Minnesota Deferred Compensation Plan

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Automated Minimum Distribution Request

Refer to the Guide beginning on page 4 while completing this form. **You must return all pages (1-3) of this form**.

1. Information about you

Last name	First name	MI	Account ID or SSN (required)
Daytime phone number			
Severance of employment Date ____/____/______ (Month Day Year)			

2. Spousal information

Complete **ONLY** if you wish to use the Joint Life Expectancy method to calculate your *Required Minimum Distribution.*
You may only use this method if: 1) your spouse is your sole beneficiary, and 2) your spouse is more than 10 years younger than you.

You must attach a copy of your spouse's birth certificate or a copy of your spouse's driver's license.

Name of spouse ______________________ Spouse's date of birth ____/____/______ (Month Day Year)

3. Payment start date

Your annual *Required Minimum Distribution* payment will be mailed to your address on file unless you elect direct deposit in Section 5.

❒ Payment start date (not deposit date) ____/ 15 /______ (Month Day Year) (15th of the month only. First payment cannot be within the next 30 days)

Frequency: ❒ Monthly ❒ Quarterly ❒ Semi-Annually ❒ Annually

❒ Check this box if you are currently receiving separate installment payments and would like to continue to receive these amounts.

❒ Check this box if you attained *Required Minimum Distribution* eligible age (see page 4 of *Guide*) or retired from your employer in the previous calendar year and are required to take two required distributions this calendar year. The *Required Minimum Distribution* for the previous calendar year will be sent in a lump sum. The automated election on this form will apply to the current year and future required distributions.

4. Payment investment election - optional (see page 5 of *Guide*)

The payment will automatically prorate across all investment options unless you select the option below.

❒ Stable Value Account only (once depleted, will prorate across all other investment options)

Last name First name MI

5. Delivery options

If you do not indicate a delivery option, distribution proceeds will automatically be sent via direct deposit to your banking institution on file. If you do not have bank information on file, distribution proceeds will be sent as a check to your address on file via regular mail.

A recent change of address may delay your distribution due to additional required authentication.

Delivery options

❒ **Check by regular first class mail**
Installment proceeds will be sent as a check to your address on file via regular first class mail.

❒ **Direct deposit via Automated Clearing House (ACH)**
You must already have banking information on file for at least seven (7) business days in order for the payment to be deposited to your bank via ACH.

6. Income tax withholding

Distributions paid to you may be subject to federal and state income tax withholding. You have the option to provide tax withholding instructions to MSRS. If no instructions are provided, the default withholding will apply.

Federal Withholding
The default withholding rate is single and no adjustments (regardless of your marital status). You may choose no withholding if elected below or choose an alternate withholding rate by completing a Form *W-4P Withholding Certificate* and submitting to MSRS with this installment form. Form *W-4P Withholding Certificate* is available to download at www.mnretire.gov/mndcp-forms-docs.

❒ Do not withhold federal income tax

State Withholding - Minnesota resident
The default Minnesota tax withholding rate is **6.25%**. We assume Minnesota residency if the address on file is in Minnesota. To choose an alternate withholding rate or no withholding, complete a *Form W-4MNP Withholding Certificate*. Submit the *Form W-4MNP* with this form. The form is available to download at www.mnretire.gov/mndcp-forms-docs. For more information, see ww.revenue.state.mn.us/withholding-annuities-and-pensions.

State Withholding – Resident of another state
If you reside in a state that mandates state income tax withholding, it will be withheld on the taxable portion of this distribution at the required rate. If you reside in a state that does not mandate state income tax withholding, no state tax will be withheld from your distribution.

You are encouraged to consult a tax advisor to determine your appropriate income tax withholding. MSRS staff members are unable to provide advice regarding tax withholding.

Last name	First name	MI

7. Required authorization (please sign below)

Any person who knowingly presents a false or fraudulent claim is subject to criminal and civil penalties.

My signature acknowledges that I have received, read, understand and agree to all pages of the *Automated Minimum Distribution Request* form and the Automated Minimum Distribution *Guide.* I hereby agree to the provisions of the Plan; authorize disclosure of any information necessary for administration of the Plan, and certify the information furnished on this form is true and correct to the best of my knowledge and belief. I understand that funds may impose fees on certain distributions if assets are held less than the period stated in the fund's prospectus or other disclosure documents. I will refer to the funds prospectus and/or disclosure documents for more information. I understand that it is entirely my responsibility to ensure that this election conforms with all applicable provisions of the Internal Revenue Code (the "Code"). I understand that I am liable for any income tax and/or penalties assessed by the IRS for any election I have chosen. I understand that once my payment has been processed, it cannot be changed.

Federal law requires that you must receive the attached *402(f) Notice of Special Rules on Distributions* no less than 30 days and not more than 180 days prior to requesting a distribution. By signing I acknowledge that I have read and received the *402(f) Notice of Special Rules on Distributions* within the last 180 days and/or waive my rights to wait 30 days prior to requesting this distribution.

Participant's Signature ______________________________ **Date (Required)** ____/____/______

Electronic signatures are not accepted Month Day Year

Send pages 1-3 to:

Minnesota State Retirement System
60 Empire Drive, Suite 300
St. Paul, MN 55103-3000

Telephone: 651.284.7730
Toll-free: 1.800.657.5757, **option** 3

Fax: 651.297.5238

Web: www.mnretire.gov

Reminders:

- **Sign and date the form.**
- **Return all three pages of the form.**

Teletypewriter users and telecommunications-device-for-the-deaf (TDD) users should call the Minnesota Relay Service at 1.800.627.3529 and ask to be connected to MSRS at 651.284.7730.

Automated Minimum Distribution ***Guide***

Acknowledgment and Agreement

Before You Begin

These instructions are designed to provide general information about the Required Minimum Distribution (RMD) requirements applicable to Governmental 457(b) plans like the MNDCP, under the Internal Revenue Code.

Complete the *Automated Minimum Distribution Request* form if you want your RMD amount automatically calculated and distributed to you each year. You will automatically receive your RMD amount based on the payment schedule you request. You only have to complete the attached form once to receive your annual RMD amount.

To choose an amount in addition to your RMD amount, you must complete a separate *Distribution/Direct Rollover* form.

Please read all pages of this guide before completing the *Automated Minimum Distribution Request* form. The guide provides information you need to make informed decisions regarding your RMD. If you need further clarification about the information in this guide, please contact MSRS.

You are strongly urged to consult with an accountant and/or tax advisor. While our representatives are able to explain the options to you, they cannot tell you which payment and/or tax withholding method is best for you. MSRS will not provide tax or legal advice. Additionally, neither this guide nor the *Automated Minimum Distribution Request* form represents tax or legal advice.

Incomplete or Inaccurate Information

In the event that any section of the *Automated Minimum Distribution Request* form is incomplete or inaccurate, MSRS may not process your request. You may be required to complete a new form or provide additional or proper information before the transaction will be processed.

Changes to Your Request

If you make a change to the *Automated Minimum Distribution Request* form as you are completing it, you must cross out any previously elected choice(s) and initial all changes. If you do not initial all changes, the form may be returned to you for verification.

Self-Directed Brokerage (SDB) Account Notice

If you have an SDB account administered by Charles Schwab, it is your responsibility to contact Charles Schwab to transfer the funds to be distributed to the core investments before MSRS can process your RMD.

In the event that the transfer of funds from your SDB account has not been received by MSRS prior to MSRS receipt of the *Automated Minimum Distribution Request* form, the following will occur: MSRS will process your request from the amount that is available in the core investment options in excess of the "core minimum."

The core minimum is the amount of investment funds that must be maintained in your core investment options at all times. For any further distributions/rollovers, you must transfer the appropriate funds from the SDB account into core investment options and submit an additional *Distribution* form.

What are the Minimum Distribution Requirements?

- You are required to begin taking RMDs by your required beginning date. Your required beginning date is April 1 of the calendar year following the later of: 1) the calendar year in which you reach age 70½ (if you were born before July 1, 1949); age 72 (if you were born after June 30, 1949 and before January 1, 1951); or age 73 (if you were born after December 31, 1950) or 2) the calendar year in which you end employment from the employer sponsoring the MNDCP.

- If you elect to defer your first RMD to April 1st of the calendar year year following the calendar year in which you turn age 70½/72/73 or end employment, you will be required to take two RMD's that year: 1) by April 1 following the year in which you turn age 70½/72/73 or ended employment and 2) by December 31 of that same year. You must then take an RMD by December 31 of every calendar year thereafter.

- If you participate in more than one type of retirement plan (e.g., 401(a), 403(b), IRA), your RMD must be calculated and taken separately from each plan. MSRS will calculate your RMD ONLY on the assets in your MNDCP account.

About the calculation method

Your RMD is determined by dividing the prior year's December 31 account balance* by your life expectancy factor taken from the IRS Uniform Lifetime tables. Your life expectancy is based on your age at the end of the calendar year.

* Your RMD is calculated ONLY on the pre-tax assets in your MNDCP account.

Failing to take your RMD

If you fail to take your RMD or if you withdraw less than your RMD amount in any year, the IRS may impose a 25% federal excise tax on the amount which should have been taken but was not. For example: If your RMD amount is $2,000 and you only took a distribution equal to $1,000, the excise tax would equal $250.

Completing the *Automated Minimum Distribution* Form

This form is divided into several sections; each section requires that you provide information or make an election regarding your distribution. Please read the instructions carefully.

Information About You Section

Privacy Notice: Private data requested on this form will be used by MSRS to process your request. You are not legally required to provide the data requested. However, we may not be able to process your request without sufficient information. Your private data will not be shared with an unauthorized person without written consent except as authorized by federal or state law or a court order.

Last Name, First Name, Middle Initial
Your full name is required to properly identify your account. This must exactly match the name on our system or this request cannot be processed. Please login to your online account at www.msrs.state.mn.us or review your most recent account statement to determine how your name appears on our records.

Daytime Phone Number
This information will allow MSRS to contact you in the event that your request is not properly completed.

Account ID or Social Security Number
Your Account ID or SSN is required to properly identify your account and report income tax withholding to the Internal Revenue Service.

Spousal Information Section

Complete this section **ONLY** if:

1. you wish to use the joint and survivor calculation method instead of the method based solely on your life expectancy, and
2. your spouse is your sole beneficiary, and
3. your spouse is more than 10 years younger than you.

A copy of your spouse's birth certificate or a copy of your spouse's driver's license must accompany the form.

Payment Start Date Section

Select the future date you wish your payment to start. The day of the month can only be the 15th. Your first scheduled payment cannot be within 30 days in the future.

The payment start date is the date the shares in your account are sold, it is not the date you will receive your proceeds.

You must elect the frequency in which your RMD is paid: monthly, quarterly, semi-annually, or annually. If you do not elect a frequency, the default frequency is annual.

If you have a current installment already established and wish for it to continue, check the box. If the box is not checked, payments under your current installment schedule will stop and you will only receive your RMD payment elected on this form.

Payment Investment Election (optional) Section

Automated RMD payments are prorated across all investment options in which you have a balance unless you select the Stable Value Account.

Stable Value Account Only – By selecting this option, Automated RMD payments will be deducted from the Stable Value Account. After the Stable Value Account is depleted, payments will prorate across all other investment options in which you have a balance.

Delivery Option Section

If you do not indicate a delivery option, your RMD payment will automatically be sent via direct deposit to your banking institution on file. If you do not have bank information on file, payment will be sent as a check to your address on file via regular mail.

A recent change of address may delay your intitial payment due to additional required authentication.

Please note: If your payment includes both pre-tax and Roth after-tax amounts you will receive two checks or direct deposit payments.

Check by mail
Check this box if you want your distribution proceeds sent as a check to your address on file via regular first class mail.

Direct Deposit via Automated Clearing House (ACH)
Check this box if you want your RMD payment electronically deposited into your bank/credit union account. You must already have banking information on file for at least seven (7) business days in order for the payment to be deposited to your bank via ACH. If banking information has not been on file for seven business days at the time of the first payment, a check will be sent to your address on file via regular first class mail. All future ongoing payments will be sent via direct deposit.

If you do not indicate a delivery option, your RMD payment will automatically be sent via direct deposit to your banking institution on file. If you do not have bank information on file, payment will be sent as a check to your address on file via regular mail.

A recent change of address may delay your intitial payment due to additional required authentication.

Please note: If your payment includes both pre-tax and Roth after-tax amounts you will receive two checks or direct deposit payments.

Income Tax Withholding Section

You have received and must read the attached *402(f) Notice of Special Rules on Distributions*, which provides additional income tax withholding information. You are strongly urged to consult with a tax advisor to determine your appropriate income tax withholding.

Federal Withholding
The taxable portion of your RMD payment is subject to federal income tax. The default withholding rate is single and no adjustments (regardless of your marital status). To choose an alternate withholding rate, complete a *Form W-4P Withholding Certificate* and submit to MSRS with this *Automated Minimum Distribution Request*.

Download Form W-4P at www.mnretire.gov/mndcp-forms-docs.

If you elect not to have federal income tax withheld, or do not have enough federal income tax withheld from your distribution, you may be responsible for payment of estimated tax. You may incur penalties under the estimated tax rules if your withholding and estimated tax payments are not sufficient.

State Withholding
State tax withholding may apply depending on your state or residence. MSRS is required to withhold Minnesota state taxes from the taxable portion of your RMD payment at the standard rate of 6.25% (Minnesota residents only).

To choose an alternate Minnesota state tax withholding election (or no withholding), complete a *Form W-4MNP Withholding Certificate* and submit to MSRS with this RMD form.

The *Form W-4MNP* is available to download at www.mnretire.gov/mndcp-forms-docs For more information, see www.revenue.state.mn.us/withholding-annuities-and-pensions.

Annual Tax Statement

Tax *Form 1099-R* will be issued by January 31 of the year following the year in which you received the RMD payment. Tax Form *1099-R* reports any tax withholding amounts.

Tax withholding for payments delivered outside the U.S.

If you are a U.S citizen or resident alien and your payment is to be delivered outside the U.S. or its possessions, you may not waive federal income tax withholding.

If you are not a U.S. citizen or resident alien, we will withhold taxes at a rate of 30% unless your country of residence has entered into a tax treaty with the U.S. that provides for a reduced withholding rate or an exemption from withholding. To claim this treaty rate, you must complete and attach IRS Form *W-8BEN*. You can download this form by accessing www.irs.gov, clicking Forms and Instructions at the top of the page, and typing *W-8BEN* in the search bar.

Use the tips below to make sure your *W-8BEN* form is in good order.

- To receive the treaty rate, the country must be listed on the IRS website as having a treaty benefit.
- Your name and country of citizenship must be spelled out and the country cannot be the United States of America.
- Your address cannot be a P.O. Box
- You must provide a valid date of birth
- Your form must be signed and dated.
- Your foreign tax identifying number cannot match your U.S. Social Security number or U.S. Taxpayer Identification number.
- All countries listed on the form must match.Contact your tax professional for more information.

Required Authorization Section

You must sign and date the *Automated Minimum Distribution Request* form. By signing this form, you attest that you have received, read, understand and agree to all provisions of the form, the *Guide* and the *402(f) Notice of Special Rules on Distributions*.

Submitting the *Automated Minimum Distribution* Form

Once you have completed the *Automated Minimum Distribution Request* form, return pages 1-3 to the address or fax number indicated on the form.

You do not have to return this *Guide* or the *402(f) Notice of Special Rules on Distributions*.

Important note

Although every effort is made to keep the information in this guide current, it is subject to change without notice. Federal, state and local tax laws may be revised, and new plan provisions may be adopted by your Plan.

402(f) Notice of Special Rules on Distributions

For Payments Not From a Designated Roth Account

YOUR ROLLOVER OPTIONS

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

This notice describes the rollover rules that apply to payments from the Plan that are not from a designated Roth account (a type of account in some employer plans that is subject to special tax rules). 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 (generally, distributions made before age 59½), 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 to the 10% additional income tax applies).

What types of retirement accounts and plans may accept my rollover?

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, IRAs are not subject to spousal consent rules, 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. Generally, 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 joint lives or joint life expectancies of you and your beneficiary);
- Required minimum distributions after age 70½ (if you were born before July 1, 1949), after age 72 (if you were born after June 30, 1949), or after death;
- Hardship distributions;
- Payments of employee stock ownership plan (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 that you request to withdraw within 90 days of your first contribution;
- Amounts treated as distributed because of a prohibited allocation of S corporation stock under an ESOP (also, there generally will be adverse tax consequences if you roll over a distribution of S corporation stock to an IRA); and
- Distributions of certain premiums for health and accident insurance.

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 applies to the part of the distribution that you must include in income and 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 joint lives or joint life expectancies of you and your beneficiary);
- Payments from a governmental plan made after you separate from service if you are a qualified public safety employee and you will be 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 of up to $5,000 made to you from a defined contribution plan if the payment is a qualified birth or adoption distribution;

- Payments up to the amount of your deductible medical expenses (without regard to whether you itemize deductions for the taxable year);
- 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 that you request to withdraw within 90 days of your first contribution;
- Payments excepted from the additional income tax by federal legislation relating to certain emergencies and disasters; and
- Phased retirement payments made to federal employees.

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 on the part of the distribution that you must include in income, 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:

- The exception for payments made after you separate from service if you will be at least age 55 in the year of the separation (or age 50 for qualified public safety employees) does not apply;
- 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); and
- 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.

Additional exceptions apply for payments from an IRA, including:

- Payments for qualified higher education expenses;
- Payments up to $10,000 used in a qualified first-time home purchase; and
- 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 address 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 you receive a partial payment of your total 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 the 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 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 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.

Similarly, if you do a 60-day rollover to an IRA of only a portion of a payment made to you, the portion 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, 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-taxcontributions.

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. Under certain circumstances, you may claim eligibility for a waiver of the 60-day rollover deadline by making a written self-certification. Otherwise, to apply for a waiver from the IRS, 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, generally, the 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 outstanding amount of the loan, typically when your employment ends. The offset amount is treated as a distribution to you at the time of the offset. Generally, you may roll over all or any portion of the offset amount. Any offset amount that is not rolled over will be taxed (including the 10% additional income tax on early distributions, unless an exception applies). You may roll over offset amounts to an IRA or an employer plan (if the terms of the employer plan permit the plan to receive plan loan offset rollovers).

How long you have to complete the rollover depends on what kind of plan loan offset you have. If you have a qualified plan loan offset, you will have until your tax return due date (including extensions) for the tax year during which the offset occurs to complete your rollover. A qualified plan loan offset occurs when a plan loan in good standing is offset because your employer plan terminates, or because you sever from employment. If your plan loan offset occurs for any other reason (such as a failure to make level loan repayments that results in a deemed distribution), then you have 60 days from the date the offset occurs to complete your rollover.

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 include 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 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. In general, the 10% additional income tax on early distributions will not apply. However, if you take the amount rolled over out of the Roth IRA within the 5-year period that begins on January 1 of the year of the rollover, the 10% additional income tax will apply (unless an exception applies).

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 earningsafter 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 do a rollover 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. In general, the 10% additional income tax on early distributions will not apply. However, if you take the amount rolled over out of the Roth IRA within the 5-year period that begins on January 1 of the year of the rollover, the 10% additional income tax will apply (unless an exception applies).

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 generally will 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 deceased 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 the participant was born before July 1, 1949) or age 72 (if the participant was 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. 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 QDRO. If you are the spouse or former spouse of the participant who receives a payment from the Plan under a QDRO, you generally have the same options and the same tax treatment that 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). However, 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 do 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 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 on special rollover rights related to the U.S. Armed Forces, see IRS Publication 3, *Armed Forces' Tax Guide*. You also may have special rollover rights if you were affected by a federally declared disaster (or similar event), or if you received a distribution on account of a disaster. For more information on special rollover rights related to disaster relief, see the IRS website at www.irs.gov.

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.

402(f) Notice of Special Rules on Distributions

For Payments From a Designated Roth Account

YOUR ROLLOVER OPTIONS

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

This notice describes the rollover rules that apply to payments from the Plan that are from a designated Roth account. If you also receive a payment from the Plan that is not from a designated Roth account, 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 designated Roth account 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?

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 portion of the payment that is earnings. If you are under age 59½, a 10% additional income tax on early distributions (generally, distributions made before age 59½) 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.

What types of retirement accounts and plans may accept my rollover?

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, section 403(b) plan, or governmental section 457 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, Roth IRAs are not subject to spousal consent rules, 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 either do 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 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.

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

If you do a direct rollover of only a portion of the amount paid from the Plan and a portion is paid to you 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 joint lives or joint life expectancies of you and your beneficiary);
- Required minimum distributions after age 70½ (if you were born before July 1, 1949), after age 72 (if you were born after June 30, 1949), or after death;

- Hardship distributions;
- Payments of employee stock ownership plan (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 that you request to withdraw within 90 days of your first contribution; and
- Amounts treated as distributed because of a prohibited allocation of S corporation stock under an ESOP (also, there generally will be adverse tax consequences if S corporation stock is held by an IRA); and
- Distributions of certain premiums for health and accident insurance.

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 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.

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 joint lives or joint life expectancies of you and your beneficiary);
- Payments from a governmental plan made after you separate from service if you are a qualified public safety employee and you will be 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 of up to $5,000 made to you from a defined contribution plan if the payment is a qualified birth or adoption distribution;
- Payments up to the amount of your deductible medical expenses (without regard to whether you itemize deductions for the taxable year);
- 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 that you request to withdraw within 90 days of your first contribution; and
- Payments excepted from the additional income tax by federal legislation relating to certain emergencies and disasters.

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:

- The exception for payments made after you separate from service if you will be at least age 55 in the year of the separation (or age 50 for qualified public safety employees) does not apply;
- 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); and
- 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.

Additional exceptions apply for payments from an IRA, including:

- Payments for qualified higher education expenses;
- Payments up to $10,000 used in a qualified first-time home purchase; and
- 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 address any State or local income tax rules (including withholding rules).

SPECIAL RULES AND OPTIONS

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. Under certain circumstances, you may claim eligibility for a waiver of the 60-day rollover deadline by making a written self-certification. Otherwise, to apply for a waiver from the IRS, 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 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, generally, the 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 outstanding amount of the loan, typically when your employment ends. The offset amount is treated as a distribution to you at the time of the offset. Generally, you may roll over all or any portion of the offset amount. If the distribution attributable to the offset is not a qualified distribution and you do not roll over the offset amount, you will be taxed on any earnings included in the distribution (including the 10% additional income tax on early distributions, unless an exception applies). You may roll over the earnings included in the loan offset to a Roth IRA or designated Roth account in an employer plan (if the terms of the employer plan permit the plan to receive plan loan offset rollovers). You may also roll over the full amount of the offset to a Roth IRA.

How long you have to complete the rollover depends on what kind of plan loan offset you have. If you have a qualified plan loan offset, you will have until your tax return due date (including extensions) for the tax year during which the offset occurs to complete your rollover. A qualified plan loan offset occurs when a plan loan in good standing is offset because your employer plan terminates, or because you sever from employment. If your plan loan offset occurs for any other reason (such as a failure to make level repayments that results in a deemed distribution), then you have 60 days from the date the offset occurs to complete your rollover.

If you receive a nonqualified distribution and 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 and that you do not roll over, special rules for calculating the amount of the tax on the earnings in the payment might apply to you. For more information, see IRS Publication 575, *Pension and Annuity Income*.

If your payment is from a governmental section 457(b) plan

If the Plan is a governmental section 457(b) plan, the same rules described elsewhere in this notice generally apply, allowing you to roll over the payment to an IRA or an employer plan that accepts rollovers. One difference is that, if you receive a payment that is not a qualified distribution and you do not roll it over, you will not 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, 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 that is not a qualified distribution made before age 59½ will be subject to the 10% additional income tax on earnings allocated to the payment (unless an exception applies). Other differences include 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 receive a nonqualified distribution, are an eligible retired public safety officer, and your 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 nonqualified distributions 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 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 generally will be taxed in the same manner described elsewhere in this notice. However, whether the 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 receive a nonqualified distribution and you were born on or before January 1, 1936" applies only if the deceased participant was born on or before January 1, 1936.

> **If you are a surviving spouse.** If you receive a payment from the Plan as the surviving spouse of a deceased participant, you have the same rollover options that the participant would have had, as described elsewhere in this notice. In addition, if you choose to do a rollover to a 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 the participant was born before July 1, 1949) or age 72 (if the participant was 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 Roth IRA. Payments from the inherited Roth IRA, even if made in a nonqualified distribution, will not be subject to the 10% additional income tax on early distributions. You will have to receive required minimum distributions from the inherited Roth IRA.

Payments under a QDRO. If you are the spouse or a former spouse of the participant who receives a payment from the Plan under a QDRO, you generally have the same options and the same tax treatment that the participant would have (for example, you may roll over the payment to your own Roth IRA or to a designated Roth account in an eligible employer plan that will accept it).

If you are a nonresident alien

If you are a nonresident alien, you do not do a direct rollover to a U.S. IRA or U.S. employer plan, and the payment is not a qualified distribution, the Plan is generally required to withhold 30% (instead of withholding 20%) of the earnings 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 do 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 (only including payments from the designated Roth account in the Plan) are less than $200, the Plan is not required to allow you to do a direct rollover and is not required to withhold federal income taxes.
However, you can do a 60-day rollover.

Unless you elect otherwise, a mandatory cashout from the designated Roth account in the Plan of more than $1,000 will be directly rolled over to a Roth 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 on special rollover rights related to the U.S. Armed Forces, see IRS Publication 3, *Armed Forces' Tax Guide*. You also may have special rollover rights if you were affected by a federally declared disaster (or similar event), or if you received a distribution on account of a disaster. For more information on special rollover rights related to disaster relief, see the IRS website at www.irs.gov.

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.

Notice of Your Right to Defer Distributions

The Rules under Section 411(a) of the Internal Revenue Code require the delivery of this notice prior to the payment of distributions from 401(k) and other retirement plans subject to ERISA. If you are a participant in a non-ERISA plan, this notice is not legally required, but still provides important information that merits your consideration.

You may elect to (1) leave the assets in your Plan account until a later date (subject to IRS minimum distribution requirements), (2) take a distribution of your assets from your Plan account, or (3) roll over your assets from your Plan account to another retirement plan vehicle (including an IRA). When considering which alternative is best for you, you should consider the economic consequences which include evaluating any new investment options available to you if you move your account monies and the respective investment fees and expenses associated with any new investment option.

If you elect to take a distribution and not roll the assets over from your Plan account to an IRA or other retirement plan, you typically lose the opportunity to continue accumulating earnings on your plan account on a tax-deferred basis (tax-free for Roth contributions) for retirement. This means that by taking a cash distribution now and being taxed on it, you potentially may end up with lower retirement income even if you invest the after tax distribution.

Information on administrative fees and transactional fees assessed to your Plan account can be obtained from the following documents (Note: not all documents may apply to you):

- Summary Plan Description (SPD) for ERISA plans,
- Enrollment kit,
- Prospectus summary,
- Disclosure booklet, or
- Your individual contract.

To request a copy of the SPD, disclosure booklet and enrollment kit, call your local Voya representative, your employer or plan administrator. To request a copy of the prospectus summary and individual contract, call Customer Service, using the toll-free number provided to you in your distribution package or on your Voya statement of account. Administrative and transactional fees assessed on your Plan account will be reflected on your Voya statement of account.

Information on the investment options available to you under the Plan today, including related fees or expenses, can be obtained from the Fund Performance and Fund Fact Sheets available online at www.voyaretirementplans.com or by calling us.

To learn more about your distribution options under the Plan please call us. To inquire about the tax consequences of each option, please contact a professional tax advisor.