



**RULE-MAKING ORDER**  
(RCW 34.05.360)

**CR-103** (10/1/89)

Agency: State Board for Community and Technical Colleges

- Permanent Rule  
 Emergency Rule

(1) Date of adoption: June 16, 1995

(2) Purpose:

Establishes hardship withdrawals from the TIAA/CREF retirement system.

(3) Citation of existing rules affected by this order:

Repealed:

Amended: Added New Section WAC 131-16-056

Suspended:

(4) Authority for adoption:

Statute: RCW 28B.50

Other Authority:

(5.1) PERMANENT RULE ONLY

Pursuant to notice filed as WSR 95-13-006 on 6/8/95 (date).

Describe any changes other than editing from proposed to adopted version:

(5.2) EMERGENCY RULE ONLY

Pursuant to RCW 34.05.350 the agency for good cause finds:

- (a) That immediate adoption, amendment, or repeal of a rule is necessary for the preservation of the public health, safety, or general welfare, and that observing the time requirements of notice and opportunity to comment upon adoption of a permanent rule would be contrary to the public interest.
- (b) That state or federal law or federal rule or a federal deadline for state receipt of federal funds requires immediate adoption of a rule.

Reasons for this finding:

(5.3) Any other findings required by other provisions of law as precondition to adoption or effectiveness of rule?

Yes  No If yes, explain:

(6) Effective date of rule:

Permanent Rules

Emergency Rules

31 days after filing

Immediately

Other (specify) \_\_\_\_\_ \*

Later (specify) \_\_\_\_\_

\*(If less than 31 days after filing, specific finding in 5.3 under RCW 34.05.380(3) is required)

CODE REVISER USE ONLY

NAME (TYPE OR PRINT)

Claire C. Krueger

SIGNATURE

*Claire C. Krueger*

TITLE

DATE

Executive Assistant/Administrative Rules  
Coordinator

6/20/95

JUN 20 1995  
11:03  
95-13-006

NEW SECTION

**WAC 131-16-056 Hardship withdrawals.** (1) In the event of a financial hardship consistent with requirements of subsection (2) of this section and Section 403(b)(11) of the Internal Revenue Code, a participant may withdraw all or part of the employee contributions (and any pre-1988 earnings on employee contributions) from the participant's Washington community and technical college system TIAA/CREF retirement account while actively employed or after termination of employment. Hardship withdrawals may not be larger than the amount necessary to meet the immediate and heavy financial need defined in subsection (2) of this section plus taxes on withdrawn funds and early withdrawal penalties. Employer contributions and earnings on the employer contributions may not be withdrawn as a hardship withdrawal.

(2) To enable hardship withdrawal of funds, the Internal Revenue Code (Section 1.401(k)-1(d)(2)) requires that the college president or designee shall verify that the participant has certified in writing that:

(a) The participant has an immediate and heavy financial need; and

(b) The participant has no other resources reasonably available to meet the need.

Withdrawals shall be deemed to be for "an immediate and heavy financial need" only if they are for:

(i) Payments to prevent eviction from or foreclosure on the principal residence of the participant;

(ii) Payments to prevent the participant's impending bankruptcy; and/or

(iii) Unreimbursable medical expenses incurred by the participant, spouse, dependent children, and/or dependent parents.

The participant shall be deemed to have "no other resources reasonably available to meet the need" if the participant certifies that he/she cannot meet the need through:

(A) Reimbursement or compensation by insurance or another source;

(B) Reasonable liquidation of assets;

(C) Borrowing from supplemental retirement accounts, life insurance values, or commercial sources; and/or

(D) Stopping any voluntary employee contributions to tax deferral or savings plans made available by the employer.

Note: Contributions to the employer-sponsored retirement plan must continue while the employee remains eligible for the plan.

(3) Hardship withdrawals from the community and technical college TIAA/CREF plan are taxable income in the year received. Taxes, early withdrawal penalties, and any other consequences of hardship withdrawals shall be the sole responsibility of the participant. Withdrawals from the employer-sponsored TIAA/CREF plan may not be replaced at a later date.