Cuna Mutual Group
Phone: 800.999.8786
BenefitsForYou.com

Service Separated Withdrawal Request Form

Defined contribution plans including 401(k), profit sharing, money purchase pension, 403(b) and 457(b) governmental subject to qualified joint and survivor requirements

The plan administrator can assist you in completing this form or contact us at 800.999.8786.

IMPORTANT INSTRUCTIONS

- **Complete Sections 1-4 and 6, as applicable. Review Section 5. If you are married and your vested account balance is greater than $5,000, your spouse must sign Section 7 with a witness. The plan administrator must complete Section 8.**
- Do not use this form if you are still employed. Instead, use the In-Service Withdrawal Request Form or Hardship Withdrawal Request Form, if available. If you are a beneficiary, use the Beneficiary Withdrawal Request Form.
- To avoid multiple distributions (and potential additional fees), do not complete this form until your final payroll has been issued and final contributions/loan repayments have been made.
- Review your most recent employee statement for the approximate vested benefits you may receive. You can obtain this information at BenefitsForYou.com or call us at 800.999.8786.
- If you are using this form as a fillable PDF, all signatures required must be hand signed and dated.
- Return the completed form to your plan administrator to review for completion – including necessary signatures. **The plan administrator is responsible to ensure this form is completed fully and accurately and will submit it directly to us.**
- You have the right to consider your withdrawal election for at least 30 days after receipt of notice to delay payment (see **Additional Distribution & Taxation Information**); however, you may waive this 30-day period and commence receipt of your benefit as soon as administratively feasible by signing Section 6. Additionally, the IRS requires a 7-day waiting period from the date you receive this form to the date benefits can be distributed. If your vested account balance is $5,000 or less, you can waive this 7-day waiting period by signing Section 6.
- Additional forms may be required depending on your elections on this form.
- **Complete this entire form, so we can process your benefit as quickly as possible.**

IMPORTANT INFORMATION

- Read the *Special Tax Notice Regarding Retirement Plan Payments* (attached) and consult your tax advisor before you complete this form. To help you decide how to receive your benefit, the law requires us to provide you with this information.
- If your lump sum benefit is greater than $5,000, read the attached *Qualified Joint and Survivor Annuity Notice*. If you are married, your spouse must also read this notice.
- **Required Minimum Distributions:** If you were age 70½ prior to January 1, 2020 (born before 7/1/1949), you may need to receive a required minimum distribution (RMD) from the plan. If you turned 70½ after December 31, 2019, your required beginning date is age 72. If necessary, we will process an RMD at the time we process your requested distribution. **NOTE**: An RMD is subject to a 10% federal withholding tax and any applicable mandatory state withholding tax. We will apply this tax unless we receive a Form W-4R (available at BenefitsForYou.com) with this request for distribution indicating that you do not wish to have this tax withheld.
- If your vested benefit is less than the automatic cashout amount, if any, specified in the plan (e.g., $1,000 or $5,000), then you have up to 30 days to review this form and make a withdrawal election. If you do not make an election within 30 days, your vested account balance will be distributed to you in cash or rolled over to an IRA. Accounts attributable to rollover contributions may be included in determining whether your vested account balance is less than the mandatory threshold based on your Plan's provisions. Check with your plan administrator or read your plan's Summary Plan Description (available on BenefitsForYou.com) to see if your plan includes an automatic rollover feature. Any applicable tax withholding will apply.
- Your account may be assessed a withdrawal fee as outlined in the Fee Disclosures available at BenefitsForYou.com.
- If your retirement account is invested in an Individually Directed Account (IDA), Self-Directed Brokerage Account (SDBA), Company Stock, or similar restricted access account types, it is your responsibility to direct the liquidation and transfer of those investments to one or more core funds before they can be included in a withdrawal request.
- If you have any **outstanding loans,** you may be required to repay them before receiving a withdrawal or electing to defer your benefit. If you retire or otherwise terminate employment with an outstanding loan balance, generally the loan will be offset as of the earlier of the date of distribution, deferred benefit election, or 30 days after termination of employment. **NOTE:** All loan repayments must be remitted through your (former) employer. Check your Summary Plan Description by accessing BenefitsForYou.com or call us at 800.999.8786.
- If you are retiring or are totally and permanently disabled, call the Social Security Administration at 800.772.1213 to request free booklets containing helpful information about any of the Social Security programs available to you.
- Review the "Additional Distribution & Taxation Information" included in this form.

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IMPORTANT INSTRUCTIONS

Complete this form in its entirety and return to your plan administrator, so we can process your benefit as quickly as possible. Please do not return it directly to us.

1 PARTICIPANT INFORMATION

Participant Name: | Social Security Number: | Date of Birth:

Daytime Phone Number: | Email: | Marital Status: ☐ Single ☐ Married* | Spouse's Name:

*** If you are married, have your spouse complete Section 7, and review the *Qualified Joint and Survivor Annuity Notice*.**

State of legal residence:________________________________. (required)

☐ **Alternate Payee –** Check if you are an alternative payee due to a Qualified Domestic Relations Order (QDRO) and complete this section using your information.
Your name and relationship to the participant: ________________________________

Your address is on file with your employer/plan sponsor. **To update your address, contact your employer/plan sponsor <u>prior</u> to submitting this form.**

2 WITHDRAWAL OPTIONS

Check one box only, follow the instructions for that box and return this form within 30 days to your plan administrator. NOTE: We will identify the request as a gross (or before tax withholding) amount.

A. Full Cash Withdrawal ☐ Take my entire account balance as a cash withdrawal. Complete Sections 4 and 6.

B. Partial Cash Withdrawal ☐ Take $ ____________________ as a partial cash withdrawal, if available, and leave the remaining amount in my retirement Plan. Complete Sections 4 and 6. Subsequent withdrawals will require a new Service Separated Withdrawal Request Form. When you are ready to take additional amounts, access BenefitsForYou.com for a new form. Note: Review your Summary Plan Description for minimum balance requirements.

C. Full Rollover ☐ Take my entire account balance and roll it into an IRA or another eligible employer plan identified in Section 3. Complete Sections 3 and 6.

D. Partial Rollover ☐ Rollover $ ____________________ into an IRA or another eligible employer plan identified in Section 3 and leave the remaining amount in my retirement Plan. Complete Sections 3 and 6.

E. Part Cash/Part Rollover ☐ Take $ ____________________ as a partial cash withdrawal and roll the remaining amount into an IRA or another eligible employer plan identified in Section 3. Complete Sections 3, 4, and 6.

F. Installment (if your plan allows) ☐
1. I elect to receive installments of $ ____________________ beginning on the 15th day of ________________ (enter month, allowing 30 days for processing) and ending when my account balance is depleted.
2. Frequency of payments: ☐ Monthly ☐ Quarterly ☐ Semiannually ☐ Annually

Review Part C of the Additional Distribution & Taxation Information. Complete Sections 4 and 6.

G. Annuity ☐ Request an illustration of the monthly annuity options available to me. My spouse's (or domestic partner's) date of birth is ________________. A minimum vested account balance of more than $5,000 is required for this option. **Note: If you are requesting an annuity illustration, do not complete this form for other options until you have made a choice of annuity option.** The Annuity Withdrawal Request Form will be provided with options available to you for completion. If you want some of your account balance in cash or in a rollover, you can complete this form after your decision on the annuity is finalized.

IMPORTANT

- If you selected Withdrawal Options B, D, E or F, due to the possibility of the liquidation being placed in shares and/or dollars, the exact amount requested cannot be guaranteed. The results of the trade(s) will be as close as possible to the amount requested.

3 ROLLOVER INFORMATION (Complete only if you have selected to roll over any portion of your funds in Section 2)

We are required to collect the financial institution address below for federal compliance purposes. Note: Your rollover check(s) will be mailed to your address on record with your employer/plan sponsor and will not be mailed to the financial institution.

NON-ROTH FUNDS: Select one: ☐ Traditional IRA ☐ Eligible Employer Plan ☐ Roth IRA*

Make Check Payable to (IRA financial institution or eligible employer plan name):	Account/Plan#:
Financial Institution or Plan Sponsor Name:	Contact Person:
Address (physical street address preferred):	Telephone:

Non-Roth after-tax contributions: If you have mandatory or voluntary after-tax contributions, they will be included in your rollover. If you prefer to receive your mandatory or voluntary after-tax contributions as a cash withdrawal, check this box: ☐

***IMPORTANT information regarding non-Roth to Roth rollover:** 1) The amount rolled over will be included in your taxable income for the year of the withdrawal; 2) A rollover of non-Roth accounts to a Roth IRA is irrevocable, will likely have significant tax implications and may require you to make estimated tax payments and/or increase your income tax withholding; consequently, you should seek advice from a qualified tax advisor before making this election, and 3) Review the *Special Tax Notice Regarding Retirement Plan Payments.*

ROTH FUNDS: Select one: ☐ Roth IRA or ☐ Eligible Employer Plan

IMPORTANT: If electing a rollover to another eligible employer plan, confirm that the receiving plan below will accept Roth rollover withdrawals.

Make Check Payable to (IRA financial institution or eligible employer plan name):	Account/Plan#:
Financial Institution or Plan Sponsor Name:	Contact Person:
Address (physical street address preferred):	Telephone:

4 TAX WITHHOLDING DIRECTIVE Do not complete this Section if you marked Option C, D or G in Section 2. Consult your tax advisor with any tax-related questions.

If you have elected a cash withdrawal of all or a portion of your account balance, the 20% federal withholding will apply to the taxable portion of your withdrawal. You may increase your withholding by completing Form W-4R available at BenefitsForYou.com.

FEDERAL WITHHOLDING: Select only if you want more than 20% withheld.

☐ Having read the *Special Tax Notice Regarding Retirement Plan Payments* for federal income tax withholding, I elect to increase my federal withholding and am enclosing the completed Form W-4R for this election. **(Note: Form W-4R is only required if you request more than 20% withheld.)**

Note: It is your responsibility to let us know if you are a non-resident alien since your payment will be subject to federal income tax withholding at the rate of 30%. If so, and you wish to elect a reduced rate of withholding because your country of citizenship has entered into a tax treaty with the U.S., you may do so on Form W-8BEN and attach to this request. Unless you're a nonresident alien, withholding (described above) is required for periodic or nonperiodic payments that are to be delivered to you outside the United States or its possessions.

If you have elected installment payments (Option F in Section 2) and:

- If your withdrawal schedule will exhaust your account balance in less than ten years, 20% of the taxable portion of each installment will be withheld for federal income taxes unless it is directly rolled over. You may increase your withholding by completing Form W-4R.
- If your withdrawal schedule will exhaust your account balance in ten or more years, complete Form W-4P to indicate the amount of tax, if any, you want withheld to cover your federal income taxes. The installment payments you receive from the plan will be subject to federal income tax withholding unless you elect not to have withholding apply. You may elect not to have withholding apply to your installment payments by returning the signed and dated W-4P along with this form. Your election will remain in effect until you revoke it. You may revoke your election at any time by returning a new Form W-4P.
- If you do not return the Form W-4R or Form W-4P, federal income tax will be withheld from the taxable portion of your withdrawals at the default rate then in effect.
- If you elect not to have withholding apply to your withdrawals, or if you do not have enough federal income tax withheld from your withdrawals, you may be responsible for payment of estimated tax. You may incur penalties under the estimated tax rules if your withholding and estimated tax payments are not sufficient.

STATE WITHHOLDING: Some states have mandatory, voluntary, and/or no withholding, and require specific tax withholding forms. For mandated states, the mandatory withholding rate will apply unless you elect a larger amount. Contact your state tax department for information and for the specific state withholding form. Then, include the completed state withholding form with this form. If you elect not to have state withholding apply to your withdrawals, or if you do not have enough state income tax withheld from your withdrawals, you may be responsible for payment of estimated tax. You may incur penalties under the estimated tax rules if your withholding and estimated tax payments are not sufficient.

☐ I do not want to have state income taxes withheld from my withdrawal, if allowable by my state's withholding rules. I have included the required state tax withholding form for this election. I also understand that I will be liable for any taxes due on this withdrawal.

5 PAYMENT DIRECTIVE

CHECK PAYMENT: Your cash and/or rollover check will be mailed directly to you at the address your employer has on record with us. If you would like to update your address, contact your plan administrator/plan sponsor prior to submitting this form.

6 PARTICIPANT ACKNOWLEDGEMENT AND SIGNATURE

I have read the Qualified Joint & Survivor Annuity (QJSA) Notice, the *Additional Distribution & Taxation Information*, including the *Notice to Defer and Consequences of Taking Your Distribution* sections, the *Special Tax Notice Regarding Retirement Plan Payments*, and have received a copy of the latest Summary Plan Description. I certify and understand that:

- I have the right to have the plan pay my retirement benefits in the QJSA form of payment and I am giving up that right;
- I may receive less money than I would have received under the QJSA form of payment;
- I am signing this form voluntarily;
- If I do not sign this Service Separated Withdrawal Request Form and payments are required to begin, then I will receive payments from the plan in the QJSA form of payment;
- I can change this Service Separated Withdrawal Request Form prior to the commencement of benefits. After benefits begin, I cannot change my form of payment;
- I can transfer funds in my account up until the date my funds are distributed;
- If my benefit is not distributed within 180 days from the date I sign this form, my election is no longer valid, and a new Service Separated Withdrawal Request Form will be required;
- My account may be assessed a withdrawal fee as outlined in the Fee Disclosures;
- I have the right to consider my withdrawal election for at least 30 days after receipt of notice to delay payment (see Additional Distribution & Taxation Information). I further understand that I may waive this 30-day period and commence receipt of my benefit as soon as administratively feasible. However, the withdrawal cannot be made earlier than 7 days from the date this form was received (if my vested account balance is greater than $5,000). The date I received this form was _________________. (If left blank, it will be assumed the date of your signature is the date you received this form.);
- If I have outstanding loans, I understand my loan(s) may be offset and be treated as a taxable withdrawal to which my withholding election will apply;
- If the amount requested exceeds the amount available under the plan, the withdrawal amount will be the maximum available. In addition, due to the possibility of the liquidation being placed in shares, the exact amount requested cannot be guaranteed. The results of the trade(s) will be as close as possible to the amount requested; and
- **The processing of my benefit will be delayed if this form is not completed in its entirety.**

Spousal consent is required for all withdrawals from accounts with vested balances over $5,000 unless an exception below applies.

SPOUSAL CONSENT EXCEPTIONS:

☐ My spouse has abandoned me, and I have a court order to that effect. (A copy of the order has been provided to the plan administrator.)

☐ My spouse and I are legally separated, and I have a court order to that effect. (A copy of the order has been provided to the plan administrator.)

Note: A domestic relations order (DRO) may require you to obtain your spouse's or ex-spouse's consent. Include a court order or, if applicable, the QDRO.

Also, if you are requesting a withdrawal as an alternate payee, sign the participant signature line below and skip section 7 (spousal consent and signature).

Participant Acknowledgement and Signature:	Date:
X	

7 SPOUSAL CONSENT AND SIGNATURE

Spousal consent is required for all withdrawals from accounts with vested balances over $5,000 unless an exception applies.

My spouse has elected to receive a withdrawal. I have reviewed the written *Qualified Joint and Survivor Annuity (QUSA) Notice* and I consent to the withdrawal election made by my spouse in Section 2. The benefit has been explained to me and I understand:

- My consent is irrevocable unless my spouse revokes the election to distribute.
- I am giving up my rights not only to the current amount of the distributed benefits, but I am also giving up my rights to any and all future increases to the distributed benefits.
- If I do not sign this Service Separated Withdrawal Request Form, then my spouse will receive payments from the plan in the QJSA form of payment.
- By signing this agreement, I may receive less money than I would have received under the QJSA form of payment, and I may receive nothing after my spouse dies, depending on the form of payment that my spouse chooses.
- My spouse cannot change the form of payment unless I agree to the change by signing a new agreement.
- I do not need to give up my rights to the benefits.
- I am signing this agreement voluntarily and understand my signature **must be witnessed by the plan administrator or notary public.**
- If my spouse's benefit is not distributed within 180 days from the date I sign this form, my consent is no longer valid.

Spousal Signature:	Date:
X	

Spousal Signature Witness: ☐ plan administrator or ☐ notary public

If witnessed by the plan administrator:

Plan Administrator Signature:	Date (must be same as spousal signature above):
X	

If witnessed by a notary:

Notary to complete

State of ____, County of ____________________________

Subscribed and sworn to (or affirmed) before me on this _________ day of _______________________, __________, personally known to me or proved to me on the basis of satisfactory evidence to be the persons who appeared before me.

Notary Signature:	Seal:
X	

8 PLAN ADMINISTRATOR (EMPLOYER)

TYPE OF BENEFIT REQUESTED:

☐ Termination/Lay-off ☐ Retirement ☐ Total and Permanent Disability (date of disability: _____________)

Benefit Requested for (employee name):	Social Security Number:	Date Employment Terminated:

Plan Name:	Contract Number/Plan ID:

Hours of Service (required to determine vesting and contribution allocation):

1. Hours worked in termination plan year: ___________.
2. For rehired employees, indicate the date of rehire: ___________. Attach a separate sheet detailing hours worked in each plan year from the original date of hire to the most recent termination date.

Final Contributions:

Have all contributions/loan payments due to this employee been submitted for deposit into his/her retirement account? ☐ Yes ☐ No

If no, enter the date the final contribution and/or loan payment for the employee will be sent ________________. **Please do <u>not</u> submit this form before this date.**

Plan Administrator (Employer) Authorization: Check the appropriate box if the participant has not made an election in Section 2.

- ☐ The participant is 0% vested. Forfeit all non-vested accounts.
- ☐ The participant has not made an election within the minimum 30-day election period.
  - ☐ The plan administrator requests this benefit to be paid in the form of a cash withdrawal. (Available if vested account balance is less than minimum amount indicated in the plan Provisions.)
  - ☐ The plan administrator requests this benefit be automatically rolled over (if option is available within the plan provisions). Identify the financial institution below:
    - ☐ Matrix Trust Company LLC (completion of IRA agreement with Matrix Trust Company is required to be on file)
    - ☐ Other (complete Section 3 to identify the financial institution)

As plan administrator, I have reviewed this Service Separated Withdrawal Request Form and approve and authorize the processing of this request. If this is a QDRO withdrawal, I certify the applicable court order is a QDRO and the plan agrees to comply with the terms of the order.

Authorized Plan Administrator Signature:	Date:	Telephone:
X		

FOR PLAN ADMINISTRATOR FORM APPROVAL
Once approved, and the form includes all required signatures, upload this completed form on BenefitsForYou.com.

ADDITIONAL DISTRIBUTION & TAXATION INFORMATION

PARTICIPANTS WITH OUTSTANDING LOANS: If you have any outstanding loans, you may be required to repay them before receiving a distribution or electing to defer your benefit. If you retire or otherwise terminate employment with an outstanding loan balance, generally the loan will be offset as of the earlier of the date of distribution, deferred benefit election, or 30 days after termination of employment. NOTE: All loan repayments (including full loan payoff) must be remitted through your (former) employer. Check your Summary Plan Description on BenefitsForYou.com or call us at 800.999.8786.

NOTICE TO DEFER AND CONSEQUENCES OF TAKING YOUR DISTRIBUTION: You may be eligible to take a distribution of your plan account now. However, you are not required to take a distribution until a later date, as provided under the plan, generally when you reach your required beginning date (e.g., age 72), if your account balance exceeds $5,000. The overall value of the benefit that you receive from this plan during your lifetime will depend on which benefit option you choose, how long you live and the interest rate at which you can invest your retirement income.

Your plan is funded by investments not generally available on similar terms outside of a qualified retirement plan. Because the investments in your plan are designed for qualified plans, the administrative or investment related fees of similar funds outside your plan will have different fees and expenses associated with them. Details concerning investments options available and fees currently charged by the plan are available on BenefitsForYou.com or you may request a copy from your plan administrator.

If you have no vested benefit in your account balance when you leave, your account balance will be forfeited. However, if you return to service with the employer before incurring five consecutive Breaks in Service, your account balance as of your termination date will be restored unadjusted for any gains or losses. If you are partially vested in your account balance when you leave, the non-vested portion of your account balance will be forfeited on the earlier of the date: (a) of the distribution of your vested account balance, or (b) when you incur five consecutive Breaks in Service. If you received a distribution of your vested account balance and are reemployed, you may have the right to repay this distribution. If you repay the entire amount of this distribution, we will restore your account balance with your forfeited amount. You must repay this distribution within five years from your date of reemployment, or, if earlier, before you incur five consecutive 1-Year Breaks in Service. If you were fully vested when you left, you do not have the opportunity to repay your distribution.

For additional information relating to your rights as a participant following your termination of employment, see your Summary Plan Description (SPD) on BenefitsForYou.com or request a copy of the SPD from your Human Resources professional or the plan administrator.

To see the distribution options available in your plan, see your Summary Plan Description on BenefitsForYou.com or call us at 800.999.8786.

Distribution options may include:

A. Delay all or a portion of your distribution until a later date.

1. Leaving all or a portion of your account balance in the plan is available if your vested account balance is greater than the thresholds defined in the plan provisions. With this option, you defer taxation and your money continues to earn interest and any gains or losses. When you are ready to receive your money and request a withdrawal form, contact your plan administrator, log on to BenefitsForYou.com or call us at 800.999.8786.
2. Rolling over all or a portion of your account balance to an IRA or eligible retirement plan is also a way to defer the taxation of your benefit. **Note: Any direct rollover will be limited to a single receiving Trustee/Custodian.**

B. Take a cash distribution.

1. Federal taxes — Federal law mandates a 20% withholding tax on a cash distribution that is eligible to be rolled over. For details, see the Special Tax Notice included with this form and Form W-4R. Cash distributions that include after-tax contributions are not subject to this 20% withholding requirement.
2. State taxes — Your withdrawal may be subject to state tax withholding. Contact your state tax department for specific information and the required withholding form. Then, include the completed state withholding form if electing a different amount, or no amount.

C. Take your benefit over a specific period in monthly, quarterly, semiannual, or annual cash installments.

1. The period over which the payment is to be made cannot extend beyond your life expectancy (or the life expectancy of you and your beneficiary).
2. Review your beneficiary designation to ensure any death benefit will be paid to the people you intend.
3. If the specific period you have elected will exhaust your account balance in ten or more years, then choose the percentage of the TAXABLE portion of each installment that you want withheld to cover your federal income taxes. Complete Form W-4P to indicate the amount of tax, if any, you want withheld to cover your federal income taxes. If you do not return the Form W-4P, federal income tax will be withheld from the taxable portion of your distribution at the default rate then in effect.
4. If the specific period you have elected will exhaust your account balance in less than 10 years (or less than your life expectancy if it is shorter than 10 years), 20% of the taxable portion of each installment will be withheld for federal income taxes. If you choose, the installment payment may be directly rolled over to an IRA or an eligible retirement plan that will accept it.
5. Review your tax withholding election periodically (at least annually). To make changes, complete a new Form W-4R or Form W-4P available at BenefitsForYou.com.

QUALIFIED JOINT AND SURVIVOR ANNUITY NOTICE

What is a Qualified Joint and Survivor Annuity (QJSA)?

Your plan states that the automatic form of retirement benefit is a Qualified Joint and Survivor Annuity unless you choose a different form of payment. If you are married, a Joint and Survivor Annuity payment provides you with monthly payments for your life. Upon your death, your spouse will receive a monthly payment equal to 50% of the monthly payment you received prior to your death. Your spouse will receive this survivor benefit for the rest of his or her life. If you are not married, the QJSA will be paid to you in the form of a single life annuity unless you choose a different form of payment. A single life annuity gives you a monthly retirement payment for the rest of your life. Upon your death, no further benefits will be paid.

What other forms of payment can I choose?

BENEFIT OPTION	DESCRIPTION (You are the participant)	ESTIMATED MONTHLY PAYMENT*	
		participant at age 65	spouse at age 65
Joint and 50% Survivor	You receive monthly payments for life. After your death, your spouse receives 50% of your monthly payment for the rest of his or her life.	$52	$26
Joint and 75% Survivor	You receive monthly payments for life. After your death, your spouse receives 75% of your monthly payment for the rest of his or her life.	$50	$38
Joint and 100% Survivor	You receive monthly payments for life. After your death, your spouse receives 100% of your monthly payment for the rest of his or her life.	$48	$48
Single Life Annuity	You receive monthly payments for life. Payments stop when you die. Your spouse or other beneficiary will not receive payments.	$58	$0
Life Annuity with 5 Year Certain Period	You receive monthly payments for life. If you die during the first 5 years of payments, your spouse or other beneficiary receives the remaining 60 guaranteed monthly payments. If you die after 5 years of payments, your spouse or other beneficiary will not receive payments.	$57	$0
Life Annuity with 10 Year Certain Period	You receive monthly payments for life. If you die before 10 years, your spouse or other beneficiary receives the remaining 120 guaranteed monthly payments. If you die after 10 years, your spouse or other beneficiary will not receive payments.	$56	$0
Cash	You and your spouse, if any, agree to take a lump sum cash withdrawal now and receive no future payments.	$0	$0

*Based on a $10,000 withdrawal. The amounts shown are for illustration purposes only. The actual amount of monthly benefit you receive depends on annuity purchase rates in effect at the time of purchase, which may result in higher or lower amounts. Contact our Investment Guidance Center for a current quote at 800.999.8786.

Special Tax Notice Regarding Retirement Plan Payments

Non-Roth Accounts

You are receiving this notice because all or a portion of a payment you are receiving from a plan in which you participate (referred to throughout this notice as the "Plan") is eligible to be rolled over to an IRA or an employer plan. This notice is intended to help you decide whether to do such a rollover.

This section of the notice describes the rollover rules that apply to payments from the Plan that are not from a designated Roth account (a type of account in some employer plans that is subject to special tax rules). If you also receive a payment from a designated Roth account in the Plan, you should review the "Roth Accounts" section of this notice for that payment, and the Plan administrator or the payor will tell you the amount that is being paid from each account.

Rules that apply to most payments from a plan are described in the "General Information About Rollovers" section. Special rules that only apply in certain circumstances are described in the "Special Rules and Options" section.

GENERAL INFORMATION ABOUT ROLLOVERS

How can a rollover affect my taxes?

You will be taxed on a payment from the Plan if you do not roll it over. If you are under age 59½ and do not do a rollover, you will also have to pay a 10% additional income tax on early distributions (generally, distributions made before age 59½), unless an exception applies. However, if you do a rollover, you will not have to pay tax until you receive payments later and the 10% additional income tax will not apply if those payments are made after you are age 59½ (or if an exception to the 10% additional income tax applies).

What types of retirement accounts and plans may accept my rollover?

You may roll over the payment to either an IRA (an individual retirement account or individual retirement annuity) or an employer plan (a tax-qualified plan, section 403(b) plan, or governmental section 457(b) plan) that will accept the rollover. The rules of the IRA or employer plan that holds the rollover will determine your investment options, fees, and rights to payment from the IRA or employer plan (for example, IRAs are not subject to spousal consent rules and IRAs may not provide loans). Further, the amount rolled over will become subject to the tax rules that apply to the IRA or employer plan.

How do I do a rollover?

There are two ways to do a rollover. You can do either a direct rollover or a 60-day rollover.

If you do a direct rollover, the Plan will make the payment directly to your IRA or an employer plan. You should contact the IRA sponsor or the administrator of the employer plan for information on how to do a direct rollover.

If you do not do a direct rollover, you may still do a rollover by making a deposit into an IRA or eligible employer plan that will accept it. Generally, you will have 60 days after you receive the payment to make the deposit. If you do not do a direct rollover, the Plan is required to withhold 20% of the payment for federal income taxes (up to the amount of cash and property received other than employer stock). This means that, in order to roll over the entire payment in a 60-day rollover, you must use other funds to make up for the 20% withheld. If you do not roll over the entire amount of the payment, the portion not rolled over will be taxed and will be subject to the 10% additional income tax on early distributions if you are under age 59½ (unless an exception applies).

How much may I roll over?

If you wish to do a rollover, you may roll over all or part of the amount eligible for rollover. Any payment from the Plan is eligible for rollover, except:

- Certain payments spread over a period of at least 10 years or over your life or life expectancy (or the joint lives or joint life expectancies of you and your beneficiary);
- Required minimum distributions after age 70½ (if you were born before July 1, 1949), after age 72 (if you were born after June 30, 1949), or after death;
- Hardship distributions;
- Payments of employee stock ownership plan (ESOP) dividends;
- Corrective distributions of contributions that exceed tax law limitations;
- Loans treated as deemed distributions (for example, loans in default due to missed payments before your employment ends);
- Cost of life insurance paid by the Plan;
- Payments of certain automatic enrollment contributions that you request to withdraw within 90 days of your first contribution;
- Amounts treated as distributed because of a prohibited allocation of S corporation stock under an ESOP (also, there generally will be adverse tax consequences if you roll over a distribution of S corporation stock to an IRA); and
- Distributions of certain premiums for health and accident insurance

The Plan administrator or the payor can tell you what portion of a payment is eligible for rollover.

If I do not do a rollover, will I have to pay the 10% additional income tax on early distributions?

If you are under age 59½, you will have to pay the 10% additional income tax on early distributions for any payment from the Plan (including amounts withheld for income tax) that you do not roll over, unless one of the exceptions listed below applies. This tax applies to the part of the distribution that you must include in income and is in addition to the regular income tax on the payment not rolled over.

The 10% additional income tax does not apply to the following payments from the Plan:

- Payments made after you separate from service if you will be at least age 55 in the year of the separation;
- Payments that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the joint lives or joint life expectancies of you and your beneficiary);
- Payments from a governmental plan made after you separate from service if you are a qualified public safety employee and you will be at least age 50 in the year of the separation;
- Payments made due to disability;
- Payments after your death;
- Payments of ESOP dividends;
- Corrective distributions of contributions that exceed tax law limitations;
- Cost of life insurance paid by the Plan;
- Payments made directly to the government to satisfy a federal tax levy;
- Payments made under a qualified domestic relations order (QDRO);
- Payments of up to $5,000 made to you from a defined contribution plan if the payment is a qualified birth or adoption distribution;
- Payments up to the amount of your deductible medical expenses (without regard to whether you itemize deductions for the taxable year);
- Certain payments made while you are on active duty if you were a member of a reserve component called to duty after September 11, 2001 for more than 179 days;
- Payments of certain automatic enrollment contributions that you request to withdraw within 90 days of your first contribution;
- Payments excepted from the additional income tax by federal legislation relating to certain emergencies and disasters; and
- Phased retirement payments made to federal employees.

If I do a rollover to an IRA, will the 10% additional income tax apply to early distributions from the IRA?

If you receive a payment from an IRA when you are under age 59½, you will have to pay the 10% additional income tax on early distributions on the part of the distribution that you must include in income, unless an exception applies. In general, the exceptions to the 10% additional income tax for early distributions from an IRA are the same as the exceptions listed above for early distributions from a plan. However, there are a few differences for payments from an IRA, including:

- The exception for payments made after you separate from service if you will be at least age 55 in the year of the separation (or age 50 for qualified public safety employees) does not apply.;
- The exception for qualified domestic relations orders (QDROs) does not apply (although a special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to an IRA of a spouse or former spouse); and
- The exception for payments made at least annually in equal or close to equal amounts over a specified period applies without regard to whether you have had a separation from service.

Additional exceptions apply for payments from an IRA, including:

- Payments for qualified higher education expenses;
- Payments up to $10,000 used in a qualified first-time home purchase; and
- Payments for health insurance premiums after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

Will I owe State income taxes?

This notice does not address any State or local income tax rules (including withholding rules).

SPECIAL RULES AND OPTIONS

If your payment includes after-tax contributions

After-tax contributions included in a payment are not taxed. If you receive a partial payment of your total benefit, an allocable portion of your after-tax contributions is included in the payment, so you cannot take a payment of only after-tax contributions. However, if you have pre-1987 after-tax contributions maintained in a separate account, a special rule may apply to determine whether the after-tax contributions are included in the payment. In addition, special rules apply when you do a rollover, as described below.

You may roll over to an IRA a payment that includes after-tax contributions through either a direct rollover or a 60-day rollover. You must keep track of the aggregate amount of the after-tax contributions in all of your IRAs (in order to determine your taxable income for later payments from the IRAs). If you do a direct rollover of only a portion of the amount paid from the Plan and at the same time the rest is paid to you, the portion rolled over consists first of the amount that would be taxable if not rolled over. For example, assume you are receiving a distribution of $12,000, of which $2,000 is after-tax contributions. In this case, if you directly roll over $10,000 to an IRA that is not a Roth IRA, no amount is taxable because the $2,000 amount not rolled over is treated as being after-tax contributions. If you do a direct rollover of the entire amount paid from the Plan to two or more destinations at the same time, you can choose which destination receives the after-tax contributions.

Similarly, if you do a 60-day rollover to an IRA of only a portion of a payment made to you, the portion rolled over consists first of the amount that would be taxable if not rolled over. For example, assume you are receiving a distribution of $12,000, of which $2,000 is after-tax contributions, and no part of the distribution is directly rolled over. In this case, if you roll over $10,000 to an IRA that is not a Roth IRA in a 60-day rollover, no amount is taxable because the $2,000 amount not rolled over is treated as being after-tax contributions.

You may roll over to an employer plan all of a payment that includes after-tax contributions, but only through a direct rollover (and only if the receiving plan separately accounts for after-tax contributions and is not a governmental section 457(b) plan). You can do a 60-day rollover to an employer plan of part of a payment that includes after-tax contributions, but only up to the amount of the payment that would be taxable if not rolled over.

If you miss the 60-day rollover deadline

Generally, the 60-day rollover deadline cannot be extended. However, the IRS has the limited authority to waive the deadline under certain extraordinary circumstances, such as when external events prevented you from completing the rollover by the 60-day rollover deadline. Under certain circumstances, you may claim eligibility for a waiver of the 60-day rollover deadline by making a written self-certification. Otherwise, to apply for a waiver from the IRS, you must file a private letter ruling request with the IRS. Private letter ruling requests require the payment of a nonrefundable user fee. For more information, see IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs).

If your payment includes employer stock that you do not roll over

If you do not do a rollover, you can apply a special rule to payments of employer stock (or other employer securities) that are either attributable to after-tax contributions or paid in a lump sum after separation from service (or after age 59½, disability, or the participant's death). Under the special rule, the net unrealized appreciation on the stock will not be taxed when distributed from the Plan and will be taxed at capital gain rates when you sell the stock. Net unrealized appreciation is generally the increase in the value of employer stock after it was acquired by the Plan. If you do a rollover for a payment that includes employer stock (for example, by selling the stock and rolling over the proceeds within 60 days of the payment), the special rule relating to the distributed employer stock will not apply to any subsequent payments from the IRA or, generally, the Plan. The Plan administrator can tell you the amount of any net unrealized appreciation.

If you have an outstanding loan that is being offset

If you have an outstanding loan from the Plan, your Plan benefit may be offset by the outstanding amount of the loan, typically when your employment ends. The offset amount is treated as a distribution to you at the time of the offset. Generally, you may roll over all or any portion of the offset amount. Any offset amount that is not rolled over will be taxed (including the 10% additional income tax on early distributions, unless an exception applies). You may roll over offset amounts to an IRA or an employer plan (if the terms of the employer plan permit the plan to receive plan loan offset rollovers).

How long you have to complete the rollover depends on what kind of plan loan offset you have. If you have a qualified plan loan offset, you will have until your tax return due date (including extensions) for the tax year during which the offset occurs to complete your rollover. A qualified plan loan offset occurs when a plan loan in good standing is offset because your employer plan terminates, or because you sever from employment. If your plan loan offset occurs for any other reason (such as a failure to make level loan repayments that results in a deemed distribution), then you have 60 days from the date the offset occurs to complete your rollover.

If you were born on or before January 1, 1936

If you were born on or before January 1, 1936 and receive a lump sum distribution that you do not roll over, special rules for calculating the amount of the tax on the payment might apply to you. For more information, see IRS Publication 575, Pension and Annuity Income.

If your payment is from a governmental section 457(b) plan

If the Plan is a governmental section 457(b) plan, the same rules described elsewhere in this notice generally apply allowing you to roll over the payment to an IRA or an employer plan that accepts rollovers. One difference is that, if you do not do a rollover, you will not have to pay the 10% additional income tax on early distributions from the Plan even if you are under age 59½ (unless the payment is from a separate account holding rollover contributions that were made to the Plan from a tax-qualified plan, a section 403(b) plan, or an IRA). However, if you do a rollover to an IRA or to an employer plan that is not a governmental section 457(b) plan, a later distribution made before age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies). Other differences include that you cannot do a rollover if the payment is due to an "unforeseeable emergency" and the special rules under "If your payment includes employer stock that you do not roll over" and "If you were born on or before January 1, 1936" do not apply.

If you are an eligible retired public safety officer and your payment is used to pay for health coverage or qualified long-term care insurance

If the Plan is a governmental plan, you retired as a public safety officer, and your retirement was by reason of disability or was after normal retirement age, you can exclude from your taxable income Plan payments paid directly as premiums to an accident or health plan (or a qualified long-term care insurance contract) that your employer maintains for you, your spouse, or your dependents, up to a maximum of $3,000 annually. For this purpose, a public safety officer is a law enforcement officer, firefighter, chaplain, or member of a rescue squad or ambulance crew.

If you roll over your payment to a Roth IRA

If you roll over a payment from the Plan to a Roth IRA, a special rule applies under which the amount of the payment rolled over (reduced by any after-tax amounts) will be taxed. In general, the 10% additional income tax on early distributions will not apply. However, if you take the amount rolled over out of the Roth IRA within the 5-year period that begins on January 1 of the year of the rollover, the 10% additional income tax will apply (unless an exception applies).

If you roll over the payment to a Roth IRA, later payments from the Roth IRA that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a Roth IRA is a payment made after you are age 59½ (or after your death or disability, or as a qualified first-time homebuyer distribution of up to $10,000) and after you have had a Roth IRA for at least 5 years. In applying this 5-year rule, you count from January 1 of the year for which your first contribution was made to a Roth IRA. Payments from the Roth IRA that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10% additional income tax on early distributions (unless an exception applies). You do not have to take required minimum distributions from a Roth IRA during your lifetime. For more information, see IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs), and IRS Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs).

If you do a rollover to a designated Roth account in the Plan

You cannot roll over a distribution to a designated Roth account in another employer's plan. However, you can roll the distribution over into a designated Roth account in the distributing Plan. If you roll over a payment from the Plan to a designated Roth account in the Plan, the amount of the payment rolled over (reduced by any after-tax amounts directly rolled over) will be taxed. In general, the 10% additional income tax on early distributions will not apply. However, if you take the amount rolled over out of the designated Roth account within the 5-year period that begins on January 1 of the year of the rollover, the 10% additional income tax will apply (unless an exception applies).

If you roll over the payment to a designated Roth account in the Plan, later payments from the designated Roth account that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a designated Roth account is a payment made both after you are age 59½ (or after your death or disability) and after you have had a designated Roth account in the Plan for at least 5 years. In applying this 5-year rule, you count from January 1 of the year your first contribution was made to the designated Roth account. However, if you made a direct rollover to a designated Roth account in the Plan from a designated Roth account in a plan of another employer, the 5-year period begins on January 1 of the year you made the first contribution to the designated Roth account in the Plan or, if earlier, to the designated Roth account in the plan of the other employer. Payments from the designated Roth account that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10% additional income tax on early distributions (unless an exception applies).

If you are not a Plan participant

Payments after death of the participant. If you receive a distribution after the participant's death that you do not roll over, the distribution generally will be taxed in the same manner described elsewhere in this notice. However, the 10% additional income tax on early distributions and the special rules for public safety officers do not apply, and the special rule described under the section "If you were born on or before January 1, 1936" applies only if the deceased participant was born on or before January 1, 1936.

> **If you are a surviving spouse.** If you receive a payment from the Plan as the surviving spouse of a deceased participant, you have the same rollover options that the participant would have had, as described elsewhere in this notice. In addition, if you choose to do a rollover to an IRA, you may treat the IRA as your own or as an inherited IRA.
>
> An IRA you treat as your own is treated like any other IRA of yours, so that payments made to you before you are age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies) and required minimum distributions from your IRA do not have to start until after you are age 70½ (if you were born before July 1, 1949) or age 72 (if you were born after June 30, 1949).
>
> If you treat the IRA as an inherited IRA, payments from the IRA will not be subject to the 10% additional income tax on early distributions. However, if the participant had started taking required minimum distributions, you will have to receive required minimum distributions from the inherited IRA. If the participant had not started taking required minimum distributions from the Plan, you will not have to start receiving required minimum distributions from the inherited IRA until the year the participant would have been age 70½ (if the participant was born before July 1, 1949) or age 72 (if the participant was born after June 30, 1949).
>
> **If you are a surviving beneficiary other than a spouse.** If you receive a payment from the Plan because of the participant's death and you are a designated beneficiary other than a surviving spouse, the only rollover option you have is to do a direct rollover to an inherited IRA. Payments from the inherited IRA will not be subject to the 10% additional income tax on early distributions. You will have to receive required minimum distributions from the inherited IRA.

Payments under a QDRO. If you are the spouse or former spouse of the participant who receives a payment from the Plan under a QDRO, you generally have the same options and the same tax treatment that the participant would have (for example, you may roll over the payment to your own IRA or an eligible employer plan that will accept it). However, payments under the QDRO will not be subject to the 10% additional income tax on early distributions.

If you are a nonresident alien

If you are a nonresident alien and you do not do a direct rollover to a U.S. IRA or U.S. employer plan, instead of withholding 20%, the Plan is generally required to withhold 30% of the payment for federal income taxes. If the amount withheld exceeds the amount of tax you owe (as may happen if you do a 60-day rollover), you may request an income tax refund by filing Form 1040NR and attaching your Form 1042-S. See Form W-8BEN for claiming that you are entitled to a reduced rate of withholding under an income tax treaty. For more information, see also IRS Publication 519, U.S. Tax Guide for Aliens, and IRS Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities.

Other special rules

If a payment is one in a series of payments for less than 10 years, your choice whether to do a direct rollover will apply to all later payments in the series (unless you make a different choice for later payments).

If your payments for the year are less than $200 (not including payments from a designated Roth account in the Plan), the Plan is not required to allow you to do a direct rollover and is not required to withhold federal income taxes. However, you may do a 60-day rollover.

Unless you elect otherwise, a mandatory cashout of more than $1,000 (not including payments from a designated Roth account in the Plan) will be directly rolled over to an IRA chosen by the Plan administrator or the payor. A mandatory cashout is a payment from a plan to a participant made before age 62 (or normal retirement age, if later) and without consent, where the participant's benefit does not exceed $5,000 (not including any amounts held under the plan as a result of a prior rollover made to the plan).

You may have special rollover rights if you recently served in the U.S. Armed Forces. For more information on special rollover rights related to the U. S. Armed Forces, see IRS Publication 3, Armed Forces' Tax Guide. You also may have special rollover rights if you were affected by a federally declared disaster (or similar event), or if you received a distribution on account of a disaster. For more information on special rollover rights related to disaster relief, see the IRS website at www.irs.gov.

FOR MORE INFORMATION

You may wish to consult with the Plan administrator or payor, or a professional tax advisor, before taking a payment from the Plan. Also, you can find more detailed information on the federal tax treatment of payments from employer plans in IRS Publication 575, Pension and Annuity Income; IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs); IRS Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs); and IRS Publication 571, Tax-Sheltered Annuity Plans (403(b) Plans). These publications are available from a local IRS office, on the web at www.irs.gov, or by calling 1-800-TAX-FORM.

Roth Accounts

YOUR ROLLOVER OPTIONS

This section of the notice describes the rollover rules that apply to payments from the Plan that are from a designated Roth account. If you also receive a payment from the Plan that is not from a designated Roth account, you should review the “Non-Roth Accounts” section of this notice for that payment, and the Plan administrator or the payor will tell you the amount that is being paid from each account.

Rules that apply to most payments from a designated Roth account are described in the “General Information About Rollovers” section. Special rules that only apply in certain circumstances are described in the “Special Rules and Options” section.

GENERAL INFORMATION ABOUT ROLLOVERS

How can a rollover affect my taxes?

After-tax contributions included in a payment from a designated Roth account are not taxed, but earnings might be taxed. The tax treatment of earnings included in the payment depends on whether the payment is a qualified distribution. If a payment is only part of your designated Roth account, the payment will include an allocable portion of the earnings in your designated Roth account.

If the payment from the Plan is not a qualified distribution and you do not do a rollover to a Roth IRA or a designated Roth account in an employer plan, you will be taxed on the portion of the payment that is earnings. If you are under age 59½, a 10% additional income tax on early distributions (generally, distributions made before age 59½) will also apply to the earnings (unless an exception applies). However, if you do a rollover, you will not have to pay taxes currently on the earnings and you will not have to pay taxes later on payments that are qualified distributions.

If the payment from the Plan is a qualified distribution, you will not be taxed on any part of the payment even if you do not do a rollover. If you do a rollover, you will not be taxed on the amount you roll over and any earnings on the amount you roll over will not be taxed if paid later in a qualified distribution.

A qualified distribution from a designated Roth account in the Plan is a payment made after you are age 59½ (or after your death or disability) and after you have had a designated Roth account in the Plan for at least 5 years. In applying the 5-year rule, you count from January 1 of the year your first contribution was made to the designated Roth account. However, if you did a direct rollover to a designated Roth account in the Plan from a designated Roth account in another employer plan, your participation would count from January 1 of the year your first contribution was made to the designated Roth account in the Plan or, if earlier, to the designated Roth account in the other employer plan.

What types of retirement accounts and plans may accept my rollover?

You may roll over the payment to either a Roth IRA (a Roth individual retirement account or Roth individual retirement annuity) or a designated Roth account in an employer plan (a tax-qualified plan, section 403(b) plan, or governmental section 457 plan) that will accept the rollover. The rules of the Roth IRA or employer plan that holds the rollover will determine your investment options, fees, and rights to payment from the Roth IRA or employer plan (for example, Roth IRAs are not subject to spousal consent rules, and Roth IRAs may not provide loans). Further, the amount rolled over will become subject to the tax rules that apply to the Roth IRA or the designated Roth account in the employer plan. In general, these tax rules are similar to those described elsewhere in this notice, but differences include:

- If you do a rollover to a Roth IRA, all of your Roth IRAs will be considered for purposes of determining whether you have satisfied the 5-year rule (counting from January 1 of the year for which your first contribution was made to any of your Roth IRAs).
- If you do a rollover to a Roth IRA, you will not be required to take a distribution from the Roth IRA during your lifetime and you must keep track of the aggregate amount of the after-tax contributions in all of your Roth IRAs (in order to determine your taxable income for later Roth IRA payments that are not qualified distributions).
- Eligible rollover distributions from a Roth IRA can only be rolled over to another Roth IRA.

How do I do a rollover?

There are two ways to do a rollover. You can either do a direct rollover or a 60-day rollover.

<u>If you do a direct rollover</u>, the Plan will make the payment directly to your Roth IRA or designated Roth account in an employer plan. You should contact the Roth IRA sponsor or the administrator of the employer plan for information on how to do a direct rollover.

<u>If you do not do a direct rollover</u>, you may still do a rollover by making a deposit (generally within 60 days) into a Roth IRA, whether the payment is a qualified or nonqualified distribution. In addition, you can do a rollover by making a deposit within 60 days into a designated Roth account in an employer plan if the payment is a nonqualified distribution and the rollover does not exceed the amount of the earnings in the payment. You cannot do a 60-day rollover to an employer plan of any part of a qualified distribution. If you receive a distribution that is a nonqualified distribution and you do not roll over an amount at least equal to the earnings allocable to the distribution, you will be taxed on the amount of those earnings not rolled over, including the 10% additional income tax on early distributions if you are under age 59½ (unless an exception applies).

If you do a direct rollover of only a portion of the amount paid from the Plan and a portion is paid to you at the same time, the portion directly rolled over consists first of earnings.

If you do not do a direct rollover and the payment is not a qualified distribution, the Plan is required to withhold 20% of the earnings for federal income taxes (up to the amount of cash and property received other than employer stock). This means that, in order to roll over the entire payment in a 60-day rollover to a Roth IRA, you must use other funds to make up for the 20% withheld.

How much may I roll over?

If you wish to do a rollover, you may roll over all or part of the amount eligible for rollover. Any payment from the Plan is eligible for rollover, except:

- Certain payments spread over a period of at least 10 years or over your life or life expectancy (or the joint lives or joint life expectancies of you and your beneficiary);
- Required minimum distributions after age 70½ (if you were born before July 1, 1949), after age 72 (if you were born after June 30, 1949), or after death;
- Hardship distributions;
- Payments of employee stock ownership plan (ESOP) dividends;
- Corrective distributions of contributions that exceed tax law limitations;
- Loans treated as deemed distributions (for example, loans in default due to missed payments before your employment ends);
- Cost of life insurance paid by the Plan;
- Payments of certain automatic enrollment contributions that you request to withdraw within 90 days of your first contribution
- Amounts treated as distributed because of a prohibited allocation of S corporation stock under an ESOP (also, there generally will be adverse tax consequences if S corporation stock is held by an IRA); and
- Distributions of certain premiums for health and accident insurance.

The Plan administrator or the payor can tell you what portion of a payment is eligible for rollover.

If I do not do a rollover, will I have to pay the 10% additional income tax on early distributions?

If a payment is not a qualified distribution and you are under age 59½, you will have to pay the 10% additional income tax on early distributions with respect to the earnings allocated to the payment that you do not roll over (including amounts withheld for income tax), unless one of the exceptions listed below applies. This tax is in addition to the regular income tax on the earnings not rolled over.

The 10% additional income tax does not apply to the following payments from the Plan:

- Payments made after you separate from service if you will be at least age 55 in the year of the separation;
- Payments that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the joint lives or joint life expectancies of you and your beneficiary);
- Payments from a governmental plan made after you separate from service if you are a qualified public safety employee and you will be at least age 50 in the year of the separation;
- Payments made due to disability;
- Payments after your death;
- Payments of ESOP dividends;
- Corrective distributions of contributions that exceed tax law limitations;
- Cost of life insurance paid by the Plan;
- Payments made directly to the government to satisfy a federal tax levy;
- Payments made under a qualified domestic relations order (QDRO);
- Payments of up to $5,000 made to you from a defined contribution plan if the payment is a qualified birth or adoption distribution;
- Payments up to the amount of your deductible medical expenses (without regard to whether you itemize deductions for the taxable year);
- Certain payments made while you are on active duty if you were a member of a reserve component called to duty after September 11, 2001 for more than 179 days;
- Payments of certain automatic enrollment contributions that you request to withdraw within 90 days of your first contribution; and
- Payments excepted from the additional income tax by federal legislation relating to certain emergencies and disasters.

If I do a rollover to a Roth IRA, will the 10% additional income tax apply to early distributions from the IRA?

If you receive a payment from a Roth IRA when you are under age 59½, you will have to pay the 10% additional income tax on early distributions on the earnings paid from the Roth IRA, unless an exception applies or the payment is a qualified distribution. In general, the exceptions to the 10% additional income tax for early distributions from a Roth IRA listed above are the same as the exceptions for early distributions from a plan. However, there are a few differences for payments from a Roth IRA, including:

- The exception for payments made after you separate from service if you will be at least age 55 in the year of the separation (or age 50 for qualified public safety employees) does not apply,
- The exception for qualified domestic relations orders (QDROs) does not apply (although a special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to a Roth IRA of a spouse or former spouse), and
- The exception for payments made at least annually in equal or close to equal amounts over a specified period applies without regard to whether you have had a separation from service.

Additional exceptions apply for payments from an IRA, including:

- Payments for qualified higher education expenses;
- Payments up to $10,000 used in a qualified first-time home purchase; and
- Payments for health insurance premiums after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

Will I owe State income taxes?

This notice does not address any State or local income tax rules (including withholding rules).

SPECIAL RULES AND OPTIONS

If you miss the 60-day rollover deadline

Generally, the 60-day rollover deadline cannot be extended. However, the IRS has the limited authority to waive the deadline under certain extraordinary circumstances, such as when external events prevented you from completing the rollover by the 60-day rollover deadline. Under certain circumstances, you may claim eligibility for a waiver of the 60-day rollover deadline by making a written self-certification. Otherwise, to apply for a waiver from the IRS, you must file a private letter ruling request with the IRS. Private letter ruling requests require the payment of a nonrefundable user fee. For more information, see IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs).

If your payment includes employer stock that you do not roll over

If you receive a payment that is not a qualified distribution and you do not roll it over, you can apply a special rule to payments of employer stock (or other employer securities) that are paid in a lump sum after separation from service (or after age 59½, disability, or the participant's death). Under the special rule, the net unrealized appreciation on the stock included in the earnings in the payment will not be taxed when distributed to you from the Plan and will be taxed at capital gain rates when you sell the stock. If you do a rollover to a Roth IRA for a nonqualified distribution that includes employer stock (for example, by selling the stock and rolling over the proceeds within 60 days of the distribution), you will not have any taxable income and the special rule relating to the distributed employer stock will not apply to any subsequent payments from the Roth IRA or, generally, the Plan. Net unrealized appreciation is generally the increase in the value of the employer stock after it was acquired by the Plan. The Plan administrator can tell you the amount of any net unrealized appreciation.

If you receive a payment that is a qualified distribution that includes employer stock and you do not roll it over, your basis in the stock (used to determine gain or loss when you later sell the stock) will equal the fair market value of the stock at the time of the payment from the Plan.

If you have an outstanding loan that is being offset

If you have an outstanding loan from the Plan, your Plan benefit may be offset by the outstanding amount of the loan, typically when your employment ends. The offset amount is treated as a distribution to you at the time of the offset. Generally, you may roll over all or any portion of the offset amount. If the distribution attributable to the offset is not a qualified distribution and you do not roll over the offset amount, you will be taxed on any earnings included in the distribution (including the 10% additional income tax on early distributions, unless an exception applies). You may roll over the earnings included in the loan offset to a Roth IRA or designated Roth account in an employer plan (if the terms of the employer plan permit the plan to receive plan loan offset rollovers). You may also roll over the full amount of the offset to a Roth IRA.

How long you have to complete the rollover depends on what kind of plan loan offset you have. If you have a qualified plan loan offset, you will have until your tax return due date (including extensions) for the tax year during which the offset occurs to complete your rollover. A qualified plan loan offset occurs when a plan loan in good standing is offset because your employer plan terminates, or because you sever from employment. If your plan loan offset occurs for any other reason (such as a failure to make level repayments that results in a deemed distribution), then you have 60 days from the date the offset occurs to complete your rollover.

If you receive a nonqualified distribution and you were born on or before January 1, 1936

If you were born on or before January 1, 1936, and receive a lump sum distribution that is not a qualified distribution and that you do not roll over, special rules for calculating the amount of the tax on the earnings in the payment might apply to you. For more information, see IRS Publication 575, Pension and Annuity Income.

If your payment is from a governmental section 457(b) plan

If the Plan is a governmental section 457(b) plan, the same rules described elsewhere in this notice generally apply, allowing you to roll over the payment to an IRA or an employer plan that accepts rollovers. One difference is that, if you receive a payment that is not a qualified distribution and you do not roll it over, you will not have to pay the 10% additional income tax on early distributions with respect to the earnings allocated to the payment that you do not roll over, even if you are under age 59½ (unless the payment is from a separate account holding rollover contributions that were made to the Plan from a tax-qualified plan, a section 403(b) plan, or an IRA). However, if you do a rollover to an IRA or to an employer plan that is not a governmental section 457(b) plan, a later distribution that is not a qualified distribution made before age 59½ will be subject to the 10% additional income tax on earnings allocated to the payment (unless an exception applies). Other differences include that you cannot do a rollover if the payment is due to an "unforeseeable emergency" and the special rules under "If your payment includes employer stock that you do not roll over" and "If you were born on or before January 1, 1936" do not apply.

If you receive a nonqualified distribution, are an eligible retired public safety officer, and your payment is used to pay for health coverage or qualified long-term care insurance

If the Plan is a governmental plan, you retired as a public safety officer, and your retirement was by reason of disability or was after normal retirement age, you can exclude from your taxable income nonqualified distributions paid directly as premiums to an accident or health plan (or a qualified long-term care insurance contract) that your employer maintains for you, your spouse, or your dependents, up to a maximum of $3,000 annually. For this purpose, a public safety officer is a law enforcement officer, firefighter, chaplain, or member of a rescue squad or ambulance crew.

If you are not a Plan participant

Payments after death of the participant. If you receive a distribution after the participant's death that you do not roll over, the distribution generally will be taxed in the same manner described elsewhere in this notice. However, whether the payment is a qualified distribution generally depends on when the participant first made a contribution to the designated Roth account in the Plan. Also, the 10% additional income tax on early distributions and the special rules for public safety officers do not apply, and the special rule described under the section "If you receive a nonqualified distribution and you were born on or before January 1, 1936" applies only if the deceased participant was born on or before January 1, 1936.

If you are a surviving spouse. If you receive a payment from the Plan as the surviving spouse of a deceased participant, you have the same rollover options that the participant would have had, as described elsewhere in this notice. In addition, if you choose to do a rollover to a Roth IRA, you may treat the Roth IRA as your own or as an inherited Roth IRA.

A Roth IRA you treat as your own is treated like any other Roth IRA of yours, so that you will not have to receive any required minimum distributions during your lifetime and earnings paid to you in a nonqualified distribution before you are age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies).

If you treat the Roth IRA as an inherited Roth IRA, payments from the Roth IRA will not be subject to the 10% additional income tax on early distributions. An inherited Roth IRA is subject to required minimum distributions. If the participant had started taking required minimum distributions from the Plan, you will have to receive required minimum distributions from the inherited Roth IRA. If the participant had not started taking required minimum distributions, you will not have to start receiving required minimum distributions from the inherited Roth IRA until the year the participant would have been age 70½ (if the participant was born before July 1, 1949) or age 72 (if the participant was born after June 30, 1949).

If you are a surviving beneficiary other than a spouse. If you receive a payment from the Plan because of the participant's death and you are a designated beneficiary other than a surviving spouse, the only rollover option you have is to do a direct rollover to an inherited Roth IRA. Payments from the inherited Roth IRA, even if made in a nonqualified distribution, will not be subject to the 10% additional income tax on early distributions. You will have to receive required minimum distributions from the inherited Roth IRA.

Payments under a QDRO. If you are the spouse or a former spouse of the participant who receives a payment from the Plan under a QDRO, you generally have the same options and the same tax treatment that the participant would have (for example, you may roll over the payment to your own Roth IRA or to a designated Roth account in an eligible employer plan that will accept it.).

If you are a nonresident alien

If you are a nonresident alien, you do not do a direct rollover to a U.S. IRA or U.S. employer plan, and the payment is not a qualified distribution, the Plan is generally required to withhold 30% (instead of withholding 20%) of the earnings for federal income taxes. If the amount withheld exceeds the amount of tax you owe (as may happen if you do a 60-day rollover), you may request an income tax refund by filing Form 1040NR and attaching your Form 1042-S. See Form W-8BEN for claiming that you are entitled to a reduced rate of withholding under an income tax treaty. For more information, see also IRS Publication 519, U.S. Tax Guide for Aliens, and IRS Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities.

Other special rules

If a payment is one in a series of payments for less than 10 years, your choice whether to do a direct rollover will apply to all later payments in the series (unless you make a different choice for later payments).

If your payments for the year (only including payments from the designated Roth account in the Plan) are less than $200, the Plan is not required to allow you to do a direct rollover and is not required to withhold federal income taxes. However, you can do a 60-day rollover.

Unless you elect otherwise, a mandatory cashout from the designated Roth account in the Plan of more than $1,000 will be directly rolled over to a Roth IRA chosen by the Plan administrator or the payor. A mandatory cashout is a payment from a plan to a participant made before age 62 (or normal retirement age, if later) and without consent, where the participant's benefit does not exceed $5,000 (not including any amounts held under the plan as a result of a prior rollover made to the plan).

You may have special rollover rights if you recently served in the U.S. Armed Forces. For more information on special rollover rights related to the U. S. Armed Forces, see IRS Publication 3, Armed Forces' Tax Guide. You also may have special rollover rights if you were affected by a federally declared disaster (or similar event), or if you received a distribution on account of a disaster. For more information on special rollover rights related to disaster relief, see the IRS website at www.irs.gov.

FOR MORE INFORMATION

You may wish to consult with the Plan administrator or payor, or a professional tax advisor, before taking a payment from the Plan. Also, you can find more detailed information on the federal tax treatment of payments from employer plans in: IRS Publication 575, Pension and Annuity Income; IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs); IRS Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs); and IRS Publication 571, Tax-Sheltered Annuity Plans (403(b) Plans). These publications are available from a local IRS office, on the web at www.irs.gov, or by calling 1-800-TAX-FORM.