Participant Distribution Form

INSTRUCTIONS: Please complete the form in its entirety. After completion, ***fax, mail, or e-mail the form to the HR department of the employer sponsoring this 401(k) account*** so they may complete the "Employer Authorization" section (incomplete forms will be returned). The employer will deliver the authorized form to Wellington Companies for processing. **Please allow 2 - 4 weeks for processing** after receipt at Wellington Companies (assuming no short-term redemption fees are applicable). If you have questions regarding the distribution, please contact the plan sponsor or call Wellington Financial Group, Inc. at (877) 836-1993 to speak with a representative.

STEP 1: PARTICIPANT INFORMATION

First Name **MI** **Last Name** **Company Name**

Address **Personal Phone** **Social Security No.**

City **State** **Zip Code** **Personal Email**

Applicable Accounts: ☐ Traditional (pre-tax) 401(k) ☐ Roth (after-tax) 401(k) ☐ Both Traditional & Roth 401(k)

STEP 2: REASON FOR DISTRIBUTION

☐ This is a distribution due to separation of service from my former employer
☐ This is an in-service distribution with my current employer (contact your employer, or refer to your SPD, to determine if you are eligible
☐ This is a distribution due to disability or death (as defined by the IRS)
☐ This is a distribution due to QDRO (Alternate Payee Information required)
☐ This is a Required Minimum distribution (For eligible participants 70 years of age or older)

STEP 3: SCHWAB'S SHORT-TERM REDEMPTION FEES

☐ **Please process my distribution now.** I understand that Schwab may charge a 2% Short-Term Redemption Fee on shares held for less than 90 days of any applicable mutual funds.

☐ **Please wait until all Short-Term Redemption Fees have expired.** I understand that this may delay my distribution by up to 90 days.

Schwab's short-term redemption fee of 2% will be charged on redemption of funds purchased through Schwab's Mutual Fund OneSource Service (and certain other funds with no transaction fees) and held for 90 days or less. Schwab reserves the right to exempt certain funds from this fee, including Schwab Funds, which may charge a separate redemption fee, and funds that accommodate short-term trading.

STEP 4: METHOD OF DISTRIBUTION

SELECT ONE: ☐ Traditional Account ☐ Roth Account

*****NOTE: To take a distribution from a combination of both Traditional & Roth accounts, please fill out Step 4 (next page) twice; one with instructions for your Traditional Account, the other with instructions for your Roth Account.***

SELECT ONE: ☐ **Check** ☐ **ACH** (Complete attached ACH Authorization Form)

☐ **OPTION 1: DIRECT ROLLOVER**

***NOTE: Rollovers will be made payable to a qualified plan or IRA only.*

☐ **Please rollover** 100% of my vested account balance to my new account (Indicate the receiving account below).

☐ **Please rollover** $ ____________ **OR** ________ % of my vested account balance to my new account (indicate below).

Select a source: ○ Traditional (Pre-Tax) ○ Roth (After-Tax)

Select an account: ○ Individual Retirement Account (IRA) ○ Qualified Employer Retirement Plan

Specify how the rollover check should be made payable:

Name of Institution **Account Number**

☐ **OPTION 2: DIRECT DISTRIBUTION**

***NOTE: Distributions will come in the form of a check made payable to you, less any applicable taxes and fees.*

☐ **Please pay** 100% of my vested account balance to me.

☐ **Please pay** $ ____________ **OR** ________ % of my vested account balance directly to me*.

FOR PARTIAL DISTRIBUTIONS ONLY:
*This amount should be (select one): ☐ Before taxes are removed (gross distribution) ☐ After taxes are removed (net distribution)

☐ **OPTION 3: COMBINED DISTRIBUTION (DIRECT DISTRIBUTION & DIRECT ROLLOVER)**

***NOTE: Rollovers will be made payable to a qualified plan or IRA; Distributions will be made payable directly to you.*

Please Pay $ ____________ **OR** ________ % of my vested account balance to me and rollover the rest according to my instructions below*:

FOR PARTIAL DISTRIBUTIONS ONLY:
*This amount should be (select one): ☐ Before taxes are removed (gross distribution) ☐ After taxes are removed (net distribution)

And Rollover ☐ $ ____________ **OR** ________ % of my vested account balance to my new account (select below):
☐ Rollover the remainder my vested account balance to my new account after the distribution (select below):

Select a Source: ○ Traditional (Pre-Tax) ○ Roth (After-Tax)

Select an Account: ○ Individual Retirement Account (IRA) ○ Qualified Employer Retirement Plan

Specify how the rollover check should be made payable:

Name of Institution **Account Number**

STEP 5: TAX WITHHOLDINGS

FEDERAL TAX WITHHOLDING

Direct Rollovers:

☐ Do NOT withhold any amount for tax purposes. I understand that Federal & State tax withholding is not required on rollovers of 100% of account balance.

Direct Distributions:

☐ Withhold the minimum as required by the IRS. I understand that the minimum is 20% federal income tax withholding on any eligible rollover amounts not directly rolled over, plus state tax withholdings (see below).

☐ Please withhold __________ % **in addition** to the mandatory 20% federal income tax withholding on any eligible rollover amounts not directly rolled over.

If you have requested a rollover of a Traditional 401(k) accounts into a Roth IRA account, please indicate the percentage of federal income tax withholding on the gross amount of the rollover:

- Please withhold (0-100%) ____________ % of my Traditional 401(k) to Roth IRA rollover amount for federal income tax purposes.

STATE TAX WITHHOLDING

Please note that the states shown below require state tax withholdings in addition to federal tax withholdings.
Please refer to the Frequently Asked Questions page for state tax withholding rates.

Arkansas	Iowa	Massachusetts	Oklahoma
California*	Kansas	Michigan	Vermont
Delaware	Maine	Nebraska	Virginia
District of Columbia	Maryland	North Carolina	Oregon*

If you are a resident of California or Oregon, state tax withholding will be calculated according to your state tax rate **unless you check the box below.*
I elect to have no state income tax withheld from this distribution and I am a resident of (check one):

☐ California ☐ Oregon

STEP 6: PARTICIPANT AUTHORIZATION

I understand the terms and conditions relating to the payment of taxable benefits from **"the Plan"** as explained in the section **"Special Tax Notice Regarding Plan Payments."** I also understand that any securities holdings that I have in my account will be sold once I submit this form, and I agree to this liquidation in order to process my distribution. I certify that the information I have provided above is true and correct to the best of my knowledge and that the Direct Rollover or Employer Qualified Plan named above is an **"Eligible Rollover Distribution"** as defined in Code section 401(a)(31)(D). I understand that the trustee of **"The Plan"** will rely on this information in making the distribution that I have requested. I hereby consent to payment of my vested account balance. **Furthermore, I elect to waive my 30-Day Election Period to have my distribution processed now.**

Participant Signature: ______________________ **Date:** __________

Print Name: ______________________ **Marital Status:** ☐ Single ☐ Married

- If you have separated from service with an outstanding loan balance, and would like to speak with someone about paying off the balance of your outstanding loan, please call (800) 203-2670 to speak with a Wellington Financial Group, Inc. representative. Please refer to the "Special Tax Notice Regarding Plan Payments" for more information.
- Check(s) will be mailed to the address listed in Step 1 of this form to the attention of the participant completing the form.
- A fee of $65 will be deducted from the account to cover the cost of issuing each check and preparation of each Form 1099-R; any other outstanding or applicable fees may also be collected on a prorated basis at the time of the distribution.
- If additional contributions are funded after the date of distribution, they will automatically be distributed in the same manner as the initial distribution and a fee of $65 will be charged for the distribution of those funds. If the additional contribution amount is less than $65 then no distribution will be processed.

☐ ***Expedited Delivery Option ($35 Fee added to Existing Processing Fee)***

- Check this box to have your distribution check overnighted to you once your distribution has been processed.

NOTE: *Selecting this option only affects the delivery service used to mail your distribution check; checking this box will NOT affect the amount of time required to process your distribution. If checked, your distribution check will be sent overnight via UPS®*. If left unchecked, your distribution check will be sent via USPS®** and should arrive within 10 business days.*
**Subject to UPS® terms and conditions*
***Subject to USPS® terms and conditions*

STEP 7: EMPLOYER AUTHORIZATION

Participant's Date of Termination (if applicable): __________ **Date of Last Payroll Contribution:** __________

If the above-named participant's service ended during the current plan year, please indicate the hours worked during the current plan year:

☐ Less than 500 ☐ 500 - 999 ☐ 1,000+

I certify the information given above is true and complete to the best of my knowledge. I understand the participant's funds will be distributed per the instructions directed by the participant. In addition, I authorize the withdrawal and distribution of this benefit according to the terms of this contract and "The Plan." Further, by signing this form I am giving authorization to remit any federal and/or state tax withholdings and any fees incurred by the participant as a result of this distribution.

Authorized Plan Signature: ______________________ **Date:** __________

Print Name: ______________________

EMPLOYERS: Once you have completed this section, make a copy for your records and fax, email or mail the completed form to Wellington Companies. Fax: (703) 774-3222; Email: info@perfect401k.com; Mailing address: 14325 Willard Rd, Suite 104, Chantilly, VA 20151.

Wellington Companies ACH Authorization Form (Optional)

First Name MI Last Name	**Company Name**
Email	**Phone Social Security No.**

Submit Via:

Email: info@perfect401k.com; Fax: (703) 774-3222 (Attn: Everington Consulting, Inc.); Mail: 14325 Willard Rd., STE 104, Chantilly, VA 20151 (Attn: Everington Consulting, Inc.)

ACH Authorization Release

The Participant hereby authorizes Wellington Companies (i) to initiate deposit entries to/and deposit the bank account below and (ii) when appropriate, to initiate reversals of erroneous or duplicate deposit entries and debit the indicated bank account. The Participant affirms that the account listed below is a personal account and not a corporate or an organization checking or savings account. Wellington Companies are authorized to (i) deposit the exact amount of funds listed on the corresponding form (Loan, Hardship, In-Service Withdrawal, and Required Minimum Distribution) or (ii) deposit the full balance of the above named Participant's account (Lump Sum Distribution).

The ACH feature requires that the plan Participant bank account accept electronic debit/deposit entries from Charles Schwab Bank. We recommend that you contact your bank before submitting your first ACH transfer to ensure that you have the appropriate account setting in place. Charles Schwab Bank's company identification code is 2943149038 for your bank's reference.

Personal Bank/ Financial Institution Information

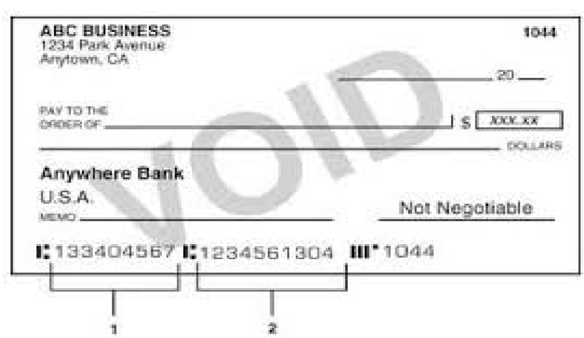
List a personal account only. Corporate/ Organization accounts will not be accepted.

Account Holder Name	**Checking or Savings?**
ABA Transit Routing Number (1)	**Account Number (2)**

Attach a canceled or voided preprinted check (required).

Attach Here

(or under separate cover)



Participant Authorization

By signing this agreement the participant will allow Wellington Companies to initiate Electronic Fund Transfers between the applicable Plan bank account and the appropriate Participant bank account (indicated below). Electronic transfers will only occur when an authorized plan sponsor approves the distribution of funds from the plan.

Participant Signature ____________________ Date ____________

Distribution Form Directions

PLEASE READ THESE DIRECTIONS. IF THIS FORM IS INCOMPLETE, IT WILL BE RETURNED AND WILL DELAY THE DISTRIBUTION PROCESS.

- This form is to be used when a participant is requesting a distribution from his/her retirement plan. This form may be used in the following scenarios: a distribution upon termination of employment (whether or not by resignation), upon reaching normal or early retirement, or for an In-Service Distribution (if allowed by the Plan).

- You must submit your signed form to the company sponsoring this retirement account. The Benefits Coordinator at that company will complete the **Employer Authorization** section and have a plan trustee authorize the distribution. Forms sent directly to Wellington Companies without a completed Employer Authorization section **cannot** be processed.

- Participants should complete all applicable sections of the Distribution Form. Incomplete or inaccurate forms will be returned to the participant and will delay the distribution process.

- If you are enrolled in ***Investor Group C: Self-Directed "Brokerage-Window" Account***, you must liquidate the investments in your account prior to submitting this form, or Wellington Companies will liquidate the funds on your behalf upon receiving the completed distribution form. If your funds have not been liquidated by the time the time Wellington processes the distribution, Wellington will assume your consent to have the account liquidated immediately, regardless of any Short-Term Redemption Fees, Sales Fees, or any other such fees which may occur as a result of the liquidation process.

- Once Wellington receives the distribution form and verifies its completion, the distribution process will begin. **This process may take 2 - 4 weeks**. Your funds will be liquidated and a check will be issued as instructed on this form.

- **IMPORTANT** – Some Retirement Plans contain a provision called a JOINT AND SURVIVOR ANNUITY DISTRIBUTION**.** If your Plan contains Joint and Survivor Annuity language, and you meet the requirements listed in the Frequently Asked Questions section below, you **MUST** complete a JOINT AND SURVIVOR ANNUITY WAIVER FORM*.* The employer will provide participants with the Waiver Form if it applies. If Wellington Companies receive a Distribution Form, and a Waiver Form is needed, it will be mailed to the participant's home address listed on the Distribution Form for completion.

- The participant should keep a copy for his/her records and send a copy of the forms to the Plan Sponsor (Employer).

Frequently Asked Questions

Q: HOW LONG WILL MY DISTRIBUTION OR ROLLOVER TAKE?

A: Allow approximately 3 – 4 weeks to receive your distribution or rollover check, assuming no short-term redemption fees are applicable. Due to the complexity of processing the distributions, some distributions take longer than others. Wellington Companies process distributions as efficiently as possible.

Q: WHAT FORMS DO I NEED TO COMPLETE TO TAKE A DISTRIBUTION FROM MY INVESTMENT PLAN?

A: Wellington Companies' Participant Distribution Form will need to be completed. It is not necessary to send information from your new IRA or Qualified Plan to Wellington Companies to request the rollover or distribution of your funds. You should have a Wellington Companies' Participant Distribution Form, a Special Tax Notice Regarding Plan Payments and, if it applies, the Joint and Survivor Annuity Waiver Form.

Q: WHAT IS THE TIME LIMIT TO MOVE MY FUNDS OUT OF THE PLAN?

A: There is no time limit as to when you need to remove your funds after termination of employment if you hold a vested account balance of $5,000 or greater. If you hold a vested account balance of less than $1,000 your employer has the right to distribute your account balance without your consent; if your vested account balance is between $1,000 and $5,000 your employer may automatically distribute your account into an Individual Retirement Account (IRA). This form is to be used when requesting a distribution, so please keep this form on file until you are ready to proceed with your distribution.

Q: HOW MUCH IS THE FEE?

A: A fee of $65 will be deducted from the account to cover the cost of issuing each check and preparation of each Form 1099-R.

Q: WHAT DO I NEED TO DO WITH MY OUTSTANDING LOAN?

A: If you have an outstanding loan, you repay anywhere from 0-100% of the outstanding loan balance immediately upon termination of employment, whether you leave your funds invested in the Plan or take a distribution. If you have an outstanding loan and you terminate employment, you are considered to be in default.
If you default, the total outstanding amount of the loan plus accrued interest will become immediately due and payable, and it will be offset against your account at the time you become eligible to receive a distribution from the Plan unless previously repaid. Interest will continue to accrue under the terms of your promissory note from the time of default until the time of repayment or offset. If an offset occurs, the amount owed will also be a taxable distribution to you (unless you have already been taxed on these amounts). Alternatively, you can repay your loan, plus accrued interest, prior to termination of employment.

Q: HOW DO I COMPLETE THE DISTRIBUTION FORM FOR A DEATH OR QDRO DISTRIBUTION?

A: The only difference in completing the Distribution Form is adding an Alternate Payee. In the event of Death or Divorce, an Alternate Payee must be named.
The Participant who holds the retirement account is ALWAYS listed as the Participant. The Alternate Payee Name would be the Beneficiary or person receiving a portion of the funds. Follow the directions for completing the remainder of the form. For a death, Wellington requires a copy of the death certificate and a copy of the beneficiary form. For a Qualified Domestic Relations Order (QDRO), Wellington Companies require a copy of the approved QDRO documents.

Q: WHAT IS THE REQUIRED STATE TAX WITHHOLDING RATE ON TAXABLE DISTRIBUTIONS FOR MY STATE?

A: Below is a table indicating the states that require state tax withholdings on taxable distributions, and their required withholding rate. This list is subject to change.

Arkansas	5.00% of the taxable portion of the distribution	Massachusetts	5.20% of the taxable portion of the distribution
California*	10.00% of the amount of federal income tax withheld	Michigan	4.25% of the taxable portion of the distribution
Delaware	5.00% of the taxable portion of the distribution	Nebraska	5.00% of the taxable portion of the distribution
District of Columbia	8.95% of the taxable portion of the distribution	North Carolina	4.00% of the taxable portion of the distribution
Iowa	5.00% of the taxable portion of the distribution	Oklahoma	5.00% of the taxable portion of the distribution
Kansas	4.50% of the taxable portion of the distribution	Oregon*	8.00% of the taxable portion of the distribution
Maine	5.00% of the taxable portion of the distribution	Vermont	24.00% of the amount of federal income tax withheld
Maryland	7.75% of the taxable portion of the distribution	Virginia	4.00% of the taxable portion of the distribution

**Please note that California and Oregon allow individuals to elect out of state tax withholdings.*

Q: WHAT IS A JOINT AND SURVIVOR ANNUITY DISTRIBUTION?

A: Some plans have an Annuity written into their Plan Document. If an Annuity is written in the Plan's Document, then any distribution from that Plan should be in the form of an Annuity. The Joint and Survivor Annuity Waiver Form is a consent stating the distribution will be in the form of a "Lump Sum" (cash disbursement or rollover) instead of an Annuity.

Q: HOW DO I KNOW IF I WILL NEED TO HAVE A JOINT AND SURVIVOR ANNUITY WAIVER FORM COMPLETED?

A: If the Plan has a Joint and Survivor Annuity, the terminated employee is required to complete a *Joint and Survivor Annuity Waiver Form,* if the following rules apply:

1. The first question is: "Is my account balance over $5,000?" The second question is: "Am I married?"
2. If your account balance is over $5,000 and you are married, then, YES, your spouse will need to sign.

You may ask your Benefits Coordinator or Wellington Companies to find out if your company's plan allows for a Joint and Survivor Annuity Distribution. If your plan does allow for a Joint and Survivor Annuity Distribution, the next step is to determine if you need to sign the waiver.

Special Tax Notice

YOUR ROLLOVER OPTIONS

You are receiving this notice because all or a portion of a payment you are 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 are not from a designated Roth account (a type of account with special tax rules in some employer plans). If you also receive a payment from a designated Roth account in the Plan, you will be provided a different notice for that payment, and the Plan administrator or the payor will tell you the amount that is being paid from each account.

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

GENERAL INFORMATION ABOUT ROLLOVERS

How can a rollover affect my taxes?

Traditional Accounts
You will be taxed on a payment from the Plan if you do not roll it over. If you are under age 59-1/2 and do not do a rollover, you will also have to pay a 10% additional income tax on early distributions (unless an exception applies). However, if you do a rollover, you will not have to pay tax until you receive payments later and the 10% additional income tax will not apply if those payments are made after you are age 59-1/2 (or if an exception applies).

Roth Accounts
After-tax contributions included in a payment from a designated Roth account are not taxed, but earnings might be taxed. The tax treatment of earnings included in the payment depends on whether the payment is a qualified distribution. If a payment is only part of your designated Roth account, the payment will include an allocable portion of the earnings in your designated Roth account.

If the payment from the Plan is not a qualified distribution and you do not do a rollover to a Roth IRA or a designated Roth account in an employer plan, you will be taxed on the earnings in the payment. If you are under age 59½, a 10% additional income tax on early distributions will also apply to the earnings (unless an exception applies). However, if you do a rollover, you will not have to pay taxes currently on the earnings and you will not have to pay taxes later on payments that are qualified distributions.

If the payment from the Plan is a qualified distribution, you will not be taxed on any part of the payment even if you do not do a rollover. If you do a rollover, you will not be taxed on the amount you roll over and any earnings on the amount you roll over will not be taxed if paid later in a qualified distribution.

A qualified distribution from a designated Roth account in the Plan is a payment made after you are age 59½ (or after your death or disability) and after you have had a designated Roth account in the Plan for at least 5 years. In applying the 5-year rule, you count from January 1 of the year your first contribution was made to the designated Roth account. However, if you did a direct rollover to a designated Roth account in the Plan from a designated Roth account in another employer plan, your participation will count from January 1 of the year your first contribution was made to the designated Roth account in the Plan or, if earlier, to the designated Roth account in the other employer plan.

Where may I roll over the payment?

Traditional Accounts
You will be taxed on a payment from the Plan if you do not roll it over. If you are under age 59-1/2 and do not do a rollover, you will also have to pay a 10% additional income tax on early distributions (unless an exception applies). However, if you do a rollover, you will not have to pay tax until you receive payments later and the 10% additional income tax will not apply if those payments are made after you are age 59-1/2 (or if an exception applies).

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

- If you do a rollover to a Roth IRA, all of your Roth IRAs will be considered for purposes of determining whether you have satisfied the 5-year rule (counting from January 1 of the year for which your first contribution was made to any of your Roth IRAs).
- If you do a rollover to a Roth IRA, you will not be required to take a distribution from the Roth IRA during your lifetime and you must keep track of the aggregate amount of the after-tax contributions in all of your Roth IRAs (in order to determine your taxable income for later Roth IRA payments that are not qualified distributions).
- Eligible rollover distributions from a Roth IRA can only be rolled over to another Roth IRA.

How do I initiate a rollover?

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

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

If you do not do a direct rollover, you may still do a rollover by making a deposit into an IRA or eligible employer plan that will accept it. You will have 60 days after you receive the payment to make the deposit. If you do not do a direct rollover, the Plan is required to withhold 20% of the payment for federal income taxes (up to the amount of cash and property received other than employer stock). This means that, in order to roll over the entire payment in a 60-day rollover, you must use other funds to make up for the 20% withheld. If you do not roll over the entire amount of the payment, the portion not rolled over will be taxed and will be subject to the 10% additional income tax on early distributions if you are under age 59-1/2 (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 70-1/2 (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 enrolment contributions requested to be withdrawn within 90 days of the first contribution
- Amounts treated as distributed because of a prohibited allocation of S corporation stock under an ESOP (also, there will generally be adverse tax consequences if you roll over a distribution of S corporation stock to an IRA).

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

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

Traditional Accounts

If you are under age 59-1/2, you will have to pay the 10% additional income tax on early distributions for any payment from the Plan (including amounts withheld for income tax) that you do not roll over, unless one of the exceptions listed below applies. This tax is in addition to the regular income tax on the payment not rolled over.

Roth Accounts

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

For both Traditional accounts and Roth Designated accounts, the 10% additional income tax does not apply to the following payments from the Plan:

- Payments made after you separate from service if you will be at least age 55 in the year of the separation
- Payments that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary)
- Payments from a governmental defined benefit pension plan made after you separate from service if you are a public safety employee and you are at least age 50 in the year of the separation
- Payments made due to disability
- Payments after your death
- Payments of ESOP dividends
- Corrective distributions of contributions that exceed tax law limitations
- Cost of life insurance paid by the Plan
- Contributions made under special automatic enrollment rules that are withdrawn pursuant to your request within 90 days of enrollment
- Payments made directly to the government to satisfy a federal tax levy
- Payments made under a qualified domestic relations order (QDRO)
- Payments up to the amount of your deductible medical expenses
- Certain payments made while you are on active duty if you were a member of a reserve component called to duty after September 11, 2001 for more than 179 days
- Payments of certain automatic enrollment contributions requested to be withdrawn within 90 days of the first contribution.

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

If you receive a payment from an IRA when you are under age 59-1/2, you will have to pay the 10% additional income tax on early distributions from the IRA, unless an exception applies. In general, the exceptions to the 10% additional income tax for early distributions from an IRA are the same as the exceptions listed above for early distributions from a plan. However, there are a few differences for payments from an IRA, including:

- There is no exception for payments after separation from service that are made after age 55.
- The exception for qualified domestic relations orders (QDROs) does not apply (although a special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to an IRA of a spouse or former spouse).
- The exception for payments made at least annually in equal or close to equal amounts over a specified period applies without regard to whether you have had a separation from service.

- There are additional exceptions for (1) payments for qualified higher education expenses, (2) payments up to $10,000 used in a qualified first-time home purchase, and (3) payments after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

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. To apply for a waiver, you must file a private letter ruling request with the IRS. Private letter ruling requests require the payment of a nonrefundable user fee. For more information, see IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs).

If your payment includes employer stock that you do not roll over

If you do not do a rollover, you can apply a special rule to payments of employer stock (or other employer securities) that are either attributable to after-tax contributions or paid in a lump sum after separation from service (or after age 59-1/2, disability, or the participant's death). Under the special rule, the net unrealized appreciation on the stock will not be taxed when distributed from the Plan and will be taxed at capital gain rates when you sell the stock. Net unrealized appreciation is generally the increase in the value of employer stock after it was acquired by the Plan. If you do a rollover for a payment that includes employer stock (for example, by selling the stock and rolling over the proceeds within 60 days of the payment), the special rule relating to the distributed employer stock will not apply to any subsequent payments from the IRA or employer plan. The Plan administrator can tell you the amount of any net unrealized appreciation.

If you have an outstanding loan that is being offset

If you have an outstanding loan from the Plan, your Plan benefit may be offset by the amount of the loan, typically when your employment ends. The loan offset amount is treated as a distribution to you at the time of the offset and will be taxed (including the 10% additional income tax on early distributions, unless an exception applies) unless you do a 60-day rollover in the amount of the loan offset to an IRA or employer plan.

If you were born on or before January 1, 1936

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

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

If the Plan is a governmental section 457(b) plan, the same rules described elsewhere in this notice generally apply, allowing you to roll over the payment to an IRA or an employer plan that accepts rollovers. One difference is that, if you do not do a rollover, you will not have to pay the 10% additional income tax on early distributions from the Plan even if you are under age 59-1/2 (unless the payment is from a separate account holding rollover contributions that were made to the Plan from a tax-qualified plan, a section 403(b) plan, or an IRA). However, if you do a rollover to an IRA or to an employer plan that is not a governmental section 457(b) plan, a later distribution made before age 59-1/2 will be subject to the 10% additional income tax on early distributions (unless an exception applies). Other differences are that you cannot do a rollover if the payment is due to an "unforeseeable emergency" and the special rules under "If your payment includes employer stock that you do not roll over" and "If you were born on or before January 1, 1936" do not apply.

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

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

If you roll over your Traditional Account (pre-tax) payment to a Roth IRA

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

If you roll over the payment to a Roth IRA, later payments from the Roth IRA that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a Roth IRA is a payment made after you are age 59-1/2 (or after your death or disability, or as a qualified first-time homebuyer distribution of up to $10,000) and after you have had a Roth IRA for at least 5 years. In applying this 5-year rule, you count from January 1 of the year for which your first contribution was made to a Roth IRA. Payments from the Roth IRA that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10% additional income tax on early distributions (unless an exception applies). You do not have to take required minimum distributions from a Roth IRA during your lifetime. For more information, see IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs), and IRS Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs).

If you roll over to a designated Roth account in the Plan

You cannot roll over a distribution to a designated Roth account in another employer's plan. However, you can roll the distribution over into a designated Roth account in the distributing Plan. If you roll over a payment from the Plan to a designated Roth account in the Plan, the amount of the payment rolled over (reduced by any after-tax amounts directly rolled over) will be taxed. However, the 10% additional tax on early distributions will not apply (unless you take the amount rolled over out of the designated Roth account within the 5-year period that begins on January 1 of the year of the rollover).

If you roll over the payment to a designated Roth account in the Plan, later payments from the designated Roth account that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a designated Roth account is a payment made both after you are age 59-1/2 (or after your death or disability) and after you have had a designated Roth account in the Plan for at least 5 years. In applying this 5-year rule, you count from January 1 of the year your first contribution was made to the designated Roth account. However, if you made a direct rollover to a designated Roth account in the Plan from a designated Roth account in a plan of another employer, the 5-year period begins on January 1 of the year you made the first contribution to the designated Roth account in the Plan or, if earlier, to the designated Roth account in the plan of the other employer. Payments from the designated Roth account that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10% additional income tax on early distributions (unless an exception applies).

If you are not a plan participant

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

If you are a surviving spouse.

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

An IRA you treat as your own is treated like any other IRA of yours, so that payments made to you before you are age 59-1/2 will be subject to the 10% additional income tax on early distributions (unless an exception applies) and required minimum distributions from your IRA do not have to start until after you are age 70-1/2.

If you treat the IRA as an inherited IRA, payments from the IRA will not be subject to the 10% additional income tax on early distributions. However, if the participant had started taking required minimum distributions, you will have to receive required minimum distributions from the inherited IRA. If the participant had not started taking required minimum distributions from the Plan, you will not have to start receiving required minimum distributions from the inherited IRA until the year the participant would have been age 70-1/2.

If you are a surviving beneficiary other than a spouse.

If you receive a payment from the Plan because of the participant's death and you are a designated beneficiary other than a surviving spouse, the only rollover option you have is to do a direct rollover to an inherited IRA. Payments from the inherited IRA will not be subject to the 10% additional income tax on early distributions. You will have to receive required minimum distributions from the inherited IRA.

If you are a nonresident alien

If you are a nonresident alien and you do not do a direct rollover to a U.S. IRA or U.S. employer plan, instead of withholding 20%, the Plan is generally required to withhold 30% of the payment for federal income taxes. If the amount withheld exceeds the amount of tax you owe (as may happen if you do a 60-day rollover), you may request an income tax refund by filing Form 1040NR and attaching your Form 1042-S. See Form W-8BEN for claiming that you are entitled to a reduced rate of withholding under an income tax treaty. For more information, see also IRS Publication 519, U.S. Tax Guide for Aliens, and IRS Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities.

Other special rules

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

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

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

You may have special rollover rights if you recently served in the U.S. Armed Forces. For more information, see IRS Publication 3, Armed Forces' Tax Guide.

FOR MORE INFORMATION

You may wish to consult with the Plan administrator or payor, or a professional tax advisor, before taking a payment from the Plan. Also, you can find more detailed information on the federal tax treatment of payments from employer plans in: IRS Publication 575, Pension and Annuity Income; IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs); IRS Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs); and IRS Publication 571, Tax-Sheltered Annuity Plans (403(b) Plans). These publications are available from a local IRS office, on the web at www.irs.gov, or by calling 1-800-TAX-FORM.