



457 EMERGENCY WITHDRAWAL PACKET

City of Madison, Wisconsin

This packet consists of:

- Instructions
- Emergency Withdrawal Application
- Emergency Withdrawal Worksheet

A Message from the Deferred Compensation Committee

Your deferred compensation plan is one of the best ways you have available to accumulate savings for retirement. Emergencies, however, do occur. A strictly defined Internal Revenue Code (the Code) provision in your deferred compensation plan allows withdrawals in the event of an unforeseeable emergency. This withdrawal, an exception from normal retirement benefits under the plan, is the only one permitted while you remain employed by the City of Madison and is only permitted if a genuine emergency exists which can only be met by such a withdrawal.

Because unforeseeable emergencies within a Section 457 deferred compensation plan are very strictly defined by Code provisions, the Internal Revenue Service may require the Committee to justify allowance of such requests long after a withdrawal is granted. A plan not operating in compliance with IRS regulations is at risk of being deemed ineligible, with all plan assets immediately taxed. This is why the Committee needs to know the nature and extent of your emergency--both to adequately and fairly evaluate your need and to protect the tax-deferred status of the assets in the plan for all employees. The information to be furnished with this request is intended to serve both these needs and must be complete. The committee may follow up to secure information if the application is incomplete. Failure to provide this information may result in your request being denied. This application will be treated with **UTMOST CONFIDENTIALITY**, but action on your request must occur at a scheduled meeting of the Committee.

This packet offers guidelines for determining whether your situation fits the emergency withdrawal provision.

If you have already separated from service, do not use the forms contained herein to request your withdrawal. Please contact your ICMA-RC or Fidelity Financial Advisors representative to request the appropriate withdrawal packet. Information on both the ICMA-RC and Fidelity Financial Advisors plans are available on the EmployeeNet: www.cityofmadison.com/employeenet/forms.

Definition

An unforeseeable emergency is defined as a severe financial hardship created by:

- **Sudden** and **unexpected** illness or accident to you or your dependents.
- Loss of or damage to your property due to an accident, disaster, destruction or theft.
- Other similar, equally severe and **unforeseeable** circumstances beyond your control.

For an emergency to comply with the Code and IRS regulations, it must satisfy **ALL** of the following:

- Financial hardship must be severe and beyond your control.
- Funds in your deferred compensation account must represent a last resort (the emergency situation must be one that cannot be relieved through insurance reimbursement, cash in savings accounts and credit unions, loans, cash value of life insurance or the liquidation of other assets, or ceasing contributions).
- Emergency situations must be **sudden, unexpected** and **unbudgetable**.
- In the event of sudden illness or death, the financial hardship must result from events affecting you, your spouse, or a dependent who can be claimed on your tax return.

Examples of Qualifying and Non-Qualifying Requests

Qualifying Requests

- Lost wages (**realized**).
- Medical bills resulting from an accident or unexpected illness that are not covered by insurance.
- Damage to your home due to an **accident or natural disaster** (beyond insurance reimbursement).
- Damage to your car or other personal property due to an **accident or natural disaster** (beyond insurance reimbursement).
- Loss of your property due to theft (beyond insurance reimbursement).
- Legal bills involving criminal charges against you, your spouse or a dependent who can be claimed on your tax return.
- Expenses associated with the imminent foreclosure of or eviction from your **primary residence**.
- Non-refundable deductibles and prescription medicine expenses associated with medical expenses resulting from the **sudden** illness or accident of you, your spouse or a dependent who can be claimed on your tax return.
- Funeral expenses for a spouse or a dependent who can be claimed on your tax return.

Please Note: Unreimbursed medical expenses and expenses related to property loss or damage must have been incurred and be supported by actual bills - estimates will not be accepted.

Non-Qualifying Requests

- Purchase of a home or automobile.
- Education expenses, such as college tuition.
- Normal monthly expenses, including rent or mortgage payments, utilities, credit card bills, and car payments.
- Loss of overtime or second job.
- **Routine** medical and dental bills, elective/cosmetic surgery, or orthodontia.
- Normal maternity leave.
- **Routine** home or auto maintenance.
- Tax liability (payment of income tax, back taxes, or fines associated with back taxes).*
- Travel expenses.
- Personal bankruptcy (except when resulting directly and solely from illness or casualty loss).*
- Legal expenses (except in criminal cases).
- Marital separation, divorce, or child support.*
- Repayment of loans.

*Although not reflected in the Internal Revenue Code, the IRS has stated in question-and-answer sessions that these situations would not comply.

Emergency Withdrawal Procedures

Complete the Emergency Withdrawal Application and Emergency Withdrawal Worksheet and attach all required documents supporting your request, including information about the circumstances, financial impact of the emergency and the nature of your other resources available to meet the emergency. If you do not provide adequate documentation with your initial request, processing may be delayed. Submit the completed forms in an envelope marked "CONFIDENTIAL" to:

HUMAN RESOURCES DEPARTMENT
ATTN DENISE NETTUM
MADISON MUNICIPAL BUILDING STE 261
215 MARTIN LUTHER KING JR BLVD
MADISON WI 53703

If you wish to meet with Denise in person, it is highly recommended that you call 608/266-4615 for an appointment.

Once Human Resources receives your application and supporting documentation, the City's Deferred Compensation Committee will meet to consider your request (usually within 5 work days).

If you have not already done so, you should temporarily discontinue payroll deductions for deferred compensation. Forms for both ICMA-RC and Fidelity are available in the Forms section of the EmployeeNet: www.cityofmadison.com/employeenet/forms.

Upon completion, these forms should be returned to:

HUMAN RESOURCES DEPARTMENT
ATTN DENISE NETTUM
MADISON MUNICIPAL BUILDING STE 261
215 MARTIN LUTHER KING JR BLVD
MADISON WI 53703

You will be notified in writing of the Committee's decision once they have met to determine your eligibility for an emergency withdrawal. If approved, your request will be forwarded to the appropriate carrier for disbursement of your funds.

Processing and Disbursements

The money you have deferred under this program has not been included in your gross income. No federal or state income taxes have been paid. You may only withdraw reasonably sufficient funds to satisfy the emergency plus the tax liability on that amount. If your emergency withdrawal request is approved, you will receive a tax reporting Form 1099 at the end of the year. The total amount withdrawn must be included in your gross income for the tax year in which you receive the payment.

When you complete the Emergency Withdrawal Application, you should indicate the actual amount needed to cover your emergency situation and indicate whether the amount should be increased (and by how much) to cover applicable federal and/or state income taxes. If you do not wish to withdraw additional funds to cover applicable taxes, please check the box for "no additional withholding requested".

For further information regarding plan specifics, please contact:

ICMA-RC Investor Services
800/669-7400

or

Fidelity 457 Participant Center
800/343-0860



457 Deferred Compensation Plan EMERGENCY WITHDRAWAL APPLICATION

Please submit this request to the:

HUMAN RESOURCES DEPARTMENT
ATTN DENISE NETTUM
MADISON MUNICIPAL BUILDING STE 261
215 MARTIN LUTHER KING JR BLVD
MADISON WI 53703

STEP 1: EMPLOYEE INFORMATION

All information in this box must be completed to avoid a delay in processing.

- ☐ ICMA-RC
☐ Fidelity

FULL NAME OF PARTICIPANT (LAST, FIRST, MI)

MAILING ADDRESS

DATE OF HIRE

CITY

STATE

ZIP CODE

DAYTIME PHONE NUMBER

DATE OF BIRTH

DEPARTMENT

☐ Married

☐ Single

STEP 2: REASON FOR EMERGENCY WITHDRAWAL

Emergency withdrawals from a 457 plan are permitted only when due to severe financial emergency, as defined by the Internal Revenue Code and regulations. Please select your circumstances from the following items. You must attach documentation to support your answers.

Reason	Required Documentation
☐ Involuntary Lost Wages	☐ Last full pay stub indicating regular full pay rate ☐ Documentation indicating the dates of employment and UNPAID dates of work missed due to involuntary reasons. This must indicate any sick pay, vacation pay, workers compensation, unemployment benefits, or any form of compensation received while out of work. ☐ Explanation of lost wages. Please attach an additional page explaining the reasons for your lost wages claim.

Reason	Required Documentation
☐ Unreimbursed Medical Bills	☐ Explanation of Benefits (EOB) from insurance company. ☐ Copies of actual bills showing the amounts covered and not covered by insurance, no more than one year old. ☐ If no insurance - statement indicating no medical insurance. ☐ Unreimbursed medical bills relates to spouse or dependent.
☐ Damage to property (home, car, other) due to accident, natural disaster or theft (beyond insurance reimbursement)	☐ Detailed repair bill for damages to your property (estimates are not acceptable). A letter from contractor explaining why repairs are not a result of normal wear and tear. ☐ Letter from insurance company indicating a reason for no coverage. ☐ If covered by insurance, letter from the insurance company indicating the deductible amount owed for the repairs. ☐ If due to medical reasons, letter from physician stating that repairs are medically necessary.
☐ Legal Fees/Bills (involving Criminal Charges)	☐ Signed attorney retainer agreement or bill from attorney - this must be for reasons beyond the participant's control. ☐ Evidence of criminal charges. ☐ Legal fees relates to spouse or dependent.
☐ Foreclosure / Eviction	☐ Letter from the mortgage company indicating a dollar reinstatement amount needed to prevent foreclosure (letter must state foreclosure) or acceleration on primary residence. ☐ Letter from the leasing agency, court ordered eviction notice, or notarized letter from your landlord indicating a dollar amount needed to prevent eviction of primary residence.
☐ Funeral Expenses	☐ Detailed funeral bill indicating the portion for which you are responsible. ☐ Funeral expenses relates to spouse, dependent, or primary beneficiary.
☐ Other	☐ Please provide documentation supporting your claim.

If further explanation is necessary for any of the above circumstances, please attach additional sheets.

Please Note: Unreimbursed medical expenses and expenses related to property loss or damage must have been incurred and be supported by bills - estimates will not be accepted.

STEP 3: DETAILS

Please give specific details of financial emergency. Attach additional sheets if necessary.

If emergency is caused by expenses of someone other than you, your spouse or children, are you the sole person paying these expenses? ☐ Yes ☐ No

If Yes, please explain.

STEP 4: OTHER FUNDING SOURCES

Have you made application to your credit union, bank or other lending institution for a loan to pay the sums you believe constitute an emergency? ☐ Yes ☐ No

If No, please explain.

If refused, reason given (attach supporting documentation such as denial letter).

Do you have other assets or investments that could be sold to fund this emergency? ☐ Yes ☐ No

Please explain.

STEP 5: WITHDRAWAL REQUEST

This amount cannot be greater than the amount needed to cover the actual emergency expense plus any additional amounts requested for taxes or the total amount of your account.

I hereby request:

☐ an emergency withdrawal of \$_____ from my 457 plan account.

I hereby request:

☐ an additional amount of \$_____ be included for **FEDERAL** income taxes.
☐ No withholding.

I hereby request:

☐ an additional amount of \$_____ be included for **STATE** income taxes.
☐ No withholding.

STEP 6: PARTICIPANT CHECKLIST

Please check all items upon completion of both pages of this form.

- ☐ I have stopped deductions from my paycheck for participation in this plan.
- ☐ I have completed all of Steps 1-7.
- ☐ I have fully completed the Emergency Withdrawal Worksheet.
- ☐ I have attached supporting documentation for my request as required by this application.
- ☐ I have attached a copy of my most recent pay stub.

STEP 7: MAILING OPTIONS

Send payment to:

FULL NAME OF PARTICIPANT (LAST, FIRST, MI)

MAILING ADDRESS

CITY

STATE

ZIP CODE

As required by law and under penalty of perjury, I certify that the information contained within this application is correct.

PARTICIPANT SIGNATURE

DATE

STEP 8: EMPLOYER AUTHORIZATION (INTERNAL USE ONLY)

As the authorized official for the employer, I certify that this request has been reviewed and hereby direct:

☐
☐

ICMA-RC
Fidelity

to disburse the following to the individual named below:

Emergency Withdrawal Request

\$

Additional Federal Taxes

\$

Additional State Taxes

\$

TOTAL DISBURSEMENT

\$

EMPLOYEE NAME

SOCIAL SECURITY NUMBER

EMPLOYER'S SIGNATURE

DATE

NAME OF EMPLOYER AUTHORIZED OFFICIAL (PLEASE PRINT)

EMPLOYER AUTHORIZED OFFICIAL'S TITLE

FOR USE WITH ICMA WITHDRAWALS ONLY:

ICMA PLAN # 300149



457 Deferred Compensation Plan EMERGENCY WITHDRAWAL WORKSHEET

Participant: _____

☐ ICMA-RC
☐ Fidelity

This worksheet will assist with the review of your emergency withdrawal request. Please provide as much documentation as possible. (For example, include copies of recent utility bills, mortgage payments, medical bills, bank statements, etc.) Submit the completed Emergency Withdrawal Worksheet and Emergency Withdrawal Application with your request.

Current Deferred Compensation Account Value \$ _____
Total Emergency Withdrawal Account Requested \$ _____

ASSETS

LIQUID ASSETS	FIXED ASSETS
Savings:	Residence:
Credit Union \$ _____	Market Value \$ _____
Bank \$ _____	Other Real Estate \$ _____
Checking \$ _____	Automobiles \$ _____
Cash on Hand \$ _____	Ownership Interests in Small Business \$ _____
Investments:	Personal Property \$ _____
Mutual Funds \$ _____	Other \$ _____
401(A) or 401(K) \$ _____	
IRA \$ _____	
Cash Value of Life Insurance \$ _____	
Other (stocks, bonds, etc.) \$ _____	
TOTAL LIQUID ASSETS \$ _____	TOTAL FIXED ASSETS \$ _____

MONTHLY EXPENSES / LOAN BALANCES

MONTHLY EXPENSES	LOAN BALANCES (Liabilities)
Taxes Due \$ _____	Mortgage \$ _____
Insurance Premiums \$ _____	Auto Loan \$ _____
Rent or Mortgage \$ _____	Education Loans \$ _____
Utilities \$ _____	Credit Card Balances \$ _____
Charge Accounts \$ _____	Other Personal Loans \$ _____
Car Payment \$ _____	Other Liabilities \$ _____
Medical Bills \$ _____	
Food \$ _____	
Child Support \$ _____	
Other \$ _____	
TOTAL MONTHLY EXPENSES \$ _____	TOTAL LOAN BALANCES \$ _____

PAST DUE OBLIGATIONS

Creditor	Total Obligation	Amount Past Due	How Long Overdue
	\$	\$	
	\$	\$	
	\$	\$	
	\$	\$	

INCOME

Monthly Net Income	\$
Spouse's Monthly Net Income	\$
Other Monthly Income (alimony, child support, dividends, etc.)	\$
TOTAL MONTHLY INCOME	\$

I certify the information contained in the application and on this worksheet is accurate and complete. It is furnished solely for the confidential use of the committee in determining my eligibility for an emergency withdrawal from my plan.

SIGNATURE OF PARTICIPANT_____
DATE