CalPERS

CalPERS Supplemental Income 457 Plan

UNFORESEEABLE EMERGENCY WITHDRAWAL APPLICATION

PERSONAL INFORMATION (please print clearly using black or blue ink)

NAME: ______________________________ SOCIAL SECURITY NUMBER: ____________________

CalPERS ID: __ __ __ __ __ __ __ __ __ __

EMPLOYER NAME: ______________________________ AGENCY PLAN NUMBER: 4 5 __ - __ __ __

PARTICIPANT MAILING ADDRESS: ______________________________ APT: ____________

CITY: ______________________________ STATE: ______ ZIP CODE: ____________

WORK PHONE: ____________________ HOME PHONE: ____________________ EMAIL: ____________________

INSTRUCTIONS

1. Review Hardship Requirements to determine if you are ELIGIBLE to take an Unforeseeable Emergency Withdrawal (UEW).
2. Choose AMOUNT requested,WITHHOLDING, GROSS UP and DELIVERY METHOD.
3. Indicate REASON and supply DOCUMENTATION, SIGN and MAIL your form for processing.

PLEASE NOTE: AN INCOMPLETE APPLICATION OR NOT SUPPLYING ALL REQUIRED DOCUMENTATION WILL CAUSE A DELAY IN RECEIVING YOUR CHECK.

UNFORESEEABLE EMERGENCY WITHDRAWAL REQUIREMENTS

1. For purposes of the Plan, an unforeseeable emergency is defined as a severe financial hardship of the participant or the participant's beneficiary resulting from: **a)** an illness or accident of the participant or the participant's beneficiary, the participant's or beneficiary's spouse or the participant's or beneficiary's dependent, (as defined in Internal Revenue Code section I52(a)); **b)** loss of the participant's or beneficiary's property due to casualty; c) the following extraordinary and unforeseeable circumstances if they arise as a result of events beyond the control of the participant or the beneficiary:
a) the imminent foreclosure of or eviction from the participant's or beneficiary's primary residence;
b) the need to pay for medical expenses, including nonrefundable deductibles, as well as the cost of prescription drug medication
c) the need to pay for the funeral expenses of a spouse or dependent (as defined in Internal Revenue Code section 152(a))
2. The amount of the withdrawal cannot exceed the amount necessary to relieve the immediate and heavy financial need. However, you may increase the amount to pay the taxes and penalties that you may incur as a result of the UEW.
3. Prior to taking a UEW, you must first exhaust all distributions (other than a UEW) and loans from all plans maintained by the employer.

CHOOSE AMOUNT REQUESTED, TAX WITHHOLDING, AND GROSS UP ELECTIONS

AMOUNT REQUESTED: Withdraw the following (choose one):

❑ **Maximum available** *(not to exceed amount documented)* **OR** ❑ **$**__________ *(indicate the total dollar amount)*

NOTE: If your available UEW amount based on your current account balance is less than the financial need specified above, the UEW will be processed up to the amount available.

<u>TAX WITHHOLDING ELECTIONS:</u> You are responsible for understanding and planning for the tax implications of any distribution. It is required that you read the attached *Special Tax Notice Regarding Plan Payments*. You may also wish to contact your Financial/Tax Advisor before submitting this form.

You may elect to change the federal income taxes withheld from the withdrawal. If no change to withholding is elected, Voya will withhold 10% for federal taxes and the required state tax, if applicable. Please indicate any selected tax withholding below (check all that apply):

❑ **Do not withhold any federal taxes. I understand that I may be personally liable to pay these taxes at a future date.**

❑ **I would like additional federal tax withheld: 10% + _____%**

Notice: Payments to non-resident aliens are subject to a 30% federal withholding tax, and U.S. persons with a residential mailing address outside the United States may be subject to a 30% federal withholding tax, unless they are eligible for a reduced rate or exemption under a tax treaty and the required IRS tax forms are submitted.

❑ **If you are a resident of any of the following states, state taxes will automatically be withheld in accordance with your state's requirements if federal taxes are withheld: AR, CA, DE, IA, KS, ME, MD, MA, NE, NC, OR, VT, and VA. If you do not live in one of these states and wish to have state taxes withheld, or wish to have state taxes withheld in ADDITION to your state's requirements, please indicate that percentage here: _________%**

❑ **For CA and OR residents only: I elect to opt out of state tax withholding. I understand that I may be liable to pay these taxes at a future date.**

<u>GROSS UP ELECTIONS:</u> You may increase the amount of your withdrawal so that the check you receive will be for the amount you requested after your elected tax withholding and anticipated penalties are withheld (check all that apply). This is called gross up. If there are no changes to the tax withholding elections above, and you elect to gross up, your withdrawal amount will be increased to cover the default 10% federal tax withholding.

❑ **Yes, I would like to gross up my withdrawal amount as explained above.** ❑ **No, I would NOT like to gross up my withdrawal amount as explained above.**

For example: If your stated withdrawal need was $1,000 and you elected to have 20% withheld for federal taxes, the $1,000 pre-tax withdrawal amount could be increased to $1,250. You would receive a net check amount of $1,000; the additional $250 (20% of $1,250) would be sent to the IRS to pay taxes.You may only increase the withdrawal amount if there are sufficient funds available in your account.

HOW WOULD YOU LIKE TO RECEIVE YOUR WITHDRAWAL?

❑ **First class mail at no additional charge.**

❑ **Expedited delivery.** I understand I will pay a nonrefundable fee of $25 which will be deducted from my account.

REASON FOR UNFORESEEABLE EMERGENCY WITHDRAWAL AND CHECKLIST

Attach copies of any documents that will substantiate both the nature and the amount of the severe financial hardship.
These copies will not be returned; therefore, you should not send originals.

The following circumstances are considered for severe financial hardship under the Plan. If you have any questions about the qualifying reasons for an UEW withdrawal or the acceptable forms of documentation, please contact a Customer Service Associate before proceeding. The contact information is available on the last page of this form. **PLEASE CHOOSE ALL APPLICABLE TO YOUR CIRCUMSTANCE:**

REASON	REQUIRED DOCUMENTATION AND INFORMATION THAT MUST BE REFLECTED ON DOCUMENTATION	UNACCEPTABLE REASONS/ DOCUMENTATION
❑ **Unreimbursed medical expenses for medical care previously incurred or anticipated by:** ❑ You ❑ Your spouse ❑ Your dependent[1] ❑ Your beneficiary[2]	**1)** Explanation of Benefits (EOB), **and** **Must:** ❑ be dated within the past 12 months, **and** ❑ reflect the amount paid by the insurance company, **and** ❑ reflect the amount owed by the insured **2)** Corresponding bill from the provider **Must:** ❑ be dated within the past 12 months, **and** ❑ indicate the amount still owed by the insured **3)** ❑ If applicable, I certify that I do not have insurance	• Medical bills that do not show portion paid by insurance • Collection agency notices • Bills already paid
❑ **Repair of principal residence that would qualify as a casualty deduction such as a fire or storm**	**1)** Letter explaining what caused the casualty, **and** **2)** Statement from your insurance company stating the loss is not covered, **and** **3)** Billing statement or cost estimate **All above must:** ❑ be dated within last 4 months, **and** ❑ reflect the amount necessary to repair principal residence, **and** ❑ include the property address, **and** ❑ have a future payment due date	• General estimate for repair (no property address, not dated or amount owed) • Routine maintenance, remodeling, additions, non-attached buildings and garages • Bills already paid
❑ **Prevention of mortgage foreclosure or eviction from your principal residence**	**1)** Proof of foreclosure or eviction ❑ Tax lien, **or** ❑ Bank/mortgage statement, **or** ❑ Letter from bank/mortgage company, **or** ❑ Letter from landlord on company letterhead or notarized, **or** ❑ Copy of the court document substantiating the eviction or foreclosure legal proceedings **All above must**: ❑ be dated within last 4 months, **and** ❑ reflect the amount necessary to prevent eviction/foreclosure, **and** ❑ contain eviction/foreclosure date. This date must be in the future, **and** ❑ include the property address, **and** ❑ have a future payment due date **2)** If the current address on record is a PO Box, a document from a municipal or government agency providing proof of physical address. *(Example: Utility bill or drivers license)*	• IRS tax liens that do not specify address of property to be foreclosed • Late payment statements that do not threaten eviction or foreclosure • Lease agreements • Bills already paid
❑ **Funeral/Burial expenses for:** ❑ Your spouse ❑ Your child ❑ Your parent ❑ Your dependent[1] ❑ Your beneficiary[2]	**1)** Copy of death certificate, **and** 2) Funeral/burial statement **Must:** ❑ reflect name of deceased, **and** ❑ reflect date of services provided within the past 90 days, **and** ❑ reflect your name as individual billed, **and** ❑ include itemized funeral/burial expenses, **and** ❑ have a future payment due date	• Pre-purchase of lot or headstone • Bills already paid
❑ **The 457 Plan allows for UEWs following circumstances:** • **Lost Income** • **Legal Fees**	❑ **Lost Income:** Available for participant and spouse for time lost at work due to unforeseen circumstances such as illness/accident/ layoff. If the participant has been terminated due to workplace disciplinary action we cannot approve. We can only pay lost time for the previously 12 months. **Must:** ❑ Submit a letter from employer stating date service ended, normal hours worked weekly, hourly wage and number of hours leave without pay. ❑ Submit two pay stubs received before service ended and copies of any unemployment/ disability payments. ❑ **Legal Fees:** Must submit bill for attorney fees only dated within past 6 months.	• We cannot pay for future lost income. • Cannot approve for court fines or judgments. • Legal fees for divorce related expenses not qualified.

REASON	REQUIRED DOCUMENTATION AND INFORMATION THAT MUST BE REFLECTED ON DOCUMENTATION	UNACCEPTABLE REASONS/ DOCUMENTATION

If you selected a severe financial hardship for your dependent or your beneficiary:

[1]A dependent is anyone who meets the definition of IRC Section 152, determined without regard to subsections (b)(1), (b)(2), and (d)(1)(B) thereof.

[2] Your beneficiary must be designated the primary beneficiary of your account.

❑By checking this box, I hereby certify that the person(s) I am requesting funding for would be considered as a dependent[1] or beneficiary[2] as stated above. If this box is not checked, I understand my unforeseeable emergency request will be rejected.

SPOUSAL INFORMATION/CONSENT

❑ By signing this form I acknowledge my Spouse's request for a Distribution.

SPOUSAL SIGNATURE:____ **DATE:**__________

JUSTIFICATION FOR ABSENCE OF SPOUSE'S SIGNATURE FORM

If a spouse's signature does not appear on the Hardship Distribution Request Form, and you are legally married, the following information MUST be completed by the participant and submitted with the form.

❑ I am married, but my spouse did not sign the form because either:

- ❑ I do not know and have taken all reasonable steps to determine the whereabouts of my spouse; **OR**,
- ❑ My spouse has been advised of the application and has refused to sign the written acknowledgement; **OR**, My spouse is incapable of executing the acknowledgement because of an incapacitating mental or physical condition; **OR**,
- ❑ My spouse has no identifiable community property interest in the benefit; **OR**,
- ❑ My spouse and I have executed a marriage settlement agreement that makes the community property law inapplicable to the marriage.

I certify under penalty of perjury that the foregoing information is true and correct.

PARTICIPANT'S SIGNATURE:____ **DATE:**__________

AUTHORIZATION

By signing below, I certify that:

1. I have read and understand the information contained within this form.

2. The facts presented in this request and in the documents used to substantiate my unforeseeable emergency withdrawal amount are true to the best of my knowledge and describe an outstanding severe financial hardship.

3. I have exhausted all other means available and meet the Plan requirements as stated in the Unforeseeable Emergency Requirements section.

4. I hereby authorize California Public Employees Retirement System (CalPERS) and Voya to contact any person or business to confirm any facts or statements contained in this application and the attached documents.

5. I certify, under penalties of perjury, that to the best of my knowledge and belief the information provided on this form, including the Social Security Number or Taxpayer Identification Number, is accurate and complete and the attached documents are valid and complete and have not been altered or manipulated in any manner.

By signing below, I understand that:

1. If any required information or documentation is missing from my application, there will be a delay in receiving my withdrawal check or my application will be returned to me.

PARTICIPANT'S SIGNATURE:____ **DATE:**__________

EMPLOYER'S SIGNATURE:____ **DATE:**__________

CHECKLIST

PLEASE REVIEW YOUR APPLICATION CAREFULLY.

- ❑ Verified that the Plan has your current address
- ❑ Reviewed and completed the Unforeseeable Emergency Requirements to determine if you are **ELIGIBLE** to take a unforeseeable emergency withdrawal
- ❑ Indicated your **AMOUNT, TAX WITHHOLDING** and **GROSS UP ELECTIONS**
- ❑ Selected **DELIVERY METHOD**
- ❑ Selected a **VALID REASON** for the withdrawal
- ❑ Provided the **REQUIRED DOCUMENTATION**
- ❑ Provided authorized **SIGNATURE (both your signature and employers)**
- ❑ Completed the SPOUSAL CONSENT (signed and notarized with an official notary stamp or seal) if you are married

If you have any questions or need to obtain additional plan or account information, please go online at **https://calpers.voya.com** or call the CalPERS Service Center at 1-800-260-0659. Customer Service Associates are available Monday through Friday, 6:00 A.M. to 5:00 P.M. Pacific Time (excluding stock market holidays).

If your application is complete, please mail or fax the application and any required documentation to:

VIA FAX
Voya Financial
Attn: CalPERS Plan Administration
1-888-228-6185

VIA MAIL
Voya Financial
Attn: CalPERS Plan Administration
P.O. Box 24747
Jacksonville, FL 32241-4747

VIA OVERNIGHT DELIVERY
Voya Financial
Attn: CalPERS Plan Administration
8900 Prominence Parkway
Jacksonville, Florida 32256-8264

YOUR ROLLOVER OPTIONS

You are receiving this notice in the event that 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.
Special rules that only apply in certain circumstances are described in the "Special Rules and Options" section.

GENERAL INFORMATION ABOUT ROLLOVERS

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

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

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

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

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

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

If you have an outstanding loan that is being offset
If you have an outstanding loan from the Plan, your Plan benefit may be offset by the amount of the loan, typically when your employment ends. The loan offset amount is treated as a distribution to you at the time of the offset and will be taxed (including the 10% additional income tax on early distributions, unless an exception applies) unless you do a 60-day rollover in the amount of the loan offset to an IRA or employer plan.

If you were born on or before January 1, 1936
If you were born on or before January 1, 1936 and receive a lump sum distribution that you do not roll over, special rules for calculating the amount of the tax on the payment might apply to you. For more information, see IRS Publication 575, Pension and Annuity Income.

If your payment is from a governmental section 457(b) plan
If the Plan is a governmental section 457(b) plan, the same rules described elsewhere in this notice generally apply, allowing you to roll over the payment to an IRA or an employer plan that accepts rollovers. One difference is that, if you do not do a rollover, you will not have to pay the 10% additional income tax on early distributions from the Plan even if you are under age 59½ (unless the payment is from a separate account holding rollover contributions that were made to the Plan from a tax-qualified plan, a section 403(b) plan, or an IRA). However, if you do a rollover to an IRA or to an employer plan that is not a governmental section 457(b) plan, a later distribution made before age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies). Other differences are that you cannot do a rollover if the payment is due to an "unforeseeable emergency" and the special rules under "If your payment includes employer stock that you do not roll over" and "If you were born on or before January 1, 1936" do not apply.

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

If you roll over your payment to a Roth IRA
If you roll over a payment from the Plan to a Roth IRA, a special rule applies under which the amount of the payment rolled over (reduced by any after-tax amounts) will be taxed. However, the10% 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 and the special rules for public safety officers do not apply, and the special rule described under the section "If you were born on or before January 1, 1936" applies only if the participant was born on or before January 1, 1936.

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

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

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

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

<u>Payments under a qualified domestic relations order</u>. 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 <u>www.irs.gov</u>, or by calling 1-800-TAX-FORM.

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