

Hardship Withdrawal Application

Personal Investment Plan (PIP), Compass Retirement Plan (Compass),
Puerto Rico Personal Investment Plan (PRPIP)

Part 1 – Participant Information

Participant name _____ Social Security# (last 5 digits) _____
Mailing address _____ Primary phone # _____

E-mail _____
Country of citizenship _____

Part 2 – Hardship Withdrawal Need

Your hardship withdrawal application reason must be one of the reasons below.

You must retain proof of your financial hardship reason and amount for your records in case of an Internal Revenue Service audit. Do not submit this documentation to Wespath. See the attached *Hardship Withdrawal Checklist* for examples of documents you may use to support your hardship withdrawal reason.

Reasons for PIP/Compass Hardship Withdrawal:

- Unreimbursed medical expenses described in Internal Revenue Code (Code) section 213(d) for yourself, your spouse, your dependents or your primary beneficiary on file with Wespath for the plan from which your withdrawal is requested
- Purchase of your principal residence (excluding mortgage payments)
- Tuition or educational fees (including room and board) for the next 12 months of post-secondary education for you, your spouse, your dependents or your primary beneficiary on file with Wespath for the plan from which your withdrawal is requested
- Prevention of foreclosure of a mortgage on and/or eviction from your principal residence
- Repair of your damage to principal residence that would qualify as a casualty deduction
- Funeral or burial expenses for your deceased parent, spouse, child, dependent or primary beneficiary on file with Wespath for the plan from which your withdrawal is requested
- Expenses you have incurred due to FEMA-declared disasters

Reasons for PRPIP Hardship Withdrawal:

- Medical expenses described in Puerto Rico Internal Revenue Code of 2011 (PR Code) section 1033.15(a)(4) (or other applicable PR Code sections) incurred by yourself, your spouse or your dependents
- Purchase of your principal residence (excluding mortgage payments)
- Tuition or educational fees (including room and board) for up to the next 12 months of post-secondary education for you, your spouse or your dependents
- Prevention of foreclosure of a mortgage on and/or eviction from your principal residence
- Repair of your damage to principal residence that would qualify as a casualty deduction
- Funeral or burial expenses for your deceased parent, child or dependent

By signing and submitting this application in Part 4, you are attesting to the following statements:

- I have not received and do not expect to receive reimbursement for this financial hardship through insurance.
- I have the appropriate documentation to support my immediate and significant need for the hardship withdrawal and will keep it for my records in case of Internal Revenue Service audit. (The amount of the hardship withdrawal may not exceed the amount necessary to satisfy the financial need, plus taxes on the withdrawal. The amount of the financial need supporting the hardship withdrawal must still be outstanding and unpaid.)
- I have liquidated all of my non-essential assets that are reasonably available to me.
- Either:
 - a) I am not able to obtain other available distributions (other than hardship withdrawals) or non-taxable loans from other plans (such as PIP/Compass/PRPIP) maintained by my employer, OR
 - b) I am able to obtain other available distributions or loans such as these but doing so will place me in an untenable position by unreasonably increasing my overall financial need.

Part 3 – Hardship Withdrawal Amount

Please indicate the specific dollar amount needed to satisfy your financial hardship, which can include any federal or state tax liability on the base hardship amount.

Amount of financial hardship: \$ _____
Plus amount of expected taxes and penalties (optional): \$ _____
Total amount of hardship withdrawal requested: \$ _____

The IRS regulations (or Hacienda regulations in the case of PRPIP) limit the amount you can receive as a hardship withdrawal. **By checking the box below**, you are indicating that if the amount you requested is greater than the limit available, you are directing Wespath to distribute to you the maximum amount available.

- If the hardship withdrawal amount indicated above is greater than the limit, please process the hardship withdrawal for the maximum amount that is available.
- Check this box if you are requesting a hardship withdrawal from the Puerto Rico Personal Investment Plan (PRPIP).

Part 4 – Signature

By signing this application, you certify:

- that all statements contained herein are true and complete to the best of my knowledge,
- that I have read and agree to the *PIP/Compass/PRPIP Hardship Withdrawal Terms and Conditions* and understand I must retain the appropriate hardship withdrawal documentation as outlined in that document in case of Internal Revenue Service audit, and
- that I understand that if I receive a hardship withdrawal from PRPIP, I will be suspended for a 12-month period from making any contributions and from receiving any matching and conditional contributions to PRPIP or the Puerto Rico Clergy Retirement Security Program (PRCRSP).

Participant signature _____ Date _____

If you are NOT completing this document online, please complete it and return to Wespath by one of the following methods:

- **Email scanned copy to:** retirementteam@wespath.org or
- **Fax to:** 847-866-4677 or
- **Mail to:** Wespath
Attention: Retirement Benefits
1901 Chestnut Avenue, Glenview, IL 60025-1604

Be sure to keep a copy for your records.

This form includes and/or is requesting personally identifiable information (PII) and/or protected health information (PHI). You are encouraged to make elections and beneficiary designations online at benefitsaccess.org. When possible, managing your benefits online is the recommended approach to keep your PII and PHI safe and secure.

PIP/Compass/PRPIP Hardship Withdrawal Terms and Conditions

1. Under the terms and conditions of PIP/Compass/PRPIP, you may receive a hardship withdrawal for certain immediate and significant financial needs, provided the need cannot be reasonably relieved by:
 - insurance,
 - reasonable liquidation of your assets,
 - cessation of your employee contributions, and/or
 - other distributions/loans (including a PIP/Compass/PRPIP hardship loan) from your employer's plan.

The requirement to obtain a loan may be excused if no loan is available on reasonable commercial terms, such as if the only available loan is at an excessively high interest rate or if you are not credit-worthy enough to qualify for a loan or could not afford to repay according to the repayment schedule.

2. Hardship withdrawals are available in lump-sum form only.
3. Hardship withdrawals are subject to federal income tax (and state tax depending on your state of residence). However, distributions of after-tax contributions and qualified Roth distributions* are not subject to income tax. The taxable portion of your withdrawal is subject to 10% federal tax withholding (unless you specify more or less) and any applicable state income tax withholding.** Complete and return the enclosed form *W-4R* if you want to elect a different percentage or no federal tax withholding. Complete and return the enclosed State Income Tax Withholding form to make an election other than your state's default withholding. An additional 10% federal excise tax may apply to you if you receive a hardship withdrawal before attaining age 59½.
4. Hardship withdrawals are available if you have exhausted all other reasonably available financial resources (including but not limited to PIP/Compass/PRPIP loans) and if you qualify for any of the hardship reasons listed under Part 2 of this application. The amount of the financial need supporting the hardship withdrawal must still be outstanding and unpaid as of the date you request the hardship withdrawal.
5. If you receive a hardship withdrawal from PRPIP, you may not make contributions to PRPIP or any other deferred compensation plan maintained by your employer for 12 months immediately following the date of the hardship withdrawal. The suspension period will also apply to plan sponsor contributions to PRPIP or the Puerto Rico Clergy Retirement Security Program (PRCRSP) that would otherwise be payable when your plan sponsor requires employee contributions as a condition of receiving plan sponsor contributions (such as matching contributions).
6. When applying for hardship withdrawals, you must attest to the need for a hardship withdrawal and the exhaustion of financial resources based on the criteria cited in #4 above. Supporting documentation is required for the hardship withdrawal as specified in the attached *Hardship Withdrawal Checklist*. You must retain this documentation in your files in case of an audit by the Internal Revenue Service. Do not submit this documentation to Wespath.
7. You must state the amount that will satisfy the financial hardship in Part 3 of the Hardship Withdrawal Application. No more than that amount can be distributed. You may include in the amount requested any penalties or taxes due on the withdrawal, assuming that the increase due to taxes is reasonable based on existing applicable tax rates.
8. Hardship withdrawal applications are irrevocable once the payment is issued, and cannot be reversed in the event the hardship is satisfied with resources outside of PIP/Compass/PRPIP.
9. The hierarchy of accounts from which hardship withdrawals will be taken (for plan accounting purposes) is:
 - Pre-1987 after-tax contributions
 - Post-1986 after-tax contributions (including earnings on post-1986 and pre-1987 after-tax contributions) plus after-tax rollover account amounts, prorated between contributions and earnings
 - Roth contributions (excluding any earnings attributable to such balances)
 - Before-tax contributions (excluding any earnings attributable to such balances)
 - Qualified Voluntary Employee Contribution (QVEC) balances
10. Hardship withdrawals are pro-rated from among all the investment funds within each account listed in #9.
11. This information is based on Wespath's current analysis of the Code and PR Code and should not be construed as legal or tax advice. Wespath advises that you consult a tax adviser or legal counsel regarding the tax effect of a withdrawal.

* Qualified Roth distribution is made after 1) your attainment of age 59½, 2) your permanent disability, or 3) your death, and is made at least 5 years after the first day of the plan year in which you made your first Roth contribution.

** Hardship withdrawals from PRPIP are subject to 10% mandatory withholding.

Hardship Withdrawal Checklist

Please use this checklist to determine the type of documentation that must be retained in your files in case of an Internal Revenue Service audit as evidence of a financial hardship.

Reason	Required Documentation
Unreimbursed medical and dental expenses for you, your spouse, your dependents or, for PIP/Compass, your primary beneficiary	<input type="checkbox"/> Copies of medical bills (no more than one year old) showing the uninsured portion and outstanding balance.
Costs directly related to the purchase of your principal residence (excluding mortgage payments) Note: <ul style="list-style-type: none"> Hardship withdrawals may only be distributed for purchase of a principal residence at a future date. The amount required at closing (i.e., closing costs) is the maximum that may be eligible for withdrawal. 	<input type="checkbox"/> Purchase Agreement signed by the buyer and seller, indicating the purchase price, any deposit amount made, and date of transfer of title; or <input type="checkbox"/> Contract Agreement signed by the buyer and seller, indicating the purchase price, any deposit amount made, and date of transfer of title.
Tuition or educational fees (including room and board) for up to the next 12 months of post-secondary education for you, your spouse, your dependents or, for PIP/Compass, your primary beneficiary <ul style="list-style-type: none"> Hardship withdrawals may only be distributed for the amount of eligible tuition expenses currently outstanding. 	<input type="checkbox"/> Tuition statement or bill on letterhead from the institution reflecting the student's name, the amount owed and the time period the tuition covers.
Payments necessary to prevent foreclosure on and/or eviction from your principal residence	<input type="checkbox"/> Eviction notice; or <input type="checkbox"/> Intent to foreclose notice; or <input type="checkbox"/> Letter from the bank or mortgage holder on official letterhead.
Repair of damage to your principal residence that would qualify as a casualty deduction (as defined in accordance with hardship regulations) and is not covered by insurance (this hardship reason does not apply to PRPIP)	<input type="checkbox"/> Copies of insurance company benefits; and <input type="checkbox"/> Copy of denial letter from the insurance company; and <input type="checkbox"/> Copy of estimate less than one year old.
Funeral or burial expenses for your deceased parent, spouse, child, dependent, or, for PIP/Compass, your primary beneficiary <ul style="list-style-type: none"> Hardship withdrawals may only be distributed for the amount of funeral expenses currently outstanding. 	<input type="checkbox"/> Copies of invoices (no more than one year old) in your name; and <input type="checkbox"/> Copy of the death certificate.
Expenses you have incurred due to FEMA-declared disasters (this hardship reason does not apply to PRPIP) <ul style="list-style-type: none"> Hardship withdrawals may only be distributed for the amount of expenses currently outstanding. 	<input type="checkbox"/> Copies of invoices (no more than one year old); and <input type="checkbox"/> Insurance company payments.