



OFFICE OF LABOR RELATIONS
Deferred Compensation Plan / NYCE IRA

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Outside NYC: 888 DCP-3113 and 888 IRA-NYCE
Online: nyc.gov/deferredcomp and nyc.gov/nyceira

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Re: Emergency Withdrawal Request from Your 457 Account

Dear Participant:

Attached is the Emergency Withdrawal Application for the Deferred Compensation Plan's 457 Plan. We suggest that you read carefully page 2 of the application, which describes the applicable Internal Revenue Code (IRC) regulations, before submitting an application. You must complete the application and submit documentation showing that your request meets the IRC definition of an unforeseeable emergency before the Deferred Compensation Board can review your case.

Only pre-tax 457 accounts are eligible for emergency withdrawals. Roth 457 accounts are ineligible for emergency withdrawals.

Initially, your application will be reviewed and you will be notified in writing if your circumstances clearly match cases which did not meet the IRC definition of an unforeseeable emergency, as determined by the Board, in the past. Otherwise, your request for a withdrawal will be reviewed by the Board at the next regularly scheduled meeting. You should note that only complete applications with adequate documentation are presented to the Board for a determination.

In the event that you are granted a hardship withdrawal from your 457 account, an amount equaling 10% of the amount approved for withdrawal will be withheld for federal tax purposes. You will be responsible for any additional federal taxes and applicable state and local taxes. You will be issued a form 1099-R for income tax purposes. In addition, if you have outstanding loans with Deferred Compensation, 10% of your account balance would be withheld as collateral for the loans.

If upon reading the enclosed application you feel your circumstances do not meet the IRC definition of an unforeseeable emergency, you can still reduce or stop your payroll deductions by accessing KeyTalk through the Plan's automated telephone voice response system at (212) 306-7760, or through the Plan's Web site at nyc.gov/deferredcomp. This may help alleviate any financial burden you are experiencing. You may reinstate your Deferred Compensation contributions at any time either through KeyTalk® or through the Web site.

IMPORTANT: Deferred Compensation Plan assets are your final resort. Your application will not be presented to the Board if you fail to document that you have exhausted all possible alternative sources for funds. You are required to document the unforeseeable event that caused your hardship.

Emergency withdrawal requests are reviewed by the Deferred Compensation Board on a monthly basis. **You must submit your application and supporting documentation at least one week before the date the Board reviews requests.** Generally, reviews take place on the first Wednesday of each month. However, dates are subject to change. Please contact the Plan at (212) 306-7760 for more information.

Only complete applications with supporting documentation will be reviewed by the Board.

Very truly yours,

The Deferred Compensation Plan

Attachment

**THE CITY OF NEW YORK DEFERRED COMPENSATION PLAN
40 RECTOR STREET, 3rd Fl., NEW YORK, NY 10006**

**EMERGENCY WITHDRAWAL APPLICATION
FOR THE 457 PLAN**

IMPORTANT: Deferred Compensation Plan assets are your final resort! Your application will not be presented to the Board if you fail to document that you have exhausted all possible alternative sources for funds. You are required to document the unforeseeable event that caused your hardship.

The Deferred Compensation Plan for Employees of the City of New York and Related Agencies and Instrumentalities permits withdrawal of funds for an unforeseeable emergency. This provision is explained in Section 6 of the Plan Document which is reproduced on page 2 of this application.

Generally, an unforeseeable financial emergency is considered a circumstance for which you could not logically have planned or budgeted, yet is so compelling as to present a justifiable reason for taking all or part of your money out of the Plan, even though you continue employment with the City. This might be extremely high medical costs from a sudden illness, a disabling injury, or property damage from a natural catastrophe. However, if such costs are covered by insurance or other compensation, or if other assets could be used for payment of such expenses, they are not grounds for an emergency withdrawal.

The Internal Revenue Service has set down guidelines which provide that normally budgetable expenses do not qualify as hardships (see page 2). These might be an auto payment or repairs, a down payment on a house, college tuition, or major appliance repairs or replacement. Under normal circumstances, these can be expected from time to time and should be provided for in ways other than a Deferred Compensation withdrawal. (Note: Divorce, job changes, mortgage/rent payments etc., do not in themselves qualify as reasons for release of these funds. Consideration is made on the basis of the employee's total circumstances.)

In addition, emergency withdrawals will not be allowed in cases where the participant had significant control and failed to exercise prudent judgment as to the cause of the emergency. Examples of this are an inordinately expensive or extensive vacation, the need to make additional payments for federal or state taxes or property taxes, the cost of remodeling a home, abuse of the use of credit cards or other credit devices, or any other situation over which the employee had significant control and failed to exercise proper judgment.

Should you find yourself in a situation which you believe qualifies for an emergency withdrawal, the first thing to do is suspend contributions to the Plan as soon as possible. Immediately determine what other sources can be used to offset the expenses. If you still find that the situation warrants an emergency withdrawal of Deferred Compensation funds, you can complete this application.

Remember that the entire Deferred Compensation Plan is administered under the authority of the Internal Revenue Service (see page 2). The Board, which is charged with the responsibility of evaluating unforeseeable emergencies, is bound by the Internal Revenue Code to consider an application from a financial standpoint only. No exceptions will be made.

Now, please read page 2 so you will be generally familiar with how this provision works. If after reading page 2 you feel that you qualify for an emergency withdrawal, please complete the attached Authorization to Release Information and Documentation, as well as pages 3 - 7, supply a copy of last year's tax return and supporting documentation, sign the application and authorization, have your signature notarized on both documents, and return them to the Deferred Compensation Plan's Administrative Office, Attention: Hardship Department.

457 Deferred Compensation Plan Document
(Excerpt)

SECTION 6. WITHDRAWALS FOR UNFORESEEABLE EMERGENCIES

6.1 Upon a showing by a Participant, Beneficiary or Alternate Payee of an unforeseeable emergency the Board may, in its sole discretion, permit a payment to be made to such Participant, Beneficiary or Alternate Payee in an amount which does not exceed the lesser of (i) the amount reasonably needed to meet the financial need created by such unforeseeable emergency or (ii) an amount which, together with any prior distribution or withdrawal, does not exceed the value of such Participant's Account determined as of the most recent Valuation Date. Any such payment shall be made pro-rata from the Participant's interest, if any, in each of the Investment Funds, unless the Participant specifies in the request for such a payment the portion of the total amount to be paid from each Investment Fund. Such payment shall be charged to the Account of the Participant, and shall be made in one lump cash sum within 60 days after approval of the request. Such payment shall have added to it an amount determined by the Plan Administrator allowing for any applicable federal, state and local taxes to be withheld, providing that such addition does not cause the payment to exceed the amount as determined in (ii) above.

6.2 (a) For purposes of this Section 6, an unforeseeable emergency is defined, as required by the Treasury Regulations promulgated under Section 457 of the Code, as a severe financial hardship to a 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 Code, of the Participant loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. In accordance with the Treasury Regulations, the need to send a child to college or the desire to purchase a home does not constitute an unforeseeable emergency.

(b) For purposes of this Section 6, an amount will not be considered to be reasonably needed to meet the financial need created by an unforeseeable emergency to the extent that such need is or may be relieved (i) through reimbursement or compensation by insurance or otherwise, (ii) by liquidation of the Participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship, or (iii) by cessation of deferrals under the Plan.

From Final Regulations for Section 457 of the Internal Revenue Code:

§1.457-6(c) Payments under the plan - (1) *In general.* The plan may not provide that amounts payable under the plan will be paid or made available to a participant or beneficiary before the participant separates from service with the City [sic], or, if the plan provides for payment in the case of an unforeseeable emergency, before the participant incurs an unforeseeable emergency.

* * *

§1.457-6(c)2(i) *Unforeseeable emergency.* For purposes of this paragraph (c), 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 participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the participant.

§1.457-6(c)2(ii) A distribution of unforeseeable emergency may not be made to the extent that such emergency is or may be relieved through reimbursement or compensation from insurance or otherwise by the liquidation of the participant's assets to the extent the liquidation of such assets would not itself cause severe financial hardship or 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 the desire to purchase a home.

§1.457-6(c)2(iii) *Emergency withdrawals.* Withdrawals of amounts because of an unforeseeable emergency must only be permitted to the extent reasonably needed to satisfy the emergency need.

457 HARDSHIP APPLICATION

SOCIAL SECURITY NUMBER

AGE

Grid for Social Security Number and Age

LAST NAME

FIRST NAME

MI

Grid for Last Name, First Name, and Middle Initial

HOME ADDRESS

APT.

Grid for Home Address and Apartment

CITY

STATE

ZIP + FOUR

Grid for City, State, and Zip Code

TELEPHONE - HOME

TELEPHONE - WORK

TELEPHONE - CELL

Grid for Home, Work, and Cell Phone Numbers

AGENCY NAME

Is this the mailing address the Plan has on file for you?

Yes/No checkboxes

Did you apply for, or do you currently have, an outstanding Deferred Compensation Plan loan?

Yes/No checkboxes

If yes, please list the number of 457 loans outstanding:

Number of loans grid

In accordance with the provisions of Section 6 of the Plan Document, based on my answers to the following questions, I hereby request withdrawal from my account as follows:

Full or partial withdrawal options with amount grid

Please note: Your contributions to the City of New York 457 Deferred Compensation Plan will automatically be suspended while your application is being processed. However, if you are in the Plan in lieu of FICA, your contributions will remain at or be reduced to 7.5%. You may reinstate your contributions in the future by accessing KeyTalk® through the Plan's telephone voice response system at (212) 306-7760. In the event that you are granted a withdrawal from your 457 account, 10% of the amount approved for withdrawal will be withheld for federal tax purposes. You will be responsible for applicable state and local taxes, and you will be issued a Form 1099-R for income tax filing purposes. In addition, if you have loans with Deferred Compensation, 10% of your account balance will be withheld as collateral.

Please describe the unforeseeable event which caused this emergency:

Blank lines for describing the emergency

Please list the documentation you are attaching to this application to support your claim. Attach official verification; e.g. Police or Fire report, adjuster's statement, medical Explanation of Benefits Statements, court documentation, bank attorney's letter, etc. You may be required to submit additional documents. Original documentation may be required.

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

Have you exhausted all insurance, other restitution and conventional sources of funds?

Yes/No checkboxes

Explain:

Explain the extent of others' involvement:

FINANCIAL SUMMARY

I. UNSECURED LIABILITIES

	Personal Notes		Credit Cards		Open Accounts		Other (Specify)*	
	Self	Spouse	Self	Spouse	Self	Spouse	Self	Spouse
Net Owed	\$	\$	\$	\$	\$	\$	\$	\$
Monthly Payments	\$	\$	\$	\$	\$	\$	\$	\$

* Include medical and legal, liens, garnishments, student loans, amounts payable in any unincorporated business or professional activity, child or spousal support

II. SECURED LIABILITIES

	Property Mortgages*		Auto and Appliance Loans		Insurance Loans		Other (Specify)**	
	Self	Spouse	Self	Spouse	Self	Spouse	Self	Spouse
Net Owed	\$	\$	\$	\$	\$	\$	\$	\$
Monthly Payments	\$	\$	\$	\$	\$	\$	\$	\$

* Specify first and second separately; Specify if more than one occupied residence.
 ** Any other pledged assets.

OTHER REGULAR MONTHLY OBLIGATIONS (averaged on a monthly basis, if not paid monthly)

Rent	\$	Property & Casualty Insurance	\$
Heating	\$	Life Insurance	\$
Utilities	\$	Other Obligations	\$

Is anyone else liable on the above liabilities? Yes No

If yes, do they make regular contributions to reduce these liabilities? Yes No

Give persons' name liability and amount contributed:

Name	Liability	Amount Contributed
		\$
		\$
		\$
		\$

III. ASSETS

Checking Accounts		Saving Account		Real Estate		Other Assets*	
Self	Spouse	Self	Spouse	Self	Spouse	Self	Spouse
\$	\$	\$	\$	\$	\$	\$	\$

* Include stocks, bonds, T-bills, CD's, money market certificates, mutual funds, savings bonds, other marketable securities, saleable commodities.

IV. GROSS INCOME — MONTHLY

All Salary		All Securities		Rental	
Self	Spouse	Self	Spouse	Self	Spouse
\$	\$	\$	\$	\$	\$

If your spouse's income, assets, and/or liabilities should not be considered for purposes of this application, please explain basis for that opinion:
