SFDCP

Discover Your Retirement Potential

THE CITY AND COUNTY OF SAN FRANCISCO
457(b) Deferred Compensation Plan

Unforeseeable Emergency Withdrawal Requests

References to “you” or “your” apply to the Participant or a beneficiary account holder.

Withdrawals from the City and County of San Francisco Deferred Compensation Plan (Plan) are severely restricted by the Internal Revenue Service (IRS). A withdrawal while you are employed is allowed only for an unforeseeable emergency that causes a severe financial hardship. The amount available for distribution is limited to the amount reasonably necessary to satisfy the emergency need (including any amounts necessary to pay federal, state or local income taxes or penalties reasonably anticipated to result from the distribution).

All unforeseeable emergency withdrawal requests will be reviewed by the San Francisco Employees’ Retirement System for a determination as to whether the withdrawal is permitted. San Francisco Employees’ Retirement System will use IRS guidelines as the basis for its determination.

IRS guidelines and the Plan document provide that an unforeseeable emergency means a severe financial hardship to the Participant resulting from:

(1) a sudden and unexpected illness or accident to you, your spouse or of one of your dependents (as defined by the IRS);
(2) the loss of your property due to casualty (including the need to rebuild a home following damage not otherwise covered by homeowner’s insurance, such as a natural disaster); or
(3) other similar extraordinary and unforeseeable circumstances arising as a result of events beyond your control.

Withdrawals are permitted only to the extent the hardship cannot be relieved: (1) through reimbursement or compensation by insurance or otherwise; (2) by liquidating your assets (to the extent this would not itself cause severe financial hardship); or (3) by stopping deferrals under the Plan.

The following are *not* reasons for an unforeseeable emergency withdrawal:

- To buy a new vehicle, appliance, pool, etc.
- To pay for marriage cost for you or your dependents.
- To pay for vehicle repairs, appliance replacement/maintenance.
- To pay for a divorce, divorce settlement, child support.
- To pay for the costs of bankruptcy (except when bankruptcy is a direct result of an unforeseeable illness or casualty).
- To repay debts that you knowingly incurred but cannot pay such as loans (including personal loans), large credit card debt, vehicle, house, or boat payments, even if needed to prevent repossession (except when payment cannot be made as a direct result of an unforeseeable illness, casualty, or to prevent the imminent foreclosure or eviction from your primary residence).
- To refinance debt.
- To provide for lost wages of a son or daughter of age who maintains a separate residence, unless the child is a qualifying dependent and the lost wages are the result of illness or accident.
- To pay any expenses related to grandchildren unless such children are claimed as a dependent on the most recent tax return.

- To supplement insurance coverage for the sole purpose of replacement of higher quality merchandise/materials.
- To cover a loss not covered by insurance because of failure to retain insurance coverage.
- To pay for funeral expenses of anyone not a dependent.
- To pay for any medical expenses related to an elective surgery.
- To pay income tax, or property tax, back taxes, or fines associated with back taxes.
- To cover wage garnishment.
- To pay for tuition.
- To purchase a new home.

The following are reasons for an unforeseeable emergency withdrawal:

- Loss of your property caused by fire, flood, theft, or other catastrophic loss beyond your control.
- A hardship arising as a result of a sudden and unexpected illness or accident to you, your spouse or your dependents.
- Funeral expenses of your spouse or dependent.
- Medical expenses, including non-refundable deductibles, as well as the cost of prescription drug medication for you, your spouse or your dependents.
- To prevent the imminent foreclosure or eviction from your primary residence.

Consideration for Unforeseeable Emergency Withdrawals will not be made in cases where the participant had significant control and failed to exercise prudent judgment. Some examples of this would be abuse of credit cards, obligation related to investments, business ventures, gambling debts or any violations of law.

INTERNAL REVENUE CODE SECTION 152 – DEPENDENT DEFINED

(a) General Definition – for purposes of this subtitle, the term “dependent” means any of the following individuals over half of whose support, for the calendar year in which the taxable year of the taxpayer begins, was received from the taxpayer.

(1) Son or daughter of the taxpayer or a descendant of either.
(2) Stepson or stepdaughter of the taxpayer.
(3) Brother, sister, stepbrother, or stepsister of the taxpayer.
(4) Father or mother of the taxpayer, or an ancestor of either.
(5) Stepfather or stepmother of the taxpayer.
(6) Son or daughter of a brother or sister of the taxpayer.
(7) Brother or sister of the father or mother of the taxpayer.
(8) Son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law of the taxpayer.
(9) An individual who, for the taxable year of the taxpayer, has as his principal place of resident the home of the taxpayer and is a member of the taxpayer’s household.

(b) Rules relating to general definition – for purposes of this section.

(3) The term “dependent” does not include any individual who is not a citizen or national of the United States unless such individual is a resident of the United States or of a country contiguous to the United States. The preceding sentence shall not exclude from the definition of “dependent” any child of the taxpayer legally adopted by him/her, for the taxable year of the taxpayer, the child has as his/her principal place of abode the home of the taxpayer and is a member of the taxpayer’s household, and if the taxpayer is a citizen or national of the United States.