

# HARDSHIP DISTRIBUTION REQUEST FORM

Name of Plan \_\_\_\_\_ Plan ID # \_\_\_\_\_  
Name of Participant \_\_\_\_\_ SSN # \_\_\_\_\_  
Participant Address \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_ Phone # \_\_\_\_\_ Date Of Birth \_\_\_\_\_

## Distribution Reason and Amount *(To be completed by Participant)*

- Purchase (excluding mortgage payments) of my primary residence  
 To prevent my eviction from my primary residence, or foreclosure on my mortgage on my primary residence  
 Payment of tuition and related educational fees, and room and board expenses, for the next 12 months of post-secondary education for my dependants, my primary beneficiaries, my spouse or myself  
 Deductible medical expenses that are described in section 213(d) of the Internal Revenue Code and incurred by my dependants, my primary beneficiaries, my spouse or myself  
 Payment of burial or funeral expenses for my deceased parents, children, dependents, primary beneficiaries or spouse  
 Expenses, for the repair of damage to my principal residence, which qualify for the casualty deduction under section 165 of the Internal Revenue Code

Amount of Hardship \$ \_\_\_\_\_ or  Maximum Available Amount

## Method of Shipment *(If requesting two day or overnight delivery, carrier information must be provided.)*

Regular Mail  Two Day  Overnight Carrier Name \_\_\_\_\_ Billing # \_\_\_\_\_

## Income Tax Withholding *(To be completed by Participant)*

I understand that this distribution will be reported to the Internal Revenue Service and the state of my residence, if applicable, as taxable income as appropriate. The address on this form will determine my state of residence for state withholding purposes. State taxes will be withheld at the state's mandatory withholding rate, if applicable. I further understand that if I receive this distribution prior to age 59½ the distribution may be subject to a 10% early withdrawal penalty. ***If no election is made below, Federal Income Taxes will be withheld in the amount of 10%.***

Withhold Federal Income Tax at \_\_\_\_\_% of the total distribution.  Do not withhold Federal Income Tax.

## Participant Authorization *(Required)*

I certify that the amount of the distribution I am requesting does not exceed the amount of the financial need described above. I have read the "Special Tax Notice" provided to me by the Plan Administrator. I request payment from the identified Plan above, and I acknowledge that I have received all loans and other distributions available to me from the Plan. I also understand that I will be suspended from making elective deferrals to the Plan for a period of six months. I wish to waive the 30-day notice period in order for my distribution to be processed immediately.

Participant Signature \_\_\_\_\_ Date \_\_\_\_\_

## Plan Administrator Authorization and Vesting Verification *(Required)*

As Plan Administrator, I hereby certify that the vesting percentage for this participant is equal to \_\_\_\_\_%. I further authorize the distribution to be processed in the manner indicated above.

Plan Administrator Name *(please print)* \_\_\_\_\_ Plan Administrator Signature \_\_\_\_\_ Date \_\_\_\_\_

## SPECIAL TAX NOTICE REGARDING RETIREMENT PLAN PAYMENTS

This notice contains important information you will need before you decide how to receive benefits from the plan in which you participate. It explains when and how you can continue to defer federal income tax on your retirement savings when you receive a distribution.

This notice is provided to you by the payor or Plan Administrator of the Plan because all or part of the payment that you will soon receive from one or more plans in which you participate *may* be eligible for rollover by you or your Plan Administrator to a Traditional IRA or an *eligible employer plan*. A "rollover" is a payment by you or the Plan Administrator of all or part of your benefit to another eligible employer plan or Traditional IRA that allows you to continue to postpone taxation of that benefit until it is paid to you. An "eligible employer plan" includes a plan qualified under section 401(a) of the Internal Revenue Code, including a 401(k) plan, profit-sharing plan, defined benefit plan, stock bonus plan, and money purchase plan; a section 403(a) annuity plan; a section 403(b) tax-sheltered annuity, and an eligible section 457(b) plan maintained by a governmental employer (governmental 457 plan). Your payment(s) cannot be rolled over to a Roth IRA (except as described under Section 5 of this document), a SIMPLE IRA, or a Coverdell Education Savings Account (formerly known as an education IRA). There are some special considerations before you elect to roll over your Plan benefit. First, an eligible employer plan is not legally required to accept a rollover. Before you decide to roll over your payment to another employer plan, you should find out whether the plan accepts rollovers and, if so, the types of distributions it accepts as a rollover. Even if a plan accepts rollovers, it might not accept rollovers of certain types of distributions, such as after-tax amounts. If this is the case, and your distribution includes after-tax amounts, you may want to roll your distribution over to a Traditional IRA instead or split your rollover amount between the employer plan in which you will participate and a Traditional IRA. Second, you should find out about any documents that are required to be completed before the receiving plan will accept a rollover. Finally, you should find out what limits the receiving plan will put on later distributions of your rollover account. For example, the receiving plan may restrict subsequent distributions of the rollover amount or may require your spouse's consent for any subsequent distribution. A subsequent distribution from the plan that accepts your rollover may also be subject to different tax treatment than distributions from this Plan. Check with the administrator of the plan that is to receive your rollover prior to making the rollover.

If you have additional questions after reading this notice, you can contact your Plan Administrator.

### 1. General Summary

There are two ways in which you may be able to receive a Plan payment that is eligible for rollover:

- (1) Certain payments can be made directly to a Traditional IRA that you establish or to an eligible employer plan that will accept it and hold it for your benefit ("DIRECT ROLLOVER"); or
- (2) The payment can be PAID TO YOU.

If you choose a DIRECT ROLLOVER:

- Your payment will not be taxed in the year of the DIRECT ROLLOVER and no income tax will be withheld.
- You choose whether your payment will be made directly to your Traditional IRA or to an eligible employer plan that accepts your rollover. Your payment cannot be rolled over to a Roth IRA (except as described in Section 5), a SIMPLE IRA, or a Coverdell Education Savings Account because these are not Traditional IRAs.
- The taxable portion of your payment will be taxed later when you take it out of the Traditional IRA or the eligible employer plan. Depending on the type of plan, the later distribution may be subject to different tax treatment than it would be if you received a taxable distribution from this Plan.

If you choose to have a Plan payment that is eligible for rollover PAID TO YOU:

- You will receive only 80% of the taxable amount of the payment, because the Plan Administrator is required to withhold 20% of that amount and send it to the IRS as income tax withholding to be credited against your taxes.
- The taxable amount of your payment will be taxed in the current year unless you roll it over. Under limited circumstances, you may be able to use special tax rules that could reduce the tax you owe. However, if you receive the payment before age 59½, you may have to pay an additional 10% tax.
- You can roll over all or part of the payment by paying it to your Traditional IRA or to an eligible employer plan that accepts your rollover within 60 days after you receive the payment. The amount rolled over will not be taxed until you take it out of the Traditional IRA or the eligible employer plan.
- If you want to roll over 100% of the payment to a Traditional IRA or an eligible employer plan, you must find other money to replace the 20% of the taxable portion that was withheld. If you roll over only the 80% that you received, you will be taxed on the 20% that was withheld and that is not rolled over.
- If your distribution includes designated Roth 401(k) or 403(b) contributions, special rules apply, which are described in Section 5.

### Your Right To Waive the 30-Day Notice Period.

Generally, neither a direct rollover nor a payment can be made from the Plan until at least 30 days after your receipt of this notice. Thus, after receiving this notice, you have at least 30 days to consider whether or not to have your withdrawal directly rolled over. If you do not wish to wait until this 30-day notice period ends before your election is processed, you may waive the notice period by making an affirmative election indicating whether or not you wish to make a DIRECT ROLLOVER. Your withdrawal will then be processed in accordance with your election as soon as practical after the Plan Administrator receives it.

## 2. Payments That Can and Cannot Be Rolled Over

Payments from the Plan may be "eligible rollover distributions." This means that they can be rolled over to a Traditional IRA or to an eligible employer plan that accepts rollovers. Payments from a plan cannot be rolled over to a Roth IRA (except as described under Number 5 below), a SIMPLE IRA, or a Coverdell Education Savings Account. Your Plan Administrator should be able to tell you what portion of your payment is an eligible rollover distribution.

### After-tax Contributions (other than designated Roth contributions to a 401(k) or 403(b) account)

If you made after-tax contributions to the Plan, these contributions may be rolled into either a Traditional IRA, or beginning January 1, 2008, a Roth IRA, or to certain employer plans that accept rollovers of the after-tax contributions. The following rules apply:

- a. **Rollover into a Traditional IRA or Roth IRA.** You can roll over your after-tax contributions to a Traditional IRA either directly or indirectly. Your Plan Administrator should be able to tell you how much of your payment is the taxable portion and how much is the after-tax portion. Beginning January 1, 2008, you are also able to roll over these after-tax amounts into a Roth IRA.

If you roll over after-tax contributions to a Traditional IRA, it is your responsibility to keep track of, and report to the IRS on the applicable forms, the amount of these after-tax contributions. This will enable the nontaxable amount of any future distributions from the Traditional IRA to be determined.

Once you roll over your after-tax contributions to a Traditional IRA (or Roth IRA after beginning on or after January 1, 2008), those amounts CANNOT later be rolled over to an employer plan.

- b. **Rollover into an Employer Plan.** You can roll over after-tax contributions from an employer plan that is qualified under Code section 401(a) or a section 403(a) annuity plan to another such plan or 403(b) tax-sheltered annuity using a DIRECT ROLLOVER only if the other plan or annuity provides separate accounting for amounts rolled over, including separate accounting for the after-tax employee contributions and earnings on those contributions. You can also roll over after-tax contributions from a section 403(b) tax-sheltered annuity to another section 403(b) tax-sheltered annuity, 401(a), or 403(a) plan using a DIRECT ROLLOVER if the other tax-sheltered annuity or plan provides separate accounting for amounts rolled over, including separate accounting for the after-tax employee contributions and earnings on those contributions. You CANNOT roll over after-tax contributions to a governmental 457 plan. If you want to roll over your after-tax contributions to an employer plan that accepts these rollovers, you cannot have the after-tax contributions paid to you first. You must instruct the Plan Administrator of this Plan to make a DIRECT ROLLOVER on your behalf. Also, you cannot first roll over after-tax contributions to a Traditional IRA and then roll over that amount into an employer plan.

The following types of payments cannot be rolled over:

- a. **Payments Spread over Long Periods.** You cannot roll over a payment if it is part of a series of equal (or almost equal) installment payments that are made at least once a year and that will last for:
- Your lifetime (or a period measured by your life expectancy), or
  - Your lifetime and your beneficiary's lifetime (or a period measured by your joint life expectancies), or
  - A period of 10 years or more.
- b. **Required Minimum Payments.** Beginning when you reach age 70½ or retire, whichever is later, a certain portion of your payment cannot be rolled over because it is a "required minimum payment" that must be paid to you. Special rules apply if you own more than 5% of your employer.
- c. **Hardship Distributions.** A hardship distribution cannot be rolled over.
- d. **Corrective Distributions.** A distribution that is made to correct a failed nondiscrimination test or because legal limits on certain contributions were exceeded cannot be rolled over.
- e. **Loans Treated as Distributions.** The amount of a plan loan that becomes a taxable deemed distribution because of a default cannot be rolled over. However, a loan-offset amount is eligible for rollover, as discussed in Number 4 below. Ask the Plan Administrator of this Plan if distribution of your loan qualifies for rollover treatment.

The Plan Administrator of this Plan should be able to tell you if your payment includes amounts, which cannot be rolled over.

## 3. Direct Rollover

A DIRECT ROLLOVER is a direct payment of the amount of your Plan benefits to a Traditional IRA or an eligible employer plan that will accept it. You can choose a DIRECT ROLLOVER of all or any portion of your payment that is an eligible rollover distribution, as described in Number 2 above. You are not taxed on any taxable portion of your payment for which you choose a DIRECT ROLLOVER until you later take it out of the Traditional IRA or eligible employer plan. In addition, no income tax withholding is required for any taxable portion of your Plan benefits for which you choose a DIRECT ROLLOVER. This Plan might not let you choose a DIRECT ROLLOVER if your distributions for the year are less than \$200. If a portion of your payment is from a designated Roth 401(k) or 403(b) account (as described under Number 5 below), the Plan may treat the Roth account portion of your payment as a separate distribution for purposes of the \$200 rule to determine amounts that are not rollover eligible.

Other special rules apply if your distribution includes designated Roth contributions in a 401(k) or 403(b) plan. Refer to Number 5 below for a discussion of the tax rules that apply to such accumulations.

### **Direct Rollover to a Traditional IRA**

You can open a Traditional IRA to receive the DIRECT ROLLOVER. If you choose to have your payment made directly to a Traditional IRA, contact an IRA sponsor (usually a financial institution) to find out how to have your payment made in a DIRECT ROLLOVER to a Traditional IRA at that institution. If you are unsure of how to invest your money, you can temporarily establish a Traditional IRA to receive the payment. However, in choosing a Traditional IRA, you may wish to make sure that the Traditional IRA you choose will allow you to move all or a part of your payment to another Traditional IRA at a later date, without penalties or other limitations. See IRS Publication 590, Individual Retirement Arrangements, for more information on Traditional IRAs (including limits on how often you can roll over between IRAs).

### **Direct Rollover to a Plan**

If you are employed by a new employer that sponsors an eligible employer plan, and you want a DIRECT ROLLOVER to that plan, ask the Plan Administrator of that plan whether it will accept your rollover. An eligible employer plan is not legally required to accept a rollover. Even if your new employer's plan does not accept a rollover, you still can choose a DIRECT ROLLOVER to a Traditional IRA. If the employer plan accepts your rollover, the plan may provide restrictions on the circumstances under which you may later receive a distribution of the rollover amount or may require spousal consent to any subsequent distribution. Check with the Plan Administrator of that plan before making your decision.

### **Direct Rollover of a Series of Payments**

If you receive a payment that can be rolled over to a Traditional IRA or an eligible employer plan that will accept it, and it is paid in a series of payments for less than 10 years, your choice to make or not make a DIRECT ROLLOVER for a payment will apply to all later payments in the series until you change your election. You are free to change your election for any later payment in the series.

## **4. Payment Paid to You**

If your payment can be rolled over (see Section 2) and the payment is made to you in cash, it is subject to 20% federal income tax withholding on the taxable portion (state tax withholding may also apply). The payment is taxed in the year you receive it unless, within 60 days, you roll it over to a Traditional IRA or an eligible employer plan that accepts rollovers. If you do not roll it over, special tax rules may apply.

Special rules apply if your distribution includes designated Roth contributions in a 401(k) or 403(b) plan. Refer to Section 5 on the next page for a discussion of the tax rules that apply to such accumulations.

### **Income Tax Withholding**

**Mandatory Withholding.** If any portion of your payment can be rolled over under Number 2 above, and you do not elect to make a DIRECT ROLLOVER, the Plan is required by law to withhold 20% of the taxable amount. This amount is sent to the IRS as federal income tax withholding. For example, if you can roll over a taxable payment of \$10,000 but choose to take the distribution in cash instead, only \$8,000 will be paid to you because the Plan must withhold \$2,000 as credit against your income taxes. However, when you prepare your income tax return for the year, unless you make a rollover within 60 days (see "Sixty-Day Rollover Option" below), you must report the full \$10,000 as a taxable payment from the Plan. You must report the \$2,000 as tax withheld, and it will be credited against any income tax you owe for the year. There will be no income tax withholding if your payments for the year are less than \$200. If a portion of your payment is from designated Roth contributions in a 401(k) or 403(b) account (as described under Section 5), the Plan may treat the Roth account portion of your payment as a separate distribution when applying this \$200 threshold. Furthermore, the portion of the distribution that is from a Roth account that is distributed to you on a tax-free basis will not be included in the amount of the distribution subject to withholding.

**Voluntary Withholding.** If any portion of your payment is taxable but cannot be rolled over under Number 2 above, the mandatory withholding rules described above do not apply. In this case, you may elect not to have withholding apply to that portion. If you do nothing, 10% of the taxable amount will generally be taken out of this portion of your payment for federal income tax withholding. To elect out of withholding, you must provide written direction to do so.

**Sixty-Day Rollover Option.** If you receive a payment that can be rolled over under Section 2, you can still decide to roll over all or part of it to a Traditional IRA or to an eligible employer plan that accepts rollovers. If you decide to roll over, you must contribute the amount of the payment you received to a Traditional IRA or eligible employer plan within 60 days after you receive the payment. The portion of your payment that is rolled over will not be taxed until you take it out of the Traditional IRA or the eligible employer plan.

You can roll over up to 100% of your payment that can be rolled over under Number 2 above, including an amount equal to the 20% of the taxable portion that was withheld. If you choose to roll over 100%, you must find other money within the 60-day period to contribute to the Traditional IRA or the eligible employer plan, to replace the 20% that was withheld. On the other hand, if you roll over only the 80% of the taxable portion that you received, you will be taxed on the 20% that was withheld.

***Example:** The taxable portion of your payment that can be rolled over under Number 2 above is \$10,000, and you choose to have it paid to you. You will receive \$8,000, and \$2,000 will be sent to the IRS as income tax withholding. Within 60 days after receiving the \$8,000, you may roll over the entire \$10,000 to a Traditional IRA or an eligible employer plan. To do this, you roll over the \$8,000 you received from the Plan, and you will have to find \$2,000 from other sources (your savings, a loan, etc.). In this case, the entire \$10,000 is not taxed until you take it out of the Traditional IRA or an eligible employer plan. If you roll over the entire \$10,000, when you file your income tax return you may get a refund of part or all of the \$2,000 withheld. If, on the other hand, you roll over only \$8,000, the \$2,000 you did not roll over is taxed in the year it was withheld. When you file your income tax return, you may get a refund of part of the \$2,000 withheld. (However, any refund is likely to be larger if you roll over the entire \$10,000. Also, the amount of any tax refund depends on the total income taxes you owe for the year on all income and the amount you have withheld during the year on all income.)*

Special rules apply if your distribution includes designated Roth contributions to a 401(k) or 403(b) plan. Refer to Number 5 below for a discussion of the tax rules that apply to such accumulations.

**Additional 10% Tax if You Are under Age 59½.** If you receive a payment before you reach age 59½ and you do not roll it over, then, in addition to the regular income tax, you may have to pay an extra tax equal to 10% of the taxable portion of the payment. The additional 10% tax generally does not apply to (1) payments that are paid after you separate from service with your employer during or after the year you reach age 55, (2) payments that are paid because you retire due to disability, (3) payments that are paid as equal (or almost equal) payments over your life or life expectancy (or your and your beneficiary's lives or life expectancies), (4) dividends paid with respect to stock by an employee stock ownership plan (ESOP) as described in Code section 404(k), (5) payments that are paid directly to the government to satisfy a federal tax levy, (6) payments that are paid to an alternate payee under a qualified domestic relations order (or state domestic relations order generally applicable to governmental or church plans), (7) payments that do not exceed the amount of your deductible medical expenses, (8) certain payments that are paid while you are on active military duty from September 11, 2001 to December 31, 2007, provided you were called to duty for more than 179 days, and (9) certain payments that are paid to you from a governmental defined benefit plan, provided you are a public safety employee and are at least age 50. See IRS Form 5329 for more information on the additional 10% tax.

## **5. Special Rules for Designated Roth Contributions to 401(k) and 403(b) Accounts**

### **Direct Rollover to a Roth IRA**

Designated Roth contributions to 401(k) and 403(b) plans and the earnings attributable to them can be rolled over to a Roth IRA. However, once rolled to a Roth IRA, you CANNOT subsequently roll your designated Roth contributions to an employer plan, even if the plan accepts designated Roth contributions.

In the case of a rollover from a designated Roth account in a 401(k) or 403(b) plan to a Roth IRA, the period that the rolled-over funds were in the designated Roth 401(k) or 403(b) account does not count towards the 5-year period for determining qualified distributions from the Roth IRA. However, if you established a Roth IRA in a prior year, the 5-year period for determining qualified distributions from a Roth IRA that began as a result of your earlier Roth IRA contribution applies to any distributions from the Roth IRA (including a distribution of an amount attributable to a rollover contribution from a designated Roth contribution account).

### **Direct Rollover to Another Employer Plan**

Designated Roth contributions in a 401(k) and 403(b) plan and the earnings attributable to them can be rolled over to another employer plan that accepts direct rollovers of designated Roth contributions. This means that a Roth 401(k) account can be directly rolled over only to another Roth 401(k) plan or another 401(a) plan, including a defined benefit plan, that accepts the rollover and provides separate accounting for the Roth amounts and related earnings that are rolled over. Similarly, a Roth 403(b) account can be directly rolled over only to another Roth 403(b) plan. Your period of participation under the distributing plan is carried over to the recipient plan for purposes of determining whether you satisfy the 5-year requirement for determining qualified distributions under the recipient plan.

### **“Qualified Distributions”**

If you have made designated Roth contributions to the Plan, the amounts (both contributions and earnings) held in your designated Roth contribution account may be distributed tax-free if it is a “qualified distribution.” A “qualified distribution” is a distribution that is made after at least five years have elapsed from the start of the year during which you made your first Roth contribution to the Plan and is distributed:

- (i) after you attain age 59½;
- (ii) to your beneficiary after your death; or
- (iii) on account of your disability.

If the distribution is not a qualified distribution, you will be taxed on any earnings in your Roth contribution account. Because your designated Roth contributions to the Plan were made on an after-tax basis, you will receive a tax-free return of your designated Roth contributions.

However, distributions of the following amounts are never qualified distributions, are not eligible for rollover, and the earnings are includible in taxable income:

- Corrective distributions (as discussed in Section 2).
- Taxable deemed distributions of participant loan defaults (as discussed in Section 2).

A lump sum designated Roth “nonqualified distribution,” the ordinary rules explained in Section 4 would apply to the investment earnings.

### **Sixty-Day Rollover Option**

If you receive a distribution from a designated Roth 401(k) or 403(b) account, you may roll over the entire amount (or any portion thereof) into a Roth IRA within 60 days of receipt. If only a portion of the distribution is rolled over, the portion that is rolled over is treated as consisting first of the amount of the distribution that would otherwise be taxable income.

Alternatively, you may roll over the otherwise taxable portion of the distribution to a designated Roth 401(k) or 403(b) plan within 60 days of receipt. In addition, your period of participation under the distributing plan is not carried over to the recipient plan for purposes of determining whether you satisfy the 5-year requirement under the recipient plan.

*Example: An employee receives a \$14,000 eligible rollover distribution that is not a qualified distribution from his designated Roth account, consisting of \$11,000 of designated Roth contributions and \$3,000 of taxable earnings. Within 60 days of receipt, the employee rolls over \$7,000 of the distribution into a Roth IRA. The \$7,000 is deemed to consist of \$3,000 of earnings and \$4,000 of after-tax contributions. Because the only portion of the distribution that could be includible in taxable income (the earnings) is rolled over, none of the distribution is includible in the employee's taxable income in the year of distribution.*

## **Basis Recovery Rules for Roth Payments that are Not “Qualified Distributions”**

If you receive a partial distribution that is not a qualified distribution (i.e., one that does not meet the “qualified distribution” definition above) from your designated Roth account in the Plan, the portion of the distribution attributable to your after-tax designated Roth contributions will be tax-free. The non-taxable portion is determined by multiplying the amount of your distribution by the ratio of your cumulative designated Roth contributions divided by your designated Roth account balance.

*Example: If a distribution that is not a qualified distribution of \$5,000 is made from an employee’s designated Roth account when the account consists of \$9,400 of designated Roth contributions and \$600 of earnings, the distribution consists of \$4,700 of after-tax designated Roth contributions and \$300 of taxable earnings.*

### **6. Repayment of Plan Loans**

If your employment ends and you have an outstanding loan from your Plan, your employer may reduce (or “offset”) your balance in the Plan by the amount of the loan you have not repaid. The amount of your loan offset is treated as a distribution to you at the time of the offset and will be taxed unless you roll over an amount equal to the amount of your loan offset to another qualified employer plan or a Traditional IRA within 60 days of the date of the offset. If the amount of your loan offset is the only amount you receive or are treated as having received, no amount will be withheld from it. If you receive other payments of cash or property from the Plan, the 20% withholding amount will be based on the entire amount paid to you, including the amount of the loan offset. The amount withheld will be limited to the amount of other cash or property paid to you (other than any employer securities). The amount of a defaulted plan loan that is a taxable deemed distribution cannot be rolled over.

### **7. Surviving Spouses, Alternate Payees, and Other Beneficiaries**

In general, the rules summarized above that apply to payments to employees also apply to payments to surviving spouses of employees and to spouses or former spouses who are “alternate payees.” You are an alternate payee if your interest in the Plan results from a “qualified domestic relations order” (or a state domestic relations order applicable to certain governmental or church plans), which is an order issued by a court, usually in connection with a divorce or legal separation.

If you are a surviving spouse or an alternate payee, you may choose to have a payment that can be rolled over, as described in Number 2 above, paid in a DIRECT ROLLOVER to a Traditional IRA or to an eligible employer plan or paid to you. If you have the payment paid to you, you can keep it or roll it over yourself to a Traditional IRA or to an eligible employer plan. Thus, you have the same choices as the employee.

If you are a beneficiary other than a surviving spouse or an alternate payee, the Plan may permit you to choose to have a payment that can be directly rolled over to a traditional IRA, as described in Part 1 above, or to have the benefit paid to you. You may not roll over the payment that is made directly to you, nor may you choose to roll over the payment to an eligible employer plan. The IRA accepting the transfer is treated like a non-spouse Inherited IRA, under which benefits must be distributed in accordance with the required minimum distribution rules. In general, distributions from the Inherited IRA must either be paid to you in full within 5 years of the deceased participant’s death or must commence within 12 months of the participant’s death and be paid over your life expectancy. The benefits cannot be rolled over from the Inherited IRA to any other IRA or employer plan.

As explained above, surviving spouses and alternate payees have the same choices as the employee. However, unlike surviving spouses and alternate payees, non-spouse beneficiaries do not have the same choices as the employee. Because of this difference, the mandatory withholding rules described in Number 4 above that typically apply to payments that are not rolled over, do not apply to payments made to non-spouse designated beneficiaries.

If you are a surviving spouse, an alternate payee, or another beneficiary, your payment is generally not subject to the additional 10% tax described in Number 4 above, even if you are younger than age 59½.

If you are a surviving spouse, an alternate payee, or another beneficiary, you may be able to use the special tax treatment for lump sum distributions and the special rule for payments that include employer stock, as described in Number 4 above. If you receive a payment because of the employee’s death, you may be able to treat the payment as a lump sum distribution if the employee met the appropriate age requirements, whether or not the employee had 5 years of participation in the Plan.

### **9. Distributions for Health and Long-Term Care Insurance**

If you receive a distribution from a governmental plan and you are a public service employee, then up to \$3,000 may be excluded from your income to the extent you purchase certain health insurance or long-term care insurance for you, your spouse, or your dependents.

### **10. How to Obtain Additional Information**

The rules described above are complex and contain many conditions and exceptions that are not included in this notice. Therefore, you may want to consult with the Plan Administrator or a professional tax advisor before you take a payment of your benefits from your Plan. Also, you can find more specific information on the tax treatment of payments from qualified employer plans in IRS Publication 575, Pension and Annuity Income, and IRS Publication 590, Individual Retirement Arrangements. These publications are available from your local IRS office, on the IRS’s Internet Web Site at [www.irs.gov](http://www.irs.gov), or by calling 1-800-TAX-FORMS.