



Hardship Processing

OVERVIEW

When allowed by the Plan, participants may request a withdrawal from their retirement account when experiencing a financial hardship.

To qualify as a hardship, the withdrawal must be:

- Necessary due to an immediate and heavy financial need.
- Limited to the amount needed to satisfy that financial need.

The Plan determines if a participant has an immediate and heavy financial need as follows according to the type of hardship allowed by the Plan.

Hardship Rule	Determining Factors
Safe Harbor	<ul style="list-style-type: none">• The Plan may consider the participant to have an immediate and heavy financial need if the distribution is for any of the following reasons:<ul style="list-style-type: none">– Medical care expenses for the participant, the participant's spouse, dependent, or beneficiary.– Costs directly related to the purchase of a participant's principal residence (excluding mortgage payments).– Tuition related educational fees and room and board expenses for the next 12 months of postsecondary education for the participant or the participant's spouse, children, dependents or beneficiary.– Payments necessary to prevent the eviction of the participant from the participant's principal residence or foreclosure on the mortgage for that residence.– Funeral expenses for the participant, the participant's spouse, children, dependents, or beneficiary.– Certain expenses to repair damage to the participant's principal residence incurred due to a Federally declared disaster.• NOTE: A distribution is not treated as necessary to satisfy an immediate and heavy financial need unless the participant has exhausted all available withdrawals under the terms of the Plan prior to requesting a hardship.

Hardship Rule	Determining Factors
Facts & Circumstances	<ul style="list-style-type: none"> • The Plan determines if a participant has an immediate and heavy financial need based on: <ul style="list-style-type: none"> – Plan terms outlined in the Plan Document – Relevant facts and circumstances. • Determination of both the existence of an immediate and heavy financial need and of the amount necessary to meet this need must be made in accordance with nondiscriminatory and objective standards set forth in the Plan. • NOTE: Unless the Plan's Service Agreement states otherwise, the Plan Administrator is responsible for reviewing and approving hardship requests when Facts & Circumstance rules apply.
Unforeseeable Emergency Withdrawals (457 Plans)	<ul style="list-style-type: none"> • The Plan determines if a participant has an immediate and heavy financial need based on whether the distribution is for unforeseeable emergencies arising from events beyond the control of the participant. • Under Unforeseeable Emergency rules, the Plan may consider the participant to have an immediate and heavy financial need if the distribution is for any of the following reasons: <ul style="list-style-type: none"> – Medical care expenses for the participant, the participant's spouse, dependents or beneficiary. – Payments necessary to prevent the eviction of the participant from the participant's principal residence or foreclosure on the mortgage for that residence. – Loss of income due to illness or accident of the participant, participant's spouse, or participant's dependent. – Expenses associated with the repair of the participant's or participant's spouse personal property as a result of a defined casualty that are not otherwise covered by insurance. – Funeral expenses of the participant's spouse or dependent.

Initiating a Hardship Request

To initiate a hardship withdrawal, participants complete a Hardship Distribution Request and submit to Empower.

When a Hardship Distribution Request form is required, a copy is available on the Plan Service Center (PSC). Participants may also obtain a Hardship Distribution Request form online or via an Empower Representative.

Additional requirements vary based on the Plan's hardship rule and accepted submission method as follows:

Hardship Rule	Submission Method	Description
Safe Harbor	Self-Certify Method	<ul style="list-style-type: none">• Participants may request a hardship distribution online or via an Empower Representative for up to two hardship requests per Plan year.• Participants self-certify eligibility and agree that:<ul style="list-style-type: none">– They have experienced a financial loss based upon a safe harbor reason.– The amount requested is no more than necessary to alleviate the hardship.– They do not have any other reasonably available funds to meet the hardship.– They will keep any supporting documentation indefinitely proving the hardship reason.– They will make such supporting documentation available to the Client or IRS (audit) upon request.• If supporting documentation is received, Empower does not review or retain for the participant.• For a third hardship after two self-certified hardships have been taken, participants are required to submit subsequent requests via the Summary Method as described below.• NOTE: If the Plan offers a Qualified Joint and Survivor Annuity (QJSA) option, self-certified hardships are not permitted.

Hardship Rule	Submission Method	Description
Safe Harbor	Summary Method	<ul style="list-style-type: none"> Participants may request a hardship distribution online or via an Empower Representative for up to two hardship requests per Plan year. Participants use supporting documentation to provide specific summary information when requesting a hardship and do not submit copies of the supporting documentation. If supporting documentation is received, Empower does not review or retain for the participant. When requesting a hardship withdrawal via the Summary Method, participants agree to: <ul style="list-style-type: none"> Keep the required supporting documentation indefinitely proving the hardship reason. Make the supporting documentation available to the Client or IRS (audit) upon request. NOTE: For a third hardship request within a calendar year, Empower requires participants to submit the supporting source documentation and the Hardship Distribution Request form for review as described below. Continuation may apply in these circumstances as described below.
Safe Harbor	Source Method	<ul style="list-style-type: none"> Participants are required to submit supporting documentation substantiating the hardship along with the Hardship Distribution Request form. Types of supporting documentation that must accompany a completed Hardship Distribution Request form varies based on Safe Harbor Hardship reason and is described on the Plan's Hardship Distribution Request form. Continuation may apply in these circumstances as described below.
Fact & Circumstance	Plan-defined	<ul style="list-style-type: none"> Participants are required to complete the Hardship Request Form which may include any supporting documentation necessary to substantiate the hardship. Types of supporting documentation that must accompany a completed Hardship Distribution Request form are defined by the Plan.

Hardship Rule	Submission Method	Description
Unforeseeable Emergency	Supporting Documentation Required	<ul style="list-style-type: none"> Participants are required to submit supporting documentation substantiating the hardship along with the Hardship Distribution Request form. Types of supporting documentation that must accompany a completed Hardship Distribution Request form varies based on Unforeseeable Emergency reason and is described on the Plan's Hardship Distribution Request form. Continuation may apply in these circumstances as described below.

Hardship Support Services

Empower provides a dedicated team to assist participants with the hardship withdrawal process. Once a participant submits a request for hardship withdrawal, a Hardship Support Services Team Representative can assist participants with hardship questions, status inquiries, issue resolution, and general end-to-end communication and support during the participant's time of need.

Hardship Processing Authorization

Empower reviews completed hardship requests to determine if the request is in good order. When hardship requests are submitted online or via an Empower Representative, good order requirements are verified systematically. If the hardship request is not in good order, then Empower instructs the participant to contact Empower to provide the missing or corrected information needed for processing. If the request is in good order, next steps vary based on the Plan's elected approval method.

Empower Provides Hardship Approval

If the request is in good order and meets Plan requirements, then the hardship is processed without the Plan Administrator's further approval.

However, it is expected that certain requests will be submitted which are not directly addressed by Empower's procedures and require Plan Administrator intervention. In such cases, Empower refers the request to the Plan Administrator for a determination.

NOTE: The Plan Administrator is the final arbitrator and may instruct Empower to process or deny the hardship withdrawal request.

Plan Administrator Approves Hardship Requests

If the request is in good order, then the hardship request is sent to the To Do List feature on the PSC for the Plan Administrator to provide final review and approval.

If additional information is needed for processing (such as participant vesting information), the Plan Administrator provides the necessary information via the To Do List as part of the review and approval process.

If a signature is required on the Hardship Distribution Request form, the Plan Administrator downloads, prints, and signs the form, then returns a copy of the signed form to Empower via To Do List.

NOTE: Empower does not review Hardship Distribution Request forms submitted directly to the Plan Administrator for authorization prior to submitting to Empower for processing. The Plan Administrator ultimately retains responsibility for verifying the participant meets the Safe Harbor hardship requirements under the terms of the Plan regardless of initiation method.

Continuation

When Empower provides Hardship Approval, if a participant fails to submit all supporting documentation needed to substantiate the total hardship amount requested, then Empower adjudicates the request as follows:

- Processes the hardship for the amount substantiated by the documentation provided in good order.
- Suspends adjudication of the remaining request for 30 days to afford the participant an opportunity to provide additional substantiation documentation for the remaining request (a continuation).

A continuation suspends adjudication of the remaining request for 30 days whereby the participant can submit additional supporting documentation to substantiate the remaining hardship. If the participant fails to provide additional documentation deemed to be in good order, then the remaining hardship request is deemed not in good order, the outstanding request will lapse, and the participant must request a new hardship.

When a continuation applies:

- Participants are limited to one continuation per hardship request.
- Additional supporting documentation must relate to and support the remaining amount of the same safe harbor hardship reason as identified on the hardship request initially submitted.
- If the additional documentation substantiates any amount of the remaining hardship request, the proceeds are processed as a separate hardship withdrawal transaction.
- The two transactions are considered a single hardship event under these procedures and are aggregated together for purposes of determining any hardship frequency limitations (e.g., 3 hardships per year) or minimum hardship request amount (e.g., \$500).

The non-discretionary recordkeeping and administrative services described in this Service Overview are general in nature and reflect the standard service offering. Service descriptions are not specific to any plan provision or administration practice. The recordkeeper may agree to provide an alternate service arrangement, as applicable, if separately requested by the Plan Sponsor. FOR ADVISOR/PLAN SPONSOR OR TPA USE ONLY. Not for use with Plan Participants

