

# 403(b)(7) or Texas Optional Retirement Program (ORP) distribution request

## Introduction

### Instructions

Please use this form for John Hancock custodial 403(b)(7) or Texas ORP accounts. This form allows you to request an immediate distribution or future systematic payment. Please print in all capital letters and use black ink.

### Special considerations

Don't use this form to request a transfer or contract exchange to another 403(b)(7) plan or Texas ORP account not held at Manulife John Hancock Investments. Instead, use the John Hancock 403(b)(7) or Texas ORP transfer form. For IRA distributions, use the IRA distribution request form. Please refer to page 6 for additional withholding information.

## Contact us



**Website**

jhinvestments.com



**Phone**

800-432-1969



**Return instructions**

See the end of this form for return instructions.

## 1. Type of account

☐ **403(b)(7)**

Complete Section 2 and proceed to Section 3.

☐ **Texas Optional Retirement Program (ORP)**

Complete Section 2 and proceed to Section 4.

## 2. Your information

Participant's name (First)

(MI)

(Last)

Phone number

☐ Home

☐ Mobile

Date of birth (MM/DD/YYYY)

Fund name or number

Account number

## 3. Type of 403(b)(7) distribution

Amounts in your 403(b)(7) plan generally may not be available to you before you attain the age of 59½, separate from service, become disabled, or encounter financial hardship. For more information, consult IRS Publication 571, *Tax-Sheltered Annuity Plans*, and IRS Publication 575, *Pension and Annuity Income*, at [irs.gov](http://irs.gov) or consult with your plan administrator or tax advisor.

Please select one of the following and proceed to Section 5. If no selection is made, we'll be unable to process your request.

☐ **Normal distribution** (including required minimum distributions): I've attained the age of 59½.

☐ **Separation from service:** I separated from service on the following date: \_\_\_\_\_  
Date (MM/DD/YYYY)

(A 10% premature distribution penalty may apply to distributions before age 55 (age 50 for qualified public safety employees)).

☐ **Termination of plan:** I've been notified by my employer of plan termination.

☐ **Disability:** I'm unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment, and my condition is expected to result in death or to be of long, continued, and indefinite duration.

☐ **Financial hardship:** I've incurred an immediate and heavy financial need within the meaning of Section 403(b)(7)(A)(ii), as defined by the IRS. (Hardship distributions may only consist of the amounts contributed by salary reduction, excluding earnings on such contributions. A 10% premature distribution penalty tax may apply.)

☐ **Death:** I'm the beneficiary or inherited owner of this account. A copy of the death certificate and a completed IRA adoption agreement or 403(b)(7) application is attached. Also attached, if required, is a tax waiver from the deceased's state of residence.

☐ **Divorce:** I've attached a qualified domestic relationship order (QDRO) and an IRA adoption agreement.

☐ **Qualified reservist distribution:** I'm eligible for a distribution as a qualified reservist called to active duty after September 11, 2001, for at least 180 or more days.

☐ **Permissive service credit distribution:** I'm eligible to purchase permissive service credits as permitted by plan documents and state law, and within the meaning of Section 415(n), as defined by the IRS.

**Note:** If you're under 59½, you'll be subject to a 10% early withdrawal penalty unless you meet an exception under the Internal Revenue Code. In order to claim an exception, you must file IRS Form 5329. See IRS Publications 571 and 575 at [irs.gov](http://irs.gov) for further details.

#### 4. Type of Texas ORP distribution

Amounts in your Texas ORP may not be available to you before you attain the age of 70½ or terminate employment with all institutions of public higher education in Texas. For more information, consult the Texas Higher Education Coordinating Board website at [higher.ed.texas.gov](http://higher.ed.texas.gov), or consult with your employer or tax advisor.

Please select one of the following and proceed to Section 5. If no selection is made, we'll be unable to process your request. You must provide employer authorization for all distributions. Your employer must authorize all distributions in Section 9.

- ☐ **Normal distribution:** I've attained the age of 70½.
- ☐ **Retirement or termination of employment:** I've retired or terminated employment from all institutions of public higher education in Texas.
- ☐ **Death:** I'm the beneficiary or inherited owner of this account. A copy of the death certificate and completed IRA adoption agreement is attached. Also attached, if required, is a tax waiver from the deceased's state of residence.
- ☐ **Divorce:** I've attached a qualified domestic relationship order (QDRO) and an IRA adoption agreement.

#### 5. Method of distribution

Please either complete Section A or Section B.

I hereby direct the custodian to make the following distribution:

**A. Immediate payments** (Select one of the following):

- ☐ **Total distribution and account termination**
- ☐ **Partial distribution:** Specify amount \$\_\_\_\_\_ or # of shares \_\_\_\_\_.

For Class B and Class C shares subject to a contingent deferred sales charge (CDSC), select one of the following. If you don't select either option, your distribution will be processed as gross.

- ☐ **Net:** The applicable CDSC will be taken from your account balance. Your check will be issued for the full amount requested.
- ☐ **Gross:** The applicable CDSC will be taken from the requested amount. Your check will be issued for the amount requested, less the CDSC amount.

**B. Future payments** ☐ New payment request ☐ Update to existing payment

Age requirements stated previously must be met. Please select one of the following:

- ☐ **Systematic withdrawal payments:** Payments in the amount of \$\_\_\_\_\_ will be made on the \_\_\_\_\_ day of each month. If a specific day isn't selected, your payment will be distributed on the 15<sup>th</sup> of the month.

Date payments are to begin: \_\_\_\_\_ wSpecify frequency: ☐ Monthly ☐ Quarterly ☐ Semiannually ☐ Annually  
Month/year (MM/YYYY)

- ☐ **Life expectancy payments:** Payments based on the life expectancy noted below will be determined from the appropriate IRS annuity tables and distributed as indicated below. If you choose a beneficiary other than your spouse, the life expectancy factors used will be adjusted, and payment will be based on a hypothetical beneficiary not more than 10 years younger than you. We'll default to the nonrecalculation method of determining subsequent required minimum distribution amounts, unless otherwise notified.

Payments will be made on the \_\_\_\_\_ day of each month. If a specific day isn't selected, your payment will be distributed on the 15<sup>th</sup> of the month.

Date payments are to begin: \_\_\_\_\_ Specify frequency: ☐ Monthly ☐ Quarterly ☐ Semiannually ☐ Annually  
Month/year (MM/YYYY)

Payments will be based on ☐ single life expectancy or ☐ joint life expectancy with my beneficiary.

The beneficiary is my ☐ Spouse ☐ Nonspouse The beneficiary's date of birth is \_\_\_\_\_  
Date (MM/DD/YYYY)

## 6. Method of payment

Please select one of the following payee options:

- ☐ Mail the check directly to me at my residential address.
  - ☐ Mail the check directly to me at my residential address using express mail. (A \$20.00 fee will be assessed. This option would deliver the check to you two business days after the trade date.)
  - ☐ Mail the check to an alternate payee or alternate address listed below. (Your signature must be Medallion signature guaranteed in Section 8.)
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- ☐ Reinvest proceeds into my existing, individual non-retirement account in the same fund: \_\_\_\_\_ (please provide your account number).
- ☐ Please use the **existing** bank information, which must be on file for at least 15 days, and make the distribution by:
  - ☐ Direct deposit to my existing bank account using the Automated Clearing House (ACH) system. (This option would deliver the funds to your bank within two to three business days of the trade date, free of charge.)
  - ☐ Wire to my existing bank account. (This option would deliver the funds to your bank by the end of the business day after the trade date. A \$15.00 fee will be assessed for wires. Your bank may also charge an additional fee.)
- ☐ Please add **new\*** bank information and make the distribution by:
  - ☐ Direct deposit to my new bank account using the Automated Clearing House (ACH) system. (This option would deliver the funds to your bank within two to three business days of the trade date, free of charge.)
  - ☐ Wire to my new bank account. (This option would deliver the funds to your bank by the end of the business day after the trade date. A \$15.00 fee will be assessed for wires. Your bank may also charge an additional fee.)

\* **For new bank accounts, please include a preprinted voided check.** Please note that this bank information will be added to your account for future transactions, unless it belongs to a third party. Redemptions to a new bank account require a Medallion signature guarantee in Section 8.

- ☐ Direct rollover to my existing John Hancock IRA fund/account # \_\_\_\_\_.
- ☐ Direct rollover to a new John Hancock IRA account. (A completed IRA application must be attached.)
- ☐ Direct rollover to an IRA or other eligible plan not at Manulife John Hancock Investments. (We'll require a letter of acceptance and account number from the new custodian or trustee to release your assets as a direct rollover. Please contact your current trustee or custodian for their requirements.)
- ☐ Transfer of assets to purchase permissive service credits in an eligible plan not at Manulife John Hancock Investments. (We'll require a letter of acceptance and account number from the new custodian or trustee to release your assets. Please contact your current custodian or trustee for their requirements and eligibility.)

**Note:** This form cannot be used to request a transfer/contract exchange to a 403(b)(7) not at Manulife John Hancock Investments. Use the John Hancock 403(b)(7) transfer form and contact your current custodian or trustee.

## 7. Withholding election (Form W-4R/OMB No. 1545-0074)

If you elected a direct rollover or transfer due to permissive service credits in Section 3, no taxes will be withheld. Please proceed to Section 8.

### Federal withholding

For some distributions, you can elect not to have withholding apply. **However, you cannot waive withholding on any eligible rollover distribution that is paid to you.** See the information below to determine if withholding applies to your distribution. If taxes are withheld on the distribution, the amount you requested in Section 5 will decrease by the amount withheld.

### Eligible rollover distributions

Eligible rollover distributions consist of the following:

- Distributions over the age of 59½ that aren't required minimum distributions
- Distributions due to separation of service/termination of employment/termination of plan
- Distributions due to disability, as defined by the IRS
- Distributions to spouse beneficiaries, nonspouse beneficiaries, or former spouses under a QDRO

Your withholding rate is determined by the type of payment you'll receive. **For an eligible rollover distribution, the default withholding rate is 20%.** You can choose a rate greater than 20% by entering the rate below. You may not choose a rate less than 20%.

Complete this section if you would like a rate of withholding that is different from the default withholding rate. See the instructions and the marginal rate tables in Appendix A for additional information. Enter the rate as a whole number (no decimals). **Withhold** \_\_\_\_\_ %.

## 7. Withholding election (Form W-4R/OMB No. 1545-0074) (continued)

### Distributions not eligible for rollover

Distributions not eligible for rollover consist of the following:

- Required minimum distributions
- Life expectancy payments
- Distributions due to hardship

Distributions that aren't eligible for rollover are referred to as nonperiodic payments. **For nonperiodic payments, the default withholding rate is 10%.** You can choose to have a different rate by entering a rate between 0% and 100% on the line below. Generally, you can't choose less than 10% for payments to be delivered outside of the United States and its territories.

Complete this section if you would like a rate of withholding that is different from the default withholding rate. See the instructions and the marginal rate tables in Appendix A for additional information. Enter the rate as a whole number (no decimals).

☐ **Withhold** \_\_\_\_\_% in federal income tax ☐ Don't withhold federal income tax.

If you elect to have no federal taxes withheld from your distribution payments, or if you don't have enough federal income tax withheld from your distributions, you're still liable for the payment of federal income tax. You may also incur penalties under the estimated tax rules if your withholding and estimated tax payments aren't sufficient.

### State withholding

If you live in one of the mandatory withholding states and request federal taxes to be withheld from your distribution, John Hancock will also withhold your state's minimum required tax. If state tax is withheld from the distribution, the amount you requested in Section 5 will decrease by the amount withheld. State withholding information is obtained from state revenue authorities, and every effort has been made to ensure its accuracy. Because state laws are subject to constant change and interpretation, often without prior notice, this content reflects information available as of the forms revision date only and its timeliness and accuracy cannot be guaranteed, and isn't intended as legal or tax advice.

**Residents of Connecticut** will automatically have state income taxes withheld regardless of their federal income-tax withholding election. If you would like to opt out of state withholding, please complete form CT-W4P, *Withholding Certification for Pension or Annuity Payments*, with code E entered on line 1 of the form. You may also request a specific dollar amount of withholding by entering code E on line 1 of the form and a dollar amount on line 2. Attach the completed form CT-W4P to this request. This form can be found on your state's website.

**Residents of Iowa** will have mandatory state income taxes withheld regardless of federal income-tax withholding unless they qualify for a retirement income exclusion, as defined by the Iowa Department of Revenue. We'll withhold the state's minimum required tax from your distribution unless you certify you're exempt by selecting "Don't withhold Iowa state taxes" below.

☐ Don't withhold Iowa state taxes.

**Residents of Michigan** will have state income taxes withheld regardless of federal income-tax withholding. We'll withhold the state's minimum required tax from your distribution unless you select "Don't withhold Michigan state taxes" below.

☐ Don't withhold Michigan state taxes.

**Residents of Minnesota** will have state income taxes withheld regardless of federal income-tax withholding. We'll withhold 6.25% from your distribution unless you a different percentage or dollar amount withholding or opt out of withholding below.

☐ **Withhold** \$\_\_\_\_\_ or \_\_\_\_\_% in Minnesota state taxes ☐ Don't withhold Minnesota state taxes.

## 8. Signature of participant

I acknowledge that I've received and read the accompanying "distribution notice" if applicable. I fully understand that I'm responsible for determining that the required minimum distribution requirements are met each year and that failure to meet the minimum distribution requirements may result in tax penalties. I understand the redemption cannot be postdated, or specify a particular date, price, or other condition. If the redemption request is received in good order, the trade will be executed at the next net asset value (NAV) to be calculated. I acknowledge that neither the custodian, Manulife John Hancock Investments, nor any of their agents has made any representations about the tax consequences of this transaction. I've received and read a copy of the current IRS Form W-4R and its withholding instructions.

I certify that this distribution is in accordance with the terms of the custodial agreement.

SIGN  
HERE

Signature of participant

Date signed (MM/DD/YYYY)

**Important:** The signature must correspond exactly and without alteration with the name printed on your account statement. If you're acting in a special capacity, that capacity must be indicated after your signature, and additional documentation may be required. Please call a customer service representative at 800-432-1969 for more information.

**Note:** If you elected to have your distribution sent to an alternate payee, alternate address, or a third-party bank account in Section 6, or your distribution is over \$100,000.00, your signature must be Medallion signature guaranteed in the presence of an authorized guarantor. A Medallion signature guarantee is available from a bank, broker-dealer, credit union (if authorized under your state's law), or a securities exchange. The Medallion signature guarantee stamp provides proof of identity and must be issued by a member of the Medallion Signature Guarantee Program. It must contain the appropriate bar coding and must also contain the letter prefix (A, B, C, D, E, F, X, Y, or Z) that identifies the grantor's maximum surety amount, which must be sufficient to cover the amount of the requested transaction. A notary public cannot provide a signature guarantee. We cannot accept a notarization in lieu of a signature guarantee.

Medallion signature guaranteed by (if applicable):

**Note:** Medallion signature guarantee should not be dated.

## 9. Signature of plan administrator

The signature of the plan administrator or employer is required for all 403(b)(7) and Texas ORP distributions with the exception of those noted below. If you don't qualify for an exception, your plan administrator or employer must authorize the distribution below.

- Distributions from accounts considered grandfathered according to the final 403(b)(7) regulations issued by the IRS. (John Hancock Signature Services, Inc. can help you determine if your account is grandfathered. If your account is grandfathered, We'll waive this signature requirement automatically.)
- Distributions by beneficiaries or inherited account owners. (If you're acting as a beneficiary or inherited account owner, we'll waive this signature requirement automatically.)
- Distributions from shareholders who are former employees on or before January 1, 2009. (You must certify by signing below.)

I certify that as of January 1, 2009, I wasn't employed with the employer listed on my 403(b)(7) plan.

SIGN  
HERE

Signature of participant

Date signed (MM/DD/YYYY)

I, the undersigned, authorize John Hancock Signature Services, Inc. to make the distribution as requested by the participant. I understand it is my responsibility to ensure that the distribution complies with plan requirements.

SIGN  
HERE

Signature of employer/plan administrator

Date signed (MM/DD/YYYY)

## 10. Mail

Please enclose and email to



Regular mail

John Hancock Signature Services, Inc.  
P.O. Box 219909  
Kansas City, MO 64121-9909

Express mail

John Hancock Signature Services, Inc.  
801 Pennsylvania Avenue  
Suite 219909  
Kansas City, MO 64105-1307

# Withholding instructions

## Introduction

### Instructions

The withholding instructions should be used in conjunction with the marginal rate tables to help you select the appropriate withholding rate for this distribution. The following pages are for your reference only. They don't need to be returned to us.

### Special considerations

The marginal rate table included is for the 2025 tax year. Marginal rates for a different tax year can be found on IRS form W-4R for that year on [irs.gov/forms](https://irs.gov/forms).

## Withholding instructions (Form W-4R/OMB No. 1545-0074)

### General instructions

Section references are to the Internal Revenue Code.

**Future developments.** For the latest information about any future developments related to Form W-4R, such as legislation enacted after it was published, go to [irs.gov/FormW4R](https://irs.gov/FormW4R).

**Purpose of form.** Complete Form W-4R to have payers withhold the correct amount of federal income tax from your nonperiodic payment or eligible rollover distribution from an employer retirement plan, annuity (including a commercial annuity), or individual retirement arrangement (IRA). See below for the rules and options that are available for each type of payment. Don't use Form W-4R for periodic payments (payments made in installments at regular intervals over a period of more than 1 year) from these plans or arrangements. Instead, use Form W-4P, Withholding Certificate for Periodic Pension or Annuity Payments. For more information on withholding, see Pub. 505, *Tax Withholding and Estimated Tax*.

**Caution:** If you have too little tax withheld, you'll generally owe tax when you file your tax return and may owe a penalty unless you make timely payments of estimated tax. If too much tax is withheld, you'll generally be due a refund when you file your tax return. Your withholding choice (or an election not to have withholding on a nonperiodic payment) will generally apply to any future payment from the same plan or IRA. Submit a new Form W-4R if you want to change your election.

**Nonperiodic payments—10% withholding.** Your payer must withhold at a default 10% rate from the taxable amount of nonperiodic payments unless you enter a different rate in the "Withholding election" section. Distributions from an IRA that are payable on demand are treated as nonperiodic payments. Note that the default rate of withholding may not be appropriate for your tax situation. You may choose to have no federal income tax withheld by entering "-0-" in the "Withholding election" section. See the specific instructions below for more information. Generally, you aren't permitted to elect to have federal income tax withheld at a rate of less than 10% (including "-0-") on any payments to be delivered outside the United States and its territories.

**Eligible rollover distributions—20% withholding.** Distributions you receive from qualified retirement plans (for example, 401(k) plans and section 457(b) plans maintained by a governmental employer) or tax-sheltered annuities that are eligible to be rolled over to an IRA or qualified plan are subject to a 20% default rate of withholding on the taxable amount of the distribution. You can't choose withholding at a rate of less than 20% (including "-0-"). Note that the default rate of withholding may be too low for your tax situation. You may choose to enter a rate higher than 20% in the "Withholding election" section. Don't give Form W-4R to your payer unless you want more than 20% withheld.

**Note:** If you don't give Form W-4R to your payer, you don't provide an SSN, or the IRS notifies the payer that you gave an incorrect SSN, then the payer must withhold 10% of the payment for federal income tax and can't honor requests to have a lower (or no) amount withheld. Generally, for payments that began before 2025, your current withholding election (or your default rate) remains in effect unless you submit a Form W-4R.

**Payments to nonresident aliens and foreign estates.** Don't use Form W-4R. See Pub. 515, Withholding of Tax on Nonresident Aliens and Foreign Entities, and Pub. 519, U.S. Tax Guide for Aliens, for more information.

**Tax relief for victims of terrorist attacks.** If your disability payments for injuries incurred as a direct result of a terrorist attack aren't taxable, enter "-0-" in the "Withholding election" section. See Pub. 3920, Tax Relief for Victims of Terrorist Attacks, for more details.



**Withholding instructions (Form W-4R/OMB No. 1545-0074) (continued)****2025 marginal rate tables**

You may use these tables to help you select the appropriate withholding rate for this payment or distribution. Add your income from all sources and use the column that matches your filing status to find the corresponding rate of withholding. See the instructions for more information on how to use this table.

Single or married filing separately		Married filing jointly or qualifying surviving spouse		Head of household	
Total income over—	Tax rate for every dollar more	Total income over—	Tax rate for every dollar more	Total income over—	Tax rate for every dollar more
\$0	0%	\$0	0%	\$0	0%
\$15,000	10%	\$30,000	10%	\$22,500	10%
\$26,925	12%	\$53,850	12%	\$39,500	12%
\$63,475	22%	\$126,950	22%	\$87,350	22%
\$118,350	24%	\$236,700	24%	\$125,850	24%
\$212,300	32%	\$424,600	32%	\$219,800	32%
\$265,525	35%	\$531,050	35%	\$273,000	35%
\$641,350*	37%	\$781,600	37%	\$648,850	37%

\* If married filing separately, use \$390,800 instead for this 37% rate.

**Specific instructions**

**More withholding.** If you want more than the default rate withheld from your payment, you may enter a higher rate in the “Withholding election” section.

**Less withholding (nonperiodic payments only).** If permitted, you may enter a lower rate in the “Withholding election” section (including “-0-”) if you want less than the 10% default rate withheld from your payment. If you have already paid, or plan to pay, your tax on this payment through other withholding or estimated tax payments, you may want to enter “-0-”.

**Suggestion for determining withholding.** Consider using the marginal rate tables above to help you select the appropriate withholding rate for this payment or distribution. The tables are most accurate if the appropriate amount of tax on all other sources of income, deductions, and credits has been paid through other withholding or estimated tax payments. If the appropriate amount of tax on those sources of income hasn’t been paid through other withholding or estimated tax payments, you can pay that tax through withholding on this payment by entering a rate that is greater than the rate in the marginal rate tables.

The marginal tax rate is the rate of tax on each additional dollar of income you receive above a particular amount of income. You can use the table for your filing status as a guide to find a rate of withholding for amounts above the total income level in the table.

To determine the appropriate rate of withholding from the table, do the following. Step 1: Find the rate that corresponds with your total income not including the payment. Step 2: Add your total income and the taxable amount of the payment and find the corresponding rate. If these two rates are the same, enter that rate in the “Withholding election” section. (See Example 1 below.)

If the two rates differ, multiply (a) the amount in the lower rate bracket by the rate for that bracket, and (b) the amount in the higher rate bracket by the rate for that bracket. Add these two numbers; this is the expected tax for this payment. To get the rate to have withheld, divide this amount by the taxable amount of the payment. Round up to the next whole number and enter that rate in the “Withholding election” section. (See Example 2 below.)

If you prefer a simpler approach (but one that may lead to over withholding), find the rate that corresponds to your total income including the payment and enter that rate in the “Withholding election” section.

**Examples.** Assume the following facts for Examples 1 and 2. Your filing status is single. You expect the taxable amount of your payment to be \$20,000. Appropriate amounts have been withheld for all other sources of income and any deductions or credits.

**Example 1.** You expect your total income to be \$65,000 without the payment. Step 1: Because your total income without the payment, \$65,000, is greater than \$63,475 but less than \$118,350, the corresponding rate is 22%. Step 2: Because your total income with the payment, \$85,000, is greater than \$63,475 but less than \$118,350, the corresponding rate is 22%. Because these two rates are the same, enter “22” in the “Withholding election” section.

**Example 2.** You expect your total income to be \$61,000 without the payment. Step 1: Because your total income without the payment, \$61,000, is greater than \$26,925 but less than \$63,475, the corresponding rate is 12%. Step 2: Because your total income with the payment, \$81,000, is greater than \$63,475 but less than \$118,350, the corresponding rate is 22%. The two rates differ. \$2,475 of the \$20,000 payment is in the lower bracket (\$63,475 less your total income of \$61,000 without the payment), and \$17,525 is in the higher bracket (\$20,000 less the \$2,475 that is in the lower bracket). Multiply \$2,475 by 12% to get \$297. Multiply \$17,525 by 22% to get \$3,856. The sum of these two amounts is \$4,153. This is the estimated tax on your payment. This amount corresponds to 21% of the \$20,000 payment (\$4,153 divided by \$20,000). Enter “21” in the “Withholding election” section.

## Specific instructions (continued)

### Privacy Act and Paperwork Reduction Act Notice

The IRS asks for the information on this form to carry out the Internal Revenue laws of the United States. You're required to provide this information only if you want to (a) request additional federal income-tax withholding from your nonperiodic payment(s) or eligible rollover distribution(s); (b) choose not to have federal income tax withheld from your nonperiodic payment(s), when permitted; or (c) change a previous Form W-4R (or a previous Form W-4P that you completed with respect to your nonperiodic payments or eligible rollover distributions). To do any of the aforementioned, you're required by sections 3405(e) and 6109 and their regulations to provide the information requested on this form. Failure to provide this information may result in inaccurate withholding on your payment(s). Failure to provide a properly completed form will result in your payment(s) being subject to the default rate; providing fraudulent information may subject you to penalties.

Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation, and to cities, states, the District of Columbia, and U.S. commonwealths and territories for use in administering their tax laws. The IRS may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

You aren't required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The average time and expenses required to complete and file this form will vary depending on individual circumstances. For estimated averages, see the instructions for your income-tax return.

If you have suggestions for making this form simpler, the IRS would be happy to hear from you. See the instructions for your income-tax return.



**NOTE:** Please keep the following pages for your records. They don't need to be returned to us.

## 403(b)(7) Distribution Notice

# IMPORTANT INFORMATION ABOUT YOUR RETIREMENT PLAN DISTRIBUTION

### INTRODUCTION

As a participant in your employer's retirement plan, you have accumulated a vested account balance. You may receive your vested account balance only if you incur a triggering event. You may incur a triggering event if:

- you're no longer working for your employer,
- you attain the normal retirement age indicated in the Plan,
- you become disabled under the Plan's definition,
- your employer terminates the Plan,
- your Plan permits in-service distributions (may be limited to certain contribution sources), or
- you incur a hardship (only applicable to certain plans and may be limited to certain contribution sources).

However, you must refer to your Summary Plan Description to identify the specific triggering events which apply under your Plan.

**NOTE:** Generally, payments from your employer's retirement plan must be delayed for a minimum of 30 days after you receive this notice, to allow you time to consider your distribution options. Although you're entitled to consider your distribution options for a period of 30 days, you may waive this 30 day notice requirement. If you waive the 30 day notice requirement and your Plan is subject to REA, your employer must wait seven days from the date you received this notice before commencing distributions.

The law dictates the optional forms that your payments may take. The law also specifies how the different types of payments will be taxed. This notice summarizes your distribution options and illustrates the financial effect and the tax consequences of each distribution option.

Section One of this notice describes the Plan payment options available to you. Section Two describes your beneficiary(ies) payment options. Section Three contains a special tax notice, required by the IRS, that explains the tax treatment of your Plan payment that isn't from a designated Roth account and describes the rollover options available to you. Section Four contains a special tax notice, required by the IRS, that explains the tax treatment of your Plan payment from a designated Roth account and describes the rollover options available to you.

**NOTE:** The payment amounts indicated in this notice are only examples. The calculations for the qualified joint and survivor annuity are based on standard mortality tables using a 5 percent interest rate and a payment age of 65. Actual payment amounts will vary depending upon the entity from which you purchase your annuity. You may obtain financial projections based on your account balance by submitting a request, in writing, to the Plan administrator (usually the employer).

## SECTION ONE — PAYMENT OPTIONS FOR PLAN PARTICIPANTS

### IMPORTANT NOTICE TO PARTICIPANT

**Read the following message before reviewing your options.**

Of the four options listed below, some may not be available to you. If the Plan administrator has placed a checkmark in the box immediately above "Waiver Election" on the Application for Distribution form, the Plan is known as a "REA safe harbor" plan, and no existing Plan assets are subject to the REA annuity requirements. In that case, Option III listed below isn't available to you, and Option IV may be available to you only under limited circumstances.

If your vested account balance does not exceed the Plan's cashout level at the time of distribution, the Plan administrator generally may pay your distribution to you in a single cash payment, regardless of whether you consent to the distribution. A distribution made without your consent is called a cashout distribution. If your Plan allows for cashout distributions of amounts less than \$5,000, a cashout distribution of an amount greater than \$1,000 that is an eligible rollover distribution must be directly rolled over by the Plan administrator to an individual retirement arrangement (IRA) chosen by the Plan administrator. You may subsequently transfer the IRA to another IRA provider, once the IRA has been established. However, if your vested account balance exceeds the Plan's cashout level, you must generally consent to the form of payment, and, therefore may, if you wish, postpone commencement of distributions from your account balance.

Your employer intends for your Plan account to provide income to you during retirement. If you take a distribution prior to retiring or spend your retirement savings too quickly, you may not have sufficient income to live on in retirement. If you terminate employment and leave your money in the Plan, a share of the Plan's administrative expenses may be charged to your account each year. Refer to your Plan administrator for an explanation of any administrative expenses that may be charged to the accounts of terminated participants.

If you choose to roll over your vested account balance to an IRA or other eligible retirement plan, the distributing Plan's investment options may not be available under the receiving retirement arrangement and the fees may differ from those charged to you if your balance remained in the Plan. Complete information concerning available investment options and fees currently charged by the Plan is available from your Plan administrator. Consult your financial advisor for a description of investments available outside of the Plan and any applicable fees associated with them.

### DISTRIBUTION OPTIONS

#### OPTION I — LUMP SUM PAYMENT

If you properly waive the qualified joint and survivor annuity or if this is a REA safe harbor plan and no existing Plan assets are subject to the REA annuity requirements, you may request a lump sum payment.

##### A. LUMP SUM PAYMENT DEFINED

A lump sum payment is the payment of your entire vested account balance.

##### B. FINANCIAL EFFECT AND TAX CONSEQUENCES OF A LUMP SUM PAYMENT

Generally a lump sum payment is included in your income and taxed in the year of the distribution. Most lump sum payments are eligible rollover distributions and would, therefore, be subject to the 20 percent withholding rules unless directly rolled over to another plan or IRA. See Parts Three and Four of this notice for more information.

#### OPTION II — INSTALLMENT PAYMENTS

If the qualified joint and survivor annuity is properly waived or if this is a REA safe harbor plan, you may elect to receive your vested account balance in installment payments. Installment payments for a period of less than 10 years are generally eligible rollover distributions and would, therefore, be subject to the 20 percent withholding rules unless directly rolled over to another plan or IRA. See Parts Three and Four of this notice for more information.

##### A. INSTALLMENT PAYMENTS DEFINED

Installment payments are payments distributed to you in any amount you choose at intervals that you determine within limits set by the trustee or custodian. For example, the payments could be paid to you annually, semiannually, quarterly, or monthly. The payment schedule you choose cannot be longer than your single life expectancy or, if you have a beneficiary named, the joint life expectancy of you and your beneficiary.

##### B. FINANCIAL EFFECT AND TAX CONSEQUENCES OF INSTALLMENT PAYMENTS

Generally, each installment payment will be included in your income in the year in which you receive it. For example, a participant who elects to receive \$500 per month will include \$6,000 (\$500 x 12 months) in income each tax year.

#### OPTION III — QUALIFIED JOINT AND SURVIVOR ANNUITY

The law requires that your vested account balance be paid to you in the form of a qualified joint and survivor annuity if you're married, or a single life annuity if you aren't married. If you wish to receive your vested account balance using a different distribution option (including a qualified optional survivor annuity), you must waive the qualified joint and survivor annuity (the single life annuity if you aren't married) and your spouse must consent to the annuity waiver.

Unless properly waived, you'll receive your vested account balance in the form of a qualified joint and survivor annuity (the single life annuity if you aren't married).

##### A. QUALIFIED JOINT AND SURVIVOR ANNUITY DEFINED

If you're married, a qualified joint and survivor annuity is a series of periodic payments to you during your lifetime and to your spouse upon your death. The periodic payment amount your spouse receives will be a set percentage of the periodic payment amount you received during your lifetime. To determine the percentage your spouse would receive (i.e., survivor annuity), contact your Plan administrator.

If you aren't married, a qualified joint and survivor annuity is a series of annuity payments over your life.

##### B. WAIVING THE QUALIFIED JOINT AND SURVIVOR ANNUITY

If you wish to receive your vested account balance using one of the other options listed in Part One of this form, you (and, if you're married, your spouse) must waive the qualified joint and survivor annuity. You can waive the qualified joint and survivor annuity by completing a distribution form.

You can obtain this form from your Plan administrator. After waiving the qualified joint and survivor annuity by signing the distribution form, and, if applicable, the spousal consent section of the form, you may receive your vested account balance using one of the other distribution methods explained in Part One of this notice.

#### C. FINANCIAL EFFECT AND TAX CONSEQUENCES OF A QUALIFIED JOINT AND SURVIVOR ANNUITY

As stated above, a qualified joint and survivor annuity will provide periodic payments to you during your lifetime and, if you're married, to your spouse after your death. Your spouse will generally receive smaller periodic payments than you received while you were alive. The annuity will be provided by purchasing an annuity contract from an insurance company with your account balance under the Plan. Generally, each payment is included in income in the year it is received. For example, assume a participant retires with a \$10,000 vested account balance. A qualified joint and survivor annuity would provide him or her with the following payments.

Lifetime Monthly Participant Benefit	% of Survivor Annuity*	Monthly Survivor Benefit
\$63.40	100%	\$63.40
\$66.30	75%	\$49.72
\$67.30	66.67%	\$44.86
\$69.40	50%	\$34.70

\*These estimates are derived from standard mortality tables using a participant with a 65 year old spouse beneficiary beginning payments at age 65. To determine the survivor annuity percentage, contact the Plan administrator.

The example above uses estimates and should not be viewed as an assurance that an insurer is able to provide the specific amount disclosed.

#### D. QUALIFIED OPTIONAL SURVIVOR ANNUITY DEFINED

If the qualified joint and survivor annuity is waived, you may use your vested account balance to purchase a qualified optional survivor annuity. Like a qualified joint and survivor annuity, a qualified optional survivor annuity is a series of periodic payments to you during your lifetime and to your spouse upon your death.

The optional survivor annuity means an annuity (1) for your life with a survivor annuity for the life of your spouse which is equal to the applicable percentage of the amount of the annuity which is payable during the joint lives of you and your spouse, and (2) which is the actuarial equivalent of a single annuity for your life. If the survivor annuity percentage (1) is less than 75 percent, the applicable percentage is 75 percent, and (2) is greater than or equal to 75 percent, the applicable percentage is 50 percent. To determine the amount your spouse would receive, contact your Plan administrator.

#### OPTION IV — ANNUITY CONTRACT

If the Plan is a REA safe harbor plan, or the qualified joint and survivor annuity is properly waived, you may purchase an annuity contract with your vested account balance. This distribution option allows you to choose the type of annuity contract you wish to purchase. However, if the Plan is a REA safe harbor plan, you cannot elect payments in the form of a life annuity.

##### A. ANNUITY CONTRACT DEFINED

You may use your vested account balance to purchase a term certain annuity, a single life annuity (not available for REA safe harbor plans if you're married), or any other form of annuity. A term certain annuity would distribute dollars to you and your beneficiary for a specified number of years. A single life annuity would distribute dollars to you for your lifetime and would cease distributions after your death.

##### B. FINANCIAL EFFECT AND TAX CONSEQUENCES OF THE ANNUITY

If you elect to use your vested account balance to purchase a single life annuity, you'll receive payments as long as you're alive. The annuity will be provided by purchasing an annuity contract from an insurance company with your account balance under the Plan. Generally, each payment will be included in your income in the year it is received. For example, a participant who is age 65 with a \$10,000 vested account balance will receive \$76.60 per month while he or she is alive. This example is an estimate and should not be viewed as an assurance that an insurer is able to provide the specific amount disclosed.

## SECTION TWO — PAYMENT OPTIONS FOR BENEFICIARIES OF DECEASED PLAN PARTICIPANTS

### IMPORTANT NOTICE TO BENEFICIARY

If you're the designated beneficiary of a deceased participant's vested account balance, you're eligible to receive a distribution. The form of the benefit depends on several factors including, but not limited to, the type of plan and the amount in the participant's account. Of the options above, some may not be available to you.

#### OPTION I — PARTICIPANT'S ACCOUNT BALANCE

If the participant's vested account balance was \$5,000 or less at the time of distribution, the Plan administrator is required to pay your distribution to you in a single cash payment. If the participant's vested account balance exceeded \$5,000, you must consent to the form of payment.

#### OPTION II — TYPE OF PLAN

NOTE: The Plan administrator can tell you which type of plan this is.

##### A. REA SAFE HARBOR PLANS (PROFIT SHARING OR 401(k) PLANS ONLY)

You may select either Part One, Option I or II. However, if you select the installment payment method described in Part One, Option II, the payment schedule you choose cannot be longer than your single life expectancy.

##### B. ALL OTHER PLANS

If the Plan participant died before distributions commenced and you're a spouse beneficiary, distributions from the Plan must be paid to you (if applicable) in the form of a qualified preretirement survivor annuity, unless the annuity requirement was properly waived. A participant waives the annuity requirement by completing a "Designation of Beneficiary" form and obtaining your written consent to the waiver. If the participant did not execute the required waivers, then his or her account balance will be paid to you (the deceased participant's spouse) in the form of a preretirement survivor annuity unless the Plan specifically permits you to elect to receive payments in a form other than a qualified preretirement survivor annuity. If you are a non-spouse beneficiary of a deceased participant who was married, you'll not receive any payment from the Plan unless the participant properly waived the requirement that his or her spouse be the beneficiary.

If the qualified preretirement survivor annuity was properly waived by the participant and/or his or her spouse (if applicable), then you may receive the entire vested account balance in a lump sum payment as explained in Part One, Option I of this notice. The rollover option described in Parts Three and Four is available only if you're the spouse of the deceased participant. However, spouse and non-spouse beneficiaries may be able to directly roll over their balance to an inherited IRA as described in Parts Three and Four of this notice. The other distribution options available to you as a beneficiary are explained in Section One, Option II and Option IV. However, the payment schedule you choose cannot be longer than your single life expectancy.

## SECTION THREE — PAYMENTS NOT FROM A DESIGNATED ROTH ACCOUNT

### YOUR ROLLOVER OPTIONS

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

This notice describes the rollover rules that apply to payments from the Plan that aren't from a designated Roth account (a type of account with special tax rules in some employer plans). If you also receive a payment from a designated Roth account in the Plan, refer to Part Four of this notice for information on that payment, and the Plan administrator or the payor will tell you the amount that is being paid from each account.

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

### GENERAL INFORMATION ABOUT ROLLOVERS

#### How can a rollover affect my taxes?

You'll be taxed on a payment from the Plan if you don't roll it over. If you're under age 59½ and don't do a rollover, you'll also have to pay a 10 percent additional income tax on early distributions (unless an exception applies). However, if you do a rollover, you'll not have to pay tax until you receive payments later and the

10 percent additional income tax will not apply if those payments are made after you're age 59½ (or if an exception applies).

#### Where may I roll over the payment?

You may roll over the payment to either a Traditional or Roth IRA (an individual retirement account or individual retirement annuity), an employer plan (a tax-qualified plan, section 403(b) plan, or governmental section 457(b) plan) that will accept the rollover or a SIMPLE IRA that has been open for two years from the date of the first deposit. The rules of the IRA or employer plan that holds the rollover will determine your investment options, fees, and rights to payment from the IRA or employer plan (for example, no spousal consent rules apply to IRAs and IRAs may not provide loans). Further, the amount rolled over will become subject to the tax rules that apply to the IRA or employer plan.

#### How do I do a rollover?

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

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

If you don't do a direct rollover, you may still do a rollover by making a deposit into an IRA or eligible employer plan that will accept it. You'll generally have 60 days after you receive the payment to make the deposit. If you don't do a direct rollover, the Plan is required to withhold 20 percent 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 percent withheld. If you don't roll over the entire amount of the payment, the portion not rolled over will be taxed and will be subject to the 10 percent additional income tax on early distributions if you're under age 59½ (unless an exception applies).

#### How much may I roll over?

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

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

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

#### If I don't do a rollover, will I've to pay the 10 percent additional income tax on early distributions?

If you're under age 59½, you'll have to pay the 10 percent additional income tax on early distributions for any payment from the Plan (including amounts withheld for income tax) that you don't roll over, unless one of the exceptions listed below applies. This tax is in addition to the regular income tax on the payment not rolled over.

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

- Payments made after you separate from service if you'll 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're a public safety employee and you're at least age 50 in the year of the separation
- Payments made due to disability
- Payments after your death
- Payments of ESOP dividends
- Corrective distributions of contributions that exceed tax law limitations
- Cost of life insurance paid by the Plan

- Payments made directly to the government to satisfy a federal tax levy
- Payments made under a qualified domestic relations order (QDRO)
- Payments up to the amount of your deductible medical expenses (without regard to whether you itemize deductions for the taxable year)
- Payments of up to \$5,000 made to you from a defined contribution plan if the payment is a qualified birth or adoption distribution
- Certain payments made while you're 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
- Payments excepted from the additional income tax by federal legislation relating to certain emergencies and disasters
- Phased retirement payments made to federal employees

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

If you receive a payment from an IRA when you're under age 59½, you'll have to pay the 10 percent additional income tax on early distributions from the IRA, unless an exception applies. In general, the exceptions to the 10 percent additional income tax for early distributions from an IRA are the same as the exceptions listed above for early distributions from a plan. However, there are a few differences for payments from an IRA, including:

- The exception for payments made after you separate from service if you'll be at least age 55 in the year of separation (or age 50 for qualified public safety employees) does not apply
- The exception for qualified domestic relations orders (QDROs) does not apply (although a special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to an IRA of a spouse or former spouse).
- The exception for payments made at least annually in equal or close to equal amounts over a specified period applies without regard to whether you have had a separation from service.
- There are additional exceptions for (1) payments for qualified higher education expenses, (2) payments up to \$10,000 used in a qualified first-time home purchase, and (3) payments for health insurance premiums after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

#### Will I owe State income taxes?

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

### SPECIAL RULES AND OPTIONS

#### If your payment includes after-tax contributions

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

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

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

You may roll over to an employer plan all of a payment that includes after-tax contributions, but only through a direct rollover (and only if the receiving plan

separately accounts for after-tax contributions and isn't 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. If you don't qualify for an automatic waiver, you may apply for a waiver by filing a private letter ruling request with the IRS or use the self-certification procedure. Private letter ruling requests require the payment of a nonrefundable user fee. For more information, see IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*.

#### **If your payment includes employer stock that you don't roll over**

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

#### **If you have an outstanding loan that is being offset**

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

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

#### **If you were born on or before January 1, 1936**

If you were born on or before January 1, 1936 and receive a lump sum distribution that you don't 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 don't do a rollover, you'll not have to pay the 10 percent additional income tax on early distributions from the Plan even if you're 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 isn't a governmental section 457(b) plan, a later distribution made before age 59½ will be subject to the 10 percent 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 don't roll over" and "If you were born on or before January 1, 1936" don't apply.

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

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

#### **If you roll over your payment to a Roth IRA**

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

If you roll over the payment to a Roth IRA, later payments from the Roth IRA that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a Roth IRA is a payment made after you're 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 aren't qualified distributions will be taxed to the extent of earnings after the rollover, including the 10 percent additional income tax on early distributions (unless an exception applies). You don't have to take required minimum distributions from a Roth IRA during your lifetime. For more information, see IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*, and IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*.

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

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

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

#### **If you aren't a plan participant**

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

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

An IRA you treat as your own is treated like any other IRA of yours, so that payments made to you before you're age 59½ will be subject to the 10 percent additional income tax on early distributions (unless an exception applies) and required minimum distributions from your IRA don't have to start until after you're age 70½ (if you were born before July 1, 1949) or age 72 (if you were born after June 30, 1949).

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

**If you're a surviving beneficiary other than a spouse.** If you receive a payment from the Plan because of the participant's death and you're a designated beneficiary other than a surviving spouse, the only rollover option you have is to do a direct rollover to an inherited IRA. Payments from the inherited IRA will not be subject to the 10 percent additional income tax

on early distributions. You'll have to receive required minimum distributions from the inherited IRA.

If you don't do a direct rollover to an inherited IRA, the Plan is required to withhold 20 percent of the payment for federal income taxes. You cannot waive the 20 percent withholding.

Payments under a qualified domestic relations order. If you're 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 percent additional income tax on early distributions.

#### **If you're a nonresident alien**

If you're a nonresident alien and you don't do a direct rollover to a U.S. IRA or U.S. employer plan, instead of withholding 20 percent, the Plan is generally required to withhold 30 percent 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're entitled to a reduced rate of withholding under an income tax treaty. For more information, see also IRS Publication 519, *U.S. Tax Guide for Aliens*, and IRS Publication 515, *Withholding of Tax on Nonresident Aliens and Foreign Entities*.

#### **Other special rules**

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

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

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

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

## **FOR MORE INFORMATION**

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

# **SECTION FOUR — PAYMENTS FROM A DESIGNATED ROTH ACCOUNT**

## **YOUR ROLLOVER OPTIONS**

You are receiving this notice because all or a portion of a payment you're receiving from your retirement plan (the "Plan") is eligible to be rolled over to a Roth IRA or designated Roth account in an employer plan. This notice is intended to help you decide whether to do a rollover.

This notice describes the rollover rules that apply to payments from the Plan that are from a designated Roth account. If you also receive a payment from the Plan that isn't from a designated Roth account, refer to Part Three of this notice for information on that payment, and the Plan administrator or the payor will tell you the amount that is being paid from each account.

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

## **GENERAL INFORMATION ABOUT ROLLOVERS**

### **How can a rollover affect my taxes?**

After-tax contributions included in a payment from a designated Roth account aren't 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 isn't a qualified distribution and you don't do a rollover to a Roth IRA or a designated Roth account in an employer plan, you'll be taxed on the portion of the payment that is earnings. If you're under age 59½, a 10 percent additional income tax on early distributions will also apply to the earnings (unless an exception applies). However, if you do a rollover, you'll not have to pay taxes currently on the earnings and you'll not have to pay taxes later on payments that are qualified distributions.

If the payment from the Plan is a qualified distribution, you'll not be taxed on any part of the payment even if you don't do a rollover. If you do a rollover, you'll 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're age 59½ (or after your death or disability) and after you have had a designated Roth account in the Plan for at least 5 years. In applying the 5-year rule, you count from January 1 of the year your first contribution was made to the designated Roth account. However, if you did a direct rollover to a designated Roth account in the Plan from a designated Roth account in another employer plan, your participation will count from January 1 of the year your first contribution was made to the designated Roth account in the Plan or, if earlier, to the designated Roth account in the other employer plan.

#### Where may I roll over the payment?

You may roll over the payment to either a Roth IRA (a Roth individual retirement account or Roth individual retirement annuity) or a designated Roth account in an employer plan (a tax-qualified plan or section 403(b) plan) that will accept the rollover. The rules of the Roth IRA or employer plan that holds the rollover will determine your investment options, fees, and rights to payment from the Roth IRA or employer plan (for example, no spousal consent rules apply to Roth IRAs and Roth IRAs may not provide loans). Further, the amount rolled over will become subject to the tax rules that apply to the Roth IRA or the designated Roth account in the employer plan. In general, these tax rules are similar to those described elsewhere in this notice, but differences include:

- If you do a rollover to a Roth IRA, all of your Roth IRAs will be considered for purposes of determining whether you have satisfied the 5-year rule (counting from January 1 of the year for which your first contribution was made to any of your Roth IRAs).
- If you do a rollover to a Roth IRA, you'll 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 aren't qualified distributions).
- Eligible rollover distributions from a Roth IRA can only be rolled over to another Roth IRA.

#### How do I do a rollover?

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

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

If you don't do a *direct rollover*, you may still do a rollover by making a deposit within 60 days (generally) 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 don't roll over an amount at least equal to the earnings allocable to the distribution, you'll be taxed on the amount of those earnings not rolled over, including the 10 percent additional income tax on early distributions if you're under age 59½ (unless an exception applies).

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

If you don't do a direct rollover and the payment isn't a qualified distribution, the Plan is required to withhold 20 percent 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 percent 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 (if you were born before July 1, 1949), after age 72 (if you were born after June 30, 1949), or after death
- Hardship distributions
- Payments of ESOP dividends
- Corrective distributions of contributions that exceed tax law limitations
- Loans treated as deemed distributions (for example, loans in default due to missed payments before your employment ends)
- Cost of life insurance paid by the Plan
- Payments of certain automatic enrollment contributions requested to be withdrawn within 90 days of the first contribution
- Amounts treated as distributed because of a prohibited allocation of S corporation stock under an ESOP (also, there will generally be adverse tax consequences if S corporation stock is held by an IRA)
- Distributions of certain premiums for health and accident insurance

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

#### If I don't do a rollover, will I've to pay the 10 percent additional income tax on early distributions?

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

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

- Payments made after you separate from service if you'll be at least age 55 in the year of the separation
- Payments that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary)
- Payments made due to disability
- Payments after your death
- Payments of ESOP dividends
- Corrective distributions of contributions that exceed tax law limitations
- Cost of life insurance paid by the Plan
- Payments made directly to the government to satisfy a federal tax levy
- Payments made under a qualified domestic relations order (QDRO)
- Payments up to the amount of your deductible medical expenses (without regard to whether you itemize deductions for the taxable year);
- Certain payments made while you're 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
- Payments excepted from the additional income tax by federal legislation relating to certain emergencies and disasters
- Payments from a governmental plan made after you separate from service if you're a qualified public safety employee and you'll be at least age 50 in the year of the separation
- Payments of up to \$5,000 made to you from a defined contribution plan if the payment is a qualified birth or adoption distribution

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

If you receive a payment from a Roth IRA when you're under age 59½, you'll have to pay the 10 percent 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 percent additional income tax for early distributions from a Roth IRA listed above are the same as the exceptions for early distributions from a plan. However, there are a few differences for payments from a Roth IRA, including:

- The exception for payments made after you separate from service if you'll be at least age 55 in the year of the separation (or age 50 for qualified public safety employees) does not apply

- The exception for qualified domestic relations orders (QDROs) does not apply (although a special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to a Roth IRA of a spouse or former spouse).
- The exception for payments made at least annually in equal or close to equal amounts over a specified period applies without regard to whether you have had a separation from service.
- There are additional exceptions for (1) payments for qualified higher education expenses, (2) payments up to \$10,000 used in a qualified first-time home purchase, and (3) payments for health insurance premiums after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

#### Will I owe State income taxes?

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

### SPECIAL RULES AND OPTIONS

#### If 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. If you don't qualify for an automatic waiver, you may apply for a waiver by filing a private letter ruling request with the IRS or use the self-certification procedure. Private letter ruling requests require the payment of a nonrefundable user fee. For more information, see IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*.

#### If your payment includes employer stock that you don't roll over

If you receive a payment that isn't a qualified distribution and you don't 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'll 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 don't 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. Generally, you may roll over all or any portion of the offset amount. If the distribution attributable to the offset isn't a qualified distribution and you don't roll over the offset amount, you'll be taxed on any earnings included in the distribution (including the 10 percent additional income tax on early distributions, unless an exception applies). You may roll over the earnings included in the loan offset to a Roth IRA or designated Roth account in an employer plan (if the terms of the employer plan permit the plan to receive plan loan offset rollovers). You may also roll over the full amount of the offset to a Roth IRA.

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

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

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

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

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

**If you receive a nonqualified distribution, 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 nonqualified distributions paid directly as premiums to an accident or health plan (or a qualified long-term care insurance contract) that your employer maintains for you, your spouse, or your dependents, up to a maximum of \$3,000 annually. For this purpose, a public safety officer is a law enforcement officer, firefighter, chaplain, or member of a rescue squad or ambulance crew.

**If you aren't a plan participant**

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

**If you're a surviving spouse.** If you receive a payment from the Plan as the surviving spouse of a deceased participant, you have the same rollover

options that the participant would have had, as described elsewhere in this notice. In addition, if you choose to do a rollover to a Roth IRA, you may treat the Roth IRA as your own or as an inherited Roth IRA.

A Roth IRA you treat as your own is treated like any other Roth IRA of yours, so that you'll not have to receive any required minimum distributions during your lifetime and earnings paid to you in a nonqualified distribution before you're age 59½ will be subject to the 10 percent 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 percent 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'll have to receive required minimum distributions from the inherited Roth IRA. If the participant had not started taking required minimum distributions, you'll not have to start receiving required minimum distributions from the inherited Roth IRA until the year the participant would have been age 70½ (if the participant was born before July 1, 1949) or age 72 (if the participant was born after June 30, 1949).

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

If you don't do a direct rollover to an inherited IRA, the Plan is required to withhold 20 percent of the payment for federal income taxes. You cannot waive the 20 percent withholding.

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

**If you're a nonresident alien**

If you're a nonresident alien and you don't do a direct rollover to a U.S. IRA or U.S. employer plan, instead of withholding 20 percent, the Plan is generally required to withhold 30 percent 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're 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 (only including payments from the designated Roth account in the Plan) are less than \$200, the Plan isn't required to allow you to do a direct rollover and isn't required to withhold for federal income taxes. However, you can do a 60-day rollover.

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

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

**FOR MORE INFORMATION**

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For information about any John Hancock fund, please read the prospectus. The prospectus contains more complete information about factors that should be considered before investing, including investment objectives, charges, expenses, and risks. Please read the prospectus carefully before investing or sending money. For prospectuses, contact your financial professional, call Manulife John Hancock Investments at 800-432-1969, or visit our website at [jhinvestments.com](http://jhinvestments.com).