Wellington Retirement Solutions, Inc.
PARTICIPANT DISTRIBUTION FORM

Instructions: Send a copy of your completed form to the Plan Sponsor for authorization.
The 1099-R for this distribution will be attached to the distribution check. Keep a copy of the 1099-R for your tax records.
Questions? Contact Wellington at (800) 203-2670 or help@wellington401k.com.

Step 1: Participant Information
Please complete all fields below.

Plan Sponsor (Company Name): ______________________________

Your Name: ______________________ Social Security #: ______________________

Address Line 1: ______________________ Date of Birth: ______________________

Address Line 2: ______________________ Phone Number: ______________________

City: ______________________ E-Mail Address: ______________________

State: __________ Zip: __________ Marital Status: ☐ Single ☐ Married

Your Account Type(s)*: ☐ Traditional (Pre-Tax) AND/OR ☐ Roth (After-Tax)

**For Traditional accounts: Complete pages 1, 2, 4. For Roth accounts: Complete pages 1, 3, 4. If both: Complete pages 1 – 4.*

Step 2: Reason for Distribution
Indicate your reason for distribution.

☐ This is a distribution request due to a separation of service from my former employer.

☐ This is an in-service distribution request from my current employer's Plan. (Refer to your Summary Plan Description to determine if you are eligible.)

☐ This is a distribution request due to disability. (The Social Security Administration has determined you are eligible to receive Social Security benefits.)

☐ This is a distribution request to an Alternate Payee due to the death of the Plan Participant, a QDRO, or other eligible reason. (Supporting documentation must be provided. Contact Wellington for a list of necessary documents.)

☐ This is a distribution request due to a Plan Termination. (Select only if you have received a notice that your employer is closing its 401(k) Plan.)

Step 3: Short-Term Redemption Policy (Required)
Select Option 1 or Option 2. If you do not make a selection then Wellington will wait until all STRF have expired (Option 2).

Schwab's Short-Term Redemption Fee (STRF) applies to the sale of mutual fund shares that were purchased within the last 90 days. Your mutual fund investments may have an additional Contingent Redemption Fee for funds sold within their designated timeframe.

☐ Option 1 - PROCESS MY DISTRIBUTION REQUEST NOW and liquidate my investments immediately. *I understand that Schwab may charge up to $49.99 for each mutual fund sold within 90 days from the date it was purchased.*

☐ Option 2 - DELAY PROCESSING MY DISTRIBUTION REQUEST until Schwab's Short-Term Redemption Fees have expired, and then process my distribution. *I understand that this may delay my distribution by up to 90 days.*

Contact the Charles Schwab PCRA hotline at (888) 393-7272 to determine if your account is subject to any redemption fees. Visit http://www.schwab.com/public/schwab/investing/accounts_products/investment/mutual_funds for more information.

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Step 4(a): Method of Distribution for your Traditional (Pre-Tax) Account

Select only one: Option 1 (Rollover), Option 2 (Direct Distribution), or Option 3 (Combined Distribution).
You may skip this page if you do not have a Traditional (pre-tax) account balance.

Option 1: Direct Rollover (Select either a. or b. and enter the rollover account information)

☐ a. Full Rollover - Rollover 100% of my Traditional account balance.

☐ b. Partial Rollover - Rollover $_______________ of my Traditional account balance.

Enter the rollover account information below:

Type of Account: ☐ Employer Qualified Plan ☐ Traditional IRA* ☐ Roth IRA**

Receiving Financial Institution: ____________________________________ Account Number: ____________________

Make Rollover Check Payable To: ____

Contact the receiving financial institution to determine how the rollover check should be made payable.

Option 2: Direct Distribution (Select either a. or b.)

☐ a. Full Payout - Pay 100% of my Traditional account balance directly to me.

☐ b. Partial Payout - Pay $_______________ of my Traditional account balance directly to me.

This amount should be: ☐ Before taxes (Gross Distribution Amount) ☐ After taxes (Net Check Amount)

Option 3: Combined Distribution (Complete Part 1 and Part 2)

Part 1: Pay $_______________ directly to me and Rollover the remainder based on my instructions below.

This amount should be: ☐ Before taxes (Gross Distribution Amount) ☐ After taxes (Net Check Amount)

Part 2: Rollover (Select either a. or b. and enter the rollover account information)

☐ a. the remaining Traditional account balance.

☐ b. $_______________ of my Traditional account balance.

Enter the rollover account information below:

Type of Account: ☐ Employer Qualified Plan ☐ Traditional IRA* ☐ Roth IRA**

Receiving Financial Institution: ____________________________________ Account Number: ____________________

Make Rollover Check Payable To: ____

Contact the receiving financial institution to determine how the rollover check should be made payable.

**Contact Wellington if you need help opening a Rollover IRA. Phone (800) 203-2670 or email rollovers@wellington401k.com.*
***A conversion of a Traditional 401(k) to a Roth IRA is subject to federal income tax and state income tax (if applicable).*

Step 4(b): Method of Distribution for your Roth (After-Tax) Account
Select either Option 1 (Rollover), Option 2 (Direct Distribution), or Option 3 (Combined Distribution).
You may skip this page if you do not have a Roth (after-tax) account balance.

Option 1: Direct Rollover (Select either a. or b. and enter the rollover account information)

☐ a. Full Rollover - Rollover 100% of my Roth account balance.

☐ b. Partial Rollover - Rollover $_______________ of my Roth account balance.

Enter the rollover account information below:

Type of Account: ☐ Employer Qualified Plan* ☐ Roth IRA**

Receiving Financial Institution: ____________________________________ Account Number: ____________________

Make Rollover Check Payable To: ____

Contact the receiving financial institution to determine how the rollover check should be made payable.

Option 2: Direct Distribution (Select either a. or b.)

☐ a. Full Payout - Pay 100% of my Roth account balance directly to me.

☐ b. Partial Payout - Pay $_______________ of my Roth account balance directly to me*.

This amount should be: ☐ Before taxes (Gross Distribution Amount) ☐ After taxes (Net Check Amount)

Option 3: Combined Distribution (Complete Part 1 and Part 2)

Part 1: Pay $_______________ directly to me and Rollover the remainder based on my instructions below.

This amount should be: ☐ Before taxes (Gross Distribution Amount) ☐ After taxes (Net Check Amount)

Part 2: Rollover (Select either a. or b. and enter the rollover account information)

☐ a. the remaining Roth account balance.

☐ b. $_______________ of my Roth account balance.

Enter the rollover account information below:

Type of Account: ☐ Employer Qualified Plan* ☐ Roth IRA**

Receiving Financial Institution: ____________________________________ Account Number: ____________________

Make Rollover Check Payable To: ____

Contact the receiving financial institution to determine how the rollover check should be made payable.

**Contact the Plan Administrator of your new retirement plan to determine if they will accept a Roth 401(k) rollover.*
***Contact Wellington if you need help opening a Roth IRA. Phone (800) 203-2670 or email rollovers@wellington401k.com.*

Step 5: Tax Withholding

Refer to the "Special Tax Notice" for more information regarding tax implications of your distribution.

Federal Tax Withholdings: The minimum federal income tax withholding of 20% will apply to Direct Distributions that were otherwise eligible for Rollover. To withhold more than the minimum 20%, please complete the option below.

☐ (Optional) I elect to have withhold an additional __________% for federal tax purposes.

Roth Conversions: If you request a rollover of a Traditional 401(k) balance into a Roth IRA, you may indicate the percentage of federal income tax withholding. Withholdings may result in tax penalties if you are under age 59-1/2. Note: No withholding is required for a Roth conversion.

☐ (Optional) I elect to have a total of (0-100) __________% of my conversion to a Roth IRA withheld for federal tax purposes.

State Tax Withholdings: Certain states require state tax withholding from a direct distribution. Refer to the *FAQ* on the following page for state withholding rates. If you are a resident of California or Oregon, state taxes withholding applies unless you complete the following:

☐ (Optional) I am a resident of either California or Oregon and I elect to have no state income tax withheld from this distribution.

Step 6: Participant Authorization

Sign, date and submit a copy of your Distribution Form to the Plan Sponsor

I understand the terms and conditions relating to the payment of taxable benefits from "the Plan" as explained in the "Special Tax Notice Regarding Plan Payments." I also understand that any securities holdings that I have in my account will be sold once I submit this form, and I agree to this liquidation in order to process my distribution. I certify that the information I have provided above is true and correct to the best of my knowledge and that the Direct Rollover or Employer Qualified Plan named above is an "Eligible Rollover Distribution" as defined in Code section 401(a)(31)(D). I understand that the trustee of "The Plan" will rely on this information in making the distribution that I have requested. I hereby consent to payment of my vested account balance. Furthermore, by signing this form I elect to waive my 30-Day Election Period.

Participant Signature: ____ Date: ______________

Print Name: ____

IMPORTANT: Submit your completed form to the Plan Sponsor. Forms submitted to Wellington without Plan Sponsor Authorization cannot be processed.

- Checks, including rollovers, will be mailed to the address listed in Step 1 of this form.
- If you have separated from service with an outstanding loan and would like to speak with someone about your outstanding loan, call Wellington at (800) 203-2670. Additional information can be found in the FAQ and "Special Tax Notice Regarding Plan Payments."
- If additional deposits and/or dividends are credited to your account after the date of distribution then they will automatically be distributed in the same manner as your initial request. A fee of $65 is charged for each additional check and 1099-R issued. If the additional deposits total less than $65 then no check will be issued. It is your responsibility to determine if there are any pending deposits for your account.
- A fee of $65 will be deducted for preparation of each check and tax form 1099-R.

Step 7: Plan Sponsor Authorization

Plan Sponsors: Complete the section below and submit a copy to Wellington

I certify that the information in this form is true and accurate to the best of my knowledge. I understand that the participant's funds will be distributed per the instructions provided by the participant. In addition, I authorize the withdrawal and disbursement of this benefit according to the terms of this contract and "The Plan." Further, by signing this form I am giving authorization to remit any tax withholdings and fees incurred as a result of this distribution.

Participant's Date of Termination (if applicable): ______________ Date of Last Payroll Contribution: ______________

Hours worked during this Plan Year: ☐ None ☐ 1-500 ☐ 501-999 ☐ 1000+

Signature of Plan Representative: ____ Date: ______________

Printed Name of Representative: ____

PLAN SPONSOR: Submit the form to Wellington through any of these options: Upload to www.wellingtonhq.com
Email to administration@wellington401k.com | Fax to (703) 802-2317 | Mail to 14325 Willard Road, Suite 104, Chantilly, VA 20151.

FREQUENTLY ASKED QUESTIONS

Q: **WHERE SHOULD I SEND MY COMPLETED FORM?**
A: Submit your completed form to the Plan Sponsor. The Plan Sponsor is the company that you work(ed) for that sponsored this retirement plan. IMPORTANT: Forms sent directly to Wellington without a completed Employer Authorization section cannot be processed.

Q: **HOW LONG WILL MY DISTRIBUTION OR ROLLOVER TAKE?**
A: Allow 2 – 4 weeks to receive your distribution or rollover check (assuming no short-term redemption fees apply).

Q: **DO I NEED TO SELL THE INVESTMENTS IN MY ACCOUNT?**
A: No, you will not need to sell your investments. Wellington will sell your investments as necessary on your behalf to process the distribution request.

Q: **WHAT IS THE DEADLINE TO MOVE MY FUNDS OUT OF THE PLAN?**
A: There is no deadline for when you need to remove your funds after termination of employment if you have a vested account balance of at least $5,000. If your vested account balance is less than $5,000 then your employer has the right to distribute your account balance without your consent either in the form of a direct distribution or automatic rollover IRA.

Q: **MY NAME HAS CHANGED SINCE I ESTABLISHED MY SCHWAB ACCOUNT. WHAT DO I NEED TO DO?**
A: If your name on your Schwab statements is different than your current name due to marriage, divorce or other reasons, you will be required to complete a Name Change Form and submit it with court-approved documentation of the name change. Contact Wellington for the Name Change Form.

Q: **HOW MUCH IS THE FEE?**
A: A processing fee of $65 will be deducted from the account to cover the cost of issuing each check and preparation of each Form 1099-R.

Q: **WHAT DO I NEED TO DO WITH MY OUTSTANDING LOAN?**
A: If you have an outstanding loan, you may repay your outstanding loan before the end of the Cure Period, or, prior to requesting a distribution – whichever happens first. The Cure Period starts in the quarter in which you terminate employment and stops at the end of the following quarter. For example, if you terminate employment in January (Q1), you may repay your loan up until June 30 (end of Q2). At the end of the Cure Period, or the date you request a distribution (whichever occurs first), any outstanding balance is considered a Loan Default. With a 401(k) Loan Default, the outstanding balance of the loan plus accrued interest will be considered taxable income, subject to all applicable taxes and penalties. Alternatively, you can repay your loan, plus accrued interest, prior to the end of the timelines as established above. Please refer to your Plan's Loan Policy and the Special Tax Notice for additional information.

Q: **HOW DO I COMPLETE THE DISTRIBUTION FORM FOR A DEATH OR QDRO DISTRIBUTION?**
A: The only difference in completing the Distribution Form is adding an Alternate Payee. In the event of Death or QDRO, an Alternate Payee must be named. The Participant who holds the retirement account is always listed as the Participant. The Alternate Payee Name would be the Beneficiary or person receiving a portion of the funds. For a distribution to a beneficiary due to death, Wellington requires a copy of the death certificate, a copy of the beneficiary form, as well as an Affidavit of Domicile (please contact Wellington for the affidavit form).For a Qualified Domestic Relations Order (QDRO), Wellington requires a copy of the approved QDRO documents.

Q: **WHAT IS THE REQUIRED STATE TAX WITHHOLDING RATE ON TAXABLE DISTRIBUTIONS FOR MY STATE?**
A: Below is a table indicating states that require state tax withholdings on taxable distributions, and their required withholding rate. This list is subject to change.

Arizona	5.00% of the taxable portion of the distribution	Michigan	4.35% of the taxable portion of the distribution
Delaware	5.00% of the taxable portion of the distribution	Nebraska	5.00% of the taxable portion of the distribution
District of Columbia	8.95% of the taxable portion of the distribution	North Carolina	4.00% of the taxable portion of the distribution
Georgia	2.00% of the taxable portion of the distribution	Oklahoma	5.00% of the taxable portion of the distribution
Iowa	5.00% of the taxable portion of the distribution	Vermont	27.00% of the amount of federal income tax withheld
Kansas	5.00% of the taxable portion of the distribution	Virginia	4.00% of the taxable portion of the distribution
Maine	5.00% of the taxable portion of the distribution	West Virginia	3.00% of the taxable portion of the distribution
Maryland	7.75% of the taxable portion of the distribution	California*	10.00% of the amount of federal income tax withheld
Massachusetts	5.25% of the taxable portion of the distribution	Oregon*	8.00% of the taxable portion of the distribution

**California and Oregon allow individuals to elect out of state tax withholdings.*

SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS

Important information about the tax implications of your distribution.

YOUR ROLLOVER OPTIONS

You are receiving this notice because all or a portion of a payment you are receiving from your retirement 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?

Traditional Accounts

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).

Roth Designated Accounts

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 the payment?

Traditional Accounts

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.

Roth Designated Accounts

You may roll over the payment to either a Roth IRA (a Roth individual retirement account or Roth individual retirement annuity) or a designated Roth account in an employer plan (a tax-qualified plan or section 403(b) plan) that will accept the rollover. The rules of the Roth IRA or employer plan that holds the rollover will determine your investment options, fees, and rights to payment from the Roth IRA or employer plan (for example, no spousal consent rules apply to Roth IRAs and Roth IRAs may not provide loans). Further, the amount rolled over will become subject to the tax rules that apply to the Roth IRA or the designated Roth account in the employer plan. In general, these tax rules are similar to those described elsewhere in this notice, but differences include:

- If you do a rollover to a Roth IRA, all of your Roth IRAs will be considered for purposes of determining whether you have satisfied the 5-year rule (counting from January 1 of the year for which your first contribution was made to any of your Roth IRAs).
- If you do a rollover to a Roth IRA, you will not be required to take a distribution from the Roth IRA during your lifetime and you must keep track of the aggregate amount of the after-tax contributions in all of your Roth IRAs (in order to determine your taxable income for later Roth IRA payments that are not qualified distributions).
- Eligible rollover distributions from a Roth IRA can only be rolled over to another Roth IRA.

How do I do a rollover?

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

If you do a direct rollover - For Traditional Accounts, 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.

For Roth Designated Accounts, the Plan will make the payment directly to your Roth IRA or designated Roth account in an employer plan. You should contact the Roth IRA sponsor or the administrator of the employer plan for information on how to do a direct rollover

If you do not do a direct rollover - For Traditional Accounts: 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).

For Roth Designated Accounts: 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).

For Roth Designated Accounts: 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?
The Plan administrator or the payor can tell you what portion of a payment is eligible for rollover. 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 you roll over a distribution of S corporation stock to an IRA).

If I don't do a rollover, will I have to pay the 10% additional income tax on early distributions?
Traditional Accounts
If you are under age 59 1/2 you will have to pay the 10% additional income tax on early distributions for any payment from the Plan (including amounts withheld for income tax) that you do not roll over, unless one of the exceptions listed below applies. This tax is in addition to the regular income tax on the payment not rolled over.

Roth Designated Accounts
If a payment 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 tax is in addition to the regular income tax on the earnings not rolled over.

For both Traditional Accounts and Roth Designated Accounts, 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 or more than 179 days
- Payments of certain automatic enrollment contributions requested to be withdrawn within 90 days of the first contribution.

For Traditional Accounts: 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 after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

For Roth Designated Accounts: If I do a rollover to a Roth IRA, will the 10% additional income tax apply to early distributions from the IRA?
If you receive a payment from a Roth IRA when you are under age 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 a Roth IRA listed above are the same as the exceptions for early distributions from a plan. However, there are a few differences for payments from a Roth IRA, including:

- There is no special exception for payments after separation from service.
- The exception for qualified domestic relations orders (QDROs) does not apply (although a special rule applies under which, as part of a divorce or

separation agreement, a tax-free transfer may be made directly to a Roth IRA of a spouse or former spouse).
- The exception for payments made at least annually in equal or close to equal amounts over a specified period applies without regard to whether you have had a separation from service.
- There are additional exceptions for (1) payments for qualified higher education expenses, (2) payments up to $10,000 used in a qualified first-time home purchase, and (3) payments after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

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 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 aftertax contributions.

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

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

If your payment includes employer stock that you do not roll over
If you do not do a rollover, you can apply a special rule to payments of employer stock (or other employer securities) that are either attributable to after-tax contributions or paid in a lump sum after separation from service (or after age 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 Traditional Account (pre-tax) payment to a Roth IRA
You can roll over a payment from the Plan made before January 1, 2010 to a Roth IRA only if your modified adjusted gross income is not more than $100,000 for the year the payment is made to you and, if married, you file a joint return. These limitations do not apply to payments made to you from the Plan after 2009. If you wish to roll over the payment to a Roth IRA, but you are not eligible to do a rollover to a Roth IRA until after 2009, you can do a rollover to a traditional IRA and then, after 2009, elect to convert the traditional IRA into a Roth IRA.

If you roll over the payment to a Roth IRA, a special rule applies under which the amount of the payment rolled over (reduced by any after-tax amounts) will be taxed. However, the 10% additional income tax on early distributions will not apply (unless you take the amount rolled over out of the Roth IRA within 5 years, counting from January 1 of the year of the rollover). For payments from the Plan during 2010 that are rolled over to a Roth IRA, the taxable amount can be spread over a 2-year period starting in 2011.

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

You cannot roll over a payment from the Plan to a designated Roth account in an employer plan.

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.

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

If you are a nonresident alien

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

Other special rules

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

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

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

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

FOR MORE INFORMATION

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