

Guidelines and Application for Unforeseeable Emergency Withdrawals

Commonwealth of Virginia 457 Defined Contribution Plan

Introduction

The Commonwealth of Virginia's Deferred Compensation Plan (the "Plan") allows withdrawals in the event of an unforeseeable emergency resulting in a severe financial hardship as defined in section 457 of the Internal Revenue Code (the "Code"), provided that certain conditions are met. The Virginia Retirement System (VRS), the Plan sponsor, recognizes that emergencies do occur and has chosen to allow distributions from the Plan. Distributions from the Plan may be made to participants when a genuine unforeseeable emergency causes a severe financial hardship that cannot be alleviated by any other means available to you.

Your deferred compensation account receives tax-deferred treatment from the IRS because these funds are intended for your retirement. Each situation must be carefully reviewed for compliance with the Code to protect the tax-deferred status of the assets in the Plan. A withdrawal cannot be taken unless your emergency complies with IRS requirements allowing a distribution.

This guide is designed to help you determine if your situation qualifies for an unforeseeable emergency hardship withdrawal from the Plan. Assets in your deferred compensation account may be withdrawn only as a last resort in situations where you have no other source of funds. If you can relieve the financial hardship by ceasing deferrals into the Plan, you may not take a withdrawal. Likewise, the Code does not allow you to withdraw money from the Plan if the financial hardship can be relieved by insurance reimbursement, cash in savings accounts, cash value of life insurance, loans from a financial institution, the sale or liquidation of other assets or any other means available to you.

You may not withdraw funds in excess of the amount required to alleviate the hardship resulting from the unforeseeable emergency. However, you may request an additional amount to pay the taxes that will be due on the withdrawal. The amount of distribution you receive may not exceed the amount in your Deferred Compensation Plan. You may **not** withdraw money from your Cash Match Plan for an unforeseeable emergency.

Whether your application is approved or not, you may want to consider whether suspending or reducing your contributions might alleviate some of your financial difficulties. If you decide to change your contribution to the Plan, you can do so via the website or you must provide a signed Payroll Authorization Form to your agency's payroll office, if your agency does not allow online functionality. You may get more information by visiting the Plan's website at www.varetire.org (selecting the Defined Contribution Plans tab) or by calling 1-VRS-DC-PLAN1 (1-877-327-5261).

Unforeseeable Emergency Definition

For purposes of the Plan, an unforeseeable emergency is defined as a severe financial hardship of the participant or the participant's beneficiary resulting from:

- An illness or accident of the participant or the participant's beneficiary, the participant's or beneficiary's spouse or the participant's or beneficiary's dependent, (as defined in Code section 152(a));
- Loss of the participant's or beneficiary's property due to casualty;
- The following extraordinary and unforeseeable circumstances if they arise as a result of events beyond the control of the participant or the beneficiary:
 - a) The imminent foreclosure of or eviction from the participant's or beneficiary's primary residence;
 - b) The need to pay for medical expenses, including nonrefundable deductibles, as well as the cost of prescription drug medication;
 - c) The need to pay for the funeral expenses of a spouse or dependent (as defined in Code section 152(a)).

Situations Not Eligible for Withdrawal

The following situations do not qualify for a hardship withdrawal unless the situation results from an unforeseeable emergency as defined earlier:

- Purchase of real estate;
- Payment of college tuition;
- Unpaid rent or mortgage payments, except in the event of imminent foreclosure or eviction;
- Unpaid utility bills;
- Loan repayments;
- Personal bankruptcy (except when resulting directly and solely from illness, casualty loss or other similar extraordinary and unforeseeable circumstances beyond your control);
- Payment of income taxes, interest or penalties;
- Marital separation or divorce;
- Legal fees;
- Purchase of an automobile;
- Purchase or repair of a furnace or air conditioner; or
- Credit card debt.

How to Apply

The Application for Unforeseeable Emergency Withdrawal includes a Statement of Need that must be completed. You must attach any documents supporting your request, including information about the circumstances, financial impact of the emergency, and the nature of your other resources available to meet the emergency. The documents required to support your application are listed in the Statement of Need section.

Send the application and supporting documents to:

ING Plan Administration
Virginia Deferred Compensation Plan
P.O. Box 56588
Jacksonville, FL 32241-6588

If you have any questions about applying for the withdrawal, contact ING at 1-VRS-DC-PLAN1 (1-877-327-5261).

If the application is incomplete or adequate documentation is not provided with the application, there may be a delay in processing your request. If you are asked to provide additional documentation you must do so within 10 days of the request or your case will be closed.

Please keep a copy of your Application for Unforeseeable Emergency Withdrawal for your records. If your application is approved, you will receive your distribution check within 15 business days of the date your application was approved. If additional documentation is required, please resubmit with a copy of the original Application for Unforeseeable Emergency Withdrawal form.

Supporting Documentation

Please refer to the Statement of Need section to identify what documentation is required to complete your request.

Tax Implications

The distribution from the Plan is subject to state and federal income tax, but is not subject to an early withdrawal penalty. If you are approved for the withdrawal you may also request the amount required to pay the taxes that will be due on the withdrawal.

If your unforeseeable emergency hardship withdrawal request is approved, the amount distributed will be reported on an IRS Form 1099-R and will be includible in your gross income for both federal and state income tax purposes in the year the distribution is made. The wage withholding rules will apply to the withdrawal.

Any withdrawal you receive is subject to federal and state income tax withholding unless you elect not to have the withholding apply. You may elect not to have withholding apply by indicating that on the Application for Unforeseeable Emergency Withdrawal, signing and dating the Application form and providing it to ING. If you do not indicate that you elect not to have withholding apply, 10 percent of the distribution will be withheld for federal income taxes and 4 percent for state income taxes. You may also indicate on the Application if you wish more to be withheld.

If you elect not to have withholding apply to your withdrawal payment, or if you do not have enough federal or state income tax withheld from your withdrawal, you may be responsible for payment of estimated taxes. You may incur penalties under the estimated tax rules if your withholding and estimated tax payments are not sufficient.

If a withdrawal is approved, the amount you receive may not be rolled into an IRA or any other retirement or tax-deferred savings plan.

How to Appeal a Denial

If all or a portion of the amount you requested is denied, you have the right to appeal the decision. Your appeal must be in writing, with all supporting documentation. The appeal should be submitted to ING at the address shown below and must be received at ING within 30 days of the letter of denial.

DC Plan Participant Service Supervisor
ATTN: Kelvin Allen
Virginia Deferred Compensation Plan
P.O. Box 2500
Richmond, VA 23219



APPLICATION FOR UNFORESEEABLE EMERGENCY WITHDRAWAL

This form is valid only when accompanied by a completed Statement of Need. Please refer to the guidelines accompanying this form to ensure accurate and complete information is provided. If your request is approved, the elections made on this form will apply to the distribution. Mail the completed application to ING Plan Administration, Attn: Virginia Retirement System, P.O. Box 56588, Jacksonville, FL 32241-6588.

1. Participant Name	(First)	(MI)	(Last)
2. Address	(Street)	(City)	(State) (Zip)
3. Social Security Number	4. Daytime Phone Number		

5. Amount Requested for Unforeseeable Emergency (This may be different than the amount you receive based on the approval process.)
 \$ _____
Do you want to include an additional amount to pay the taxes indicated below? Yes No

6. Federal Income Tax Withholding (Read the following statements carefully and make the appropriate selections.)

Choose from the following:

I do **NOT** want federal income taxes withheld from the distribution.
 I want federal income taxes withheld from the distribution.

If you choose to have federal income taxes withheld from the distribution, you may choose one of the following options:

I would like the required 10 percent federal income tax withheld.
 I would like to specify an amount (or percentage) to be withheld as indicated below in addition to the required 10 percent withholding.

\$ _____ or % _____

7. State Income Tax Withholding (Read the following statements carefully and make the appropriate selections.)

Choose from the following:

I do **NOT** want state income taxes withheld from the distribution.
 I want the required state income taxes withheld from the distribution.

If you choose to have the required state income taxes withheld from the distribution, you may choose one of the following options:

I would like the required state income tax withheld.
 I would like to specify an amount (or percentage) to be withheld as indicated below in addition to the required state income tax withholding.

\$ _____ or % _____

Statement of Need

Please select the reason(s) below for your request and provide a brief description of your unforeseen emergency circumstance on the following page. Documentation to support this amount must be attached in order for this request to be approved.

Check	Acceptable Circumstances	Required Documentation
<input type="checkbox"/>	Illness of the Participant, Spouse or their Dependent/Beneficiary	<ul style="list-style-type: none"> ■ All documentation must show that the date of service was within the past 12 months. ■ Eligibility of Benefits Statement showing amount owed by participant. Copies of prescription drug bills or other medical expense statement. If participant does not have insurance they must state so on their application. Collection notices do not apply. ■ Proof of marriage or dependency, i.e., copy of first page and signature page of participants' federal income tax return.

Credit Applied For

Have you applied for a loan at your bank or credit union for a loan to meet your emergency need?

No

If No, state reason:

Yes

If Yes: Where: _____ Amount requested: \$ _____

If refused, include reason given:

Insurance

Will any portion of the expenses incurred as a result of the situation you claim as an Unforeseeable Emergency be covered by insurance?

Yes

No

Have you exhausted all other resources prior to requesting this unforeseeable emergency withdrawal?

Yes

No

Check here if you would like to have your check sent overnight delivery to your address of record. A fee of \$25.00 will be withdrawn from your plan account to cover the delivery fee. Please note that if your address of record is a P.O. Box, the check will be sent by U.S. Postal Service and there is no next-day guarantee.

8. Participant Acknowledgement

I acknowledge that I have received, read, understand and agree to all information in the Guidelines for Unforeseeable Emergency Withdrawal. I affirm that the information on this form and on the attached Statement of Need is true and correct. I understand that I am liable for any income tax and/or penalties assessed by the Internal Revenue Service and that if I elect not to have withholding apply, or if I do not have enough federal or state income tax withheld, I may be responsible for payment of estimated taxes and penalties under the estimated tax rules if my withholding and estimated tax payments are not sufficient.

I certify that the information contained in this application is true and correct to the best of my knowledge and ability. It is submitted solely for the purpose of determining whether my situation qualifies for such a withdrawal under Section 457 of the Internal Revenue Code.

Participant Signature

Date

Participant Name	Social Security Number
-------------------------	-------------------------------

ASSETS

Liquid Assets	Fixed Assets
Savings:	Market Value of Residence \$ _____
Credit Union \$ _____	Other Real Estate \$ _____
Bank \$ _____	Automobiles \$ _____
Checking \$ _____	Ownership interests in Small business \$ _____
Stocks/Bonds: \$ _____	Personal Property \$ _____
Mutual Funds \$ _____	Other (explain below) \$ _____
Cash Value of Life Ins. \$ _____	Other (explain below) \$ _____
Cash on-hand \$ _____	Other (explain below) \$ _____
Other (explain below) \$ _____	
Other (explain below) \$ _____	
Other (explain below) \$ _____	
Other (explain below) \$ _____	
Total Liquid Assets \$ _____	Total Fixed Assets \$ _____
Explanation of Other listed above:	Explanation of Other listed above:

MONTHLY INCOME

Your Salary	\$ _____	
Spouse Salary	\$ _____	
Other Income	\$ _____	(Explain below)
Deferral Amount	\$ _____	(Explain below)
Total Gross Monthly Income	\$ _____	
Minus Income Tax Withheld from Salary	\$ _____	
Net Monthly Income	\$ _____	
Explanations:		

Participant Name	Social Security Number
------------------	------------------------

MONTHLY EXPENSES (ATTACH ADDITIONAL SHEETS IF NECESSARY)

INSTALLMENT LOANS:

Creditor	Purpose	Date	Orig. Balance	Present Balance	Amount Past Due	Monthly Payment

CHARGE CARDS AND ACCOUNTS:

Store or Bank	Credit Limit	Present Balance	Amount Past Due	Monthly Payment

OTHER EXPENSES:

Mortgage/Rent \$ _____

Food \$ _____

Utilities and Telephone \$ _____

Alimony/Child Support \$ _____

Medical/Life Insurance \$ _____

Vehicle (gas, maintenance, insurance) \$ _____

Medical (doctor, hospital, drugs) \$ _____

All Others (Please list)

_____ \$ _____

_____ \$ _____

_____ \$ _____

Total Monthly Expenses \$ _____

Total Net Monthly Income \$ _____

Minus Total Monthly Expenses \$ _____

Total \$ _____