

Ventura County 401(k) Shared Savings Plan

Hardship Withdrawal

What is a 401(k) hardship withdrawal?

A 401(k) hardship withdrawal, also called a hardship distribution, is a type of early withdrawal from your 401(k), while you are still employed by the County of Ventura. These withdrawals must be for specific financial needs that are immediate in nature and substantial. You are only allowed to withdraw enough money to pay for the indicated financial need and related taxes. If you are under the age of 59 ½, an early withdrawal penalty of 10% will apply.

The rules and regulations governing a hardship withdrawal are specified by the Internal Revenue Service (IRS). You could be subject to further review of a hardship withdrawal if your tax return and/or the Plan is audited. If audited, you may be required to provide documentation that supports your claim of an 'immediate and heavy financial need'.

Does a hardship withdrawal from a 401(k) have consequences?

Although a 401(k) hardship withdrawal might give you a quick access to your retirement savings, there are several downsides to consider:

- *The distribution cannot be repaid.* Unlike a 401(k) loan, you can't repay the money that you take out with a 401(k) hardship withdrawal. As a result, you may miss out on potential investment growth that would have been generated from the distribution.
- *The distribution amount may be taxable.*
- *There may be a 10% penalty.* The withdrawal could be subject to a 10% penalty if you are under the age of 59 ½, some exceptions apply such as if the participant has a terminal illness.

What are the qualifying reasons/situations for a hardship withdrawal?

The IRS specifies the following situations that qualify for a 401(k) hardship withdrawal:

- Non-mortgage payment costs when buying a home that will be used as your principal residence.
- Certain expenses to repair your principal residence.
- Payments to avoid eviction from or foreclosure on your principal residence.
- Uninsured medical expenses for yourself, your spouse, and/or your dependents (as defined by the IRS).
- Higher education expenses for the next 12 months of postsecondary education for yourself, your spouse, and/or your dependents (as defined by the IRS). Expenses can include the payment of tuition and related education fees, and room and board expenses.
- Funeral or burial expenses for your deceased parent, spouse, child, and/or dependent (as defined by the IRS).
- Expenses or losses related to a federal disaster declaration (by the Federal Emergency Management Agency [FEMA]) if your primary residence or job is in the disaster zone.
- An immediate and heavy financial need, other than a reason or situation described above (a descriptive explanation is required in the application).

For frequently asked questions and answers that provide general information on hardship withdrawals, visit the IRS website at: <https://www.irs.gov/retirement-plans/retirement-plans-faqs-regarding-hardship-distributions>



VENTURA COUNTY 401(K) SHARED SAVINGS PLAN APPLICATION FOR HARDSHIP WITHDRAWAL

Completed applications can be submitted to the Deferred Compensation Program by:

- Email as a pdf to deferred.compensation@ventura.org
- Brown Mail - L#1970
- USPS Mail - see address provided on page 3

Full Name: _____ Date of Birth: _____

Street Address: _____

City/State: _____ Zip: _____

Phone: _____ Employee ID: _____ Last 4 of SSN: _____

Preferred Email Address: _____

Self-Certification

I declare under penalty of perjury under the laws of the State of California:

- 1) All information contained in this application is true and correct.
- 2) This request is for an immediate and heavy financial need.
- 3) The amount requested does not exceed the amount required to satisfy the immediate and heavy financial need.
- 4) I have documentation available to support the claims I have made in this application.

Signature: _____ Date: _____

(A digital or authentic signature is required)

Please indicate the total amount of your hardship request \$ _____

The IRS specifies the qualifying situations that qualify for a 401(k) hardship withdrawal. Please indicate which situation you are experiencing that necessitates a hardship withdrawal from your 401(k) plan. **Note:** *only one option should be indicated, if it is more than one reason please select the last situation.*

Purchase of my principal residence (excluding mortgage payments).

Uninsured medical and dental expenses for me, my spouse, and/or my dependents.

Payment of tuition and related education fees, and/or room and board expenses for the next 12 months of post-secondary education for me, my spouse, and/or my dependents.

Prevention of eviction from or foreclosure of my principal residence.

Payments for burial or funeral expenses for my deceased parent, spouse, child, and/or dependents.

Expenses for the repair of damage to my principal residence that would qualify for the casualty deduction under section 165.

Expenses and losses (including loss of income) related to a federal disaster declaration by the Federal Emergency Management Agency (FEMA) in the area where I live or work.

An immediate and heavy financial need, other than a reason or situation listed above.

In the box provided below, describe the recent situation that has occurred that necessitates the need for a hardship withdrawal. Provide as much detail as possible, including:

- The circumstances surrounding the situation.
- The reason that this request for a withdrawal is urgent and immediate.
- The amount requested does not exceed the amount necessary to satisfy the urgent need.

Providing the requested detail will help the Deferred Compensation Program staff to evaluate your application in an expediated manner.

Tax Handling

I authorize the Deferred Compensation Program staff to execute the withdrawal and I further authorize Fidelity Investments to withhold taxes as indicated below.

I understand the following:

- The valuation of my account will be based on the last valuation date plus any contributions and earnings made after that date.
- The amount withdrawn will be taken from investment options in which I am invested on a prorated basis unless I direct otherwise.
- My distribution is subject to federal and state income taxes.
- If I am under the age of 59 ½, I will be assessed an additional 10% penalty, which will not be withheld from this distribution.
- My actual federal or state income tax liability may exceed the amount withheld from this distribution, and I may be subject to tax penalties under the estimated tax payment rules if my estimated tax payments and withholding are inadequate.

For any amounts distributed to me, I elect to have _____ % federal income taxes withheld.

The federal tax amount selected must be 0% or an amount 10% or higher – if you are electing 0% or an amount greater than 10% for your federal withholding, a W-4R form is required. The amount of your state withholding will be 10% of your federal withholding. *Note: if you do not elect a federal withholding amount, it will delay processing of your application.*

Disbursement Method

Please select if you have a bank account linked with Fidelity to receive funds from the plan. Your funds will be electronically deposited into the account that is linked in the Fidelity system. **It is important that you verify that your account information is current and accurate.**

Please select if you want your distribution check mailed to the address indicated on the application.

**UPS overnight delivery, after processing, is available for \$25 deducted from your account. Total time to receive the check is approximately 3 days. Initial here for UPS overnight delivery: _____

For DC Staff Use Only			
Current participant balance: \$ _____			
<input type="checkbox"/> APPROVED	Amount approved: \$ _____		
<input type="checkbox"/> DENIED	Reason for denial: _____		
Approved/Denied By: _____		Date: _____	
Reviewed By: _____		Date: _____	
<input type="checkbox"/> BL & Sources	<input type="checkbox"/> EFT	<input type="checkbox"/> EE emailed	<input type="checkbox"/> Tracking Log

1a First name and middle initial	Last name	1b Social security number
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Address

City or town, state, and ZIP code

Your withholding rate is determined by the type of payment you will receive.

- For nonperiodic payments, the default withholding rate is 10%. You can choose to have a different rate by entering a rate between 0% and 100% on line 2. Generally, you can't choose less than 10% for payments to be delivered outside the United States and its territories.
- For an eligible rollover distribution, the default withholding rate is 20%. You can choose a rate greater than 20% by entering the rate on line 2. You may not choose a rate less than 20%.

See page 2 for more information.

2 Complete this line if you would like a rate of withholding that is different from the default withholding rate. See the instructions on page 2 and the Marginal Rate Tables below for additional information. Enter the rate as a whole number (no decimals)	2	%
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Sign Here	<div style="border-bottom: 1px solid black; min-height: 20px;"></div> <p>Your signature (This form is not valid unless you sign it.)</p>	<div style="border-bottom: 1px solid black; min-height: 20px;"></div> <p>Date</p>
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General Instructions

Section references are to the Internal Revenue Code.

Future developments. For the latest information about any future developments related to Form W-4R, such as legislation enacted after it was published, go to www.irs.gov/FormW4R.

Purpose of form. Complete Form W-4R to have payers withhold the correct amount of federal income tax from your nonperiodic payment or eligible rollover distribution from an employer retirement plan, annuity (including a commercial annuity), or individual retirement arrangement (IRA). See page 2 for the rules and options that are available for each type of payment. Don't use Form W-4R for periodic payments (payments made in installments at regular

intervals over a period of more than 1 year) from these plans or arrangements. Instead, use Form W-4P, Withholding Certificate for Periodic Pension or Annuity Payments. For more information on withholding, see Pub. 505, Tax Withholding and Estimated Tax.

Caution: If you have too little tax withheld, you will generally owe tax when you file your tax return and may owe a penalty unless you make timely payments of estimated tax. If too much tax is withheld, you will generally be due a refund when you file your tax return. Your withholding choice (or an election not to have withholding on a nonperiodic payment) will generally apply to any future payment from the same plan or IRA. Submit a new Form W-4R if you want to change your election.

2024 Marginal Rate Tables

You may use these tables to help you select the appropriate withholding rate for this payment or distribution. Add your income from all sources and use the column that matches your filing status to find the corresponding rate of withholding. See page 2 for more information on how to use this table.

Single or Married filing separately		Married filing jointly or Qualifying surviving spouse		Head of household	
<i>Total income over—</i>	Tax rate for every dollar more	<i>Total income over—</i>	Tax rate for every dollar more	<i>Total income over—</i>	Tax rate for every dollar more
\$0	0%	\$0	0%	\$0	0%
14,600	10%	29,200	10%	21,900	10%
26,200	12%	52,400	12%	38,450	12%
61,750	22%	123,500	22%	85,000	22%
115,125	24%	230,250	24%	122,400	24%
206,550	32%	413,100	32%	213,850	32%
258,325	35%	516,650	35%	265,600	35%
623,950*	37%	760,400	37%	631,250	37%

* If married filing separately, use \$380,200 instead for this 37% rate.

General Instructions (continued)

Nonperiodic payments—10% withholding. Your payer must withhold at a default 10% rate from the taxable amount of nonperiodic payments **unless** you enter a different rate on line 2. Distributions from an IRA that are payable on demand are treated as nonperiodic payments. Note that the default rate of withholding may not be appropriate for your tax situation. You may choose to have no federal income tax withheld by entering “-0-” on line 2. See the specific instructions below for more information. Generally, you are not permitted to elect to have federal income tax withheld at a rate of less than 10% (including “-0-”) on any payments to be delivered outside the United States and its territories.

Note: If you don't give Form W-4R to your payer, you don't provide an SSN, or the IRS notifies the payer that you gave an incorrect SSN, then the payer must withhold 10% of the payment for federal income tax and can't honor requests to have a lower (or no) amount withheld. Generally, for payments that began before 2024, your current withholding election (or your default rate) remains in effect unless you submit a Form W-4R.

Eligible rollover distributions—20% withholding. Distributions you receive from qualified retirement plans (for example, 401(k) plans and section 457(b) plans maintained by a governmental employer) or tax-sheltered annuities that are eligible to be rolled over to an IRA or qualified plan are subject to a 20% default rate of withholding on the taxable amount of the distribution. You can't choose withholding at a rate of less than 20% (including “-0-”). Note that the default rate of withholding may be too low for your tax situation. You may choose to enter a rate higher than 20% on line 2. Don't give Form W-4R to your payer unless you want more than 20% withheld.

Note that the following payments are **not** eligible rollover distributions for purposes of these withholding rules:

- Qualifying “hardship” distributions;
- Distributions required by federal law, such as required minimum distributions;
- Generally, distributions from a pension-linked emergency savings account;
- Eligible distributions to a domestic abuse victim;
- Qualified disaster recovery distributions;
- Qualified birth or adoption distributions; and
- Emergency personal expense distributions.

See Pub. 505 for details. See also *Nonperiodic payments—10% withholding* above.

Payments to nonresident aliens and foreign estates. Do not use Form W-4R. See Pub. 515, Withholding of Tax on Nonresident Aliens and Foreign Entities, and Pub. 519, U.S. Tax Guide for Aliens, for more information.

Tax relief for victims of terrorist attacks. If your disability payments for injuries incurred as a direct result of a terrorist attack are not taxable, enter “-0-” on line 2. See Pub. 3920, Tax Relief for Victims of Terrorist Attacks, for more details.

Specific Instructions

Line 1b

For an estate, enter the estate's employer identification number (EIN) in the area reserved for “Social security number.”

Line 2

More withholding. If you want more than the default rate withheld from your payment, you may enter a higher rate on line 2.

Less withholding (nonperiodic payments only). If permitted, you may enter a lower rate on line 2 (including “-0-”) if you want less than the 10% default rate withheld from your payment. If you have already paid, or plan to pay, your tax on this payment through other withholding or estimated tax payments, you may want to enter “-0-”.

Suggestion for determining withholding. Consider using the Marginal Rate Tables on page 1 to help you select the appropriate withholding rate for this payment or distribution. The tables are most accurate if the appropriate amount of tax on all other sources of income, deductions, and credits has been paid through other withholding or estimated tax payments. If the appropriate amount of tax on those sources of income has not been paid through other withholding or estimated tax payments, you can pay that tax through withholding on this payment by entering a rate that is greater than the rate in the Marginal Rate Tables.

The marginal tax rate is the rate of tax on each additional dollar of income you receive above a particular amount of income. You can use the table for your filing status as a guide to find a rate of withholding for amounts above the total income level in the table.

To determine the appropriate rate of withholding from the table, do the following. Step 1: Find the rate that corresponds with your total income not including the payment. Step 2: Add your total income and the taxable amount of the payment and find the corresponding rate.

If these two rates are the same, enter that rate on line 2. (See *Example 1* below.)

If the two rates differ, multiply (a) the amount in the lower rate bracket by the rate for that bracket, and (b) the amount in the higher rate bracket by the rate for that bracket. Add these two numbers; this is the expected tax for this payment. To get the rate to have withheld, divide this amount by the taxable amount of the payment. Round up to the next whole number and enter that rate on line 2. (See *Example 2* below.)

If you prefer a simpler approach (but one that may lead to overwithholding), find the rate that corresponds to your total income including the payment and enter that rate on line 2.

Examples. Assume the following facts for *Examples 1* and *2*. Your filing status is single. You expect the taxable amount of your payment to be \$20,000. Appropriate amounts have been withheld for all other sources of income and any deductions or credits.

Example 1. You expect your total income to be \$62,000 without the payment. Step 1: Because your total income without the payment, \$62,000, is greater than \$61,750 but less than \$115,125, the corresponding rate is 22%. Step 2: Because your total income with the payment, \$82,000, is greater than \$61,750 but less than \$115,125, the corresponding rate is 22%. Because these two rates are the same, enter “22” on line 2.

Example 2. You expect your total income to be \$43,700 without the payment. Step 1: Because your total income without the payment, \$43,700, is greater than \$26,200 but less than \$61,750, the corresponding rate is 12%. Step 2: Because your total income with the payment, \$63,700, is

greater than \$61,750 but less than \$115,125, the corresponding rate is 22%. The two rates differ. \$18,050 of the \$20,000 payment is in the lower bracket (\$61,750 less your total income of \$43,700 without the payment), and \$1,950 is in the higher bracket (\$20,000 less the \$18,050 that is in the lower bracket). Multiply \$18,050 by 12% to get \$2,166. Multiply \$1,950 by 22% to get \$429. The sum of these two amounts is \$2,595. This is the estimated tax on your payment. This amount corresponds to 13% of the \$20,000 payment (\$2,595 divided by \$20,000). Enter "13" on line 2.

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to provide this information only if you want to (a) request additional federal income tax withholding from your nonperiodic payment(s) or eligible rollover distribution(s); (b) choose not to have federal income tax withheld from your nonperiodic payment(s), when permitted; or (c) change a previous Form W-4R (or a previous Form W-4P that you completed with respect to your nonperiodic payments or eligible rollover distributions). To do any of the aforementioned, you are required by sections 3405(e) and 6109 and their regulations to provide the information requested on this form. Failure to provide this information may result in inaccurate withholding on your payment(s).

Failure to provide a properly completed form will result in your payment(s) being subject to the default rate; providing fraudulent information may subject you to penalties.

Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation, and to cities, states, the District of Columbia, and U.S. commonwealths and territories for use in administering their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The average time and expenses required to complete and file this form will vary depending on individual circumstances. For estimated averages, see the instructions for your income tax return.

If you have suggestions for making this form simpler, we would be happy to hear from you. See the instructions for your income tax return.