

HRSA-ILA Annuity & Savings Plan Summary of Hardship Distribution and Supporting Documentation

Your Annuity & Savings Plan is intended to provide you with a more secure retirement.

However, situations may arise when you have an immediate and heavy financial need for money which cannot be satisfied from other sources.

To qualify for a hardship distribution from the HRSA-ILA Annuity & Savings Plan your hardship must fall into one of these four categories:

1. Unreimbursed Medical Care
2. Prevention of Eviction or Foreclosure
3. Tuition and related Educational Expenses
4. Casualty Loss on your Principal Residence

Please review the applicable section to determine if you qualify for a hardship distribution and for the documentation that you must submit with your application. A worksheet for each category of hardship is available to assist you in completing your application.

Funds for a hardship distribution may only be drawn from the voluntary contributions that you have made to the Annuity & Savings Plan and cannot exceed the amount required to meet the need created by such a financial hardship. The funds eligible for inclusion in a hardship distribution do not include earnings on the voluntary contributions and they do not include amounts rolled over from prior plans.

A member who receives a hardship distribution from the Plan is not permitted to make voluntary contributions to the Annuity & Savings Plan for a minimum of six months after a distribution.

To apply for a hardship distribution, you are required to furnish specific documentation to HRSA-ILA that details the financial hardship, the amount, and in whose name those debts apply to. If you are married, you are required to submit a spousal waiver that has been signed by your spouse and notarized.

After you have returned the documentation described in this summary, someone from HRSA-ILA will call you to schedule an appointment to complete your application for a hardship distribution.

A completed application for hardship withdrawal consists of:

- Participant Hardship Statement
- A hardship withdrawal worksheet and supporting documentation
- A signed and notarized “Waiver of Qualified Preretirement Survivor Annuity”, if you are married
- Deferred Salary Agreement
- Supporting documentation

**A DISTRIBUTION WILL BE DELAYED IF ALL REQUIRED ITEMS
HAVE NOT BEEN COMPLETED**

VI. Expenses for the Repair or Damage to the Employee's Principal Residence that would Qualify for an IRS Casualty Deduction

A. You may receive a hardship distribution for the following items, which fall under the definition of "casualty" for your principal residence:

- ◆ Earthquakes
- ◆ Fires
- ◆ Floods
- ◆ Government-ordered demolition or relocation of a home that is unsafe to use because of a disaster
- ◆ Landslides
- ◆ Mine cave-ins
- ◆ Shipwrecks
- ◆ Sonic booms
- ◆ Storms, including hurricanes and tornados
- ◆ Terrorist attacks
- ◆ Vandalism
- ◆ Volcanic Eruptions
- ◆ Any loss attributable to a disaster occurring in an area subsequently determined by the President of the United States to warrant assistance by the Federal Government.

B. The following items do not qualify for hardship treatment:

Progressive deterioration:

- ◆ The steady weakening of a building due to normal wind and weather conditions.
- ◆ A burst water heater (however, the rust and water damage to rugs and drapes caused by the bursting of a water heater does qualify as a casualty)
- ◆ Losses caused by droughts
- ◆ Termite or moth damage
- ◆ The damage or destruction of trees, shrubs and other plants by a fungus, disease, insects, worms or similar pests.

C. If you request a hardship distribution for the repair or construction of your principal residence due to damage caused by a qualifying casualty, you must have documentation to support your request. HRSA-ILA requires that you produce this documentation when you apply. If you cannot produce the documentation to substantiate your hardship request, your application will be denied. Complete the Worksheet for Hardship Withdrawal for Expenses for Casualty Repairs. The following documentation is acceptable:

1. For the payment of unreimbursed costs of qualifying casualties to repair a damaged principal residence:

- ◆ Bill for services from the contractor
- ◆ Statement from the insurance carrier evidencing a denial of coverage of the cost of repairs.

2. If you are required to prepay certain repairs/construction:

- ◆ Estimate from the contractor

- ◆ Statement from the insurance carrier evidencing a denial of coverage of the costs of repair

3. For the building of a principal residence destroyed by the casualty:

- ◆ Executed contract between you and the contractor (which may include dates and amounts of periodic disbursements to the contractor)
- ◆ Statement from the insurance carrier evidencing a denial of coverage of the cost of construction

Hardship Withdrawal for Expenses for the Repair or Damage to the Employee's Principal Residence that would Qualify for the Casualty Deduction

Form Updated 1/9/2020

A. You may receive a hardship distribution for the following items, which fall under the definition of "casualty." Please itemize:

1. \$ _____ Earthquakes
2. \$ _____ Fires
3. \$ _____ Floods
4. \$ _____ Government-ordered demolition or relocation of a home that is unsafe to use because of a disaster
5. \$ _____ Landslides
6. \$ _____ Mine cave-ins
7. \$ _____ Shipwrecks
8. \$ _____ Sonic booms
9. \$ _____ Storms, including hurricanes and tornados
10. \$ _____ Terrorist attacks
11. \$ _____ Vandalism
12. \$ _____ Volcanic Eruptions
13. \$ _____ Any loss attributable to a disaster occurring in an area subsequently determined by the President of the United States to warrant assistance by the Federal Government.

\$ _____ **GRAND TOTAL QUALIFYING CASUALTY EXPENSES.**

LIMITED TO THE LESSER OF:

(HRSA-ILA FILLS THIS IN FROM DATA SUPPLIED BY MASSMUTUAL)

\$ _____ **TOTAL VOLUNTARY CONTRIBUTIONS TO THE**

ACCOUNT (SALARY DEFERRALS) BEFORE EARNINGS; OR

\$ _____

TOTAL VOLUNTARY ACCOUNT BALANCE

B. The following items do not qualify for hardship treatment:

Progressive deterioration:

- ◆ The steady weakening of a building due to normal wind and weather conditions.
- ◆ A burst water heater (however, the rust and water damage to rugs and drapes caused by the bursting of a water heater does qualify as a casualty)
- ◆ Losses caused by droughts
- ◆ Termite or moth damage
- ◆ The damage or destruction of trees, shrubs and other plants by a fungus, disease, insects, worms or similar pests.

C. If you request a hardship distribution for the repair or construction of your principal residence due to damage caused by a qualifying casualty, you must have documentation to support your request. HRSA-ILA requires that you produce this documentation. If you cannot produce the documentation to substantiate your hardship request, your application will be denied. The following documentation is acceptable:

(Check off documentation you are providing)

1. For the payment of unreimbursed costs of qualifying casualties to repair a damaged principal residence:

_____ Bill for services from the contractor

_____ Statement from the insurance carrier evidencing a denial of coverage of the cost of repairs

2. If you are required to prepay certain repairs/construction:

_____ Estimate from the contractor

_____ Statement from the insurance carrier evidencing a denial of coverage of the costs of repair

3. For the building of a principal residence destroyed by the casualty:

_____ Executed contract between you and the contractor (which may include dates and amounts of periodic disbursements to the contractor)

_____ Statement from the insurance carrier evidencing a denial of coverage of the cost of construction

Submission of false or fraudulent information for the purpose of obtaining a benefit is a fraud, which under VA Code §18.2-178 is a crime punishable under applicable provisions of Virginia Law.

To receive the hardship withdrawal requested above, I hereby certify, acknowledge and agree that the following requirements have been or will be satisfied:

- The amount requested pursuant to this hardship withdrawal request does not exceed the amount of my financial need for which I am requesting a hardship withdrawal, after applicable tax withholding and penalties.
- I have obtained all currently available distribution amounts available to me under this and any other plan of my plan sponsor/employer, including any in-service withdrawals from rollover and/or after tax employee contributions (in accordance with the plan document and applicable law). If there are additional amounts available for withdrawal under the plan other than for hardship reasons. I certify that such amounts (if any) have been paid to me prior to this request for a hardship withdrawal.; and
- I have sufficient cash or other liquid assets to satisfy the financial need for which I am requesting a hardship withdrawal.
- If I have not been required to supply documentation of my hardship event and hardship amount to my Plan Administrator in connection with my hardship withdrawal request, I understand and agree that I am required to maintain records of such documentation of the hardship event and amount, and I will provide such documentation to my Plan Administrator or its designee upon request.

Form Submitted by: (Participant Name - Please Print)

Port Number / SSN

Participant Signature

Date

Reviewed by:

Date

Approved by: Plan Administrator

Date