HARDSHIP WITHDRAWALS AND UNFORESEEN EMERGENCY DISTRIBUTIONS
Section 403(b) and Section 457(b) Plans

I. USM Section 403(b) Supplemental Retirement Plan

Hardship Withdrawal. By the terms of its 403(b) plan, Coppin State University (CSU) permits hardship withdrawals under such plan, but requires that such withdrawals must meet the "safe harbor" requirements established by the Internal Revenue Service for Section 401 (k) plans. The safe harbor for Section 403(b) plans reflects the 401(k) safe harbor.

A. You must answer YES to all questions below and meet at least one condition in Part B to qualify for a hardship withdrawal:

	QUESTIONS	YES	NO
1.	Is there a severe financial emergency?		
2.	Does the financial emergency result from the claimed event?		
3.	Was the financial emergency unforeseeable?		
4.	Was the financial emergency incurred by an eligible person?		
5.	Is the expense not otherwise covered/payable by other means not otherwise creating a hardship?		
6.	Is sufficient documentation provided?		
7.	Is the amount requested less than or equal to the financial need? (If you request more than your financial need, your claim will not be denied, but will be limited to amount needed.)		

B. The IRS' acceptance of a claim regarded as "immediate and heavy financial need" is limited to the following conditions:

a. Medical expenses for the employee, the employee's spouse, or dependents that are not reimbursed or to be reimbursed by medical insurance or from some other source (e.g., another party's automobile insurance.) Payment for voluntary, cosmetic procedures would not result in an immediate and heavy financial need.

b. Purchase of an employee's principal residence.

c. Payment of college tuition and related educational costs such as room and board for the next 12 months. This applies to the employee, the employee's spouse, dependents, or children who are no longer dependents.

d. Payments necessary to prevent eviction of the employee from his or her home, or foreclosure on the mortgage of the employee's principal residence.

e. Funeral/burial/cremation expenses.

f. Essential repairs of the employee's primary residence; redecoration and cosmetic repairs would not qualify.

NOTE: The employee's contributions to the plan are terminated, and the employee cannot make additional contributions to the qualified plan for six months following the withdrawal.

II. USM Section 457(b) Plan

Unforeseeable Emergency. By the terms of the USM's 457(b) plan, a participant may request a withdrawal "in the event of an unforeseeable emergency causing 'financial hardship', with such event being beyond the control of the participant… ." This language is consistent with Internal Revenue Code and Regulations governing permitted withdrawals from qualified Section 403(b) plans.

Internal Revenue Service Regulations suggest that an unforeseen emergency means a severe financial hardship stemming from:

- An illness, accident or death
- The loss of property due to a casualty loss (for example, the need to rebuild a home following damage that is not reimbursed by insurance due to a natural disaster)
- Any other similar, extraordinary and unforeseeable circumstances arising from events beyond the individual's control

In each situation, the illness, loss or other unforeseeable emergency must be that of the plan participant, of the spouse of the plan participant, or of the participant's dependent under Internal Revenue Code Section 152. The financial need involved must be immediate, heavy and directly related to the unforeseen event.

NOTE: Regardless of the reason for the requested 457(b) emergency withdrawal, there must be a severe financial hardship resulting from unusual AND unforeseeable circumstances beyond the control of the participant.