

HARDSHIP WITHDRAWAL REQUEST CHECKLIST

PLAN NAME:

PARTICIPANT:

	YES	NO
1. Has the participant obtained all nontaxable loans (at the time of the loan) from this Plan, if allowed?		
2. Has the participant withdrawn all available distributions from this Plan, if allowed?		
3. Does the Participant have an "immediate and heavy financial need" for a hardship withdrawal due to one of the following:		
a. Any medical expenses incurred by the Participant, the Participant's spouse, children or dependents of the Participant?		
b. Cost directly related to the Purchase of the Participant's principal residence (excluding mortgage payments)?		
c. Payment of tuition, related education fees, or room and board for the next twelve months of post-secondary education for the Participant, the Participant's spouse, children or dependents?		
d. To prevent eviction of the Participant from his/her principal residence?		
e. To prevent the foreclosure on the mortgage of the Participant's principal residence?		
f. Payments for burial or funeral expenses for the Participant's deceased parent, spouse, children, or dependents.		

Does the Participant qualify for the hardship withdrawal?

IMPORTANT

If a Participant's hardship withdrawal request is approved, then **Participant cannot make Elective Deferrals to this Plan or to any other plan maintained by the Employer for a period of 6 months after receipt of the hardship distribution.** A Participant's hardship withdrawal may be "grossed up" to include any amounts necessary to pay any Federal, state or local income taxes or penalties anticipated to result from the hardship distribution. However, the hardship withdrawal will be limited only to amounts available to be withdrawn in his/her Account.

I further understand that the amount of the hardship distribution cannot exceed the amount necessary to relieve the hardship.

Participant Signature

Date

Trustee or Authorized Signer Signature

Date

HARDSHIP DISTRIBUTIONS REQUIREMENTS

If your plan allows for hardship distributions, as a Plan sponsor you are required to verify that proper evidence has been obtained which verifies the participant has immediate and necessary need for the distribution.

The Internal Revenue Service (“IRS”) has stated that certain expenses are considered immediate and necessary. These expenses include the following:

- Medical expenses,
- Purchases of a principal residence,
- Certain tuition and other educational expenses,
- Prevention of foreclosure of principal residence,
- Burial and funeral expenses, and
- Certain repairs of damaged principal residences.

As the Plan Sponsor, you are required to determine whether an employee’s request does in fact meet the definition of an immediate and necessary expense and keep proper documentation of your decision.

After the determination is made that an expense is an immediate and necessary expense, a Plan Sponsor must also determine if the employee has any other resources to satisfy this expense. If an employee has other resources available to help meet this expense, generally the Plan Sponsor should deny the hardship distribution request. In certain circumstances the law includes assets of the employee’s spouse and minor children when defining “other available resources”. Hardship distributions should be utilized only as a last resort to satisfy expenses for the employee. As the sponsor, you may rely on the employee’s representations relating to other resources unless you have actual knowledge to the contrary.

Another requirement that should be considered prior to approval of hardship distributions is there are other forms of distributions from the plan or available loans. As a Plan Sponsor, you must determine that there is no other form of distribution available to the participant prior to approval of hardship distributions. You should also verify that the hardship distribution amount requested does not include more than an employee needs to satisfy the immediate and necessary need. This can be determined based on the documentation provided by the employee while determining that there is an immediate and necessary need. The IRS has cited record keeping of documentation for approval of hardship distributions as commonly neglected.

It is generally good practice to discuss with the employee prior to a hardship distribution the consequences of taking the distribution. They may have various penalties and taxes to pay depending on their situation. These penalties and taxes can be added into the hardship distribution amount in order to help the employee pay for the expense plus the penalties and taxes.

If the Plan Document allows for hardship distributions, have procedures in place in order to approve or deny the distribution request. These controls are imperative to help you as the Plan Sponsor consistently determine if the hardship distribution requests are valid.