CUNA MUTUAL GROUP

CMFG Life Insurance Company

CUNA Mutual Retirement Solutions
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Retirement Plan
DISTRIBUTION FORM
For Policy Funded 412(i) Plans

QUALIFED JOINT AND SURVIVOR ANNUITY NOTICE

(applicable if the cash value of your vested benefit is greater than $5,000)

What is a Qualified Joint and Survivor Annuity (QJSA)?

Your plan states the automatic form of retirement benefit is a Qualified Joint and Survivor Annuity, unless you choose a different form of payment. If you are married, this Joint and Survivor Annuity form of payment provides you with monthly payments for your life. Upon your death, your spouse will receive a monthly payment equal to 50% of the monthly payment you received prior to your death. Your spouse will receive this survivor benefit for the rest of his or her life. If you are not married, the QJSA will be paid to you in the form of a single life annuity unless you choose a different form of payment. A single life annuity gives you a monthly retirement payment for the rest of your life. Upon your death, no further benefits will be paid.

What other forms of payment can I choose?

The most common forms of non-QJSA payment include: lump sum, installments and annuities. Refer to your Summary Plan Description for the benefit options available in your plan. If you are married, your spouse must consent to the non-QJSA form of payment you elect. Your spouse's consent must be in writing and witnessed by a notary public or the Plan Administrator/Plan Representative. The following chart illustrates the financial effect of the various payment options available:

BENEFIT OPTION	DESCRIPTION (You are the participant)	ESTIMATED MONTHLY PAYMENT*	
		Participant at age 65	Spouse at age 65
Joint and 50% Survivor	You receive monthly payments for life. After your death, your spouse receives 50% of your monthly payment for the rest of his or her life.	$60	$30
Joint and 100% Survivor	You receive monthly payments for life. After your death, your spouse receives 100% of your monthly payment for the rest of his or her life.	$56	$56
Single Life Annuity	You receive monthly payments for life. Payments stop when you die. Your spouse or other beneficiary will receive no further payments.	$66	$0
Life Annuity with 5 Year Certain Period	You receive monthly payments for life. If you die before 5 years, your spouse or other beneficiary receives the remaining 60 guaranteed monthly payments. If you die after 5 years, your spouse or other beneficiary will receive no further payments.	$65	$0
Life Annuity with 10 Year Certain Period	You receive monthly payments for life. If you die before 10 years, your spouse or other beneficiary receives the remaining 120 guaranteed monthly payments. If you die after 10 years, your spouse or other beneficiary will receive no future payments.	$64	$0
Cash	You and your spouse, if any, agree to take a lump sum cash distribution now and receive no future payments.	$0	$0

* Based on a $10,000 withdrawal. The amounts shown are for illustration only. The actual amount of monthly benefit will depend on annuity purchase rates in effect at the time of purchase and may result in higher amounts. Contact our Retirement and Investment Solutions Center** for a current quote at 800-999-8786, option 3.

The overall value of the benefits that you receive from this plan during your lifetime will depend on which benefit option you choose, how long you live and the interest rate at which you can invest your retirement income. Under current federal law, the plan is required to disclose the relative value of each benefit option you are entitled to receive assuming reasonable interest rates and average life expectancy. All payment options are compared to the value of the Qualified Joint and Survivor Annuity option. Further detail on the assumptions used in these determinations is available upon request. In addition, you may request information on the financial effect and relative value of the different payment options that are specific to you. For more information contact your Plan Administrator.

The lump sum benefit and all monthly annuity options offered by the plan have the same relative value based on actuarial equivalences defined by the plan's annuity policy. In other words, if you have average life expectancy and given reasonable interest rates, you will get the same overall value during your lifetime from any of the annuity options provided. This comparison assumes 4.5% interest and average life expectancy.

**Representatives are registered, securities are sold, and investment advisory services offered through CUNA Brokerage Services, Inc. (CBSI), member FINRA/SIPC, a registered broker/dealer and investment advisor, 2000 Heritage Way, Waverly, Iowa 50677, toll-free 866.512.6109. Non-deposit investment and insurance products are not federally insured, involve investment risk, may lose value, and are not obligations of or guaranteed by the financial institution. Retirement and Investment Solutions Center team members offer retirement and investment education but do not provide investment, legal or tax advice. Participants are encouraged to consult their own advisors.

ADDITIONAL DISTRIBUTION & TAXATION INFORMATION

A distribution requires the surrender of your individual policy. Some distributions before the end of the 8th policy year may be subject to a surrender charge up to a maximum of $350. See your Plan Administrator/Trustee for more details.

CONSEQUENCES OF TAKING YOUR DISTRIBUTION: The overall value of the benefit that you receive from this plan during your lifetime will depend on which benefit option you choose, how long you live and the interest rate at which you can invest your retirement income.

Your Plan is funded by investments not generally available on similar terms outside of a qualified retirement plan. Because the investments in your plan are designed for qualified plans, the administrative or investment related fees of similar funds outside your plan will have different fees and expenses associated with them. If you have questions about investments available in your plan, you may contact the Retirement and Investment Solutions Center at 1-800-999-8786, option 3, for additional information.

If you have no vested benefit in your account balance when you leave, your account balance will be forfeited. However, if you return to service with the Employer before incurring five consecutive Breaks in Service, your account balance as of your termination date will be restored unadjusted for any gains or losses. If you are partially vested in your account balance when you leave, the non-vested portion of your account balance will be forfeited on the earlier of the date: (a) of the distribution of your vested account balance, or (b) when you incur five consecutive Breaks in Service. If you received a distribution of your vested account balance and are reemployed, you may have the right to repay this distribution. If you repay the entire amount of the distribution, we will restore your account balance with your forfeited amount. You must repay this distribution within five years from your date of reemployment, or, if earlier, before you incur five consecutive 1-Year Breaks in Service. If you were fully vested when you left, you do not have the opportunity to repay your distribution.

For additional information related to your rights as a participant following your termination of employment, see your Summary Plan Description (SPD). If may be accessed on your benefits Web site (www.benefitsforyou.com) or you may receive a copy of the SPD from your Human Resources professional or the Plan Administrator.

You Can:

A. Delay all or a portion of your distribution until a later date.

1. Leave your entire vested benefit in the Plan if it is greater than $1,000. You defer taxation and your money continues to earn interest at 4.5%. When you're ready to receive your money, contact your Plan Administrator/Trustee or the Retirement Service Center at (800) 999-8786 for a new distribution form.
2. Roll all or a portion of your vested benefit over to an IRA or eligible retirement plan to defer the taxation of your benefit. **Please Note: Any amount not rolled over must be taken as cash and may be subject to tax withholding.**

B. Take a cash distribution.

1. Federal taxes – Federal law mandates a 20% withholding tax on money that is eligible to be rolled over that you take as a cash distribution. Review the Special Tax Notice that is included with this form and Form W-4P for additional information. After-tax contributions are not subject to this 20% withholding requirement.
2. State taxes – You may be subject to state tax withholding. Contact your state tax department for specific information, then indicate the dollar amount or percentage that you want withheld in Section IV of the Distribution Form.

C. Request an illustration of the monthly annuity options that are available to you. Check Option F in Section II of the Distribution Form and return it to your Plan Administrator/Trustee so they can complete Section VIII.

Information Regarding Your Retirement Plan Benefits

Your Plan Administrator can assist you in completing the Retirement Plan Distribution Form.

Before you complete this form, please do the following:

- Review your most recent benefit statement for the approximate benefit you will receive.

- You have a minimum of 30 days to review and make your election. If you do not respond within this time limit and the cash value of your vested benefit is $1,000 or less, your benefit will be paid in the form of a cash distribution. Any applicable tax withholding will apply.

- If the cash value of your vested benefit is greater than $5,000, read the "Qualified Joint and Survivor Annuity Notice." If you are married, your spouse must also read this notice.
- Read the "Special Tax Notice Regarding Retirement Plan Payments." The law requires that you be given this information to help you decide how to receive your retirement plan benefits. The IRS requires a 7-day waiting period from the date you receive this form to the date benefits can be distributed. If the cash value of your vested benefit is $5,000 or less, you can waive this 7-day waiting period by signing Section VI.
- You need to complete appropriate Sections I through VII. **After completing these sections, give this form to your Plan Administrator/Trustee. DO NOT RETURN IT TO CUNA MUTUAL GROUP.**
- The Plan Administrator/Trustee must complete Section VIII. The Distribution Form needs to be reviewed by the Plan Administrator/Trustee to make sure all applicable sections are completed and that the form has the necessary signatures.
- **The processing of your benefit will be delayed if this form is not completed in its entirety.**
- If you are retiring or are totally and permanently disabled, call the Social Security Administration at 1-800-772-1213 to request free booklets containing helpful information about any of the Social Security programs available to you.

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SECTION I (PLEASE PRINT) EMPLOYEE INFORMATION

Employee Name	Social Security Number	Date of Birth

Home Address – Street Address or PO Box ☐ Check if new address	City	State	ZIP Code

Daytime Telephone Number ( )	Email Address	Marital Status ☐ Single ☐ Married	Spouse's Name

SECTION II DISTRIBUTION OPTIONS

CHECK ONE BOX ONLY, FOLLOW THE INSTRUCTIONS FOR THAT BOX AND
RETURN THIS FORM WITHIN 30 DAYS TO YOUR PLAN ADMINISTRATOR

I want to:

☐ A. Leave my money in the plan. If the value of my vested benefit is less than $1,000, this option is not available to you AND your Plan Administrator will distribute your entire vested benefit if you do not return this form within 30 days.

☐ B. Take the value of my vested benefit as a cash distribution. Complete Sections IV, V, and VI. If you are married, complete Section VII.

☐ C. Take the value of my vested benefit and roll it into an IRA or another eligible employer plan identified in Section III. Complete Section III and Section VI. If you are married, complete Section VII.

☐ D. Take $_______________ as a partial cash distribution, and roll the remaining amount into an IRA or another eligible employer plan identified in Section III. Complete Sections III, IV, V, and VI. If you are married, complete Section VII.

☐ E. Roll over $_____________ into an IRA or another eligible employer plan identified in Section III and leave the remaining amount in my retirement plan. Complete Sections III and VI. If you are married, complete Section VII.

☐ F. Request an illustration of the monthly annuity options available to me. My spouse's date of birth is ___________. A minimum vested account balance of more than $5,000 is required for this option.

SECTION III GENERAL ROLLOVER INFORMATION

Complete this Section if you marked Option C, D or E in Section II.

Select One: ☐ IRA FINANCIAL INSTITUTION or ☐ ELIGIBLE EMPLOYER PLAN INFORMATION

- Make the check payable to: ____ Account Number or Plan Number: _______________________

Send my distribution to: Financial Institution or Eligible Employer Plan Sponsor Name:____

- Mailing Address of Financial Institution or Plan Sponsor: ____
- Contact Person at the Financial Institution or Plan Sponsor: ____________________________________ Phone Number: ____________________

AFTER-TAX CONTRIBUTIONS

If you have after-tax contributions, they will be included in your rollover. If you prefer to receive your after-tax contributions as a cash distribution, please check this box: ☐

ROTH IRA ROLLOVER INFORMATION

Select One: ☐ ROTH IRA FINANCIAL INSTITUTION identified below or ☐ ELIGIBLE EMPLOYER PLAN identified above:

- Make the check payable to: ____ Account Number: _______________________

Send my distribution to: Financial Institution Name:____

- Mailing Address of Financial Institution: ____
- Contact Person at the Financial Institution: ____ Phone Number: ____________________

SECTION IV WITHHOLDING DIRECTIVE

Do not complete this Section if you marked Option A, C or E in Section II.

If you have elected a cash distribution of all or a portion of your vested benefit (Option B or D in Section II) the 20% federal withholding will apply to the taxable portion of your distribution. You may increase your withholding by completing Form W-4P. Form W-4P is available on the Web site at ***www.benefitsforyou.com*** or from CUNA Mutual Retirement Plan Services at (800) 999-8786.

COMPLETE THE FOLLOWING:
Federal Withholding:

☐ Having read the "Special Tax Notice Regarding Retirement Plan Payments" for federal income tax withholding, I elect to increase my withholding and am enclosing the completed Form W-4P for this election. (Please Note: The W-4P is only required if you have more than 20% withheld.)

☐ If this is a direct rollover of a pre-tax amount to a Roth IRA, the mandatory 20% federal withholding rules do not apply. You are still responsible for any taxes due on this portion and can voluntarily elect federal withholding. If you want federal taxes withheld, indicate the percent to be withheld: _________%.

State Withholding:

State of your legal residence: ____

Some states have mandatory withholding and/or specific tax withholding forms. The mandatory withholding rate will apply unless you elect a larger amount. See your tax advisor.

☐ I want ____% state income taxes withheld from my distribution. ☐ I do not want to have state income taxes withheld from my distribution.

SECTION V	PAYMENT DIRECTIVE
Do not complete this section if you completed Section III, Rollover Information. EFT is not available if you elect a direct rollover of your distribution. Indicate payment method below: ☐ Check — **Will be mailed directly to you at the address indicated in Section I.** ☐ EFT — **Complete the following information:**	
Depository Name (Financial Institution)	Depository Address
Routing Number	Account Number and Type (EFT Only) ☐ Checking ☐ Savings
If no election is made, a check will be mailed directly to you.	

SECTION VI	PARTICIPANT'S SIGNATURE

I have read the Qualified Joint & Survivor Annuity Notice and the Special Tax Notice, and have received a copy of the latest Summary Plan Description. I understand that :

- I have the right to have the plan pay my retirement benefits in the QJSA form of payment and I am giving up that right.
- I may receive less money than I would have received under the QJSA form of payment.
- I am signing this form voluntarily.
- If I do not sign this Distribution Form, then I will receive payments from the plan in the QJSA form of payment.
- I can change this Distribution Form prior to payment of benefits. After benefits begin, I cannot change my form of payment.
- If my benefit is not distributed within 180 days from the date I sign this form, my election is no longer valid and a new distribution form will be required.
- I understand the distribution cannot be made any earlier than 7 days from the date I received this form. The date I received this form was ____________________________. (If left blank, it will be assumed the date of your signature is the date you received this form.)
- My spouse must consent if my distribution is greater than $5,000.
- **The processing of my benefit will be delayed if this form is not completed in its entirety.**

Participant's Signature	Date
X	

SECTION VII	SPOUSAL CONSENT

Spousal consent is required if the value of the vested benefit is over $5,000, unless an exception below applies.

My spouse has elected to receive a distribution. I have reviewed the written Qualified Joint and Survivor Annuity Notice and I consent to the distribution election made by my spouse. The benefit has been explained to me and I understand:

- My consent is irrevocable unless my spouse revokes the election to distribute.
- I am giving up my rights not only to the current amount of the distributed benefits, but I am also giving up my rights to any and all future increases to the distributed benefits.
- If I do not sign this Distribution Form, then my spouse will receive payments from the plan in the QJSA form of payment.
- I do not have to give up my rights to the benefits.
- I am signing this agreement voluntarily, and understand my signature must be witnessed.
- If my spouse's benefit is not distributed within 180 days from the date I sign this form, my consent is no longer valid.

Spousal consent exceptions:

If you select either box below, your spouse's signature is not needed.

☐ My spouse and I are legally separated and I have a court order to that effect. Note: A qualified domestic relations order (QDRO) may require you to obtain your spouse's or ex-spouse's consent. (Please include court order or, if applicable, the QDRO.)

☐ My spouse has abandoned me and I have a court order to that effect. (Please include applicable court order.)

Spouse's Signature		Date
X		
Witness ☐ Plan Administrator or ☐ Notary Public	Plan Administrator's/Trustee's Signature **X**	Date

Notary — Please complete:

State of ______________________________, County of ______________________.

Subscribed and sworn to (or affirmed) before me on this _______ day of ____________________, _______ personally known to me or proved to me on the basis of satisfactory evidence to be the persons who appeared before me.

SEAL **Signature** ____

SECTION VIII COMPLETED BY EMPLOYER (PLAN ADMINISTRATOR) OR TRUSTEE

COMPLETE THIS SECTION EVEN IF THE PARTICIPANT HAS NOT REQUESTED AN ACTUAL DISTRIBUTION

Benefit Requested For (Employee Name)		Social Security Number	Date Employment Terminated
Employer Name	Employer Contract Number (8 Digits)	Plan Number (✓) ☐ 001 ☐ 002 ☐ 003 ☐ Other ____________	

Type of Benefit Requested (✓)

☐ Termination ☐ Retirement ☐ Total and Permanent Disability ☐ Death (Please include copy of death certificate)

Hours of Service:

1. For employees who do not have a rehire date, enter the following dates then determine the number of hours worked for each period. These hours should include paid vacation and sick leave up to 501 hours.

	Under 500 hours	500-999 hours	1,000 hours or more
____________ through ____________ Original Hire Date / Last Day of Plan Year (following hire date)	☐	☐	☐
____________ through ____________ 1st Day of Plan Year (before termination date) / Termination Date	☐	☐	☐

2. For rehired employees, indicate the date of rehire: ____________. Attach a separate sheet detailing hours worked in each plan year from the original date of hire to most recent termination date.

An employee will be assumed to have worked 1,000 hours or more in each full plan year between the above dates unless otherwise noted on a separate sheet attached to this form.

For Plans Requiring Employee Contributions:

Indicate the employee contributions withheld in the plan year in which the plan termination occurred: $____________

Employer (Plan Administrator) or Trustee Authorization:

Check the appropriate box if the Participant has not made an election in Section II.

☐ The Plan Administrator/Trustee requests payment of this benefit to be deferred until a later date. The participant has not made a direct rollover election within the minimum 30-day election period. Available if vested cash value is $1,000 or more.

☐ The Plan Administrator/Trustee requests this benefit to be paid in the form of a cash distribution. The participant has not made a direct rollover election within the minimum 30-day election period. Available if vested cash value is less than $1,000.

Authorized Plan Administrator/Trustee Signature	Date	Telephone Number/Extension
X		( )
Print Name of Authorized Plan Administrator/Trustee		

Plan Administrator/Trustee — Send completed form to:

ATTN: CUNA MUTUAL RETIREMENT SOLUTIONS
CUNA MUTUAL GROUP
PO BOX 2978
MADISON, WI 53701-2978
FAX NUMBER: (608) 236-7395

YOUR ROLLOVER OPTIONS

You are receiving this notice because all or a portion of a payment you are receiving from a plan in which you participate 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.

<u>If you do a direct rollover</u>, 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.

<u>If you do not do a direct rollover</u>, 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 live 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
- Payments of certain automatic enrollment contributions requested to be withdrawn within 90 days of the first contribution.
- Amounts treated as distributed because of a prohibited allocation of S corporation stock under an ESOP (also, there will generally be adverse tax consequences if you roll over a distribution of S corporation stock to an IRA).

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
- 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 for health insurance premiums after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

Will I owe State income taxes?

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

SPECIAL RULES AND OPTIONS

If your payment includes after-tax contributions:

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

You may roll over to an 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.

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

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

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:

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

If you roll over the payment to a Roth IRA, later payments from the Roth IRA that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a Roth IRA is a payment made after you are age 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).

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

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

If you do a rollover to a designated Roth account in the Plan You cannot roll over a distribution to a designated Roth account in another employer's plan. However, you can roll the distribution over into a designated Roth account in the distributing Plan. If you roll over a payment from the Plan to a designated Roth account in the Plan, the amount of the payment rolled over (reduced by any after-tax amounts directly rolled over) will be taxed. However, the 10% additional tax on early distributions will not apply (unless you take the amount rolled over out of the designated Roth account within the 5-year period that begins on January 1 of the year of the rollover). If you roll over the payment to a designated Roth account in the Plan, later payments from the designated Roth account that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a designated Roth account is a payment made both after you are age 59½ (or after your death or disability) and after you have had a designated Roth account in the Plan for at least 5 years. In applying this 5-year rule, you count from January 1 of the year your first contribution was made to the designated Roth account. However, if you made a direct rollover to a designated Roth account in the Plan from a designated Roth account in a plan of another employer, the 5-year period begins on January 1 of the year you made the first contribution to the designated Roth account in the Plan or, if earlier, to the designated Roth account in the plan of the other employer. Payments from the designated Roth account that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10% additional income tax on early distributions (unless an exception applies).

If you are not a plan participant:

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

> **If you are a beneficiary of a deceased participant.** If you receive a payment from the Plan as the beneficiary 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.
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> 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.

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, or by calling 1-800-TAX-FORM.