Unforeseeable Emergencies FAQ

What situations may constitute unforeseeable emergencies?

- The loss of property caused by fire, flood or other catastrophic loss beyond the control of the participant or beneficiary, including significant water damage (that is not covered by insurance)
- The imminent foreclosure of or eviction from the participant's or beneficiary's primary residence.
- The need to pay for medical expenses, including non-refundable deductibles, as well as the cost of prescription drug medication
- Other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the participant or beneficiary.

Only the amount reasonably necessary to meet the emergency need (which may include any amounts necessary to pay any federal, state or local income taxes or penalties reasonably anticipated to result from the distribution) is available for withdrawal.

What situations MAY NOT constitute unforeseeable emergencies?

- The purchase of a new vehicle, new appliance, second home or pool, etc.
- Marriage costs for yourself or dependents.
- Vehicle repairs, appliance replacement or maintenance.
- Costs for a divorce, divorce settlement or child support.
- Costs of bankruptcy (except when bankruptcy is a direct result of an unforeseeable illness or casualty).
- Education costs for you or your dependents.
- Bills that you knowingly incurred but cannot pay such as loans, credit card debt, vehicle, and also includes refinancing existing debt.
- Unreimbursed medical expenses related to an elective surgery.
- To cover wage garnishment.
- To pay income tax, property tax, back taxes or fines associated with back taxes.
- To supplement insurance coverage.
- To cover a loss not covered by insurance because of failure to retain insurance coverage.
- Moving expenses
- Legal Fees
- Routine medical and dental expenses covered by medical insurance

Who qualifies as a dependent?

- The individual is your child, stepchild, foster child, brother, sister, stepbrother, stepsister, or a descendant of any of them;
- Lived with you for more than half of the year,
- Did not provide more than half of his or her own support for the year, and
- Was under age 19 at the end of the year (or was under age 24 at the end of the year and a student) or was any age and permanently and totally disable.

Who qualifies as a qualifying relative?

- The individual is a child (or a descendant), brother or sister (or stepbrother or stepsister), father or mother (or ancestor), stepmother or stepfather, niece or nephew, aunt or uncle, or in-law (father, mother, sister, brother, son, or daughter) of the participant or has the same principal place of residence as the participant (other than a spouse) and is a member of the participant's household.
- Income must not exceed the personal exemption amount as defined in Section 151 of the IRS.
- Receives more than one-half his or her support in that taxable year from the participant.
- Is not a "qualifying child" of any taxpayer in the taxable year.

What information is required?

- Identify who is requesting the distribution (participant, their spouse or dependent)
- Explain the need and unforeseeable nature of the claim
- Prove the lack of other financial resources available to cover the need
- Specify the total withdrawal, including any amount attributable to any taxes to be covered
- Proof of denial of insurance coverage
- Statement about the cause of damage
- Foreclosure or eviction notice for primary residence
- Medical bills showing amount required to pay

What additional documents may be required?

- Federal tax return showing dependent status
- Beneficiary designation
- Copy of qualifying relative federal income tax return
- Proof of adult student status
- Proof of disability for qualifying child
- Proof of adoption or foster child status.