PENTEGRA RETIREMENT SERVICES
PENTEGRA TRUST COMPANY

Distribution Request Checklist

A "Distribution Request Form" must be completed, signed and returned to the Employer/Plan Administrator to request a distribution from your Plan Account. Please review the accompanying "Special Tax Notice". Then, complete the "Distribution Request Form" based on the instructions provided below:

STEP 1 Participant Information: The Participant (or Beneficiary) must complete all information requested in this Section of the form.

STEP 2 Employer Information: ALL information is required. Indicate which Plan type, ORP or TSA.

STEP 3 Triggering Event - The correct box should be checked to indicate the reason for the distribution. **DO NOT COMPLETE** this form if you are taking a Required Minimum Distribution, Hardship Withdrawal or Death Distribution. Please complete Required Minimum Distribution form, Hardship Distribution form or Death Distribution form, where applicable.

STEP 4 General Distribution Instructions - Please indicate the frequency and amount of the distribution request. Please note: You must waive the 30 day "Special Tax Notice" in order to have your distribution processed sooner.

STEP 5 Income Tax Withholding - Indicate your tax withholding election. Please note: All 403(b)(7)/457(b) distributions are subject to 20% federal income tax withholding except for direct rollovers, asset transfers, required minimum distributions, return of excess contributions, financial hardship distributions and certain death distributions.

STEP 6 Payment Options - Select the payment option. Different requirements may be applicable depending on your payment instructions. Please review carefully.

STEP 7 Signature & Acceptance - the following signatures are REQUIRED:

- Participant
- Third Party Administrator/Employer/Plan Administrator (supplied either on the Distribution Request Form **or** a form or letter provided by the Third Party Administrator/Employer/Plan Administrator).

A signature guarantee is required if: the address of record has changed in the last 30 calendar days OR if the redemption request is: greater that $5,000, made payable to someone other than the Participant, electronically deposited to a bank account that is not titled identically to the name of the Participant or being mailed to an address other than the address of record. No signature guarantee is required if the redemption request has been authorized by the Employer/Plan Administrator.

Please review the above before you submit your distribution request form.

Mail or fax the completed distribution request form and all required supporting documents to:

Pentegra Trust Company
c/o ASPire
ATTN: Distributions
4010 Boy Scout Blvd, Suite 450
Tampa, FL 33607
or
Fax: 813.425.9790

For Client Services, please contact 866.634.5873.

Thank you,

Pentegra Trust Company

PENTEGRA
RETIREMENT SERVICES
PENTEGRA TRUST COMPANY

403(b) Distribution Request Form

Account Number

STEP 1 Participant Information

First Name | Last Name | M.I.

Address (Street Address only. P.O. Box not accepted) | Apartment/Suite

City | State | Zip

Daytime Phone Number | Evening Phone Number | Email Address *

Social Security Number

❒ Single ❒ Married
Marital Status

Date of Birth (month/day/year)

Date of Termination (month/day/year)

* By providing your email address, you consent to receiving notifications regarding your transaction via email. If no email address is provided communications will be sent via USPS.

STEP 2 Employer Information

Employer Name

Contact Name | Title | Phone Number

Plan Type: ❒ ORP (Optional Retirement Program) ❒ TSA (Tax Sheltered Account)

STEP 3 Triggering Event

We recommend that you speak with a tax or financial advisor regarding the consequences of this distribution. A distribution cannot be made from a 403(b)(7) account except for the following reasons. (Check one.)

❒ Normal Distribution - Participant has reached age 59½ (or age 70 ½ for ORP Accounts) but is not yet taking required minimum distributions.

❒ Severance from Employment/Early Distribution, No Known Exception - Participant has had a severance from employment with the employer who sponsors the plan.
Note: You may rollover your account to an IRA or an employer-sponsored retirement plan without incurring any tax liability, provided the distribution is otherwise eligible for rollover (e.g. not an installment distribution over a period of more than ten years; not the portion representing a required minimum distribution after age 70½). If you are under age 55 and you take distributions from your account, and if the distributions are not rolled over, such distributions will be taxed as ordinary income and you may incur a 10% early distribution penalty.

❒ Severance from Employment/Early Distribution, Exception Applies - Participant has had a severance from employment with the employer who sponsors the plan and has reached age 55.
Note: If you have reached age 55, distributions from your account, if not rolled over, will be taxed as ordinary income and not incur a 10% early distribution penalty.

❒ Required Minimum Distribution - Participant has reached age 70½ and is taking required minimum distributions. **(Please complete Required Minimum Distribution Request Form.)**

❒ Financial Hardship – The Participant has encountered a financial hardship. **(Please complete Hardship Withdrawal Application.)**

STEP 3	Triggering Event *continued…*

❒ Disability - Participant has become disabled.
Note: Disability is defined by the Internal Revenue Service as being unable to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration. By signing this Distribution Form, you certify that you meet the stated requirements for a disability distribution. A series of periodic distributions cannot be requested if shares are subject to a contingent deferred sales charge.

❒ Death - Participant has died. **(Please complete Death Distribution Request Form.)**

❒ Qualified Domestic Relations Order (Divorce) - Participant has been ordered by a court to transfer or distribute assets from the account to a current or former spouse or child of the Participant under a court ordered qualified domestic relations order. Please include a copy of the court Order.

❒ Excess Contributions - Participant has made elective deferral contributions to the account in excess of the annual elective deferral limit and needs to remove the excess contribution and investment earnings attributable to such contribution. Note: Excess contributions are taxable for the year in which the contributions are made. Excess contributions may be distributed before April 15 of the year following the year in which the excess contributions are made. Excess contributions that are not distributed before such deadline may only be distributed when otherwise distributable (e.g., following death, disability, attainment of age 59½ or on the basis of hardship) and the distribution will be taxable.

❒ Termination of Employer's 403(b) Plan - Employer's signature required in Step 7.

❒ Contract Exchange/Transfer of Assets - Participant is transferring the assets from a Pentegra Trust Company 403(b) custodial account to another contract or custodial account not maintained by the Custodian.
Note: A letter of acceptance (or similar form) signed by the new custodian and a representation signed by the new custodian or employer that the new custodian is an approved vendor under the employer's plan or has obtained an employer information sharing agreement with the employer, necessary to comply with Section 403(b) of the Internal Revenue Code and the final regulations promulgated thereunder, are required prior to the Custodian making any transfers.

❒ Direct Rollover - Depositor is rolling over assets into another retirement plan, **or**
❒ Direct Conversion - Depositor is rolling over assets into a Roth IRA.
One of the following must apply to be eligible to rollover or convert assets:
- ❒ Severance from Employment/Plan Termination
- ❒ Age 59½ (or Age 70 ½ for ORP Accounts)
- ❒ Death of Participant (Non-spousal death benefits can be rolled over)
- ❒ Other (Subject to the restrictions of the Plan Document and Custodial Account agreement)
  Please specify: ____

❒ Purchase of Service Credits – Participant using eligible retirement account monies to buy back service credit.

STEP 4	General Distribution Instructions

Frequency of distribution:

❒ One-time distribution

❒ I wish to establish a series of periodic distributions, to be paid out:

1. Withdrawal Frequency (Select only one option below).

❒ Monthly installment distributions of $_______________(gross) each month,
beginning with the month of ________________ , 20__

❒ Quarterly installment distributions of $_______________(gross) each quarter, beginning:
❒ March 20___ ❒ June 20___ ❒ September 20___ ❒ December 20___

❒ Annual installment distributions of $_______________(gross) each year, paid in the month of _______ , beginning 20__

Installment distributions are processed on or around the 15th day of applicable months.
Quarterly installment distributions are processed in March, June, September and December.
Annual instalment distributions are processed in October if no other month is indicated.

STEP 4	General Distribution Instructions *continued….*

Amount of distribution: (Check one. Skip this section if you elected to receive periodic distributions above.)

❒ Distribute the entire account.

❒ I have an outstanding loan and understand the outstanding loan balance (principal plus interest) will be deemed a distribution and Pentegra Trust Company will generate a Form 1099-R at the end of the year in the amount of the outstanding loan balance plus the amount of the distribution I am requesting at this time. By signing this form, I am agreeing to these terms and condition.

❒ Distribute this dollar amount (gross amount): $_______________________________.
The dollar amount requested cannot exceed 95% of the total available account balance.

Required Minimum Distribution (RMD)

If you are age 70 ½ or older and your account is subject to an RMD, check one:

❒ Distribute the current year's RMD to participant prior to rollover request.

❒ **DO NOT** distribute the current year's RMD. The requirement for this 403(b) account will be met through another 403(b) account.

Waiver of Waiting Period:

In accordance with Federal regulations, your Benefit Distribution cannot be paid until at least 30 days after the date you receive a "Special Tax Notice." However, you have the right to waive this 30-day requirement in order to have your distribution processed sooner. Please check the appropriate box below:

❒ I wish to waive the 30-day waiting period.

❒ I do **not** wish to waive the 30-day waiting period.

STEP 5	Income Tax Withholding

Withholding will only apply to the portion of your distribution that is included in your income subject to federal income tax. Thus, for example, there will be no withholding on the return of your own nondeductible contributions. If you elect not to have withholding applied to your distributions, or if you do not have enough federal income tax withheld from your distributions, 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.

Federal Tax Withholding (Check One)

All 403(b)(7) distributions are subject to 20% federal income tax withholding except for direct rollovers, asset transfers, required minimum distributions, return of excess contributions, financial hardship and some death distributions.

If 20% mandatory withholding does apply to your distribution, Pentegra Trust Company will automatically withhold this amount.
If 20% mandatory withholding does not apply to your distribution, 10% withholding will apply unless you indicate below a different percentage to withhold.

❒ I **do not** want any federal income tax withheld from my distribution.

❒ I want federal income tax withholding at a rate of _____________ %.

Note: Distributions (and withholding) are taxable and may be subject to a 10% premature distribution penalty if you are under 59½ years of age, unless an exception applies.

State Tax Withholding (Check One)

The taxable portion of this payment may also be subject to state income tax withholding. If you do not make an election below, state income taxes will automatically be withheld if required by your state's law. **Note:** If state income taxes are not withheld, you are liable for payment of state income tax on this distribution. If your payment of estimated tax withholding is not adequate, the unpaid portion may also be subject to tax penalties under the estimated tax payment rules in certain states.

❒ I **do not** want any state income tax withheld from my distribution. (Allowed only for states with optional withholding)

❒ I want state income tax withholding at a rate of _____________ %. (Amount cannot be less than minimum required by state for states that require withholding.)

*** Check if your state requires mandatory state withholding.**

STEP 6	Payment Options

By Check:
NOTE: Unless the overnight mail option is selected, checks will be sent via U.S. mail.

❒ Send check via overnight mail. A fee of $35 applies.

❒ Make check payable to the Participant and mail to the Participant's address of record.

❒ Make check payable to new custodian or plan trustee as a transfer or rollover per the attached letter of acceptance.

❒ Mail check to third party address. (Signature Guarantee required in Step 7.)

Make check payable to:

ATTN

Address (Must be physical address if overnight delivery requested.)

City State Zip

IRA or Plan Name and Account# (for contract exchange, transfer or rollover)

To Bank: ***(NOTE:*** *Verify that all account information is correct, if funds reject due to wrong account information you will be charged any applicable reject fees.)*

❒ **ACH Transfer to my bank account.** (Allow 3-5 business days to receive your proceeds.)

Bank Name

Name(s) on Bank Account (Participant's name must be on deposit account.)

Bank Address

City State Zip

Routing Number Account Number

Account Type: ❒ Checking ❒ Savings

❒ **Wire Transfer to my bank account**. (Allow 3-5 business days to receive your proceeds.) *There is a $35 wire fee for this option.*

Bank Name

Name(s) on Bank Account

Bank Address

City State Zip

Routing Number Account Number

Account Type: ❒ Checking ❒ Savings

STEP 7	Signature & Acceptance

-- **PARTICIPANT SECTION** --

I hereby affirm that the information given is true and correct, and I authorize and direct the Custodian to make distributions according to the instructions provided on this form. In addition, by signing this form, I understand and acknowledge that (i) my employer may be required to execute any and all other documents, and to provide and/or share any and all other information, necessary to comply with Section 403(b) of the Internal Revenue Code and the final regulations promulgated thereunder and (ii) there is the risk that if my employer and/or the plan is not in compliance with Section 403(b) of the Internal Revenue Code and the final regulations promulgated thereunder that the distribution being made by Pentegra Trust Company under this form may be considered a disqualifying event by the Internal Revenue Service and reportable by Pentegra Trust Company. I acknowledge I will not be charged a Distribution Fee for cash distributions. I will be charged a Distribution Fee of $50 per fund for Distributions InKind.

➢ PARTICIPANT SIGNATURE

DATE (MONTH / DAY / YEAR)

Signature Guarantee: **A signature guarantee is required if: the address of record has changed in the last 30 calendar days OR if the redemption request is: greater than $5,000, made payable to someone other than the Participant, electronically deposited to a bank account that is not titled identically to the name of the Participant or being mailed to an address other than the address of record. No signature guarantee is required if this disbursement has been authorized by the Employer/Plan Administrator.** To obtain a signature guarantee, the Participant must sign this form and have it signature guaranteed. Signature guarantee must be performed by a bank, broker-dealer, savings and loan association, credit union, national securities exchange or any other "eligible guarantor institution" as defined in rules adopted by the Securities and Exchange Commission. Signatures may also be guaranteed with a medallion stamp of the STAMP program or the NYSE Medallion Signature Program, provided that the amount of the transaction does not exceed the relevant surety coverage of the medallion. A notarization from a notary public **does not** meet signature guarantee requirements.

➢ AUTHORIZED SIGNATURE (STAMP AND TITLE)

DATE (MONTH / DAY / YEAR)

--- **THIRD PARTY ADMINSTRTOR/SPONSOR SECTION** ---

Pentegra Trust Company may require the Third Party Administrator and/or Employer to certify factual information within its knowledge as Third Party Administrator and/or Employer prior to making any distributions to the Participant (or the Beneficiary) from the Account. Requests for required minimum distributions, distributions due to death, or qualified domestic relations order will not require the signature or certification of the Third Party Administrator or Employer. The information provided in connection with this request is true and accurate. The distribution directed is one that the Participant (or the Beneficiary) is permitted to receive. Furthermore, the individual signing this form on behalf of the Employer referenced above hereby represents and warrants that he/she is duly authorized to execute this form on behalf of the Employer and to legally bind the Employer to the terms and conditions stated herein.

➢ EMPLOYER/ PLAN ADMINSTRATOR SIGNATURE

DATE (MONTH / DAY / YEAR)

Please submit the completed form and all required supporting documents
(i.e Third Party Administrator form, Plan Sponsor form or In-Service/Termination letter, Acceptance Letter) to:

ASPire
ATTN: Distributions
4010 Boy Scout Blvd, Suite 450
Tampa, FL 33607
Fax: 813.425.9790

For Client Services, please contact 866.634.5873.

Special tax notice regarding 403(b) plan payments

This notice explains how you can continue to defer federal income tax on your retirement savings in the Pentegra Trust Company Custodial Account Agreement and contains important information you will need before you decide how to receive your 403(b) Plan ("Plan") benefits.

This notice is provided to you by Pentegra Trust Company (your "Payor") because all or part of the payment that you will soon receive from the Plan may be eligible for rollover by you or your Payor to a traditional IRA or an eligible employer plan. A rollover is a payment by you or the Payor of all or part of your benefit to another plan or IRA that allows you to continue to postpone taxation of that benefit until it is paid to you. Your payment cannot be rolled over to a Roth IRA, a SIMPLE-IRA or a Coverdell Education Savings Account (formerly known as an Education IRA). 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) plan maintained by a governmental employer (governmental 457 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, the types of distributions it accepts as a rollover. You should also find out about any documents that 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.

If an employer plan accepts your rollover, the plan may restrict subsequent distributions of the rollover amount or may require your spouse's consent for any subsequent distribution. A subsequent distribution from the plan that accepts your rollover may also be subject to different tax treatment than distributions from this Plan. Check with the 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 Payor at 1.866.634.5873.

Summary of Notice

There are two ways you may be able to receive a Plan payment that is eligible for rollover:

1. Certain payments can be made directly to a traditional IRA that you establish or to an eligible employer plan that will accept it and hold it for your benefit ("direct rollover"); or

2. The payment can be **paid to you**.

If you choose a direct rollover:

• Your payment will not be taxed in the current year and no income tax will be withheld.

• You choose whether your payment will be made directly to your traditional IRA or to an eligible employer plan that accepts your rollover. Your payment cannot be rolled over to a Roth IRA, a SIMPLE-IRA or a Coverdell Education Savings Account because these are not traditional IRAs.

• The taxable portion of your payment will be taxed later when you take it out of the traditional IRA or the eligible employer plan. Depending on the type of plan, the later distribution may be subject to different tax treatment than it would be if you received a taxable distribution from this Plan.

If you choose to have a Plan payment that is eligible for rollover **paid to you**:

• You will receive only 80% of the taxable amount of the payment, because the Payor is required to withhold 20% of that amount and send it to the IRS as income tax withholding to be credited against your taxes.

• The taxable amount of your payment will be taxed in the current year unless you roll it over. Under limited circumstances, you may be able to use special tax rules that could reduce the tax you owe. However, if you receive the payment before age 59½, you may have to pay an additional 10% tax.

• You can roll over all or part of the payment by paying it to your traditional IRA or to an eligible employer plan that accepts your rollover within 60 days after you receive the payment. The amount rolled over will not be taxed until you take it out of the traditional IRA or the eligible employer plan.

• If you want to roll over 100% of the payment to a traditional IRA or an eligible employer plan, you must find other money to replace the 20% of the taxable portion that was withheld. If you roll over only the 80% that you received, you will be taxed on the 20% that was withheld and that is not rolled over.

Your right to waive the 30-day notice period

Generally, neither a direct rollover nor a payment can be made from the Plan until at least 30 days after your receipt of this notice. Thus, after receiving this notice, you have at least 30 days to consider whether or not to have your withdrawal directly rolled over. If you do not wish to wait until this 30-day notice period ends before your election is processed, you may waive the notice period by making an affirmative election indicating whether or not you wish to make a direct rollover. Your withdrawal will then be processed in accordance with your election as soon as practical after it is received by the Payor.

Payments that can and cannot be rolled over

Payments from the Plan may be "eligible rollover distributions." This means that they may be eligible to be rolled over to a traditional or Roth IRA or to an eligible employer plan that accepts rollovers. Payments from a plan cannot be rolled over to a SIMPLE-IRA or a Coverdell Education Savings Account. Your Payor should be able to tell you what portion of your payment is an eligible rollover distribution.

After-tax contributions

If you made after-tax contributions to the Plan, these contributions may be rolled into either a traditional IRA or to certain employer plans that accept rollovers of the after-tax contributions. The following rules apply:

(a) **Rollover into a traditional IRA.** You can roll over your after-tax contributions to a traditional IRA either directly or indirectly. Your Payor should be able to tell you how much of your payment is the taxable portion and how much is the after-tax portion.

If you roll over after-tax contributions to a traditional IRA, it is your responsibility to keep track of, and report to the IRS on the applicable forms, the amount of these after-tax contributions. This will enable the nontaxable amount of any future distributions from the traditional IRA to be determined.

Once you roll over your after-tax contributions to a traditional IRA, those amounts cannot later be rolled over to an employer plan.

(b) **Rollover into an employer plan.** You can roll over after-tax contributions from an employer plan that is qualified under Code section 401(a) or a section 403(a) annuity plan to another such plan using a direct rollover if the other plan provides separate accounting for amounts rolled over, including separate accounting for the after-tax employee contributions and earnings on those contributions. You also can roll over after-tax contributions from a section 403(b) tax-sheltered annuity to another section 403(b) tax-sheltered annuity using a direct rollover if the other tax-sheltered annuity provides separate accounting for amounts rolled over, including separate accounting for the after-tax employee contributions and earnings on those contributions. You cannot roll over after-tax contributions to a governmental 457 plan. If you want to roll over your after-tax contributions to an employer plan that accepts these rollovers, you cannot have the after-tax contributions paid to you first. You must instruct the Payor of this Plan to make a direct rollover on your behalf. Also, you cannot first roll over after-tax contributions to a traditional IRA and then roll over that amount into an employer plan.

The following types of payments cannot be rolled over:

Payments spread over long periods

You cannot roll over a payment if it is part of a series of equal (or almost equal) payments that are made at least once a year and that will last for:

• Your lifetime (or a period measured by your life expectancy), or
• Your lifetime and your beneficiary's lifetime (or a period measured by your joint life expectancies), or
• A period of 10 years or more.

Required minimum payments

Beginning when you reach age 70½ or retire, whichever is later, a certain portion of your payment cannot be rolled over because it is a "required minimum payment" that must be paid to you. Special rules apply if you own more than 5% of your employer.

Hardship distributions

A hardship distribution cannot be rolled over.

Corrective distributions

A distribution that is made to correct a failed nondiscrimination test or because legal limits on certain contributions were exceeded cannot be rolled over.

Loans treated as distributions

The amount of a Plan loan that becomes a taxable deemed distribution because of a default cannot be rolled over. However, a loan offset amount is eligible for rollover. Ask the Payor of this Plan if distribution of your loan qualifies for rollover treatment.

The Payor of this Plan should be able to tell you if your payment includes amounts which cannot be rolled over.

Direct rollover

A **direct rollover** is a direct payment of the amount of your Plan benefits to a traditional or Roth IRA or an eligible employer plan that will accept it. You can choose a **direct rollover** of all or any portion of your payment that is an eligible rollover distribution, as described above. You are not subject to tax on any portion of your payment for which you choose a **direct rollover** until you later take it out of the traditional or Roth IRA or eligible employer plan. In addition, no income tax withholding is required for any taxable portion of your Plan benefits for which you choose a **direct rollover**. This Plan might not let you choose a **direct rollover** if your distributions for the year are less than $200.

Direct rollover to a traditional IRA

You can open a traditional IRA to receive the direct rollover. If you choose to have your payment made directly to a traditional IRA, contact an IRA sponsor (usually a financial institution) to find out how to have your payment made in a direct rollover to a traditional IRA at that institution. If you are unsure of how to invest your money, you can temporarily establish a traditional IRA to receive the payment. However, in choosing a traditional IRA, you may wish to make sure that the traditional IRA you choose will allow you to move all or a part of your payment to another traditional IRA at a later date, without penalties or other limitations. See IRS Publication 590, Individual Retirement Arrangements, for more information on traditional IRAs (including limits on how often you can roll over between IRAs).

Direct rollover to a Roth IRA

You can open a Roth IRA to receive a portion of your direct rollover, if you made Roth Deferral Contributions to your 403(b). The balance of your distribution can be rolled over to a traditional IRA and then transferred to a Roth IRA. If you choose to have your benefit transferred to a Roth IRA directly or through a traditional IRA, contact an IRA sponsor (usually a financial institution) to find out how to have your payment made to either a traditional and/or Roth IRA at that institution. If you are unsure of how to invest your money, you can temporarily establish an IRA to receive the payment. However, in choosing an IRA you may wish to make sure that the IRA you choose will allow you to move all or part of your payment to another IRA at a later date, without penalties or other limitations. See IRS Publication 590, Individual Retirement Arrangements, for more information on IRAs (including limits on how often you can roll over between IRAs).

Direct rollover to a plan

If you are employed by a new employer that has an eligible employer plan, and you want a direct rollover to that plan, ask the Payor of that plan whether it will accept your rollover. An eligible employer plan is not legally required to accept a rollover. Even if your new employer's plan does not accept a rollover, you can choose a direct rollover to an IRA. If the employer plan accepts your rollover, the plan may provide restrictions on the circumstances under which you may later receive a distribution of the rollover amount or may require spousal consent to any subsequent distribution. Check with the Payor of that plan before making your decision.

Direct rollover of a series of payments

If you receive a payment that can be rolled over to an IRA or an eligible employer plan that will accept it, and it is paid in a series of payments for less than 10 years, your choice to make or not make a direct rollover for a payment will apply to all later payments in the series until you change your election. You are free to change your election for any later payment in the series.

Change in tax treatment resulting from a direct rollover

The tax treatment of any payment from the eligible employer plan or an IRA receiving your direct rollover might be different than if you received your benefit in a taxable distribution directly from the Plan.

Payment paid to you

If your payment can be rolled over and the payment is made to you in cash, it is subject to 20% federal income tax withholding on the taxable portion (state tax withholding may also apply). The payment is taxed in the year you receive it unless, within 60 days, you roll it over to an IRA or an eligible employer plan that accepts rollovers. If you do not roll it over, special tax rules may apply.

Mandatory income tax withholding

If any portion of your payment can be rolled over and you do not elect to make a direct rollover, the Plan is required by law to withhold 20% of the taxable amount. This amount is sent to the IRS as federal income tax withholding.

Example: If you can roll over a taxable payment of $10,000, only $8,000 will be paid to you because the Plan must withhold $2,000 as income tax. However, when you prepare your income tax return for the year, unless you make a rollover within 60 days (see "Sixty-day rollover option"), you must report the full $10,000 as a taxable payment from the Plan. You must report the $2,000 as tax withheld, and it will be credited against any income tax you owe for the year. There will be no income tax withholding if your payments for the year are less than $200.

Voluntary income tax withholding

If any portion of your payment is taxable but cannot be rolled over, the mandatory withholding rules described above do not apply. In this case, you may elect not to have withholding apply to that portion. If you do nothing, an amount will be taken out of this portion of your payment for federal income tax withholding. To elect out of withholding, ask the Payor for the election form and related information.

Sixty-day rollover option

If you receive a payment that can be rolled over, you can still decide to roll over all or part of it to an IRA or to an eligible employer plan that accepts rollovers. If you decide to roll over, you must contribute the amount of the payment you received to a traditional IRA or eligible employer plan within 60 days after you receive the payment. The portion of your payment that is rolled over will not be taxed until you take it out of the traditional IRA or the eligible employer plan.

You can roll over up to 100% of your payment that can be rolled over, including an amount equal to the 20% of the taxable portion that was withheld. If you choose to roll over 100%, you must find other money within the 60-day period to contribute to the traditional IRA or the eligible employer plan, to replace the 20% that was withheld. On the other hand, if you roll over only the 80% of the taxable portion that you received, you will be taxed on the 20% that was withheld.

Example: The taxable portion of your payment that can be rolled over is $10,000, and you choose to have it paid to you. You will receive $8,000, and $2,000 will be sent to the IRS as income tax withholding. Within 60 days after receiving the $8,000, you may roll over the entire $10,000 to a traditional IRA or an eligible employer plan. To do this, you roll over the $8,000 you received from the Plan, and you will have to find $2,000 from other sources (your savings, a loan, etc.). In this case, the entire $10,000 is not taxed until you take it out of the traditional IRA or an eligible employer plan. If you roll over the entire $10,000, when you file your income tax return you may get a refund of part or all of the $2,000 withheld.

If, on the other hand, you roll over only $8,000, the $2,000 you did not roll over is taxed in the year it was withheld. When you file your income tax return, you may get a refund of part of the $2,000 withheld. (However, any refund is likely to be larger if you roll over the entire $10,000.)

Additional 10% tax if you are under age 59½

If you receive a payment before you reach age 59½ and you do not roll it over, then, in addition to the regular income tax, you may have to pay an extra tax equal to 10% of the taxable portion of the payment. The additional 10% tax generally does not apply to (1) payments that are paid after you separate from service with your employer during or after the year you reach age 55, (2) payments that are paid because you retire due to disability, (3) payments that are paid as equal (or almost equal) payments over your life or life expectancy (or your and your beneficiary's lives or life expectancies), (4) dividends paid with respect to stock by an employee stock ownership plan (ESOP) as described in Code section 401(k), (5) payments that are paid directly to the government to satisfy a federal tax levy, (6) payments that are paid to an alternate payee under a qualified domestic relations order, or (7) payments that do not exceed the amount of your deductible medical expenses. See IRS Form 5329 for more information on the additional 10% tax.

The additional 10% tax will not apply to distributions from a governmental 457 plan, except to the extent the distribution is attributable to an amount you rolled over to that plan (adjusted for investment returns) from another type of eligible employer plan or IRA. Any amount rolled over from a governmental 457 plan to another type of eligible employer plan or to a traditional IRA will become subject to the additional 10% tax if it is distributed to you before you reach age 59½, unless one of the exceptions applies. The portion of your payment that is rolled over will not be subject to tax until you take it out of your IRA or the eligible employer plan.

Repayment of plan loans

If your employment ends and you have an outstanding loan from your Plan, your employer may reduce (or "offset") your balance in the Plan by the amount of the loan you have not repaid. The amount of your loan offset is treated as a distribution to you at the time of the offset and will be taxed unless you roll over an amount equal to the amount of your loan offset to another qualified employer plan or an IRA within 60 days of the date of the offset. If the amount of your loan offset is the only amount you receive or are treated as having received, no amount will be withheld from it. If you receive other payments of cash or property from the Plan, the 20% withholding amount will be based on the entire amount paid to you, including the amount of the loan offset. The amount withheld will be limited to the amount of other cash or property paid to you (other than any employer securities). The amount of a defaulted Plan loan that is a taxable deemed distribution cannot be rolled over.

Surviving spouses, alternate payees, and other Beneficiaries

In general, the rules summarized above that apply to payments to employees also apply to payments to surviving spouses of employees and to spouses or former spouses who are "alternate payees." You are an alternate payee if your interest in the Plan results from a "qualified domestic relations order," which is an order issued by a court, usually in connection with a divorce or legal separation.

If you are a beneficiary or an alternate payee, you may choose to have a payment that can be rolled over paid in a direct rollover to an IRA or to an eligible employer plan or paid to you. If you have the payment paid to you, you can keep it or roll it over yourself to an IRA or to an eligible employer plan.

If you are a surviving spouse, an alternate payee or another beneficiary, your payment is generally not subject to the additional 10% tax, even if you are younger than age 59½.

How to obtain additional information

This notice summarizes only the federal (not state or local) tax rules that might apply to you payment. The rules described above are complex and contain many conditions and exceptions that are not included in this notice. Therefore, you may want to consult a professional tax advisor before you take a payment of your benefits from your Plan. Also, you can find more specific information on the tax treatment of payments from qualified employer plans in IRS Publication 575, Pension and Annuity Income, and IRS Publication 590, Individual Retirement Arrangements. These publications are available from your local IRS office, on the IRS's Web site at irs.gov or by calling 1.800.TAX.FORM.