

INSTRUCTIONS

This form is for an employee with a vested balance who terminated employment with the company for any reason including Retirement, Disability, or Death and is requesting a distribution. If this form is being completed to pay out the balance of a deceased employee, the beneficiary must also complete the [Beneficiary Distribution Request Form \(pdf\)](#).

Complete this form in its entirety:

- Employer to complete Sections A-B (page 1).
- Employee to complete Sections C-I (pages 2-4) and review the tax implications (if any) outlined in the Special Tax Notice.
 - Beneficiary to complete Sections C, E, and I, then refer to the Beneficiary Distribution Request Form.

Processing Information:

Once the distribution paperwork is received, it takes up to 15 business days to process in addition to mail time. Provide an email address in Section C to receive updates about your distribution. Please reference the 404(a)(5) fee disclosure (available on the Individual Site) for the applicable distribution processing fee that may be charged.

NOTE: Incorrect/incomplete information could make a difference in the distribution amount and/or processing time.

SECTION A: EMPLOYEE INFORMATION

Company Name: _____

Employee Name: _____ Social Security Number: XXX-XX-_____

DISTRIBUTION REASON:

- Separation of Employment
- Retirement (as defined in Plan Document)
- Disabled – Date of Disability: _____
- Death – Date of Death: _____
(include copy of Death Certificate, Beneficiary Designation Form, & Beneficiary Distribution Request Form)

INDICATE HOURS WORKED IN FINAL PLAN YEAR OF EMPLOYMENT:

- Less than 1000 hours
- 1000+ hours

FINAL CONTRIBUTIONS

Have all contributions been deposited into this 401(k) account? (includes deferrals, loan payments, and employer contributions such as match, profit sharing, etc.)

- No
- Yes

NOTE: All applicable future payroll deductions must be submitted before sending the distribution in for processing.

LAST DATE OF EMPLOYMENT: ____/____/____

Has the Employee ever been terminated and rehired?

- No
- Yes; provide below dates:

Original termination date: ____/____/____

Original rehire date: ____/____/____

FINAL PAYROLL DATE*: ____/____/____

*This date must match a payroll date provided on the Employer Site and is the **payroll date** of final contributions withheld that was (or will be) deposited into the employee’s account; including Year End Allocations.

SECTION B: AUTHORIZED EMPLOYER REPRESENTATIVE SIGNATURE

As an Authorized Employer Representative, I direct PAi to act in accordance with the instructions on this form. I certify the information given above is accurate and complete.

Authorized Employer Representative Signature

Date

Print Name

NOTE: Incorrect/incomplete information could make a difference in the distribution amount and/or processing time.

SECTION C: EMPLOYEE CONTACT INFORMATION

NOTE: PAi cannot mail checks outside the United States. Important tax documents will be mailed to the account address on record. It's important to maintain your contact information on the Individual Site at all times.

Home Address: _____ Apt/Suite #: _____
City: _____ State: _____ Zip: _____
Email Address: _____ Phone #: _____

TO MAIL THE CHECK(S) TO AN ADDRESS OTHER THAN THE ADDRESS LISTED ABOVE, MAKE A SELECTION* BELOW AND PROVIDE THE MAILING ADDRESS IN THE FIELD PROVIDED:

- All Checks Rollover Check(s) Only

*If no selection is made, PAi will mail all checks to the mailing address provided below.

Address: _____ Apt/Suite #: _____
City: _____ State: _____ Zip: _____

SECTION D: MAIL DELIVERY

Select how you would like the check(s) delivered. If no selection is made, check(s) will be mailed standard First Class Mail.

- Send check(s) via standard First Class Mail Send check(s) via expedited delivery (next business day). I understand there is a fee of \$35 per address, and a PO BOX cannot be used if choosing expedited delivery.

SECTION E: OUTSTANDING LOAN

If you have an outstanding loan, please select one of the following options:

- I elect to pay the outstanding balance of my loan and interest currently due. I am attaching a loan payoff check to this form. **(Please log in to your Individual Site to obtain your loan payoff amount.)**
- I elect not to pay the outstanding balance of my loan. As a result, the outstanding loan balance and accrued interest will be considered a taxable distribution to me and may be subject to 20% mandatory federal income tax withholding which will be deducted from the amount of my cash distribution, unless the distribution is a direct rollover into another account.

SECTION F: EMPLOYEES WITH BALANCES OF \$5,000 OR LESS

If you do not make an election in Section G of this form, and your vested account balance is greater than \$1,000 but does not exceed \$5,000, then your Employer will distribute your account balance as a rollover to an individual retirement account ("IRA") through PAi Trust Company. Merrill Lynch will charge your IRA for any expenses associated with maintaining your IRA. You may transfer the IRA at any time to another IRA or retirement plan that will accept such amounts. All Merrill Lynch correspondence for your IRA will be provided by:

Merrill Lynch - Personal Retirement Solutions
1400 Merrill Lynch Drive
Pennington, NJ 08534
1-877-696-5472

SECTION G: DISTRIBUTION OPTIONS *(continued on next page)*

1. **CASH**

A check will be generated and made payable to you. A 20% federal income tax will be withheld, in addition to any applicable state tax, at the time of distribution.

2. **DIRECT ROLLOVER**

PRE-TAX SOURCE:

Account Type: IRA Qualified Retirement Plan

Make check payable to:

IRA/Qualified Retirement Plan Trustee or Custodian Name – 40 characters max.

Rollover the entire balance to the Trustee or Custodian provided. Check(s) will be mailed to you (unless specified), and made payable to the Trustee or Custodian listed. The check must be deposited by the designated Trustee or Custodian listed.

ROTH SOURCE:

Account Type: IRA Qualified Retirement Plan

Make check payable to:

IRA/Qualified Retirement Plan Trustee or Custodian Name – 40 characters max.

Direct Rollover from a Roth Account can only go to a Roth IRA or Designated Roth Account in a Qualified Plan.

3. **CONVERT PRE-TAX TO ROTH ROLLOVER**

Roth Type: IRA Qualified Retirement Plan

Make check payable to:

IRA/Qualified Retirement Plan Trustee or Custodian Name – 40 characters max.

Rollover the entire pre-tax account balance to the Roth account selected. Consult with a tax advisor before making this election.

By electing this option, the taxable amount paid from the non-Roth account will be reported on the IRS Form 1099-R as taxable income. The Roth portion of the account will be paid as a Direct Rollover to the same account designated for the rollover.

4. **CASH & DIRECT ROLLOVER**

CASH \$ _____ (Gross Amount)

NOTE: The cash portion of the distribution shall be determined by first applying any Roth balance and then the Pre-tax balance, until the requested cash portion is satisfied, if applicable.

PRE-TAX SOURCE:

Account Type: IRA Qualified Retirement Plan

Make check payable to:

IRA/Qualified Retirement Plan Trustee or Custodian Name – 40 characters max.

ROTH SOURCE (if applicable):

Account Type: IRA Qualified Retirement Plan

Make check payable to:

IRA/Qualified Retirement Plan Trustee or Custodian Name – 40 characters max.

Provide the gross amount to process as Cash. A 20% federal income tax will be withheld, in addition to any applicable state tax on the gross amount provided. A check in the net amount minus applicable fee will be generated and made payable directly to you.

The remaining amount will be directed as a rollover to the Trustee(s) or Custodian(s) listed. All checks will be mailed to you, unless an alternate address is provided.

The remaining amount will be directed as a rollover to the Trustee(s) or Custodian(s) listed. Direct Rollover from a Roth Account can only go to a Roth IRA or Designated Roth Account in a Qualified Plan. All checks will be mailed to you, unless an alternate address is provided.

SECTION H: INCOME TAX WITHHOLDING

Federal Income Tax

If any portion of your payment can be rolled over and you do not elect to make a Direct Rollover, the Plan is required by law to withhold 20% of the taxable amount. In addition, if you receive a payment before you reach age 59 ½ and you do not roll it over, then, in addition to the regular income tax, you may have to pay an extra tax equal to 10% of the taxable portion of the payment at tax time. Please refer to the **Special Tax Notice** for more information. Please also consider contacting a tax professional or licensed financial advisor if you have any questions about the federal tax treatment of your distribution.

State Income Tax

The taxable portion of your payment may also be subject to state income tax withholding. **NOTE:** These rules are subject to change at any time. For current tax information pertaining to your resident state, please contact your tax or other advisor about the state tax treatment of your distribution.

STATE OF RESIDENCE	STATE TAX WITHHOLDING	SELECTION OPTION
AR, CA, CT, DC, DE, IA, KS, MA, MD, ME, MI, MS, NC, NE, OK, OR, VA, VT	These states require mandatory state withholding. State Income tax will be withheld based on state law.	No Optional Election
AK, AL, AZ, CO, FL, HI, ID, IL, IN, KY, LA, MN, ND, NH, NV, NY, OH, RI, SC, SD, TN, TX, WA, WV, WY	No state income tax will be withheld.	No Optional Election
GA, MO, MT, NJ, NM, PA, UT, WI	These states permit voluntary withholding. No state income tax will be withheld from your distribution check unless you indicate an amount.	<input type="checkbox"/> Yes, please withhold _____ % of my taxable amount (must be in increments of 1%). Please contact your tax advisor with questions regarding the state tax treatment of your distribution.

SECTION I: EMPLOYEE AUTHORIZATION

I consent to a distribution from my account at this time pursuant to the terms stated above and request that the Authorized Employer Representative of the plan approve this request. I understand this request is irrevocable and cannot be changed after distribution has been made. I have read the **Special Tax Notice** regarding payments from qualified plans that was included with this form. I understand that if a payment is made to me in cash, including any current outstanding loan balances that are not paid off, it is subject to 20% mandatory federal income tax withholding on the taxable portion and that state tax withholding may also apply. In addition, a 10% penalty may apply when my income taxes for the calendar year are filed, unless I am at least 59 ½ years of age. I understand that if I am subject to the Required Minimum Distribution rules (RMD), my RMD must be taken first before any balances can be rolled over. I certify that any IRA or Retirement Plan specified as the recipient of rollover dollars meets all applicable requirements and will accept the direct rollover indicated. I affirmatively waive any unexpired portion of the 30-day notice period prior to distribution. I also certify that none of the money I am requesting is subject to a Qualified Domestic Relations Order (QDRO). I understand any election made on this form shall expire after 180 days. I understand that a processing fee for my distribution may be taken from my account and that the check will be mailed to the address provided on this form.

Employee/Beneficiary Signature

Date

Print Name

Upon completion, please mail or fax a copy of the completed form to:

Mail:

PAi
P.O. Box 60
De Pere, WI 54115

Fax:

920-337-9978
Attention: Plan Service

SPECIAL TAX NOTICE REGARDING PAYMENTS FROM QUALIFIED PLANS

YOUR ROLLOVER OPTIONS

You are receiving this notice because all or a portion of a payment you are receiving from the retirement plan (the "Plan") is eligible to be rolled over to an IRA, Roth IRA and/or another employer plan. This notice is intended to help you decide whether to do such a rollover.

This notice describes the rollover rules that apply to payments from the Plan that are not from a designated Roth account ("Pre-tax"), payments from the Plan that are from a designated Roth account ("Roth"), and also accounts holding after-tax money that did not result from Roth contributions to the plan ("After-tax").

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 for Pre-tax Accounts" and "Special Rules and Options for Roth Accounts" sections of this notice.

GENERAL INFORMATION ABOUT ROLLOVERS

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 lives or joint life expectancy of you and your beneficiary)
- Required minimum distributions after age 70½ (or after death)
- Hardship distributions
- 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 requested to be withdrawn within 90 days of the first contribution
- Amounts treated as distributed because of a prohibited allocation of S corporation stock under an ESOP (also, there will generally be adverse tax consequences if you roll over a distribution of S corporation stock to an IRA).

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

If I don't 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 is in addition to the regular income tax on the payment not rolled over. With regard to payments from a designated Roth account, the additional tax would only apply to the earnings on distributions from the Roth that are not qualified if the exceptions below are not applicable.

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 lives or joint life expectancy of you and your beneficiary)
- 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 up to the amount of your deductible medical expenses
- 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

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 (or Roth IRA) when you are under age 59½, you will have to pay the 10% additional income tax on early distributions from the IRA (or Roth IRA), unless an exception applies or the payment is a qualified Roth distribution. If the payment from a designated Roth account is not a qualified distribution, you will have to pay the 10% additional income tax on early distributions with respect to the earnings paid from the Roth IRA unless one of the exceptions below applies. In general, the exceptions to the 10% additional income tax for early distributions from an IRA (or Roth 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 (or Roth IRA), including:

- There is no exception for payments after separation from service that are made after age 55.
- 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 (or Roth IRA) of a spouse or former spouse).
- 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.
- There are additional exceptions for (1) payments for qualified higher education expenses, (2) payments up to \$10,000 used in a qualified first-time home purchase, and (3) 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 describe any State or local income tax rules (including withholding rules).

SPECIAL TAX NOTICE REGARDING PAYMENTS FROM QUALIFIED PLANS

SPECIAL RULES AND OPTIONS

If your payment includes after-tax contributions

After-tax contributions included in a payment are not taxed. If a payment is only part of your 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 a 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 directly 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 directly 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.

If you do a 60-day rollover to an IRA of only a portion of a payment made to you, the after-tax contributions are treated as rolled over last. 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. To apply for a waiver, 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, Individual Retirement Arrangements (IRAs).

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 amount of the loan, typically when your employment ends. The loan offset amount is treated as a distribution to you at the time of the offset and will be taxed (including the 10% additional income tax on early distributions, unless an exception applies) unless you do a 60-day rollover in the amount of the loan offset to an IRA or employer plan. To the

extent a loan offset is attributable to your designated Roth account and the offset is not a qualified Roth distribution, the earnings on the loan offset will be taxed (including the 10% additional income tax on early distributions, unless an exception applies) unless you do a 60-day rollover in the amount of the earnings in the loan offset to a Roth IRA or designated Roth account in an employer plan. Recent law changes (Tax Cuts and Jobs Act) have extended the amount of time you have to rollover a loan offset until your tax filing due date (including extensions) for the year in which the loan offset amount arose versus the 60 days previously allowed. This extension only applies if the offset was due to your termination from service or termination of the plan.

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. With regards to payments from a designated Roth account, special rules for calculating the tax on earnings from distributions that are not qualified Roth distributions. For more information, see IRS Publication 575, Pension and Annuity Income.

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 make 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, the Plan is not required to allow you to do a direct rollover and is not required to withhold for federal income taxes. However, you may do a 60-day rollover. In determining whether the payment is less than \$200, the Pre-tax account and the designated Roth account will be treated as separate accounts. If either the payment from the Pre-tax account or the payment from the designated Roth account, is less than \$200, the Plan is not required to allow you to do a direct rollover for that account nor is it required to withhold federal taxes on payments from that account.

Unless you elect otherwise, a mandatory cashout of more than \$1,000 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). The portion of your account that is a designated Roth account will be transferred to a Roth IRA whereas any remaining balance will be directly rolled over into an IRA.

SPECIAL TAX NOTICE REGARDING PAYMENTS FROM QUALIFIED PLANS

You may have special rollover rights if you recently served in the U.S. Armed Forces. For more information, see IRS Publication 3, Armed Forces' Tax Guide.

SPECIAL RULES AND OPTIONS FOR PRE-TAX ACCOUNTS

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 (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 applies).

Where may I roll over the payment?

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, no spousal consent rules apply to IRAs 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. 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).

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. However, the 10% additional income tax on early distributions will not apply (unless you take the amount rolled over out of the Roth IRA within 5 years, counting from January 1 of the year of the rollover).

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, 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. However, the 10% additional tax on early distributions will not apply (unless 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).

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 will generally be taxed in the same manner described elsewhere in this notice. However, the 10% additional income tax on early does not apply, and the special rule described under the section "If you were born on or before January 1, 1936" applies only if the 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 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

SPECIAL TAX NOTICE REGARDING PAYMENTS FROM QUALIFIED PLANS

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 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 qualified domestic relations order. If you are the spouse or former spouse of the participant who receives a payment from the Plan under a qualified domestic relations order (QDRO), you generally have the same options 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). Payments under the QDRO will not be subject to the 10% additional income tax on early distributions.

SPECIAL RULES AND OPTIONS FOR ROTH ACCOUNTS

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 earnings in the payment. If you are under age 59½, a 10% additional income tax on early distributions 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 will 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.

Where may I roll over the payment?

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 or section 403(b) 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, no spousal consent rules apply to Roth IRAs 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.

If you do a direct rollover, 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.

If you do not do a direct rollover, you may still do a rollover by making a deposit 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.

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 will generally 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

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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 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 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 qualified domestic relations order. If you are the spouse or a former spouse of the participant who receives a payment from the Plan under a qualified domestic relations order (QDRO), you generally have the same options the participant would have (for example, you may roll over the payment as described in this notice).

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, 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.