



## **Deferred Compensation Plan**

# **401(k) Account**

## **Hardship Application**





# Office of Labor Relations Deferred Compensation Plan & NYCE IRA

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Tel: 212 306-7760 / Outside NYC: 888 DCP-3113 and 888 IRA-NYCE  
nyc.gov/deferredcomp and nyc.gov/nyceira

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## 401(k) PLAN HARDSHIP WITHDRAWAL APPLICATION

The New York City Deferred Compensation Plan (the “Plan”) understands that you are considering a request for a hardship withdrawal from your Deferred Compensation 401(k) Plan account.

Before you apply, keep in mind:

The Internal Revenue Code (the “IRC”) and Treasury regulations govern the circumstances in which funds may be withdrawn from your account. Your situation must present a heavy and immediate financial burden. The Internal Revenue Service (the “IRS”) further requires that this withdrawal be your last and final resort to alleviate your difficulties.

If your situation is deemed a heavy and immediate financial burden by the Deferred Compensation Board (the “Board”), the amount of your withdrawal request cannot exceed the current value of your account. The withdrawal will be deducted from your Pre-tax and/or Roth account, based on your request. If your hardship is met by utilizing only one account, then your hardship distribution will be taken from the account of your choice.

<b>How to apply for an emergency hardship withdrawal?</b>	<b>What happens after you apply?</b>
<p>Please follow each step listed below for your withdrawal to be in compliance with the requirements of the IRS.</p> <p style="text-align: center;"><b>Step 1</b></p> <p>Review qualifying examples on page (ii).</p> <p style="text-align: center;"><b>Step 2</b></p> <p>Apply for a loan with the Plan and/or your Pension system, for which you may qualify, prior to submitting this application since this withdrawal must be your last and final resort.</p> <p style="text-align: center;"><b>Step 3</b></p> <p>Complete each section of this 401(k) Application, including the financial summary on page 3 and gather all SUPPORTING DOCUMENTS as outlined on page 2. You must include a copy of a government issued ID that is unexpired.</p> <p style="text-align: center;"><b>Step 4</b></p> <p>E-Mail the completed application and supporting documents to:</p> <p style="text-align: center;"><b>NEWYRK@VOYAPLANS.COM</b> or Fax to <b>844-299-2362</b></p> <p style="text-align: center;">You must put “Hardship” in the subject line. Please do not include your full Social Security number. Please include the last 4 digits of your SSN or Employee ID.</p>	<p>The Board reviews hardship withdrawal requests on the third Thursday of each month, however, this date is subject to change. The Plan must be in receipt of your completed application by 5:00 p.m. on or before the Wednesday of the week prior to the third Thursday of the month.</p> <p>The Plan will initially review your application to determine if your request might qualify for a withdrawal under Section 401(k) of the IRC. If it does not, you will be notified in writing. Otherwise, if your application is complete and supporting documentation is sufficient, your request will be reviewed by the Board at its next regularly scheduled meeting. You will be notified of the Board’s determination.</p> <p>If your request is approved by the Board, you have the option to receive payment via one of the methods below: Check sent via regular mail,</p> <ol style="list-style-type: none"> <li>1. Direct deposit, you must complete the attached AUTHORIZATION AGREEMENT FOR ELECTRONIC FUND TRANSFER (EFT), or</li> <li>2. Check sent via express delivery.</li> </ol>

## IRC DEFINITION OF A HEAVY AND IMMEDIATE FINANCIAL BURDEN WITHDRAWAL

Whether a need is immediate and heavy depends on the facts and circumstances. Certain expenses are deemed to be immediate and heavy, including: (1) certain medical expenses; (2) costs relating to the purchase of a principal residence; (3) tuition and related educational fees and expenses; (4) payments necessary to prevent eviction from, or foreclosure on, a principal residence; (5) burial or funeral expenses; and (6) certain expenses for the repair of damage to the employee’s principal residence. Expenses for the purchase of a boat or television would generally not qualify for a hardship distribution. A financial need may be immediate and heavy even if it was reasonably foreseeable or voluntarily incurred by the employee.

(Reg. §1.401(k)-1(d)(3)(iii))

A distribution is not considered necessary to satisfy an immediate and heavy financial need of an employee if the employee has other resources available to meet the need, including assets of the employee’s spouse and minor children. Whether other resources are available is determined based on facts and circumstances. (Reg. §1.401(k)-1(d)(3)(iv)(B))

### EXAMPLES OF CIRCUMSTANCES THAT MAY QUALIFY AND DO NOT QUALIFY FOR A 401(k) HARDSHIP WITHDRAWAL

Circumstances that <b>MAY</b> Qualify
<ul style="list-style-type: none"> <li>• Involuntary loss of wages resulting from an illness, accident, or other similar and extraordinary circumstances arising as a result of events beyond your or your spouse’s control</li> <li>• School tuition for you, your spouse, or dependent</li> <li>• Tax liability (payment of income tax, back taxes, or fines associated with back taxes)</li> <li>• Unreimbursed medical expenses resulting from an illness or accident for you, your spouse, a dependent who can be claimed on your tax return, or your beneficiary</li> <li>• Mortgage payment arrears or rent arrears</li> <li>• Damage to your home due to an accident or natural disaster (beyond insurance reimbursement)</li> <li>• Repair or replacement of home heating system</li> <li>• Utility shut-off notice/arrears</li> <li>• Legal expenses involving criminal charges against you, your spouse, a dependent who can be claimed on your tax return, or your beneficiary</li> <li>• Funeral expenses for your spouse, a dependent who can be claimed on your tax return, a parent/close family member, or your beneficiary</li> <li>• Relocation expenses resulting from circumstances beyond your control</li> </ul>
<p><b>NOTE:</b> The above is not a complete list of circumstances.</p>

Circumstances that <b>DO NOT</b> Qualify
<ul style="list-style-type: none"> <li>• Loss of overtime pay, including loss of overtime pay due to illness or accident</li> <li>• Wage garnishments resulting from alimony, child support, back taxes, credit/loans, tickets/fine, etc.</li> <li>• Credit cards/loans or any other knowingly incurred expenses, such as credit card bills, personal loan payments, insurance payments, etc.</li> <li>• Purchase of an automobile, or other personal property, etc.</li> <li>• Mortgage/rent arrears of SECONDARY residence</li> <li>• Funds for living expenses that would provide a “cushion” for a period of time</li> <li>• Unreimbursed medicals expenses associated with elective (cosmetic) surgery or procedures</li> <li>• Routine maintenance or improvements related to vehicles, home, or other personal property</li> <li>• Vacation, wedding, or leisure expenses</li> <li>• Personal bankruptcy</li> <li>• Legal expenses (except in criminal cases)</li> <li>• Expenses resulting from marital separation, divorce, or child support</li> </ul>
<p><b>NOTE:</b> The above is not a complete list of circumstances.</p>

## Section I - Participant Information

SSNO/PARTICIPANT ID	DATE OF BIRTH	AGENCY NAME
<input type="text"/>	<input type="text"/>	<input type="text"/>
FIRST NAME	MI	LASTNAME
<input type="text"/>	<input type="text"/>	<input type="text"/>
HOME ADDRESS		APT
<input type="text"/>		<input type="text"/>
CITY	STATE	ZIP CODE
<input type="text"/>	<input type="text"/>	<input type="text"/>
MOBILE PHONE NUMBER	ALTERNATE PHONE NUMBER	E-MAIL ADDRESS
<input type="text"/>	<input type="text"/>	<input type="text"/>

### Loan Information:

Did you apply for, or do you currently have, an outstanding loan with:

- Yes  No The NYC Deferred Compensation Plan  
 Yes  No A NYC Pension System (NYCERS, TRS, Police, Fire, etc.)  
If no, are you a member of a NYC Pension System?  Yes  No

If you are eligible for a loan, but do not have any active loans with the Plan and the pension system, **STOP!** Do not fill out this application since you do not qualify for a hardship withdrawal at this time. See Step 2 on Page i, "How to apply for an emergency hardship withdrawal?"

## Section II – WITHDRAWAL INFORMATION

The amount you are requesting to meet your hardship cannot exceed the amount needed to cover the unforeseeable emergency expense or the total value of your account.

### Withdrawal Amount

Select all that apply:

- Total value of my 401(k) account, less applicable taxes, amount for loan collateral, and delivery fees, if applicable,\* OR  
 401(k) Pre-Tax Account: Partial withdrawal in the NET amount of \$ \_\_\_\_\_ after the withholding of mandatory federal income taxes and applicable delivery fees, if any, AND/OR  
 401(k) Roth Account: Partial withdrawal in the NET amount of \$ \_\_\_\_\_ after applicable delivery fees, if any, and in the event the distribution is deemed a non-Qualified Roth Distribution subject to the withholding of mandatory federal income taxes

### Method of Payment

Specify how you would like to receive payment. Please note that certain methods of payment charge a fee. If none of the below options are selected, funds will be issued as a check and distributed via regular U.S. mail.

- Direct Deposit/Electronic Fund Transfer (EFT) to my financial institution. You must complete the attached EFT Authorization Agreement.  
- Allow approximately 8 business days from Board decision date to delivery.  
 A check mailed to my home address – Allow approximately 13 business days from Board decision date to delivery.  
 A check express mailed to my home address – Allow approximately 6 business days from Board decision date to delivery. \*A \$25 fee will apply.

## **Taxation and Withdrawal Information**

### *Pre-Tax Account:*

Assets are generally taxable in the year in which they are withdrawn. The taxable amount of your withdrawal will be reported on a Form 1099-R and will need to be included in your income when you file your taxes. The 1099-R will be sent to you in January following the year of the withdrawal.

The amount of the hardship withdrawal approved by the Board is subject to a 10% mandatory withholding for federal income taxes. You will be responsible for any additional federal taxes and applicable state and local taxes. In addition to taxes, if you are younger than age 59½ you will be subject to an early withdrawal penalty of ten percent (10%) of the amount approved by the Board. Please consult with your tax advisor regarding the tax consequences of taking a hardship withdrawal.

### *Roth Account:*

A Qualified Distribution for a hardship from your Roth Account is not subject to federal, state or local income tax.

A Qualified Distribution is a distribution that is both: (1) Made after the five-taxable-year period of participation defined as beginning with the first day of the first taxable year in which the employee makes a designated Roth contribution to a designated Roth account established for the employee under the same plan and ends when five (5) consecutive taxable years have been completed; and (2) Made on or after the date the employee attains age 59½, made to a beneficiary or the estate of the employee on or after the employee's death, or attributable to the employee's being disabled.

A non-Qualified Distribution for a hardship withdrawal from your Roth Account will consist of a pro-rata share of earnings and basis. The earnings portion will be included in gross income and will be reported on a Form 1099-R. The 1099-R will be sent to you in January following the year of the withdrawal.

The taxable portion of the hardship withdrawal from your Roth account will be subject to a 10% mandatory withholding for federal income taxes, in addition to any applicable additional federal taxes and state and local taxes. In addition to taxes, if you are younger than age 59½ the taxable portion will be subject to an early withdrawal penalty of ten percent (10%) of the amount approved by the Board. Please consult with your tax advisor regarding the tax consequences of taking a hardship withdrawal.

\* A Total account value withdrawal (maximum amount allowable withdrawal) does not close your Deferred Compensation Plan Account. Regular contributions will continue to be taken out of your paycheck unless you suspend them. In addition, if you have loan(s) outstanding and are granted this withdrawal, a small portion of your account (not to exceed \$200) will be retained in your account as collateral for your outstanding Deferred Compensation Plan loan(s).

### Section III – REASON FOR HARDSHIP WITHDRAWAL

You must provide a detailed description of the unforeseeable event, including specific details of the event, such as the date of occurrence, duration, and time frame of missed work, if applicable. Attach additional pages if needed. Your request must be accompanied by the appropriate supporting documentation based on your specific hardship, as indicated below.

REASON	REQUIRED DOCUMENTATION
For all hardship requests	<input type="checkbox"/> Copy of most recent year’s Form W-2, a copy of your most recent paystub, and a copy of your unexpired government issued ID
Rent/Mortgage arrears	<input type="checkbox"/> Current mortgage statement on letterhead detailing the arrears needed to bring the mortgage current/reinstate loan <input type="checkbox"/> Current rent statement on letterhead/notarized landlord letter with amount needed to bring rent current
Home Down payment	<input type="checkbox"/> Copy of the purchase agreement signed by the buyer and seller that includes the full down payment
Tuition expenses	<input type="checkbox"/> Tuition statement or school invoice on letterhead from the institution showing the student’s name and total amount due less assistance received (e.g. Financial Aid, scholarships, etc.), <input type="checkbox"/> Room and board expenses must be for housing and show the name of the student and the itemized cost
Relocation Expenses	<input type="checkbox"/> Documentation supporting your extraordinary circumstances, as indicated in the description above, necessitating the relocation (e.g. fire report, court order, etc.), <b>and</b> <input type="checkbox"/> Letter from realtor on letterhead or notarized letter from potential landlord, detailing one month’s rent, security, and realtor’s fee (if applicable), <input type="checkbox"/> If applicable, estimate from moving company on letterhead detailing moving expenses
Funeral Expenses	<input type="checkbox"/> Copy of Death Certificate, <b>and</b> Detailed invoice from a funeral home and/or cemetery that itemizes the cost of funeral expenses for which you are responsible
Heating System Repair	<input type="checkbox"/> A letter from your insurance company indicating the amount covered by insurance and deductible amount owed, or reasons for no coverage, <b>and</b> <input type="checkbox"/> Documentation (on letterhead) from company performing work detailing amount to replace/repair
Utility Shutoff Notice/Arrears	<input type="checkbox"/> Current copy of Utility Shut-Off Notice (gas, electric, and water) with your primary address detailing amount owed.
Legal Fees (Criminal Charges Only)	<input type="checkbox"/> Invoice from attorney on letterhead indicating amount owed and that the case is criminal, not civil, in nature. <b>Note:</b> If legal expenses do not relate to you, the invoice must indicate the individual’s name and relationship to your immediate family or beneficiary, <b>and</b> you must submit a copy of the first page of your most recent Form 1040.
Involuntary Lost Wages for spouse or participant  <b>Note:</b> Loss of overtime pay does not qualify	<input type="checkbox"/> Explanation of lost wages in the description above, <b>and</b> <input type="checkbox"/> Letter from your or your spouse’s employer indicating the dates of employment and unpaid dates of work due to involuntary reasons. Letter must include information on any sick/annual leave, or workers compensation. <input type="checkbox"/> If applicable, spouse’s Form W-2 for most recent and previous year <input type="checkbox"/> If applicable, documentation from the Worker’s Compensation board or disability board regarding your or spouse’s Worker’s Compensation or disability benefits. The documentation must state the date the benefits began/will begin, the amount of the benefits, and the date benefits will/may end. <input type="checkbox"/> If lost wages is due to a work-related injury and you/spouse are not receiving benefit payments, provide a letter (on letterhead) from Worker’s Compensation or lawyer stating no benefit payments have been received from date of injury to present.
Medical/Dental Out-of-pocket expenses	<input type="checkbox"/> Explanation of Benefits forms from the insurance company indicating insurance coverage (or reasons for no coverage), patient responsibility, and dates of service for all charges (medical/hospital bills are N/A), <input type="checkbox"/> For future services: a pre-treatment estimate indicating insurance coverage and patient responsibility for all procedures that are to be performed and anticipated date of service—along with a statement from the provider showing that payment must be made before the treatment will be rendered, and <input type="checkbox"/> A letter from a medical doctor/dentist stating the procedure is medically necessary (dental only) <input type="checkbox"/> If for dependent, submit a copy of the first page of your most recent Form 1040  <b>Note:</b> Please ensure that any information disclosing your medical condition is removed or blocked out
Property Damage Due to Accident or Natural Disaster (Beyond Insurance Reimbursement)	<input type="checkbox"/> Current, detailed repair estimate from a contractor for damages to your primary residence property, and <input type="checkbox"/> A letter from your insurance company indicating the amount covered by insurance and deductible amount owed, or reasons for no coverage
Other	<input type="checkbox"/> If your request does not fall inside one of the above categories, documentation must include the dollar amount necessary to satisfy your request.

**Note:** Please submit copies (not originals) of your supporting documents. You may, however, be asked to provide original documents.

**Section IV: FINANCIAL SUMMARY**

Monthly Household Income	
Your Gross Pay	\$
Other income such as: Rental Property, Pensions, Social Security Benefits/Disability, Profit from Business (Schedule C or K-1), Alimony/Child Support, Welfare/Food Stamp Assistance, etc.	\$
<b>Total Monthly Income</b>	<b>\$</b>

Monthly Household Expenses	
Rent/Mortgage	\$
Utilities (electric, gas, and water)	\$
Other expenses such as: Child Care, Groceries, Homeowners/Tenant Insurance, Auto Insurance, Transportation (MTA, gas, bus fare, etc.), Life/Disability/Extended health insurance, etc	\$
<b>Total Monthly Expenses</b>	<b>\$</b>

Assets	
Checking Accounts	\$
Savings Accounts	\$
Outside investments/IRAs including stocks/bonds/mutual Funds	\$
Other assets	\$
<b>Total Assets</b>	<b>\$</b>

Liabilities		
Type	Balance	Monthly Payment
Loan(s)	\$	\$
Credit Cards(s)	\$	\$
Other Liabilities	\$	\$
<b>Total Liabilities</b>	<b>\$</b>	<b>\$</b>

Please itemize how the funds you are requesting from your 401(k) account would be used to be meet your hardship request Remember that this hardship withdrawal is limited to the amount reasonably necessary to satisfy your request. The item(s) below usually represent the bills/documents you are enclosing with your application as indicated on page 2.	
Reason (e.g. rent arrears, tuition expenses, funeral expenses in the amount of...)	Amount
	\$
	\$
	\$
	\$
	\$
<b>Total</b>	<b>\$</b>

**Note:** Failure to complete this section may delay your hardship request.



**Section V: SIGNATURE & AUTHORIZATION TO RELEASE INFORMATION**

**Participant Certification**

By signing this application, I acknowledge I have read and understand the information in the Heavy and Immediate Financial Burden Withdrawal Application. I understand that the Deferred Compensation Board has the last and final decision regarding all hardship requests and that any misrepresentation of facts or material omission is sufficient cause for rejection of my application.

By signing this application, I further affirm and verify that:

1. Under penalty of perjury, all information provided in this application is complete, true, and accurate to the best of my knowledge.
2. If any information or documentation submitted is false or suspected of being fraudulent, I understand that my application will be denied and may be referred to the appropriate law enforcement authorities, including the City of New York Department of Investigations.
3. The funds in my 401(k) Deferred Compensation account represent a last resort and I am unable to obtain the funds needed to pay for the heavy and immediate financial burden situation through any of the following sources:
  - Liquidating assets including cash (checking/savings/credit union accounts), personal property, investments, etc. (to the extent doing so would not cause severe financial hardship)
  - Taking a bank or conventional loan(s), or loan(s) from a pension system or other retirement plan
  - Reimbursement or compensation by insurance, etc.
4. I understand that ten percent (10%) of the amount approved by the Board will be withheld for federal taxes and that I will be responsible for any additional federal taxes and applicable state and local taxes. I also understand that in addition to taxes, if I am younger than age 59½, I will be subject to an early withdrawal penalty of ten percent (10%) of the approval amount.

**Authorization to Release Information**

By signing this application, I authorize the Plan Administrator of the New York City Deferred Compensation Plan to speak to any agent in connection with this hardship application regarding my personal information. Furthermore, this page authorizes any agent to release any and all records, information and documents concerning me personally to the Plan Administrator of the New York City Deferred Compensation Plan including, but not limited to, all doctor’s billing records, medical billing records, hospital billing records, employment records, tax records, compensation records including my present and past salary history, and any other documents needed by the New York City Deferred Compensation Plan. This authorization permits the agent to forward this information directly to the Plan Administrator of the New York City Deferred Compensation Plan.

**Participant:**

Print Name \_\_\_\_\_

Signature \_\_\_\_\_ Date\*       /       /            

\* The date you sign the application must match the date on which the signature is notarized.

Statement of Notary TO BE COMPLETED BY NOTARY (Notary seal must be visible/legible)

STATE OF NEW YORK    )

SS.:

COUNTY OF            )

On this date: \_\_\_\_\_ before me personally appeared \_\_\_\_\_ personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument, and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

\_\_\_\_\_  
Signature and Office of Individual Taking Acknowledgment

# AUTHORIZATION AGREEMENT FOR ELECTRONIC FUND TRANSFER (EFT) FORM INSTRUCTIONS

Do **NOT** complete the EFT form if you want to receive payment by check.

**Make sure to:**

1.  Complete each section of the attached EFT form.
2. Confirm your checking or savings account by providing one of the following:
  - Checking Account - Submit a preprinted voided check, OR
  - Savings Account – Submit a letter on financial institution letterhead signed by a representative of the financial institution that includes your name, your savings account number and ABA/Routing number.
3.  Check that the EFT form is signed, dated, and notarized on the same date.

**Note:** If the EFT form is not completed as indicated above, your EFT form will **NOT BE PROCESSED AND YOU WILL RECEIVE PAYMENT BY CHECK VIA REGULAR MAIL.**



