Shaw Industries Group, Inc. Retirement Savings Plan
Hardship Withdrawal Instructions

Please read all of the enclosed material very carefully. Failure to follow these instructions may result in a delay processing your hardship withdrawal request. To apply for a Hardship Withdrawal, please call the Principal Financial Group Client Contact Center at 1-800-547-7754.

It is your responsibility to provide all required documentation as outlined in these instructions.

The Shaw Industries Group, Inc. Retirement Savings Plan allows hardship withdrawals under the “safe harbor” guidelines of the Internal Revenue Service. There are currently six (6) reasons that qualify as hardship as defined by the Internal Revenue Service. The six reasons are as follows:

1. Purchase of your primary residence
2. Post-high school or college expenses (not to exceed one year per each request)
3. Extraordinary uninsured and unpaid medical and dental expenses
4. Prevention of eviction or foreclosure on your primary residence (excluding legal fees)
5. Burial and Funeral expenses for parent, spouse, child or dependents
6. Repair of catastrophic damage to associate’s principal residence.

Keep in mind that:

- Exceptions to the IRS guidelines are not permitted.
- Pre-tax contributions into the Plan will be suspended for 6 months after the hardship withdrawal is granted. After the 6 month suspension, your elective deferral will be automatically reinstated at your current rate.
- The hardship cannot exceed the amount needed.
- You must have obtained all distributions available from all of your employer’s Plans. Check with your Benefits Department if you have more than one Retirement Plan with Shaw prior to completing the hardship application. Contributions to all Retirement Plans will be suspended when a 401(k) hardship withdrawal is processed.
- Money you withdraw is taxable income. However, while all hardship withdrawals are taxable, you have the option to request that no federal income taxes are withheld at the time it is issued.
- You will be responsible for any early withdrawal penalty tax of 10% at the time you file your income tax return, if you are under the age of 59 ½.

Instructions

A) Complete the Hardship Withdrawal Form from Principal Financial Group.
B) Attach all required documentation to the Hardship Withdrawal Form and return it directly to the Principal Financial Group at P.O. Box 9394, Des Moines, IA 50306-9394 or via fax at 1-866-704-3481.
C) The Hardship Withdrawal Form and accompanying documentation will be reviewed for completeness and appropriateness by The Principal. If the form is incomplete or the documentation unacceptable, you will be contacted explaining what is needed to process your hardship withdrawal.
D) Your check will be forwarded to you or the direct deposit to your bank account (based on the option you elected) will be initiated within ten (10) business days from the date of approval.
E) You will receive a tax form 1099-R the following year to file with your income tax return.
Required Documentation

1. Purchase Of A Principal Residence

Evidence – real estate contract or purchase agreement

Requirements:

1) Documents must be signed and dated legal documents providing for the purchase of a residence.
2) The amount of need (for example, down payment) should be clearly indicated on the agreement.
3) A principal residence can be a house, condo, townhome, mobile or modular home or other dwelling. A principal residence could also include other property which does not involve real estate (such as a houseboat). Documentation in this case should include a bill of sale and a written statement that the property in question will serve as the participant’s principal residence.
4) No amounts which have already been paid by the participant (for example earnest money) qualify for hardship.
5) Documentation must demonstrate an uncovered need. For example, if the mortgage covers the complete cost, no need has been demonstrated.
6) The purchase of land in connection with building a principal residence will be permitted provided the home is intended to be the participant’s principal residence within 6 months of the date of the withdrawal. Documentation would include land purchase information plus a copy of a contract with a builder. If the participant is building the home himself or herself, a written statement to this effect and the intended completion date should be provided on a form we make available for this purpose.

2. Expenses for Post-Secondary Education

Evidence – tuition bill or estimate of educational costs provided by educational institution

Note: Tuition bill or estimate of educational costs must be for future classes. The hardship withdrawal cannot be processed for unpaid tuition bills for past semesters.

Requirements:

1) Expenses should be for college, university, career or vocational training.
2) If expenses are for anyone other than participant, the relationship of the student should be disclosed and documented (for example birth certificate, marriage license, tax return or insurance coverage documentation).**
3) Estimates – if the statement is an estimate, the documentation should confirm that the student is enrolled for current or upcoming term.
4) Need should be reduced by any amounts received from scholarships and grants. College loans are not required to be taken prior to receipt of a hardship withdrawal.
5) Documentation of off-campus housing costs would be a copy of the lease or rental agreement.
6) Items covered would be tuition, related educational expenses including books and other fees and room and board. Items not covered would include personal items such as laptops and calculators, and travel expenses.
7) If a bill is not available, an online printout showing the itemized costs is acceptable. As an example, the “cart” printout from an online university such as the University of Phoenix may be used.

3. Extraordinary (uninsured and unpaid) medical and dental expenses for you or your eligible dependents

NOTE: A “dependent” is defined as someone who would qualify as a “dependent” under Code Section 152. Only expenses considered “medically necessary” will be eligible. Cosmetic procedures do not qualify for a hardship withdrawal. Interest does not qualify for hardship withdrawal. If requesting on behalf of dependent, proof of dependency will be required (1040 tax form or legal documents)

Evidence – itemized bill from hospital, doctor, dentist or other health care provider plus evidence that insurance did not cover amount requested
Requirements:

1) The itemized bill must be based on a current date. For this purpose, a bill dated not more than 60 days in the past will be considered current. If the bill is not current, a copy of a current bill will be requested. If a written bill is not available, the provider will need to validate the amount outstanding. This information may be obtained by telephone over a recorded line.

2) Only amounts which qualify as a medical expense deduction under Section 213 of the Internal Revenue Code qualify under this reason for hardship withdrawals. Any amounts which reflect interest on unpaid balances do not qualify.

3) Estimates – Generally, a bill (representing services provided) from the medical or dental provider is required before a withdrawal may be processed. An exception applies if the service would qualify as a deductible medical expense under the Internal Revenue Code and Regulations and the service will not be performed without pre-payment. In this event, Principal Life is permitted to process a withdrawal based on an estimate provided by the service provider.

4) Any amounts which have already been paid by the participant do not qualify. This includes amounts paid by use of a credit or debit card.

5) If medical bill for dependent, proof of dependency (birth or marriage certificate, tax return, or insurance coverage documentation).**

6) An Explanation of Benefits (EOB) may be used to document insurance reimbursement; however it does not take the place of an itemized bill.

7) If the participant indicates he or she is not covered by insurance, he or she should certify in writing that this is the case on a form we make available for this purpose.

8) If the withdrawal request is for cosmetic surgery, written correspondence from the patient’s doctor documenting the medical need for the surgery would be required.

9) If an outstanding bill has been turned over to a collection agency, the amount may still be covered if an itemized bill from the provider is also provided.

10) Bills for orthodontic work are generally covered, unless there is documentation that the procedure was solely for cosmetic reasons.

4. Payments to prevent eviction or foreclosure

Evidence – eviction or foreclosure notice

Requirements:

1) A foreclosure notice should be in the form of a formal legal document which provides notice of foreclosure proceedings on the mortgage on the participant’s primary residence. It is not a requirement that the participant’s name be on the mortgage. Also acceptable would be a notice from a lender which details the amount owed, and indicates the date upon which foreclosure proceedings will be initiated if payment is not made.

2) If the date described above has already passed, the amount needed to reinstate the loan and a date by which it must be paid may be accepted.

3) An eviction notice should be in the form of a written notice from the landlord, stating the amount owed, and stating that eviction will occur if the payment is not received by a certain timeframe. An eviction notice for reasons other than non-payment is generally not acceptable.

4) Generally a late notice with a warning that legal action will be taken is not sufficient.

5) The amount of the need includes all amounts needed to prevent the foreclosure/eviction, not just back payments.

6) Notification that the primary residence will be sold in a tax sale should also suffice provided it lists the date of the sale and the amount needed to make the back payments.

7) Forced removal of mobile homes may be treated as qualifying under this reason.

8) Notice must be current (less than 60 days old).

9) Address on eviction notice generally must match address shown on plan records.

10) Payments needed to effect loan modifications, reinstatements or other methods will be considered an acceptable reason for withdrawal to the extent that the method prevents the participant from losing his or her home.
5. Burial or Funeral Expenses
Evidence – Bill from funeral home or other provider

Requirements:
1) Relationship of decedent must be parent, spouse, child or dependent, or if permitted by the plan, a primary beneficiary. The relationship of the deceased should be disclosed and documented (for example birth certificate, marriage license, tax return or insurance coverage documentation).**
2) Funerals for in-laws are not covered unless the in-law was a dependent.
3) If the funeral is for a named beneficiary, the individual must have been named as a beneficiary at the time of his or her death.
4) Costs covered include conventional funeral and burial expenses including but not limited to services and products provided by funeral service providers.
5) Bills from Foreign Service providers must be submitted with English translation if necessary.

6. Repair of damage to principal residence
Evidence – Repair bill or estimate of repair costs, evidence that insurance did not cover amount requested

Requirements:
1) Damage must be a result of an event which would qualify for a casualty expense deduction under Code section 165. The need is reduced by any amounts reimbursed by insurance. The participant should file for insurance before making hardship request. If the participant does not have insurance, he or she should provide a written statement to that effect.
2) A casualty loss is a loss which is a result of an identifiable event that is sudden, unexpected or unusual. Documentation should include a description of the event that caused the damage.
3) Estimates – Generally, a bill from the company doing the repairs is required. An exception may be made if a percentage of the bill must be paid prior to the work beginning.
4) A participant may do the repairs himself or herself. In this case, he or she should submit an invoice of the needed materials.
5) The property that suffers the loss is not required to be in a government declared disaster area.
6) Covered losses include only damage to the principal residence

** If no documentation is available, the participant should submit written confirmation that the individual would be considered a dependent for tax purposes on a form we make available for this purpose.

Certification of the associate’s signature is required on the hardship withdrawal form indicating that all attached documentation of the hardship withdrawal is true, correct, complete and has not been altered, modified or falsified. Fraudulent documentation may result in termination of employment.

Procedures effective: September 1, 2016