

Hardship Withdrawal Form

Savings Plan for Employees of American Leather

665146

Employee Full Name (please print)		Date of Birth	Daytime Phone Number
Permanent Address (for tax filing purposes)		Email Address	
City	State	ZIP	
SSN (or ITIN if applicable)	Citizenship <input type="checkbox"/> U.S. Citizen. If you are not a U.S. Citizen, leave blank and complete section 3.		
Check Mailing Address (if different than above, Medallion Signature Guarantee Required , see section 7 on page 4)			
City	State	ZIP	

1. Provide Reason for Hardship – Choose one option below and complete the questions related to that option.

☐ **Medical Expense**

- Total cost of the event causing the hardship: \$ _____
- Who incurred the medical expenses (name)? _____
- What is the relationship to the participant? ☐ Self ☐ Spouse ☐ Dependent ☐ Primary Beneficiary
- What was the purpose of the medical care (not the actual condition, but the general category of expense, for example, diagnosis, treatment, prevention, associated transportation, long-term care)? _____
- Name and address of the service provider (hospital, doctor/dentist/chiropractor/other, pharmacy): _____
- Amount of medical expenses not covered by insurance? \$ _____

☐ **Purchase of Principal Residence**

- Total cost of the event causing the hardship: \$ _____
- Will this be the participant's principal residence? ☐ Yes ☐ No
- Address of the residence: _____
- Purchase price of the principal residence: \$ _____
- Types of costs and expenses covered (downpayment, closing costs and/or title fees): _____
- Name and address of the lender: _____
- Date of the purchase/sale agreement: _____
- Expected date of closing: _____

☐ **Educational Payments**

- Total cost of the event causing the hardship: \$ _____
- Who are the educational payments for (name)? _____
- What is the relationship to the participant? ☐ Self ☐ Spouse ☐ Dependent ☐ Primary Beneficiary
- Name and address of the educational institution: _____
- Categories of educational payments involved: ☐ Post-high school tuition ☐ Related fees ☐ Room and board
- Period covered by the educational payments (beginning/end dates of up to 12 months): _____

☐ **Foreclosure/Eviction from Your Principal Residence**

- Total cost of the event causing the hardship: \$ _____
- Is this the participant's principal residence? ☐ Yes ☐ No
- Address of the residence: _____
- Type of event? ☐ Foreclosure or ☐ Eviction
- Name and address of the party that issued the foreclosure or eviction notice: _____
- Date of the notice of foreclosure or eviction: _____
- Due date of the payment to avoid foreclosure or eviction: _____

☐ **Funeral and Burial Expenses**

- Total cost of the event causing the hardship: \$ _____
- Name of the deceased: _____
- Relationship to the participant: ☐ Parent ☐ Spouse ☐ Child ☐ Dependent ☐ Primary Beneficiary
- Date of death: _____
- Name and address of the service provider (cemetery, funeral home, etc.): _____

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☐ Repairs for Damage to Principal Residence

- Total cost of the event causing the hardship: \$ _____
- Is this the participant's principal residence? ☐ Yes ☐ No
- Address of the residence that sustained damage: _____
- Briefly describe the cause of the casualty loss (fire, flooding, type of weather-related damage, etc.), including the date of the casualty loss: _____
- Briefly describe the repairs, including the date(s) of repair (in process or completed): _____

☐ Expense Associated with declared Federal Disaster

- Total cost of the event causing the hardship: \$ _____
- Is either your primary residence or primary place of employment in a federally declared disaster zone? ☐ Yes ☐ No
- Name of federally declared disaster: _____
- Date of loss: _____
- Briefly describe the cause of the casualty loss (fire, flooding, type of weather-related damage, etc.): _____
- Briefly describe the repairs, including the date(s) of repair (in process or completed): _____

2. Request Amount

- ☐ **Hardship Withdrawal Amount:** I request that \$ _____ be withdrawn from my vested account balance. (**Dollar amount must be indicated and may not include amounts covered by insurance or other available sources.**)

Please select one of the following. If no box is checked, the Plan will use the Standard Distribution.

- ☐ Standard Distribution. The amount indicated above is the total to be taken from my account. The Plan will withhold income tax per section 7 below, deduct fees and then distribute the net amount to me.
- ☐ Grossed up Distribution. The amount indicated above will be increased to cover income tax withholding per section 7 below and fees.

Note: Unless the Plan otherwise requires, the withdrawal will be made from your pre-tax deferral account, then your vested employer account (if allowed under the Plan) and then from your Roth deferral account (if allowed under the Plan), pro-rata among your investment funds.

3. Information for Non-U.S. Citizen

- ☐ I am a resident alien because the U.S. Citizen and Immigration Service has given me permission to permanently reside in the U.S. I have a "green card."
- ☐ I am a resident alien because I meet the Substantial Presence Test: I was physically present in the U.S. on at least:
- a. 31 days during the current year, AND
 - b. 183 days during the 3-year period that includes the current year and the 2 years immediately before that, counting:
 - i. All the days I was present in the current year, and
 - ii. 1/3 of the days I was present in the first year before the current year, and
 - iii. 1/6 of the days I was present in the second year before the current year.
- ☐ I am a nonresident alien. I do not meet the criteria of 1 or 2 above. (Submit an IRS Form W-8BEN – see section 4.)

4. Information for Nonresident Alien Participants Only

Provide a Form W-8BEN with an original signature as documentation of your foreign tax status. Without valid tax documentation, Alerus is required to withhold taxes at the maximum nonresident alien (NRA) withholding rate of 30%. You may obtain a Form W-8BEN by downloading the form from the IRS website at [irs.gov](https://www.irs.gov).

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5. Payment Method for Cash Distributions

If you do not indicate an option below, your distribution will be sent in the form of a check.

- ☐ Check
- ☐ Direct Deposit to my checking/savings account. Medallion Signature Guarantee is required for all ACH payments. Please include a voided check with your request. Invalid or rejected ACH requests will be sent in the form of a check.

Bank Name: _____

Account Name: _____

Bank ABA/Routing Number: _____

Account Number: _____

Checking or Savings (circle one)

6. Employee Acknowledgements and Certification

I certify and acknowledge that:

- The information provided in this form is true and accurate;
- I have received and read the Participant Notification for Hardship Withdrawal;
- The amount I am requesting does not exceed my financial need;
- My financial need cannot be met:
 - Through reimbursement or compensation by insurance or otherwise;
 - By liquidation of my assets;
 - By other currently available distributions (including distribution of ESOP dividends under section 404(k)); or
 - By borrowing from commercial sources on reasonable commercial terms in an amount sufficient to satisfy the need;
- A hardship withdrawal is not eligible for rollover treatment to another eligible retirement plan;
- If I have a Plan source which is eligible for in-service distribution, the Plan will use this source first to cover the requested hardship. The Plan will distribute the lesser of the requested hardship amount or the maximum available per the Plan and IRS guidelines;
- I have received and read the Special Tax Notice Regarding Plan Payments;
- Federal law allows me 30 days after I was provided the Special Tax Notice Regarding Plan Payments to consider this distribution. I waive the 30-day notice period and consent to an immediate distribution;
- A 10% premature distribution penalty tax may apply (see Special Tax Notice);
- A processing fee may be charged;
- A voided check is required for all ACH requests; and
- I agree to keep copies of documentation to support my hardship request and to make them available if my employer or plan administrator ask for them.

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7. Withholding and Employee Signature

State Tax Withholding: No state income tax will be withheld except where required by law.

Federal Tax Withholding:

Form W-4R – Withholding Certificate for Nonperiodic Payments and Eligible Rollover Distributions

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 possessions.
- 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 the Form W-4R instructions on pages 7 and 8 of this packet for more information.

2	Complete this line if you would like a rate of withholding that is different from the default withholding rate. See the Form W-4R instructions and the Marginal Rate Tables on pages 7 and 8 of this packet for additional information. Enter the rate as a whole number (no decimals)	2	____%
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The 2023 Marginal Rate Tables are included on page 7 of this packet. You may use these tables to help you select the appropriate withholding rate for this payment or distribution. Instructions on how to best use them are included.

Sign Here		
	Your Signature (This form is not valid unless you sign it.)	Date

MEDALLION SIGNATURE GUARANTEE STAMP

****A Medallion Signature Guarantee** is required for any of the following transactions: 1. Distributions \$100,000 and over, 2. A bank wire or ACH, 3. Payment to a destination outside the U.S., 4. Payment to an alternate payee, beneficiary or other third party (other than the rollover recipient institution), 5. Payment to an address that is different than the address of record on the account, or 6. If the address on the account has been changed within the past 15 days. A Medallion Signature Guarantee is designed to protect you and Alerus from fraud. You can get a Medallion Signature Guarantee from most banks, credit unions, and other financial institutions. **A notary seal/stamp is NOT a Medallion Signature Guarantee.** All forms with a Medallion Signature Guarantee must be mailed in their original form to the Authorized Signer/TPA for completion.

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Employee, please see the attached Submission Instructions (option 1).

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THIS SECTION IS FOR EMPLOYER, THIRD-PARTY ADMINISTRATOR OR AUTHORIZED PARTY USE ONLY

8. Authorized Signature.

To be Completed by Authorized Signer

Signature Guarantee Waiver: As an authorized signer for the Plan, I certify that the above signature of the employee is genuine and waive the requirement for a signature guarantee. (All forms with a Signature Guarantee Waiver must be uploaded to Alerus Retirement and Benefits at AlerusRB.com.)

AUTHORIZED SIGNATURE

DATE

Sign:

Print Name:

This signature pertains to medallion waiver only.

Distribution Authorization: As an authorized signer for the Plan, I certify the employee has received the Special Tax Notice Regarding Plan Payments. I hereby direct the Plan recordkeepers, trustees and/or fund managers to make the distribution as directed by this form. **Important Reminder to**

Employer: Do not stop the employee's deferrals unless requested in writing by the employee. IRS regulations prohibit the automatic suspension of employee 401(k), or 403(b) deferrals in conjunction with a hardship distribution.

AUTHORIZED SIGNATURE

DATE

Sign:

Print Name:

Please submit completed and signed form to Alerus Retirement and Benefits via the employer access at AlerusRB.com. By uploading this form via our secure website, Authorized Signer is certifying that all signatures are genuine.

All forms with a Medallion Signature Guarantee: must either be uploaded by the TPA/Authorized Signer at AlerusRB.com or mailed in their original form to Alerus Retirement and Benefits (after all signatures have been obtained).

Participant Notification for Hardship Withdrawal

Your Plan permits you to request a distribution to cover specific hardship events as defined by the Plan. Although this provision may allow you to receive a distribution from your account, you should be aware of the following:

- The hardship distribution is taxable to you as ordinary income. We will report the amount distributed to the IRS and you will receive a Form 1099-R. In addition, if you are not age 59½, the distribution may be subject to an additional 10% penalty tax. The hardship amount is not eligible to be rolled to another retirement plan.
- The amount of the distribution cannot exceed your immediate and heavy financial need. The hardship cannot be covered by other sources such as insurance.
- You may request that the hardship amount be “grossed up” to include plan distribution fees and any federal, state, or local income taxes or penalties you reasonably anticipate to result from the distribution. In that case, the Plan will increase your hardship amount to cover these amounts. The additional “grossed up” amount is also a taxable distribution to you.
- You agree to keep copies of documentation to support your hardship request and to make them available if your employer or plan administrator ask for them. The following are frequent hardship reasons and suggested proof of hardship.

Hardship reason

purchase of participant's primary residence

foreclosure on participant's primary residence

eviction from participant's primary residence

casualty loss to participant's primary residence
(e.g. fire, storm, flood, earthquake etc.) without
regard to changes caused by the Tax Cut and Jobs
Act limiting casualty losses to federal disaster areas

funeral expenses

tuition and related expenses*

medical expenses defined by IRC 213(d)*
(disregarding 7.5% of AGI)

loss caused by a federal disaster

Suggested Proof

purchase agreement + lender statement of estimated amount needed from
buyer at closing

lender's foreclosure notice including amount needed to cure default

landlord's eviction notice including amount of past due rent

repair estimates + insurance statement
showing deductible or other uncovered amounts

funeral bill owed for parent, spouse, child, dependent or primary beneficiary

school's tuition statement for coming school year (may include room and
board)

bill showing amount owed after
adjustments for insurance or statement from medical provider that bill reflects
receipt of all insurance payments

repair estimates showing loss less insurance coverage + FEMA or other
federal notice of disaster declaration for the location of your primary
residence or primary place of employment

*hardship for these categories includes expenses for participant, spouse, children, dependents and primary beneficiary(s).

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

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

2023**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.**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.**2023 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>	Tax rate for every dollar more	<i>Total income over—</i>	Tax rate for every dollar more	<i>Total income over—</i>	Tax rate for every dollar more
\$0	0%	\$0	0%	\$0	0%
13,850	10%	27,700	10%	20,800	10%
24,850	12%	49,700	12%	36,500	12%
58,575	22%	117,150	22%	80,650	22%
109,225	24%	218,450	24%	116,150	24%
195,950	32%	391,900	32%	202,900	32%
245,100	35%	490,200	35%	252,050	35%
591,975*	37%	721,450	37%	598,900	37%

* If married filing separately, use \$360,725 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 2023, 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: (a) qualifying “hardship” distributions, and (b) distributions required by federal law, such as required minimum 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 \$60,000 without the payment. Step 1: Because your total income without the payment, \$60,000, is greater than \$58,575 but less than \$109,225, the corresponding rate is 22%. Step 2: Because your total income with the payment, \$80,000, is greater than \$58,575 but less than \$109,225, 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 \$42,500 without the payment. Step 1: Because your total income without the payment, \$42,500, is greater than \$24,850 but less than \$58,575, the corresponding rate is 12%. Step 2: Because your total income with the payment, \$62,500, is greater than \$58,575 but less than \$109,225, the corresponding rate is 22%. The two rates differ. \$16,075 of the \$20,000 payment is in the lower bracket (\$58,575 less your total income of \$42,500 without the payment), and \$3,925 is in the higher bracket (\$20,000 less the \$16,075 that is in the lower bracket). Multiply \$16,075 by 12% to get \$1,929. Multiply \$3,925 by 22% to get \$863.50. The sum of these two amounts is \$2,792.50. This is the estimated tax on your payment. This amount corresponds to 14% of the \$20,000 payment (\$2,792.50 divided by \$20,000). Enter “14” on line 2.

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.

Submission Instructions

How you should submit your completed Distribution Form depends on whether Authorized Signer approval or a Medallion Signature Guarantee is required (see the signature page of your Distribution Form for more information on whether a Medallion Signature Guarantee is required and on which of the following options apply to your plan).

1. If Authorized Signer Action is Required (For Medallion Signature Guarantee Waiver and/or Approval) – Give the completed and signed Distribution Form to the plan's Authorized Signer for completion and the Authorized Signer will then submit the Form to Alerus. The Authorized Signer is generally your employer but may be the plan's third-party administrator.

2. Mail the Form to Alerus – You can mail the form to Alerus at the following address:

For Regular Mail:

Alerus Retirement and Benefits
P.O. Box 64535
St. Paul, MN 55164

For Overnight Delivery Services:

Alerus Retirement and Benefits
Two Pine Tree Dr., Suite 310
Arden Hills, MN 55112
Attn: Distributions

3. Upload the Form Using the “Contact Us” Page on AlerusRB.com – Please note that you may not use this option for Distribution Forms that require a Medallion Signature Guarantee.