

**CENTRAL MAINE MEDICAL FAMILY 403(B) PLAN  
HARDSHIP DISTRIBUTION REQUEST**

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Social Security Number: \_\_\_\_\_

You are responsible for completing this form truthfully. If you have made an obvious misstatement, we will ask you to correct it. You may be asked to provide proof of the immediate and heavy financial need to the Plan Administrator.

**PART A. Amount Needed**

I need \$\_\_\_\_\_, to cover a hardship including estimated taxes on this amount. I further confirm that I have no other funds reasonably available to me to satisfy these obligations.

**PART B. Nature of Hardship**

I need this entire amount to cover (check one):

- 1.  Medical expenses incurred by me, my spouse or dependent.
- 2.  Tuition for the next semester or quarter of post high school education for me, my spouse, children, or dependents.  
(dependent is someone you can claim on your federal tax return.)
- 3.  The purchase (excluding mortgage payments) of my principal residence.
- 4.  Avoidance of eviction or mortgage foreclosure in connection with my principal residence.
- 5.  The following other immediate and heavy financial need:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**PART C. Taxes**

I understand that federal and state taxes are not required to be withheld from my hardship distribution and, therefore will not automatically be withheld. If I want taxes withheld from my distribution, I will check the appropriate box below:

- No Taxes - This is the default if none are chosen.
- Federal Taxes - 20%
- State Taxes - % varies by state

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**PART D. Plan Contributions and Loans**

I understand I am required to reduce or suspend plan contributions to the extent this will help meet the hardship. I have done so, or will do so at once.

**OPTIONAL: Applies only if plan provides for loans.**

I also understand I must borrow from the plan as much as possible, on a tax-free basis, to meet the hardship. However, I am not required to borrow so much that repayments themselves would be an immediate and heavy financial need. I furnish the following information so you can calculate the amount, if any, which I must borrow:

If I made no plan contribution, the greatest loan payment I could reasonably handle, per paycheck, would be \$ \_\_\_\_\_.

**PART E. Certification of Need**

I certify that I need the amount shown at **PART A** to meet this hardship, even after I have used: all possible reimbursement or compensation, by insurance or otherwise; all reasonable proceeds from liquidation of my assets, to the extent liquidation would not itself cause an immediate and heavy financial need; and all amounts obtainable by borrowing from heavy financial need; and all amounts obtainable by borrowing from commercial sources on reasonable commercial terms, to the extent loan repayment would not itself cause an immediate and heavy financial need.

\_\_\_\_\_  
Participant's Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Address

\_\_\_\_\_  
Please PRINT Participant's Name

\_\_\_\_\_  
Social Security Number

**PROCEDURES**

You may have checked one of the first four hardship types at **PART B**. If so, and if you have balances available for withdrawal, your request will be approved automatically, provided it appears reasonable to rely on your statements. If you have checked and completed the fifth hardship type, your request must be reviewed to confirm that your need is immediate and heavy, as these terms are used by the Internal Revenue Service.

**CENTRAL MAINE MEDICAL FAMILY 403(B) PLAN  
HARDSHIP DISTRIBUTION REPORT TO PARTICIPANT**

Your distribution request dated \_\_\_\_\_, copy attached, is:

Approved                       Disapproved for the following reason

Your request showed this net amount needed: \$ \_\_\_\_\_

The total amount approved for disbursement, if less than your total need, is the greatest amount available to you under the plan at this time.

(If checked) You must complete and sign the attached forms before disbursements can be made.

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Date

Please return one copy of this form, countersigned below, to indicate you wish to receive the total disbursement as approved.

\_\_\_\_\_  
Participant's Signature

\_\_\_\_\_  
Date

**SPOUSAL CONSENT TO HARDSHIP WITHDRAWAL**

I hereby consent to the foregoing conditions of the hardship withdrawal to my spouse in the amount of \$ \_\_\_\_\_ from the Central Maine Medical Family 403(b) Plan.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Spouse's Signature

\_\_\_\_\_  
Notary Public or Plan's Designated Representative

## **HARDSHIP DISTRIBUTIONS FROM 401(k) PLANS**

The Internal Revenue Service has regulations governing Hardship Distributions from 401(k) Plans. In order to make the correct decisions, two basic concepts must be covered. The first is to decide whether there is an immediate and financial need on the participant's part. The second is whether a distribution is necessary to meet the need, and how much.

Fact and circumstances are an important factor in making such a decision. A funeral expense can be cited as an immediate and heavy financial need, where purchase of non-essential items such as boats, vacation homes, etc., will not qualify.

An important point the IRS has made is that "[a] financial need shall not fail to qualify as immediate and heavy merely because such need was reasonably foreseeable or voluntarily incurred by the employee."

The regulations also list four needs which are deemed immediate and heavy. These are listed in Part B on the attached "Hardship Distribution Request" form. Option #5 in Part B will require the administrator to make a non-discretionary judgment based on the facts. These regulations require that the participant has made reasonable attempts to obtain money elsewhere before applying for a hardship withdrawal. This means loans from commercial lenders as well as the 401(k) plan (if applicable) or the sale of assets that will not create a financial hardship.

Contribution restrictions must also be incorporated. The participant must be prevented from making any contributions after an early withdrawal is taken and must wait 6 months before contributing again. Another restriction limits the amount put into the 401(k) the year after the withdrawal. The contribution limit is \$11,000 for 2002 (as indexed) minus any before tax contributions for the calendar year of the distribution.

To illustrate, suppose a participant has received a hardship distribution on August 17, 2002. From January 1, 2002 through August 16, 2002 he has made contributions totaling \$6,000. This participant would be foreclosed from before tax and after tax contributions until February 16, 2003. From February 17, 2002 through December 31, 2002, his maximum permissible before tax contribution would be:

$$\text{\$11,000 minus \$6,000} = \text{\$5,000}$$

It is important that the administrator, as well as the participant, follow these rules in good faith.