

## Instructions

To request a direct rollover to an eligible retirement plan (including an IRA), complete all applicable sections of this form, obtain any required signatures, and return the form to Transamerica at 4333 Edgewood Road NE, Mail Drop 0001, Cedar Rapids, IA 52499. For rollovers to multiple financial institutions, complete the Supplemental Rollover Form attached. For further information, please refer to the Special Tax Notice Regarding Plan Payments or your Summary Plan Description, or contact your Plan Representative.

## Section A. Plan Sponsor Information

Plan Sponsor Name

Contract/Account No.  Affiliate No.  Division No.

## Section B. Personal Information

Social Security No.  Date of Birth   
(mm/dd/yyyy)

First Name/Middle Initial  Last Name

Mailing Address

City  State  Zip Code

Phone No.  Ext.

E-mail Address

Marital Status:  Married  Single/Divorced

## Section C. Rollover Information

If any or all of your account balance is in a Self-Directed account, e.g., Personal Choice Retirement Account (PCRA), funds may need to be liquidated and transferred back to Transamerica before your request can be processed. Contact us for further information regarding the liquidation of your account.

Reason for Rollover:  Termination of Employment  Retirement  Age 59 1/2  
 Other In-Service Withdrawal (if plan allows)  QDRO Award  Plan Termination

### Rollover Options (choose one):

- Full Rollover** - Roll over my entire account, including the portion attributable to after-tax contributions.
- Partial/Combination Rollover\***

**\*For any cash withdrawal, please specify:**

- Net Withdrawal** (The amount requested below will be the amount issued to you *after* taxes are withheld. Please note that this will result in a larger total withdrawal amount than requested above.)
- Gross Withdrawal** (The amount requested below will be the amount withdrawn *before* taxes are withheld. Please note that this will result in a smaller payment to you than the amount requested above.)

*Note: If one of the above boxes is not checked, your withdrawal will be processed as a gross amount.  
 If there are insufficient funds in your account for a net distribution, your distribution will be processed for the maximum amount available.*

**Money Sources:****Pre-tax Contributions:** 100% or  \$ \_\_\_\_\_

For any remainder:

 Distribute to me Leave funds on deposit (if plan allows) Rollover to new carrier**Rollover Contribution Account:****(money rolled into the plan):** 100% or  \$ \_\_\_\_\_

For any remainder:

 Distribute to me Leave funds on deposit (if plan allows) Rollover to new carrier**Voluntary After-tax Contributions plus****TAXABLE EARNINGS:** Distribute only the non-taxable portion to me and roll over the taxable portion to my IRA or eligible retirement plan Distribute 100% of account balance including both the non-taxable and taxable portion of the account to me Distribute \$ \_\_\_\_\_ of account balance including both the applicable non-taxable and taxable portion of the account to me. The remainder, leave on deposit if the plan allows; if not allowed, also distribute the remainder to me.

*Note: Your plan may not offer some of the money sources listed above. Also, if you are still employed, all of the above rollover options may not be available. Please refer to your Summary Plan Description or contact your Plan Representative for additional information.*

**Type of Rollover**

- Roll over to a Traditional IRA offered through Transamerica (proceed to Section D., also complete Traditional IRA enrollment forms).
- Roll over to a Roth IRA offered through Transamerica (proceed to Section D; also complete Roth IRA enrollment forms). *Note: If you elect a rollover to a Roth IRA, you will be taxed on the amount includible in gross income as if the distribution was not rolled over.*
- Roll over to a Traditional IRA with another financial institution.
- Roll over to a Roth IRA with another financial institution. *Note: If you elect a rollover to a Roth IRA, you will be taxed on the amount includible in gross income as if the distribution was not rolled over.*
- Roll over to an eligible retirement plan (e.g., qualified plan, 403(b) plan or governmental 457(b) plan).

If rolling over assets to more than one institution, please provide information for additional carrier on the Supplemental Rollover Form:

Make check payable to: \_\_\_\_\_

IRA/Plan Provider Name \_\_\_\_\_

IRA/Plan Provider Address \_\_\_\_\_

IRA/Plan Account No. \_\_\_\_\_

IRA/Plan Provider Contact Name/Phone No. \_\_\_\_\_

Money Source and Dollar amount from Section C. \_\_\_\_\_ *(Complete only if rolling money over to more than one provider)*

**Section D. Payment Options For Rollovers**

**For Rollovers:** *If one of the below payment options is not selected, this distribution will be processed in the form of a check. Please provide payment option for additional carrier on the Supplemental Rollover Form.*

- Special Handling \_\_\_\_\_
- Wire transfer *(A completed Payment Options form (attached) is required. Option available only for net distributions of at least \$5,000. Any distribution of \$250,000 or more must be processed in the form of a wire transfer. Any distribution less than \$5,000 will be processed in the form of a check.)*
- Check

**For Partial Distributions Payable to Member:** *(Complete only if doing a Partial/Combination Rollover)*

- Direct Deposit to my bank account. *Note: This option will result in the fastest delivery of funds. It is an electronic transfer of funds directly into your bank account, generally within two business days of the withdrawal from your account, at no cost to you. A completed Payment Options form (attached) is required.*
- Check. *Note: Please note that if you request a check as the method of payment and you do not receive it, our policy is to wait 10 business days from the check issue date before placing a stop payment at the bank. Also be aware of any rules and/or restrictions your bank may have on placing holds on deposits.*

Note: If one of the above payment options is not selected, or if a completed Payment Options form does not accompany this form, your distribution will be processed in the form of a check.

**Section E. Outstanding Loan Options (if applicable)**

For any outstanding loan(s) at the time of my termination of employment/retirement, I elect to:

- Pay off the loan(s). *(Prior to submitting this form, please call us to verify loan payoff amount and procedures.)*
- Continue loan repayments via coupon. *(If allowed by the plan.)*
- Roll over loan balance to new plan provider, if allowed by the new plan. *(Please provide instructions and proper acceptance documentation from new provider.)*
- Default the loan(s). I understand that a taxable distribution will be reported to the IRS as indicated in the Special Tax Notice Regarding Plan Payments. *(This does not affect your credit score.)*

*Note: If one of the above options is not selected (or you select an option that is not allowed by the plan), any outstanding loan(s) will be automatically defaulted in accordance with federal regulations.*

**Section F. Tax Withholding Election**

The direct rollover of any portion of your account balance is generally not subject to mandatory federal or state tax withholding. If you have indicated in Section C. above that you wish to make a direct rollover to a Roth IRA from a non-Roth account, and you want to voluntarily have federal and/or state tax withheld on the taxable portion of such rollover, indicate the applicable percentages here:

Federal \_\_\_\_\_ %                      State \_\_\_\_\_ %

In the event that a portion of your account is paid to you in cash and has not previously been taxed, or if you default on your outstanding loan, the following tax withholding may apply:

**Federal Income Tax Withholding** - 20% mandatory tax withholding applies.

**State Income Tax Withholding** - Withholding is mandatory in some states. Other states allow an independent election and in these states, state tax will be withheld unless you elect otherwise. If your state requires a greater withholding percentage than what you have indicated, the mandatory state tax will apply. If your state does not allow withholding, no state tax can be withheld. Please contact us to confirm if your state has a mandatory state tax.

- Do not withhold state income tax (if independent election is permitted)
- Withhold state income tax: \_\_\_\_\_ %

**Section G. Member Signature**

*Please note: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim from a group annuity contract issued in New York, containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed \$5,000 and the stated value of the claim for each such violation. States other than New York also have insurance fraud statutes, which impose penalties for any violation thereof.*

**For members required to take a minimum distribution during the current year (and possibly, prior years) that was not satisfied, please note the following: If you have not already taken your required minimum distribution (RMD) for the current year and any past years, the amount needed to satisfy the RMD will be distributed as part of a separate transaction made payable to you prior to the processing of your direct rollover request. If you do not have a Minimum Distribution Request Form on file with Transamerica that indicates otherwise, 10% federal tax withholding will apply to the RMD transaction.**

**For Married Members:** I elect to waive qualified joint and survivor benefits (if applicable) with respect to the amount to be withdrawn from the plan. I understand that this waiver is not effective without the written consent (if applicable) of my spouse, witnessed by my Plan Representative or a Notary Public.

**For All Members:** I represent that the receiving plan or IRA will accept this direct rollover on my behalf, and is an eligible retirement plan permitted by law to receive eligible rollover distributions, and that I am eligible to rollover this distribution to such plan or an IRA. If I hold an investment in SecurePath for Life, I have received and read the Special Notice to SecurePath for Life Participants, which contains important additional information about the impact of withdrawals on my SecurePath for Life benefit. I certify that the information provided on this form is correct and complete.

X \_\_\_\_\_  
Member Signature

X \_\_\_\_\_  
Date

X \_\_\_\_\_  
Print Name

X \_\_\_\_\_  
Social Security Number

**Section H. Spousal Consent (if applicable)**

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I consent to my spouse's waiver of joint and survivorship benefits with respect to the amount to be withdrawn from the plan. I understand that this consent means that I will not receive any survivor benefits under this plan upon my spouse's death with respect to this amount. I understand that I do not have to consent to the waiver of this qualified joint and survivor annuity coverage; however, if I do consent by signing below, I may not revoke my consent.

**Notice regarding faxed Notarized Documents for Married Members:** Transamerica will accept faxed documents for gross distribution requests of less than \$50,000, provided that where spousal consent is also required, the spouse's signature must be duly witnessed by a notary using his/her notarial stamp. (A "gross distribution" is the amount of the requested withdrawal prior to deduction of any tax withholding.)

For gross distribution requests: (a) of \$50,000 or more or (b) involving notarized spousal consents that do not show the notary's stamp - either because the notary's state/district does not permit use of a notarial stamp (e.g., Alabama, Washington, DC) or for any other reason permissible by the notary's state - original documents must be mailed, not faxed.

**X** \_\_\_\_\_  
Spouse Signature

**X** \_\_\_\_\_  
Date

WITNESSED

**X** \_\_\_\_\_  
Plan Representative or Notary Public Signature and Stamp/Seal

**X** \_\_\_\_\_  
Date

**Section I. Plan Representative Information and Signature**

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*Note: This direct rollover request cannot be processed unless all applicable sections of this form have been completed.*

Vested %: \_\_\_\_\_ Employment Status:  Active  Terminated \_\_\_\_\_  Retired \_\_\_\_\_  
Termination Date Retirement Date

Period end date of final contribution \_\_\_\_\_ (Processing will be delayed until final contribution is received.)

Have all contributions been remitted?  Yes  No

I certify that the distributing plan meets any applicable regulatory requirements, that this rollover distribution constitutes an eligible rollover distribution, that this transaction is permissible under the provisions of the plan, that any required consents and waivers have been obtained, and that the information provided on this form is correct and complete.

**X** \_\_\_\_\_  
Plan Representative Signature

**X** \_\_\_\_\_  
Date

If you have questions regarding the completion of this form, please call us at 800-755-5801.

Return your completed form(s) to:

Transamerica  
4333 Edgewood Road NE  
Mail Drop 0001  
Cedar Rapids, IA 52499

Or, you may fax your completed form to 866-835-8863.

If you are currently married, please see Section H. for any restrictions on faxing in notarized forms.

# Supplemental Rollover Form

**Instructions:** Complete this page only if rolling over assets to more than one institution.

## Additional Carrier information:

Make check payable to: \_\_\_\_\_  
IRA/Plan Provider Name \_\_\_\_\_  
IRA/Plan Provider Address \_\_\_\_\_  
IRA/Plan Account No. \_\_\_\_\_  
IRA/Plan Provider Contact Name/Phone No. \_\_\_\_\_  
Money Source and Dollar amount from Section C. \_\_\_\_\_

**Payment Options** *If one of the below payment options is not selected, this distribution will be processed in the form of a check. Please provide payment option for the carrier listed above.*

- Special Handling \_\_\_\_\_  
 Wire transfer *(Complete information below only if wire transfer option is selected. Option available only for net distributions of at least \$5,000. Any distribution of \$250,000 or more must be processed in the form of a wire transfer. Any distribution less than \$5,000 will be processed in the form of a check.)*  
 Check

ABA No. | \_\_\_\_\_  
Bank Name \_\_\_\_\_  
Institution Name (Rollover Company) \_\_\_\_\_  
Institution Address \_\_\_\_\_  
Bank Account No. \_\_\_\_\_  
"Further Credit To" \_\_\_\_\_

**Important:** *Because a bank receiving wire transfer funds does not verify with Transamerica the identity of the account holder (the account number you indicate on this form), in order to protect you and your retirement plan against fraudulent withdrawals from your account, your signature must be notarized.*

I certify that the indicated account is held in my name and the information provided on this form is correct and complete.

**X** \_\_\_\_\_ **X** \_\_\_\_\_  
Member Signature Date

**X** \_\_\_\_\_  
Print Name

## Certificate of Acknowledgement

State of \_\_\_\_\_ County of \_\_\_\_\_

On \_\_\_\_\_ (notary date), before me, \_\_\_\_\_ (notary name printed),

personally appeared, \_\_\_\_\_ (member name printed)

- personally known to me -- OR --  
 proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument

**WITNESS my hand and official seal**

**X** \_\_\_\_\_ **X** \_\_\_\_\_  
Notary Public Signature and Stamp/Seal Date

This information only applies to defined contribution retirement plans subject to the joint and survivor annuity requirements. To confirm if your plan is subject to these requirements, please refer to your Summary Plan Description or contact your Plan Administrator.

### General

As a plan member, you generally may elect to receive benefits when you reach your normal retirement age under the plan or terminate employment, provided your plan account has monies in it available for your withdrawal. However, some money purchase plans require an employee who terminates employment prior to the early/normal retirement age under the plan to wait until a certain age to withdraw his/her funds. If your plan allows in-service withdrawals for hardship or upon your attainment of age 59 1/2 or for any other reasons, you may also elect to receive benefit payments if you have satisfied the applicable plan requirements. If you are married on the date your benefit payments begin, you will be paid automatically in the form of a Qualified Joint and Survivor Annuity. This means that you will receive a monthly benefit for the rest of your life, and then after you die, your spouse, if living, will receive a monthly benefit for as long as he or she lives.

Your surviving spouse's monthly benefit must be at least half of, but not greater than, the monthly benefit you would have received. Receiving benefits in this form usually means that your monthly benefits will be less than what you would receive under other forms of benefit. The reason for this difference is that Qualified Joint and Survivor Annuity benefits are intended to be paid over two lifetimes (yours and your spouse's).

You may elect to receive benefits in a form other than a Qualified Joint and Survivor Annuity, but your spouse must consent to this election, in writing, witnessed by your Plan Representative or a Notary Public. If you wish to designate a person other than your spouse as your beneficiary, you must obtain your spouse's written consent to your beneficiary designation. If established to the satisfaction of Plan Representative that your spouse cannot be located, spousal consent is not required. Generally, your benefit election may be made and/or cancelled only during the 180 days before your benefit starting date. If you waive the Qualified Joint and Survivor Annuity, then cancel such waiver prior to the date that benefit payments begin, your benefit will be paid in the form of a Qualified Joint and Survivor Annuity pursuant to the provisions of the plan. If you properly waive the Qualified Joint and Survivor Annuity benefit, you may elect one of the forms of benefit indicated below.

Please note, the plan may provide that if the cash value of your benefit is less than a specified amount (generally \$5,000 or less, if any), your benefit will be paid to you in a single sum, or automatically rolled over to an IRA (if required by federal law).

If you are *not* married on the date your benefit payments begin, you will be paid automatically in the form of a Straight Life Annuity unless you elect a different form of benefit. Under a Straight Life Annuity, you are paid a monthly benefit for your lifetime with no benefit payable upon your death.

Upon written request to your Plan Representative, you may obtain further information, including the approximate amounts payable under the Qualified Joint and Survivor Annuity and other forms of benefit available under the plan.

Under the provisions of the plan, you may, with your spouse's consent if you are married, request that your benefit be paid under the optional form of benefit which is best suited to your particular needs and circumstances. The amount of monthly income payable will depend upon the form of payment elected, your age (and your designated beneficiary's age) as well as your vested account balance as of your retirement date, or, if earlier, date of this election.

### Summary of Forms of Benefit

**Qualified Joint and Survivor Annuity - Beneficiary is Surviving Spouse:** A lifetime monthly income is payable to you, beginning on your benefit starting date and continuing until the last payment due before your death. If you are married on the date your benefit payments begin, upon your death your surviving spouse will, depending on the provisions of your employer's plan, receive a monthly income for life equal to at least one-half (and not more than 100%) of the amount of monthly income you were receiving.

**Straight Life Annuity - No Years Certain:** A lifetime monthly income is payable to you, beginning on your benefit starting date and continuing until the last payment due before your death. If you die after your benefit starting date, there will be no death benefit payable. If you are not married on the date benefits are to begin, payment will be made in this form unless you elect another form of benefit.

**Fixed Period Certain Annuity - No Life:** A monthly income is payable to you beginning on your benefit starting date, in equal installments over a specified period of not less than 60 nor more than 240 months. If you die during the specified period elected, the income will be continued for the remainder of the specified period to your designated beneficiary. You may elect that such payment to your beneficiary is to be made in a single sum.

**Single Sum Payment:** Instead of lifetime monthly income payments, the vested balance in your account will be paid in a single sum.

**Installment Payment:** Instead of lifetime monthly income payments, the vested balance in your account will be paid in installment payments.

**Partial Payment:** Instead of lifetime monthly income payments, the vested balance in your account will be paid in partial payments.

## Comparison of Forms of Benefit

These examples compare benefits under a Qualified Joint and Survivor Annuity and other forms of benefit. These examples are based on specific assumptions and certain interest rates and mortality rates. The amounts shown are estimates, provided to illustrate the differences among the various options and are not intended to represent the actual amount payable to you. Upon your request, a more precise calculation will be provided. Your request should be sent to the address below if in writing. If you wish to call in your request, see the number provided below for you to call.

Assume a member retiring at age 65 has a spouse of the same age and a \$200,000 account balance.

### Age 65 Commencement

Form of Benefit	Benefit to Member	Benefit to Spouse/Beneficiary After Member's Death
Qualified Joint and Survivor Annuity with 100% Continuing to Spouse .....	\$ 996.94 per month .....	\$ 996.94 per month
Qualified Joint and Survivor Annuity with 75% Continuing to Spouse .....	\$1,037.85 per month .....	\$ 778.39 per month
Qualified Joint and Survivor Annuity with 66 2/3% Continuing to Spouse .....	\$1,052.25 per month .....	\$ 701.50 per month
Qualified Joint and Survivor Annuity with 50% Continuing to Spouse .....	\$1,082.27 per month .....	\$ 541.14 per month
Fixed Period Annuity- No Life (60 months).....	\$3,484.59 per month .....	\$3,484.59 per month. If member dies before receiving 60 monthly payments, remaining payments continue to beneficiary.
Fixed Period Annuity- No Life (120 months).....	\$1,776.94 per month .....	\$1,776.94 per month. If member dies before receiving 120 monthly payments, remaining payments continue to beneficiary.
Straight Life Annuity .....	\$1,183.61 per month .....	\$0
Single Sum Payment .....	\$200,000 .....	\$0

Any annuity elected will be provided by purchasing an annuity contract from an insurance company with your vested account balance under the plan. Dollar amounts shown do not reflect any required tax withholding.

## Joint and Survivor Annuity Waiver Rights

You have at least 30 days to consider whether to waive the Qualified Joint and Survivor Annuity and elect another form of benefit. If, after receiving this Explanation, you affirmatively elect a distribution and your spouse consents to that form (if necessary), your distribution may be made less than 30 days from the date this Explanation was given to you provided:

- Your distribution election is revocable until the later of (a) your benefit starting date, or (b) prior to the expiration of the 7-day period that begins the date after you receive this Explanation;
- Your benefit starting date is a date after the date you received this Explanation;
- Distribution in accordance with your benefit election is paid more than 7 days after the date this Explanation was provided.

## Consequences of You Taking the Distribution Instead of Deferring Receipt of the Distribution

If you are eligible to receive a distribution from the plan, but also have the right to defer receipt of such distribution because, e.g., the value of your nonforfeitable account balance exceeds \$5,000 (or such lower automatic cash-out limit set by the plan), your decision not to defer receipt of your distribution includes the following consequences: (1) if you do not make a rollover within 60 days of receipt of the payment, you will be taxed on the taxable amount of the distribution not rolled over, and (2) for members who are under 59 1/2 and/or who separated from service prior to the year they attained 55 at the time they take the distribution, an IRS early distribution 10% penalty tax may apply to the taxable portion of such distribution.

## Right to Request Member-Specific Information

You have the right to request specific information with respect to each form of benefit available to you under the plan, including a description of the financial effect of electing each form of benefit available to you under the plan. Written requests should be sent to Transamerica, 4333 Edgewood Road NE, Cedar Rapids, IA 52499, (Attn: Retirement Analysis Department) or call 800-755-5803 x1203424.







**Section D. Overnight Mail Delivery from United Parcel Service (UPS)**

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**If you have chosen one of the Flexible Distribution options on the Distribution form, overnight delivery is not an available option. You must choose Direct Deposit or your payments will be sent in the form of a check via standard mail delivery.**

These charges will be deducted from your Transamerica account or from the requested loan or distribution amount. Overnight mail delivery may be used for loans or distributions payable to you, or to an institution for a direct rollover or transfer. A check will be released for overnight delivery within seven (7) calendar days from the date that Transamerica receives all required documentation and approvals. If the rollover or transfer is greater than \$250,000, we recommend a wire transfer (see Section E).

To deliver the check to an alternate address, indicate the name of the addressee and that address below. If an alternate address is not listed, the check will be mailed to the address listed on the withdrawal request.

\_\_\_\_\_ (UPS will not deliver to a PO Box, military post office  
or US territory – except Puerto Rico)

\_\_\_\_\_

\_\_\_\_\_

I certify that the information provided on this form is correct and complete. I authorize the overnight fee of \$25 to be deducted from my account balance.

**X**  
\_\_\_\_\_  
**Participant Signature**

**X**  
\_\_\_\_\_  
**Date**

**X**  
\_\_\_\_\_  
**Social Security Number**

**Section E. Wire Transfers (option not available for loans, amounts under \$5,000 or recurring distributions)**

This option is available for direct rollovers or plan transfers of at least \$5,000. Any amount less than \$5,000 will be processed in the form of a check.

ABA No. | |\_|\_|\_|\_|\_|\_|\_|\_|\_|\_|\_|\_|\_|\_|

Bank Name \_\_\_\_\_

Institution Name (Rollover Company) \_\_\_\_\_

Institution Address \_\_\_\_\_

Bank Account No. \_\_\_\_\_

“Further Credit To” \_\_\_\_\_

**Important: Because a bank receiving wire transfer funds does not verify with Transamerica the identity of the account holder (the account number you indicate on this form), in order to protect you and your retirement plan against fraudulent withdrawals from your account, your signature must be notarized.**

I certify that the indicated account is held in my name and the information provided on this form is correct and complete.

**X** \_\_\_\_\_ **X** \_\_\_\_\_  
Participant Signature Date

**X** \_\_\_\_\_  
Print Name

**Certificate of Acknowledgement**

State of \_\_\_\_\_ County of \_\_\_\_\_

On \_\_\_\_\_ (notary date), before me, \_\_\_\_\_ (notary name printed),

personally appeared, \_\_\_\_\_ (participant name printed)

personally known to me -- OR --

proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument

**WITNESS my hand and official seal**

**X** \_\_\_\_\_ **X** \_\_\_\_\_  
Notary Public Signature and Stamp/Seal Date

### **YOUR ROLLOVER OPTIONS**

You are receiving this notice because all or a portion of a payment you are receiving from your employer's retirement plan is eligible to be rolled over to a Traditional IRA, a Roth IRA or an employer plan. This notice is intended to help you decide whether to do such a rollover.

Section I of 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).

Section II applies if you also receive a payment from a designated Roth account in the plan, in which case 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.

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

### **Section I: GENERAL INFORMATION ABOUT ROLLOVERS FROM YOUR RETIREMENT PLAN (Not Including Any Designated Roth Account)**

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

You will generally be taxed on a payment from the plan if you do not roll it over. However, rollovers to a designated Roth account within the plan or to a Roth IRA that are not from a designated Roth account are subject to taxation, as discussed below. 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).

#### **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.

You may also roll over the payment to a designated Roth account within the plan.

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

There are two ways to do a rollover. You can generally 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
- 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 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.

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).

**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 For Payments From Your Retirement Account (Not Including Your Designated Roth Account)****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 a traditional 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 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 a traditional 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 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 59 1/2 (or after your death or disability, or as a qualified first-time home buyer 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 may roll over a payment from the plan to a designated Roth account within the plan, but you cannot roll over a payment from the plan to a designated Roth account in another employer plan.

**If you roll over your payment to a designated Roth account within the plan:**

If you roll over the payment 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). For payments from the plan in 2010 that are rolled over to a designated Roth account in the plan (and that are not distributed from that account until after 2011), the taxable amount of the rollover will be taxed half in 2011 and half in 2012, unless you elect to be taxed in 2010.

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 attain age 59½ (or after your death or disability) and after you have had a designated Roth account in the plan for a period of at least 5 years. The 5-year period described in the preceding sentence begins on 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 your first contribution was made 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 allocable to earnings after the rollover, including the 10% additional 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 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 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.

*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 cash-out 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 cash-out 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.

## Section II: FOR PAYMENTS FROM A DESIGNATED ROTH ACCOUNT

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### YOUR ROLLOVER OPTIONS

This section of the notice applies if you are receiving all or a portion of a payment from your employer's plan that 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.

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 FOR PAYMENTS FROM A DESIGNATED ROTH ACCOUNT

#### 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 59 1/2, 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 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 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 59 1/2 (unless an exception applies).



## 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 59 1/2 (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 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
- 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 59 1/2, 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
- 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 59 1/2, 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 59 1/2, 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 59 1/2 will be subject to the 10% additional income tax on early distributions (unless an exception applies).

**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 59 1/2 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 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 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). 519, *U.S. Tax Guide for Aliens*, and IRS Publication 515, *Withholding of Tax on Nonresident Aliens and Foreign Entities*.

**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 & 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 cash-out 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 cash-out 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.