403(b) Plan Transaction Request Form

TCG ADMINISTRATORS
900 S Capital of TX Hwy, Ste. 350
Austin, TX 78746
403b@tcgservices.com
P: 800.943.9179 F: 888.989.9247

Please submit completed form via fax, email or mail
Sections A-D must be complete for processing

A. INFORMATION ABOUT THE PARTICIPANT (OR BENEFICIARY IF DEATH CLAIM)

Full Name		Social Security #	
Street Address		Date of Birth	
Apt/Bldg #		Contact Phone	
City, State, Zip		Contact Email	
EMPLOYER Through which you had this 403(b) account			
	Would you like to receive status updates of your request via text message? *Message & Data rates may apply*	☐ YES ☐ NO	
		Mobile Phone #	

B. REASON FOR REQUEST (FILL IN ONE REASON ONLY)

☐ **Over Age 59 ½ Distribution** *Select Distribution Type*	☐ **Cash Distribution**	
	☐ **Rollover To:** *(List type of plan where the funds will be going)*	
☐ **No Longer Employed by Employer Listed Above** *Select Distribution Type*	☐ **Cash Distribution**	
	☐ **Rollover To:** *(List type of plan where the funds will be going)*	
☐ **Exchange/Transfer Inside Plan** *To an Approved Vendor Only*	**Exchange/Transfer From:**	
	Exchange/Transfer To:	
☐ **Death of Participant**	**Deceased Participant's Name:**	
	SSN:	**Date of Death:**
☐ **Required Minimum Distribution** *If you turned 70.5 in 2019 and were subject to a RMD, you will need to continue to take a RMD in 2020.*	***Participant is age 72 or older and is separated from employer*** *(New Age requirement effective 1/1/2020)*	
☐ **Transfer to Purchase Service**	**Amount Requested:** *(You must submit a form showing the public pension plan that funds are being transferred to)*	$
☐ **Permanent & Total Disability of Participant**	*You must submit supporting documentation*	
☐ **Alternate Payee/ Distribution Due to Divorce or Child Support**	*Must be accompanied by Qualified Domestic Relations Order issued by a Count or Alternate Payee's Account Statement indicating a separate account exist.*	
	Participant Name:	**SSN:**

Loan, Hardship & Inservice Withdrawal requests are on the following page

LOAN REQUEST	
☐ **Loan** *Please Note: If you have defaulted on a Loan for a Plan under your current Employer, you will not be eligible for an additional Loan.*	YOU MUST SUBMIT A COPY OF YOUR MOST RECENT BALANCE STATEMENT(S) For loans, if allowed by your plan and vendor, you may borrow up to the lesser of $50,000 reduced by the greater of (1) the outstanding balance on any loans from any Plans of your Employer (403(b), 457, 401(a)) to you on the date the loans is made of (2) the highest outstanding balance on loan from the Plans of your Employer to you during the one-year period ending on the day before the date the loan is approved by the Administrator (not taking in account any payments made during such one-year period), or 50% of the vested value of all of your 403(b), 457, and 401(a) plans of your Employer.
☐ **Loan under CARES ACT Relief** (Coronavirus Relief)	For loans, if allowed by your plan and vendor, you may borrow up to the lesser of $100,000 or all your vested account balance if you can complete the self-certification under **Appendix A**. You must complete Appendix A.

HARDSHIP WITHDRAWAL REQUEST		
☐ **Financial Hardship Distribution** *(You must complete sub items a-d for the request to be processed)*	YOU MUST SUBMIT PROOF OF HARDSHIP, PLEASE READ THE FOLLOWING PAGE FOR FURTHER DETAILS ABOUT HARDSHIP WITHDRAWALS	
a. Hardship Reason:	☐ Medical Expense	☐ Tuition and Related Expenses
	☐ Purchase Principal Residence	☐ Prevent Eviction/Foreclosure
	☐ Funeral Expenses	☐ Repair of Principal Residence
b. Hardship Amount Requested:	$	
c. If the request is for MEDICAL EXPENSES, please answer the following:	I ☐ DO ☐ DO NOT have health insurance coverage for this expense *(Medical/Dental/Vision/etc)*	

INSERVICE WITHDRAWAL REQUEST		
☐ **Inservice Withdrawal for Birth or Adoption of a Child**	*Supporting documentation required upon submission*	
☐ **Inservice Withdrawal due to CARES ACT relief**	***Complete Appendix A***	
	Amount Requested	*$*

C. INVESTMENT PROVIDER INFORMATION/VENDOR *(Where you would like us to send the Approved Forms)* ** If this section left blank, these forms will be returned to you.*			
* Name or Investment Provider/Vendor		Contract/ Policy #	
*Fax # or Address of Investment Provider			
Would you like a copy of the completed forms?	☐ YES ☐ NO	Email Address to receive your copy in a secure email:	

D. ACCEPTANCE AND AUTHORIZATION (PLEASE SIGN BELOW)			
By my signature below, I hereby authorize the transaction requested on this form. If I am applying for a loan, the following signature certifies that I have provided copies of my most recent statements for all of my 403(b), 457(b) & 401(a) accounts of plans of my Employer, and I understand that if any are omitted this may have a negative effect on the plan and result in additional taxable income to me.			
Signature of Participant (or Beneficiary if Death claim)		**Date**	

TPA Approval on the following page

E. TPA ACCEPTANCE AND AUTHORIZATION	FOR INTERNAL USE ONLY		
TCG hereby approves the transaction requested. If the request is for a loan or hardship distribution, the maximum amount approved is listed below.			
Maximum Loan Amount	$	**Maximum Hardship Amount**	$
Authorized TCG Signature		**Date**	

APPENDIX A

CERTIFICATION

I, ___________________________________, hereby certify that myself or my dependents have been affected by one of the following, and I have a need arising from the impact of said reason:

I, my Spouse or my Dependent have been diagnosed with COVID-19; and/or

I have experienced adverse financial consequences as a result of being quarantined, being furloughed or laid off or having work hours reduced due to such virus or disease, being unable to work due to lack of child care due to such virus or disease, closing or reducing hours of a business owned or operated by the individual due to such virus or disease.

I also certify that the withdrawal amount I have requested is equal to the lesser of $100,000, or all of my vested account balance from my 457(b), 401(k), 403(b), and 401(a) plans of my Employer.

____ ________________________________

Signature of Participant Date

PLEASE NOTE:
TCG Administrators will rely on the self-certification from an employee or former employee as to the need for and the amount of the distribution, unless TCG Administrators has actual knowledge to the contrary.

In general, the normal spousal consent rules still apply for any disaster relief withdrawals and any distribution made will still be includible in gross income (can be taxed over 3 years) or repaid back into the plan.

DISTRIBUTION, LOAN & TRANSFER/ROLLOVER/EXCHANGE REQUEST RULES

In order to process a request, we must receive (a) the TCG Administrators 403(b) PLAN DISTRIBUTION, LOAN, EXCHANGE, TRANSFER, & ROLLOVER FORM, (b) copies of your most recent account statements for *all 403(b), 457(b) and 401(a) accounts that you have with Plans of your Employer for Loan Requests, and, if the distribution request is for a Hardship Distribution, (c) the proof of hardship listed below.*

If your transaction meets Plan, IRS and vendor rules, we will approve it and sign the Vendor forms approving the transaction. Please see your Plan's Summary Plan Description on our website to review your Plan's allowable distribution options.

Hardship Distributions

A Participant may receive a distribution of up to 100% of his or her account balance attributable to elective deferral contributions for the following reasons:

(1) Medical expenses **within the last 12 months** described in Internal Revenue Code Section 213(d) incurred by the Participant, his spouse, or any of his dependents* or expenses necessary for these persons to obtain medical care;
Proof required: If the employee has health insurance, the Explanation of Benefits (EOB) from the employee's Health Insurance Company, showing the participant's out-of-pocket medical expense. If the employee does not have health insurance, the billing or invoice for medical expenses for medical care that would be tax deductible on the employee's federal income tax form (whether or not the expenses exceed 7.5% of adjusted gross income).

(2) The purchase (excluding mortgage payments) of a principal residence for the Participant;
Proof required: Submit all pages of the Closing statement for the cost directly related to the purchase of a principal residence for the employee (excluding mortgage payments) and a signed copy of the home purchase contract.

(3) Funeral expenses for a member of the Participant's family;
Proof required: Billing for payments for **burial and/or funeral expenses** for the employee's deceased parent, spouse, children or dependents;

(4) Payment of tuition and related educational fees for the next twelve (12) months of post-secondary education for the Participant, his spouse, children, or dependents*;
Proof required: Billing for payment of **tuition, related educational fees, and room and board expenses**, for up to the next 12 months of post-secondary education for the employee, or the employee's spouse, children, or dependents. This does not include previous semester expenses or school loan payment reimbursement.

(5) The need to prevent the eviction of the Participant from his or her principal residence or foreclosure on the mortgage of the Participant's principal residence;
Proof required: A letter or other notice from the employee's mortgage company or landlord showing the amount and date of payment(s) necessary to **prevent the eviction of the employee from the employee's principal residence or foreclosure on the mortgage on that residence**. *The letter or notice must list the expected date of eviction or foreclosure.*

(6) [1] Expenses for the repair of damage to the employee's principal residence that would qualify for the casualty deduction ‡ on the employee's federal income tax form (whether or not the loss exceeds 10% of adjusted gross income); **Proof required:** Copy of insurance claim (if applicable); billing for expenses for the repair of damage to the employee's principal residence that would qualify for the casualty deduction on the employee's federal income tax form (whether or not the loss exceeds 10% of adjusted gross income).

If you have any questions about the required documentation, please don't hesistate to contact customer services at (800) 943-9179.

* As defined in Internal Revenue Code Section 152
‡ Damages must qualify as deductible under IRC Section 165

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SPECIAL TAX NOTICE

REGARDING PLAN PAYMENTS FROM PLANS QUALIFIED UNDER SECTION 401(a) AND 401(k) PLANS, SECTION 403(a) ANNUITY PLANS, SECTION 403(b) TAX SHELTERED ANNUITIES/403(b)(7) CUSTODIAL ACCOUNTS AND 457(b) GOVERNMENTAL DEFERRED COMPENSATION PLANS

You are receiving this notice because all or a portion of a payment you are receiving is eligible to be rolled over to an IRA or an employer plan, or you have a designate Roth Account that is eligible to be rolled over to a Roth IRA or a designated Roth account in an employer plan. This notice is intended to help you decide whether to do such a rollover.

A rollover allows you to continue to postpone taxation of your distribution from an eligible employer plan until it is paid to you. An "eligible employer plan" includes a plan qualified under section 401(a) of the Internal Revenue Code, including a 401(k) plan, profit-sharing plan, defined benefit plan, stock bonus plan, and money purchase plan; a section 403(a) annuity plan; a section 403(b) tax-sheltered annuity; and an eligible section 457(b) governmental plan.

An eligible employer plan is not legally required to accept a rollover. Before you decide to roll over your payment to another employer plan, you should find out whether the plan accepts rollovers and, if so, what documents are required to be completed before the receiving plan will accept a rollover. Even if a plan accepts rollovers, it might not accept rollovers of certain types of distributions, such as after-tax amounts. If this is the case, and your distribution includes after-tax amounts, you may wish instead to roll your distribution over to a traditional IRA or split your rollover amount between the employer plan in which you will participate and a traditional IRA.

Once the rollover is completed, the rolled over amount is governed by the rules of the receiving plan. The receiving plan may restrict subsequent distributions of the rollover amount, such as by not permitting distributions of the rollover amount while employed, or by requiring your spouse's consent for any subsequent distribution. Check with the administrator of the plan that is to receive your rollover prior to making the rollover.

If you have additional questions after reading this notice, you can contact your plan administrator at TCG Administrators at (888) 989-9247, 900 S Capital of Texas Hwy, Suite 350, Austin, Texas 78746.

YOUR ROLLOVER OPTIONS

This notice describes the rollover rules that apply to payments from the Plan. Some of the rules differ when you receive a payment from a designated Roth Account. When there is a difference, the rule for designated Roth Accounts will be provided in a separate paragraph.

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).

Designated Roth Account
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?

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.

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

- If you do a rollover to a Roth IRA, all of your Roth IRAs will be considered for purposes of determining whether you have satisfied the 5-year rule (counting from January 1 of the year for which your first contribution was made to any of your Roth IRAs).

- If you do a rollover to a Roth IRA, you will not be required to take a distribution from the Roth IRA during your lifetime and you must keep track of the aggregate amount of the after-tax contributions in all of your Roth IRAs (in order to determine your taxable income for later Roth IRA payments that are not qualified distributions).
- Eligible rollover distributions from a Roth IRA can only be rolled over to another Roth IRA.

How do I do a rollover?

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

<u>If you do a direct rollover,</u> the Plan will make the payment directly to your IRA, Roth IRA or an employer plan. You should contact the IRA sponsor, Roth IRA sponsor (for designate Roth account) or the administrator of the employer plan for information on how to do a direct rollover.

<u>If you do not do a direct rollover</u>, you may still do a rollover by making a deposit into an IRA, Roth IRA or eligible employer plan that will accept it. You will have 60 days after you receive the payment to make the deposit.

<u>Non-designated Roth Account</u>
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).

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

If you do a direct rollover of only a portion of the amount paid from the Plan and a portion is paid to you at the same time, the portion directly rolled over consists first of earnings.

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

How much may I roll over?

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

- Certain payments spread over a period of at least 10 years or over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary)
- Required minimum distributions after age 70½ (if you were born before July 1, 1949) or age 72 (if you were born after June 30, 1949) 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, or the payment is not a qualified distribution from a designated Roth account, 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. If the payment is from a designated Roth Account, you will have to pay the 10% additional income tax only on the earnings allocated to the payment. 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 n 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
- Payments of up to $5,000 made to you from a defined contribution plan within one year after the birth or adoption of a child

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).

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).

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, but is not a designated Roth account

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.

Designated Roth Account

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

If you have an outstanding loan 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.

Designate Roth Account
The loan offset amount is treated as a distribution to you at the time of the offset and, if the distribution is a nonqualified distribution, the earnings in the loan offset will be taxed (including the 10% additional income tax on early distributions, unless an exception applies) unless you do a 60-day rollover in the amount of the earnings in the loan offset to a Roth IRA or designated Roth account in an employer plan.

If you were born on or before January 1, 1936

If you were born on or before January 1, 1936 and receive a lump sum Distribution (that is not a qualified distribution from a designated Roth account) that you do not roll over, special rules for calculating the amount of the tax on the payment might apply to you. 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 or (nonqualified distributions from a designated Roth account) paid directly as premiums to an accident or health plan (or a qualified long-term care insurance contract) that your employer maintains for you, your spouse, or your dependents, up to a maximum of $3,000 annually. For this purpose, a public safety officer is a law enforcement officer, firefighter, chaplain, or member of a rescue squad or ambulance crew.

If you roll over your payment to a Roth IRA from an account that is not a designated Roth Account

If you roll over a non-Roth 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 in-plan Roth Conversions are permitted (a rollover from a non-Roth account to a designated Roth account in the Plan)

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

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

If you are not a plan participant

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

If you are a surviving spouse. If you receive a payment from the Plan as the surviving spouse of a deceased participant, you have the same rollover options that the participant would have had, as described elsewhere in this notice. In addition, if you choose to do a rollover to 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 were born before July 1, 1949) or age 72 (if you were born after June 30, 1949). 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 were born before July 1, 1949) or age 72 (if you were born after June 30, 1949).

Designated Roth Account
If you choose to do a rollover to a Roth IRA, you may treat the Roth IRA as your own or as an inherited

Roth IRA. A Roth IRA you treat as your own is treated like any other Roth IRA of yours, so that you will not have to receive any required minimum distributions during your lifetime and earnings paid to you in a nonqualified distribution before you are age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies). If you treat the Roth IRA as an inherited Roth IRA, payments from the Roth IRA will not be subject to the 10% additional income tax on early distributions. An inherited Roth IRA is subject to required minimum distributions. If the participant had started taking required minimum distributions from the Plan, you will have to receive required minimum distributions from the inherited Roth IRA. If the participant had not started taking required minimum distributions, you will not have to start receiving required minimum distributions from the inherited Roth IRA until the year the participant would have been age 70½ (if you were born before July 1, 1949) or age 72 (if you were born after June 30, 1949).

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 or Roth IRA (for designated Roth accounts). Payments from the inherited IRA or Roth IRA will not be subject to the 10% additional income tax on early distributions. You will have to receive required minimum distributions from the inherited IRA or Roth 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), or your payments from the designated Roth account is less than $200, 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, or by calling 1-800-TAX-FORM.