

CHECKLIST FOR DETERMINING 403(b) HARDSHIP DISTRIBUTIONS

Please Read Carefully !

THE FOLLOWING ARE IRS REGULATIONS:

- ◆ Contracts cannot be surrendered for financial hardship. Only employee contributions may be withdrawn. Contract earnings are not available for withdrawal under financial hardship.
- ◆ You must stop your elective contributions to your 403(b) plan for one year upon distribution. Contact your payroll office immediately.
- ◆ All hardship distributions are reported on Form 1099R to the IRS
- ◆ You must retain documentation to support your claim of a financial hardship. It is not necessary for you to submit this documentation to the insurance carrier.

This information is based on current analysis of the IRS rules and regulations and should not be construed as legal or tax advice. Tax or legal counsel should be consulted regarding the permissibility of any distribution.

Checklist:

Please complete the following questions to determine if you qualify for a hardship distribution. If you answer no to any of the following questions, you are not eligible for a hardship distribution. All available source of money must be used before a hardship distribution may be taken.

1. Are you able to prove the expense is a "need" and not a "want"? Yes No

Examples of IRS approved needs:

- ◆ Uninsured medical expenses.
- ◆ Purchase of a primary residence.
- ◆ College tuition
- ◆ To prevent eviction or foreclosure on your primary residence.

2. Do you have documentation to support your expense? The amount of the distribution should not exceed the minimum needed to cover the hardship. Yes No

Examples of IRS documentation to retain in your tax file:

- ◆ Uninsured medical expenses- copies of bills and insurance claim statements.
- ◆ Purchase of a primary residence- copy of purchase agreement.
- ◆ College tuition- copy of bill for tuition only and not room and board.
- ◆ To prevent eviction or foreclosure on your primary residence- eviction notice.

3. Have you obtained all available distributions (other than hardship distributions) and non-taxable loans under all plans maintained by your employer? Yes No
4. Have you contacted your employer to stop your salary reduction contributions under this plan? Yes No
5. Have you liquidated all reasonable assets such as a boat, vacation home, stocks, savings accounts, certificates of deposit, etc.? Yes No
6. Are you unable to borrow funds from a commercial lending institution? Yes No