KING COUNTY EMPLOYEES DEFERRED COMPENSATION PLAN

UNFORESEEN EMERGENCIES & FINANCIAL HARDSHIP WITHDRAWALS

A Message From The King County Employees Deferred Compensation Plan Board

Normally you cannot receive benefits from the Deferred Compensation Plan until you retire or otherwise leave King County employment. The Plan does allow for “emergency withdrawals” under very narrow circumstances defined in the Internal Revenue Code (IRC), the Internal Revenue Service (IRS) regulations and Board guidelines. Please read this document carefully.

Withdrawal of deferred compensation under the Plan for the purpose of meeting a financial emergency can be allowed only if an unforeseeable emergency exists and only if the withdrawal is the only way to meet the emergency.

The Board needs to know the nature and extent of your emergency to adequately and fairly evaluate your need and your eligibility. The law requires that the determinations be made on a case by case basis. More importantly, the IRS may require the Board to justify allowing your request long after a withdrawal is granted. For these reasons, the information to be furnished with your request must be complete. The information sought would not be required unless absolutely necessary, so please fill out the form completely. An incomplete form will not be forwarded to the Board’s Hardship Committee for decision.

Each application will be treated confidentially but if you appeal the Committee’s decision, action on your appeal may need to be considered at a Board meeting open to the public.

The Board has chosen to offer a hardship withdrawal benefit, although the law does not require one. The law also does not require an appeal procedure.

Who Can Apply For A Hardship Withdrawal?
Any Employee Participant can apply for a hardship withdrawal.

What Issues Must Be Decided?
Three issues must be decided in determining whether a participant is entitled to a financial hardship withdrawal: (1) the participant must demonstrate an immediate and heavy financial need (2) due to an unforeseeable emergency, and (3) the withdrawal must be necessary to meet the need—that is, the participant cannot meet that need from any other source.

What Is An Unforeseeable Emergency?
The emergency must be a severe financial hardship resulting from a sudden and unexpected income loss, accident or illness of the participant or of the participant’s dependent. It may be the loss of the participant’s property due to casualty, or other similar extraordinary and unforeseeable circumstances. The loss must be as a result of events beyond the control of the participant.

Who Is Considered The Participant’s Dependent For The Purpose Of Determining An Unforeseeable Emergency?
An individual is a dependent if he meets the criteria in IRC Section 152(a). This is one of the following individuals who received more than half of his support for the year from the

participant: child, stepchild, foster child, or a descendant of any of them, sibling or step-sibling, parent or ancestor, stepfather or stepmother, niece or nephew, aunt or uncle, in-law, or an individual who has his principal place of abode with the participant.

Examples of Situations When A Hardship Is An Unforeseeable Emergency

- Uninsured medical expenses for the participant, spouse, or dependents
- Property loss or damage due to casualty not covered by insurance
- Foreclosure or eviction
- Funeral expenses for a legal dependent
- Unanticipated job loss
- Similar extraordinary, unforeseeable circumstances, beyond the control of the participant

Examples of Situations When A Hardship Is *Not* An Unforeseeable Emergency

Any situation where the participant has had significant control or advance notice and failed to exercise prudent judgment as to the cause or effect of the emergency:

- Payments for federal, local or property taxes
- Payment of legal fees
- Overuse of credit
- Purchase, payments, remodel or maintenance of home
- Cost of education
- Costs associated with divorce
- Automobile or appliance repairs

Must The Participant Use Other Resources Before Seeking A Hardship Withdrawal?

Yes. A withdrawal cannot be granted if the hardship could be alleviated through reimbursement by insurance or otherwise, stopping deferrals under the Plan, obtaining a loan (including refinancing), and/or liquidation of a participant's other assets to the extent that the liquidation does not in itself cause a hardship.

How Much Is The Participant Allowed To Withdraw?

The participant may withdraw only the amount necessary to meet the emergency and to cover any potential tax liability for the withdrawal.

What Other Assistance May Be Available?

King County employees and anyone living in their household can access free counseling services 24/7 through Making Life Easier in a secure, confidential, and user-friendly format. Access the program at https://kingcounty.mysupportportal.com or call 888-874-7290.

Who Makes The Determination Whether A Hardship Withdrawal Should Be Allowed?

The Board has the ultimate responsibility to make this determination. The IRS requires that the determination be made on a case by case basis. The participant should provide adequate documentation. The Plan Coordinator is available for personal interviews and assistance with the application process. All applications are reviewed and decided by the Hardship Committee without a personal interview with the participant. Written letters of appeal may be submitted to the Board. The Board generally meets monthly.

Where Do You Request An Application?

Please call T. Rowe Price at 1-888-457-5770 to request a hardship application or by logging into your self-service account at https://www3.troweprice.com/rws/public/v/home.jsp under plan forms. Should you decide to call, when the automated system comes on say "customer service" and you will be transferred to a live person.