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**NORTHERN CALIFORNIA PIPE TRADES (“NCPT”)  
SUPPLEMENTAL 401(K) RETIREMENT PLAN**

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<b>TO:</b> Beneficiaries of the Northern California Pipe Trades Supplemental 401(k) Retirement Plan
<b>SUBJECT:</b> Receiving Your Plan Benefits

Enclosed is a Distribution Request package. This package includes the Distribution Request Form and various documents containing important information regarding your Application for payment of your benefits under the Northern California Pipe Trades Supplemental 401(k) Retirement Plan (“Plan”). **Please read the material carefully.** Completion of the Distribution Request Form in its entirety is required when applying for payment of benefits under the Plan.

**The Distribution Request Form includes the following items that require completion by you:**

- ◆ **Accuracy of Statements** (page 1) – Must be signed and dated.
- ◆ **Distribution Application** (pages 2-5) – Must be completed in full and requires signing before a Notary Public. The instructions on the Form must be followed exactly.

**Important:** If any portion of the Distribution Request Form is incomplete or missing, this will result in a delay in processing of your Distribution Request. If Distribution is not complete within 90 days of the initial receipt of your Distribution Request Form, your Distribution Application will be closed and a new Distribution Request Form must be completed to apply for payment of your benefits under the Plan.

**The following items are also enclosed for your information and review:**

- ◆ **IRA Rollover Advertisements from Stockbrokers, Banks, and Credit Unions** (1 page)
- ◆ **Special Tax Notice Regarding Plan Payments** (6 pages)  
This is a brief explanation of the rules and regulations that determine the tax consequences of Retirement Plan Distributions. You may wish to consult a tax advisor before returning your completed Form.

Distribution approval is contingent upon: 1) your meeting all applicable Plan Rules for the Distribution, and 2) receipt by the Distribution Administrator of all supporting documentation required as proof for the Distribution. While Plan Representatives are able to explain the Distribution options to you, they cannot tell you which Distribution method is best for you. Neither the Distribution Request Form nor its attachments represent tax or legal advice. You are strongly urged to consult with a professional and/or tax advisor for tax or legal advice in the preparation of your Form.

Final approval of your payment may require review by other Plan service providers and, possibly, the UA Local 342 Business Office. Distribution requests are processed weekly, and depending on your particular situation, the entire process should be completed within 30 days from the time your Distribution Request Form and all additional required documents are received.

Complete and return the Distribution Request Form and any additional requested documents to the Plan’s Distribution Administrator:

NCPT Supplemental 401(k) Retirement Plan Distribution Administrator  
Kaufmann and Goble Associates  
160 W Santa Clara St., Suite 1550  
San Jose, CA 95113-1734

For questions, please contact Kaufmann and Goble Associates at 800/767-1170, and dial 0 for your call to be directed.

**ACCURACY OF STATEMENTS**

I have read the instructions to the Northern California Pipe Trades Supplemental 401(k) Retirement Plan Distribution Request Form and have complied with the Plan’s requests and requirements. I acknowledge and understand that I am bound by the Plan Rules and regulations.

I understand that the falsity of any statement within this Distribution Request Form, and/or the furnishing of fraudulent information or documents (including on any other Plan forms), shall be sufficient reason for the postponement, denial, or suspension of Plan Benefits and that the Board of Trustees, or its delegate, has the right to recover any benefit payments, costs, and attorney’s fees incurred as a result of such false statements or submission of fraudulent information.

I certify under penalty of perjury under the laws of the State of California that the foregoing information provided within this Distribution Request Form and any attachment is true and correct.

Applicant’s Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Print Name: \_\_\_\_\_ Last 4 digits of SS# \_\_\_\_\_

**DISTRIBUTION APPLICATION**

**SECTION A: ALTERNATE PAYEE INFORMATION**

*Type or print clearly in black or blue ink*

**Check here to confirm that you are the Alternate Payee under a Qualified Domestic Relations Order.**

**NOTE:** You must submit a full copy of your court filed Qualified Domestic Relations Order (“QDRO”). Funds cannot be released to you until the Distribution Administrator’s office receives a QDRO determined to be qualified under the provisions of the Internal Revenue Code, Federal regulations, and the Plan Rules. Any distribution request that is determined to be inconsistent with your QDRO will not be processed and the Distribution Request Form (“Form”) will be returned to you. You are strongly urged to consult with a professional and/or tax advisor for tax or legal advice in the preparation of your Form. While Plan Representatives are able to explain the Distribution options to you, they cannot tell you which Distribution method is best for you. Neither this Form nor its attachments represents tax or legal advice.

**PARTICIPANT INFORMATION**

Last Name	First	Initial	Social Security Number
			____ - ____ - _____
Mailing Address			Date of Birth
City/State			Zip Code

**ALTERNATE PAYEE INFORMATION**

Last Name	First	Initial	Social Security Number
			____ - ____ - _____
Relationship to Participant			
<input type="checkbox"/> Former Spouse <input type="checkbox"/> Other (describe relationship) _____			
Mailing Address			Date of Birth
City/State			Zip Code
Home Phone Number		Cellular Phone Number	
(    )		(    )	

**SECTION B: PAYMENT INSTRUCTIONS AND CONSENT**

Type or print clearly in black or blue ink

Alternate Payee Last Name	First	Initial	Social Security Number
			____ - ____ - ____

**Part 1: Select one of the Payment Options below.**

- A Lump-sum Payment to Yourself (Distribution of entire account balance)
- A Partial Lump-sum Payment to Yourself in the amount of \$ \_\_\_\_\_
- A Partial Lump-sum Payment in the amount of \$ \_\_\_\_\_ (Plus mandatory IRS withholding to pay the Overpayment owed to the Health and Welfare Plan, Health and Welfare Concentration Account 16-90067-7).
- A Direct Rollover to another Qualified Retirement Plan or IRA in a direct trustee to trustee transfer.

**Check the applicable box:**  Partial Direct Rollover Amount \$ \_\_\_\_\_  Total Direct Rollover  
**Rollover Institution/Trustee or Custodian Receiving Rollover:** \_\_\_\_\_ **Account Number (if assigned):** \_\_\_\_\_

\_\_\_\_\_  
**Address of Rollover Institution/Trustee or Custodian Receiving Rollover:**

\_\_\_\_\_  
**NOTE:** It is your responsibility to verify that the plan receiving your rollover is an eligible plan. If it is not, the IRS could treat the rollover as a taxable distribution. Please see the accompanying **Special Tax Notice Regarding Plan Payments** with an explanation of your rollover options.

- A Periodic Installment Option paid to Yourself in the amount of \$ \_\_\_\_\_, until the account balance is exhausted. **NOTE:** Must be at least \$100.00.

**Frequency (Select One):**

- Monthly  Quarterly (January, April, July, October)  Semi-Annually (January, July)  Annually (January)

**SECTION B: PAYMENT INSTRUCTIONS AND CONSENT** (Continued)

Type or print clearly in black or blue ink

Alternate Payee Last Name	First	Initial	Social Security Number
			____ - ____ - _____

**Part 2: Select a Payment Delivery Option.**

- Electronic Fund Transfer ("EFT") *Direct Rollover does not apply*  
**Check the applicable box:**  Checking Account  Savings Account

**Bank/Deposit Institution Name:**

**EFT Routing Number of the Institution:**

**Your Account Number at the Institution:**

**NOTE:** In the event the EFT cannot be completed, your Distribution will be delivered in the form of a check mailed to your address.

- Check mailed to the address listed on this Distribution Request Form.  
 Check mailed to your Direct Rollover Institution/Trustee or Custodian at the address specified in Part 1.

**Part 3: Select Tax Withholding Elections (for Payment Options other than a Direct Rollover).**

**NOTE:** As a general rule, distributions from a qualified plan other than a rollover directly to another plan or IRA are subject to a mandatory 20% Federal tax withholding. State tax withholding is withheld based on your election below. You may authorize a greater percentage or fixed amount to be withheld. If you elect not to have withholding applied to your periodic payments you may be responsible for payments of estimated tax and incur penalties. Payments to non-resident aliens are subject to a 30% Federal tax withholding, and United States ("U.S.") persons with a residential mailing address outside the U.S. may be subject to a 30% Federal tax withholding, unless they are eligible for a reduced rate or exemption under a tax treaty and the required IRS tax forms are submitted. Any withholding required by Federal or State law will be paid regardless of elections made below (see the accompanying **Special Tax Notice Regarding Plan Payments** for more information).

**LUMP SUM DISTRIBUTIONS OPTIONS**

Federal Taxes:  Withhold Mandatory %; OR  Withhold \_\_\_\_\_% of my payment amount.  
State Taxes:  Do NOT Withhold; OR  Withhold \_\_\_\_\_%; OR a fixed \$ \_\_\_\_\_ of my payment amount.

**PERIODIC INSTALLMENT PAYMENT OPTIONS (ONLY)**

Federal Taxes:  Do NOT Withhold; OR  Withhold \_\_\_\_\_% of my payment amount.  
State Taxes:  Do NOT Withhold; OR  Withhold \_\_\_\_\_%; OR a fixed \$ \_\_\_\_\_ of my payment amount.

**SECTION B: PAYMENT INSTRUCTIONS AND CONSENT (Continued)**

*Type or print clearly in black or blue ink*

Alternate Payee Last Name	First	Initial	Social Security Number
			____ - ____ - ____

**Part 4: Execution of the Distribution Request and Waiver of the Minimum Notice Period.**

I hereby certify that the information, including the Social Security Number or Taxpayer Identification Number, contained in this Distribution Request Form is, to the best of my knowledge, accurate and complete. I also certify that I have received and have read the *Special Tax Notice Regarding Plan Payments*. I consent to an immediate distribution of the account balance in the manner specified herein. I understand that I have at least thirty days to consider my distribution option before making that decision, and I elect to affirmatively waive any unexpired portion of that 30-day review period. I understand that I am liable for any income tax and/or penalties assessed by the IRS for any election I have chosen. I further understand that the Plan or its authorized agent have authority to deduct amounts from any benefit that may be payable to me to repay this Plan or any related Plan for amounts owed by the deceased Participant or myself. Furthermore, I understand that once my distribution payment has been processed, it cannot be changed.

**Signature of the Alternate Payee is required to be witnessed by a Notary Public.**

Printed Name of Alternate Payee	Signature of Alternate Payee	Date

**NOTARY ACKNOWLEDGMENT**

**A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.**

State of \_\_\_\_\_

County of \_\_\_\_\_

On \_\_\_\_\_ before me, \_\_\_\_\_, Notary Public  
*Date Here insert Name of the Officer*  
personally appeared \_\_\_\_\_

***Name{s} of Signer{s}:***

Who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of \_\_\_\_\_ that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Place Notary Seal Above

\_\_\_\_\_  
*Signature of Notary Public*

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**NORTHERN CALIFORNIA PIPE TRADES (“NCPT”)  
SUPPLEMENTAL 401(K) RETIREMENT PLAN**

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**TO:** Participants of the Northern California Pipe Trades Supplemental 401(k) Retirement Plan  
**SUBJECT:** IRA Rollover Advertisements from Stockbrokers, Banks, and Credit Unions

You may have received mailings recommending that you roll over your 401(k) Plan account to an Individual Retirement Account (“IRA”) managed by a large stockbroker, bank, or credit union. Many of these IRAs cost more and provide more limited options than the 401(k) Plan. We suggest you be careful and thoroughly consider your options before moving your money to an IRA.

In fact, investment costs in our Plan are typically one-to-two percent less expensive than at many brokerage houses and other financial institutions. Also, unlike some IRAs, our Plan can potentially offer you the opportunity to receive distributions before age 59½ without excise tax penalties. In addition, once you retire, you have the ability to request monthly, quarterly, annual distribution payments, or partial lump sum payments for one-time specific needs, for example, the purchase of a car.

We have continued to add provisions to the Plan that make it more attractive for our retiring members to simply keep their accounts invested in the Plan and still maintain the flexibility they may desire in retirement. These provisions include:

- The continued ability to access your account 24/7 via the Plan website and toll-free phone number.
- Access to professional investment guidance provided by Mammini Company.
- The benefit from low investment costs and access to quality mutual funds and asset allocation models.
- Ability to set up automatic monthly distributions and/or other automatic periodic payments.

While we understand that some members may transfer their accounts to investment professionals to get more personalized service, we want to make sure Participants are not moving their accounts to more expensive and restrictive products without understanding their options. Therefore, we encourage you to consider all your options and make sure that you make an educated decision which best suits your personal financial goals and objectives.

**If you have any questions about our Plan, please do not hesitate to call Kaufmann and Goble Associates at 800/767-1170 or call our Plan Advisor, Mammini Company, at 888/547-6972 and speak to an investment representative.**

Thank you for your time and consideration.

**SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS**

This Notice explains how you can continue to defer Federal income tax on your retirement savings in the **Northern California Pipe Trades Supplemental 401(k) Retirement Plan** and the **Northern California Pipe Trades Pension Plan** (collectively referred to as the “Plan”) and contains important information you will need before you decide how to receive your Plan benefits.

You are receiving this Notice because all or part of the payment that you will soon receive from the Plan may be eligible to be rolled over to an Individual Retirement Account or Individual Retirement Annuity (“IRA”) or another qualified plan. This Notice is intended to help you decide whether to do such a rollover.

This Notice describes the rollover rules that apply to payments from the Plan that are not from a designated Roth account (a type of account with special tax rules in some employer plans). Rules that apply to most payments from the Plan are described in the “General Information About Rollovers” section (Page 3). Special rules that only apply in certain circumstances are described in the “Special Rules and Options” section (Page 5).

A rollover is a payment by you or the Plan Administrator of all or part of your benefit to an eligible employer plan or traditional IRA that allows you to continue to postpone taxation of that benefit until it is paid to you. Your payment may also be rolled over to a Roth 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 that 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. If this is the case, you may wish instead to roll your distribution over to a traditional IRA or Roth IRA or split your rollover amount between the employer plan in which you will participate and a traditional IRA or Roth IRA. If an employer plan accepts your rollover, that 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 Administrator of the plan that is to receive your rollover prior to making the rollover.

**This Notice, which is patterned in many parts on the updated IRS model notice 2014-74, as amended by IRS Notice 2014-74, is required by Federal Law. The Notice is not personal tax advice. Because the Tax rules are complex and contain many conditions and exceptions which are not discussed in this Notice, you should consult with a professional tax advisor for tax advice.**

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### **I. GENERAL RULES ON TAXATION AND EARLY DISTRIBUTIONS**

(1) **TAX ON DISTRIBUTIONS.** As a general rule, when you receive a distribution directly from a qualified pension plan, such as this Plan, you will pay Federal and State taxes on the distribution. (There may be an exception for certain types of payments on account of a disability.) This Notice is intended simply to provide you with general information on the tax rules and some of your options.

You should consult with a Tax Advisor for specific tax advice.

(2) **10% PENALTY TAX ON CERTAIN DISTRIBUTIONS.** If you are under age 59½, you will have to pay an additional 10% penalty tax on early distributions for any payment from the Plan (including amounts withheld for income tax) that you do not roll over, **unless the distribution meets one of the exceptions in the Internal Revenue Code.** This tax is in addition to the regular income tax on the payment not rolled over. (This portion of the Notice applies mostly to distributions from the Northern California Pipe Trades Supplemental 401k Retirement Plan.) **The primary exceptions of the 10% tax penalty include:**

1. **Eligible Rollover.** You roll over the distribution in the manner described below in the Summary.
2. **Early Retirement/Termination of Employment At age 55 or Older.** A distribution made to you on account of qualifying for early or service retirement under the Plan on or after age 55.
3. **Attainment of Age 59½.** A distribution made during or after the year you attain age 59½ even if you are working.
4. **Certain Disabilities.** A distribution due to your inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment, which can be, expected to result in death or to be of long-continued and indefinite duration. (Not all disabilities meet this standard.)
5. **Periodic Payments-Substantially Equal Payments.** Periodic payments which are made in a series of substantially equal periodic installments (at least annually or more often) made for your life or life expectancy or for the joint lives or a term equal to the joint life expectancies of you and a designated beneficiary.
6. **Medical Deduction.** A distribution to the extent such distribution does not exceed the amount allowable as a medical deduction under Internal Revenue Code Section 213.
7. **Death Benefits.** A distribution to your beneficiary or your estate on account of your death.
8. **Qualified Domestic Relations Orders.** A distribution to an Alternate Payee (spouse, child, or other dependent) pursuant to a Qualified Domestic Relations Order.
9. **Corrective distributions.** Corrective distribution of contributions that exceed tax law limitations.
10. **Certain Payments While on Active Duty In the Uniformed Service.** 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.

**Warning:** You may also be liable for State tax penalties. For example, California assesses a 2.5% penalty.

**Reminder:** The information in this Notice is not intended to be tax advice. Thus, it is suggested that you consult with a tax advisor before you file your Distribution Request Form to receive your benefits from the Plan.

## II. GENERAL INFORMATION ABOUT ROLLOVERS

### **How can a rollover affect my taxes?**

You will be taxed on a payment from the Plan if you do not roll it over. If you are under age 59½ and do not do a rollover, you will also have to pay a 10% additional income tax on early distributions (unless an exception applies such as early retirement on or after age 55). However, if you do a rollover, you may not have to pay tax until you receive payments later and the 10% additional income tax will not apply if those payments are made after you are age 59½ (or if an exception applies).

### **Where may I roll over the payment?**

You may roll over the payment to either an Individual Retirement Account or Individual Retirement Annuity (“IRA”) or an Eligible Employer plan (a Tax-qualified plan, Section 403(b) plan, or Governmental section 457(b) plan) that will accept the rollover. If you want to make a direct rollover to another Employer plan, ask the Plan Administrator of that plan whether it will accept your rollover. The rules of the IRA or Eligible Employer plan that holds the rollover will determine your investment options, fees, and rights to payment from the IRA or Eligible Employer plan (for example, no spousal consent rules apply to IRAs and IRAs may not provide loans). Further, the amount rolled over will become subject to the tax rules that apply to the IRA or Eligible Employer plan.

### **How do I do a rollover?**

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

- **If you do a direct rollover**, the Plan will make the payment directly to your IRA or an Employer plan. You should contact the IRA Sponsor or the Administrator of the Employer plan for information on how to do a direct rollover.
- **If you do not do a direct rollover**, you may still do a rollover by making a deposit into an IRA or Eligible Employer plan that will accept it. You will have 60 days after you receive the payment to make the deposit. If you do not do a direct rollover, the Plan is required to withhold 20% of the payment for Federal income taxes (up to the amount of cash). 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. The Plan Administrator or the Payer can tell you what portion of a payment is eligible for rollover. Any payment from the Plan is eligible for rollover, **except (the following are not eligible for rollover):**

- Certain payments spread over a period of at least 10 years or over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary).
- Required minimum distributions after age 70½ (or after death).
- 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).
- Payments of certain automatic enrollment contributions requested to be withdrawn within 90 days of the first contribution.

### **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 above applies. This tax is in addition to the regular income tax on the payment not rolled over. The 10% additional income tax **does not apply** to the following payments from the Plan:

- Payments made after you separate from service if you will be at least age 55 in the year of the separation and you qualify for early or service retirement.
- Payments that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary).
- Payments made due to disability.
- Payments after your death.
- Corrective distributions of contributions that exceed tax law limitations.
- Contributions made under special automatic enrollment rules that are withdrawn pursuant to your request within 90 days of enrollment.
- Payments made directly to the government to satisfy a Federal tax levy.
- Payments made under a Qualified Domestic Relations Order (“QDRO”).
- Payments up to the amount of your deductible medical expenses.
- Certain payments made while you are on active duty if you were a member of a reserve component called to duty after September 11, 2001, for more than 179 days.

**If I do a rollover to an IRA, will the 10% additional income tax apply to early distributions from the IRA?**

If you receive a payment from an IRA when you are under age 59½, you will have to pay the 10% additional income tax on early distributions from the IRA, unless an exception applies. In general, the exceptions to the 10% additional income tax for early distributions from an IRA are the same as the exceptions listed above for early distributions from a plan. However, there **are a few differences** for payments from an IRA, including:

- There is no exception for payments after separation from service that are made after age 55.
- The exception for Qualified Domestic Relations Orders (QDROs) does not apply (although a special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to an IRA of a spouse or former spouse).
- The exception for payments made at least annually in equal or close to equal amounts over a specified period applies without regard to whether you have had a separation from service.
- There are additional exceptions for (1) payment for qualified higher education expenses, (2) payments up to \$10,000 used in a qualified first-time home purchase, and (3) payments for health insurance premiums after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

**Will I owe State income taxes?**

This Notice does not describe any State or Local Income Tax Rules (including withholding rules). Please note that State or Local income tax is withheld only for those states where such withholding is mandatory. If you reside in a state that has a State income tax, and the state does not have a mandatory withholding rule, you will be responsible for any State income taxes due on the taxable portion of your distribution. For example, California assesses a 2.5% penalty for early withdrawals and income tax withholding is required unless you elect not to have income tax withheld.

### III. 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. To apply for a waiver, you must file a private letter ruling request with the IRS. Private letter ruling requests require the payment of a nonrefundable user fee. For more information, see *IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs)*.

#### **If you have an outstanding loan that is being offset**

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

#### **If you were born on or before January 1, 1936**

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

#### **If you roll over your payment to a Roth IRA**

If you roll over the payment to a Roth IRA, a special rule applies under which the amount of the payment rolled over (reduced by any after-tax amounts) will be taxed. However, the 10% additional income tax on early distributions will not apply (unless you take the amount rolled over out of the Roth IRA within 5 years, counting from January 1 of the year of the rollover).

If you roll over the payment to a Roth IRA, later payments from the Roth IRA that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a Roth IRA is a payment made after you are age 59½ (or after your death or disability, or as a qualified first-time homebuyer distribution of up to \$10,000) and after you have had a Roth IRA for at least 5 years. In applying this 5-year rule, you count from January 1 of the year for which your first contribution was made to a Roth IRA. Payments from the Roth IRA that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10% additional income tax on early distributions (unless an exception applies). You do not have to take required minimum distributions from a Roth IRA during your lifetime. For more information, see *IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs) and IRS Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs)*.

#### **If you are not a Plan Participant**

**Payments After Death of the Participant.** If you receive a distribution after the Participant's death that you do not roll over, the distribution will generally be taxed in the same manner described elsewhere in this Notice. However, the 10% additional income tax on early distributions and the special rules for public safety officers do not apply, and the special rule described under the section "If you were born on or before January 1, 1936" applies only if the Participant was born on or before January 1, 1936.

- ***If you are a Surviving Spouse.*** If you receive a payment from the Plan as the Surviving Spouse of a Deceased Participant, you have the same rollover options that the Participant would have had, as described elsewhere in this Notice. If you choose to do a rollover to an IRA, you may treat the IRA as your own or as an inherited IRA. An IRA you treat as your own is treated like any other IRA of yours, so that payments made to you before you are age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies) and required minimum distributions from your IRA do not have to start until after you are age 70½. If you treat the IRA as an inherited IRA, payments from the IRA will not be subject to the 10% additional income tax on early distributions. However, if

the Participant had started taking required minimum distributions, you will have to receive required minimum distributions from the inherited IRA. If the Participant had not started taking required minimum distributions from the Plan, you will not have to start receiving required minimum distributions from the inherited IRA until the year the Participant would have been age 70½.

- ***If you are a Surviving Beneficiary (Other than a Spouse).*** If you receive a payment from the Plan because of the Participant's death and you are a Designated Beneficiary other than a Surviving Spouse, you have the option to do a direct rollover to an inherited IRA or, if the payment is from a Designated Roth Account, you have the option to do a direct rollover to an inherited Roth IRA. Payments from the inherited IRA, or 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 IRA and/or Roth IRA.

**Payments under a Qualified Domestic Relations Order (“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 the Participant would have (for example, you may roll over the payment as described in this Notice). 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**

- **Payments For Less than 10 Years.** If a payment is one in a series of payments for less than 10 years, your choice whether to make a direct rollover will apply to all later payments in the series (unless you make a different choice for later payments).
- **Payment Less than \$200.** If your payments for the year are less than \$200 (not including payments from a designated Roth Account in the Plan), the Plan is not required to allow you to do a direct rollover and is not required to withhold for Federal income taxes. However, you may do a 60-day rollover.
- **Mandatory Cashout.** 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. 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).
- **U.S. Armed Forces.** You may have special rollover rights if you recently served in the U.S. Armed Forces. For more information, see ***IRS Publication 3, Armed Forces' Tax Guide***.

### **FOR MORE INFORMATION**

You may wish to consult with 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 Eligible 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 IRAs***, and ***IRS Publication 571, Tax-Sheltered Annuity Plans (403b Plans)***. These publications are available from a local IRS office, on the IRS website at [www.irs.gov](http://www.irs.gov), or by calling 1-800-TAX-FORM.