# U.A. LOCAL NO. 393 DEFINED CONTRIBUTION PLAN HARDSHIP DISTRIBUTION

## NOTICE TO PARTICIPANTS

**To the Participant:** Part 1, Article 7, Section 1(d), of the U.A. Local No. 393 Defined Contribution Plan permits participants to receive a Hardship Distribution if they meet certain criteria. This notice explains the requirements which you must meet to qualify for a Hardship Distribution, and the effects of the distribution on your taxes.

### *1. Financial Obligations*

In order to receive a Hardship Distribution from the Plan, you must have an immediate and heavy financial need that cannot reasonably be met from other sources. The amount you request may include any amount necessary to pay any taxes resulting from the distribution. Below are the only reasons that qualify for an immediate and heavy financial need:

1. Medical Care Expenses: Expenses for (or necessary to obtain) medical care that would be deductible under Internal Revenue Code Section 213(d) for the participant, the participant's spouse, dependents, or primary beneficiary[1] under the Plan;
2. Purchase of a Principal Residence: Costs directly related to the purchase of the participant's principal residence (excluding mortgage payments);
3. Tuition and Education Expenses: Payment of tuition, related educational fees, and room and board expenses for up to the next 12 months of post-secondary education for the participant, the participant's spouse, children, dependents, or primary beneficiary under the Plan;
4. Expenses to Prevent Eviction or Foreclosure: Payments necessary to prevent the eviction of the participant from the participant's principal residence or foreclosure on the mortgage on that residence;
5. Burial/Funeral Expenses: Payments for burial or funeral expenses for the participant's deceased parent, spouse, children, dependents, or primary beneficiary under the Plan; or
6. Expenses to Repair Damage to Principal Residence: Expenses for the repair of damage to the participant's principal residence that would qualify for the casualty deduction under Internal Revenue Code Section 165 (determined without regard to Section 165(h)(5) and whether the loss exceeds 10% of adjusted gross income);
7. Expenses and Losses Incurred on Account of a Federally Declared Disaster: Expenses and losses (including loss of income) incurred by the participant on account of a disaster declared by the Federal Emergency Management Agency (FEMA), provided that the participant's principal residence or principal place of employment at the time of the disaster was located in an area designated by FEMA for individual assistance with respect to the disaster.

### *2. Examples of Acceptable Hardship Evidence*

To assist in the submission of hardship evidence, below is a list of documentation that can be submitted to support the various Hardship Distributions. The documentation must reflect the amount payable and in some cases specific information regarding the evidence may be needed to ensure the distribution is qualified under Federal Law.

1. Medical Care Expenses: Outstanding medical bills for the participant, the participant's spouse, dependents, or primary beneficiary
2. Purchase of a Principal Residence: Purchase Agreement is required.
3. Tuition and Education Expenses: Tuition Statement listing name of student enrolled.

1 Unless otherwise stated, a primary beneficiary is an individual who is named as a beneficiary under the Plan and has an unconditional right, upon death of the participant, to all or a portion of the participant's account balance under the Plan.

4. Expenses to Prevent Eviction or Foreclosure: Mortgage Statement, Notice to Pay Rent or Quit or letter from Property Management
5. Burial/Funeral Expenses: Bills associated with Burial/Funeral that reflect name of decedent.
6. Expenses to Repair Damage to Principal Residence: Bills related to casualty deduction under Internal Revenue Code Section 165
7. Expenses and Losses Incurred on Account of a Federally Declared Disaster: Bills incurred by the participant on account of a disaster declared by the Federal Emergency Management Agency (FEMA)

Please note, you have the option to self-certify your hardship, rather than submit evidence of the hardship. However, you may only self-certify your hardship once in your lifetime, and the amount you may take is limited. See Section 3 below for further information about the amount that can be taken under a self-certified hardship.

### *3. Amount Requested*

**Regular Hardship Distribution**
The amount of a Regular Hardship Distribution is the lowest of the following amounts:

1. The amount of money needed to satisfy the immediate and heavy financial need listed on your application and reflected in the hardship evidence; OR
2. The account balance eligible for a Hardship Distribution

**Self-Certified Hardship Distribution**
The amount for a Self-Certified Hardship Distribution may not exceed the lowest of the following amounts:

1. The amount of money needed to satisfy the immediate and heavy financial need listed on your application; OR
2. 50% of the account balance eligible for a Hardship Distribution; OR
3. $50,000

**Note**: You are allowed one Self-Certified Hardship Distribution in your lifetime. To receive additional Hardship Distributions, you will be required to provide evidence of hardship.

When applying, you should consider your possible tax liability for the income you receive as a Hardship Distribution. As this distribution is considered income, your gross annual income will be increased by the amount of the Hardship Distribution. If you request to have income taxes withheld, you may have your gross Hardship Distribution increased to cover those taxes.

### *4. Election of Withholding*

The Plan is not required to withhold taxes from your distribution. Therefore, unless you elect tax withholding, the Plan will not withhold taxes. Please keep in mind that you will be required to pay income taxes and applicable penalty taxes eventually, whether or not you have any taxes withheld at the time of distribution. Your final tax liability for your distribution may exceed the amount you have withheld. If you elect not to have any taxes withheld, you may be liable for additional penalties. The Trustees strongly recommend that you have both federal and state income taxes withheld. If you are under age 59 ½ there is an additional 10% federal penalty tax and a 2.5% California penalty tax for a Hardship Distribution, unless an exception applies. These early withdrawal tax penalties are in addition to your regular income tax liabilities.

# U.A. LOCAL NO. 393 DEFINED CONTRIBUTION PLAN HARDSHIP DISTRIBUTION

## INSTRUCTIONS

Step 1: Fill out pages 4, 5, 6 and 7 of this application.

Step 2: Complete and sign Section A (for Regular Hardship Distribution) or Section B (for Self-Certified Hardship Distribution), but not both.

Step 3: ***Submit the following documents with your completed application:***

- Copy of your birth certificate
- Copy of your spouse's birth certificate – if applicable
- Copy of your Photo ID/Driver's License
- Copy of your spouse's Photo ID/Driver's License – if applicable
- Copy of your Marriage License/Certificate – if applicable
- Copy of Final Judgment of Dissolution for any prior divorces, complete document – if applicable
- Copy of QDRO or Marital Settlement, complete document – if applicable
- Documentation to support the Hardship amount requested (This is required if you are applying for Regular Hardship Distribution. If you are applying for Self-Certified Hardship Distribution, you do not need to provide any supporting documentation).

Step 4: Return your application to the Benefit Office.

You may return your completed application and any supporting documentation via one of the following:

**Mail:** U.A. Local No. 393 Defined Contribution Plan
P.O. Box 2460
San Jose, CA 95109-2460

**Email:** staff@ualocal393benefits.org

**Fax:** (408) 436-8210

**In Person at the Benefit Office:**
6293 San Ignacio Ave,
San Jose CA 95119
*Open Monday through Friday, 8:00 a.m. – 4:30 p.m. (closed 12:00 – 1:00)*

**PLEASE NOTE: ELECTRONIC SIGNATURES & NOTARIES ARE NOT ACCEPTED BY THE TRUST FUND OFFICE**

Be sure to answer every applicable question on the enclosed application. If your application is incomplete or additional documentation is needed to support your request, the Benefit Office will contact you to provide the missing items. If you have any other questions, call the Pension Department at (408) 588-3751.

# U.A. LOCAL NO. 393 DEFINED CONTRIBUTION PLAN
# HARDSHIP DISTRIBUTION APPLICATION

I hereby make an application for a Hardship Distribution from the U.A. Local 393 Defined Contribution Plan and certify that the information listed below is correct:

PARTICIPANT NAME: _____ SOC. SEC. #_____

ADDRESS: _____ DATE OF BIRTH: _____

_____ HOME PHONE # _____

EMAIL ADDRESS: _____ CURRENT EMPLOYER: _____

REASON FOR IMMEDIATE AND HEAVY FINANCIAL NEED ***Please check all that apply***:

☐ Medical Care Expenses incurred or necessary for me, my spouse, children, dependents, or primary beneficiary

☐ Costs Directly Related to the Purchase of Participant's Primary Residence (excluding mortgage payments)

☐ Tuition Expenses for the next 12 months of post-secondary education for me, my spouse, children, dependents or primary beneficiary

☐ Payments Necessary to Prevent Eviction from or Foreclosure on Participant's Principal Residence

☐ Burial/Funeral Costs for deceased parent, spouse, children, dependents and primary beneficiary

☐ Expenses to Repair Damage to Participant's Principal Residence

☐ Expenses and Losses Incurred After a Federally Declared Disaster

Have you previously received a Self-Certified Hardship Distribution? ☐ **YES** ☐ **NO**

- *If you answered **YES,** you are <u>not</u> eligible to self-certify this Hardship Distribution request. Complete and sign **Section A**.*

- *If you answered **NO**, you have the option to self-certify this Hardship Distribution request. Please note, you can only self-certify a Hardship Distribution once, and self-certifying a hardship may <u>limit the amount</u> you may request as a distribution. See Section 3 of the Notice for further information regarding amount for Self-Certified Hardship Distributions.*
  *Complete and sign **Section A** for Regular Hardship Distribution or **Section B** for Self-Certified Hardship Distribution.*

# U.A. LOCAL NO. 393 DEFINED CONTRIBUTION PLAN
# HARDSHIP DISTRIBUTION APPLICATION

## Section A: CERTIFICATION OF IMMEDIATE AND HEAVY FINANCIAL NEED AND AMOUNT

***Under this section, supporting documentation representing the financial need selected is required.***

Please submit all documentation supporting your hardship distribution request. See Section 2 of the Notice for examples of acceptable hardship evidence.

Description of supporting documentation you are providing: _____

_____.

I request a Hardship Distribution in the amount of:

☐ The maximum amount available to me.

☐ $_____(*Specify **net** amount, less any taxes elected on page 6*)*

**Certain restrictions may not allow you to withdraw the full amount requested*

I hereby certify that the reason for my financial need is qualified under the terms of the Plan, that the amount requested does not exceed the amount required to relieve the immediate and heavy financial need, and that this financial need cannot be satisfied from other reasonably available resources.

_____ _____

Participant's Signature Date

## Section B: ONE-TIME SELF CERTIFICATION OF AMOUNT NECESSARY TO SATISFY NEED AND AMOUNT

***Only complete and sign this section if you want to self-certify your hardship distribution. This is optional, and you are not required to provide supporting documentation. You may only self-certify a hardship distribution once in your lifetime.***

I request a Self-Certified Hardship Distribution in the amount of:

☐ $50,000.

☐ 50% of my account balance eligible for a Hardship Distribution.

☐ $_____(*Amount needed to satisfy the immediate and heavy financial need*)
(*Specify **net** amount, less any taxes elected on page 6*)*

**Certain restrictions may not allow you to withdraw the full amount requested*

In selecting the amount for your Self-Certified Hardship Distribution, please remember that the amount requested may not exceed the lowest of the three amounts above.

I self-certify that the reason for my financial need is qualified under the terms of the Plan, that the amount requested does not exceed the amount required to relieve the immediate and heavy financial need, and that this financial need cannot be satisfied from other reasonably available resources. By signing below, I understand that I am using my one-time option to self-certify and cannot self-certify to any further hardship distributions in the future.

_____ _____

Participant's Signature Date

# U.A. LOCAL 393 DEFINED CONTRIBUTIONS PLAN
# HARDSHIP DISTRIBUTION APPLICATION

## TAX WITHHOLDING ELECTION

Please consider the following information in making your decision regarding federal and state tax withholdings:

- Hardship Distributions are not subject to mandatory Federal Income Tax withholding.
- You will be liable for income taxes on this distribution, whether you have taxes withheld or not.
- If you are under age 59½, you will be liable for a 10% additional income tax on early distributions (generally, distributions made before age 59½), unless an exception applies.

**Please read the enclosed Special Tax Notice for all information pertaining to taxes on distributions.**

1. **Federal Income Tax – *Select one option*:**

   ◯ I elect to have Federal Income Tax withheld as a percentage in the amount of _____% of my gross distribution.

   ◯ I elect to have Federal Income Tax withheld as a specific dollar amount of $_____ of my gross distribution.

   ◯ I elect to have **no** Federal Income Tax withheld.

2. **State Income Tax (California only) – *Select one option*:**

   ◯ I elect to have State of California Income Tax withheld as a percentage in the amount of _____% of my gross distribution.

   ◯ I elect to have State of California Income Tax withheld as a specific dollar amount of $_____ of my gross distribution.

   ◯ I elect to have **no** State of California Income Tax withheld.

_____ _____

Participant's Signature Date

# U.A. LOCAL 393 DEFINED CONTRIBUTIONS PLAN
# HARDSHIP DISTRIBUTION APPLICATION

## CERTIFICATION OF MARITAL/SINGLE STATUS

Federal Law requires the Trustees to confirm whether a previous spouse is entitled to any portion of your Defined Contribution benefits. As such, it is necessary that we request the following certification and supporting documentation. **Failure to complete this form fully, *including signing it in front of a notary public or Plan Representative*, and providing ALL documentation requested, will result in a delay of the processing of your application.**

Participant Name: _____ SSN: _____

Current marital status:

- ☐ SINGLE, NEVER MARRIED
- ☐ SINGLE, PREVIOUSLY MARRIED*
- ☐ MARRIED, NO PREVIOUS MARRIAGES
- ☐ MARRIED, WITH PREVIOUS MARRIAGE(S)*

*If you have had previous marriages, please list the names of your former spouses, the date(s) of marriage and date(s) of divorce (if any of your previous marriages ended due to the death of your spouse at the time, please list the date of death):

| Former Spouse's Name | Date of Marriage | Date of Divorce/Death |
|---|---|---|
| | | |
| | | |
| | | |

**Please provide <u>complete</u> copies of ALL marriage certificates, divorce decrees, separation agreements, Qualified Domestic Relations Orders and any other accompanying documents related to the termination of your previous marriage(s).** If any previous spouses have passed away, please provide a copy of the death certificate(s). If you do not have these documents, you should contact the appropriate court through which the proceedings occurred in order to obtain certified copies.

I hereby certify, subject to the penalty of perjury, that the above information is, to the best of my belief and knowledge, true and complete. ANY PERSON WHO SUPPLIES A FALSE CERTIFICATION IN CLAIMING A BENEFIT FORFEITS ANY RIGHT HE OR SHE MAY HAVE TO THE BENEFIT AND, UPON DISCOVERY, BECOMES LIABLE FOR FULL REPAYMENT OF ANY MONEY RECEIVED AS A CONSEQUENCE.

***Participant's Signature Must be Notarized or Witnessed by a Plan Representative***

_____ _____

Participant's Signature Date

Administered by BeneSys

# U.A. Local No. 393 Benefit Funds

HEALTH & WELFARE, SUB, DEFINED BENEFIT PENSION AND DEFINED CONTRIBUTION

6293 San Ignacio Ave ▪ San Jose, CA 95119 ▪ P.O. Box 2460 ▪ San Jose, CA 95109-2460
(408) 588-3751 ▪ (408) 436-8210 fax ▪ Staff@ualocal393benefits.org ▪ www.ualocal393benefits.org

## DEFINED CONTRIBUTION PLAN DIRECT DEPOSIT AUTHORIZATION FORM FOR ONE TIME DISTRIBUTION

*Please complete this form to receive your non-rollover distribution via ACH deposit.*
*If you do not complete this form the distribution will be issued via check.*

Name _____ SSN# _____

Address _____ Phone # _____

City _____ State _____ Zip Code _____

Email Address: _____

Name of Financial Institution _____

Bank Routing Number _____ Account No. _____

Type of Account: ☐ Checking ☐ Savings

**Note: If your account type is checking, please attach a voided check or bank direct deposit letter. If your account type is savings, please attach a deposit slip or bank direct deposit letter.** Verify that your routing number and account number are correct and are on the voided check and deposit slip.

I hereby authorize the Board of Trustees of U.A. Local No. 393 Defined Contribution Plan ("Plan") to deposit all amounts due to me under the Plan in my account at the Financial Institution named above. This authorization is effective for the non-rollover distribution selected in this application only. If, due to lack of knowledge of my death, the Plan distributes benefits after my death for deposit in my account, I authorize and direct the Financial Institution to refund to the Plan any amounts paid after my death.

_____ _____

**Signature** **Date**