CWA Savings & Retirement Trust

Instructions for Requesting a Beneficiary Distribution

Enclosed are the following items needed to request a beneficiary distribution from the CWA Savings & Retirement Trust. Please review and complete each of the items as described in the procedures below. Return the required documents for approval and processing to the following address unless otherwise specified on any form:

Item	Procedure	Return to CWA Trust Office
Distribution Notice **Special Tax Notice**	These documents contain important information regarding your distribution options and the related restrictions and tax consequences. **Read this information carefully before requesting your distribution**.	**No –** these documents are for your records
Beneficiary Distribution Form	▪ Complete all relevant sections after reading all the information in the package. ▪ Include a copy of the Participant's death certificate. ▪ Sign and date the form. ▪ Return this form to the CWA Trust Office for approval.	**Yes**
Loan Payoff Form, if applicable	Loans that are unpaid at the time of the participant's death become due and payable and are offset by the participant's vested account balance, taxable to the participant's estate unless a payoff check is received prior to distribution. However, this repayment can only be accepted if it pays off the loan in full. Partial repayment will not be accepted. If you wish to repay the outstanding loan in full, please complete the Loan Payoff Form and enclose the loan repayment. ▪ Enclose a payment for the outstanding balance. ▪ Return Loan Payoff Form along with your payment to the Hartford Retirement Services, LLC as indicated on the Loan Payoff Form. Also indicate on Distribution Form that Loan Payoff Form is being provided.	**Yes –** return to address indicated on Loan Payoff Form
CWA SRT Office	Please return Form along with copy of the Death Certificate to: CWA SRT Attn. Trust Office 501 Third St NW Washington, DC 20001 You may also contact the CWA Trust Office at 1-800-987-0721	

Participant Service Center Representatives are available by calling the Retirement Plan Information Line at 1-800-854-0647 between the hours of 8AM and 8PM Eastern Time. Representatives are available to help you complete the forms, or answer general questions you may have about your distribution or about the Plan.

CWA Savings & Retirement Trust
Beneficiary Distribution Form

Plan Id: 990500050

1. Deceased Participant Information

Social Security Number ____ Birth Date ____

Name ____ Hire Date ____

Address ____

City ____ State ____ ZIP ____

Date of Death ____ Estate Tax ID Number ____

Explanation of Required Beginning Date (RBD): The RBD is generally the April 1 following the later of the year in which the participant attained age 70 ½ or retired. However, for a 5% owner, the RBD is the April 1 following the year in which (s)he attained age 70 ½. Your plan may define the RBD differently so please contact the Plan Sponsor if you have additional questions. It is essential to be aware of the RBD because it determines the distribution options available to the beneficiary.

2. Beneficiary Information

Social Security Number ____ Birth Date ____

Name ____

Address ____

City ____ State ____ ZIP ____

Daytime Phone ____ Evening Phone ____

Relationship to Participant ☐ **Spouse** ☐ **Other Relationship**______________________

Percentage of Benefit ☐ **100%** ☐ **Other Percentage**__________**%**

If there are multiple beneficiaries, please complete a separate form for each beneficiary

3. Beneficiary Distribution Amount *(select one)*

☐ **A.** I am requesting a final distribution of my portion of the **entire vested account balance**. My portion is indicated in Section 2, Percentage of Benefit.

Special Options B and C for Beneficiaries of Participants Who Died Prior to the Required Beginning Date (RBD):

☐ **B. Pay no distribution now (this option available to spousal and non-spousal beneficiaries)**
Distributions will be deferred until the year in which the Participant would have attained age 70 ½ had the participant lived or on a per – request basis until that time. No distribution will be paid until it is requested using the appropriate distribution form.

☐ **C. "Five Year Rule" - Pay no distribution now (this option available to spousal and non-spousal beneficiaries)**
The distribution of the entire account must be completed by the end of the calendar year which contains the fifth anniversary of the Participant's death. You may request partial withdrawals before the end of that five year period, subject to plan provisions. Distributions will be deferred at this time and a distribution request to the Employer sponsoring the plan will be made at a future date.

4. Payment Election (select one)

☐ **A.** **Lump-Sum Payment**. I elect to have the entire distribution paid directly to me. I understand this payment will be subject to 20% mandatory federal withholding and any applicable state withholding.

☐ **B.** **Direct Rollover (this option available to spousal and non-spousal beneficiaries):** *I elect to have the entire distribution paid as a Direct Rollover. I have indicated in Section 5 detailed instructions for the processing of this Rollover Distribution.*

☐ **C.** **Combination Lump-Sum Payment & Direct Rollover (***this option available to* ***spousal and non-spousal*** *beneficiaries***):** I elect to have a portion of this distribution paid directly to me and the remaining balance paid as a Direct Rollover. I understand payment made directly to me will be subject to 20% mandatory federal withholding and any applicable state withholding. I have indicated in Section 5 detailed instructions for the processing of rollover portion of this distribution. Indicated below is the Lump Sum Amount I would like paid directly to me:

Lump-Sum Amount: $________________________ will be paid to me with the remainder to be paid as a Direct Rollover. Any portion of this remaining balance that is not an eligible rollover distribution will also be paid directly to me.

☐ **D.** **Periodic Distribution:** *(this option available to* ***spousal and non-spousal*** *beneficiaries).* **Please complete Section 6 Periodic / Installment Payment Election of this form.**

5. Rollover Information (if B. or C. elected in Section 4)

Direct Rollover Information: If you elected option B. or C. in Section 4, your payment includes a Direct Rollover. Please complete the information below: Rollover checks will be mailed directly to my address of record and made payable to the financial institution or trust named below. (*Please read Direct Rollover Section of Important Beneficiary Distribution Information).*

Direct Rollover to:

☐ **Traditional IRA . Make rollover check payable to:**____

☐ **Roth IRA.* Make rollover check payable to:**____

☐ **Eligible Retirement Plan. Make rollover check payable to:**____

If your account includes after-tax contributions or rollovers, please determine whether your IRA or Plan will accept these contributions and check the appropriate box:

☐ Please include after-tax contributions in my rollover check. The check will indicate the after-tax distribution amount.

☐ Please issue a separate check directly to me representing the rollover portion of the distribution

☐ Please issue a separate check directly to me representing the after-tax portion of the distribution.

***Pre-Tax Distribution to Roth IRA (Roth Conversion)**

Please note that if you wish to directly rollover pre-tax balances to a Roth IRA, these amounts are taxable in the year of the rollover.

Withhold the following amount for Federal Taxes. ***Complete ONLY if you elected a direct rollover to a Roth IRA***. Note that if this is left blank, there will be no Federal Tax Withholding.

☐ 10% ☐ Other Amount (indicate percentage) ______% ☐ Do Not Withhold Any Federal Taxes

6. Periodic / Installment Payment Election (if D. elected in Section 4)

Periodic Distribution Information: Installment payments will be paid in accordance with the information and schedules you indicate below:

☐ **A.** **Fixed Period Election**: I elect to receive my installment payments over a fixed number of years as indicated below

1. ☐ Beneficiary's single life expectancy (if the participant died **before** the RBD)
2. ☐ Longer of deceased participant's life expectancy or beneficiary's life expectancy (if the participant died **after** the RBD)
3. ☐ ____________Years (not to exceed life expectancy)

☐ **B.** **Fixed Amount Election:** I elect to receive my installment payments in a fixed amount until my account is depleted as indicated below

☐ ____________Fixed Amount.

For option A. and B. above please indicate the payment frequency and months of distribution as follows:

Distribution Schedule:

Select frequency: ☐ Monthly (12x) ☐ Quarterly (4x) ☐ Annually (1x) ☐ Other (please specify)__________________________

Select month(s) of distribution: ☐ Jan ☐ Feb ☐ Mar ☐ Apr ☐ May ☐ Jun ☐ Jul ☐ Aug ☐ Sep ☐ Oct ☐ Nov ☐ Dec

Payment Method:

☐ Check – mailed to participant address of record

☐ Direct Deposit to: ☐ Bank Checking Account ☐ Bank Savings Account. (Please attaché voided check or preprinted deposit slip)

Special Tax Withholding Elections for installment payments to beneficiaries paid over a period of 10 or more years. Please see Section 7 for Special Tax Withholding Elections.

7. Voluntary Federal Tax Withholding Election (if D. elected in Section 4)

This section applies to any periodic distribution to a **spousal** beneficiary to be paid over a period longer than the spousal beneficiary's life expectancy and 10 or more years. If periodic distributions to a spousal beneficiary are to be paid over a period less than the spousal beneficiary's life expectancy and less than 10 years, then 20% tax withholding will automatically apply unless the spouse rolls over the death benefit.

Note that a voluntary withholding election cannot be made involving accounts for which a name and/or taxpayer identification number (TIN) is incorrect or missing. See IRS Publication 1586 for information about mandatory withholding when a participant's (or beneficiary's) TIN is missing or incorrect. This distribution is subject to federal income tax withholding unless you elect not to have withholding apply. **This section cannot be left blank if you are requesting a distribution subject to a federal tax withholding election.** If no election is made, then 20% federal withholding and any applicable state tax will be withheld. The Employer is responsible for reviewing this election and may determine that the distribution is subject to tax withholding in which case your election may be overridden by the Employer. See the Withholding on Periodic and Non-Periodic Payments and the Cash Payments sections of the Important Beneficiary Distribution Information for information regarding federal and state tax withholding.

☐ Do **not** withhold federal or applicable state taxes**.**

☐ Withhold 20% federal income tax from the taxable amount of the distribution and withhold any applicable state tax

☐ Withhold _________% or $_________________ in federal income tax from the taxable amount of the distribution and withhold any applicable state tax

8. Beneficiary Authorization & Signature- please note a Notary Seal of Approval is required

As a Beneficiary of the Participant and the CWA SRT, I hereby request a distribution in the form indicated above, subject to the terms of the plan and the approval of the Employer sponsoring the plan. I confirm that (1) I have received and read the Special Tax Notice Regarding Plan Payments and understand that if I am the spousal beneficiary and I do not elect a direct rollover, my eligible rollover distribution will be subject to 20% federal and applicable state tax withholding; (2) I have verified that the IRA or retirement plan will accept the direct rollover (if this option is elected) and is an eligible retirement plan; (3) I understand that I have at least 30 days from the receipt of the Special Tax Notice Regarding Plan Payments to decide whether to make or not to make a rollover of the portion of my account that is an eligible rollover distribution; and (4) by signing and returning this form before the end of the 30 day period, I have waived the right to any further time to consider this decision and I am requesting a distribution of the account in accordance with the above elections as soon as possible.

Other Forms completed: ☐ Loan Payoff Form (as applicable) ☐ **Copy of death certificate of Participant.**

Beneficiary Signature ___________________________________ **Date** _____________________

Notary Seal of Approval Required:

On this_______________ day of _____________________ the individual whose signature appears above signed this consent in my presence and established for my satisfaction that he/she is the Beneficiary identified above.

Witness Signature ____________________________________ (Notary Public)

Commission Expires ____ Seal ______________________________

Return Form and copy of the Death Certificate to the CWA Trust Office:

CWA SRT
Attn. Trust Office
501 Third St NW
Washington, DC 20001

You may also contact the CWA Trust Office at 1-800-987-0721

9. CWA Trust Office Approval, Authorization & Certification

A. ☐ Confirmed Section 2- **Percentage** of benefit assigned to this Beneficiary**.**

B. ☐ Confirmed the participant died ☐ **before** or ☐ **after** the required beginning date (RBD)**.**

C. ☐ Withhold based upon Section 7 elections. If periodic distributions in Section 6 were elected by a beneficiary, 20% federal tax withholding and any applicable state tax withholding will apply unless you indicate by checking this box that tax withholding is elective, in which case tax withholding will be based on the beneficiary's elections in Section 7. See the Withholding sections in the Important Beneficiary Distribution Information, including the Cash Payments section.

Note: If the Participant died after the RBD (defined above), and had not taken his or her total required minimum distribution in the calendar year of death, the remaining required minimum distribution that otherwise would have been paid to the Participant must instead be paid to his or her beneficiary(ies).

I hereby approve this distribution request and authorize that the distribution be paid in the manner described above. I certify that: (1) the addresses in the Deceased Participant Information section above and the Beneficiary Information section above are the deceased Participant's most recent address and the Beneficiary's current address of record and I authorize Hartford Retirement Services, LLC ("HRS") to update its records, if necessary, to reflect these addresses; (2) this distribution is in accordance with the terms of the plan; (3) the Plan Administrator has provided the beneficiary with the Special Tax Notice Regarding Plan Payments that provides a written explanation of the rules permitting direct rollover of eligible rollover distribution amounts to an eligible retirement plan and mandating 20% federal tax withholding on distributions that are not directly rolled over, and has also complied with any other notice requirements that are applicable to this distribution (e.g., notices of annuity form of benefit, spousal consent, voluntary withholding, etc.); and (4) all the distribution amounts that are being directly rolled over are eligible rollover distributions and are being rolled over to an eligible retirement plan that will accept them. If the distribution authorized is one for which voluntary federal tax withholding (and any applicable state tax withholding) is applicable, I certify that : (1) HRS is entitled to rely on my authorization for federal tax withholding and applicable state tax withholding and may rely on my representation that when no federal taxes are authorized to be withheld, the distribute has so indicated this election to the Employer; and (2) I acknowledge that this form does not constitute a delegation by the plan administrator of, and the plan administrator has not otherwise delegated, its income tax withholding duties and liabilities under section 3405 of the Internal Revenue Code of 1986, as amended, to HRS and that HRS is acting as independent contractor of the plan administrator in making payments in accordance with these instructions

CWA Trust Office Authorization ____________________________________ **Date** ____________________________

Print Name ____

Important Beneficiary Distribution Information

Cash Payments

If you choose to have any portion of your distribution paid directly to you, in a lump sum, mandatory 20% federal tax withholding will be applied to the taxable amount of the distribution. If you are a resident of Arkansas, California, Delaware, Iowa, Kansas, Maine, Maryland, Massachusetts, Mississippi, Nebraska, North Carolina, Oklahoma, Oregon, Vermont, and Virginia state taxes will automatically be withheld if federal taxes are withheld. This list is subject to change based on changing state tax withholding requirements.

Withholding on Periodic Payments

Payments made as periodic installments over a period of 10 years or over your life expectancy are **not** generally subject to mandatory 20% federal tax withholding. You may elect not to have withholding apply to your periodic payments. Your election will remain in effect until you revoke it. You may revoke your election at any time by returning the revised Section 7 Voluntary Federal Tax Withholding Election completed, signed, and dated. Any election or revocation will be effective no later than 30 days after receipt of your election. You may make and revoke elections not to have withholding apply as often as you wish.

If you do not make a withholding election for periodic payments in Section 7 Voluntary Federal Tax Withholding Election by the date your form is submitted, income tax will be withheld from the taxable portion of your pension payments as if you were a married individual claiming three withholding allowances. As a result, no income tax will be withheld if the taxable portion of your annual pension payments is less than a certain threshold amount. If you elect not have withholding apply to your retirement plan payments, or if you do not have enough federal income tax withheld from your retirement plan payments, you may be responsible for payment of estimated tax. You may incur penalties under the estimated tax rules if your withholding and estimated tax payments are not sufficient.

Outstanding Loans

If the participant had an outstanding loan balance, then the unpaid loan balance becomes due and payable at the time of death. The death benefit distribution is offset by the vested account balance unless a full loan payoff is received prior to the death benefit distribution. Outstanding loans which are not repaid prior to the death benefit distribution become taxable. They should be reported as taxable to the participant's estate.

Direct Rollover

Rollover checks are mailed to your home address on file, but are made payable to the financial institution named on this form. If you choose to have any portion of your distribution amount paid as a direct rollover, that amount will be exempt from mandatory federal and state withholding. You should contact your IRA provider or a representative of your new retirement plan to obtain exact payee instructions. Payments made as periodic installments over a period of 10 years or more are not eligible for direct rollover. Therefore, the mandatory 20% withholding does not apply. In this case, you must complete Section 7 of the form to indicate your voluntary withholding election.

If you are required to receive a required minimum distribution (RMD), then the entire minimum distribution must be paid to you **BEFORE** you authorize a direct rollover, if you are a beneficiary. An RMD may be **required because the participant was over 70 ½ when (s)he died or you, as beneficiary, may be required to receive some minimum amount before a direct rollover is paid.** If you authorize a direct rollover to an IRA or eligible employer-sponsored retirement plan before you have taken the entire required minimum distribution for the year, this will result in an excess rollover contribution to your IRA or retirement plan. You will need to correct this excess rollover contribution by contacting the trustee or custodian of your IRA or retirement plan. This excess rollover contribution may also be subject to tax penalties. Please contact your Employer if you are not sure whether you have received your required minimum distribution for the current calendar year.

Payment Policies

All distributions will be made payable to the Beneficiary or to the trustee/custodian of an IRA or qualified plan and will be mailed to the Beneficiary's address on the form, or to the address indicated by the Plan Sponsor.

Acknowledgement

The IRS requires that you receive a written Special Tax Notice Regarding Plan Payments prior to receiving such payment if the payment qualifies as an eligible rollover distribution. Please read it carefully to understand the rollover rules and the special tax treatment regarding the mandatory income tax withholding rules on lump sum and installment distributions not directly rolled over to another qualified retirement plan or IRA that accepts rollover distributions. You should receive this notice between 180 and 30 days before the time for your distribution. You are entitled to have at least 30 days to consider your distribution option. However, you may affirmatively elect to waive the 30-day period and request a distribution or direct rollover as soon as possible by completing and signing this form.

Plan ID: 990500050

CWA Savings & Retirement Trust
Loan Payoff Form

1. Participant Information

Social Security Number **Birth Date**

Name **Hire Date**

Address

City **State** **ZIP**

Daytime Phone **E-mail Address**

Evening Phone **Employer**

If you are requesting a **loan payoff** of an outstanding loan, you will need to take the following steps.

- Call the Retirement Plan Information Line at 1-800-854-0647 between the hours of 8AM and 8PM Eastern Time. Representatives are available to help you determine the current outstanding balance of your loan. If you have loan repayments deducted through payroll, then the Service Center Representative can assist you in determining the loan payoff amount based on when you expect to send your payment and how many payroll repayments will process in the interim. The loan payoff amount may change on a daily basis, as interest accrues on the outstanding loan balance. Therefore, if the final payment you submit exceeds the loan payoff amount by $10 or less, the excess amount will be credited to your account as interest earnings. Any overpayments in excess of $10 will be returned to you.
- Speak with a Representative and alert them that you will be sending in a loan payoff check. They will **"freeze"** your loan for up to 30 days so no additional interest accrues while your payoff is in process. If your loan payoff is not received within the freeze period, interest will accrue from the original date that the "freeze" was placed on the loan.
- Make certified check, money order or cashier's check payable to "CWA SRT FBO [Name of Participant]". Be sure to write your Social Security Number on the check.
- Return loan payoff along with this form to the CWA SRT Trust Office. **You may contact the CWA Trust Office at 1-800-987-0721.**

2. Loan Payoff Information

The enclosed certified check, money order, or cashier's check in the amount of $______________________.

3. Participant Signature - Please sign and return Form along with your payment to the CWA Trust Office

Participant Signature ____ **Date** ____________________________________

Return Form along with your loan payment to the CWA SRT Trust Office:

CWA Trust Office
501 Third St NW
Washington, DC 20001

Distribution Notice

The Plan is required to provide you with information that explains your distribution options and the federal income tax implications of a Plan distribution prior to the receipt of assets from your account. As a Plan participant you must receive these notices (the "Participant Distribution Notice" and the "Special Tax Notice" enclosed) at least thirty (30) days prior to your distribution. If you received the notice more than one hundred eighty (180) days prior to taking a distribution, you must receive either a new notice or a notice summary. You have the ability to waive the remaining unexpired notice period if you elect a payment from the Plan prior to the expiration of the 30 day period. Please note that the value of your account will continue to increase or decrease based on market performance until it is distributed or forfeited, as appropriate, in its entirety.

<u>Your Right to Defer Distribution and Direct Account Investments</u>. If you have terminated employment and your balance in the Plan is over $5,000, you may choose to defer the distribution of your account until a later date. If you elect to defer the distribution of your account, you may continue to direct the investment of your account among the investment options offered by the Plan. Your account will continue to be subject to market fluctuation based upon its investment. For more information on the investment options available under the Plan, please consult your Plan enrollment kit, log on to your internet account or contact your Plan Administrator.

<u>Your Ability to Rollover Your Account</u>. You may elect to have the balance of your account paid to you directly or to the custodian or trustee of another eligible retirement plan (including an IRA). Please note that the taxable portion of the distributed amount will be included in your taxable income at the time of the distribution (unless you elect to directly rollover the balance) and will no longer be invested in the investment options available under the Plan. The attached *Special Tax Notice* explains the federal income tax consequences of eligible rollover distributions and the types of retirement plans which may receive such distributions.

<u>Your Consent Not Required for Distribution of De Minimus Amounts</u>. The Plan may pay out certain account balances below $5,000 without your consent in accordance with the terms of the Plan, which are described in the Plan's Summary Plan Description ("SPD"). If your account balance is below $5,000 and otherwise subject to the Plan's cash-out provisions, the Plan may pay a distribution of your account balance to you or to an eligible retirement plan on your behalf as determined by the Plan Administrator. However, in such event the Plan will notify you of the pending distribution and you may generally elect to rollover the distribution. **All notices will be sent to your address of record on file with the Plan; if you move please inform the Plan of your new address to ensure that you continue to receive these important materials**.

You should consult with a tax advisor prior to requesting a distribution to determine the financial impact of each form of distribution.

<u>Your Plan's Distribution Option(s)</u>. The distribution options offered in your Plan are described in the Plan's SPD and/or in a Summary of Material Modifications ("SMM"). If your plan requires that you (and your spouse, if you are married) consent to any distribution that is not in the form of a qualified annuity, you must also be provided with a notice describing this annuity form of benefit and the procedures for waiving it, if you would prefer an alternate form of benefit. The SPD and SMM also contain information describing the form and timing of distribution payments. Please contact your Plan Administrator to request a copy of the SPD and/or SMM.

SPECIAL TAX NOTICE

YOUR ROLLOVER OPTIONS

You are receiving this notice because all or a portion of a payment you are receiving from the Plan is eligible to be rolled over to an IRA or an employer plan; or if your payment is from a Designated Roth Account (a type of account with special tax rules in some employer plans), to a Roth IRA or Designated Roth Account in 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. To the extent that the rules differ based on whether the payment is from a Designated Roth Account or from an account that is not a Designated Roth Account, the differences will be identified in each applicable section of this notice. In addition, if you receive a payment from a Designated Roth Account and a payment from an account that is not a Designated Roth Account in the Plan, you may contact the Plan administrator or the Plan's recordkeeper for assistance in determining 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?

Not a Designated Roth Account:

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). If you do a rollover 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; please see the **"If you rollover your payment from an account which is not a Designated Roth Account to a Roth IRA"** section under "Special Rules and Options" below.

Designated Roth Account:

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?

Not a Designated Roth Account:

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.

Designated Roth Account:

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 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, or if your payment is from a Designated Roth Account, to your Roth IRA or Designated Roth Account in an employer plan. You should contact the IRA or Roth IRA custodian 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 within 60 days in accordance with the following rules:

Not a Designated Roth Account:

You may make 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 do a rollover of only a portion of the payment made to you, any nontaxable amounts are treated as being rolled over last.

Designated Roth Account

You may make 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 rollover of only a portion of the amount paid from the Plan and a portion is paid to you, each of the payments will include an allocable portion of the earnings in your Designated Roth Account.

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

How much may I roll over?

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

- Certain payments spread over a period of at least 10 years or over your life or life expectancy (or the 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
- Contributions made under special automatic enrollment rules that are withdrawn pursuant to your request within 90 days of enrollment
- 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 Plan's recordkeeper 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?

Not a Designated Roth Account:

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.

Designated Roth Account:

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

Exceptions:

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
- Contributions made under special automatic enrollment rules that are withdrawn pursuant to your request within 90 days of enrollment
- 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 after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

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

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

However, there are a few differences for payments from a Roth IRA, including:

- There is no special exception for payments after separation from service.

- The exception for qualified domestic relations orders (QDROs) does not apply (although a special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to a Roth IRA of a spouse or former spouse).

- 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 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 from an account that is Not a Designated Roth Account 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 generally included in the payment. 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.

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 a portion is paid to you, each of the payments will include an allocable portion of the after-tax contributions. If you do a 60- day rollover to an IRA of only a portion of the payment made to you, the after-tax contributions are treated as rolled over last. For example, assume you are receiving a complete distribution of your benefit which totals $12,000, of which $2,000 is after-tax contributions. In this case, if you roll over $10,000 to an 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 your payment includes employer stock that you do not roll over

Not a Designated Roth Account:

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.

Designated Roth Account:

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

If you have an outstanding loan that is being offset

If you have an outstanding loan from the Plan, your Plan benefit may be offset by the 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.

Not a Designated Roth Account:

The outstanding loan amount 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.

Designated Roth Account:

If the distribution is a nonqualified distribution, the earnings in 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.

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 (or a nonqualified distribution payment from a Designated Roth Account) 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 from an account which is <u>not</u> a Designated Roth Account to a Roth IRA

If you roll over the payment from an account which is not a Designated Roth Account 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). For payments from the Plan during 2010 that are rolled over to a Roth IRA, the taxable amount can be spread over a 2-year period starting in 2011.

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)*.

You cannot roll over a payment from the Plan that is not from a Designated Roth Account to a Designated Roth Account in a different employer plan.

If you are not a plan participant

<u>Payments after death of the participant</u>. 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.

However, whether a payment from a Designated Roth Account is a qualified distribution generally depends on when the participant first made a contribution to the Designated Roth Account in the Plan.

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.

Not a Designated Roth Account:

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.

Designated Roth Account:

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 IRA. However, if the payment is made from a Designated Roth Account, the only rollover option you have is to do a direct rollover to an inherited Roth IRA. Payments from the inherited IRA and/or inherited Roth IRA (even if the payment is made as 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 IRA and/or inherited Roth IRA.

<u>Payments under a qualified domestic relations order</u>. 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 (payments from a Designated Roth Account and from accounts that are not Designated Roth Accounts are not aggregated for purposes of the limit), 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.

- 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*.

Mandatory Cashout Distributions

Not a Designated Roth Account:

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. 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).

Designated Roth Account:

Unless you elect otherwise, a mandatory cashout from the Designated Roth Account in the Plan of more than $1,000 will be directly rolled over to a Roth IRA chosen by the Plan administrator. 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).

FOR MORE INFORMATION

You may wish to consult with the Plan administrator 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.

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