



Western Washington U.A. Supplemental Pension Plan In-service Withdrawal Request Form

PERSONAL INFORMATION

My Name (if new, must include documentation of name change) _____

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Social Security number

Mailing Address _____ check here if new

() - _____

Phone Number _____

E-mail Address _____

If further information is required to process my request, I am best reached by: Phone E-mail Mail

WITHDRAWAL ELIGIBILITY & AMOUNT

I understand that I may request an In-Service Withdrawal only if I am still actively employed by a Participating Employer in the Western Washington U.A. Supplemental Pension Plan and meet the eligibility requirements for my selection indicated below. I further understand that:

- My withdrawal cannot be processed for more than the amount eligible for withdrawal in the sources indicated below.
- It may take up to 10 business days to process my withdrawal after my completed form is received and approved.
- If my request exceeds the amount eligible, my request will be processed for the maximum available to me instead or, if I am not eligible for the withdrawal requested, my request will be returned to me.
- If I have questions regarding withdrawal eligibility or about completing this form, I should contact Milliman's Benefits Service Center at 1.800.481.7336 prior to submitting my request.

ELIGIBILITY: I AM ELIGIBLE FOR AND REQUEST THE FOLLOWING WITHDRAWAL (choose **one**):

- Voluntary After-tax Account Withdrawal:** I request a withdrawal of all or some of those funds in my Voluntary After-tax account. I understand that I may request only one Voluntary After-tax Account Withdrawal per calendar year (January 1 - December 31).
- Rollover Account Withdrawal:** I have previously rolled Pre-tax money over into this plan from another qualified plan or IRA, and I request a withdrawal of all or some of those funds in my Rollover account.

AMOUNT: MY IN-SERVICE WITHDRAWAL REQUEST APPLIES TO THE FOLLOWING AMOUNT OR PORTION OF MY BALANCE (choose **one**):

- Full withdrawal.** I request a withdrawal of my total balance or, if less, all eligible sources and funds that are eligible for withdrawal under the withdrawal option selected above.
- Partial withdrawal.** I request a withdrawal of a portion of my balance, taken pro rata from eligible sources (accounts) and funds under the withdrawal option selected above, in the amount of: \$ _____. (Note: You may want to increase your withdrawal amount to account for the payment of any Federal and/or State taxes.)

OPTION A – ROLLOVER INSTRUCTIONS (complete this section if you are requesting a Rollover)

PRE-TAX FUNDS (i.e., ROLLOVER ACCOUNT) (choose 1 or 2 below):

- 1) Total direct rollover** of my pre-tax withdrawal to: IRA -or- Qualified Plan

Payee instructions (e.g., Rollover institution (or Qualified Plan) name FBO your name): _____

Account Number (if available): _____

- Check here if you are rolling over to multiple accounts. Indicate the dollar or percentage here: ____% -or- \$ _____ for this account, and complete and include additional copies of this page with your rollover information for the other account(s).
- Check here if the above request is to convert your pre-tax account(s) to a Roth IRA outside of the Western Washington U.A. Supplemental Pension Plan. **This is a taxable Roth Conversion.** *Important: **This is a taxable transaction.** Please review the Special Tax Notice for general tax information and also consult your tax advisor to make sure you understand the tax implications. Neither Milliman nor your employer can provide tax advice.

- 2) Partial direct rollover** of my pre-tax withdrawal to: IRA -or- Qualified Plan

Complete **one** of a) or b) below by indicating a dollar amount or percent for a) or b):

a) Amount to roll over: ____% -or- \$ _____ and the remainder as a cash payment to me.

-OR- b) Amount to receive as a cash payment: ____% -or- \$ _____ (note: you may want to increase your withdrawal amount to account for the payment of any Federal and/or State taxes), and the remainder as a rollover.

Payee instructions (e.g., Rollover Institution (or Qualified Plan) name FBO your name): _____

Account Number (if available): _____

- Check here if you are rolling over to multiple accounts. Indicate the dollar or percentage here: _____ % -or- \$ _____ for this account, and complete and include additional copies of this page with your rollover information for the other account(s).
- Check here if the above request is to convert your pre-tax account(s) to a Roth IRA outside of the Western Washington U.A. Supplemental Pension Plan. **This is a taxable Roth Conversion.** *Important: **This is a taxable transaction.** Please review the Special Tax Notice for general tax information and also consult your tax advisor to make sure you understand the tax implications. Neither Milliman nor your employer can provide tax advice.

DELIVERY INSTRUCTIONS (choose one):

- Check mailed to my mailing address** (on page 1) via first-class mail. I understand that I will need to forward the check to my Rollover Institution or Qualified Plan.
- Check to my Rollover Institution or Qualified Plan** via first-class mail. Mailing address:
 Name of Rollover Institution or Qualified Plan: _____
 Street or P.O. Box: _____
 City, State, Zip: _____

***Please note:** the Plan's trust company will mail the rollover check and cannot include any paperwork or other materials with the check. If your rollover institution requires paperwork, you should either send the paperwork separately to the rollover institution or have the rollover check mailed to you to forward everything together. If you do not make a selection on this page, your rollover check will be mailed to your mailing address (on page 1).*

OPTION B - CASH WITHDRAWAL (complete this section if you are requesting a Cash Withdrawal)

- I do not wish to roll over my requested withdrawal, and I **instead elect to receive a taxable cash withdrawal** delivered via the method indicated below.

TAX WITHHOLDING:

I understand that mandatory **federal tax** withholding of 20% applies to my withdrawal of pre-tax account(s) (and possibly on earnings on any voluntary after-tax account) and that additional taxes and penalties may be assessed when I file my tax return. My withdrawal may also be subject to a 10% excise tax for early withdrawal if I have not attained age 59½.

Federal (choose **one**):

- I elect the mandatory 20% to be withheld for federal income tax.
- Instead of the mandatory 20% withholding, I elect to have more than 20% withheld for federal income tax. The amount that I would like to be withheld is (choose **one**): _____ % -or- \$ _____. (If the percent or dollar amount is not higher than 20%, I understand that my election in this section will be disregarded, and 20% will be withheld.)

I understand that **state tax** may also apply to my distribution and, depending on my state's tax rules, may be automatically withheld if I make no election below. In addition, if tax withholding is mandatory in my state (as determined by my "mailing address" provided on page 1), taxes must be withheld at or above that rate.

State (choose **one**):

- I would like state tax to be withheld in the amount of (choose **one**): _____ % -or- \$ _____. (If the percent or dollar amount is not higher than my state's mandatory withholding rate, if applicable, or if my state does not have income tax, I understand that my election in this section will be disregarded.)
- I do not want to have state tax withheld. (I understand that if my state has a mandatory withholding rate, my election in this section will be disregarded.)

Note: payees with foreign addresses (outside of the United States) may be required to have up to 30% withheld for Federal Income Taxes. If your current mailing address is outside of the United States, you must MAIL an ORIGINAL completed Form W-9 or W-8BEN to Milliman.

DELIVERY INSTRUCTIONS (choose one):

- Check** mailed to my mailing address (on page 1) via first-class mail.
- ACH (direct deposit) to my personal account.** Note: Generally your account should be credited with the deposit 48 hours after the trust company submits the ACH instructions to your bank. **Please see below for what constitutes valid ACH information.** If you provide ACH information that does not meet the requirements below, or if you do not submit any ACH information, your distribution funds will be mailed to you as a check.

Attach Check Here

Deposit slips cannot be accepted.

Your legible check copy must include your imprinted legal name (matching your name on record), bank name, and account and routing numbers.

If you do not have checks, you may attach a counter check or bank letter, provided that the bank name, your name, and account and routing numbers are all pre-printed (and not handwritten) on the bank letter.

CERTIFICATIONS (ALL participants must complete this section):

TAX NOTICE AND WAITING PERIOD:

The IRS currently requires a 30-day waiting period following receipt of the enclosed SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS. The purpose of this waiting period is to allow plan participants sufficient time to review their distribution options and tax implications before a distribution. By signing below, I acknowledge that I have read the enclosed SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS and elect to waive the 30-day waiting period. I hereby authorize payment of my in-service withdrawal as indicated on this form. I understand that submitting this form waives the 30-day waiting period for my withdrawal.

ANNUITY WAIVER (must complete):

The Plan includes the option to have my benefits payable as a Qualified Annuity Benefit. Information regarding this benefit option is provided in the notice on the pages that follow. I understand that by submitting this withdrawal request, I am waiving the right to receive the Qualified Joint & Survivor Annuity Benefit and/or the Qualified Annuity Benefit or the Qualified Optional Survivor Annuity Benefit, and am instead rolling over or cashing out my account or portion of my account, as requested. If I am married, my spouse's notarized consent is also required in the section below.

I certify that I am: Not married (*legal separation constitutes not being married*) -or- Married (*your spouse must complete the 'Notarized Spousal Consent' section below.*)

I understand that it may take up to 10 business days to process my withdrawal after Milliman's receipt of my completed form.



Participant's Signature

_____/_____/20_____
Today's Date

NOTARIZED SPOUSAL CONSENT (The SPOUSE of ALL MARRIED participants must complete this section)

I, _____ (print name of participant's spouse), spouse of the Participant hereby consent to the waiver of the Qualified Annuity Benefit and the Qualified Optional Survivor Annuity Benefit and to the timing and form of distribution elected on this form. I have received a written explanation of the Qualified Annuity Benefit and the Qualified Optional Survivor Annuity Benefit, my right not to consent to this waiver election, the waiver election period, and the financial effect of the election not to receive benefits in the form of the Qualified Annuity Benefit or the Qualified Optional Survivor Annuity Benefit. I understand my consent is irrevocable unless my spouse revokes the waiver election. I understand any change in this form of benefit election is subject to my consent, unless my spouse elects to receive the Qualified Annuity Benefit or the Qualified Optional Survivor Annuity Benefit.



Participant's Spouse's Signature

_____/_____/20_____
Today's Date

NOTE: The spousal consent must be witnessed by either an authorized Plan Representative or a Notary Public.

This consent was acknowledged before me by the above named spouse of the participant on this date of:

_____, 20_____.

Employer/Plan Sponsor

Notary Public (Signature AND Stamp or Seal)

State of: _____ My commission expires: ___/___/___

SUBMIT YOUR COMPLETED FORM TO MILLIMAN (via one of the methods below)

Mail: Milliman ATTN: Central Processing Group, 3800 American Blvd West, Suite 400, Minneapolis, MN 55431

Fax: 1-855-672-0076



Western Washington U.A. Supplemental Pension Plan Waiver of Annuity Form Information

As a Participant in the Western Washington U.A. Supplemental Pension Plan, you have accumulated benefits that will be paid to you under the provisions of the Plan. This notice explains your distribution options and rights under the Plan.

The proposed distribution date is the earliest date the Plan permits you to commence distribution of your vested account balance, the date on which you elected to commence distribution under a prior election to delay distribution, or if you have attained the Plan's normal retirement age (or age 62, if later), the date the Plan must commence distribution.

- 1. Minimum Notice Period.** For at least 30 days after you receive this notice, you have the right to consider your decision whether to consent to a distribution of your vested account balance in the form of a Qualified Annuity Benefit or whether to waive the Qualified Annuity Benefit (see paragraph 3.) and consent to another benefit payment option (see 2. below), and whether to elect a direct rollover of all or any portion of your distribution eligible for rollover. If you sign and return the attached **In-service Withdrawal Request Form** to the Plan's Recordkeeper less than 30 days after you receive this notice, then the Plan Recordkeeper's receipt of your signed form is your affirmative waiver of any unexpired portion of the minimum 30 day period and your affirmative election of a distribution or a direct rollover. If you affirmatively elect distribution under a method other than the Qualified Annuity Benefit, then you have the right to revoke that election until the "annuity starting date," or if later, for at least 7 days after you receive this notice.

The "annuity starting date" is the actual distribution date if you elect to receive a lump sum distribution. If you elect to receive distribution other than in a lump-sum, the annuity starting date may be before you receive the first payment under that distribution method.

- 2. Benefit payment options.** Unless you elect another method of payment, the Plan requires payment to you of a Qualified Annuity Benefit (see paragraph below.). Instead of a Qualified Annuity Benefit, you may elect distribution under the following methods:
 - Direct rollover.
 - Lump sum payment.
 - Purchase of an alternative annuity on your behalf.
 - Installments over a specified period of time.
 - Purchase of a qualified optional survivor annuity on your behalf.

You also may elect one method of payment for part of your vested account balance and another method of payment for another part of your vested account balance. For example, you may elect direct rollover for part of your vested account balance and a lump-sum or installment payments for the other part. See the attached SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS for rules on splitting your distribution.

If you are less than 100% vested in your account balance and you elect to receive your entire vested interest in the Plan (called a "cash out") prior to the time you have incurred five consecutive breaks in service, then the nonvested portion of your account balance will be forfeited. Your election of a cash out distribution is your consent to this forfeiture. If you return to employment with the Employer before your fifth consecutive break in service, the Plan provides you a 5 year period during which you may repay the entire amount of your cash out distribution and restore your forfeited nonvested account balance.

- 3. Qualified Annuity Benefit and Qualified Optional Survivor Annuity.** If you are married, the Qualified Annuity Benefit is a joint and 50% survivor annuity. A joint and 50% survivor annuity is a level monthly payment for your life and, if your spouse survives you, a level monthly payment for your spouse equal to 50% of the monthly amount payable during your joint lives. If you are not married, the Qualified Annuity Benefit is a life annuity. A life annuity is a level monthly payment for your lifetime, with the monthly payments stopping upon your death. These payments are guaranteed for your lifetime and, if you are married, your spouse's lifetime.

The Plan allows you to elect a Qualified Optional Survivor Annuity if you are married and do not elect the Qualified Annuity Benefit. The Qualified Optional Survivor Annuity is a joint and 75% survivor annuity. A joint and 75% survivor annuity is a level monthly payment for your life and, if your spouse survives you, a level monthly payment for your spouse equal to 75% of the monthly amount payable during your joint lives. These payments are guaranteed for your lifetime and, if you are married, your spouse's lifetime.

The Plan will use your vested account balance to purchase an annuity contract from an insurance company. The Plan then will distribute the contract to you as evidence of your right to receive the annuity payments from the insurance company. The actual level monthly payments made under the annuity contract will depend on the annuity purchase rates used by the insurance company, your age (and if you are married, your spouse's age at the time the distribution begins), and the amount of your vested account balance at the time the annuity contract is purchased. Your account will be charged for the cost incurred to purchase the annuity contract.

The monthly payments you will receive under the Qualified Annuity Benefit and the Qualified Optional Survivor Annuity as of the proposed distribution date is set forth on the first page of this notice. To determine the approximate level monthly payments you will receive under other forms of annuities, divide your vested account balance by the annuity factor below which most closely approximates your situation. Determine your age and, if you are married, your spouse's age as of the birthday nearest the proposed distribution date. The Plan Administrator, upon request, will provide you with a more precise calculation.

Annuity Factor Table for Married Participants				
Married Participant's Age	Spouse's Age	Joint and 50% Annuity Factor	Joint and 75% Annuity Factor	Joint and 100% Annuity Factor
50	45	165.14	171.13	177.12
50	50	162.90	167.77	172.64
50	55	160.77	164.58	168.38
55	50	154.65	161.52	168.38
55	55	151.88	157.36	162.84
55	60	149.29	153.48	157.66
60	55	142.40	150.03	157.66
60	60	139.06	145.00	150.96
60	65	136.00	140.43	144.86
65	60	128.50	136.68	144.86
65	65	124.59	130.82	137.04
65	70	121.16	125.66	130.17
70	65	113.43	121.80	130.17
70	70	109.09	115.29	121.48
70	75	105.32	109.64	113.95

Annuity Factor Table for Single Participants	
Single Participant's Age	Annuity Factor
50	153.16
52	148.45
54	143.49
55	140.93
57	135.59
59	130.02
60	127.15
61	124.23
62	121.26
63	118.25
64	115.21
65	112.14
66	109.07
68	102.91
70	96.69

Note: We have based these annuity factors on the UP 1984 mortality tables, assuming a 6% interest rate. The insurance company from which the annuity contract is purchased may use different factors. Different factors will produce a different monthly payment.

The quotient of your annuity factor divided into your vested account balance represents the approximate monthly payment you will receive during your lifetime if you elect to commence distribution on the proposed distribution date. If you are married, the monthly payment your spouse will receive after your death is equal to the survivor annuity percentage times the monthly amount that you would receive during your lifetime.

For example, if you and your spouse both are 65 and your vested account balance is \$10,000, your approximate monthly payment as a Joint and 50% Annuity is \$80.26 (\$10,000 divided by 124.59) and, if your spouse survives you, the approximate monthly payment to your surviving spouse is \$40.13 (\$80.26 X 50%). If you are unmarried, age 65, and your nonforfeitable account balance is \$10,000, your approximate lifetime monthly payment is \$89.17 (\$10,000 divided by 112.14). These monthly payments are only estimates. The Plan Administrator, upon request, will provide you with a more precise calculation.

- 4. Postponement of Distribution.** Under a postponement election, your vested account balance will be subject to adjustment for investment gains or losses. Because of earnings or losses on investments, the amount ultimately paid to you at your postponed distribution date could be more or less than the value of your vested account balance described in this notice. If you fail to complete and return an **In-service Withdrawal Request Form**, the Plan Administrator will treat your failure as an election to defer your distribution until the later of age 62 or your Normal Retirement Age, except that if you have attained the later of age 62 or Normal Retirement Age, the Plan Administrator in case of your failure will distribute to you the Qualified Annuity Benefit. Unless the Plan imposes a restriction on the reconsideration of your election, you may revoke any election to defer distribution and receive a distribution in accordance with the Plan.
- 5. Financial effect of distribution options.** Under a Qualified Annuity Benefit, you will receive lifetime income. If you are married and your spouse predeceases you, the annuity payments will continue until your death. If you are married and your spouse survives you, then the Qualified Annuity Benefit will make the joint life payments until your death, and continue 50% of the joint life payments until your spouse's death. The Qualified Annuity Benefit will not pay any death benefits to other beneficiaries. If you waive the Qualified Annuity Benefit, then you may receive your vested account balance in any form described in above.

A direct rollover means the Plan pays the distribution amount directly to another plan or to an IRA. See the attached SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS. A lump-sum payment means you receive a single payment of the distribution amount. Under an installment distribution, the Plan makes periodic payment of your vested account balance over a specified period of time. Because of earnings or losses on investments, the total amount ultimately paid to you could be more or less than the value of your vested account balance as of the proposed distribution date or as of the date of the termination of your employment with the Employer. If you elect an installment distribution, you should also complete a **Designation of Beneficiary Form**. See that form as to spousal consent requirements.

If you elect installment payments directly from the Plan, then the Plan will calculate each annual installment payment by dividing your latest vested account balance by the remaining installment period. After commencing an installment distribution, you may accelerate the payment of all, or any portion, of your unpaid vested account balance at any time. Under a nontransferable annuity contract, the Plan will apply your entire vested account balance to the purchase of the contract and the contract will provide payments over the elected installment term. The level of payments provided under the contract will depend on the terms of the contract you choose.

Failure to elect a direct rollover will result in income tax withholding on any payments that are eligible rollover distributions. See the attached SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS.

TAX NOTICE REGARDING YOUR ROLLOVER OPTIONS

This Tax Notice Applies to Distributions from Section 401(a) Plans, Section 403(a) Annuity Plans, Section 403(b) Tax Sheltered Annuities and Section 457 Governmental Plans

You are receiving this notice because all or a portion of a payment you are entitled to receive from an employer plan is eligible to be rolled over. Rollover options will vary depending on whether or not the payment is from a designated Roth account. This notice is intended to help you decide whether to do such a rollover.

This notice describes the rollover rules that apply to both payments from the plan that are NOT from a designated Roth account (a type of account with special tax rules in some employer plans), as well as payments from the plan that ARE from a designated Roth account. If you will receive payment from both types of accounts, 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 of payments NOT from a designated Roth account 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).

How can a rollover of payments from a designated Roth account affect my taxes?

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

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

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

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

Where may I roll over a payment that is NOT from a designated Roth account?

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.

Where may I roll over a payment from a designated Roth account?

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 of payments NOT from a designated Roth account?

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

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

If you do not do a direct rollover, you may still do a rollover by making a deposit into an IRA or eligible employer plan that will accept it. You will have 60 days after you receive the payment to make the deposit. If you do not do a direct rollover, the plan is required to withhold 20% of the payment for federal income taxes (up to the amount of cash and property received other than employer stock). This means that, in order to roll over the entire payment in a 60-day rollover, you must use other funds to make up for the 20% withheld. If you do not roll over the entire amount of the payment, the portion not rolled over will be taxed and will be subject to the 10% additional income tax on early distributions if you are under age 59½ (unless an exception applies).

How do I do a rollover of payments from a designated Roth account?

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 to a designated Roth account in another employer plan. You should contact the Roth IRA sponsor or the administrator of the employer plan for information on how to do a direct rollover.

If you do not do a direct rollover, you may still do a rollover by making a deposit within 60 days into a Roth IRA, whether the payment is a qualified or nonqualified distribution. In addition, you can do a rollover by making a deposit within 60 days into a designated Roth account in an employer plan if the payment is a nonqualified distribution and the rollover does not exceed the amount of the earnings in the payment. You cannot do a 60-day rollover to an employer plan of any part of a qualified distribution. If you receive a distribution that is a nonqualified distribution and you do not roll over an amount at least equal to the earnings allocable to the distribution, you will be taxed on the amount of those earnings not rolled over, including the 10% additional income tax on early distributions if you are under age 59½ (unless an exception applies).

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

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

How much may I roll over?

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

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

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

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

If you are under age 59½, you will have to pay the 10% additional income tax on any early payment from the plan that is NOT from a designated Roth account (including amounts withheld for income tax) that you do not roll over, unless one of the exceptions listed below applies. If a payment is from a designated Roth account but is not a qualified distribution and you are under age 59½, you will have to pay the 10% additional income tax on early distributions with respect to the earnings allocated to the payment that you do not roll over (including amounts withheld for income tax), unless one of the exceptions listed below applies. This 10% 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 a traditional 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. If you receive a payment from a Roth IRA when you are under age 59½, you will have to pay the 10% additional income tax on early distributions on the earnings paid from the Roth IRA, unless an exception applies or the payment is a qualified distribution. In general, the exceptions to the 10% additional income tax for early distributions from an IRAs are the same as the exceptions listed above for early distributions from a plan. However, there are a few differences for payments from IRAs, 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

Consequences of Failing to Defer Receipt of Distribution

Generally, you may not be forced to take a distribution from a plan until you reach the later of age 62 or the plan's normal retirement age (although certain exceptions may apply in the case of small balances). Until that time, you may choose to defer receipt of a distribution. Unless rolled over (refer to the "General Information About Rollovers" section above), distributions of previously untaxed amounts will be subject to federal income tax and, potentially, the additional 10% income tax described above. Such distributions may also be subject to state and local income tax and federal and state withholding requirements.

Failing to defer receipt of a plan distribution may cause you to have too little money on which to retire. Be sure that taking a distribution now, with potentially significant tax liability and the potential loss of future tax deferred growth of your plan benefit, will not harm your retirement security and force you to postpone your retirement. Refer to your plan's summary plan description ("SPD") for more information about the effect of deferring distributions, which, depending on the

type of plan, could include: (i) the financial effect of deferring distributions, (ii) investment options available under the plan if distributions are deferred, and (iii) any fees that may apply if distributions are deferred.

Also you should be aware that some of the investment options available under the plan may not be generally available on similar terms outside of the plan, and fees and expenses outside the plan may be different from fees and expenses that apply to account balances under the plan. Depending on the plan, additional fees and expenses may apply to account balances of participants who are no longer employed by the plan sponsor. Refer to your plan's SPD for an explanation of how to obtain more information on the plan, including the plan's investment options and applicable fees and expenses.

If your payment NOT from a designated Roth account includes after-tax contributions

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

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

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

If you miss the 60-day rollover deadline

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

If your payment NOT from a designated Roth account 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 your payment from a designated Roth account includes employer stock that you do not roll over

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

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

If you have an outstanding loan NOT from a designated Roth account 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 have an outstanding loan from a designated Roth account 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 were born on or before January 1, 1936

If you were born on or before January 1, 1936 and receive a lump sum distribution of a payment NOT from a designated Roth account that you do not roll over, special rules for calculating the amount of the tax on the payment might apply to you. If you were born on or before January 1, 1936, and receive a lump sum distribution of a payment from a designated Roth account 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 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 NOT from a designated Roth account 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 NOT from a designated Roth account, as well as nonqualified distributions from a designated Roth account, 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 NOT from a designated Roth account to 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 plan payments NOT from a designated Roth account during 2010 that are rolled over to a Roth IRA, the taxable amount can be spread over a 2-year period starting in 2011.

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

In general, you cannot roll over a payment from the plan that is NOT from a designated Roth account to a designated Roth account in an employer plan. However, if the plan allows "in-plan Roth rollovers", you may be able to roll over certain payments NOT from a designated Roth account to a designated Roth account in the plan. Refer to the next section immediately below for the special rules that apply if the plan allows "in-plan Roth rollovers".

If the plan allows "in-plan Roth rollovers": Consequences if you roll over your payment NOT from a designated Roth account to a designated Roth account in the same plan

The rules explained in this section apply if the plan allows "in-plan Roth rollovers" for distributions made after September 27, 2010. An "in-plan Roth rollover" is a distribution from an individual's plan account, other than a designated Roth account, that is rolled over to the individual's designated Roth account in the same 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 in 2010 from a non-Roth plan account that are rolled over to a designated Roth account in the same plan (and that are not distributed from the designated Roth 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, whether the payment from a designated Roth account 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 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 traditional or Roth IRA, you may treat the traditional or Roth IRA as your own or as an inherited traditional or Roth IRA.

A traditional IRA you treat as your own is treated like any other traditional 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 traditional IRA do not have to start until after you are age 70½.

If you treat the traditional IRA as an inherited traditional IRA, payments from the traditional 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 traditional 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 traditional IRA until the year the participant would have been age 70½.

A Roth IRA you treat as your own is treated like any other Roth IRA of yours, so that you will not have to receive any required minimum distributions during your lifetime and earnings paid to you in a nonqualified distribution before you are age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies).

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

If you are a surviving beneficiary other than a spouse. If you receive a plan payment 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 traditional or Roth IRA. Payments from the inherited traditional or Roth 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 traditional or Roth IRA.

Payments under a qualified domestic relations order. If you are the spouse or former spouse of the participant who receives a plan payment 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). 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 NOT from a designated Roth account for the year are less than \$200, the plan is not required to allow you to do a direct rollover of such payments and is not required to withhold for federal income taxes. Likewise, if your payments from a designated Roth account for the year are less than \$200, the plan is not required to allow you to do a direct rollover of such payments and is not required to withhold for federal income taxes. However, you may do a 60-day rollover.

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). In some plans, unless you elect otherwise, a mandatory cashout of more than \$1,000 (determined separately for payments NOT from a designated Roth account and payments from a designated Roth account) may be directly rolled over to a traditional or Roth IRA as appropriate that is chosen by the plan administrator or the payor.

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.