CONSTRUCTION INDUSTRY RETIREMENT FUND of ROCKFORD, ILLINOIS

Thank you for contacting the Fund Office to request a distribution from the Construction Industry Retirement Fund of Rockford, Illinois (the "Plan"). We have enclosed a description of your payment options along with the following forms: 1) Application for Benefits, 2) Verification of Member Status, and 3) Special Tax Notice.

Eligibility for a Retirement Distribution
Participants in the Plan are eligible for a retirement distribution at age 60, and an early retirement distribution at age 55, after completing 20 Years of Service. You can submit your application package for a retirement distribution no sooner than 60 days prior to your retirement date.

Eligibility for a Termination Distribution
Participants in the Plan are eligible for a termination distribution prior to age 60, if the participant has not worked in covered employment for at least 12 consecutive months, and has not been actively employed in the same trade or craft during this 12-month period. You can submit your application package for a termination distribution no sooner than 12 months after your last day of Covered Employment.

Amount of Your Benefit Distribution
The value of your individual account in the Plan, and therefore your retirement benefit, will change each day based on the gains and losses in the investments in your account. The value of any distribution is determined on the day that the distribution is made, not on the day that your application is submitted, and it can take more than 30 days to approve and process your distribution request. Carefully review the investments in your account to prepare for this distribution. Information about the investment options in the Plan is available from Wells Fargo by calling the Retirement Service Center at (800) 538-2476, Monday thru Friday 6:00 am to 10:00 pm CT or by visiting www.wellsfargo.com.

Documentation
When submitting your application package, you must include the following documents:

1. Application for Benefits
2. Verification of Member Status
3. Copy of your driver's license or state-issued identification card
4. Copy of your birth certificate
5. If applicable, copy of your spouse's birth certificate or driver's license, along with a copy of your marriage license
6. If applicable, a copy of any Judgment of Divorce, Separation Agreement and/or Qualified Domestic Relations Order (including property settlement agreements and any related orders and attachments)
7. If applicable, the Death Certificate(s) of any late or former spouse(s)

If you submit the forms prior to the earliest submittal dates indicated above, your forms will be returned to you. If you have any further questions, contact the Pension Department of the Fund Office at (866) 266-9866.

Sincerely,

BOARD OF TRUSTEES

3/2018

Managed for the Trustees by:
TIC INTERNATIONAL CORPORATION
6525 Centurion Drive • Lansing, MI 48917-9275
(866) 266-9866 Toll Free • (517) 321-7508 Fax

APPLICATION FOR TERMINATION AND RETIREMENT BENEFITS
CONSTRUCTION INDUSTRY RETIREMENT FUND OF ROCKFORD, ILLINOIS

6525 Centurion Drive • Lansing, MI 48917-9275 • Phone: (517) 321-7502 • Fax: (517) 321-7508

SECTION 1: PERSONAL INFORMATION

Your Name (Print only) ______________________________ Soc Sec No. ______________________________

______________________________ ______________________________
Address: City State Zip

______________________ ______________________ ______________________
Daytime Phone Number Evening Phone Number Date of Birth

______________________________ ______________________ ☐ Check if Not Applicable
Local Union for Covered Employment in Plan Date of Retirement

Marital Status: ☐ Single; ☐ Married, number of times ____; ☐ Divorced, number of times ____; ☐ Widowed

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Additional information for distributions due to death or divorce

Member Name (Print Only) ______________________________ Member SSN. ______________________________

______________________________ ______________________________
Relationship to Member Date of Death or Divorce

SECTION 2: FORM OF DISTRIBUTION (select one)

- ☐ Installment payout in the amount of: $ ______________ paid each (check one) ☐ month ☐ quarter ☐ year
- ☐ 100% Lump Sum of the account balance
- ☐ Partial Lump Sum of: $ _____________
- ☐ Partial Lump Sum of: $ _____________, with installments of: $ _____________ per ☐ month ☐ quarter ☐ year
- ☐ Early Retirement 10% installment election for participants age 55 with 20 years of service
- ☐ Annuity payment in the form of: ☐ Single Life, ☐ 50% Joint & Survivor, ☐ 75% Joint & Survivor, ☐ 100% Joint & Survivor

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SECTION 3: SPECIAL ELECTION FOR ILLINOIS VALLEY PLAN

- ☐ This request is for a distribution from a prior account balance in the Illinois Valley Cement Masons Pension Fund

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SECTION 4: TAX WITHHOLDING (20% federal tax must be withheld from IRA eligible distributions)

- ☐ Distribute, lump sum, partial lump sum, and installment directly to me and withhold 20% for federal taxes
- ☐ I am a non-spouse beneficiary of a deceased participant, please withhold: ______% (default to 10% if blank)
- ☐ Distribute the entire amount indicated in Section 2 to my IRA at the financial institution indicated below.
- ☐ Distribute $ ________________ directly to me and withhold 20% for federal taxes, and direct the remaining balance to my IRA at the following financial institution:

Rollover Institution Name: ______________________________

Rollover Institution Address: ____

Rollover Account Number: ______________________________

SECTION 5: SPOUSAL CONSENT (If married, with an account balance greater than $5,000, your spouse must complete this section if you did not elect a 50%, 75%, or 100% Joint and Survivor Annuity)

I understand that I have a right to receive a 50%, 75%, or 100% Joint and Survivor Annuity, if my spouse's account balance exceeds $5,000. A joint and survivor annuity would provide me with income after my spouse's death. If my spouse did not elect a joint and survivor annuity, I must sign this form in the presence of a Notary Public to affirm that I irrevocably waive my right to obtain a joint and survivor annuity from the Plan.

I hereby waive my right to receive a 50%, 75%, or 100% Joint and Survivor Annuity from the Plan and consent to the payment indicated in Section 2 above.

_______________________________________ _____________________

Signature of Spouse Date

On this ______ day of _______________, ________, the individual whose signature appears above signed this consent in my presence and established to my satisfaction that he or she is the person whose name is that of the participant's spouse set forth above.

__________________________ _____________________ (Notary Seal)

Signature of Notary Public Date

SECTION 6: PARTICIPANT REPRESENTATIONS

My signature authorizes payment as indicated by my elections above. I acknowledge that I have received and read the Special Tax Notice within the last 90 days. I understand that I have the right to review my decision regarding the form of my distribution for 30 days after receiving the Special Tax Notice. My signature below, prior to the expiration of 30 days, indicates my agreement to waive this review period. If I selected an annuity payment, I understand that once my benefit payments have begun, my election may not be changed.

I understand that the value of my account, and therefore my retirement benefit, will change daily based on the market value of the investments in my account. I understand that the value of my distribution is determined on the day that the distribution is made, not on the day I submit my application, which may take more than 30 days to process. I have reviewed my investments in the Plan and made the appropriate election for the distribution I have selected.

I swear that I have not worked in Covered Employment for at least twelve consecutive months, unless I am a Retiree (age 60 or older), and then no more than 40 hours per month. (Early Retirees (age 55 with 20 years of service) may not work in any Covered Employment.) I understand the Plan may require proof that I have not worked in Covered Employment as defined by the collective bargaining agreement under which I worked. The Plan may request a copy of my most recent tax return, or the Plan may contact the Department of Employment Security in the state in which I live. I hereby consent to the release of the above information and other required information deemed by the Plan as needed to process my application. I further understand that any material misrepresentation of such as my marital or employment status constitutes fraud and may result in an adjustment or denial of benefits. I affirm there is no pending Qualified Domestic Relations Order which would assign my benefit.

_______________________________________ _____________________

Signature of Participant or Beneficiary Date

__________________________ _____________________ (Notary Seal)

Signature of Notary Public Date

SECTION 7: DOCUMENT CHECKLIST (Please include the following documents with this application)

1. Copy of your driver's license or state-issued identification card
2. Copy of your birth certificate
3. If applicable, copy of your spouse's birth certificate or driver's license, along with a copy of your marriage license
4. If applicable, copy of any Judgment of Divorce, Separation Agreement and/or Qualified Domestic Relations Order (QDRO) (including property settlement agreements and any related orders and attachments)
5. If applicable, Death Certificate(s) of any late or former spouse(s)

VERIFICATION OF MEMBER STATUS
CONSTRUCTION INDUSTRY RETIREMENT FUND OF ROCKFORD, ILLINOIS

6525 Centurion Drive • Lansing, MI 48917-9275 • Phone: (517) 321-7502 • Fax: (517) 321-7508

This form is used to verify that you have not worked in Covered Employment during the 12 months prior to requesting a termination distribution form the Plan. You do not need to complete this form if you are requesting a retirement benefit, disability benefit, death benefit, or distribution as an alternate payee named in a Qualified Domestic Relations Order. If you are requesting a termination benefit, please submit this form and your completed Application to the Fund Office.

SECTION 1: PERSONAL INFORMATION

Your Name (Print only) ______________________ Soc Sec No. ______________________

Address: ______________________ City ______ State ______ Zip ______

Daytime Phone Number ______________ Evening Phone Number ______________ Email (optional) ______________

SECTION 2: WORK HISTORY (List all your employers in the last fourteen (14) months, starting with the most recent/current)

Employer Name	City	State	Trade/Title	Hire date / Term date

If not named above, list the employer for whom you last worked that contributed to the Construction Industry Retirement Fund of Rockford, Illinois:

Employer Name	City	State	Trade/Title	Hire date / Term date

I affirm that the above is a true statement of my work history. I have not worked in Covered Employment, or in the same trade or craft, in the same geographical area, that I worked while under Covered Employment, for the 12 month period preceding the date of my application for benefits. I understand I may be asked to provide additional information regarding my employment history, including W-2s and/or tax returns.

______________________ ______________
Signature of Participant Date

SECTION 3: LOCAL UNION VERIFICATION (To be completed by the Local Union office affiliated with Plan)

The member named above is :

- ☐ Not working in the geographical area covered by the Plan in a trade or craft in which he worked while in Covered Employment
- ☐ Working in the geographical area covered by the Plan in a trade or craft in which he worked while in Covered Employment

______________ ______________ ______________
Name of Business Agent (printed) Signature of Business Agent Date

______________ ______________
Local Union Phone Number

PAYMENT OPTIONS
CONSTRUCTION INDUSTRY RETIREMENT FUND OF ROCKFORD, ILLINOIS

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Installment Payments: A monthly, quarterly, or annual payment in the amount you specify until your account is exhausted. You can change the amount of your payment at any time by contacting Wells Fargo at indicated below. You can also stop payments at any time, and request a partial or complete lump sum distribution of your account balance. When you turn age 70½ the amount of your payout each year must meet the minimum established by IRS regulations.

Lump Sum Payment: A one-time payment equal to the value of your account. No further payments will be made after you receive the payment. You must select this option if your balance is $5,000 or less.

Partial Lump Sum Payment: A one-time payment of the amount you specify, provided it does not to exceed the value of your account when distributed. You must apply again to receive additional payments.

Partial Lump Sum followed by Installment Payments: A one-time payment in the amount you specify followed by monthly, quarterly, or annual payments in the amount you specify until your account is exhausted. You can change the amount of your payment at any time by contacting Wells Fargo at indicated below. You can also stop payments at any time, and request a partial or complete lump sum distribution of your account balance. When you turn age 70½ the amount of your payout each year must meet the minimum established by IRS regulations.

Early Retirement Payment: This special Early Retirement installment payment is available if you terminate Covered Employment at age 55, with at least 20 Years of Service. This payment is equal to 10% of you individual account balance on the Valuation Date preceding the commencement of the first payment, starting on or after your 55th birthday. The installment payments will be paid each subsequent year as soon as possible after January 1st. You may elect one of the other payment options when you attain age 60.

ANNUITY FORM OF PAYMENT (You may choose one of the following annuity options based on your marital status)

Joint and Survivor Annuity: If you are married and your balance exceeds $5,000, you may receive a 50%, 75% or 100% Joint and Survivor Annuity. The annuity is provided by an insurance company that sends you monthly payments for the rest of your life, and if your spouse lives longer than you, 50%, 75% or 100% of the monthly amount you received will be paid to your spouse following your death. If your spouse pre-deceases you, the payments will stop at the time of your death. The amount of the Joint and Survivor Annuity is smaller than the amount of the Single-Life Annuity.

Single-Life Annuity: If you are single, and your balance exceeds $5,000, you may elect to receive a Single-Life Annuity. The annuity is provided by an insurance company that sends you monthly payments for the rest of your life. This income will stop at the time of your death. The amount of the Single-life Annuity is larger than the amount of the Joint and Survivor Annuity.

The following is an example of the annuity form of payment that illustrates the relative values of these forms of benefit. This example assumes that a participant is retiring at age 65, with a spouse who is also age 65, based on fixed interest and mortality assumptions, and further assuming an account balance of $200,000:

- 50% Joint and Survivor Annuity: $1,152/month until the participant's death, then $576 to the surviving spouse
- Single-life Annuity: $1,255/month until the participant's death, then $0 to the surviving spouse

If you would like information regarding the different forms of benefit or would like comparisons based your specific information, please call or send a written request to the Pension Department at the Fund Office. If you elect to remain in the Plan during retirement, you can continue to direct your investments and select from the investment options in the Plan. Information about the investment options in the Plan is available from Wells Fargo by calling the Retirement Service Center at (800) 538-2476, Monday thru Friday 6:00 am to 10:00 pm CT or by visiting www.wellsfargo.com.

Construction Industry Retirement Fund of Rockford, IL

...THINK Again!

Important Reasons to Stay in Your Local Retirement Plan When You Retire

Did you know that you **do not need to take a lump sum distribution** from the Construction Industry Retirement Fund of Rockford, Illinois when you retire? The Plan is designed so that you can keep your account in the Plan and receive installment payouts in retirement. Here are some key points to consider before you withdraw from the Plan.

1. **Why should I leave my money in the Plan?**
   There are at least five key reasons to keep your money in the Construction Industry Retirement Fund after you retire: **1) low cost, 2) safety, 3) access to your money when you need it, 4) flexible high quality investments, and 5) exemption from the 10% excise tax.** The Fund has over $400 million in assets and this size and strength can work to your benefit.

   - ✓ **Low cost**: The investment and administrative expenses of the Plan are less than a typical account at a brokerage or insurance firm. All in expenses of the Plan are about 0.75%, which is **less than the typical outside managed account**.
   - ✓ **Safety**: Your money is held in a Trust Fund that can only be used for your benefit. Federal laws protect your assets, even from bankruptcy. The Trustees meet every quarter to review the investments, and the Plan is **audited each year by an independent CPA firm**. You can't get this kind of oversight if you withdraw from the Plan.
   - ✓ **Access to Your Money:** After you retire, you can **access your account at any time.** You can set up an automatic monthly or quarterly payment to your bank account. You will have full and free access to your money **when you need it**.
   - ✓ **Quality Investments**: The Trustees have **hired experienced professionals** to manage the assets in the Fund. An independent investment consultant also monitors each investment with the objective of selecting investments that benefit participants in the Plan.
   - ✓ **Exemption From 10% Excise Tax**: If you are below age 59½ when you take a distribution from an IRA you will pay income tax on the distribution and you will generally pay an **extra 10% excise tax**. But if you work until age 55 and keep your money in the Plan, you will be exempt from this extra 10% tax. You are individually responsible for paying any applicable federal, state, local, or foreign taxes on a distribution or withdrawal.

2. **What if I don't feel comfortable managing my account in retirement?**
   The Plan offers many ways for you to get help in managing your account, without leaving the Plan. Representatives from Wells Fargo are available to discuss your account, and you can **leave your account throughout retirement in the Construction Industry Core Fund**, the risk-managed default investment option specifically designed for the Plan.

Important Reasons to Stay in the Plan When You Retire

Many participants find that it is smart to **keep their money in the Construction Industry Core Fund during retirement**. This is a multi-manager multi-asset diversified investment vehicle that combines opportunities for current income with long-term capital growth. It is designed for participants who would like a diversified and balanced approach to the investments in their account. It is also well suited for participants who would like independent oversight in the asset allocation of their account. For more information, please read the Construction Industry Core Fund Investment Summary available from Wells Fargo by visiting www.wellsfargo.com or call toll free (800) 538-2476.

3. **What are the investment and administrative costs of the Plan?**
The Fund holds many institutional investment options with low fees that are not available to retail investors. The expense ratios for each investment will vary, but the average all-in cost of the Plan is about 0.75%. Most outside asset managers charge a management fee above the cost of the mutual funds or ETFs held in your account, or will invest in higher cost funds with additional fees (such as 12b-1 fees).

4. **I think I can do better on my own.**
If you are comfortable managing your own money and you are willing to spend the time required to monitor your investments, this may be a good approach for you. Many participants do not have the desire or experience to manage their account, so they must rely on a financial adviser. And many studies show that the performance of individual advisers can vary widely, and their fees can impact the security of your retirement income. If you keep your assets in the Plan, the **Trustees have a fiduciary duty to act in your best interests**, and they hire accountants, attorneys, and consultants to make sure the Plan is meeting its objectives. It could cost you thousands to receive this kind of oversight on your own.

   There is also **an investment option that is not available outside of the Plan**; it is called the Wells Fargo Stable Return Fund (SRF). This fund has a steady yield like a money market fund, but it is only available in retirement plans. If you compare the current 1.4% yield to the rate of a CD or money market fund, you will see that the SRF is a great place to invest part of your Account when you begin taking distributions.

5. **How do I know I can get my money when I need it?**
Once you become eligible to receive a distribution (for example, when you retire) the Plan allows you to request a distribution from your account in an amount specified by you. You can also set up an installment payout and automatically receive a check each month. (Please see the Summary Plan Description (SPD) for details regarding your distribution options.)

6. **Good investment advice is difficult to find and it is not free.**
There are many fine financial advisers, but please ask carefully about their fees; remember no one works for "free." In fact, if your financial service provider says there is "no cost" for an account, run for the door. In addition to fund expenses, many advisers will charge commissions, or receive other fees that can add 0.25% to 1% or more to the cost of your account. If you open an outside account, please ask the financial firm to provide the total fee, which includes sales charges, commissions, management fees, custody fees, expenses, and revenue sharing (such as 12b-1 fees).

This is a participant-directed plan that is intended to comply with the requirements of Section 404(c) of the Employee Retirement Income Securities Act of 1974 (ERISA) and the Labor Department regulations governing Section 404(c) plans. If a participant-directed plan complies with Section 404(c), the fiduciaries of the Plan are generally relieved of liability for any losses that are the direct and necessary result of investment decisions made by you or your beneficiary for your own account.

You should consider the investment objectives, risks, and expenses carefully before investing. For copies of the investment summaries, prospectuses, collective fund booklets, factsheets, and other information about the investments in the Plan, where applicable, please contact Wells Fargo Retirement Service Center at (800) 538-2476, Monday thru Friday 6:00 am to 10:00 pm CT or by visiting www.wellsfargo.com. Please read these materials before you invest.

Before You Take Your Lump-Sum Distribution
Consider the Important Tax Consequences

You Can Also Save Money by Requesting a Partial Withdrawal

When you request a distribution from Construction Industry Retirement Fund of Rockford, Illinois you will receive a Special Tax Notice. Please read this Notice carefully and consult your tax adviser before you submit your application, **especially if you elect a lump-sum distribution instead of a Rollover Distribution**. For most lump-sum distributions, the Fund Office is required to withhold part of the distribution for taxes.

<u>Avoid the 20% Tax Withholding</u>
The Special Tax Notice explains the details, but the bottom-line is that the Fund Office is required by federal tax law to withhold 20% of your lump-sum payout unless you rollover your distribution to another qualified plan or a personal IRA. **But the 20% is just a down payment**. You will be required to add the entire distribution to your gross income, which might put you in a higher income tax bracket.

If You Need the Money, Consider a Partial Distribution - If you need just a portion of your account for current expenses, you can request a partial distribution. Your remaining balance will stay in the Plan and you will **avoid the fees and the investment risk of setting-up an account on your own**.

<u>Avoid the 10% Excise Tax</u>
Unfortunately the tax consequences of a lump-sum distribution do not stop with the 20% withholding, or even with the additional taxes you may owe at your highest marginal tax bracket. The IRS really wants you to save this money for retirement, so they add **an additional excise tax if you receive the distribution before you reach age 59½**. There are only a few ways to avoid this penalty tax, one is if you spend the distribution on deductible medical expenses (typically those that exceed 7.5% of your taxable income), or if the distribution is made in or after the year you reach age 55, if you worked to age 55.

<u>Avoid a Reduction in Your Unemployment Benefits</u>
In some states a distribution from the Plan may also reduce the amount you are eligible to receive in unemployment benefits. You should check with your State unemployment division before you file for benefits from this Plan - but that may be one more reason to avoid a lump-sum distribution.

<u>Consider Keeping Your Account in the Plan</u>
One of the best ways to preserve your retirement benefit is to keep your account in the Plan. You do not need to request a distribution from the Plan when you retire. The Trustees will monitor the investments and you can avoid the concern of managing your retirement account.

<u>If You Must Take a Lump-Sum Distribution Roll it to an IRA</u>
You can roll your account into your IRA and request partial distributions from your IRA as you need the cash. You will still pay income taxes on IRA withdrawals, but you will avoid the 20% withholding and shelter your earnings until you actually need the money. (Unfortunately, if you are over 55 and under 59½, IRAs do not have the age 55 exemption from the 10% excise tax described above.)

So think twice before you request a lump-sum distribution. Even if the distribution seems too small to matter, potentially spending 40%+ in taxes is a steep cost for receiving the distribution. **The Trustees recommend that you keep your account in the Plan or roll your distribution to an IRA.**

YOUR ROLLOVER OPTIONS

CONSTRUCTION INDUSTRY RETIREMENT FUND OF ROCKFORD, ILLINOIS

6525 Centurion Drive • Lansing, MI 48917-9275 • Phone: (517) 321-7502 • Fax: (517) 321-7508

You are receiving this notice because all or a portion of a payment you are receiving from the Construction Industry Retirement Plan of Rockford, Illinois (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 notice describes the rollover rules that apply to payments from the Plan that are not from a designated Roth account (a type of account with special tax rules in some employer plans). 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 (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.

<u>If you do a direct rollover</u>, 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.

<u>If you do not do a direct rollover</u>, 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).

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

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.

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 from a governmental defined benefit pension plan made after you separate from service if you are a public safety employee and you are at least age 50 in the year of the separation
- Payments made due to disability
- Payments after your death
- Corrective distributions of contributions that exceed tax law limitations
- 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
- Payments of certain automatic enrollment contributions requested to be withdrawn within 90 days of the first contribution.

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 from the IRA, 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:

- 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 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 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-A, *Contributions to Individual Retirement Arrangements (IRAs)*.

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 you are an eligible retired public safety officer and your pension 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. 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-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. 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 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 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 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.

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 (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 for 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, see IRS Publication 3, Armed Forces' Tax Guide.

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, T*ax-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 (800) TAX-FORM.

YOUR ROLLOVER OPTIONS
(Not from a Roth Account)

You are receiving this notice because all or a portion of a payment you are receiving from the [INSERT NAME OF PLAN] (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 notice describes the rollover rules that apply to payments from the Plan that are not from a designated Roth account (a type of account with special tax rules in some employer plans). If you also receive a payment from a designated Roth account in the Plan, you will be provided a different 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 (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).

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.

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 from a governmental defined benefit pension plan made after you separate from service if you are a public safety employee and you are 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 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
- Payments of certain automatic enrollment contributions requested to be withdrawn within 90 days of the first contribution.

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 from the IRA, 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:

- 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 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 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-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 employer 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 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.

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 are 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 pension 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. 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-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. 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 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 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 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.

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 (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 for 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, see IRS Publication 3, Armed Forces' Tax Guide.

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, T*ax-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.