that repairs are medically necessary
<input type="checkbox"/> Other	<input type="checkbox"/> Please provide documentation supporting your claim.

If further explanation is necessary for any of the above circumstances, please attach additional sheets.
Please note: Unreimbursed medical expenses and expenses related to property loss or damage must have been incurred and be supported by bills – estimates will not be accepted.



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Employer Plan Number

Social Security Number

3 0 _____ - _____ - _____

<p>3 Withdrawal Request</p>	<p>1. I hereby request an emergency withdrawal of \$_____ from my 457 plan account.</p> <ul style="list-style-type: none"> • This amount cannot be greater than the amount needed to cover the actual emergency expense or the total amount of your account. • Do not add the tax liability to this amount. Check the box in #4 to "gross-up" the amount. • ICMA-RC is required to withhold federal and state income tax unless you provide instructions. Regardless of your withholding election, you are ultimately responsible for paying federal and state income taxes on the amount withdrawn. If no withholding instructions are provided, ICMA-RC will withhold 10% for federal income taxes and a default amount for state income taxes (varies by state). <p>2. <input type="checkbox"/> Withhold FEDERAL income tax at the rate of _____% OR <input type="checkbox"/> No withholding</p> <p>3. <input type="checkbox"/> Withhold STATE income tax at the rate of _____% OR <input type="checkbox"/> No withholding</p> <p>4. <input type="checkbox"/> Check here if you want the withdrawal amount increased ("grossed-up") to cover the federal and/or state income tax withholding (see instructions for example). If no election is made, your payment will not be increased to cover the federal and state tax withholding percentages. Incurred lost wages are not eligible to be "grossed-up."</p>
<p>4 Mailing Options</p>	<p>Send Payment To:</p> <p><input type="checkbox"/> Permanent Address</p> <p><input type="checkbox"/> Alternate address (mailing address different from permanent address): _____</p> <p>_____</p> <p>City _____ State ____ Zip Code _____ - _____</p>
<p>5 Participant Signature and Checklist</p>	<p>Checklist:</p> <p>Please check all items upon completion of both pages of this form.</p> <p><input type="checkbox"/> I have completed all of Sections 1-5.</p> <p><input type="checkbox"/> I have fully completed the <i>457 Emergency Withdrawal Worksheet</i> on the next page.</p> <p><input type="checkbox"/> I have attached supporting documentation for my request. (See page 2 of this packet "Documenting Your Request.")</p> <p>As required by law and under penalty of perjury, I certify that the Social Security Number (Taxpayer Identification Number) I provided for myself is correct.</p> <p>Participant Signature: _____ Date: _____</p> <p>PLEASE SUBMIT THIS REQUEST TO YOUR EMPLOYER FOR AUTHORIZATION PRIOR TO SENDING TO ICMA-RC.</p>
<p>6 Employer Authorization</p> <p>For Employer's Use Only</p>	<p>As the authorized official for the employer, I certify that this request has been reviewed and hereby direct ICMA-RC to disburse funds immediately to the individual named on this request.</p> <p>Employer's Signature: _____ Date: _____</p> <p>Name of Employer Authorized Official (Please Print): _____</p> <p>Employer Authorized Official's Title: _____</p>



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WORKSHEET - PAGE 3 OF 3**

Employer Plan Number

Social Security Number

3 0 _____

_____ - _____ - _____

This worksheet will assist with the review of your emergency withdrawal request. Please provide as much documentation as possible. (For example, include copies of recent utility bills, mortgage payments, medical bills, bank statements, etc.) Submit the completed worksheet and Emergency Withdrawal Form to your employer for processing.

ASSETS	LIQUID ASSETS	FIXED ASSETS
	SAVINGS: CREDIT UNION \$ _____ BANK \$ _____ CHECKING \$ _____ CASH ON HAND \$ _____ INVESTMENTS: MUTUAL FUNDS \$ _____ 401(A) OR 401(K)* \$ _____ IRA \$ _____ CASH VALUE OF LIFE INSURANCE \$ _____ OTHER \$ _____ TOTAL LIQUID ASSETS \$ _____ <i>*MAY NOT BE LIQUID</i>	RESIDENCE: MARKET VALUE \$ _____ OTHER REAL ESTATE \$ _____ AUTOMOBILES \$ _____ OWNERSHIP INTERESTS IN SMALL BUSINESS \$ _____ PERSONAL PROPERTY \$ _____ OTHER \$ _____ TOTAL FIXED ASSETS \$ _____
LIABILITIES	SHORT-TERM LIABILITIES (OUTSTANDING BILLS)	LONG-TERM LIABILITIES (LOAN BALANCES)
	TAXES DUE \$ _____ INSURANCE \$ _____ PREMIUMS \$ _____ RENT OR MORTGAGE \$ _____ UTILITIES \$ _____ CHARGE ACCOUNTS \$ _____ CAR PAYMENT \$ _____ MEDICAL BILLS \$ _____ OTHER \$ _____ TOTAL SHORT-TERM LIABILITIES \$ _____	MORTGAGE \$ _____ AUTO LOAN \$ _____ EDUCATION \$ _____ PERSONAL LOANS \$ _____ OTHER \$ _____ TOTAL LONG-TERM LIABILITIES \$ _____



ATTN: WORKFLOW MANAGEMENT TEAM
P.O. BOX 96220
WASHINGTON, DC 20090-6220
800-669-7400
EN ESPAÑOL LLAME AL 800-669-8216

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