

## **WITHDRAWALS FROM 403B RETIREMENT SAVINGS PLAN TERMS AND CONDITIONS**

Withdrawals from your TIAA-CREF contracts are subject to the retirement plan provisions of the University of Delaware. Details of the retirement plan provisions are outlined below:

### **UNIVERSITY OF DELAWARE 403(B) RETIREMENT SAVINGS PLAN**

In Service Withdrawals are available if:

- You have attained age 59 ½, or
- You are disabled, or
- You are experiencing a financial hardship.

According to the Internal Revenue Service (IRS) regulations, a financial hardship is defined as an immediate and heavy financial need for which other resources are not reasonably available to meet the need.

The following guidelines are used in determining financial hardship:

- Medical expenses for you, your spouse, or your dependents;
- The purchase of your primary residence;
- Payments required to prevent eviction or foreclosure;
- Expenses incurred as the result of certain casualty damage to your principal residence;
- Post secondary education expenses for the next semester or quarter for you, your spouse or dependent;
- Payments for burial or funeral expenses for your parents, spouse, child or dependent;
- Expenses and losses (including loss of income) incurred by the employee due to a FEMA declared disaster (effective January 1, 2020).

Note: In order to be eligible for a hardship withdrawal based on the criteria above, the expense must not have been previously paid. IRS rules do not allow hardship withdrawals to reimburse the participant for expenses that have already been paid.

Post-termination withdrawals are allowed at any age.

### **IRS Tax Ramifications**

Cash distributions you receive from your accounts will be taxable in the year the payment is made. Internal Revenue Service regulations mandate that we withhold 20% from the gross distribution of any lump sum withdrawals from your employer retirement plans. This mandatory withholding does not apply if you roll the funds directly into another tax deferred retirement plan.

Hardship withdrawals you receive from your accounts are also taxable in the year the payment is made. You can elect not to have taxes withheld at the time of payment; however, if no election is made, we will withhold 10% from the gross distribution.

You should also be aware that withdrawals made from retirement plans prior to age 59 ½ are generally subject to an additional 10% IRS early withdrawal penalty tax, unless you meet one the IRS exceptions to this tax rule. **IRS Resources:** [Exceptions to Tax on Early Distributions](#)

*The information provided is based upon our understanding of the law and IRS regulations. TIAA-CREF is not permitted to provide tax advice. As with any tax matter, we suggest that you seek the advice of your own tax advisor.*