



Science Applications International Corporation
An Employee-Owned Company

January 19, 1995

BY FACSIMILE

Supplement to
AOR 1994-36

Mr. Lawrence M. Noble
General Counsel
The Federal Election Commission
Washington, D.C. 20463

Dear Mr. Noble:

Re: SAIC Request for Advisory Opinion of 11-17-94

Michael Marinelli of your staff requested further information with respect to SAIC's rules regulating withdrawals from an employee's CODA based upon hardship in a telephone call to me on January 17, 1995. He requested this information in order to facilitate the Commission's consideration of our request of November 17, 1994 for an advisory opinion regarding solicitation of our shareholders.

In response to Mr. Marinelli's request, I attach the following:

- CODA Hardship Withdrawal Form (Attachment 1);
- SAIC Retirement Committee Rule VII-6 dated August 1, 1991 regulating hardship withdrawals (Attachment 2);
- Excerpt from SAIC CODA Plan regarding distributions from plan accounts (Attachment 3);

These criteria allow a participant in SAIC's CODA to make withdrawals only if the individual has taken out the maximum available loans under the plan and disqualify the employee making the withdrawal from participating in CODA for twelve months thereafter.

In applying the criteria, the SAIC Retirement Plan Committee follows the standard provisions in the IRS regulations governing hardship withdrawal requests. The categories of hardship listed on the SAIC form are the same as those included in the IRS regulations.

1710 Goodridge Drive, P.O. Box 1303, McLean, Virginia 22102 (703) 821-4300

Other SAIC Offices: Albuquerque, Colorado Springs, Dayton, Falls Church, Huntsville, Las Vegas, Los Altos, Los Angeles, McLean, Oak Ridge, Orlando, San Diego, Seattle, Tucson

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OFFICE OF GENERAL
COUNSEL

Mr. Lawrence M. Noble
January 19, 1995
Page 2



I hope this information meets your needs. Please call me with any questions
(703-556-7236).

Sincerely,

A handwritten signature in black ink that reads "Susan M. Frank". The signature is written in a cursive style with a horizontal line at the end.

Susan M. Frank
Corporate Counsel

Attachments

cc: J. Dennis Heipt
Douglas E. Scott
Ward Reed

SENT BY:

1-19-95 : 9:55AM :SAIC Commer/Internti→

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ATTACHMENT 1

CODA HARDSHIP WITHDRAWAL FORM

VIII-6
Attachment 1

CASH OR DEFERRED ARRANGEMENT

This form applies only if you are an active SAIC employee, and wish to make a withdrawal from your CODA account balance due to financial hardship. **NOTE: POSSIBLE TAX PENALTIES - SEE REVERSE SIDE OF THIS FORM.**

APPLICATION

I hereby apply for a Hardship Withdrawal from the SAIC CODA in the amount of \$ _____.

REASON FOR HARDSHIP

- ___ Medical expenses not covered by insurance for me or my dependent(s)
- ___ Purchase of a principal residence for myself
- ___ Payment of tuition and related educational fees for the next 12 months of post secondary education for myself or dependent(s)
- ___ The need to prevent the eviction from my principal residence or foreclosure on the mortgage of my principal residence.
- ___ Other financial emergency beyond my control.

On a separate sheet, give details of reason(s) to support category checked.

PARTICIPANT CERTIFICATION

I certify that my CODA Hardship Withdrawal Application is for the purpose of satisfying a hardship requirement, and that such hardship requirement is described as: _____

I further certify that this Hardship Withdrawal is necessary in light of immediate and heavy financial needs, that the Hardship money requested does not exceed the amount required to meet the immediate financial need created by the Hardship, and is not reasonably available from other sources.

I further certify that I have read and do understand the reverse side of this application, and realize that CODA contributions will be suspended for 12 months and there may be possible tax penalties due to this Hardship Withdrawal.

Signature of Applicant: _____ Date: _____

TAX WITHHOLDING

20 % Federal income tax will automatically be withheld.

PARTICIPANT INFORMATION

Name: _____ Social Security No.: _____
 Address: _____ Employee No.: _____
 _____ Termination Date: _____
 (city) (state) (zip)
 Telephone No.: _____ Birth Date: _____

Please return completed application to: Science Applications International Corporation, Retirement Programs, 10260 Campus Point Drive, San Diego, CA 92121, (619) 552-4792. A confirming copy indicating scheduled payment will be returned to you.

FOR RETIREMENT PROGRAMS USE ONLY:

Hardship Distribution is scheduled for approximately: _____, 19 _____

Date Received: _____ Checked By: _____ Approved by: _____

Confirmation sent: _____ Plan No. _____ Amt. _____

Approved by: _____

VIII-6
Attachment 2

1. **HARDSHIP** - A distribution will be considered a hardship only if the distribution is made due to an immediate and heavy financial need of the participant and that such distribution is necessary to satisfy such financial need.

A distribution will be deemed to be made on account of an immediate and heavy financial need of a participant if the following requirement is satisfied:

- 1.1 The distribution is not in excess of the amount of the immediate and heavy financial need of the employee.
- 1.2 The employee has obtained all distributions other than hardship distribution and all nontaxable loans currently available under all plans maintained by SAIC.
- 1.3 The employee contribution under the CODA will be suspended for 12 months after receipt of the hardship distribution, and
- 1.4 The maximum salary an employee may defer in the CODA Plan for the year following the Hardship Distribution will be the maximum permitted by law (\$8,728 in 1992) less the amount of salary the employee actually deferred for the taxable year of the hardship distribution.

2. **PAYMENT OF BENEFITS** - Benefit payment will be made as soon as practical, and participants will be advised of the scheduled payment date. All Early Distributions will be made in cash.

3. **TAX CONSEQUENCES** - The entire Hardship Withdrawal received by the participant is subject to Federal withholding of 20%. The full amount may also be subject to a 10% tax penalty. The only exception is for medical expenses deductible for the year of the withdrawal (generally these are limited to medical expenses in excess of 7 1/2% of adjusted gross income that is not covered by insurance.)

If the participant does not have enough federal income tax withheld from the withdrawal, the participant may be responsible for payment of estimated tax. Penalties may be incurred under the estimated tax rules if the withholding and estimated tax payments are not sufficient. The Withdrawal may also have significant tax consequences.

The various elections available to the participant may have significant tax and financial consequences and a personal tax and/or financial advisor should be consulted. No representations are made to the participant concerning the financial or tax consequences of this withdrawal.

SENT BY:

1-19-95 ; 9:57AM ;SAIC Commer/Interntl-

202 219 3929:# 7/12

ATTACHMENT 2

8/1/91

SAIC RETIREMENT PLAN COMMITTEE RULE

Title: CODA Hardship Provision	Number: VIII-B
	Date: August 1, 1991
	Page: 1 of 2

Referenced Committee
Meeting Date: July 16, 1991

Signed By: _____

<u>Applicable To:</u>	<u>Plan Article/Paragraph Reference</u>
— SAIC Profit Sharing	
— TSC Profit Sharing	
— Comsystems Profit Sharing	
<u>X</u> CODA	8.6
— ESOP	

1. PURPOSE AND SCOPE

To establish Committee rules for implementation of Hardship Withdrawals from the CODA Plan.

2. BACKGROUND

Section 8.6 of the CODA Plan allows a participant to withdraw amounts from his/her Deferred Fund Account prior to attaining 59 1/2, upon incurring a Hardship as determined by the Committee. After several years, the IRS in August, 1988 issued Final Regulations describing in detail Hardship provisions. The following rules should be applied to all Hardship withdrawals from the CODA Plan after October 12, 1988.

rp\committee

SAIC Retirement Plans Committee Rule

Page 2 of 2

3. RULE

- A) Definition of Hardship - A distribution will be considered a hardship only if the distribution is made due to an immediate and heavy financial need of the participant and that such a distribution is necessary to satisfy such financial need.**

The determination of whether a participant has an immediate and heavy financial need is to be made on the basis of all relevant facts and circumstances. A distribution will be deemed to be made on account of an immediate and heavy financial need of the participant if the distribution is due to:

1. Medical expenses not covered by insurance for the participant or dependant(s)
2. Purchase of a principal residence for the employee
3. Payment of tuition for the next semester, or quarter of post secondary education for employee or dependant(s).
4. The need to prevent the eviction from the employee's principal residence or foreclosure on the mortgage of the employee's principal residence.
5. Other employee's financial emergencies as the Retirement Plans Committee may determine.

- B) To receive a Hardship Withdrawal, the following requirements must first be met by the Applicant:**

1. The Applicant must sign the CODA form and certify all information requested on that form.
2. The Applicant must have withdrawn, or must withdraw at the same time that an Application for Hardship Withdrawal is submitted, all Profit Sharing Voluntary, CODA, and/or Comsystems Profit Sharing Voluntary Accounts balances at Vanguard.
3. The Applicant must have obtained all eligible loans from the SAIC Retirement Plans.
4. The Hardship Withdrawal may not be less than \$500.
5. The Applicant must suspend all CODA deferral contributions for 12 months after receiving the CODA Hardship Withdrawal.
6. The Applicant will not be allowed to make elective contributions for the taxable year immediately following the taxable year of the Hardship Withdrawal in excess of the maximum permitted by current law (\$8,475 in 1991) less the amount of such Applicant's elected contribution for the taxable year of the Hardship Withdrawal.

- C) Two Retirement Plan Committee members must approve Hardship Withdrawals which are in accordance with Rule 3A1 - 3A4. Four Retirement Plan Committee members must approve Hardship Withdrawals which are in accordance with Rule 3A5.**

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ATTACHMENT 3

later than one hundred and twenty (120) days after the close of the Plan Year in which the Participant attains age 62.

8.6 Distributions from Plan Account.

(a) A Participant's "Distributable Benefit" in his Plan Account shall be his entire interest in the Account. This amount shall be distributable in the form of cash.

(b) A Participant's Distributable Benefit in his Plan Account shall be distributed in one lump sum at the time at which his benefit under the Plan is distributable to him in accordance with the preceding rules of this Article VIII.

(c) For purposes of determining the amount of Distributable Benefit that will be distributed to a Participant or Beneficiary pursuant to the rules of this Article VIII, the value of the Participant's Account shall be determined in accordance with rules prescribed by the Committee. However, the value of the Participant's Account shall be increased or decreased (as appropriate) by any contributions or distributions properly allocable under the terms of this Plan to his Account that occurred on or after the Applicable Valuation Date or for any other reason were not otherwise properly reflected in the valuation of his Account on such Valuation Date.

(d) Neither the Committee, the Company, nor the Trustee shall have any responsibility for any increase or decrease in the value of a Participant's Account as a result of any valuation made under the terms of this Plan after the date of his termination of employment and before the date of the distribution of his Account to him or his Beneficiary. Also, neither the Committee, the Company, nor the Trustee shall have any responsibility for failing to make any interim valuation of a Participant's Account between the date of distribution to the Participant of his Account and the immediately preceding Valuation Date, even though the Plan Assets may have been revalued in that interim for a purpose other than to revalue the Accounts under this Plan.

(e) Additionally, a Participant shall be entitled to make withdrawals from his Plan Account after the date on which he attains the age of 59-1/2 even though his employment with the Company has not yet been terminated. Further, a Participant may withdraw amounts from his Plan Account prior to attaining age 59-1/2, upon incurring a Hardship as determined by the Committee, provided that no amount representing earnings in such account after December 31, 1988, may be withdrawn. A withdrawal will be deemed on account of Hardship only if the distribution is made on account of an immediate and heavy

financial need and is necessary to satisfy such financial need. Any withdrawal made pursuant to this Paragraph (e) shall be made in accordance with rules prescribed by the Committee that are consistent with Regulations under Code section 401(k), and the following rules:

(i) The determination of whether an Employee has an immediate and heavy financial need is to be made by the Committee on the basis of all relevant facts and circumstances. A distribution will be deemed to be made on account of an immediate and heavy financial need of the Employee if the distribution is on account of:

(A) Medical expenses of the Employee or his dependent(s) not covered by insurance;

(B) Purchase of the principal residence for the Employee;

(C) Payment of tuition for the next semester or quarter of post-secondary education for the Employee or his dependent(s);

(D) The need to prevent the eviction from the Employee's principal residence or foreclosure on the mortgage of the Employee's principal residence; or

(E) Other financial circumstances as the Committee may determine, consistent with applicable regulations and rulings of the Treasury Department and the Internal Revenue Service.

(ii) To receive a Hardship withdrawal, the following requirements must first be met by the applicant:

(A) The applicant must sign the forms provided by the Committee and certify all information requested on that form;

(B) The applicant must have withdrawn, or must withdraw at the same time that an application for Hardship withdrawal is submitted, all Voluntary Account balances in other Company retirement plans;

(C) The applicant must have applied for all eligible loans from those Company retirement plans which permit Participant loans;

(D) The Hardship withdrawal normally cannot be less than \$500.00;