

STATE OF DELAWARE 403(B) PLAN

IMPORTANT NOTICE TO PERSONS APPLYING FOR A HARDSHIP WITHDRAWAL

The Internal Revenue Code generally prohibits 403(b) Plan participants from withdrawing funds from their account until they have separated from their employer's service or attained age 59 1/2. The only exception to this rule is the withdrawal of funds as a source of last resort for a hardship. The State's 403(b) Plan Document and Treasury Regulations promulgated under the Internal Revenue Code contains strict guidelines with respect to the definitions of a "hardship." In reviewing applications for hardship withdrawals, the State Treasurer's Office must ensure that the facts of the application comply with the Plan and the Internal Revenue Code requirements in order to protect the tax-deferred status of all participants' assets in the State's 403(b) Plan.

A hardship is defined in the State's 403(b) Plan Document as an immediate and heavy financial need of the Participant resulting from one of the following:

- The need to pay for medical expenses, including nonrefundable deductibles, as well as the cost of prescription drug medication;
- Costs directly related to the purchase of a principal residence for the Participant;
- Payment of tuition, related educational fees, and room and board expenses, for up to the next 12 months of post-secondary education for the Participant, or the Participant's spouse, children or dependents (as defined in section 152(a) of the Internal Revenue Code);
- Payments necessary to prevent the eviction of the Participant from the Participant's principal residence or foreclosure on the mortgage on that residence;
- Payments for burial or funeral expenses for the Participant's deceased parent, spouse, children or dependents (as defined in section 152(a) of the Internal Revenue Code); or
- Expenses for the repair of damage to the Participant's principal residence.

A hardship withdrawal shall not be paid to the extent that the financial hardship is or may be relieved through reimbursement or compensation from insurance or otherwise, by borrowing from commercial sources on reasonable commercial terms to the extent that this borrowing would not itself cause severe financial hardship, by cessation of deferrals under the Plan, by liquidation of other assets (including the assets of the Participant's spouse and minor children that are reasonably available to the Participant) to the extent that this liquidation would not itself cause severe financial hardship, or by any other means available to the Participant or the beneficiary. The amount that may be distributed from the Plan is limited to the amount reasonably necessary to meet the hardship need (which may include any amounts necessary to pay any federal, state or local income taxes or penalties reasonably anticipated to result from the distribution) after all other available financial means available to you are taken into consideration.

To ensure timely review of your Hardship Application, you must provide all the information requested and fully document the circumstances with respect to your hardship event. If you do not complete the application or if adequate documentation is not provided with your application, your request cannot be processed.

Please also note that the money you have contributed to the State of Delaware 403(b) Plan has been deducted from your gross income and no income taxes have been withheld from those deducted amounts. If your hardship request is approved, the amount withdrawn will be reported to the IRS and taxes will be withheld from the amount distributed to you.

Submit your completed application to Gary Scheidecker, Office of the State Treasurer, 820 Silver Lake Blvd, Suite 100, Dover, DE 19904. If you have questions you may call the Office of the State Treasurer at 302-672-6706.

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INSTRUCTIONS FOR COMPLETING HARDSHIP APPLICATION

The 403(b) Plan has specific guidelines set by the Internal Revenue Service (IRS) relating to hardship withdrawals. These rules must be strictly followed to protect the tax-exempt status of the investments of all members of the Plan. Savings in the Plan are to be used as a source of last resort to reimburse participants for expenses incurred due to a hardship. All documentation must be provided to support the circumstances of the emergency and to document the amount needed.

Section 1.

Complete the Participant Information.

Section 2.

Explain briefly and directly the reasons for your hardship application. You may attach a second sheet of paper if necessary.

Section 3.

List the expenses directly related to your hardship. Do not list total balances due on credit cards, mortgages, car loans, etc. These balances represent future obligations and are not considered an emergency for the present. Payments that are two or more months behind may be listed, if they are directly related to your hardship (e.g., if caused by loss of income). **Delinquencies not caused by a qualifying emergency do not qualify for hardship withdrawals.**

Section 4.

No documentation is required for this section; however, you will be signing a statement attesting that the information listed is true and accurate.

Section 5.

You are required to list all household incomes on a monthly basis. Report all amounts in whole dollars, rounded to the nearest dollar. Do the same for Federal Tax (FWT), all other deductions and Net Income. You are required to supply a copy of your payroll advice (no more than two months old), your spouse's payroll advice or pay stub, and to provide documentation for any other income listed to verify the figures shown in this section.

Section 6.

Letter size photocopies of invoices or bills for all expenses listed must be provided except for food, clothing and other transportation expenses, which may be estimated. Details for recording each expense category follow.

- a) Home mortgage or rent payments – This may be documented with a photocopy of the Mortgage stub, money order, letter from a landlord, copy of a lease agreement. Do not send check carbons.
- b) Basic utilities – Photocopies of electric, water, sewer, gas, heating oil and telephone bills must be provided if they are included in this category. If you do not have a particular bill or cannot provide a photocopy of the money order satisfying the bill, do not add it into the figure listed.
- c) Other utilities – Photocopies of cable, cell phone, internet, home security bills must be provided if they are included in this category.
- d) Food and clothing - Provide a reasonable estimate based on the number of persons in your family.
- e) Car payments – Photocopies of the payment stub, money order, etc.
- f) Other transportation expense – Provide a reasonable estimate for gas, parking, bus passes, etc.
- g) Credit cards - Letter size photocopies must be provided for any credit card expenses listed. Minimum payments required should be listed. For example, if your minimum payment to Visa is \$20 and your minimum to Discover is \$29, list the total of \$49. Do not list what you normally pay. Only minimums are considered. Do not list credit consolidation companies or finance companies such as CCCS or Beneficial. These payments should be listed under subsection “k)” as “other,” and must be accompanied by a corresponding letter size photocopy. All photocopies showing minimums owed must add up to the total listed on the application.
- h) College expenses – If you are currently paying college expenses for yourself or a dependent, you may list the expense by taking a monthly average for the current semester and providing supporting documentation, or by providing a current bill owed and listing that bill.
- i) Insurance premiums – Letter size photocopies must be provided for all insurance premiums not deducted from your pay check. If your car insurance is not paid on a monthly basis, compute a monthly average from the quarterly or semi-annual premium payment.
- j) Child support – Letter size photocopies must be provided of the section of the Child Support Order or Separation Agreement stating the amount to be paid each month and a copy of a current statement of payments from the Division of Child Support Enforcement.
- k) Other – List any other expenses for which you can provide letter size photocopies that verify amounts listed and paid. Such categories may include Day care, Bank loans, Payments to finance companies, Uninsured medical expense, etc.
- l) Total all expenses

Section 7.

Sign and date form.

All Hardship Applications must include the following items, stapled in this order:

1. Hardship Application Form
2. Federal and State Tax Returns for the last two years
3. Copy of application to a bank, credit union or other financial institution for a loan showing the amount requested
4. Letter denying credit from the above financial institution
5. Payroll advices or stubs

6. Copies of statements, loan stubs, money orders, etc. which document:
 - a) Mortgage/rent payments
 - b) Utilities payments
 - c) Car payments
 - d) Credit cards – minimum payments due
 - e) College expenses
 - f) Insurance premiums
 - g) Child support payments
 - h) Other expenses
7. Documentation of the emergency expenses relating to the qualifying event that constitute the hardship withdrawal including a letter from the creditor stating that a payout plan is not permitted.

Paperwork must be neat, clean and unfolded. Please allow one month for review of your application and notification of final determination. The decision of the Treasurer's Office or its agent is final.

**STATE OF DELAWARE
403(B) PLAN**

APPLICATION FOR HARDSHIP WITHDRAWAL

The information contained in this application is of a confidential nature and is requested solely for review by the State Treasurer's office and its authorized representatives. It will not be used for any other purpose. The form is to be completed in ink.

SECTION 1

Participant Name: _____ **SSN:** _____

Street Address: _____

City: _____ **State:** _____ **Zip Code:** _____

Home Phone: _____ **Work Phone:** _____

State of Delaware Agency: _____

Amount Currently Deferred Per Pay Period: \$ _____

Name of Vendor _____

Current Balance in 403(b): _____ **in 401(a):** _____ **in 457:** _____

SECTION 2

(Attach a separate sheet if more room is needed)

A. Description of hardship (qualifying event):

B. Describe the resulting financial hardship:

SECTION 3

List of expenses directly related to the financial emergency and the Payee:

PAYEE	EMERGENCY SERVICES	AMOUNT
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
Total Amount Applied for		\$ _____

SECTION 4

Financial Assets:

	Current Value
Cash	\$ _____
Checking/Savings Accounts	\$ _____
Stock, Bonds, Mutual Funds	\$ _____
401(k)/IRA Accounts	\$ _____
All Other Assets (list)	

_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

Total Financial Assets \$ _____

SECTION 5

Current Monthly Income Computed from Payroll Advices

	Your Salary	Spouse's Salary	Other Income	Total
Gross Pay	\$ _____	\$ _____	\$ _____	\$ _____
Less:				
FWT	\$ _____	\$ _____	\$ _____	\$ _____
SWT	\$ _____	\$ _____	\$ _____	\$ _____
FICA	\$ _____	\$ _____	\$ _____	\$ _____
OASDI	\$ _____	\$ _____	\$ _____	\$ _____
Local Tax	\$ _____	\$ _____	\$ _____	\$ _____
Other Before tax	\$ _____	\$ _____	\$ _____	\$ _____
Other After tax	\$ _____	\$ _____	\$ _____	\$ _____
Net Income	\$ _____	\$ _____	\$ _____	\$ _____

SECTION 6

Monthly Living Expenses: Provide documentation to support these expenses. If deduction is included on payroll advice, as for health insurance premium, no additional documentation is required.

		Verification/Documentation
Home mortgage expense/Rent	\$ _____	_____
Basic Utilities (electric, gas, water, telephone within last two months)	\$ _____	_____
Other Utilities (cable, cell, internet, home security)	\$ _____	_____
Food and Clothing Allowance	\$ _____	_____
Car Payments	\$ _____	_____
Other Transportation Expenses (gas, vehicle insurance, parking, public transit)	\$ _____	_____
Credit Card Payments (combined total, minimum required payments)	\$ _____	_____
College Expenses of Dependents	\$ _____	_____
Insurance Premiums (home or renters, life, health)	\$ _____	_____
Child Support	\$ _____	_____
Other (list) _____	\$ _____	_____
	\$ _____	_____
TOTAL Monthly Living Expense	\$ _____	

TAX WITHHOLDING – Please specify your current federal and state tax rates. If nothing is specified, no taxes will be withheld on distributions made.

Please withhold ____% for Federal Tax.

Please withhold State Tax _____, do not withhold State Tax _____.

I HEREBY CERTIFY THAT THE STATEMENTS AND FIGURES SHOWN ON THIS HARDSHIP APPLICATION AND THE ATTACHMENTS THERETO ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND THAT I HAVE READ AND UNDERSTAND THIS APPLICATION. I UNDERSTAND THAT THIS APPLICATION WILL BE RETAINED BY THE PROGRAM ADMINISTRATOR AS PART OF MY PROGRAM RECORDS WHETHER OR NOT IT IS APPROVED. I HEREBY AUTHORIZE THE PROGRAM ADMINISTRATOR TO CONTACT ANY OF THE THIRD PARTIES REFERENCED IN THIS APPLICATION OR THE ATTACHMENTS THERETO IN ORDER TO VERIFY AND/OR SUPPLEMENT INFORMATION SUPPLIED BY ME.

SIGNATURE OF APPLICANT: _____ **DATE:** _____