



Human Resources
BENEFITS

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CITY OF DETROIT DEFERRED COMPENSATION PLAN

Unforeseeable Emergency Withdrawal Application – 457(b) Plans

Treasury Regulations define “unforeseeable emergency” as “a severe financial hardship of the participant or beneficiary resulting from an illness or accident of the participant or beneficiary, the participant’s or beneficiary’s spouse, or the participant’s or beneficiary’s dependent* (as defined in Code section 152); loss of the participant’s or beneficiary’s property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by homeowner’s insurance, e.g., as a result of a natural disaster); or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the participant or beneficiary.”

The circumstances that will constitute an Unforeseeable Emergency will depend upon the facts of each case. However, the Unforeseeable Emergency must be the result of:

- 1) a sudden and unexpected illness or accident of the participant, the participant’s spouse, the participant’s beneficiary or the participant’s dependent*, in accordance with the IRC regulations Section 152 and the regulations promulgated hereunder; or
- 2) loss of the participant’s primary residence due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by homeowner’s insurance, e.g., as a result of a natural disaster); or
- 3) funeral expenses of a spouse, a dependent* or a beneficiary of the participant; or
- 4) medical expenses of a participant, a dependent or a beneficiary of the participant, including non-refundable deductibles, as well as for the cost of prescription drug medication, which is not reimbursed or compensated by insurance or otherwise; or
- 5) imminent foreclosure or eviction from the participant’s primary residence; or
- 6) loss of a spouse’s income due to job loss.

The Unforeseeable Emergency must not be the result of:

- 1) payment for an elective medical or dental procedure;
- 2) payment of educational expenses;
- 3) purchase of a home or automobile;
- 4) automobile or home repairs;
- 5) legal judgments and legal fees;
- 6) payment for marriage costs;
- 7) payment for divorce, divorce settlement or child support;
- 8) payment for costs related to bankruptcy (except when bankruptcy is a direct result of an unforeseeable illness or casualty);
- 9) payment of bills that the participant knowingly incurred but cannot pay, such as, loans, large credit card debt, vehicle or house payments even if needed to prevent repossession (except when payment cannot be made as a direct result of an unforeseeable illness or casualty);
- 10) refinancing debt;

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- 11) payment of any expenses related to grandchildren unless such children are claimed as a dependent* on the participant's most recent tax return;
- 12) covering a loss not covered by insurance because of failure to retain insurance coverage;
- 13) payment of funeral expenses of anyone not claimed as a dependent* on the participant's most recent tax return; or
- 14) payment of income tax, property tax, back taxes or fines associated with back taxes.

The participant cannot make a withdrawal if their emergency condition can be relieved by any of the following:

- 1) reimbursement or compensation by insurance
- 2) liquidation of the participant's assets as long as liquidation of these assets would not itself cause severe financial hardship
- 3) stopping elective contributions or employee contributions under the plan
- 4) other currently available distributions (such as plan loans) under plans maintained by the employer or by any other employer, or
- 5) borrowing from commercial sources.

In accordance with Treasury regulations, distributions because of an Unforeseeable Emergency must be limited to the amount reasonably necessary to satisfy the emergency need. However, if the above methods relieve only a portion of the financial need, then payment may be made up to the additional amount reasonably needed to satisfy the emergency need. The amount needed may include amounts necessary to pay federal, state, or local taxes or penalties reasonably anticipated and resulting from this distribution.

You are liable for payment of income taxes on your withdrawal. You may also be subject to tax penalties under the estimated tax payment penalties rules if your payment of estimated tax and withholding are not adequate. If you have any questions concerning this matter, you are advised to consult with your tax advisor.

***A dependent is defined as a qualifying child or a qualifying relative.**

A qualifying child must:

- 1) bear a certain relationship to the taxpayer;
- 2) have the same principal place of abode as the taxpayer for more than one-half of the taxable year;
- 3) satisfy certain age requirements, and
- 4) have not provided over one-half of his or her own support for the calendar year.

A qualifying relative requires that an individual:

- 1) bear a certain relationship to the taxpayer

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- 2) have gross income for the calendar year that is less than the exemption amount (as defined in section 151(d)), and
- 3) derive over one-half of his or her support for the calendar year from the taxpayer.

In addition, section 152(d)(1)(D) requires that the individual not be a qualifying child of the taxpayer or of "any other taxpayer" for the taxable year. Section 152(d)(2)(H) provides that a qualifying relative may include an individual who has the same principal place of abode as the taxpayer and who is a member of the taxpayer's household.

The following documentation must accompany your request:

- 1) income sources e.g., Income tax return, W-2 and paystubs
- 2) copy of the most recent quarterly statement (MassMutual, Vanguard, Axqa/Equitable or Voya)
- 3) documentation supporting the unforeseeable emergency request

Disbursement Forms are sent to the main office of the carrier: checks are then mailed to the participant. The entire process could possibly take 3-4 weeks.



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Please complete the required information below and supply supporting documentation

Name: _____ Social Security: _____

Address: _____

City, State: _____ Zip Code: _____

Phone: _____

WITHDRAWAL

Requested Withdrawal: \$ _____

ASSET DISCLOSURE

<u>Account</u>	<u>Financial Institution</u>	<u>Balance</u>
Checking Account 1		
Checking Account 2		
Savings Account 1		
Savings Account 2		
Stocks & Bonds		
IRA (s)		
Other		

List other assets valued in excess of \$2000.00 (examples could be: real estate, automobiles, boats and other valuable assets).

<u>Asset</u>	<u>Estimated Value</u>	<u>Asset</u>	<u>Estimated Value</u>
1.		4.	
2.		5.	
3.		6.	

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Income Disclosure

<u>Income Sources</u>	<u>Annual Income</u>
City of Detroit	
Spousal or other household income	
Investment income	
Other income	

Current Obligations

Do you own or rent your home?	Circle One		Market Value if owned \$ _____	Monthly house payment \$ _____	Monthly rental payment \$ _____
	Own	Rent			

List other current obligations and their balances

1.	5.
2.	6.
3.	7.
4.	8.

Are you or your spouse currently contributing to the following? (Please check the appropriate boxes)

Deferred Compensation Yes No Weekly Bi-weekly amount \$ _____

Date of the last contribution (month/year) _____

City of Detroit Annuity Yes No Weekly Bi-weekly amount \$ _____

Date of the last contribution (month/year) _____

City of Detroit Pension Yes No Weekly Bi-weekly amount \$ _____

Date of the last contribution (month/year) _____

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Prior to enrolling in the Deferred Compensation Plan, funds should have been set aside to handle emergency situations. Please indicate the amount of such savings and what caused them to be exhausted.

Please indicate where you have attempted to acquire funds to alleviate said unforeseeable emergency and the results of your request.

Describe completely the unanticipated event(s) that occurred causing the unforeseeable emergency. Please attach copies of all supporting documentation of the unanticipated event(s).

This withdrawal request is subject to approval based on Section 457 of the Internal Revenue Code as described in Section 13-3-21 of Ordinance No. 41-05. Should you feel your circumstances qualify, please complete this questionnaire and include all supporting documentation.

Deferred Compensation Withdrawal Applications are accepted at:

City of Detroit HR Benefits Department - 2 Woodward Avenue, Suite 304 - Detroit, MI 48226

I hereby state that the information provided in this questionnaire is true to the best of my knowledge.

Participant's signature

Date signed

Should your request be approved, your signature will also be required on your carrier's Funds Disbursement Form.

Checks are issued from the main office of the respective carriers and mailed to the participant's address of record.

