

## **STATE OF DELAWARE DEFERRED COMPENSATION PROGRAM**

### **IMPORTANT NOTICE TO PERSONS APPLYING FOR AN UNFORESEEABLE EMERGENCY WITHDRAWAL**

The Internal Revenue Code generally prohibits 457 Plan participants from withdrawing funds from their account until after they separate from their employer's service. The only exception to this rule is the withdrawal of funds as a source of last resort for an unforeseeable emergency. The State's 457 Plan document and Treasury Regulations promulgated under the Internal Revenue Code contains strict guidelines with respect to the definitions of an "unforeseeable emergency." In reviewing applications for unforeseeable emergency withdrawals, the Delaware Deferred Compensation Council 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 457 Program.

An unforeseeable emergency is defined in the State's 457 Plan document as a severe financial hardship to the Participant resulting from one of the following:

- An illness or accident of the Participant, the Participant's spouse, the Participant's dependent (as defined in section 152(a) of the Internal Revenue Code) or the Participant's Beneficiary;
- Loss of the Participant's property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by homeowner's insurance, e.g., as a result of a natural disaster);
- The need to pay for funeral expenses of the Participant's spouse, the Participant's dependent (as defined in section 152(a) of the Internal Revenue Code) or the Participant's Beneficiary; or
- Other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. Such examples may include:
  - The imminent foreclosure of or eviction from the Participant's primary residence caused by an unforeseeable circumstance; or
  - The need to pay for medical expenses, including nonrefundable deductibles, as well as the cost of prescription drug medication.

Except in extraordinary circumstances, the following are examples of situations that are not considered eligible for an emergency withdrawal:

- Payment of college tuition;
- Purchase of real estate;

- Nonpayment of ordinary living expenses such as mortgage, auto payment and utilities;
- Nonpayment of loans;
- Payment of income taxes, interest or penalties;
- Personal bankruptcy, unless it results directly and solely from illness, casualty loss or other similar extraordinary and unforeseeable circumstance; and
- Marital separation or divorce.

Further, an unforeseeable emergency 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 unforeseeable emergency 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 Unforeseeable Emergency Withdrawal Application, you must provide all the information requested and fully document the circumstances with respect to your unforeseeable emergency 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 Delaware 457 Program has been deducted from your gross income and no income taxes have been withheld from those deducted amounts. If your unforeseeable emergency withdrawal request is approved, the amount withdrawn will be reported to the IRS and taxes will be withheld from the amount distributed to you.

To initiate an Unforeseeable Emergency Withdrawal Application, you must first contact Fidelity Investments at 800-343-0860. Submit your completed application provided to you by Fidelity Investments to the Delaware State Treasury, Attn: Deferred Compensation, 820 Silver Lake Blvd, Suite 100, Dover, DE 19904. If you have questions you may call Fidelity Investments at 800-343-0860.

**STATE OF DELAWARE  
DEFERRED COMPENSATION COUNCIL**

# STATE OF DELAWARE DEFERRED COMPENSATION PROGRAM

## INSTRUCTIONS FOR COMPLETING UNFORESEEABLE EMERGENCY WITHDRAWAL APPLICATION

The 457 Program has specific guidelines set by the Internal Revenue Service (IRS) relating to unforeseeable emergency withdrawals. These rules must be strictly followed to protect the tax-exempt status of the investments of all members of the Program. Savings in the Program are to be used as a source of last resort to reimburse participants for expenses incurred due to an unforeseeable emergency. 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 unforeseeable emergency withdrawal application. You may attach a second sheet of paper if necessary. The Internal Revenue Code does NOT allow withdrawals for the purchase of a home or for college expenses.

### Section 3.

List the expenses directly related to your unforeseeable emergency. 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 unforeseeable emergency (e.g., if caused by loss of income). **Delinquencies not caused by a qualifying emergency do not qualify for unforeseeable emergency 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 Unforeseeable Emergency Withdrawal Applications must include the following items, stapled in this order:

1. Unforeseeable Emergency Withdrawal 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 unforeseeable emergency 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 Council or its agent is final.

**STATE OF DELAWARE  
DEFERRED COMPENSATION PROGRAM**

**APPLICATION  
FOR DISTRIBUTION DUE TO UNFORESEEABLE EMERGENCY  
WITHDRAWAL**

Information contained in this application is of a confidential nature and is requested solely for review by the State of Delaware Deferred Compensation Council and its authorized representatives. It will not be used for any other purpose. This form can be filled out online and printed from <http://treasurer.delaware.gov>. Handwritten forms must 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: \$** \_\_\_\_\_

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

**SECTION 2 (Attach a separate sheet if more room is needed)**

**A. Description of unforeseeable emergency (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
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
<b>Total Amount Applied for</b>		\$ _____

**SECTION 4**

**Financial Assets:**

**Current Value**

Cash	\$ _____
Checking/Savings Accounts	\$ _____
Stock, Bonds, Mutual Funds	\$ _____
401(k)/IRA Accounts	\$ _____
All Other Assets (list)	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
<b>Total Financial Assets</b>	\$ _____

**SECTION 5**

**Current Monthly Income Computed from Payroll Advices**

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

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

**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 UNFORESEEABLE EMERGENCY WITHDRAWAL 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:** \_\_\_\_\_