

# Premiere Select® Retirement Plan One-Time Distribution Request Form

## Customer Instructions, Terms and Conditions

The attached Premiere Select Retirement Plan One-Time Distribution Request Form ("form") should be used to request a distribution from your Premiere Select Retirement Plan Account ("PSRP Participant Account") or Premiere Select Retirement Plan Beneficiary Distribution Account ("PSRP-BDA," together with PSRP Participant Account, "PSRP Account"). If you wish to request a distribution from more than one PSRP Account, you must complete a separate form for each PSRP Account.

Please read these Customer Instructions, Terms and Conditions carefully before completing the attached form. You are responsible for complying with IRS rules governing retirement plan distributions, including Required Minimum Distributions. If you fail to meet any IRS requirements regulating retirement plan distributions, you may be subject to tax penalties. If you have any questions regarding your specific situation, please consult with your tax advisor.

Please read the attached special tax notice for more information on the tax consequences of certain plan distributions/payments.

In general, distributions to married participants from all Money Purchase Plans and certain Profit Sharing Plans must be made in the form of a Qualified Joint and Survivor Annuity ("QJSA"), or if a participant dies before distributions under the Plan have begun, in the form of a Qualified Pre-Retirement Survivor Annuity ("QPSA"), unless the participant's spouse waives the annuity requirements in writing. Please consult your tax advisor for more information.

If this distribution is being made from an inherited Money Purchase Plan account, then the distribution options outlined below are only available if the participant elected out of the QJSA or QPSA and, if married, obtained written spousal consent to the waiver. Please contact the Plan Administrator to determine if any waivers were made. If the plan participant was unmarried, then the QJSA/QPSA requirements do not apply.

If the distribution is being made from an inherited Profit Sharing Plan account, then the QJSA/QPSA requirements do not apply if both of the following are met: (1) the plan participant elected not to receive distributions in the form of a life annuity, (2) the plan participant's spouse takes the distribution within 90 days following the date of the participant's death.

For full distributions, a \$75 liquidation/termination fee and a final year annual maintenance fee, if applicable, as described in your Premiere Select Retirement Plan Account Application or in some other manner acceptable to the Trustee, if applicable, will be collected from the final distribution amount.

If you request a distribution that will result in an account balance that is less than the amount of any fees due, which include the termination fee and the annual maintenance fee, for a particular year, NFS may instead process a full distribution of your entire account balance and collect the applicable fees at that time. Please note that this could result in a payment amount that is less than the amount requested due to the payment of the applicable fees. In addition, your account may be closed.

Important Note: Distributions made in cash will be paid from the balance of your core account investment vehicle ("core account"). It is your responsibility to ensure there are sufficient funds available in the core account to process the distribution(s). If there are insufficient funds available the requested distribution will not be processed.

If you have any questions, please consult your Broker, Financial Advisor, or Investment Professional ("investment representative").

- Write your account number in the boxes in the upper right-hand corner of the form.

### 1 Retirement Plan Information

Please provide the name of the Plan and Plan Administrator and indicate the plan type. If you have both a Money Purchase and a Profit Sharing Plan, you must complete a separate distribution request form for each plan type.

### 2 Participant/Beneficiary Information

Please complete this section as appropriate.

### 3 Reason for Distribution

Please indicate the reason for this distribution, choosing only one. Distributions from a PSRP Account are only permitted when a participant attains age 59½, separates from service, is disabled, if the plan is terminated, or due to death if the PSRP Account

is a beneficiary distribution account. If one of these triggering events does not occur, then the distribution cannot be processed. Distributions for any other reasons can result in plan disqualification.

If you are a participant and are under age 59½ and you request a distribution, your distribution will be taxed as ordinary income and may also be subject to a 10% early distribution penalty. Please consult your tax advisor for details.

If you wish to take death distributions from inherited Premiere Select Retirement Plan assets you must first transfer the assets to a PSRP-BDA, and then take the death distributions from the PSRP-BDA. If you wish to request a transfer pursuant to a divorce of the Premiere Select Retirement Plan participant, do not complete this form. Please contact your investment representative for additional instructions.

### 4 Distribution Instructions

Choose one of the 4 options listed.

**Option A. Partial Distribution in Cash** – The distribution will be paid from the balance in your core account. Please provide a specific gross dollar amount to be distributed and select one payment method in Section 6.

**Option B. Partial Distribution In-Kind\*** – Please provide the security name(s) and share/unit amount(s) to be re-registered into your non-retirement brokerage account and provide the account number in Section 6A. If more space for investment information is needed, please list the information requested on the form along with your name, account number and Tax Identification/Social Security number on a separate sheet of paper, sign and date it, and attach it to the form.

**Option C. Full Distribution\*** – (Distribution of your entire PSRP Account balance) Please select the appropriate payment method(s) in Section 6. Distributions made in cash will be made from your core account. It is your responsibility to ensure there are sufficient funds available in the core account to process the distribution. If there are insufficient funds available in the core account, the distribution will not be processed. If you are requesting all or a portion of your full distribution be made in-kind, provide your non-retirement brokerage account number in Section 6A.

**Option D. Direct Rollover** – Required minimum distributions, after tax contributions and certain substantially equal periodic payments are not eligible for rollover. If the distribution is to be rolled over to a Premiere Select IRA (only if you are the plan participant or if you are a spouse beneficiary) or Premiere Select IRA-BDA, or is for a qualified rollover contribution to a Premiere Select Roth IRA (only if you are the plan participant or if you are a spouse beneficiary) or Roth IRA-BDA, please provide your account number or attach a Premiere Select IRA Application to establish a new account. To roll over assets from your PSRP account to an IRA/Inherited IRA held by another Custodian or to another employer-sponsored retirement plan or for a qualified rollover contribution to a Roth IRA or Inherited Roth IRA held by another Custodian, you must provide the name of the Custodian or Trustee, as applicable.

\* Note: Certain securities may only be issued in specified denominations.

### 5 Fidelity Fund Core Account Accrued Dividend Instructions

For a full distribution, if your core account is a Fidelity fund, and if you choose payment method B or C in Section 6, the accrued dividend on your Fidelity fund core account for the month in which the full distribution occurs ("accrued dividend"), will also be distributed to you. Unless you are requesting that your distribution payment be sent to you via overnight mail, you may request that the accrued dividend be included in the distribution check or paid in a separate check. If you choose to have the accrued dividend paid in a separate check, please provide payee instructions. If you do not provide instructions in Section 5, or if your distribution is being sent to you via overnight mail, your accrued dividend will be paid to you in a separate check and mailed to your mailing address of record.

### 6 Payment Method

If no payment method is selected, your cash distribution(s) will be made by check and sent to your mailing address of record (payment method Option B).

**A. Cash and/or In-Kind Distribution to your Non-Retirement Brokerage Account** – If you want cash and/or securities distributed to your new or existing non-retirement brokerage account, please check this box and provide your account number. An application must be completed to establish a new non-retirement brokerage account.

**B. Mailed to your Address of Record** – Check will be mailed to the mailing address of record on your PSRP Account.

# Premiere Select® Retirement Plan Distribution Request Form

## Customer Instructions, Terms and Conditions

**C. Paid and/or Mailed to an Alternate Address** – If you want a check paid to a payee other than the PSRP Account owner and/or mailed to an address other than the mailing address of record, check this box and provide complete alternative payee and/or alternative address information.

If you wish to have your distribution check mailed to you via overnight delivery, please provide the carrier's name and the billing number. If this information is not provided or is not in good order, your check will be sent via regular mail.

**D. Directly Deposited to your Bank or Credit Union Account Using Electronic Funds Transfer (EFT)** – If you would like the distribution to be deposited directly to your bank or credit union account via EFT, you must have EFT instructions on your account.\* Check this box and, if you have multiple EFT instructions on your account, complete the Bank Information section to confirm the instructions for this distribution.

**E. Wired to a Bank Account** – To request a distribution to be paid by wire, check this box and, if you have multiple Wire instructions on your account, complete the Bank Information section to confirm the instructions for this distribution.\* In order to send your distribution via wire, the recipient institution must be a member of the Federal Reserve System.

A wire processing fee of \$15 will be deducted from the distribution amount indicated on this form, and will affect your reported distribution amount. For example, if you request a distribution of \$1,000, both the distribution amount wired to your bank account and the distribution amount reported on IRS Form 1099-R will be \$985. Your bank may also charge a fee for receipt.

\*To establish standing EFT or Wire instructions on your account, you must complete a Premiere Select Standing Payment Instructions Form which can be obtained from your investment representative.

### **7 Notice of Withholding – Please read carefully before completing this section of the form.**

NOTE: Withholding does not apply to Direct Rollovers.

**20% Withholding** — IRS regulations require us to withhold federal income tax at the rate of 20% from your Premiere Select Retirement Plan distribution(s) that is (are) eligible to be rolled over if the distribution(s) is (are) not directly rolled over to another eligible retirement plan or to an IRA. Generally, distributions that are not subject to this withholding include: distributions of certain substantially equal periodic payments made over ten or more years and Required Minimum Distributions. Please refer to the Special Tax Notice for additional information.

**10% or Wage Table Withholding** — If the distribution is not considered an eligible rollover distribution, the mandatory 20% withholding does not apply. Instead, your distributions are subject to federal income tax withholding at a rate of 10% for one-time distributions and at a rate based on IRS wage tables for periodic distributions unless you elect not to have withholding apply. Withholding will apply to the gross amount of each distribution, even if you have made non-deductible contributions. Moreover, failure to provide a U.S. residential address will result in 10% withholding on the distribution proceeds even if you have elected not to have tax withheld (an IRS requirement). A Post Office Box does not qualify as a residential address.

If federal income tax is withheld from your distribution, state income taxes may also be withheld. Your state of residence will determine your state income tax withholding requirements, if any. Your state of residence is determined by your legal address of record provided for your Premiere Select Retirement Plan account.

**Residents of AR, IA, KS, MA, ME, NE, OK, VA and VT:** If federal income tax is withheld, state income tax of at least your state's minimum requirements must be withheld in addition to federal income tax withholding at the time of your distribution. If you elect out of federal income tax withholding, state income tax will not be withheld unless you indicate otherwise.

**Residents of CA, NC and OR:** If federal income tax is withheld, state income tax of at least your state's minimum requirements must be withheld in addition to federal income tax withholding at the time of your distribution unless you elect not to have state income taxes withheld.

**Residents of DE:** State income tax of at least your state's minimum requirements must be withheld regardless of whether or not federal income tax is withheld unless you elect not to have state income taxes withheld.

**Residents of AK, FL, HI, MS, NH, NV, SD, TN, TX, WA or WY:** State income tax withholding is not available on your Premiere Select Retirement Plan distributions. Please consult your tax advisor, state agency, or investment representative for more information.

**Residents of all other states and the District of Columbia other than those noted above:** You are not subject to mandatory state income tax withholding; however, you may elect voluntary state income tax withholding in a percentage. If you elect to have state income taxes withheld and your state provides a minimum amount or percentage for withholding, you must elect a percentage that is not less than your state's minimum withholding requirements. If the percentage you elect for withholding is less than your state's minimum withholding requirements, your state's minimum amount or percentage will be withheld.

**IMPORTANT:** State tax withholding rules can change and the rules cited above may not reflect the current ruling of your state. Please consult with your investment representative to obtain the most up-to-date information pertaining to your state.

Whether or not you elect to have federal and, if applicable, state income tax withheld, you are still responsible for the full payment of federal income tax, any state tax or local taxes, and any penalties which may apply to your distribution(s). Whether or not you elect to have withholding apply (by indicating so on the distribution request form), you may be responsible for payment of estimated taxes. You may incur penalties under the IRS and applicable state tax rules if your estimated tax payments are not sufficient.

If you are not a U.S. person (including a U.S. resident alien), you must submit IRS Form W-8BEN, Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding, with this distribution request form to claim tax treaty benefits, if applicable. To obtain Form W-8BEN, please consult your tax advisor or go to the IRS Web site at <http://www.irs.gov>.

### **8 Signature**

Section 8 must be signed by both the Participant or Beneficiary, as applicable, and the Plan Administrator.

Before signing the **distribution request form**, please carefully read all sections of the **Premiere Select Retirement Plan One-Time Distribution Request Form** and attached **Customer Instructions, Terms and Conditions**. This distribution form is part of a legal agreement between you and NFS, and by signing Section 8 you are agreeing to be bound by the terms and conditions contained in the above-mentioned documents. Please also print the current date neatly in block letters in the space provided.

### **9 Spousal Consent – For PSRP Participant Accounts Only**

Distributions to married participants from all Money Purchase Pension Plans and certain Profit Sharing Plans must be made in the form of a Qualified Joint and Survivor Annuity unless your spouse waives the right by providing spousal consent in Section 9. Please note: The spouse's signature must be notarized. Please refer to Article 8 of the Premiere Select Retirement Plan and Trust for details. A participant may waive a qualified joint and survivor annuity contract, and a spouse may consent to such waiver, provided it is within 90 days before the first plan distribution.

Account Number -

Transaction ID Number  
(Broker Use Only)



# Premiere Select® Retirement Plan One-Time Distribution Request Form

Please read the attached Customer Instructions, Terms and Conditions before completing this form.

## 1 Retirement Plan Information

Plan Name  Plan Administrator

Daytime Phone Number -- Plan Type:  Money Purchase OR  Profit Sharing

## 2 Participant/Beneficiary Information

First Name  MI  Last Name

Social Security Number or Taxpayer ID number  Date of Birth --

## 3 Reason for Distribution – Choose One:

- Attainment of Age 59½       Plan Termination       Death of the Participant (for PSRP-BDAs ONLY)
- Termination of Employment/Service       Disability, as defined by the PSRP

## 4 Distribution Instructions – Choose One:

A. Partial Distribution in Cash    Amount \$

Be sure to consider the effect of any fees due that are associated with the payment method selected in Section 6.

B. Partial Distribution In-Kind to my non-retirement brokerage account

Provide the security name(s) and share/unit amount(s) for the security position(s) to be distributed in-kind.

Investment Name  CUSIP or Symbol  # of Shares or All

Investment Name  CUSIP or Symbol  # of Shares or All

Investment Name  CUSIP or Symbol  # of Shares or All

C. Full Distribution (Please distribute my entire PSRP Account balance.)

D. Direct Rollover (Select one option below)

In-Kind Direct Rollover of my entire account balance to my Premiere Select IRA (for plan participants or spouse beneficiaries ONLY) or my Premiere Select IRA-BDA as applicable

Account Number -



Account Number  -

In-Kind Direct Rollover of my entire account balance to my Premiere Select Retirement Plan

Account Number  -

Direct Rollover in Cash of the entire account balance to an outside Custodian/Trustee as follows:

Direct rollover to an IRA (for plan participants or spouse beneficiaries ONLY)  Direct rollover to an Inherited IRA

Direct rollover to an Employer-Sponsored Retirement Plan (not available to beneficiaries)  Qualified rollover contribution to a Roth IRA or Inherited Roth IRA

Name of Trustee/Custodian

Plan Account Number

Attention

Street Address

City  State  Zip Code

Trustee/Custodian Telephone Number  -  -

### 5 Fidelity Fund Core Account Accrued Dividend Instructions

(Applicable only for a full distribution and if you choose payment method B or C in Section 6 below and payment is NOT being mailed via overnight mail.)

Include my accrued dividend with the distribution check **OR**  Pay my accrued dividend in a separate check as follows:

**A.** Same as distribution check  **B.** Check to my mailing address of record  **C.** Check paid and/or mailed to an alternate payee and/or address as follows:

Alternate Payee Name (if applicable)

Street Address

City  State  Zip/Postal Code  -

### 6 Payment Method – Choose One:

Do not complete this section if you are requesting a Direct Rollover in Section 4.D.

**A.** Cash and/or In-Kind distribution(s) to my non-retirement brokerage account number:  -

**B.** Check mailed to my address of record.\*

**C.** Check paid and/or mailed to an alternate payee and/or address.\*



Account Number    -

Alternate Payee Name, if applicable

Street Address

City  State  Zip Code     -

\*Distribution check will be sent via regular mail unless you provide accurate overnight delivery instructions below.

Send my check to me via overnight delivery  
(ONLY for Payment Methods B or C) Carrier Name  Billing Number

Carrier Address (required for UPS only)

**D. Directly deposited to my bank or credit union account using Electronic Funds Transfer (EFT)** — You must already have standing EFT instructions on your account.\*

**E. Wired to my bank account** — If you do not have standing Wire instructions on your account, please provide the Bank Information below\*. A wire fee of \$15.00 will be deducted from your distribution amount and will impact your tax reporting. See the Customer Instructions, Terms and Conditions for additional information.

\*If you have multiple standing EFT or Wire instructions on your account, you must confirm the applicable Bank Information for this distribution below.

**Bank Information**

Type of Account:  Checking  Savings (non-passbook)

Bank Name

Bank's Routing Number          Bank Account Number

For a third party Wire, the name as it appears on the Bank Account

**For a Wire, if your bank is not a member of the Federal Reserve you must obtain the following information from your bank. There may be a delay in receiving a wire through a correspondent bank.**

Correspondent Bank Name

Correspondent Bank Routing Number

Name(s) on Bank Account

By selecting option D or E above, and by signing the form below, you understand and agree that NFS cannot confirm the account registration at the receiving bank or financial institution.

**7 Withholding Election** — Please read the **Customer Instructions, Terms and Conditions** carefully before completing this section.

**Note:** If you are not a U.S. person (including a U.S. resident alien) **DO NOT** complete this Section.

If you are requesting a Direct Rollover of your PSRP Account, do not complete this section as withholding will not apply to this distribution.

Indicate your withholding election below. Your withholding election will apply to this distribution only.

**Federal Income Tax Withholding – Choose One** To the extent the distribution is not subject to 20% mandatory federal withholding, if you do not make an election below, federal income tax will be withheld from your distribution excluding Direct Rollovers and Qualified Rollover Contributions at a rate of 10% or from periodic distributions at the appropriate rate based on IRS wage tables.

**I DO NOT** want to have federal income tax withheld from my Premiere Select Retirement Plan distribution.

Account Number  -



I want to have federal income tax withheld from my Premiere Select Retirement Plan distribution at the rate of:  %

(insert whole percentage). If you select a percentage of less than 10%, we will withhold 10%.

**State Income Tax Withholding**

Do not complete this section if you are a resident of AK, FL, HI, MS, NH, NV, SD, TN, TX, WA, or WY.

Your state of residence will determine your state income tax withholding requirements, if any. Your state of residence is determined by your legal address of record provided for your Premiere Select Retirement Plan account. If federal withholding is applied, state income tax may also be required, regardless of your election. Please see information in the Notice of Withholding section of the **Customer Instructions, Terms and Conditions** for your state's rules.

I DO NOT want state income tax withheld. (For residents of CA, ME, NC and OR you must check this box if federal income taxes are withheld and you do not want state income taxes withheld; for residents of DE you must check this box regardless of whether or not federal income taxes are being withheld if you do not want state income taxes withheld.)

I want to have state income taxes withheld from my Premiere Select Retirement Plan distribution in accordance with the minimum amount or percentage, if any, as determined by the requirements of my state of residence. Note: If your state does not provide a minimum amount or percentage for withholding and you do not provide a percentage below, state income taxes will not be withheld from your distributions.

I want to have  % (insert whole percentage) withheld from my Premiere Select Retirement Plan distribution for state income taxes.

**Note: If you elect to have state income taxes withheld from your PSRP Account distribution(s) in a percentage that is less than your state's minimum withholding requirements, your state's minimum amount or percentage will be withheld.**

**8 Signature**

Please check to make sure you have completed all appropriate sections of this form, then sign and date below. The Plan Administrator must always sign distribution requests.

I/We hereby certify that this distribution is being made pursuant to the Premiere Select Retirement Plan and Trust Agreement. I have carefully read and fully understand and agree to comply with the **Customer Instructions, Terms and Conditions**, including the Notice of Withholding attached to this **Premiere Select Retirement Plan One-Time Distribution Request Form**.

I hereby certify that the information supplied on the Premiere Select Retirement Plan One-Time Distribution Request Form is complete and accurate. I also certify that (i) I understand the distribution choices applicable to me (or, if I am acting on behalf of a beneficiary, the beneficiary for whom this distribution is directed), and (ii) I have elected a distribution option consistent with my status (or the beneficiary's status on whose behalf I am acting).

I hereby certify under penalties of perjury that if I am a U.S. person (including a U.S. resident alien) the number shown in Section 2 of this form is my correct taxpayer identification (or Social Security) number. If I am not a U.S. person (including a U.S. resident alien), I have attached IRS Form W-8BEN with this **Premiere Select Retirement Plan One-Time Distribution Request Form** and included my U.S. taxpayer identification (or Social Security) number in order to claim tax treaty benefits, if applicable. I also acknowledge the receipt of the special tax notice regarding the mandatory 20% federal income tax withholding.

I indemnify the Trustee of my PSRP Account and NFS and their agent(s), successors, affiliates, and employees from any liability in the event that I fail to meet the IRS requirements regarding distributions from my Premiere Select Retirement Plan Account or Retirement Plan Beneficiary Distribution Account, as applicable.

PSRP Account Owner/Authorized Signator Signature

Date (required)

Plan Administrator's Signature

Date (required)

**9 Spousal Consent – For PSRP Participant Accounts ONLY**

I hereby consent to the form of distribution indicated on this form. I understand that I am giving up my right to receive a payment benefit that would otherwise be payable to me.

Spouse's Signature

Date

Notary's Signature

Date

Notary Stamp



# NOTICE REGARDING RETIREMENT PLAN PAYMENTS

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## YOUR ROLLOVER OPTIONS AND TAX CONSEQUENCES

You are receiving this notice because all or a portion of a payment you are receiving from the Premiere Select® Retirement Plan (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 with special tax rules in some employer plans). If you also receive a payment from a designated Roth account in the Plan, you will be provided a different notice for that payment, and the Plan administrator or the payor will tell you the amount that is being paid from each account.

Rules that apply to most payments from a plan are described in the “General Information About Rollovers” section. Special rules that only apply in certain circumstances are described in the “Special Rules and Options” section.

### **I** General Information About Rollovers

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

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

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

You may roll over the payment to either an IRA (an individual retirement account or individual retirement annuity) or an employer plan (a tax-qualified plan, section 403(b) plan, or governmental section 457(b) plan) that will accept the rollover. The rules of the IRA or employer plan that holds the rollover will determine your investment options, fees, and rights to payment from the IRA or employer plan (for example, no spousal consent rules apply to IRAs and IRAs may not provide loans). Further, the amount rolled over will become subject to the tax rules that apply to the IRA or employer plan.

#### **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 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 lives or joint life expectancy of you and your beneficiary)
- Required minimum distributions after age 70½ (or after death)
- Hardship distributions
- ESOP dividends
- Corrective distributions of contributions that exceed tax law limitations
- Loans treated as deemed distributions (for example, loans in default due to missed payments before your employment ends)
- Cost of life insurance paid by the Plan
- Contributions made under special automatic enrollment rules that are withdrawn pursuant to your request within 90 days of enrollment
- Amounts treated as distributed because of a prohibited allocation of S corporation stock under an ESOP (also, there will generally be adverse tax consequences if you roll over a distribution of S corporation stock to an IRA).

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 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 lives or joint life expectancy of you and your beneficiary)
- Payments from a governmental defined benefit pension plan made after you separate from service if you are a public safety employee and you are at least age 50 in the year of the separation
- Payments made due to disability
- Payments after your death
- Payments of ESOP dividends
- Corrective distributions of contributions that exceed tax law limitations
- Cost of life insurance paid by the Plan
- Contributions made under special automatic enrollment rules that are withdrawn pursuant to your request within 90 days of enrollment
- Payments made directly to the government to satisfy a federal tax levy
- Payments made under a qualified domestic relations order (QDRO)
- Payments up to the amount of your deductible medical expenses
- Certain payments made while you are on active duty if you were a member of a reserve component called to duty after September 11, 2001 for more than 179 days.
- Payments of certain automatic enrollment contributions requested to be withdrawn within 90 days of the first contribution.

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

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

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

### **Will I owe State income taxes?**

This notice does not describe any State or local income tax rules (including withholding rules).



## **Special Rules and Options**

### **If your payment includes after-tax contributions**

After-tax contributions included in a payment are not taxed. If a payment is only part of your benefit, an allocable portion of your after-tax contributions is generally included in the payment. If you have pre-1987 after-tax contributions maintained in a separate account, a special rule may apply to determine whether the after-tax contributions are included in a payment.

You may roll over to an IRA a payment that includes after-tax contributions through either a direct rollover or a 60-day rollover. You must keep track of the aggregate amount of the after-tax contributions in all of your IRAs (in order to determine your taxable income for later payments from the IRAs). If you do a direct rollover of only a portion of the amount paid from the Plan and a portion is paid to you, each of the payments will include an allocable portion of the after-tax contributions. If you do a 60-day rollover to an IRA of only a portion of the payment made to you, the after-tax contributions are treated as rolled over last. For example, assume you are receiving a complete distribution of your benefit which totals \$12,000, of which \$2,000 is after-tax contributions. In this case, if you roll over \$10,000 to an IRA in a 60-day rollover, no amount is taxable because the \$2,000 amount not rolled over is treated as being after-tax contributions.

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

### **If you miss the 60-day rollover deadline**

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

### **If your payment includes employer stock that you do not roll over**

If you do not do a rollover, you can apply a special rule to payments of employer stock (or other employer securities) that are either attributable to after-tax contributions or paid in a lump sum after separation from service (or after age 59½, disability, or the participant's death). Under the special rule, the net unrealized appreciation on the stock will not be taxed when distributed from the Plan and will be

taxed at capital gain rates when you sell the stock. Net unrealized appreciation is generally the increase in the value of employer stock after it was acquired by the Plan. If you do a rollover for a payment that includes employer stock (for example, by selling the stock and rolling over the proceeds within 60 days of the payment), the special rule relating to the distributed employer stock will not apply to any subsequent payments from the IRA or employer plan. The Plan administrator can tell you the amount of any net unrealized appreciation.

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

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

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

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

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

If the Plan is a governmental section 457(b) plan, the same rules described elsewhere in this notice generally apply, allowing you to roll over the payment to an IRA or an employer plan that accepts rollovers. One difference is that, if you do not do a rollover, you will not have to pay the 10% additional income tax on early distributions from the Plan even if you are under age 59½ (unless the payment is from a separate account holding rollover contributions that were made to the Plan from a tax-qualified plan, a section 403(b) plan, or an IRA). However, if you do a rollover to an IRA or to an employer plan that is not a governmental section 457(b) plan, a later distribution made before age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies). Other differences are that you cannot do a rollover if the payment is due to an “unforeseeable emergency” and the special rules under “If your payment includes employer stock that you do not roll over” and “If you were born on or before January 1, 1936” do not apply.

### **If you are an eligible retired public safety officer and your pension payment is used to pay for health coverage or qualified long-term care insurance**

If the Plan is a governmental plan, you retired as a public safety officer, and your retirement was by reason of disability or was after normal retirement age, you can exclude from your taxable income plan payments paid directly as premiums to an accident or health plan (or a qualified long-term care insurance contract) that your employer maintains for you, your spouse, or your dependents, up to a maximum of \$3,000 annually. For this purpose, a public safety officer is a law enforcement officer, firefighter, chaplain, or member of a rescue squad or ambulance crew.

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

You can roll over a payment from the Plan made before January 1, 2010 to a Roth IRA only if your modified adjusted gross income is not more than \$100,000 for the year the payment is made to you and, if married, you file a joint return. These limitations do not apply to payments made to you from the Plan after 2009. If you wish to roll over the payment to a Roth IRA, but you are not eligible to do a rollover to a Roth IRA until after 2009, you can do a rollover to a traditional IRA and then, after 2009, elect to convert the traditional IRA into a Roth IRA.

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

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

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

### **If you are not a plan participant**

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

**If you are a surviving spouse.** If you receive a payment from the Plan as the surviving spouse of a deceased participant, you have the same rollover options that the participant would have had, as described elsewhere in this notice. In addition, if you choose to do a rollover to an IRA, you may treat the IRA as your own or as an inherited IRA.

An IRA you treat as your own is treated like any other IRA of yours, so that payments made to you before you are age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies) and required minimum distributions from your IRA do not have to start until after you are age 70½.

If you treat the IRA as an inherited IRA, payments from the IRA will not be subject to the 10% additional income tax on early distributions. However, if the participant had started taking required minimum distributions, you will have to receive required minimum distributions from the inherited IRA. If the participant had not started taking required minimum distributions from the Plan, you will not have to start receiving required minimum distributions from the inherited IRA until the year the participant would have been age 70½.

**If you are a surviving beneficiary other than a spouse.** If you receive a payment from the Plan because of the participant's death and you are a designated beneficiary other than a surviving spouse, the only rollover option you have is to do a direct rollover to an inherited IRA. Payments from the inherited IRA will not be subject to the 10% additional income tax on early distributions. You will have to receive required minimum distributions from the inherited IRA.

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

### **If you are a nonresident alien**

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

### **Other special rules**

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

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

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

## **FOR MORE INFORMATION**

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