Qualified retirement plan distribution request

Introduction

Instructions

Please use this form for John Hancock custodial money purchase or profit-sharing plan 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 distribution from a 403(b)(7) plan or Texas ORP account. Instead, use the John Hancock 403(b)(7) or Texas ORP distribution request 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
800-225-5291

Return instructions
See the end of this form for return instructions.

1. Your information

Name (First) ______ (MI) ______ (Last name) ______

Date of birth (MM/DD/YYYY) ______ Phone number ______ ☐ Home ☐ Mobile

Fund name or number (required) ______ Account number (required) ______

2. Type of distribution

Note: Please consult your tax advisor prior to requesting a distribution. Some premature distributions (before age 59½) may be subject to taxes and/or tax penalties.

Please select one of the following. 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 and my plan permits in-service distributions.

☐ **Termination of employment:** I've terminated employment. (A 10% premature distribution penalty may apply to distributions before age 59½ unless you separate from service during or after the year you turn age 55.)

☐ **Termination of plan:** I'm a participant in a plan that was terminated or dissolved by my employer. (Termination is only allowed if permitted by the plan. A 10% premature distribution penalty may apply to distributions before age 59½.)

☐ **Disability:** I'm unable to engage in any substantial, gainful activity by reason of a medically determinable physical or mental impairment, and my condition is expected to result in death or to be of long, continued, and indefinite duration. (A statement on a doctor's letterhead is required.)

☐ **Hardship:** Most profit-sharing and money purchase plans don't permit hardship withdrawals. If your plan does permit hardship withdrawals, your request must be accompanied by an approval letter from your employer.

☐ **Death:** I'm the beneficiary or inherited owner of this account. A copy of the death certificate and a completed IRA adoption agreement are attached. Also attached, if required, is a tax waiver from the deceased's state of residence. I understand this distribution method will generally involve a change of ownership.

☐ **Divorce:** I'm a party in a divorce or legal separation and request a distribution to the alternate payee according to a qualified domestic relations order. An IRA adoption agreement is attached for the alternate payee.

3. Method of distribution

Please complete Part A **or** Part 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:** Amount: $____________________ **or** number of shares: ____________________.
For Class B and Class C shares subject to a contingent deferred sales charge (CDSC), please select one of the following. If you don't select either option, your distribution will be processed as gross.

☐ **Net:** The applicable CDSC is taken from your account balance. Your check will be issued for the amount requested, minus applicable taxes and fees.

☐ **Gross:** The applicable CDSC will be taken from the requested amount. Your check will be issued for the amount requested, minus the applicable CDSC, taxes, and fees.

B. Future payments: ☐ New payment request ☐ Update existing payment

The 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 25th of each month.

Date payments are to begin: __________ Specify frequency: ☐ Monthly ☐ Quarterly ☐ Semiannually ☐ Annually

☐ **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 will 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 25th of each month.

Date payments are to begin: __________ Specify frequency: ☐ Monthly ☐ Quarterly ☐ Semiannually ☐ Annually

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 ____________________.
(MM/DD/YYYY)

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

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 3 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, or termination of plan
- Distributions due to disability, as defined by the IRS
- Distributions to spouse beneficiaries, nonspouse beneficiaries, or former spouses under a qualified domestic relations order

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 on the line below. You may not choose a rate less than 20%. (See the Withholding instructions in Appendix A for more information.)

Complete this section if you would like a rate of withholding that's 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** ____________________________%

4. 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's 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** ______________________%.

If you elect to have no federal taxes withheld from your distribution payments, or if you don't have enough federal taxes 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, we'll also withhold your state's minimum required tax. If state tax is withheld from the distribution, the amount you requested in Section 3 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 request reduced withholding a different percentage or dollar amount or opt out of withholding below.

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

5. Method of payment

Please select one of the following payee options. If no method of payment is selected, the proceeds of your distribution will be sent to your address of record.

☐ 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 6.)

____

____

____

☐ 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 use the **new*** bank information on file 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 6.

☐ 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 an 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.)

6. Signature of participant

I've read and understand the distribution notice provided to me by the plan administrator. I hereby request payment from the qualified retirement plan designated above. In addition, if I'm eligible to waive the notice requirements under ERISA Section 205(c) and Sections 402(f), 417(a)(3), and 411(a)(11) of the Internal Revenue Code, I hereby waive the 30-day notice period. I certify that all information provided by me is true and accurate, and I agree to submit additional information if requested by the plan administrator (employer) or other plan fiduciary. I've received and read a copy of the current IRS Form W-4R and its withholding instructions. I acknowledge that neither the custodian, Manulife John Hancock Investments, nor any of their agents have made any representations about the tax consequences of this transaction.

If you're not married, complete the certification below. If you're married, your spouse must sign the waiver below.

☐ I certify that I'm not married.

SIGN HERE

Signature of the participant or inherited account beneficiary

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 new bank account in Section 5, 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: The Medallion signature guarantee shouldn't be dated.

Spousal consent

I'm the spouse of the participant named above. I hereby consent to my spouse's election not to have benefits under their plan paid in the form of a qualified joint and survivor annuity. I understand that by consenting to my spouse's waiver, I may be forfeiting benefits I would be entitled to receive when my spouse dies. My consent is irrevocable unless my spouse revokes this waiver. (The signature of the spouse must be witnessed by a notary public below.)

SIGN HERE

Signature of the spouse

Date signed (MM/DD/YYYY)

Witness: Notary public subscribed and sworn to before me on this ____________ day of ____.

SIGN HERE

Signature of the notary

Date signed (MM/DD/YYYY)

7. Signature of the plan administrator or employer

I hereby certify by way of the signature below that I'm an authorized plan administrator or an authorized representative of the employer, and in such capacity have reviewed this document and confirmed that all required signatures—participant, spouse, and notary public (if applicable)—have been obtained. In addition, I hereby confirm the appropriate waivers are in place to permit the distribution in the form noted above.

SIGN HERE

Signature of the plan administrator or employer

Date signed (MM/DD/YYYY)

8. Mail

Please enclose and mail 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.

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.

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've 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're not 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 or more**	**Total income over—**	**Tax rate for every dollar or more**	**Total income over—**	**Tax rate for every dollar or 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’ve 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’s 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 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’s 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 are 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's 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've 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.

Qualified Retirement Plan Distribution Notice

IMPORTANT INFORMATION ABOUT YOUR QUALIFIED RETIREMENT PLAN DISTRIBUTION

INTRODUCTION

As a participant in your employer's qualified retirement plan, you've 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),
- your Plan permits distributions during phased retirement (only applicable to certain plans and limited to participants that have attained the age specified in the Plan), 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 qualified 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.

PART ONE of this notice describes the Plan payment options available to you. PART TWO describes the payment options for your beneficiary(ies). PART THREE contains a special tax notice, required by the IRS, that explains the tax treatment of your Plan payment that's not from a designated Roth account and describes the rollover options available to you. PART 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. You may obtain financial projections based upon your account balance by submitting a request, in writing, to the Plan administrator (usually the employer).

PART ONE—PAYMENT OPTIONS FOR PLAN PARTICIPANTS

IMPORTANT NOTICE TO PARTICIPANT

Read the following message before reviewing your options.

Of the three options listed below, some may not be available to you and you must refer to your Summary Plan Description to identify the specific payment options that apply under your Plan.

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's an eligible rollover distribution must be directly rolled over by the Plan administrator to an individual retirement account (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

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

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've 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 — ANNUITY CONTRACT

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, 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, or any other form of annuity except a life annuity. A term certain annuity would distribute dollars to you and your beneficiary for a specified number of years.

B. FINANCIAL EFFECT AND TAX CONSEQUENCES OF THE ANNUITY

You may select Option I, II or III listed above. However, if you select the installment payment method described in Option II, the payment schedule you choose cannot be longer than your single life expectancy. The rollover option described in Parts Three and Four is available only if you're the spouse of the deceased participant. However, spouse and nonspouse beneficiaries may be able to directly roll over their balance to an inherited IRA as described in Parts Three and Four of this notice.

PART 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, the amount in the participant's account, your relationship to the participant, and the participant's date of death. Your options will also depend on whether you're an eligible designated beneficiary (a designated beneficiary who is 1) a spouse of the participant; 2) a child of the participant who is under the age of majority; 3) a beneficiary that isn't more than 10 years younger than the participant; 4) disabled; or 5) chronically ill). Of the options listed in Part One, above, some may not be available to you. If you've questions about your options contact the Plan administrator or see tax or legal advice.

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

You may select Option I, II or III listed above. However, if you select the installment payment method described in Option II, the payment schedule you choose cannot be longer than your single life expectancy. The rollover option described in Parts Three and Four is available only if you're the spouse of the deceased participant. However, spouse and nonspouse beneficiaries may be able to directly roll over their balance to an inherited IRA as described in Parts Three and Four of this notice

PART 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's being paid from each account.

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

GENERAL INFORMATION ABOUT ROLLOVERS

How can a rollover affect my taxes?

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

What types of retirement accounts and plans may accept my rollover?

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

How do I do a rollover?

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

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

If you 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. Generally, you'll 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% of the payment for federal income taxes (up to the amount of cash and property received other than employer stock). This means that, in order to roll over the entire payment in a 60-day rollover, you must use other funds to make up for the 20% withheld. If you 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% 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 73 (if you were born after December 31, 1950), age 72 (if you were born after June 30, 1949 and before January 1, 1951), age 701/2 (if you were born before July 1, 1949), or after death
- Hardship distributions
- ESOP dividends
- Corrective distributions of contributions that exceed tax law limitations
- Loans treated as deemed distributions (for example, loans in default due to missed payments before your employment ends)
- Cost of life insurance paid by the Plan
- Payments of certain automatic enrollment contributions requested to be withdrawn within 90 days of the first contribution
- Amounts treated as distributed because of a prohibited allocation of S corporation stock under an ESOP (also, there will generally be adverse tax consequences if you roll over a distribution of S corporation stock to an IRA)
- 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 have to pay the 10% additional income tax on early distributions?

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

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

- Payments made after you separate from service if you'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 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 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
- Phased retirement payments made to federal employees
- Payments of up to $22,000 made in connection with federally-declared disasters.
- Payments made on or after the date you're certified by a physician as terminally ill

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

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

- 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've had a separation from service.
- There are additional exceptions for payments from an IRA, including (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've received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status), and (4) payments of net income attributable to an excess contribution that's withdrawn by the tax return deadline for the year in which the contribution was made (including extensions).

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've 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's not a Roth IRA, no amount is taxable because the $2,000 amount not directly rolled over is treated as being after-tax contributions. If you do a direct rollover of the entire amount paid from the Plan to two or more destinations at the same time, you can choose which destination receives the after-tax contributions.

If you do a 60-day rollover to an IRA of only a portion of a payment made to you, the after-tax contributions are treated as rolled over last. For example, assume you'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's not a Roth IRA in a 60-day rollover, no amount is taxable because the $2,000 amount not rolled over is treated as being after-tax contributions.

You may roll over to an employer plan all of a payment that includes after-tax contributions, but only through a direct rollover (and only if the receiving plan separately accounts for after-tax contributions and 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. Under certain circumstances, you may claim eligibility for a waiver of the 60-day rollover deadline by making a written self-certification. Otherwise, to apply for a waiver from the IRS, you must file a private letter ruling request with the IRS. Private letter ruling requests require the payment of a nonrefundable user fee. For more information, see IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs).*

If your payment includes employer stock that you 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've an outstanding loan that's being offset

If you've 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. Any offset amount that's not 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've to complete the rollover depends on what kind of plan loan offset you've. If you've 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, you've 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 won't have to pay the 10% 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's not a governmental section 457(b) plan, a later distribution made before age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies). Other differences 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're an eligible retired public safety officer and your 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, member of a rescue squad or ambulance crew.

If you roll over your payment to a Roth IRA

If you roll over a payment from the Plan to a Roth IRA, a special rule applies under which the amount of the payment rolled over (reduced by any after-tax amounts) will be taxed. However, the 10% additional income tax on early distributions will not apply (unless you take the amount rolled over out of the Roth IRA within 5 years, counting from January 1 of the year of the rollover).

If you roll over the payment to a Roth IRA, later payments from the Roth IRA that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a Roth IRA is a payment made after you'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've 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% 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 5-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've 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% additional income tax on early distributions (unless an exception applies).

If you're not 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% 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've 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% 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 73 (if you were born after December 31, 1950), age 72 (if you were born after June 30, 1949 and before January 1, 1951), or age 70½ (if you were born before July 1, 1949).

If you treat the IRA as an inherited IRA, payments from the IRA will not be subject to the 10% additional income tax on early distributions. However, if the participant had started taking required minimum distributions, you'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 won't have to start receiving required minimum distributions from the inherited IRA until the year the participant would have been age 73 (if the participant was born after December 31, 1950), age 72 (if the participant was born after June 30, 1949 and before January 1, 1951), or age 70½ (if the participant was born before July 1, 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've is to do a direct rollover to an inherited IRA. Payments from the inherited IRA will not be subject to the 10% additional income tax on early distributions. You will have to receive required minimum distributions from the inherited IRA.

If you don't do a direct rollover to an inherited IRA, the Plan is required to withhold 20% of the payment for federal income taxes. You cannot waive the 20% 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 and same tax treatment that 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). However, payments under the QDRO will not be subject to the 10% additional income tax on early distributions.

If you're a non-resident 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%, the Plan is generally required to withhold 30% of the payment for federal income taxes. If the amount withheld exceeds the amount of tax you owe (as may happen if you do a 60-day rollover), you may request an income tax refund by filing Form 1040NR and attaching your Form 1042-S. See Form W-8BEN for claiming that you'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.

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 web at irs.gov, or by calling 1-800-TAX-FORM.

PART 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's not 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's 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 earnings in the payment. If you're under age 59½, a 10% additional income tax on early distributions (generally, distributions made before age 59½) will also apply to the earnings (unless an exception applies). However, if you do a rollover, you won't have to pay taxes currently on the earnings and you won't have to pay taxes later on payments that are qualified distributions.

If the payment from the Plan is a qualified distribution, you won't be taxed on any part of the payment even if you don't do a rollover. If you do a rollover, you won't 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've 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.

What types of retirement accounts and plans may accept my rollover?

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, section 403(b) plan, or governmental section 457(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've 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 won't 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 (generally within 60 days) into a Roth IRA, whether the payment is a qualified or nonqualified distribution. In addition, you can do a rollover by making a deposit within 60 days into a designated Roth account in an employer plan if the payment is a nonqualified distribution and the rollover does not exceed the amount of the earnings in the payment. You cannot do a 60-day rollover to an employer plan of any part of a qualified distribution. If you receive a distribution that's 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% 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 is not a qualified distribution, the Plan is required to withhold 20% of the earnings for federal income taxes (up to the amount of cash and property received other than employer stock). This means that, in order to roll over the entire payment in a 60-day rollover to a Roth IRA, you must use other funds to make up for the 20% withheld.

How much may I roll over?

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

- Certain payments spread over a period of at least 10 years or over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary)
- Required minimum distributions after age 3 (if you were born after December 31, 1950), age 72 (if you were born after June 30, 1949 and before January 1, 1951), age 70½ (if you were born before July 1, 1949), or after death
- Hardship distributions
- ESOP dividends
- Corrective distributions of contributions that exceed tax law limitations
- Loans treated as deemed distributions (for example, loans in default due to missed payments before your employment ends)
- Cost of life insurance paid by the Plan
- Payments of certain automatic enrollment contributions requested to be withdrawn within 90 days of the first contribution
- Amounts treated as distributed because of a prohibited allocation of S corporation stock under an ESOP (also, there will generally be adverse tax consequences if 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 have to pay the 10% 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% 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% 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 plan made after you separate from service if you're a qualified public safety employee and (1) will be at least age 50 in the year of the separation or (2) have at least 25 years of service under the Plan
- Payments from a tax-qualified plan or section 403(b) plan made after you separate from service if you provided firefighting services and you (1) will be at least age 50 in the year of the separation or (2) have at least 25 years of service under the Plan
- Payments of up to $5,000 made to you from a defined contribution plan if the payment is a qualified birth or adoption distribution
- 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 of up to $22,000 made in connection to federally-declared disasters; and
- Payments made on or after the date you're certified by a physician as terminally ill

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

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

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 or following 25 years of service for qualified public safety employees and employees providing firefighting services) 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've 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've received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status), and (4) payments of net income attributable to an excess contribution that's withdrawn by the tax return deadline for the year in which the contribution was made (including extensions).

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. Under certain circumstances, you may claim eligibility for a waiver of the 60-day rollover deadline by making a written self-certification. Otherwise, to apply for a waiver from the IRS, you must file a private letter ruling request with the IRS. Private letter ruling requests require the payment of a nonrefundable user fee. For more information, see IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs).*

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

If you receive a payment that's not 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 won't 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's 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've an outstanding loan that's being offset

If you've 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% 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've to complete the rollover depends on what kind of plan loan offset you've. If you've 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, you've 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's not 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's not a qualified distribution and you don't roll it over, you won't 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's not a governmental section 457(b) plan, a later distribution that's not 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 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, member of a rescue squad or ambulance crew.

If you're not 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% 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've 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 won't 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% additional income tax on early distributions (unless an exception applies).

If you treat the Roth IRA as an inherited Roth IRA, payments from the Roth IRA will not be subject to the 10% additional income tax on early distributions. An inherited Roth IRA is subject to required minimum distributions. If the participant had started taking required minimum distributions from the Plan, you'll have to receive required minimum distributions from the inherited Roth IRA. If the participant had not started taking required minimum distributions, you won't have to start receiving required minimum distributions from the inherited Roth 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 on or after July 1, 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've is to do a direct rollover to an inherited Roth IRA. Payments from the inherited Roth IRA, even if made in a nonqualified distribution, will not be subject to the 10% additional income tax on early distributions. You will have to receive required minimum distributions from the inherited Roth IRA.

If you don't do a direct rollover to an inherited IRA, the Plan is required to withhold 20% of the payment for federal income taxes. You cannot waive the 20% 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%, the Plan is generally required to withhold 30% of the payment for federal income taxes. If the amount withheld exceeds the amount of tax you owe (as may happen if you do a 60 day rollover), you may request an income tax refund by filing Form 1040NR and attaching your Form 1042-S. See Form W-8BEN for claiming that you'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.

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 web at irs.gov, or by calling 1-800-TAX-FORM.