

## PARTIAL DISTRIBUTION FORM

Electrical Contractors' Association & I.B.E.W. Local No. 134 Pension Plan No. 5

Dear Participant:

Enclosed is your Partial Distribution Package. It includes a Partial Distribution Form, a W-9 Form, an Affidavit and a Special Tax Notice Regarding Plan Payments. You may want to seek the advice of a professional tax advisor prior to choosing a distribution option. **Please review this material carefully.**

To Process your request, follow all the steps below:

- Step 1: Indicate the amount to be withdrawn in the Amount of Distribution Request section.
- Step 2: Check a distribution option under the Payment Election section.
- Step 3: Provide the payee information in the Payee Information for IRA or Employer Plan section. This section must be completed if you elected to roll over all or a portion of your distribution to an IRA or Employer Plan.
- Step 4: Read the Participant Signature/Annuity Waiver Section
- Steps 5 & 6: Sign the Partial Distribution Form in presence of a Notary Public in the Signature section.
- Step 5: If married, your spouse must sign this section in the presence of a Notary Public (required if you are married).
- Step 6: If you are not married, sign this section in the presence of a Notary Public in the Signature section.
- Step 7: **Return all the pages of the Partial Distribution Form, the completed W-9 form, and completed and notarized Affidavit (the dates must match). If divorced, please forward a complete copy of the Judgment(s).**

**Return Forms by mail to:  
EIT Benefit Funds  
221 N. LaSalle Street, Suite 200  
Chicago, IL 60601**

Please note: Forms returned without original signatures or all necessary documents/forms, will be denied and you will be notified and provided with the reason(s) for denial and any corrective actions. Returning forms to you for correction will delay the processing of your distribution. If you do not return the completed form(s) within 180 days from the date of this letter, you will be required to obtain a new package. Please be aware that this package may only be used once. Photocopies will not be accepted. Payment will be sent to the banking account you have provided on mylife.jhrps.com. If you have not elected direct deposit, distribution check(s) will be mailed to the address on your account as of the date the check is processed.

Important: Your "direct rollover" check from the Plan will be made payable to the Employer Plan, IRA or Roth IRA that you describe above, for your benefit, and the "direct rollover" check will be mailed to you at the most recent address the Plan has for you on file. You should deliver the check to the IRA custodian or Employer Plan as soon as you receive it. However, if you provide the full name, address and account number of an IRA you have already established, your "direct rollover" will be mailed directly to the custodian/trustee of that IRA. In order to have the check mailed directly to the custodian/trustee of the IRA, the account number must not be your social security number. If your account number is your social security number, the check will be mailed directly to you. Please ensure that the Ira custodian/trustee will accept all assets you are requesting to be rolled over prior to submitting this form.

Generally, you have the option to roll over your distribution to an IRA, Roth IRA or Employer Plan. Refer to the enclosed Special Tax Notice regarding these rollover options and their tax consequences. You may also want to contact a financial advisor. If you want to roll over your distribution to a Roth IRA (Roth Conversion), check the Roth IRA box below and fill in the IRA information. If you elect this option, you will be subject to taxes. However, no amount will be withheld from the rollover for payment of these taxes.

**PARTIAL DISTRIBUTION FORM**

**Electrical Contractors' Association & I.B.E.W. Local No. 134 Pension Plan No. 5**

**Participant's Name:** \_\_\_\_\_ **Social Security Number:** \_\_\_\_\_

**Address:** \_\_\_\_\_

**City, State, Zip Code:** \_\_\_\_\_

**1. AMOUNT OF DISTRIBUTION REQUEST**

➤ I request a partial distribution from my vested account in the amount of \$ \_\_\_\_\_ (fill in dollar amount)

Note: You may obtain the dollar amount of your account available for distribution by contacting John Hancock. If the amount available for distribution is less than the amount you request, you will receive your entire balance. Any amount paid to you may be reduced by applicable taxes.

**2. PAYMENT ELECTION**

- Payment Paid to Me – I elect to have the amount requested distributed in cash and paid to me. I understand that, with respect to the taxable portion of my distribution, I will be subject to mandatory 20% federal income tax withholding and any state tax withholding, if applicable.
- Direct Rollover
  - Roll over my entire eligible rollover distribution as indicated.
  - Distribute \$ \_\_\_\_\_ (gross amount, before taxes, if any, are withheld) of my account balance directly to me and roll over the remainder as indicated in section 1 (the minimum "direct rollover" amount is \$500).
- Defer my distribution until a later date. However, required minimum distributions must begin at age 72. This option is only available if your vested account balance is over \$200.
- An Annuity – Please contact the Fund Office for more information regarding this option.

**3. Payee Information for IRA or Employer Plan – (Complete this section ONLY if you elected an option to roll over all or a portion of your distribution to an IRA or Employer Plan.)**

My Direct Rollover should be:

- Issued to my Employer's Plan.
- Issued to my appropriate IRA (Please complete the proper forms to establish your IRA(s). If conversion to a Roth IRA applies, check below):
  - My "Direct Rollover" should be rolled over directly to a Roth IRA in a taxable rollover distribution. (Please refer to the Special Tax Notice Regarding Plan Payments for the tax consequences associated with rolling over to a Roth IRA.)

**Mailing Instructions for Your Direct Rollover**

- Mail check to me made payable to:

\_\_\_\_\_  
Name of Employer Plan or IRA Custodian/Trustee

- Make Direct Payment to the following Custodian/Trustee:

\_\_\_\_\_  
Name of IRA Custodian/Trustee

\_\_\_\_\_  
Address

\_\_\_\_\_  
City State Zip Code

\_\_\_\_\_  
IRA Account Number

**4. Participant Signature/Annuity Waiver**

- I have received and read the Special Tax Notice regarding Plan payments and understand that I have at least 30 days to decide whether or not to elect a direct rollover.
- I certify that there is no pending domestic relations order or court approved domestic relations order which has or will assign all or a part of my benefit to my spouse, former spouse, child or other dependent.
- I understand that a false statement by me may result in legal damages for which I will be fully responsible.
- I understand that this distribution may not be repaid to the Plan.
- I understand that I may have the option to have this distribution directly deposited into my bank account by accessing mylife.jhrps.com to set up my banking information or to be mailed to the address on my account as of the date the payment is processed.

➤ I further understand that the address of record is used for all tax reporting purposes.

**Marital Status**

I am legally married:

- Yes
- No

If you checked "Yes", your spouse must complete the Spousal Consent.

5. **Married Participants:** I have received the Joint and Survivor Notice for Married Participants and I understand that: 1) normally my benefits under the Plan will be paid to me in the form of a joint and survivor annuity; 2) I have the right to waive the form of payment, provided that my spouse consents in writing to the waiver; 3) I understand the terms of a joint and survivor annuity and the financial effect of a waiver; 4) I will not receive a distribution prior to the expiration of 30 days unless I waive the 30-day waiting period; 5) I may revoke any waiver in effect at any time before benefit payments begin.

- I hereby elect to waive the joint and survivor annuity form of payment.
- I hereby elect to waive the 30-day notice period requirement.

\_\_\_\_\_  
Participant Signature

\_\_\_\_\_-\_\_\_\_\_  
Date

WITNESSED:

\_\_\_\_\_  
Signature of Notary Public (stamp or seal required) My commission expires: \_\_\_\_\_

\_\_\_\_\_-\_\_\_\_\_  
Date

I consent to my spouse's election not to have benefits paid in the form of a joint and survivor annuity. I understand that 1) the effect of my consent will be to forfeit benefits I might otherwise receive upon my spouse's death (unless I am Beneficiary under an alternative option) or to forfeit the right to annuity payments; 2) my spouse's waiver is not valid unless I consent to it; and 3) my consent is irrevocable unless my spouse revokes this waiver or unless provided otherwise under a qualified domestic relations order.

\_\_\_\_\_  
Participant Spouse

\_\_\_\_\_-\_\_\_\_\_  
Date

WITNESSED:

\_\_\_\_\_  
Signature of Notary Public (stamp or seal required) My commission expires: \_\_\_\_\_

\_\_\_\_\_-\_\_\_\_\_  
Date

6. **Unmarried Participants:** I have received the Straight Life Annuity Notice for Unmarried Participants and I understand that: 1) normally my benefits under the Plan will be paid to me in the form of a straight life annuity; 2) I have the right to waive that form of payment; 3) I understand the terms of a straight life annuity and the financial effect of a waiver; 4) I will not receive a distribution prior to the expiration of 30 days unless I waive the 30-day waiting period; 5) I may revoke any waiver in effect at any time before benefit payments begin.

- I hereby elect to waive the straight life annuity form of payment.
- I hereby elect to waive the 30-day notice period requirement.

\_\_\_\_\_  
Participant Signature

\_\_\_\_\_-\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Notary Public (stamp or seal required) My commission expires: \_\_\_\_\_

\_\_\_\_\_-\_\_\_\_\_  
Date

Plan Administrator Authorization

\_\_\_\_\_  
Signature of Authorized Plan Representative

\_\_\_\_\_-\_\_\_\_\_  
Date

\_\_\_\_\_  
# of Partial Distributions within a rolling 12-month period



Dear Pension Plan No. 5 Participant:

You have requested distribution of the balance in your Pension Plan No. 5 account.

Please complete this affidavit, have your signature notarized and return this form to our office.

**AFFIDAVIT**

I, \_\_\_\_\_, certify that I am a participant in the Electrical Contractors Association and Local Union 134 I.B.E.W. Joint Pension Trust of Chicago Pension Plan No. 5. To qualify for a lump sum distribution, from the plan, I further certify that I have left the Industry and have not worked in any capacity within the trade and/or geographical jurisdiction of Local Union 134 for the two years preceding the date of this affidavit.

I am currently employed with:

Employer's Name: \_\_\_\_\_

Job Title: \_\_\_\_\_

Employer's Address: \_\_\_\_\_  
\_\_\_\_\_

Date \_\_\_\_\_

Signature \_\_\_\_\_

SSN \_\_\_\_\_

Sworn to before me this

\_\_\_\_\_ day of \_\_\_\_\_

\_\_\_\_\_  
Notary Public



# Request for Taxpayer Identification Number and Certification

**Give Form to the  
requester. Do not  
send to the IRS.**

▶ Go to [www.irs.gov/FormW9](http://www.irs.gov/FormW9) for instructions and the latest information.

Print or type. See Specific Instructions on page 3.	<p><b>1</b> Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.</p>	
	<p><b>2</b> Business name/disregarded entity name, if different from above</p>	
	<p><b>3</b> Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only <b>one</b> of the following seven boxes.</p> <p><input type="checkbox"/> Individual/sole proprietor or single-member LLC      <input type="checkbox"/> C Corporation      <input type="checkbox"/> S Corporation      <input type="checkbox"/> Partnership      <input type="checkbox"/> Trust/estate</p> <p><input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ▶ _____</p> <p><b>Note:</b> Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is <b>not</b> disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner.</p> <p><input type="checkbox"/> Other (see instructions) ▶ _____</p>	<p><b>4</b> Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3):</p> <p>Exempt payee code (if any) _____</p> <p>Exemption from FATCA reporting code (if any) _____</p> <p><small>(Applies to accounts maintained outside the U.S.)</small></p>
	<p><b>5</b> Address (number, street, and apt. or suite no.) See instructions.</p>	Requester's name and address (optional)
	<p><b>6</b> City, state, and ZIP code</p>	
	<p><b>7</b> List account number(s) here (optional)</p>	

## Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN*, later.

**Note:** If the account is in more than one name, see the instructions for line 1. Also see *What Name and Number To Give the Requester* for guidelines on whose number to enter.

<b>Social security number</b>				
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%; border: 1px solid black; height: 20px;"></td> <td style="width: 25%; border: 1px solid black; height: 20px;"></td> <td style="width: 25%; border: 1px solid black; height: 20px;"></td> <td style="width: 25%; border: 1px solid black; height: 20px;"></td> </tr> </table>				
or				
<b>Employer identification number</b>				
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%; border: 1px solid black; height: 20px;"></td> <td style="width: 25%; border: 1px solid black; height: 20px;"></td> <td style="width: 25%; border: 1px solid black; height: 20px;"></td> <td style="width: 25%; border: 1px solid black; height: 20px;"></td> </tr> </table>				

## Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
3. I am a U.S. citizen or other U.S. person (defined below); and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

**Certification instructions.** You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

<b>Sign Here</b>	Signature of U.S. person ▶	Date ▶
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## General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

**Future developments.** For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to [www.irs.gov/FormW9](http://www.irs.gov/FormW9).

### Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following.

- Form 1099-INT (interest earned or paid)

- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)
- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1099-C (canceled debt)
- Form 1099-A (acquisition or abandonment of secured property)

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

*If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding, later.*





## Electronic funds transfer for Plan withdrawals

The Electrical Contractors' Association and IBEW Local 134 Pension Plan No. 5 (the Plan) allows you to receive eligible withdrawals from the Plan by electronic funds transfer (EFT), or direct deposit into a personal bank account.

An EFT allows you faster access to your money and is available for all eligible Plan disbursements. Please be aware that rollovers are not eligible for EFT transactions. If you select an EFT, the information needs to be set up ten (10) business days prior to the Plan withdrawal request being received and processed. If an EFT is not set up at least ten (10) business days in advance, the Plan withdrawals will be processed in the form of a paper check.

See the following for instructions on setting up an EFT.

### Setting up an EFT

You can set up an EFT for your Plan withdrawals quickly and easily, either online at [www.mylife.jhrps.com](http://www.mylife.jhrps.com) or by phone at 1-888-PLAN555.

### Enrolling online

Follow these **seven steps** to set up an EFT online.

**STEP 1:** Log on to your account at [www.mylife.jhrps.com.com](http://www.mylife.jhrps.com.com). You will need to enter your User Name and Password to access your account.

**STEP 2:** Click on the plan MENU option at the top of the page.

**STEP 3:** Click on the "User Profile/Bank Information" tab, select "Add or Edit My Bank Information," and follow the instructions.

**STEP 4:** Fill in the information for the bank account where you want your Plan payment to be deposited.

- Indicate the type of account: savings or checking.
- Fill in the bank's routing number. You can find this nine-digit number at the bottom left-hand corner of a personal check (see illustration). If the account is a savings account, you can find the routing number on a deposit slip.
- Fill in the savings or checking account number.
- Fill in the name on the bank account, exactly as it appears on the checks or the account statement.
- Click "Continue" at the bottom of the screen.

The illustration shows a check with the following fields and labels:

- Name on the account:** A box at the top of the check.
- Your Name:** A box for the payee's name.
- Any Street, Anytown:** A line for the address.
- Tel: (001) 555-0000:** A line for the telephone number.
- DATE:** A line for the date.
- 001:** A small box in the top right corner.
- PAY TO THE ORDER OF:** A line for the payee.
- \$:** A box for the amount.
- 100 DOLLARS:** A line for the amount in words.
- Any Bank:** A line for the bank name.
- Any Street, Anytown:** A line for the bank address.
- Tel: (001) 555-5555:** A line for the bank telephone number.
- MEMO:** A line for a memo.
- MP:** A small box in the bottom right corner.
- 001002003:** A box for the routing number, with a label "Routing number" below it.
- 01234567890:** A box for the account number, with a label "Account number" below it.
- 001:** A small box at the bottom right of the check.

**STEP 5:** Read the statement thoroughly and click the disclaimer at the bottom of the screen if you agree with the terms and conditions stated. Then click “Continue” at the bottom of the screen.

**STEP 6:** Review the bank account information. If it is correct, click “Submit” at the bottom of the screen to process your EFT enrollment. If not, click “Modify” to return to the first EFT election screen and make changes.

**STEP 7:** You will see a message stating that your EFT request has been received, along with a confirmation number. It is a good idea to write down this number or print this screen for your records.

### Enrolling by phone

To set up an EFT by phone, call 1-888-PLAN555 between 7:00 a.m. and 9:00 p.m. Central Time, any business day, to speak with a Service Representative. You will need to provide the representative with your User Name and personal identification number (PIN) to access your Plan account. You will also need the same information required for online EFT setup: type of account, bank routing number, account number, and name on the bank account.

### Questions?

If you have any questions about setting up an EFT, please call a Service Representative toll free at 1-888-PLAN555 between 7:00 a.m. and 9:00 p.m. Central Time, any business day.

## **JOINT AND SURVIVOR ANNUITY NOTICE FOR MARRIED PARTICIPANTS**

Your benefits under the Plan will be paid to you in the form of a joint and survivor annuity unless you elect another form of payment. A “joint and survivor annuity” provides you a monthly payment for your life, and after your death a monthly payment during your spouse’s life equal to 50% of the monthly payment you received. The monthly payments you receive are less than the payments under a straight life annuity, because payments will continue to your spouse after your death. Your vested account balance will be used to purchase this annuity when your benefits begin.

You may elect in writing *not* to receive your benefits in the form of a joint and survivor annuity, at any time during the 180-day period before your benefits are due to be paid. If you do so, your spouse must consent to your election in writing in the presence of a plan representative or notary public.

If you elect to waive the joint and survivor annuity form of payment, and your spouse consents to the waiver, you may elect to have your benefits paid in an another form: [a single lump sum payment, a direct rollover to an IRA or qualified plan, or a single life annuity.] You may also revoke this waiver at any time before your benefits begin. Your spouse does not need to consent to the revocation of the waiver.

You are entitled to receive this notice at least 30 days prior to the distribution of benefits in order to decide what form of payment is best for you. You may waive the 30-day notice period and have your benefits paid sooner, but in no event will they be distributed prior to 7 days after you receive this notice. You may revoke your affirmative election to receive benefits at any time prior to the actual distribution.

If you have any questions about the forms of payment available under the Plan or your rights under this notice, you should direct your questions to the Fund Office.

## **STRAIGHT LIFE ANNUITY NOTICE FOR UNMARRIED PARTICIPANTS**

Your benefits under the Plan will be paid to you in the form of a straight life annuity, unless you elect another form of payment. A “straight life annuity” provides you a monthly payment for your life only, and no benefits will be paid after your death. Your vested account balance will be used to purchase this annuity when your benefits begin.

You may elect in writing *not* to receive your benefits in the form of a straight life annuity, at any time during the 180-day period before your benefits are due to be paid. If you do so, you may elect to have your benefits paid in another form: [a single lump sum payment, a direct rollover to an IRA or qualified plan.] You may also revoke this waiver at any time before your benefits begin.

You are entitled to receive this notice at least 30 days prior to the distribution of benefits in order to decide what form of payment is best for you. You may waive the 30-day notice period and have your benefits paid sooner, but in no event will they be distributed prior to 7 days after you receive this notice. You may revoke your affirmative election to receive benefits at any time prior to the actual distribution.

If you have any questions about the forms of payment available under the Plan or your rights under this notice, you should direct your questions to the Fund Office.



# Special Tax Notice Regarding Plan Payments

## **YOUR ROLLOVER OPTIONS**

You are receiving this notice because all or a portion of a payment you are receiving from the Plan is eligible to be rolled over to an IRA or an employer plan. This notice is intended to help you decide whether to do such a rollover.

This notice describes the rollover rules that apply to payments from the Plan that are not from a designated Roth account (a type of account with special tax rules in some employer plans).

If you also receive a payment from a designated Roth account in the Plan, you will be provided a different notice for that payment, and the Plan administrator or the payor will tell you the amount that is being paid from each account.

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

## **GENERAL INFORMATION ABOUT ROLLOVERS**

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

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

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

You may roll over the payment to either an IRA (an individual retirement account or individual retirement annuity) or an employer plan (a tax-qualified plan, section 403(b) plan, or governmental section 457(b) plan) that will accept the rollover. The rules of the IRA or employer plan that holds the rollover will determine your investment options, fees, and rights to payment from the IRA or employer plan (for example, no spousal consent rules apply to IRAs and IRAs may not provide loans). Further, the amount rolled over will become subject to the tax rules that apply to the IRA or employer plan.

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

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

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

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

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

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

- Certain payments spread over a period of at least 10 years or over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary)
- Required minimum distributions after age 70½ (or after death)
- Hardship distributions
- ESOP dividends
- Corrective distributions of contributions that exceed tax law limitations
- Loans treated as deemed distributions (for example, loans in default due to missed payments before your employment ends)
- Cost of life insurance paid by the Plan
- 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 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.

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-A, Contributions to Individual Retirement Arrangements (IRAs).

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

If you do not do a rollover, you can apply a special rule to payments of employer stock (or other employer securities) that are either attributable to after-tax contributions or paid in a lump sum after separation from service (or after age 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 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-A, Contributions to Individual Retirement Arrangements (IRAs), and IRS Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs).

#### **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 does not apply, and the special rule described under the section "If you were born on or before January 1, 1936" applies only if the participant was born on or before January 1, 1936.

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

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

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

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

will have to receive required minimum distributions from the inherited IRA.

#### Payments under a qualified domestic relations order.

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

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

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

#### **Other special rules**

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

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

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

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

#### **FOR MORE INFORMATION**

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