

Dear Participant:

This letter is being provided to Participants of our Section 457 Deferred Compensation, by way of proactive review of the IRS regulations governing hardship withdrawals. We are attempting to provide you with information that may assist you in determining your eligibility for a financial hardship in order to comply with the IRS regulations.

A financial hardship is defined in the Regulations issued by the I.R.S. with respect to the IRC section 457 governmental deferred compensation plans. For your convenience, the definition is quoted below:

Internal Revenue Service Regulation 1.457.-2 n(h) (4)

Unforeseeable Emergency. For purpose of this paragraph (h) an unforeseeable emergency is, and if the plan provides for payment in the case of an unforeseeable emergency must be defined in the plan as, severe financial hardship to the participant resulting from a sudden and unexpected illness or accident of the participant or of a dependent (as defined in section 152(a) of the participant, loss of the participants property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of the events beyond the control of the participant. The circumstances that will constitute an unforeseeable emergency will depend upon the facts of each case, but, in any case, payment may not be made to the extent that such hardship is or may be relieved.

- a. Through reimbursement or compensation by insurance or otherwise,
- b. By liquidation of the participants assets, to the extent the liquidation of such assets would not itself cause severe financial hardship, or
- c. By cessation of deferrals under the plan.

Examples of what are not considered to be unforeseeable emergencies include the need to send a participant's child to college or to purchase a home.

Emergency withdrawals, withdrawals of amounts because of an emergency, must only be permitted to the extent reasonably needed to satisfy the emergency.

Every 457 plan is subject to IRS audit. It is our understanding that if we do not comply with IRS regulations, the IRS may rule the plan to be "ineligible." If a deferred compensation plan becomes ineligible, compensation deferred may be included in the gross income of a participant and may be considered taxable. In essence, the tax-deferred status may be lost.

We hope you will find this information useful in determining you eligibility for a hardship withdrawal.

**APPLICATION FOR  
FINANCIAL HARDSHIP WITHDRAWAL**

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Name of Employer \_\_\_\_\_

I am a participant in the Diversified Deferred Compensation Plan and hereby apply for a Financial Hardship withdrawal in accordance with Section 1.457.2 (h) (4) of the Internal Revenue Code.

Plan Participant # \_\_\_\_\_

Name \_\_\_\_\_ Social Security # \_\_\_\_\_

Address \_\_\_\_\_  
Street and Number (please print)

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(City)

(State)

(Zip Code)

Current Deferral Amount \$ \_\_\_\_\_ ( ) Wkly ( ) Bi-Wkly ( ) Bi-Monthly ( ) Monthly

Approximate. No. Dependents/  
Account Balance \$ \_\_\_\_\_ Children \_\_\_\_\_ Other \_\_\_\_\_

Amount of Withdrawal Requested \$ \_\_\_\_\_

**APPLICANTS MUST PROVIDE THE FOLLOWING DETAILED INFORMATION AND/OR DOCUMENTATION**

1. Explanation of what has caused you to have an Unforeseeable Financial Hardship/Emergency ("UFHE"). Attach documentation, which shows evidence/proof of this UFHE (i.e., physician's statement; police/fire report; death certificate, ect.)
2. When did you first become aware of your UFHE? Date: \_\_\_\_\_
3. List the expenses directly related to your UFHE that are not reimbursable through insurance. Attach a copy of each bill.

A. ONE TIME EXPENSE (S):

	Amount	Bills Owed To
	_____	_____
	_____	_____
	_____	_____
	_____	_____
	_____	_____
Total	=====	

B. RECURRING EXPENSE (S):

<u>Bill(s) Owed To</u>	<u>Total Amount Per Bill</u>	<u>Times Per Month</u>	<u>Monthly Amount</u>	<u># Mos. Expenses Expected To Last</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Total	=====		=====	

4. Because of this UFHE, what other income (if any) have you lost or will you lose on a monthly basis?

Source of Income	Monthly Amount
_____	_____
_____	_____
_____	_____
_____	_____
Total	=====

5. Are you currently saving money outside the Deferred Compensation Plan?

Yes       No    If yes indicate following:      Amount

Checking Account	\$	_____
Savings	\$	_____
Bonds	\$	_____
Other	\$	_____

If you have not liquidated the above assets, you should before a UFHE withdrawal is requested. The UFHE will be rejected unless liquidation of these assets would itself cause severe financial hardship.

6. Have you stopped or do you intend to stop you contribution to the Deferred Compensation Plan?

Yes       No    If yes, When? \_\_\_\_\_ If no, explain why.

7. Have you tried to borrow money to satisfy this UFHE from a:       bank       credit union  relative

Life insurance policy       other? If yes, explain:

Amount requested \_\_\_\_\_  
 From \_\_\_\_\_  
 Results \_\_\_\_\_

If you have not tried to borrow from any of the sources mentioned before, you should try before a UFHE withdrawal is requested.

If you are denied a loan from any source, attach a copy of their denial letter to this application.

8. Attach a copy of your latest paycheck stub to this application.

9. List all assets and liabilities of your household.

<u>Assets</u>		<u>Liabilities</u>		
<u>Description</u>	<u>Cash or Market Value</u>	<u>Description</u>	<u>Mo. Pmt.</u>	<u>Unpaid Balance</u>
Home	_____	Real Estate Loans	Home _____	_____

		Other _____	
Other Real Estate _____	Auto Loans _____	_____	_____
	Other Loans _____	_____	_____
<b>Automobiles:</b>	<b>Issuer</b>		<b>Loan Account #</b>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
<b>Boats</b>	_____	_____	_____
	_____	_____	_____
<b>Other Personal Property</b>	_____	_____	_____
<b>Cash:</b>			
Checking _____	Alimony, Child _____		
Savings _____	Support _____		
<b>Stocks &amp; Bonds</b> _____	<b>Other</b>		
	_____	_____	_____
<b>IRA</b>	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
<b>Life Insurance (Cash Value)</b> _____	_____	_____	_____
<b>Other</b>	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
<b>Total Assets</b> _____	<b>Total Liabilities</b> _____	_____	_____

10. List your estimated annual income and expenditures for the next year. Show all sources of income as well as expenditures. Show gross amount of salary (including deferred compensation) under annual income.

Annual Income

Salary, Wages-Commissions (Gross)	_____
Income of Spouse	_____
Business	_____
Dividends and Interest	_____
Rental Income (Gross)	_____
Child/Spousal Support	_____
Other _____	_____
_____	_____
Total Annual Income	_____

Annual Expenditures

Real Estate Payments	_____
Rent	_____
Federal/State Income Taxes	_____
Property Taxes & Assessments	_____
Insurance Premiums (Life, Medical, Dental, etc.)	_____
Food, Clothing, Household Supplies	_____
Utilities/Telephone	_____
Child/Spousal Support Payments	_____
Retirement/Pension	_____
Auto (Loan Payments, Gas Maintenance, etc.)	_____
Charge Account Payments	_____
Other Loans	_____
Hardship Expenses	_____
Other _____	_____
_____	_____
Total Annual Expenditures	_____

**STANISLAUS COUNTY**  
**DEFERRED COMPENSATION PLAN**

**“Unforeseeable Emergencies/Financial Hardship Withdrawal Request”**

I, \_\_\_\_\_, am a Stanislaus County employee that has been participating in the Stanislaus County Deferred Compensation Plan. I am currently confronted with an unforeseeable financial emergency, which makes it necessary to withdraw \$ \_\_\_\_\_ from the Stanislaus County Deferred Compensation Plan.

I have no savings, stocks, bonds or other funds available to me. I have exhausted all means available to obtain emergency funds, including a loan.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.



**Instructions**

To request a distribution, complete all applicable sections of this form and return it to Diversified at the above address. Do not use this form to request a direct rollover to an IRA or an eligible retirement plan; instead complete a Direct Rollover Request (Form No. 2214-457(b)-G), and a Traditional IRA Enrollment Application and Adoption Agreement (Form No. 3025-TN) if rolling over to a Diversified IRA.

**SECTION A. Employer Information**

Company/Employer Name \_\_\_\_\_ Contract/Account No. \_\_\_\_\_ Affiliate No. \_\_\_\_\_ Division No. \_\_\_\_\_

**SECTION B. Participant Information**

Social Security No. \_\_\_\_\_ Date of Birth (MM-DD-YYYY) \_\_\_\_\_ E-Mail Address \_\_\_\_\_  
Last Name \_\_\_\_\_ First Name/Middle Initial \_\_\_\_\_  
Street Address/Apt. No. \_\_\_\_\_ Phone No. \_\_\_\_\_ Ext. (if any) \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_ Marital Status  Married  Single/Divorced

**SECTION C. Distribution Information**

Reason for distribution:  Termination of employment  Retirement  Unforeseeable Emergency  
Amount of distribution:  100% or  \$ \_\_\_\_\_, remainder to be:  Left on deposit  Other \_\_\_\_\_

**Distribution Options**

Leave funds on deposit  
 Purchase annuity (also complete Annuity Election, Form No. 2223)  
 Lump sum distribution  
 Small Account Distribution (\$5,000 or less, must be an inactive account for at least two years)  
 Flexible Distribution Options (available if leaving funds on deposit or rolling over to Diversified IRA)  
 Fixed Payment \$ \_\_\_\_\_ (amount)  
 Life Expectancy  
Payment commencement month: \_\_\_\_\_  
Payment frequency:  
 Monthly  Quarterly  Semi-Annual  Annual

**Payment Options**

Check  Wire transfer (Minimum amount \$5,000. Complete information below only if wire transfer option is selected.)  
ABA No. \_\_\_\_\_  
Institution Name \_\_\_\_\_  
Account Name \_\_\_\_\_  
Account No. \_\_\_\_\_  
"Further Credit To" Institution Name \_\_\_\_\_  
(For wire to credit union or overseas bank, call Diversified for additional information.)

Note: If one of the above payment options is not selected, this distribution will be processed in the form of a check.

**SECTION D. Outstanding Loan Options (if applicable)**

For any outstanding loan(s) at the time of my termination, I wish to:  
 Pay off the loan(s). (Call Diversified to verify loan payoff amount and procedure prior to submitting this form.)  
 Continue loan repayments via loan coupons. (Available if funds are left on deposit and if allowed by the plan. Call Diversified for further information.)  
 Default the loan(s). I understand that a taxable distribution will be reported to the IRS as indicated in the Special Tax Notice.

Note: If one of the above options is not selected, any outstanding loan(s) will be automatically defaulted in accordance with federal regulations.

