

MULTNOMAH COUNTY EMPLOYEES DEFERRED COMPENSATION PLAN UNFORESEEN EMERGENCIES & FINANCIAL HARDSHIP WITHDRAWALS

A message from the Employee Deferred Compensation Committee Regarding Hardship Withdrawal Applications

Normally you cannot receive benefits from a Deferred Compensation Plan until you retire or otherwise leave Multnomah County employment. However, the Deferred Compensation Committee has chosen to offer a hardship withdrawal option, although the Internal Revenue Code does not require it. The IRS also does not require an appeal procedure, yet the Committee has chosen to make this available to participants as well.

The Deferred Compensation Plan allows for “emergency withdrawals” under very narrow circumstances defined in the Internal Revenue Code. Please read this document very carefully.

Withdrawal of deferred compensation funds under the Plan for the purpose of meeting a financial emergency may be allowed only if a genuine emergency exist which can be met ONLY by such a withdrawal. In addition, the emergency event must have occurred within the 12 months immediately prior to the application date.

The nature and extent of your emergency must be explained in detail in order for your application to be adequately and fairly evaluated. The law requires that determinations be made on a case by case basis. More importantly, the IRS may require that the Committee justify allowance of such requests long after a withdrawal is granted. The information to be furnished with this request is intended to serve both these needs and must be complete. This is not intended to unduly burden you and the information sought would not be required unless absolutely necessary. So, please fill out the form completely. An incomplete form will be returned to you for completion.

Who Can Apply For A Hardship Withdrawal?

A participant can apply for a hardship withdrawal while actively employed, separated from service or receiving benefit payments, unless payments are being received under an annuity contract, which cannot be changed.

What Is An Unforeseeable Emergency?

An unforeseeable emergency is defined in the Internal Revenue Code as a severe financial hardship resulting from a sudden and unexpected accident or illness of the participant or of a dependent of the participant. It may be the loss of the participant’s property due to casualty, or other similar extraordinary and unforeseeable circumstances. The loss must be as a result of events beyond the control of the participant. (IRS Reg. 1.457-2(h)(4))

What Is The Process For Applying For An Emergency Withdrawal?

Determining whether a participant has suffered a financial hardship is a two part process. First, the participant must demonstrate an immediate and heavy financial need. Second, the withdrawal must be necessary to meet the need – that is, the participant cannot meet that need from any other source, and a withdrawal from the deferred compensation plan must be a last resort option for the participant.

The IRS requires that the determination be made on a case by case basis. The participant must provide adequate documentation for the application to be adequately and fairly evaluated. The Plan Administrator reviews all applications and makes the initial determination that the application does or does not qualify for a hardship withdrawal. Participants whose applications do not qualify may appeal the Plan Administrator’s decision to the Committee. The decision of the Committee is final.

Each application will be treated with confidentiality. However, if you choose to appeal the Plan Administrator’s decision, action on your request may need to be considered at a Committee meeting, which will be open to the public.

The Plan Administrator is available for personal interviews and assistance with the application process. Financial counseling sessions with Consumer Credit Counseling Services are highly encouraged.

What Are The First Steps?

A financial hardship must first be relieved by:

- Reimbursement by insurance or other source
- Liquidating other unnecessary assets
- Seeking credit counseling or debt consolidation
- Stopping deferrals to the Plan
- Obtaining a loan (or demonstrating that you have been denied for a loan)

What Is An Example Of A Specific Situation, When A Hardship Is Deemed A Legitimate Need?

- Uninsured medical expenses for the participant, spouse, or legal dependent
- Property loss or damage due to casualty, not covered by insurance
- Death of a family member and related funeral expenses
- Similar extraordinary unforeseeable circumstances, beyond the control of the participant
- Imminent foreclosure of, or eviction from, the participant's primary residence

What Is An Example Of A Specific Situation, When A Hardship Is Not Deemed A Legitimate Need?

- Payments for federal, state, or property taxes
- Loss of income for less than one month
- Legal fees or fines
- Over extension of credit
- Purchase, payments, repair or remodel of home
- Cost of education
- Costs associated with divorce
- Automobile or appliance repairs
- Expenses related to any event occurring more than 12 months prior to the date of application
- Anything where the participant has had significant control and/or failed to exercise prudent judgement as to the cause of the emergency, such as a violation of state or federal law

How Much Is The Participant Allowed To Withdraw?

The participant may only withdraw the amount necessary to meet the emergency and to cover any potential tax liability. Withdrawals are taxable, and are subject to tax withholding. The Plan Administrator will determine the amount of taxes to be withheld; generally, federal taxes are withheld at a rate of 20% or 28%, and state taxes are withheld at a rate of 9%. A W-2 will be issued at the end of the year and you must include any distributions from the Plan in your taxable income.

Please note: The participant is also required to cease deferrals from the Plan for one year upon approval of a hardship withdrawal.

For Purposes Of Determining An Unforeseeable Emergency, Who Is Considered The Participant's Legal Dependent?

An individual is a dependent if he or she meets the criteria in IRC Section 152(a). This is one of the following individuals who received more than half of his or her support for the year from the participant: child, step-child, sibling, step-sibling, parent, ancestor, niece, nephew, aunt, uncle, in-law, or an individual who has his or her principal place of abode with the participant.

Must The Participant Use Other Resources Before Seeking A Hardship Withdrawal?

YES. A withdrawal cannot be approved if the hardship could be alleviated through reimbursement by insurance or otherwise, liquidation of the participant's other assets to the extent that the liquidation does not in itself cause a hardship and cessation of deferrals under the Plan. IRS Reg. 1.457-2(h)(4).

Any questions, please call 503 988 5016

**MULTNOMAH COUNTY DEFERRED COMPENSATION PLAN
FINANCIAL HARDSHIP WITHDRAWAL APPLICATION**

Name _____ Social Security Number _____

Address

Home Phone _____ Work Phone _____

Your most recent account balance _____ Amount you are requesting _____

My account is invested with: ING Hartford Advantis Credit Union)

Required attachments for all claims:

- ☐ Copy of most recent Federal Income Tax Return, including schedules.
- ☐ Copy of most recent pay stubs for all household wage earners
- ☐ Copies of the most recent statements for all bank, investment, and retirement accounts

Other required documentation, depending on nature of emergency:

- ❑ If emergency is the result of medical expenses for you or your legal dependent, provide copies of insurance company “Explanation of Benefits” reports.
- ❑ If emergency is the result of loss of income, provide documentation that the loss of income has been endured for greater than 30 days. Include any supporting documentation that demonstrates the reason for the loss of income (medical reasons or disability not covered by employer benefits; layoff or termination of employment).
- ❑ If emergency is the result of an accident, theft, or damage to your home or property, provide documentation of the accident report, damage estimate, or police report, and proof from your insurance company identifying the uninsured portion of the loss.
- ❑ If emergency is the result of the death of a legal dependent, provide a copy of the death certificate and itemized funeral bills.
- ❑ If foreclosure on primary residence provide a copy of the Foreclosure Notice from your lending institution, not the “notice of intent to foreclose,” as this is not a foreclosure notice and it precedes the foreclosure process.

Describe below the complete nature of the event causing the financial emergency. Be as precise and detailed as you can, and include names and dates. Attach extra sheets if necessary. Note: events over 12 months old cannot be considered unforeseeable emergency today.

This image shows a blank sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

FINANCIAL STATEMENT

Assets

	<u>Fair Market or Cash Value</u>
Checking Account(s)	_____
Savings Account(s)	_____
Real Estate (principal residence)	_____
Other Real Estate	_____
Investment Account(s) (other than deferred compensation)	_____
Autos: Yr _____ Make _____ Model _____	_____
Yr _____ Make _____ Model _____	_____
Yr _____ Make _____ Model _____	_____
Boat(s)	_____
Recreational Vehicle(s)	_____
IRAs / 401(k)s / 403(b)s / etc.	_____
Other assets (list) _____	_____
_____	_____

Total value of all assets

\$ _____

Liabilities

Total Due

Monthly PMT.

Home Mortgage	_____	_____
Second Mortgage	_____	_____
Home Equity Loan	_____	_____
Auto Loans (total)	_____	_____
Personal Loans	_____	_____
Credit Cards (total of all cards)	_____	_____
Other liabilities (list) _____	_____	_____
_____	_____	_____

Total liabilities

\$ _____

\$ _____

Other Monthly Expenses

Rent	_____
Utilities	_____
Food	_____
Child Care/Child Support	_____
Homeowners or Renters Insurance	_____
Auto Insurance	_____
Auto Fuel	_____
Auto Maintenance	_____
Life Insurance	_____
Educational Expenses	_____
Other (list) _____	_____
_____	_____

Total Monthly Expenses

\$ _____

Monthly Income

Self

Spouse

Others in household

Salary – Net	_____	_____	_____
Disability Income	_____	_____	_____
Workers Compensation	_____	_____	_____
Pensions	_____	_____	_____
Investment Income	_____	_____	_____
Unemployment	_____	_____	_____
Real Estate Rental Income	_____	_____	_____
Alimony/Child Support	_____	_____	_____
Other Income (list) _____	_____	_____	_____
_____	_____	_____	_____

Total Monthly Income

\$ _____

\$ _____

\$ _____

ANSWER ALL OF THE FOLLOWING QUESTIONS:

1. What amount is required to meet your immediate financial emergency? \$ _____

2. Please list all expenses resulting from the event causing your emergency.
Attach documentation.

Owed To	Amount
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Total expenses resulting from the event causing your emergency \$ _____

3. What amount was or will be recovered from insurance or other sources? \$ _____

☐ I have no insurance to cover this loss

☐ I do not expect to receive any reimbursement from another source

4. What income (if any) have you lost as a result of the event causing your financial emergency?

Source of Income	Amount
_____	_____
_____	_____

Total income loss resulting from the event causing your emergency \$ _____

5. Have you applied for a loan from a Credit Union, Bank, or other Financial Institution? _____

6. What was the outcome? _____

If loan application was denied, attach a copy of the denial from the lender

7. Have you attempted to sell all nonessential assets, including rental/vacation properties, RV's, boats, autos? _____

8. Have you liquidated all bank accounts, investment accounts, IRA's, insurance policy cash values, and borrowed the maximum allowed from 401(k) or 403(b) accounts? _____

9. List all family members (not including yourself) living at your address (if not legal dependent/s, you must include their income on previous page):

Name	Age	Relationship
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

By signing below, I certify that the information I have provided is complete, true and correct to the best of my knowledge. If my application for hardship withdrawal is approved, I will not request to resume my deferrals to the Multnomah County Deferred Compensation Plan for a period of one year from the date of my withdrawal.

Signature _____ Date _____

Return completed form & documentation to:

Multnomah County Deferred Comp, 501 SE Hawthorne Blvd Ste 400, Portland OR 97214