

The University of Michigan Retirement Plan

SRA Hardship Withdrawal Packet

This packet contains information about taking an SRA hardship withdrawal and the associated University of Michigan forms. You will also need to contact TIAA-CREF and/or Fidelity Investments for the investment company's own withdrawal application.

SRA Hardship Withdrawal Facts

- This covers important information about taking a hardship withdrawal from your SRA. This includes the IRS qualifying events that allow you to take a withdrawal; penalties and taxes; and how taking a hardship withdrawal affects your participation in the University of Michigan Retirement Plan.

SRA Hardship Withdrawal Affidavit

- You must sign this form and submit it to the Benefits Office to attest to having an IRS qualifying event that permits you to take a hardship withdrawal.

Request to Cancel Participation

- You must sign and submit this form to the Benefits Office to cancel your elective deferrals to the UM Retirement Plan for at least the next six months. The six-month suspension is an IRS requirement in order to take a hardship withdrawal.

Salary or Annuity Option Plan Agreement

- You must sign and submit this form to the Benefits Office to restart contributions to the University of Michigan Retirement Plan. You may resume your 5% and the University 10% Basic Plan contributions and the SRA at any time **after** the minimum six-month suspension has elapsed. Contributions will be discontinued indefinitely until you submit the Salary or Annuity Option Plan Agreement. You may submit this form at the same time as your withdrawal forms; simply fill in the future month you wish to re-enroll under "effective date."



Questions?

Visit the Retirement Savings Plan section of the Benefits Office Web site at www.umich.edu/~benefits/plans/retire/index.htm, or call the HR/Payroll Service Center at 734-615-2000 or 866-647-7657 (toll free for off-campus long-distance calls within the U.S.).

How to Return Your Signed and Completed Form

Keep a copy of your completed forms for your records and a copy of the fax transmission report, if you return forms by fax.

By FAX (for fastest service)
734-936-8835

By Mail
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Wolverine Tower – Low Rise G405
3003 South State Street
Ann Arbor, MI 48109-1278

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The University of Michigan Retirement Plan

SRA Hardship Withdrawal Facts

WHAT IS AN SRA HARDSHIP WITHDRAWAL?

If you have an SRA with TIAA-CREF or Fidelity, you may withdraw your contributions while you are still working for the University if you have a qualifying financial hardship. There are no provisions for a withdrawal of contributions made to the Basic Plan.

WHAT QUALIFIES AS A HARDSHIP?

There are four Internal Revenue Code (IRC) qualifying events for a hardship withdrawal:

1. Expenses for tax-deductible medical care for the employee, spouse, or dependents if they exceed 7.5% of adjusted gross income;
2. Costs directly related to purchase of a principal residence (excluding mortgage payments);
3. Tuition, related educational fees, and room and board for the employee, spouse, or dependents for the next 12 months of post-secondary education;
4. Funds necessary to prevent eviction of the employee from the principal residence or foreclosure on the mortgage of that residence.

WHAT IF I DON'T MEET THE CRITERIA?

Consider taking an SRA loan. For details go to: www.umich.edu/~benefits/plans/retire/loan.htm

HOW MUCH CAN I WITHDRAW?

Internal Revenue Code (IRC) regulations allow you to withdraw the value of your contributions. You may not withdraw any interest or earnings your contributions have made.

IS THERE AN IRS PENALTY?

Cash withdrawals made prior to age 59½ are generally subject to an IRS 10% early withdrawal penalty. You should consult with a qualified tax advisor for complete details.

DO I PAY INCOME TAX ON THE WITHDRAWAL?

Yes, you will have to pay income tax on the amount you cash out.

HOW IS MY PARTICIPATION IN THE UM RETIREMENT PLAN AFFECTED?

Internal Revenue Code guidelines mandate that you cannot make any elective deferrals (voluntary contributions) to your employer's retirement plan for a minimum of six months.

- Your 5% contribution and the University 10% matching contribution will be canceled.
- Any additional contributions you make to an SRA will also be canceled.

If you are a compulsory participant in the retirement plan (age 35 or older, with two or more years of service, and a 100% appointment), you will be enrolled in the Reduced Benefit Option:

- The University provides a contribution of 5% instead of 10%, and no employee contributions are taken on UM earnings up to the Social Security wage base (\$90,000 for 2005).
- On UM earnings exceeding the Social Security wage base, you are required to contribute 5% and the University match increases to 10%.

HOW DO I RESTART MY PARTICIPATION?

You must submit a **Salary or Annuity Option Plan Agreement** to restart your 5% contribution and the 10% University match, as well as any extra to Basic Plan and any SRA contributions. They **do not** automatically resume after the minimum six month suspension has elapsed. Contributions will be discontinued indefinitely until you submit the Salary or Annuity Option Plan Agreement.

You may submit the **Salary or Annuity Option Plan Agreement** at the time of your hardship withdrawal to specify when to restart your contributions after the six-month suspension ends. This will allow you to complete both transactions at the same time and minimize the time spent out of the Retirement Plan.

University of Michigan Retirement Plan

SRA Hardship Withdrawal Affidavit

1. Faculty or Staff Member Information.

Name (Last, First, Middle Initial)		UMID Number	U.S. Social Security Number (If UMID is unknown)
Effective Date (check one)	<input type="checkbox"/> Monthly paid	Daytime Phone Number	Daytime FAX Number
<input type="checkbox"/> First Available Pay Period	<input type="checkbox"/> Biweekly paid		
<input type="checkbox"/> Hold Until: Month/Year _____			

2. Certification and Representation.

- A. I understand that under IRS rules distributions from my 403(b) Supplemental Retirement Account (SRA) prior to my separation from service or attainment of age 59 ½ are severely limited, and are permitted only in cases of my disability or immediate and heavy financial hardship. I also understand that my 403(b) SRA would lose its tax-deferred status, and I would become subject to significant tax penalties, if I were to take a distribution from my 403(b) SRA prior to separation from service or attainment of age 59½ or older, unless the distribution is on account of my disability or financial hardship.
- B. I hereby certify that I am taking this distribution to pay for one of the following heavy and immediately financial needs as required by IRS rules: (a) expenses for needed medical care previously incurred by me, my spouse, or my dependent, or expenses necessary for those persons to obtain needed medical care; (b) costs directly related to the purchase of my principal residence (excluding mortgage payments); (c) tuition, related education expenses, or room and board for the next twelve (12) months of postsecondary education, for me, my spouse, my child, or my dependent; (d) payments necessary to prevent my eviction from my principal residence or the foreclosure on the mortgage of my principal residence.
- C. I hereby certify that, as required by IRS rules, the amount of the distribution I am directing UM to make does not exceed the amount necessary to meet my immediately and heavy financial need, and that there are no other sources of funds reasonably available to me (or my spouse or minor children). For example, this financial need cannot reasonably be met by: (a) amounts available through reimbursement or compensation by insurance or otherwise; (b) by liquidation of assets owned by me (or my spouse or minor children); (c) by stopping my elective contributions to the University of Michigan Retirement Plan; (d) by borrowing from banks or others on reasonable commercial terms; or (e) by taking any available distributions under any plans maintained by my employer (or my spouse's employer).
- D. I understand that if the IRS ever questions whether this distribution satisfied the applicable rules, it will be my responsibility to provide the IRS the necessary documentation and other information they might request.
- E. I understand that my request for a financial hardship withdrawal from my 403(b) SRA under the University of Michigan Retirement Plan carries the following conditions:
- As a voluntary participant my 5% contribution, the University 10% contribution, and any supplemental or SRA contributions in effect will be discontinued.
 - As a compulsory participant, I will be enrolled in the Reduced Benefit Option and any supplemental or SRA contributions in effect will be discontinued. Under the Reduced Benefit Option, I understand that on earnings below the Social Security wage base (\$90,000 for 2005) I will make no contributions and the University contribution will only be 5%. When my earnings exceed the Social Security wage base, I understand that I will then contribute 5% of salary in excess of the wage base and the University contribution will increase to 10%.
- This period of inactivity will continue for at least six (6) consecutive months and I understand that I must submit a *Salary or Annuity Option Plan Agreement* to the Benefits Office to restart my full participation and contributions to the plan.

3. Signature.

My signature below indicates I have read this form and agree to the terms and conditions listed above. I agree to hold harmless and indemnify the University of Michigan for any and all liability and expenses incurred by it as the result of any misstatement or omission made by me. This hardship withdrawal is covered by and will be interpreted with U.S. Treasury Regulations.

Signature

Date

M *Human Resources*
& *Affirmative Action*
Benefits Office



Questions?

Visit the Retirement Savings Plan section of the Benefits Office Web site at www.umich.edu/~benefits/plans/retire/index.htm, or call the HR/Payroll Service Center at 734-615-2000 or 866-647-7657 (toll free for off-campus long-distance calls within the U.S.).

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University of Michigan Retirement Plan

Request to Cancel Participation

Prep by: _____	VOL <input type="checkbox"/>	4X <input type="checkbox"/>
Date: _____	CMP <input type="checkbox"/>	4Y <input type="checkbox"/>
Pay: _____	GRN <input type="checkbox"/>	4Z <input type="checkbox"/>

1. Faculty or Staff Member Information.

Name (Last, First, Middle Initial)		UMID Number	U.S. Social Security Number (If UMID is unknown)
Effective Date (check one) <input type="checkbox"/> First Available Pay Period <input type="checkbox"/> Hold Until: Month/Year _____	<input type="checkbox"/> Monthly paid <input type="checkbox"/> Biweekly paid	Daytime Phone Number	Daytime FAX Number

2. Certification.

I request cancellation of my participation in the University of Michigan Basic Retirement Plan and I understand that this action carries the following conditions:

As a voluntary participant:

- I may cancel my participation a maximum of four times during my employment with the University of Michigan.
- My 5% employee contribution as well as the 10% University matching contribution will be discontinued. All extra or SRA contributions will also be canceled.
- If I meet the criteria to become a compulsory participant while I have cancelled my participation, I will be enrolled under the Reduced Benefit Option. I understand at age 35 or older with two years of eligible service and a 100% appointment, participation is compulsory and I will be enrolled in the Reduced Benefit Option.
- Under the Reduced Benefit Option, I understand that on earnings below the Social Security wage base (\$90,000 for 2005) I will make no contributions and the University contribution will only be 5%. When my earnings exceed the Social Security wage base, I understand that I will then contribute 5% of salary in excess of the wage base and the University contribution will increase to 10%.
- I understand that I must submit a *Salary or Annuity Option Plan Agreement* to the Benefits Office to resume participation in the plan. I understand submitting the *Salary or Annuity Option Plan Agreement* will increase my contribution rate to 5% of earned salary and increase the University contribution to 10%.

As a compulsory participant:

- I will be participating at the Reduced Benefit Option rate. Under the Reduced Benefit Option, I understand that on earnings below the Social Security wage base (\$90,000 for 2005) I will make no contributions and the University contribution will only be 5%. When my earnings exceed the Social Security wage base, I understand that I will then contribute 5% of salary in excess of the wage base and the University contribution will increase to 10%.
- All extra or SRA contributions will be canceled.
- I understand that I must submit a *Salary or Annuity Option Plan Agreement* to the Benefits Office to resume participation in the plan. I understand submitting the *Salary or Annuity Option Plan Agreement* will increase my contribution rate to 5% of earned salary and increase the University contribution to 10%.

3. Signature.

My signature below indicates I have read this form and agree to the terms and conditions listed above. I agree to hold harmless and indemnify the University of Michigan for any and all liability and expenses incurred by it as the result of any misstatement or omission made by me.

Signature

Date

M Human Resources
& Affirmative Action
Benefits Office



Questions?

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The University of Michigan Retirement Plan

Request to Cancel Participation

WHEN CAN I CANCEL MY PARTICIPATION IN THE RETIREMENT PLAN?

You may cancel your participation in the University of Michigan Retirement Plan at any time. Generally, all employee and University contributions will cease indefinitely. You must submit a Salary or Annuity Option Plan Agreement to resume participation.

HOW IS MY PARTICIPATION IN THE RETIREMENT PLAN AFFECTED?

Your 5% contribution and the University of Michigan 10% matching contribution will be canceled. Any extra to Basic Plan TIAA-CREF or SRA contributions you make will also be canceled.

If you are a compulsory participant in the retirement plan (age 35 or older, with two or more years of service, and a 100% appointment), you will be enrolled in the Reduced Benefit Option:

- *The University of Michigan provides a contribution of 5% instead of 10%, and no employee contributions are taken on University of Michigan earnings up to the Social Security wage base (\$90,000 for 2005).*
- *On University of Michigan earnings exceeding the Social Security wage base, you are required to contribute 5% and the University match increases to 10%.*

HOW DO I RESTART MY PARTICIPATION?

*You must submit a **Salary or Annuity Option Plan Agreement** to restart your 5% contribution and the 10% University match, as well as any extra to Basic Plan TIAA-CREF and any SRA contributions. They **do not** automatically resume and contributions will be discontinued indefinitely until you submit the Salary or Annuity Option Plan Agreement.*

TV

Salary or Annuity Option Plan Agreement

For Tax-Deferred Retirement Plan Contributions at the University of Michigan

On this form, you authorize the amount(s) to be contributed from your salary to a tax-deferred 403(b) and 401(a) retirement account on your behalf. Please print all information in **black ink**.

For Benefits Office Use Only

Prep by: _____	TIAA RA: <input type="checkbox"/> R <input type="checkbox"/> OF
Date: _____	TIAA SRA: <input type="checkbox"/> R <input type="checkbox"/> OF
Pay: _____	Fidelity RA: <input type="checkbox"/> R <input type="checkbox"/> OF
doh/does _____	Fidelity SRA: <input type="checkbox"/> R <input type="checkbox"/> OF
	Retro Memo: <input type="checkbox"/> Y <input type="checkbox"/> N

1. Faculty or Staff Member Information

Name (Last, First, Middle Initial)		UMID Number	U.S. Social Security Number (If UMID is unknown)
Title	<input type="checkbox"/> Monthly paid <input type="checkbox"/> Biweekly paid	Daytime Phone Number	Daytime FAX Number

2. Basic Retirement Plan

Enroll Change Investment Company No Change

I request to allocate my 5% staff member contribution and the 10% University contribution per pay period to the investment company(ies) as indicated below. **(Check one)**

100% TIAA-CREF
 100% Fidelity Investments
 50% TIAA-CREF & 50% Fidelity Investments
 Other: _____% TIAA-CREF & _____% Fidelity

4. Effective Date (Check one)

RETROACTIVE CONTRIBUTIONS: For faculty and staff within the first 60 days of hire or eligibility, from first available paycheck. Retroactive contributions are only provided for the Basic Plan and your first contribution will be **5% of your entire eligible salary** earned retroactive to your date of hire or eligibility.

FIRST AVAILABLE PAYCHECK: Not retroactive (default if no box checked). Enrollment will not be processed until **after** your other benefits (medical, dental, etc.) have been processed. Therefore, contributions may not start in your first paycheck.

HOLD UNTIL FUTURE PAY DATE: _____

3. Extra to Basic / SRA

Enroll Change Company Change Amount No Change

- Enter the amount of Extra to Basic Plan TIAA-CREF and/or SRA contributions you wish to make **per pay period**. This amount is separate from the 5% Basic Plan contribution and is not matched. If you are paid bi-weekly, this amount will be contributed from each paycheck, not as a monthly total.
- This amount will remain in effect until you submit another form to change or cancel it.
- If you already make Extra to Basic Plan TIAA-CREF / SRA contributions and are changing the amount, indicate the **total** amount of the contribution, not just the amount of the change.

I request the total Extra to Basic Plan / SRA contribution **per pay period** above my 5% Basic Retirement Plan contribution be sent to the company(ies) indicated below. **Enter whole dollar amounts only.**

Extra to Basic Plan TIAA-CREF	\$ _____
TIAA-CREF SRA	\$ _____
Fidelity SRA	\$ _____
TOTAL PER PAY PERIOD	\$ _____

5. Tax Deferring Agreement and Signature

I understand and agree to the following terms and conditions:

- This Agreement is legally binding and irrevocable between the University of Michigan and myself.
- The Internal Revenue Code (IRC) limits the aggregate amount an individual taxpayer can tax-defer. During the year, the Benefits Office will lower or suspend my contribution if the above salary reduction will cause me to exceed the IRC 402(g) and/or 415 limits. If my contribution is lowered or suspended during the year to keep me within IRC limits, my elected amount will generally resume the following year. If I participate in a tax-deferred plan outside the University of Michigan, I may need to contact a tax advisor to ensure I do not exceed IRC limits.
- I agree to hold harmless and indemnify the University of Michigan for any and all liability and expenses by it as the result of any misstatement or omission made by me in this Agreement.
- This Agreement revokes any previously signed Agreement.
- This Agreement will generally become effective with respect to University of Michigan salary paid on or after the date I sign it and the Benefits Office receives it.
- This salary reduction agreement is covered under and shall be interpreted consistent with U.S. Treasury Regulations.
- If the University of Michigan modifies future versions of this Agreement to comply with federal law or regulations, I agree that this Agreement shall be administered according to such modified Agreements.
- Canceling this Agreement will usually result in the cessation of all University of Michigan and staff member contributions.
- I understand that University of Michigan contributions under the Basic Plan cannot be withdrawn or rolled over until I am age 55 or older and have terminated employment, and that hardship and disability withdrawals and loans are not available on Basic Plan and Extra to Basic Plan contributions under any circumstance.

Signature

Date

You may enroll or change your elections at any time. However, to view deadlines for a specific paycheck, go to www.umich.edu/~benefits/plans/retire/retdeadlines/htm

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Phone: (734) 615-2000 • FAX: (734) 936-8835

Salary or Annuity Option Plan Agreement

Necessary Forms

You must complete and submit the following forms to the Benefits Office to complete your enrollment:

- 1. Salary or Annuity Option Plan Agreement.** This form authorizes the payroll contributions per pay period, which company to direct your contributions, and the effective date.
- 2. Application(s) for TIAA-CREF and/or Fidelity Investments.** These indicate your chosen investment funds for your contributions at each company you select, your beneficiary designation, and mailing address for the company to send you quarterly statements.

Effective Date & Deadlines

This agreement will generally become effective with respect to salary paid on or after the date this form is signed and received by the Benefits Office. If no box is checked, the default will be your first available pay period and retroactive contributions will **not** be provided.

Your enrollment in the UM Retirement Plan as a new hire cannot be processed until after your enrollment for medical, dental, life, etc. has been processed. Your enrollment in the retirement plan will be delayed if your other benefit choices have not been submitted and processed. Therefore, retirement contributions may not start on your first paycheck.

By checking the "First Available Pay Period" box, contributions will begin with your first available pay period. In some cases, the first deduction will occur in your next scheduled paycheck. However, the initial deduction may be delayed if your forms are received after processing deadlines. To view deadlines for submitting enrollments and election changes, visit:

www.umich.edu/~benefits/plans/retire/retdeadlines.htm

Retroactive Contributions

If you are a new hire, or if you are newly eligible for the Basic Retirement Plan, you may choose to have your 5% and the University 10% contributions retroactive to the start of your eligible appointment or date of hire.

Your Salary or Annuity Option Plan Agreement and your applications for TIAA-CREF and/or Fidelity Investments must be received in the Benefits Office within 60 days of your date of hire or eligibility to receive retroactive contributions. Your first contribution will be 5% of your entire eligible salary earned retroactive to your date of hire or eligibility.

Enrollment Timeline Example:

- Mary is hired September 1 and her retirement plan forms are received in the Benefits Office on September 1.

- She checks the box requesting contributions retroactive to her date of hire from the first available paycheck.
- Mary's enrollment in the retirement plan cannot be processed until **after** her other benefit choices (medical, dental, etc.) have been processed. She does not submit them until September 20.
- Mary's enrollment in the retirement plan is then processed. However, since the September paychecks have already been produced, it is too late to provide retirement contributions from this paycheck.
- Mary's retirement contributions will begin in her October paycheck. The October contributions will be larger to make up for those not taken from the September paycheck.
- If Mary had **not** checked the box requesting contributions retroactive to her date of hire, retroactive contributions would **not** have been provided.

Special Note on Retroactive Contributions

If your date of hire or your newly eligible appointment is in the final months of the calendar year (October or later), the following must occur to be eligible for retroactive contributions:

- The Benefits Office must receive your applications no later than December 1, and;
- Your other benefit enrollments must have been received and processed no later than December 1.

If both conditions are not met, contributions will begin the following January and no retroactive contributions will be provided. This is because federal regulations do not permit retroactive contributions to cross a calendar tax year.

Limits on Cash Withdrawals and Rollovers

- University contributions under the Basic Retirement Plan are not available for cash withdrawals and rollovers until you reach age 55 or older and you have terminated employment with the University of Michigan.
- Loans and in-service cash withdrawals are not available under the Basic Plan (including Extra to Basic TIAA-CREF contributions) under any circumstance.
- SRA cash withdrawals and rollovers are permitted:
 - Upon termination of employment at any age.
 - In the event of IRS qualified disability or financial hardship.
 - At age 59½, even if you are still working at UM.

M Human Resources
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