

# Qualified Plan Consultants, LLC

Plan Design • Consulting • Administration • Compliance

To: 401(k) Plan Participant  
Re: Eligibility for 401(k) Plan Benefits  
Date: September 21, 2009

This letter is to inform you that you currently have a balance in your former Employer's 401(k) Plan. As a former plan participant, there are various options available to you. The enclosed Special Notice Regarding Plan Payments provides important information that may help you make a decision. Also attached, is the distribution form that you must print and complete to obtain the assets currently in your 401(k) account.

Depending on your **vested** account balance, one of the following situations will apply:

- If your vested account balance is under \$1,000.00, we will force out your account balance and send you a check less the required tax withholding, if you do not request a distribution within 30 days from the date of this letter.
- If your vested account balance is between \$1,000.00 and \$5,000.00, we will force out your account balance and roll it into an IRA, if you do not request a distribution within 30 days from the date of this letter. Please note, all of the fees related to this rollover will be deducted directly from your account.
- If your vested account balance is over \$5,000.00, we cannot force out your distribution, but we encourage you to keep your money tax-deferred by rolling it into an IRA or your new employer's retirement plan; however, you may also take your money in a lump-sum.
- **If you defer receipt, your self-directed account will continue to be credited with the gains or losses it generates. Certain investment and/or administrative expenses may be charged to your account. Please refer to your latest account statement or investment materials, or contact your plan administrator for more information. Your investment options will not change as a result of deferring receipt of your retirement plan distribution.**
- Once you complete the distribution form, please return it to your Plan Administrator at your former employer's office. **A \$50.00 processing fee will apply to your distribution.**

Qualified Plan Consultants, LLC

attachments: Distribution Form  
Special Notice Regarding Plan Payments

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Do not complete sections in red if requesting a payment due to separation from service. For use with Recordkeeper Direct plans only. This form is to be completed by the plan trustee(s) or authorized signer(s) acting on the account.

### 1 Plan information

Please type or print clearly.

Plan name	Plan ID number
Trustee or authorized signer (print)	( ) Ext.
Trustee or authorized signer (print)	Phone of trustee or authorized signer
	( ) Ext.
	Phone of trustee or authorized signer

### 2 Participant information

First name (print) MI Last

Address City State ZIP

SSN Date of birth (mm/dd/yyyy)

Citizenship:  U.S. citizen  U.S. resident alien  Nonresident alien (An IRS Form W-8BEN is required; see Section 9.)

### 3 Vested percentage

To be completed by the third-party administrator. Please confirm this information for our records.

Note: All forfeited amounts will automatically be transferred to the plan's forfeiture account.

Match \_\_\_\_\_ % Profit-sharing \_\_\_\_\_ % Other \_\_\_\_\_ %

Specify contribution type.

The vested percentage reflected above is correct.

Name (print) Name of firm Phone ( ) Ext.

X Signature of third-party administrator Date (mm/dd/yyyy)

### 4 Separation from service distribution (Complete this section for a separation from service distribution request, then proceed to Section 6.)

Select one of the following:

- Retirement
- Termination
- Disability

Retirement/Termination date / / (mm/dd/yyyy)

- Check here if there are outstanding loans.
- Will any outstanding loan balances be offset?  No  Yes (If yes, a separate Form 1099-R will be generated.)

**OTHER DISTRIBUTION EVENTS:**

- Do not use Section 5 for separation from service distribution requests.
- Select the appropriate distribution event below and provide the necessary information requested.
- Select only one distribution event per form.
- In-service distribution — See Section 5-A.
- Required Minimum Distribution (RMD) — See Section 5-B.
- Death/Qualified Domestic Relations Order (QDRO) — See Section 5-C.
- Loan — See Section 5-D.
- Permissible withdrawal (for use by automatic enrollment plans only) — See Section 5-E.
- Corrective distribution (refund of excess) — See Section 5-F.
- Mistake of fact (as defined in Revenue Rulings 77-200 and 91-4) — See Section 5-G.

## 5 Other distribution events (Do not use this section for separation from service distribution requests.)

Select the appropriate distribution event and provide the necessary information. Only one distribution event per form should be selected.

**A.  In-service distribution** (check one):

Hardship — Total amount requested \$ \_\_\_\_\_

Amount of pre-1988 earnings available for hardship withdrawal \$ \_\_\_\_\_

Will distribution come from elective deferrals only?  Yes  No If no, indicate money types \_\_\_\_\_

Will participant incur a suspension?  Yes  No

Retirement-eligible in-service distribution — Participant has met normal retirement age and is eligible to take a distribution.  
Participant remains active in the plan.

Other in-service distribution — Please indicate money type(s) for distribution in Section 12. If no money types are selected, assets will be distributed pro rata from each available money type for participants. (Elective deferrals, QNEC, QMAC and safe harbor contributions cannot be distributed to participants who have not yet attained age 59½.)

**B.  Required Minimum Distribution (RMD)** (check one):

RMD amount requested \$ \_\_\_\_\_

Calculate RMD based on IRS Joint Life and Last Survivor Expectancy Table (if spousal beneficiary is more than 10 years younger).

Spousal beneficiary name \_\_\_\_\_ Spouse's date of birth \_\_\_\_\_ / \_\_\_\_ / \_\_\_\_  
(mm/dd/yyyy)

Calculate RMD based on IRS Uniform Lifetime Table.

**C.  Death/Qualified Domestic Relations Order (QDRO)** (check one):

Death  QDRO

Will any outstanding loan balances be offset (death distributions only)?  No  Yes (If yes, a separate Form 1099-R will be generated.)

**Note:** The plan sponsor has the responsibility of determining whether the domestic relations order is qualified and determining the amount to be distributed to the alternate payee. American Funds does not require a copy of the domestic relations order.

**A signature guarantee is required in order to process a death or QDRO distribution (see Section 13).**

Is the beneficiary or alternate payee a spouse or former spouse?  Yes  No

Is the beneficiary or alternate payee a U.S. citizen or resident alien?  Yes  No (If no, see Section 9.)

If a payment is to a beneficiary **OR** an alternate payee, provide the name and address below. (If there are multiple beneficiaries, provide the following information in a letter of instruction along with the name and address of each beneficiary.)

\_\_\_\_\_  
Name of beneficiary/alternate payee

\_\_\_\_\_  
Address

-   
SSN

\_\_\_\_\_  
City

-   
Date of birth (mm/dd/yyyy)

\_\_\_\_\_  
State

\_\_\_\_\_  
ZIP

## 5 Other distribution events (Do not use this section for separation from service distribution requests.)

*(continued)*

### D. Loan (maximum is three (3) loans per participant)

Loan amount \$ \_\_\_\_\_ Interest rate \_\_\_\_\_ % Number of payments \_\_\_\_\_

 First loan payment due       /      /       Duration        Anticipated payment amount \$ \_\_\_\_\_  
(mm/dd/yyyy) (months)

 Frequency of payments:  Weekly  Biweekly  Semimonthly  Monthly  Quarterly

### E. Permissible withdrawal (for use by automatic enrollment plans only — check all that apply)

 Return elective deferral:  All **or**  \$ \_\_\_\_\_ (without earnings)

 Return Roth elective deferral:  All **or**  \$ \_\_\_\_\_ (without earnings)

 Forfeit employer contribution:  All **or**  \$ \_\_\_\_\_ (without earnings)

Specify type of employer contribution \_\_\_\_\_

 First payroll date       /      /       Last payroll date       /      /        
(mm/dd/yyyy) (mm/dd/yyyy)
 Calculate earnings **OR**  Total earnings \$ \_\_\_\_\_

**Note:** Employer must be notified by participant within 90 days of the date the first amounts were withheld from payroll in order to be eligible for a permissible withdrawal. Employer contributions applicable to the elective deferral must be forfeited. If “All” is selected above for elective deferral, the amount requested will be automatically adjusted for earnings/losses. If “All” is selected above for employer contribution, the amount requested will be automatically adjusted for earnings/losses.

### F. Corrective distribution (refund of excess) **NOTE: Earnings will be calculated at the time the excess is removed unless noted below. Earnings can only be calculated by AFRR for the immediately preceding plan year.**

Identify applicable plan year-end \_\_\_\_\_

**Note:** If no date is stated, we will default to the most recent prior plan year-end.

Select appropriate item(s) below:

 1.  **Excess deferrals [402(g)]** Amount of excess requested \$ \_\_\_\_\_ (without earnings)  
 Select one of the following. If both boxes are left blank, we will calculate the earnings on the excess amount.

 Total earnings \$ \_\_\_\_\_ **OR**  Calculate earnings on excess amount

 2.  **ADP test** Amount of excess requested \$ \_\_\_\_\_ (without earnings)  
 Select one of the following. If both boxes are left blank, we will calculate the earnings on the excess amount.

 Total earnings \$ \_\_\_\_\_ **OR**  Calculate earnings on excess amount

## 5 Other distribution events (Do not use this section for separation from service distribution requests.)

(continued)

3.  **ACP test** Amount of excess requested \$ \_\_\_\_\_ (without earnings)  
 Select one of the following. If both boxes are left blank, we will calculate the earnings on the excess amount. Any nonvested match will be forfeited.

Total earnings \$ \_\_\_\_\_ **OR**  Calculate earnings on excess amount

**For any of the previous three items, will matching contributions be forfeited?**  **No**  **Yes** **If yes, match amount to be forfeited \$ \_\_\_\_\_ (including earnings)**

### 4. Correction under EPCRS

**Note:** The IRS has issued specific guidance for correcting certain plan operational errors including the correction of excess Annual Additions (415 Limit). By signing in Section 13, you are certifying that the distribution and/or other correction method described in this section are being made in accordance with the EPCRS correction program and your plan satisfies the program requirements. You should consult your legal counsel or your TPA before completing this section and submitting your request.

If correction is done by distribution and/or forfeiture, the general rule is distribute first from unmatched employee contributions, then from matched employee contributions (associated match, if any, should be forfeited). To the extent an excess remains, forfeit employer contributions (check all that apply):

- Distribute employee contributions to participant:**

Amount of employee contributions requested \$ \_\_\_\_\_ (without earnings)

Total earnings (required) \$ \_\_\_\_\_

If there are any matching contributions to be forfeited, complete the section below.

- Forfeit employer contributions as follows:**

Amount of matching contributions to be forfeited \$ \_\_\_\_\_ (without earnings)

Total earnings (required) \$ \_\_\_\_\_

Amount of employer contributions (other than matching) to be forfeited \$ \_\_\_\_\_ (without earnings)

Specify employer contribution type(s) \_\_\_\_\_

Total earnings (required) \$ \_\_\_\_\_

- G.  **Mistake of fact (as defined in Revenue Rulings 77-200 and 91-4)**

**Note:** The IRS has issued limited guidance with respect to the circumstances under which a contribution is determined to be made as a mistake of fact, and the limited guidance provides a very narrow definition of "mistake of fact." If this request is found not to meet the IRS standard for mistake of fact, the contribution returned may potentially jeopardize the plan's qualification status, which can result in adverse tax consequences to the plan sponsor and plan participants. You are strongly encouraged to consult your legal adviser before making a decision.

The contribution amount requested cannot be increased for earnings and must be decreased by losses, if any. By signing in Section 13, you are certifying that this request meets the IRS standard of mistake of fact and the contribution refund request is being made within one year of the date of deposit into the trust.

Amount requested \$ \_\_\_\_\_ Payroll date of **mistake of fact** \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_ Money type \_\_\_\_\_  
(mm/dd/yyyy)

Payment will be made payable to the plan sponsor.

## 6 Amount of withdrawal

Select how the participant is to be paid (either A or B). A signature guarantee is required if the redemption request is greater than \$100,000.

A.  Single payment of \$ \_\_\_\_\_ **OR**  \_\_\_\_\_ % **OR**  All

B.  Installments (Payments will continue until there is no money left in the account.)

Indicate frequency of payment:  Monthly  Quarterly  Semi-annually  Annually

If other than monthly, indicate month(s) in which distribution should be made:

Jan  Feb  Mar  Apr  May  Jun  Jul  Aug  Sep  Oct  Nov  Dec

Mode of payment

Life expectancy (Select one of the following):  Single **OR**  Joint — provide the beneficiary's date of birth \_\_\_\_\_ / \_\_\_\_ / \_\_\_\_  
(mm/dd/yyyy)

Fixed amount \$ \_\_\_\_\_

**Note:** Distribution will be processed proportionately from all funds.

## 7 Federal income tax election

*Nonresident aliens should proceed to Section 9.*

### A. Eligible rollover distributions

**Note:** If participants do not request a direct rollover, the distribution is subject to 20% mandatory federal income tax withholding.

Participant is requesting a direct rollover; therefore, withholding does not apply. Proceed to Section 10.

### B. Other distributions

This distribution is **not** eligible to be rolled over because it represents a Required Minimum Distribution, a financial hardship distribution, a permissible withdrawal distribution (for use by automatic enrollment plans only) or a periodic distribution paid over life or joint life expectancy or over a period of at least 10 years. **If the distribution is not eligible for rollover, the taxable amount, including earnings applicable to after-tax contributions, will be subject to 10% withholding, unless otherwise indicated in option 1 or 2 below.**

This distribution represents a distribution to a nonspouse beneficiary. The taxable amount will be subject to 10% withholding, unless rolled over or otherwise indicated in option 1 or 2 below.

This distribution represents the refund of excess contributions. If the distribution represents an Annual Additions (415) excess, then 10% withholding will apply unless otherwise indicated below. If an ADP test or ACP test excess is processed within 2½ months after the plan year-end, then the excess is not subject to withholding. If an ADP test or ACP test excess is processed beyond 2½ months after the plan year-end, then 10% withholding will apply unless otherwise indicated in option 1 or 2 below. Excess deferrals [402(g)] are not subject to withholding.

**This distribution represents a total annual distribution of less than \$200. Federal income tax withholding will apply unless a “no withholding” election is indicated in option 1 below.**

1.  **No withholding** (This option requires the participant's U.S. residence address — **no P.O. boxes.**)

Residence address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_

2.  Withhold federal taxes at the rate of  \_\_\_\_\_% **OR** dollar amount of  \$ \_\_\_\_\_

For accounts with voluntary after-tax contributions (if participant is not rolling over earnings from a voluntary after-tax source)

Gross amount of contributions made before 1/1/87 \$ \_\_\_\_\_

Gross amount of contributions made on or after 1/1/87 \$ \_\_\_\_\_

## 8 State income tax election

*Nonresident aliens should proceed to Section 9.*

If the participant is a resident of one of the states listed below, check the appropriate box and the withholding election, if applicable.

- Residents of IA, MA, MD, ME, MS<sup>1</sup>, NE, VA or VT will have state taxes withheld when federal withholding applies.
- Residents of AR<sup>4</sup>, CA<sup>2</sup>, DE<sup>4</sup>, GA<sup>3</sup>, KS<sup>4</sup>, NC<sup>4</sup>, OK<sup>4</sup> or OR will have state taxes withheld when federal withholding applies, unless otherwise elected. These residents may elect to have state withholding while electing out of federal withholding.

**If no election is made, the trustee, or recordkeeper, if authorized, is required to withhold taxes at the applicable rate.**

- DO NOT** withhold state income tax.

In addition to the standard state tax withholding amount, withhold an additional \$ \_\_\_\_\_ (Do not indicate a percentage.)

<sup>1</sup>MS state withholding will be mandatory when federal withholding is applied to early distributions and returns of excess contribution.

<sup>2</sup>CA state withholding is based on a percentage of the federal withholding amount and not a percentage of the gross distribution.

<sup>3</sup>GA state withholding applies to installment payments. If requesting a one-time distribution, you may elect GA state withholding by providing a dollar amount. If withholding is taken, it must be equal to or greater than the amount provided for in the GA wage table.

<sup>4</sup>AR, DE, KS, NC and OK residents are subject to mandatory state withholding on all eligible rollover distributions.

## 9 Nonresident alien tax withholding

Please provide a Form W-8BEN with an original signature as documentation of your foreign tax status. Without valid tax documentation, Capital Bank and Trust Company<sup>SM</sup> is required to withhold taxes at the maximum nonresident alien (NRA) withholding rate of 30%. You may obtain a Form W-8BEN by downloading the form from the IRS website at [www.irs.gov](http://www.irs.gov) or from [americanfunds.com](http://americanfunds.com) or by calling American Funds Service Company at 800/421-0180 (from outside the United States, you may call us at 949/975-5000).

## 10 Pay-order instructions

*Select the appropriate box(es) below. If applicable, complete Section 11.*

- A.  Split cash distribution \$ \_\_\_\_\_ (complete **B** below) and  
 direct rollover \$ \_\_\_\_\_ (complete either **C** or **D** below).
- B. Make check payable to:  
 Participant     Alternate payee/beneficiaries (as instructed in Section 5-C)
- C.  Direct rollover to an American Funds IRA  
 Existing American Funds account number \_\_\_\_\_  
 New American Funds account (**Attach an IRA application to this form.**)
- D.  Direct rollover to another     IRA    **OR**     Retirement plan (Provide payee information below.)

\_\_\_\_\_  
 Name of financial institution/trustee

\_\_\_\_\_  
 Account number

- E.  Roll over voluntary after-tax and/or Roth contributions. (You must complete either **C** or **D** above.)
- The account holds voluntary after-tax contributions.  
 Include    **OR**     Do not include the voluntary after-tax contributions in the rollover. Voluntary after-tax contributions not rolled over will be distributed in cash.
- The account holds Roth after-tax contributions.  
 Include    **OR**     Do not include the Roth after-tax contributions in the rollover. Roth after-tax contributions not rolled over will be distributed in cash.

**Note:** The Roth portion of the account balance (contributions and earnings) must be rolled into a Roth IRA or another employer 401(k) plan that accepts Roth assets.

## 11 Payment mailing instructions

*A signature guarantee may be required. See Section 13 for more information.*

**Note:** If you've selected **10-E**, you must provide mailing instructions for each portion of the distribution.

- Mail payment directly to (checks are sent to the address of record):
- Participant **OR**  Plan sponsor **OR**  Third-party administrator

Select one of the following and provide the requested information below:

- Other financial company **OR**  Alternate address (A signature guarantee is required; see Section 13.)

\_\_\_\_\_  
Payee/trustee/custodian

\_\_\_\_\_  
Account number (if applicable)

\_\_\_\_\_  
Address

\_\_\_\_\_  
City

\_\_\_\_\_  
State

\_\_\_\_\_  
ZIP

- Expedite delivery to the above recipient by using the delivery service and account listed:

\_\_\_\_\_  
Delivery service

\_\_\_\_\_  
Name on account

\_\_\_\_\_  
Account number

## 12 Distribution sequence provisions

*Do **not** complete this section if your request is a result of separation from service (Section 4).*

The plan document defines the rules under which distributions are to be made. The following distributions are standardized according to IRS rules:

- **Loans** will be processed pro rata from each contribution type unless alternate instructions are provided here \_\_\_\_\_
  
- **Hardships** will come from elective deferrals unless alternate instructions are provided here. In no event can hardship withdrawals come from QNECs, QMACs or safe harbor contributions.
  
- **In-service distributions** prior to age 59½ will come from company contributions unless alternate instructions are provided here. In no event can in-service distributions prior to age 59½ come from elective deferrals, QNECs, QMACs or safe harbor contributions.
  
- **All partial distributions** will be taken pro rata from each contribution type (including Roth assets) unless alternate instructions are provided here: \_\_\_\_\_
  
- **ADP refunds** will come pro rata from pre-tax and Roth elective deferrals. Please inform us when it is appropriate to forfeit an employer-matching contribution as a result of an ADP refund.
- **ACP refunds** will come first from employee after-tax contributions, then from company-matching contributions.
- **A correction under EPCRS/415 excess** will come first from unmatched employee contributions, then from matched employee contributions (associated match, if any, will be forfeited). To the extent an excess remains, employer contributions will be forfeited and placed in the plan's forfeiture account.
- **A refund of excess deferrals** will be made pro rata from the pre-tax and Roth elective deferral source/money type unless otherwise indicated.
- If a participant has **after-tax contributions** in the plan and takes partial distributions, we will follow the regulations under Internal Revenue Code Section 72 to determine the taxable portion of the distribution.

# 13 Authorization and signature guarantee

*If a signature guarantee is required, the form must be mailed with original signatures.*

I/We, as plan trustee(s) or authorized signer(s) of the plan, certify that (1) this distribution is in accordance with the terms of the plan, (2) the plan administrator has provided the participant with a written explanation of the rules permitting direct rollover of eligible rollover distribution amounts to an eligible retirement plan and mandating 20% withholding on distributions that are not directly rolled over and has also complied with any other notice requirements to the participant that are applicable to this distribution, (3) the vested percentage in Section 3 is correct and (4) the recordkeeper is entitled to rely on our authorization and is hereby indemnified from all liability arising from following our instructions.

	<b>X</b>	
Name of plan trustee or authorized signer (print)	Signature of trustee or authorized signer	Date      /      / (mm/dd/yyyy)

	<b>X</b>	
Name of plan trustee or authorized signer (print)	Signature of trustee or authorized signer	Date      /      / (mm/dd/yyyy)

If the redemption request is greater than \$100,000 and/or made payable to someone other than the participant or to a successor trustee for the participant's benefit, or if the check is being mailed to an alternate address, **a signature guarantee is required.**

**If required**, the signature guarantee must be performed by a bank, savings association, credit union, member firm of a domestic stock exchange or the Financial Industry Regulatory Authority, that is an eligible guarantor institution. **A notary public is NOT an acceptable guarantor.** The guarantee must be in the form of a stamp or a typewritten or handwritten guarantee that is accompanied by a raised corporate seal.

GUARANTOR:  
Stamp signature guarantee here.

GUARANTOR:  
Stamp signature guarantee here.

## Mailing address

If you have any questions about this form, call American Funds at **800/421-6019** between 8 a.m. and 8 p.m. Eastern time.

Mail this completed form to the address below. If no signature guarantee is required, this form may be faxed to **317/706-5784**.

**American Funds Recordkeeper Direct**  
c/o Capital Bank and Trust Company  
**Regular mail:** P.O. Box 6040  
Indianapolis, IN 46206-6040  
**Overnight mail:** 8332 Woodfield Crossing Blvd.  
Indianapolis, IN 46240-2482

## Did you?

1. Complete Sections 1–3 and collect the required signature in Section 3? (page 1)
2. Select only **one** distribution type in either Section 4 or Section 5? (pages 1–4)
3. Verify the remainder of the form for accuracy?

Visit our website at [americanfunds.com/retiresponsor](http://americanfunds.com/retiresponsor).

## The Capital Group Companies

American Funds      Capital Research and Management      Capital International      Capital Guardian      Capital Bank and Trust

## **YOUR ROLLOVER OPTIONS**

You are receiving this notice because all or a portion of a payment you are receiving from the [INSERT NAME OF 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?**

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

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

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 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 59½ (unless an exception applies).

### **How much may I roll over?**

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

- Certain payments spread over a period of at least 10 years or over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary)
- Required minimum distributions after age 70½ (or after death)
- Hardship distributions
- ESOP dividends
- Corrective distributions of contributions that exceed tax law limitations
- Loans treated as deemed distributions (for example, loans in default due to missed payments before your employment ends)
- Cost of life insurance paid by the Plan
- Contributions made under special automatic enrollment rules that are withdrawn pursuant to your request within 90 days of enrollment
- Amounts treated as distributed because of a prohibited allocation of S corporation stock under an ESOP (also, there will generally be adverse tax consequences if you roll over a distribution of S corporation stock to an IRA).

The Plan administrator or the 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 are under age 59½, you will have to pay the 10% additional income tax on early distributions for any payment from the Plan (including amounts withheld for income tax) that you do not roll over, unless one of the exceptions listed below applies. This tax is in addition to the regular income tax on the payment not rolled over.

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

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

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

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

- There is no exception for payments after separation from service that are made after age 55.
- The exception for qualified domestic relations orders (QDROs) does not apply (although a special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to an IRA of a spouse or former spouse).
- The exception for payments made at least annually in equal or close to equal

amounts over a specified period applies without regard to whether you have had a separation from service.

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

### **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 are not taxed. If a payment is only part of your benefit, an allocable portion of your after-tax contributions is generally included in the payment. If you have pre-1987 after-tax contributions maintained in a separate account, a special rule may apply to determine whether the after-tax contributions are included in a payment.

You may roll over to an IRA a payment that includes after-tax contributions through either a direct rollover or a 60-day rollover. You must keep track of the aggregate amount of the after-tax contributions in all of your IRAs (in order to determine your taxable income for later payments from the IRAs). If you do a direct rollover of only a portion of the amount paid from the Plan and a portion is paid to you, each of the payments will include an allocable portion of the after-tax contributions. If you do a 60-day rollover to an IRA of only a portion of the payment made to you, the after-tax contributions are treated as rolled over last. For example, assume you are receiving a complete distribution of your benefit which totals \$12,000, of which \$2,000 is after-tax contributions. In this case, if you roll over \$10,000 to an IRA in a 60-day rollover, no amount is taxable because the \$2,000 amount not rolled over is treated as being after-tax contributions.

You may roll over to an employer plan all of a payment that includes after-tax contributions, but only through a direct rollover (and only if the receiving plan separately accounts for after-tax contributions and is not a governmental section 457(b) plan). You can do a 60-day rollover to an employer plan of part of a payment that includes after-tax contributions, but only up to the amount of the payment that would be taxable if not rolled over.

### **If you miss the 60-day rollover deadline**

Generally, the 60-day rollover deadline cannot be extended. However, the IRS has the

limited authority to waive the deadline under certain extraordinary circumstances, such as when external events prevented you from completing the rollover by the 60-day rollover deadline. To apply for a waiver, you must file a private letter ruling request with the IRS. Private letter ruling requests require the payment of a nonrefundable user fee. For more information, see IRS Publication 590, Individual Retirement Arrangements (IRAs).

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

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

### **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 59½ (unless the payment is from a separate account holding rollover contributions that were made to the Plan from a tax-qualified plan, a section 403(b) plan, or an IRA). However, if you do a rollover to an IRA or to an employer plan that is not a governmental section 457(b) plan, a later distribution made

before age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies). Other differences are that you cannot do a rollover if the payment is due to an “unforeseeable emergency” and the special rules under “If your payment includes employer stock that you do not roll over” and “If you were born on or before January 1, 1936” do not apply.

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

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

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

You can roll over a payment from the Plan made before January 1, 2010 to a Roth IRA only if your modified adjusted gross income is not more than \$100,000 for the year the payment is made to you and, if married, you file a joint return. These limitations do not apply to payments made to you from the Plan after 2009. If you wish to roll over the payment to a Roth IRA, but you are not eligible to do a rollover to a Roth IRA until after 2009, you can do a rollover to a traditional IRA and then, after 2009, elect to convert the traditional IRA into a Roth IRA.

If you roll over the payment to a Roth IRA, a special rule applies under which the amount of the payment rolled over (reduced by any after-tax amounts) will be taxed. However, the 10% additional income tax on early distributions will not apply (unless you take the amount rolled over out of the Roth IRA within 5 years, counting from January 1 of the year of the rollover). For payments from the Plan during 2010 that are rolled over to a Roth IRA, the taxable amount can be spread over a 2-year period starting in 2011.

If you roll over the payment to a Roth IRA, later payments from the Roth IRA that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a Roth IRA is a payment made after you are age 59½ (or after your death or disability, or as a qualified first-time homebuyer distribution of up to \$10,000) and after you have had a Roth IRA for at least 5 years. In applying this 5-year rule, you count from January 1 of the year for which your first contribution was made to a Roth IRA. Payments from the Roth IRA that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10% additional income tax on early distributions (unless an exception applies). You do not have to take required minimum distributions from a Roth IRA during your lifetime. For more information, see IRS Publication 590, Individual Retirement Arrangements (IRAs).

You cannot roll over a payment from the Plan to a designated Roth account in an employer plan.

## **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 choose to do a rollover to an IRA, you may treat the IRA as your own or as an inherited IRA.

An IRA you treat as your own is treated like any other IRA of yours, so that payments made to you before you are age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies) and required minimum distributions from your IRA do not have to start until after you are age 70½.

If you treat the IRA as an inherited IRA, payments from the IRA will not be subject to the 10% additional income tax on early distributions. However, if the participant had started taking required minimum distributions, you will have to receive required minimum distributions from the inherited IRA. If the participant had not started taking required minimum distributions from the Plan, you will not have to start receiving required minimum distributions from the inherited IRA until the year the participant would have been age 70½.

**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.

Payments under a qualified domestic relations order. If you are the spouse or former spouse of the participant who receives a payment from the Plan under a qualified domestic relations order (QDRO), you generally have the same options the participant would have (for example, you may roll over the payment to your own IRA or an eligible employer plan that will accept it). Payments under the QDRO will not be subject to the 10% additional income tax on early distributions.

## **If you are a nonresident alien**

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

## **Other special rules**

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

If your payments for the year are less than \$200 (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, 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](http://www.irs.gov), or by calling 1-800-TAX-FORM.

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## **YOUR ROLLOVER OPTIONS**

You are receiving this notice because all or a portion of a payment you are receiving from the [INSERT NAME OF 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 is not from a designated Roth account, 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 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 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?**

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

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

### **How do I do a rollover?**

There are two ways to do a rollover. You can 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 do not do a direct rollover, you may still do a rollover by making a deposit within 60 days into a Roth IRA, whether the payment is a qualified or nonqualified distribution. In addition, you can do a rollover by making a deposit within 60 days into a designated Roth account in an employer plan if the payment is a nonqualified distribution and the rollover does not exceed the amount of the earnings in the payment. You cannot do a 60-day rollover to an employer plan of any part of a qualified distribution. If you receive a distribution that is a nonqualified distribution and you do not roll over an amount at

least equal to the earnings allocable to the distribution, you will be taxed on the amount of those earnings not rolled over, including the 10% additional income tax on early distributions if you are under age 59½ (unless an exception applies).

If you do a direct rollover of only a portion of the amount paid from the Plan and a portion is paid to you, each of the payments will include an allocable portion of the earnings in your designated Roth account.

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

### **How much may I roll over?**

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

- Certain payments spread over a period of at least 10 years or over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary)
- Required minimum distributions after age 70½ (or after death)
- Hardship distributions
- ESOP dividends
- Corrective distributions of contributions that exceed tax law limitations
- Loans treated as deemed distributions (for example, loans in default due to missed payments before your employment ends)
- Cost of life insurance paid by the Plan
- Contributions made under special automatic enrollment rules that are withdrawn pursuant to your request within 90 days of enrollment
- Amounts treated as distributed because of a prohibited allocation of S corporation stock under an ESOP (also, there will generally be adverse tax consequences if S corporation stock is held by 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?**

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.

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 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 a Roth IRA, will the 10% additional income tax apply to early distributions from the IRA?**

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

- There is no special exception for payments after separation from service.
- The exception for qualified domestic relations orders (QDROs) does not apply (although a special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to a Roth IRA of a spouse or former spouse).
- The exception for payments made at least annually in equal or close to equal amounts over a specified period applies without regard to whether you have had a separation from service.
- There are additional exceptions for (1) payments for qualified higher education expenses, (2) payments up to \$10,000 used in a qualified first-time home purchase, and (3) payments after you have received unemployment

compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

### **Will I owe State income taxes?**

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

## **SPECIAL RULES AND OPTIONS**

### **If you miss the 60-day rollover deadline**

Generally, the 60-day rollover deadline cannot be extended. However, the IRS has the limited authority to waive the deadline under certain extraordinary circumstances, such as when external events prevented you from completing the rollover by the 60-day rollover deadline. To apply for a waiver, you must file a private letter ruling request with the IRS. Private letter ruling requests require the payment of a nonrefundable user fee. For more information, see IRS Publication 590, Individual Retirement Arrangements (IRAs).

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

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

If you receive a payment that is a qualified distribution that includes employer stock and you do not roll it over, your basis in the stock (used to determine gain or loss when you later sell the stock) will equal the fair market value of the stock at the time of the payment from the Plan.

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

If you have an outstanding loan from the Plan, your Plan benefit may be offset by the amount of the loan, typically when your employment ends. The loan offset amount is treated as a distribution to you at the time of the offset and, if the distribution is a

nonqualified distribution, the earnings in the loan offset will be taxed (including the 10% additional income tax on early distributions, unless an exception applies) unless you do a 60-day rollover in the amount of the earnings in the loan offset to a Roth IRA or designated Roth account in an employer plan.

**If you 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 is not a qualified distribution and that you do not 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 you receive a nonqualified distribution, are an eligible retired public safety officer, and your pension payment is used to pay for health coverage or qualified long-term care insurance**

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

**If you 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, 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 do not 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 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 choose to do a rollover to a Roth IRA, you may treat the Roth IRA as your own or as an inherited Roth IRA.

A Roth IRA you treat as your own is treated like any other Roth IRA of yours, so that you will not have to receive any required minimum distributions during your lifetime and earnings paid to you in a nonqualified distribution before you are age

59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies).

If you treat the Roth IRA as an inherited Roth IRA, payments from the Roth IRA will not be subject to the 10% additional income tax on early distributions. An inherited Roth IRA is subject to required minimum distributions. If the participant had started taking required minimum distributions from the Plan, you will have to receive required minimum distributions from the inherited Roth IRA. If the participant had not started taking required minimum distributions, you will not have to start receiving required minimum distributions from the inherited Roth IRA until the year the participant would have been age 70½.

**If you are a surviving beneficiary other than a spouse.** If you receive a payment from the Plan because of the participant's death and you are a designated beneficiary other than a surviving spouse, the only rollover option you have is to do a direct rollover to an inherited 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.

Payments under a qualified domestic relations order. If you are 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 the participant would have (for example, you may roll over the payment as described in this notice).

### **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 (only including payments from the designated Roth account in the Plan) are less than \$200, 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 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, 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, 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](http://www.irs.gov), or by calling 1-800-TAX-FORM.