



# RSA-1 Financial Hardship Packet

This packet contains information and forms to complete the Financial Hardship process. Once RSA-1 receives all of the required forms, RSA-1 will process your request in the next available payroll, if your request is approved. Please submit your original notarized documents to the RSA-1 office.



## START TODAY

This document includes the following forms:

- » **RSA-1 FINANCIAL HARDSHIP DISTRIBUTION REQUEST**
- » **FORM W-4R, WITHHOLDING CERTIFICATE FOR NONPERIODIC PAYMENTS AND ELIGIBLE ROLLOVER DISTRIBUTIONS**
- » **RSA-1 AUTHORIZATION TO DEFER COMPENSATION**  
(submit to your payroll officer)
- » **RSA-1 FINANCIAL HARDSHIP REQUIRED DOCUMENTATION**
- » **RSA-1 SPECIAL TAX NOTICE REGARDING YOUR DISTRIBUTION**



## CONTACT US

Please contact RSA-1 at 877.517.0020 if you have any questions.

- Make sure RSA-1 has your current home mailing address. Members may change their mailing address online at <https://mso.rsa-al.gov> or by completing the ADDRESS CHANGE NOTIFICATION form found on our website or requested from Member Services.



## IMPORTANT INFORMATION

- » Financial Hardships are approved or denied in accordance with Section 457 of the Internal Revenue Code.







# RSA-1 Financial Hardship Distribution Request

Retirement Systems of Alabama  
PO Box 302150, Montgomery, Alabama 36130-2150  
877.517.0020 • 334.517.7000 • www.rsa-al.gov



Your SSN \_\_\_\_\_

## Your Information

Name \_\_\_\_\_  
First Middle/Maiden Last

Address \_\_\_\_\_  
Street or P.O. Box City State ZIP Code

Telephone Number \_\_\_\_\_ Email Address \_\_\_\_\_

Date of Birth \_\_\_\_\_ Sex  Male  Female PID (optional) \_\_\_\_\_

Employer \_\_\_\_\_  
Name Address

## Distribution Information

*Financial hardship distributions are **not** eligible for rollover into another eligible plan.*

Full adherence by all parties to the Internal Revenue Code and Regulations governing Section 457 deferred compensation plans is required for the plan to remain eligible. If the plan is not operated in compliance with the Internal Revenue Code and Regulations, the tax benefits of the plan can be denied to all participants in the plan. For this reason, the participant should carefully read the explanation of the Federal Income Tax Regulations (on page 2 of this form) when requesting a distribution due to unforeseeable emergencies. Please use FORM W-4R, WITHHOLDING CERTIFICATE FOR NONPERIODIC PENSION PAYMENTS AND ELIGIBLE ROLLOVER DISTRIBUTIONS to indicate the percentage of federal tax you want to be withheld from the financial hardship distribution.

**Under the penalties of perjury, I make ALL of the following certifications regarding this distribution request:**

- I have read the RSA-1 SPECIAL TAX NOTICE REGARDING YOUR DISTRIBUTION;
- I am requesting this distribution because I am faced with an unforeseeable emergency beyond my control;
- I have described in full the nature of my emergency on the reverse side of this form and **attached the required supporting documentation;**
- I realize that the Internal Revenue Code and Regulations state the amount withdrawn cannot exceed the amount necessary to satisfy the emergency need;
- I realize that I must stop deferrals for a six month period due to this emergency withdrawal, and I have completed an AUTHORIZATION TO DEFER COMPENSATION form stopping my deferrals for this six month period and have filed that form with my payroll officer; a **copy** of this form must be submitted with this request and returned to RSA-1;
- I have exhausted all other sources of funds and liquidated all available assets to satisfy this emergency need;
- This emergency is not covered by insurance; and
- Based on all available information, I, the undersigned, make application for a hardship distribution of my deferred compensation funds in the amount of  
 \$ \_\_\_\_\_ from my \_\_\_\_\_ account.

## Signature Certification

Signature of Member \_\_\_\_\_ Date \_\_\_\_\_

**Sign Here**

*Please have your signature acknowledged before a Notary Public.*

State of \_\_\_\_\_, County of \_\_\_\_\_

I, \_\_\_\_\_, a Notary Public, hereby certify that the above named individual whose name is signed to the foregoing document, personally appeared before me and acknowledged under oath that the statements made are true. Given under my hand this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

Seal

Signature of Notary Public \_\_\_\_\_

My Commission Expires \_\_\_\_\_



## RSA-1 Financial Hardship Distribution Request



Name \_\_\_\_\_ SSN \_\_\_\_\_

Your RSA-1 Account is not a savings account. It is an eligible deferred compensation plan as defined by Internal Revenue Code Section 457, which requires that amounts deferred will be paid or made available to the participant or beneficiary only after the participant separates from service with his or her employer, attains age 70 ½, or in the case of an unforeseeable emergency as defined by the Internal Revenue Service.

According to the Federal Income Tax Regulations, an unforeseeable emergency is a severe financial hardship to the participant or his dependent (for federal income tax purposes) resulting from:

- 1. A sudden or unexpected illness or accident,
- 2. Loss of property due to flood, fire, windstorm, or
- 3. Other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the participant.

Federal Income Tax Regulations provide that payment from deferred compensation may not be made to the extent such hardship is or may be relieved:

- 1. Through reimbursement or compensation by insurance or otherwise,
- 2. By liquidation of the participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship, or
- 3. By cessation of deferrals under the plan.

Withdrawals because of an unforeseeable emergency are permitted ONLY to the extent reasonably needed to satisfy the emergency need. Sending a child to college and/or purchasing a home are specifically listed in the Federal Income Tax Regulations as **not qualifying as unforeseeable emergencies**.

Please describe in full the nature of your emergency (attach additional sheets of necessary).  
Documentation supporting your request must be attached.

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Sign Here → Signature of Member \_\_\_\_\_ Date \_\_\_\_\_  
Member

**Withholding Certificate for Nonperiodic Payments and Eligible Rollover Distributions**

Department of the Treasury  
Internal Revenue Service

**Give Form W-4R to the payer of your retirement payments.**

**2024**

<b>1a</b> First name and middle initial	Last name	<b>1b</b> 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.

<b>2</b> 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)	<b>2</b>	%
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<b>Sign Here</b>	<b>Your signature</b> (This form is not valid unless you sign it.)	<b>Date</b>
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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](http://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>	<b>Tax rate for every dollar more</b>	<i>Total income over—</i>	<b>Tax rate for every dollar more</b>	<i>Total income over—</i>	<b>Tax rate for every dollar more</b>
\$0	<b>0%</b>	\$0	<b>0%</b>	\$0	<b>0%</b>
14,600	<b>10%</b>	29,200	<b>10%</b>	21,900	<b>10%</b>
26,200	<b>12%</b>	52,400	<b>12%</b>	38,450	<b>12%</b>
61,750	<b>22%</b>	123,500	<b>22%</b>	85,000	<b>22%</b>
115,125	<b>24%</b>	230,250	<b>24%</b>	122,400	<b>24%</b>
206,550	<b>32%</b>	413,100	<b>32%</b>	213,850	<b>32%</b>
258,325	<b>35%</b>	516,650	<b>35%</b>	265,600	<b>35%</b>
623,950*	<b>37%</b>	760,400	<b>37%</b>	631,250	<b>37%</b>

\* 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.

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**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.







# RSA-1 Authorization to Defer Compensation

Retirement Systems of Alabama  
PO Box 302150, Montgomery, Alabama 36130-2150  
877.517.0020 • 334.517.7000 • www.rsa-al.gov



## Your SSN \_\_\_\_\_

Use this form to begin, restart, increase/decrease, or stop deferral amounts.

### Your Information

**Complete and submit to your Payroll Officer to begin deferrals.**

**Do not submit this form to RSA-1 or the Retirement Systems of Alabama.**

Name \_\_\_\_\_  
First Middle/Maiden Last

Address \_\_\_\_\_  
Street or P.O. Box City State ZIP Code

Telephone Number \_\_\_\_\_ Email Address \_\_\_\_\_

Date of Birth \_\_\_\_\_ Sex  Male  Female

### Deferral Information

Specify one of the following:

- New Enrollment       Restart       Sick/Annual Leave  
 Increase Deferrals       Decrease Deferrals       Stop Deferrals

If **enrolling** in RSA-1, please make certain that your RSA-1 ENROLLMENT, BENEFICIARY DESIGNATION, and INVESTMENT OPTION ELECTION forms have been submitted to the RSA-1 Deferred Compensation Plan **before** submitting this form to your Payroll Officer. **Note the following exception:** If stopping deferrals due to **financial hardship**, your Payroll Officer must sign verifying that deferrals have been stopped. A copy of this form must then be submitted to RSA-1 with your Financial Hardship Distribution Request.

1. **Please defer** \$ \_\_\_\_\_ **per pay period** from my salary and remit this amount to the RSA-1 Deferred Compensation Plan. **If stopping deferrals, enter zero (0) for the dollar amount.**

2. **Effective date\*** \_\_\_\_\_ Effective date may not be earlier than the first of the month following the date this form is submitted to the payroll office.

3. If you are deferring payments for **Sick or Annual Leave** (must be enrolled), please indicate the amounts below:

Please defer \$ \_\_\_\_\_ of my payment for unused Sick Leave to RSA-1.

Please defer \$ \_\_\_\_\_ of my payment for unused Annual Leave to RSA-1.

### Signature of Employee

**Sign Here**

Your Signature \_\_\_\_\_ Date \_\_\_\_\_

### Payroll Officer Information

*Only if submitting a Financial Hardship Distribution Request or a Distribution Request.*

Payroll Officer Signature \_\_\_\_\_ Date \_\_\_\_\_

Name and Title \_\_\_\_\_  
Please Print

Payroll Officer Telephone \_\_\_\_\_ Email Address \_\_\_\_\_

Date Deferrals Stopped \_\_\_\_\_

**\*Please submit all required enrollment forms to RSA-1. Contributions received by RSA-1 without executed enrollment forms will be refunded.**





If submitting your hardship request based upon one of the following circumstances, please submit the following documentation.

Complete an AUTHORIZATION TO DEFER COMPENSATION form and submit the form to your payroll office. A copy of this form must accompany your hardship request. You must stop deferrals for a minimum of six months.

**Foreclosure/Eviction**

- Notice of foreclosure including the amount needed to bring the mortgage or rent up-to-date
- Loan denial letter

**Involuntary Loss of Income**

- A statement from the employer explaining the amount of income loss
- Copies of the two most recent pay stubs from before the loss of income occurred
- Copies of all pay stubs received during the loss of income, such as diminished pay
- Proof of any income such as unemployment and/or short-term disability benefits

**Medical/Dental Expenses**

- The Health Insurance Explanation of Benefits Statement showing the amount owed by participant
- Copies of prescription drug bills or other medical expense statement
- Cosmetic surgery is approvable only if the procedure is a medical necessity resulting from an accident or birth defect. A statement of medical necessity from the doctor is required.

**Loss of Property/Home Repair**

- A copy of the insurance claim showing the total amount the insurance has paid and what is not covered
- All documentation must be dated within the past 6 months
- Contractor's estimates for repair due to catastrophic damages

**Funeral Expenses**

- Certified proof of your spouse's or dependent's death
- Documentation that the funeral expense was incurred in your name

The decision to grant or deny an unforeseeable emergency withdrawal request is based on evidence indicating the emergency is an **unforeseeable, sudden, and unexpected event**. All requests for emergency withdrawals must include a signed statement of the circumstances. If the emergency is due to an automobile accident, damage to your home, or theft of your property, please provide a copy of the police report, insurance claim, or other legal documentation of the occurrence.

If an incomplete application is submitted or if all pertinent documentation is not provided, your application will be denied and returned to you, even if it may qualify as an unforeseeable emergency.





## **RSA-1 Special Tax Notice Regarding Your Distribution**

Retirement Systems of Alabama  
PO Box 302150, Montgomery, Alabama 36130-2150  
877.517.0020 • 334.517.7000 • [www.rsa-al.gov](http://www.rsa-al.gov)



### **Distributions are subject to the Internal Revenue Service tax withholding rules applicable to qualified plans:**

#### **FOR PARTIAL OR FULL LUMP SUM DISTRIBUTIONS THAT ARE ROLLOVER ELIGIBLE**

For lump-sum distributions and partial lump-sum distributions that are eligible for rollover distribution, federal law requires a minimum of 20% tax withholding. For partial or full lump sum distributions that are not rollover eligible, the participant may select the amount of federal tax they wish to have withheld; however, if the participant does not choose a withholding amount by completing this form, 10% of the distribution will be withheld for federal taxes.

#### **FOR PERIODIC DISTRIBUTIONS WHICH ARE LESS THAN TEN YEARS IN DURATION AND ARE ROLLOVER ELIGIBLE**

Federal law requires a minimum of 20% tax withholding. For periodic distributions which are less than ten years in duration and are not rollover eligible, the participant may select the amount of federal tax they wish to have withheld; however, if the participant does not choose a withholding amount by completing this form, 10% of the distribution will be withheld for federal taxes.

#### **FOR PERIODIC DISTRIBUTIONS WHICH ARE TEN YEARS OR MORE IN DURATION**

The participant may select the amount of federal tax they wish to have withheld; however, if the participant does not choose a withholding amount by completing this form, the distribution will subject to tax withholding calculated under federal tax law as single and no adjustments.

#### **FOR FINANCIAL HARDSHIP DISTRIBUTIONS**

The participant may select the amount of federal tax they wish to have withheld; however, if the participant does not choose a withholding amount by completing FORM W-4P, WITHHOLDING CERTIFICATE FOR PERIODIC PENSION OR ANNUITY PAYMENTS, 10% of the distribution will be withheld for federal taxes.

#### **FOR SMALL BALANCE DISTRIBUTIONS**

The participant may select the amount of federal tax they wish to have withheld; however, if the participant does not choose a withholding amount by completing FORM W-4R, WITHHOLDING CERTIFICATE FOR NONPERIODIC PAYMENTS AND ELIGIBLE ROLLOVER DISTRIBUTIONS, 10% of the distribution will be withheld for federal taxes.

#### **FOR PAYMENTS TO NON-RESIDENT ALIENS**

Federal law requires a minimum of 30% tax withholding.