

Ohio Deferred Compensation Withdrawal Guide

UNFORESEEABLE EMERGENCY WITHDRAWAL APPLICATION

 **OHIO DEFERRED COMPENSATION**

PARTICIPANT INFORMATION (PLEASE PRINT)

Name _____ Social Security Number (last 4) XXX-XX- _____

Address _____ Work Phone Number _____

City, State & Zip _____ Personal Phone Number _____

Employer Name _____ Email _____

WITHDRAWAL AMOUNT REQUESTED
Withdrawals due to an unforeseeable emergency may not exceed any amount necessary to satisfy the need after reimbursement by insurance or other sources. Attach documentation to support your requested amount.

Please specify whether this is a request for a full or partial withdrawal. If you select a partial withdrawal, you must write in the dollar amount you wish to receive.

☐ Total account withdrawal.

☐ Partial account withdrawal – amount requested \$ _____.

DEFERRALS TO OHIO DEFERRED COMPENSATION

Do you want to stop your payroll deferrals to Ohio DC? ☐ Yes ☐ No

If you only want to stop your deferrals temporarily, when would you like to begin deferring again? _____ Month _____ Year

Deferrals will be reinstated at the same amount and into the same investment allocation you had prior to stopping your deferrals. Contact the Service Center to change your deferral amount or investment allocation. Please be advised any deferral changes will take a minimum of 31 days to go into effect.

NARRATIVE INFORMATION **REQUIRED**

In the space below, provide a detailed explanation of the unforeseeable emergency. Be as precise as you can, including names and dates. Attach extra sheets if needed.

Date(s) unforeseeable emergency occurred: _____

NOTE: Circumstances over 24 months old cannot be considered unforeseeable today.

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Ohio Deferred Compensation Withdrawal Guide

Deferred compensation plans are an essential part of retirement savings for many state and local government employees in Ohio. The Ohio Deferred Compensation program allows participants to set aside a portion of their earnings on a pre-tax basis, which can grow tax-deferred until it is withdrawn. Understanding how to withdraw funds from this plan is crucial for participants looking to make the most of their retirement savings. This comprehensive guide will provide an overview of the Ohio Deferred Compensation withdrawal process, including eligibility, types of withdrawals, tax implications, and the steps needed to initiate a withdrawal.

Understanding Ohio Deferred Compensation

Ohio Deferred Compensation is a 457(b) retirement savings plan designed to help public employees save for retirement. It offers various investment options, allowing participants to tailor their portfolios according to their risk tolerance and retirement goals. The contributions made to the plan are deducted from the employee's paycheck before taxes, which reduces their taxable income for the year.

Key Features of Ohio Deferred Compensation

- Tax Advantages: Contributions to the plan lower your taxable income, and the investment growth is tax-deferred until withdrawal.
- Flexible Contributions: Employees can choose how much to contribute, with limits set annually by the IRS.
- Investment Choices: Participants can select from various investment options, including stocks, bonds, and mutual funds.
- Portability: If you change jobs, you can roll over your deferred compensation account to another qualified retirement plan.

Eligibility for Withdrawal

Participants can begin to withdraw funds from their Ohio Deferred Compensation account under specific conditions. Understanding when and how you can access these funds is crucial for effective financial planning.

Withdrawal Eligibility Criteria

You may be eligible to withdraw your contributions and any earnings under the following conditions:

1. Separation from Service: If you leave your job, whether through retirement, resignation, or termination, you can withdraw your funds.
2. Age: You may access your account without penalty once you reach the age of 70½, even if you are still employed.
3. Financial Hardship: In certain situations of financial need, you may qualify for a hardship withdrawal while still employed.
4. Disability: If you become disabled, you may withdraw your funds regardless of your age.
5. Death: If a participant passes away, their beneficiaries can withdraw the funds.

Types of Withdrawals

Ohio Deferred Compensation offers several options for withdrawing funds from your account. Each option has its own rules and implications, so it's essential to consider your needs carefully.

1. Lump-Sum Withdrawal

A lump-sum withdrawal allows participants to take all their funds in one payment. This option may be suitable for those who need immediate access to cash or want to consolidate their retirement accounts.

2. Partial Withdrawal

Participants can choose to withdraw a portion of their account while leaving the rest invested. This option is helpful if you need some cash but still want to keep your retirement savings growing.

3. Installment Payments

Installing payments allow participants to withdraw funds in regular intervals, such as monthly, quarterly, or annually. This option is beneficial for those who want a steady income stream in retirement.

4. Rollover to Another Retirement Account

You can roll over your Ohio Deferred Compensation account to another qualified retirement plan, such as an IRA or a 401(k). This option allows you to continue deferring taxes on your savings while potentially giving you more investment choices.

Tax Implications of Withdrawals

Understanding the tax implications of your withdrawals is crucial, as it can significantly impact your financial situation in retirement.

1. Ordinary Income Tax

Withdrawals from your Ohio Deferred Compensation account are subject to federal and state income tax. The amount you withdraw will be added to your taxable income for the year, potentially affecting your tax bracket.

2. Early Withdrawal Penalties

If you withdraw funds before the age of 59½, you may be subject to an additional 10% early withdrawal penalty on top of regular income taxes unless you qualify for an exception, such as disability or financial hardship.

3. Withholding Taxes

When you take a withdrawal, the plan will automatically withhold a percentage for federal taxes. You can choose to have additional amounts withheld if you anticipate being in a higher tax bracket.

Steps to Initiate a Withdrawal

Initiating a withdrawal from your Ohio Deferred Compensation account involves several steps. Here is a step-by-step guide to help you through the process.

1. Review Your Account

Log into your Ohio Deferred Compensation account to review your balance, investment options, and withdrawal eligibility. Make sure you understand how much you can withdraw and the options available to you.

2. Determine Withdrawal Type

Decide which type of withdrawal best meets your financial needs—lump-sum, partial, installment payments, or rollover. Each type has different implications, so choose wisely.

3. Complete the Withdrawal Request Form

Once you've decided on the type of withdrawal, complete the Ohio Deferred Compensation withdrawal request form. This form can often be found on the Ohio Deferred Compensation website or by contacting their customer service.

4. Submit Your Request

After completing the form, submit it according to the instructions provided. Be sure to keep a copy of your request for your records.

5. Await Processing

After submitting your withdrawal request, wait for it to be processed. Processing times can vary, so be patient. You should receive confirmation once your request has been processed.

6. Plan for Taxes

Once you receive your funds, consult with a tax professional to understand the tax implications of your withdrawal. Planning ahead can help you avoid surprises during tax season.

Conclusion

The Ohio Deferred Compensation program is an excellent tool for public employees looking to save for retirement. Understanding the withdrawal process is crucial for effectively accessing your funds when needed. By being aware of eligibility criteria, types of withdrawals, and tax implications, you can make informed decisions that align with your financial goals. Whether you are retiring, changing jobs, or facing unexpected financial needs, knowing how to navigate the withdrawal process will empower you to manage your retirement savings effectively. Always consider consulting with a financial advisor to ensure you are making the best choice for your situation.

Frequently Asked Questions

What is the Ohio Deferred Compensation program?

The Ohio Deferred Compensation program is a retirement savings plan that allows state employees and certain local government employees in Ohio to save and invest for retirement on a tax-deferred basis.

What are the eligibility criteria for withdrawing funds from my Ohio Deferred Compensation account?

You can withdraw funds from your Ohio Deferred Compensation account once you reach age 59½, if you separate from service, or in cases of financial hardship or disability.

How can I request a withdrawal from my Ohio Deferred Compensation account?

To request a withdrawal, you need to complete a withdrawal form, which can be found on the Ohio Deferred Compensation website or by contacting their customer service. Be prepared to provide necessary documentation depending on the type of withdrawal.

Are there any tax implications when withdrawing from my Ohio Deferred Compensation account?

Yes, withdrawals from your Ohio Deferred Compensation account are subject to federal income tax. Additionally, if you withdraw before age 59½, you may incur a 10% early withdrawal penalty unless you qualify for an exception.

Can I roll over my Ohio Deferred Compensation funds into another retirement account?

Yes, you can roll over your Ohio Deferred Compensation funds into another qualified retirement account, such as an IRA or another employer-sponsored retirement plan, without incurring taxes or penalties, provided you follow the appropriate rollover procedures.

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