Wisconsin Deferred Compensation Program
EMERGENCY HARDSHIP WITHDRAWAL

The Wisconsin Deferred Compensation Program (WDC) allows participants to withdraw funds in the event of an "unforeseeable financial emergency" that causes a severe financial hardship as defined in Section 457 of the Internal Revenue Code (IRC). However, you must meet certain conditions. In addition, the WDC also has to follow IRC rules and regulations. Please read this document carefully. The requirements are very strict.

WHAT IS A FINANCIAL EMERGENCY?
According to the Internal Revenue Service (IRS) and its *Treasury Regulation 1.457-6(c),* an unforeseeable emergency is a **"severe financial hardship"** to the participant or beneficiary resulting from a sudden and unexpected illness or accident of the participant, or beneficiary, the spouse of the participant or beneficiary, or of a dependent[1] (as defined in Section 152(a)) of the participant or beneficiary; loss of a participant's or beneficiary's property due to casualty; or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the participant or beneficiary and certain dependents.

Examples include:

- imminent foreclosure on, or eviction from, the participant's primary residence
- loss of regular income due to circumstances beyond the participant's control
- medical expenses, including nonrefundable deductibles and medications
- funeral expenses of a participant's spouse, beneficiary or dependent

The unforeseeable emergency must be based on a financial hardship actually *experienced*, not one that is *expected to* or *may* happen. You must prove that you are experiencing a severe financial emergency and provide evidence that you have exhausted all other sources of income. Other sources may include:

- reimbursement or compensation from insurance
- liquidation of assets to the extent that this would not cause a severe hardship
- cessation of deferrals

WHAT IS NOT CONSIDERED A FINANCIAL EMERGENCY?
Under IRS regulations, the following examples are not typically considered financial emergencies:

- the purchase of a house or other real estate
- school tuition or other educational expenses
- normal, ordinary living expenses such as: mortgage, auto payments or repair costs, home remodeling, utility bills, loans, delinquent taxes, overdue credit card bills, the

[1] As defined by Section 152(a) of the IRC, the term "dependent" means any of certain individuals over half of whose support, for the calendar year in which the taxable year of the taxpayer begins, was received from the taxpayer [participant].

* Access to the voice response unit may be limited or unavailable during periods of peak demand, market volatility, systems upgrades/maintenance or other reasons.

purchase of major appliances, losses or cash flow problems on properties held for investment, and marital separation or divorce.

HOW TO APPLY FOR A WDC FINANCIAL EMERGENCY WITHDRAWAL

If you feel your situation meets the IRC requirements for a financial emergency, and your WDC account is the only choice you have, contact the Great West Retirement Services group and ask for the Hardship department at (877) 457-9327 and request an *Unforeseeable Emergency Withdrawal Request* packet. Complete and submit it with your documentation to Great-West. You must provide everything listed on the application form.

Documentation to support your emergency claim is also required. Your personal financial information will be used solely to determine eligibility to withdraw funds under the financial emergency hardship withdrawal provision and remain confidential.

Types of documentation that may be required include:

- unpaid medical bills not covered by insurance
- doctor’s statement for unpaid medical leave
- police or fire accident report for loss of property not reimbursed by insurance
- copy of most recent earnings statement (check stub) for income loss
- other legal or administrative reports that document your situation

The amount you request cannot exceed what is needed to pay your debt. The amount requested may include funds needed to pay federal and state income taxes as a result of the distribution. Emergency withdrawals are subject to federal taxes.

THE REVIEW PROCESS

You must provide adequate documentation for your application to be evaluated. The Department of Employee Trust Funds (ETF) will review your materials to determine if you meet the requirements for an emergency withdrawal. It takes between four to seven weeks to completely review your withdrawal application and materials. If more documentation is required at any step in the process, your application will be delayed and may be denied. Please keep a copy of your application for your records.

If your application is approved:

- You will receive a confirmation and your withdrawal will be processed within seven to ten days of the approval date
- All funds will be withdrawn from your WDC account on a pro-rated basis according to your allocation percentages
- A 10% federal income tax will be withheld and sent to the IRS
- The amount distributed will be reported on an IRS Form 1099-R and will be included in your gross income for both federal and state income tax purposes in the year the distribution is made
- Your deferrals into the WDC will be suspended for six months after a hardship withdrawal application is granted

NEED HELP?

If you have any questions, or need assistance in completing your application, contact the Great-West Client Services department and ask for the Hardship department (877) 457-9327.*

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WDC Hardship Documentation Checklist

Use this checklist to ensure that you've included copies of all necessary documentation in your *Unforeseeable Emergency Withdrawal Request* packet. Documentation will be reviewed and, in some cases, more information may be requested. Submitting documentation does not guarantee approval of your request.

Hardship	Examples of Documentation
Loss of Income	☐ Pay stubs or tax forms illustrating the lost income. ☐ Letter from payroll office stating leave is uncompensated, including date of last employment, wage/salary, hours/weeks missed and total lost income. ☐ If the loss of income is your spouse's income, include copies of tax forms* or other documents proving their relationship to you.
Medical/Dental Expenses	☐ Copies of bills or Explanation of Benefit (EOB) statements that show the portion of the procedure(s) covered by insurance. ☐ If no portion was covered by insurance, a letter from your insurance company explaining the procedure was not covered. ☐ If the bill is for your spouse, dependents, or beneficiaries, include copies of tax forms* or other documents proving their relationship to you. ☐ Loan denial letter from a commercial source. Credit card and lines-of-credit are not acceptable.
Foreclosure/ Eviction	☐ Notice of foreclosure or eviction on letterhead stating the date of impending foreclosure or eviction and the dollar amount needed to prevent such action. Foreclosures can be for a primary residence only. ☐ If you rent from a private landlord and not a rental company, a copy of your original lease agreement. ☐ If the foreclosure or eviction is in your spouse's or beneficiary's name, copies of tax forms* or other documents proving their relationship to you. ☐ Loan denial letter from a commercial source. Credit card and lines-of-credit are not acceptable.
Funeral Expenses	☐ Proof of relationship to the deceased. ☐ Copies of bills or invoices in your name. If the bill is in your spouse's or beneficiary's name, copies of tax forms* or other documents proving their relationship to you. ☐ Loan denial letter from a commercial source. Credit card and lines-of-credit are not acceptable.
Loss of Property or Damage due to Casualty Not Covered by Insurance	☐ Copy of the accident or police report, if available. ☐ Copy of estimated cost of repairs. ☐ If repairs are not covered by insurance, letter of denial of coverage from the insurance company. ☐ Loan denial letter from a commercial source. Credit card and lines-of-credit are not acceptable.
Other Reasons	☐ Copies of letters from banking institutions, bills, etc. that demonstrate your financial hardship.

Please attach your documentation to your completed *Unforeseeable Emergency Withdrawal Request* packet and send to: Great-West Retirement Services at PO Box 173764, Denver CO 80217-3764. You may also fax your information to Great-West Retirement Services at 1-866-745-5766.

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* only first page of tax forms showing gross and net income is necessary