TAG Employer Services
Employee Solutions That Work For You

Hardship Distribution Package

Dear Participant,

As a participant in your employer sponsored plan, you have various withdrawal options available to you. Please review your employer sponsored plan's Summary Plan Description (SPD) for a complete list of options and applicable vesting schedules.

This distribution package is intended for participants who are experiencing an immediate and heavy financial Hardship. To receive a hardship distribution, you must be experiencing one of the qualified reasons listed in your plan's SPD. Below is a brief list of all qualified reasons, please view your SPD for a detailed explanation.

- Medical expenses that would be deductible under IRC§213(d) for the participant, or the participant's spouse, children, or dependents
- Purchase of a primary residence for the participant (not including mortgage payments)
- Prevent eviction or foreclosure from participant's primary residence
- Post-secondary education expenses for the participant or the participant's spouse, children, or dependents for the next 12 months
- Funeral or burial expenses for the participant's deceased parent, spouse, child, or dependent
- Natural Disaster expenses for repair of damage to the participant's principal residence that would qualify for a casualty deduction under IRC§165 (determined without regard to whether the loss exceeds 10% of adjusted gross income)

Under the Hardship rules, you cannot request an amount that exceeds the amount needed to satisfy the financial need. **Once you receive a hardship distribution, your deferrals and/or roth contributions will stop for six (6) months following the date of the hardship distribution** (unless otherwise stated in your SPD). You may need to provide evidence of your financial hardship to your plan sponsor to receive approval of your request.

If your plan allows loans, you will need to request a loan before you request a Hardship distribution. If the plan sponsor believes a loan will cause you more financial burden, they may deny your loan request. Then you may proceed with requesting a Hardship distribution.

The enclosed Special Tax Notice Regarding Plan Distributions provides important information that may help you and your tax advisor (if applicable) select how to handle your account. To request a payment from your account, complete and submit the 2 pages of the Hardship Distribution Request Form to the plan sponsor (the employer) for their review and authorization. The plan sponsor will then submit the completed signed form to TAG for processing. Incomplete forms will be returned to the plan sponsor.

Forms received in good order will be processed as soon as administratively feasible and payment(s) of your vested account balance will be issued by the plan's custodian, Matrix Trust Company. Wires are issued within 2-3 business days for forms received in good order; if requesting a check, expect 2-3 weeks for delivery. There will be a $75 distribution processing fee assessed against your account when your distribution is processed. *If your payment should need to be reissued, there is an additional charge of $25 that will be deducted from your payout amount.*

Do not complete this form if you are requesting a In-service, Required Minimum Distribution, Death Benefit, or if you have terminated employment with the plan sponsor and would like full payment of your account. Please see applicable forms.

If you have any questions, please contact your plan sponsor or the 401(k) department at TAG at (623)580-4900.

Thank you,

TAG

Hardship Distribution Request Form

READ THE ATTACHED SPECIAL TAX NOTICE REGARDING PLAN DISTRIBUTIONS. We recommend you contact your tax advisor if you have any questions regarding the tax implications of your request. **This Form Must Be Completed And Signed By You And The Plan Sponsor.** If any information is missing or incomplete, you may be required to complete a new form or provide additional information before the distribution can be processed.

Section 1: Plan and Participant Information

Plan Name ____

Participant Name ______________________________ SSN ____________________

Address ______________________________ DOB ____________________

City ____________________ State ________ Zip ____________ DOH ____________________

Phone ____________________

Section 2: Hardship Reason select all applicable (reminder – you can only request the amount needed to satisfy the hardship)

- ☐ Medical expenses
- ☐ Purchase of a primary residence
- ☐ Prevent eviction or foreclosure
- ☐ Post-secondary education expenses
- ☐ Funeral or burial expenses
- ☐ Natural Disaster expenses

Section 3: Amount of Hardship Requesting

$ ______________________

If the amount you are requesting is greater than the amount available for a Hardship Distribution on the date your request is processed, TAG will process for the maximum amount available to you under the terms of the Plan.

Section 4: Tax Withholding

Federal Tax Withholding Upon account of hardship, this distribution is subject to voluntary federal income tax withholding. If you do not make an election below, 10% federal income taxes will be taken from the taxable portion of your distribution. If federal income taxes are not withheld, you are liable for payment of federal income tax on your distribution. Please note that you may also be subject to tax penalties under the estimated tax payment rules if your payments of estimated tax and withholding, if any, are not adequate.

☐ Gross Up distribution for tax withholding. Check this box if you wish to increase the amount processed from your account for federal (and state if applicable) tax withholding. *This option is available if you have sufficient funds in your account*

☐ Withhold the mandatory 10%, plus an additional _______% ☐ Do NOT withhold Federal taxes

State Tax Withholding I understand that applicable state income tax will be withheld from my payment based on my state of residency.

- If my state mandates a higher amount of income tax withholding than I elect below, (even if I elect no income tax withholding), TAG will withhold the higher amount.
- If my state does not require income tax withholding, TAG will not withhold any state income tax unless I specify an amount.
- If state tax withholding is not available in my state, TAG will not withhold state income tax even if I elected withholding.

☐ Withhold state taxes at the rate of $ ________ or ________ % ☐ Do NOT withhold state taxes unless required

Section 5: Method of Payment select one (if none are selected, a check will be issued)

☐ Check

☐ Wire* Bank Name ______________________________

Routing Number ______________________________

Account Number ______________________________

**Wire is NOT an ACH deposit. Be sure to check with your banking institution regarding the correct routing number.*

Section 6: Required Signatures

I have received and read the Special Tax Notice Regarding Plan Distributions and agree to the terms and conditions relating to the payment of taxable benefits from the Plan. I hereby acknowledge that I consent to the liquidation and payment of my hardship request. I understand that my election is irrevocable once processed. I certify that the above information is true and correct to the best of my knowledge. I understand the Plan Sponsor will rely on this information in making the distribution that I have requested. I understand that providing false or misleading information on this form may constitute fraud and be subject to severe penalties. I consent to pay the distribution fee(s) from the proceeds of my distribution. I am a U.S. citizen or other U.S. person, including a U.S. resident alien (as defined in the IRS Form W-9 instructions).

____

Participant Signature / Date

Must Be Completed By The Plan Sponsor. By signing below, I hereby authorize TAG Employer Services to process the distribution described on this form. This request is in compliance with plan provisions. I have verified *Sections 1-3 of this Hardship request are true and accurate to the best of my knowledge*.

____

Plan Sponsor Signature / Date

Special Tax Notice

You are receiving this notice because all or a portion of a payment you are receiving from your Employer's Plan may be eligible to be rolled over to an IRA or another employer sponsored plan. This notice is intended to help you decide whether to do a rollover.

Your Rollover Options

This notice describes the rollover rules that apply to payments from the Plan whether that payment be from a Traditional (pre-tax) or a designated Roth (after-tax) account. You will need to contact the Plan Sponsor or the plan's record-keeper if you need assistance determining the amount to be paid from each account(s).

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

General Information About Rollovers

How can a rollover affect my taxes?

Traditional Account

You will be taxed on a payment from the Plan if you do not roll it over. The Plan is required to withhold an automatic 20% for Federal taxes. If you are under the age of 59 ½ 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 taxes until you receive payments later and the 10% additional income tax will not apply if those payments are made after you attain age 59 ½ (or if an exception applies).

Roth Account

Payments from a designated Roth account include your after-tax contributions and applicable earnings. The tax treatment of your Roth account depends on whether the payment meets the requirements for a qualified distribution. Your after-tax contributions itself are not taxed, but the earnings might be taxed. If you are requesting only a partial payment of your Roth account, the payment will include an allocable portion of the earnings in your Roth account.

A qualified distribution from a Roth account in the Plan is a payment made to you after you attain the age of 59 ½ (or after your death or disability) and after you have had a Roth account in the plan for a minimum of 5 years. In applying the 5-year rule, you count from January 1 of the year your first contribution was made to the Roth account, this is called your initial year of contribution. Note, once you have made your first Roth contribution, your initial year of contribution will remain the same if you do a direct rollover of a Roth account from a qualified plan to another qualified plan. If you do a direct rollover of a Roth account from a qualified plan to a Roth IRA, your initial year starts over.

If the payment you are receiving from the Plan is not a qualified distribution and you do not rollover to a Roth IRA or to an employer plan that accepts Roth rollovers, you will be taxed on the earnings in the payment. If you are under the age of 59 ½, a 10% additional income tax on early distributions will also apply to the earnings (unless an exception applies). However, if you do a rollover, you will not have to pay taxes currently on the earnings and will not have to pay taxes later, on payments that are qualified distributions.

If the payment you are receiving from the Plan is a qualified distribution, you will not be taxed on any part of the payment even if you do not do a rollover. If you do a rollover, you will not be taxed on the amount you roll over and any earnings on the amount you roll over will not be taxed if paid later in a qualified distribution.

Where may I roll over the payment?

Traditional Account

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 traditional 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.

Roth Account

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

- If you do a rollover to a Roth IRA, all of your Roth IRAs will be considered for purposes of determining whether you have satisfied the 5-year rule (counting from your January 1 of the year for which your first contribution was made to any of your Roth IRAs).
- If you do a rollover to a Roth IRA, you will not be required to take a distribution from the Roth IRA during your lifetime and you must keep track of the aggregate amount of the after-tax contributions in all of your Roth IRAs (in order to determine your taxable income for later Roth IRA payments that are not qualified distributions).
- Eligible rollover distributions from a Roth IRA can only be rolled over to another Roth IRA

How do I do a rollover?

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

If you do a direct rollover, the Plan will make the payment directly to your IRA or an employer plan for your respective traditional or Roth account(s). If you have a Roth account, you should contact the IRA or administrator of the employer plan to verify how to do a direct rollover.

If you do not do a direct rollover, you may still do a rollover by making a deposit within 60 days in accordance with the following rules:

Traditional Account

You may make 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 rollover the entire amount of 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 59 ½ (unless an exception applies).

Roth Account

You may make a deposit within 60 days into Roth IRA, whether the payment is a qualified or nonqualified distribution. In addition, you can do a rollover by making a deposit within 60 days into an employer plan that accepts Roth, if the payment is a nonqualified distribution and the rollover does not exceed the amount of the earnings in the payment. Qualified distributions are not eligible for a 60-day rollover to employer plan that accepts Roth. If you receive a distribution that is nonqualified distribution and do not roll over an amount at least equal to the earnings allocable to the distribution, you will be taxed on the amount of those earnings no rolled over, including the 10% additional income tax on early distributions if you are under age 59 ½ (unless an exception applies).

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

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

How much may I rollover?

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 join life expectancy of you and your beneficiary)

- Required minimum distributions after age 70 ½ (or after death)
- Hardship distributions
- ESOP Dividends
- Corrective distributions of contributions that exceed tax law limitations
- Loans treated as deemed distributions (for example, loans in default due to missed payments before your employment ends)
- Cost of life insurance paid by the Plan
- Payments of certain automatic enrollment contributions requested to be withdrawn within 90 days of the first contribution
- Amounts treated as distributed because of a prohibited allocation of S-corporation stock under an ESOP (also, there will generally be adverse tax consequences if you roll over a distribution of S-corporation stock to an IRA)

The Plan Sponsor or the record-keeper can tell you what portion of a payment is eligible for rollover.

If I do not do a rollover, will I have to pay the 10% additional income tax on early distributions?

Traditional Account

If you are under age 59 ½, 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.

Roth Account

If a payment is not a qualified distribution *and* you are under age 59 ½, you will have to pay the 10% additional income tax on early distributions *with respect to the earnings allocated to the payment* that you do not roll over (including amounts withheld for income tax), unless one of the exceptions listed below applies. This tax is in addition to the regular income tax on the earnings not rolled over.

Exceptions

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
- Payments made directly to the government to satisfy a federal tax levy
- Payments made under 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 59 ½, 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 tax for early distribution 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 directly to an IRA of a spouse for 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 a separation from service.
- There are additional exceptions for (1) payments for qualified higher education expenses, (2) payments up to $10,000 used in a qualified first-time home purchase, and (3) payments for health insurance premiums after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status)

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

If you receive a payment from a Roth IRA when you are under age 59 ½, you will have to pay the 10% additional income tax on early distributions on the earnings paid from the Roth IRA, unless an exception applies or the payment is a qualified distribution. In general, the exceptions to the 10% additional income tax for early distributions from a Roth IRA listed above are the same as the exceptions for early distributions from a plan. However, there are a few differences for payments from a Roth IRA, including:

- There is no special exception for payments after separation from service.
- The exception for qualified domestic relations orders (QDROs) does not apply (although a special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to a Roth IRA of a spouse or former spouse).
- 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 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).

Special Rules and Options

If your payment from an account that includes after-tax contributions not defined as Roth

After-tax contributions included in a payment are not taxed. If a payment is only part of your benefit, an allocable portion of your after-tax contributions is included in the payment, so you cannot take a payment of only after-tax contributions. However, if you have pre-1987 after-tax contributions maintained in a separate account, a special rule may apply to determine whether the after-tax contributions are included in a payments. In addition, special rules apply when you do a rollover, as described below.

You may roll over to an IRA a payment that includes after-tax contributions through either a direct rollover or a 60-day rollover. You must keep track of the aggregate amount of the after-tax contributions in all of your IRAs (in order to determine your taxable income for later payments from the IRAs). If you do a direct rollover of only a portion of the amount paid from the Plan and at the same time the rest is paid to you, the portion directly rolled over consists first of the amount that would be taxable if not rolled over. For example, assume you are receiving a distribution of $12,000, of which $2,000 is after-tax contributions. In this case, if you directly roll over $10,000 to an IRA that is not a Roth IRA, no amount is taxable because the $2,000 amount not directly rolled over is treated as being after-tax contributions.

If you do a 60-day rollover to an IRA of only a portion a payment made to you, the after-tax contributions are treated as rolled over last. For example, assume you are receiving a distribution of $12,000 of which $2,000 is after-tax contributions, and no part of the distribution is directly rolled over. In this case, if you roll over, $10,000 to an IRA that is not a Roth IRA in a 60-day rollover, no amount is taxable because the $2,000 amount no rolled over is treated as being after-tax contributions.

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

If you miss the 60-day rollover deadline

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

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

Traditional Account

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 59 ½, 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 Sponsor can tell you the amount of any net unrealized appreciation.

Roth Account

If you receive a payment that is not a qualified distribution and you do not roll it over, you can apply a special rule to payments of employer stock (or other employer securities) that are paid in lump sum after separation from service (or after age 59 ½, disability, or the participant's death). Under the special rule, the net unrealized appreciation on the stock included in the earnings in the payment will not be taxed when distributed to you from the Plan and will be taxed at capital gain rates when you sell the stock. If you do a rollover to a Roth IRA for a nonqualified distribution that includes employer stock (for example, by selling the stock and rolling over the proceeds within 60 days of the distribution), you will not have any taxable income and the special rule relating to the distributed employer stock will not apply to any subsequent payments form the Roth IRA or employer plan. Net unrealized appreciation is generally the increase in the value of the employer stock after it was acquired by the Plan. The Plan Sponsor can tell you the amount of any net unrealized appreciation.

If you receive a payment that is a qualified distribution that includes employer stock and you do not roll it over, your basis in the stock (used to determine gain or loss when you later sell the stock) will equal the fair market value of the stock at the time of the payment from the Plan.

If you have an outstanding loan that is being offset

If you have an outstanding loan from the Plan, your Plan benefit may be offset by the amount of the loan, typically when your employment ends. The loan offset amount is treated as a distribution to you at the time of the offset.

Traditional Account

The outstanding loan amount 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.

Roth Account

If the distribution is a nonqualified distribution, the earnings in the loan offset will be taxed (including the 10% additional income tax on early distributions, unless an exception applies) unless you do a 60-day rollover in the amount of earnings in the loan offset to a Roth IRA or an employer plan that accepts Roth.

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 from an account that is not defined as Roth (or a lump sum distribution that is nonqualified distribution from a Roth account) that you do not roll over, special rules for calculating the amount of the tax on the payment might apply to you. For more information, see *IRS Publication 575, Pension and Annuity Income.*

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

If the Plan is a governmental section 457(b) plan, the same rules described elsewhere in this notice generally apply, allowing you to doll over the payment to an IRA or an employer plan that accepts rollovers. Once 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 you are under age 59 ½ (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 59 ½ 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 form your taxable income plan payments (or a nonqualified distribution payment from a Roth account) paid directly as premiums to an accident or health plan (or a qualified long-term care insurance contract) that your employer maintains for you, your spouse, or your dependents, up to a maximum of $3,000 annually. For this purpose, a public safety office is a law enforcement officer, firefighter, chaplain, or member of a rescue squad or ambulance crew.

If you roll over your payment form an account which is *not* defined as Roth to a Roth IRA

If you roll over the payment from a Traditional account to a Roth IRA, a special rule applies under which the amount of the payment rolled over (reduced by an 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 59 ½ (or after you death or disability, or as a qualified first-time homebuyer distribution of up to $10,000) and after you had the 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 the 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). During your lifetime, you do not have to take required minimum distribution(s) from an Roth IRAfetime. 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).*

You cannot rollover a payment from the Plan that is not from a defined Roth account to a defined Roth account in a different employer plan.

If the Plan permits "in-plan" rollovers to the Plan's defined Roth account, the following section also applies

If you roll over your payment to a defined Roth account in this Plan (applies to payments from a traditional account and only if the plan accepts "in-plan" Roth rollover)

If you roll over the payment to a defined Roth account in the Plan, the amount of the payment rolled over (reduced by any after-tax amounts directly rolled over) will be taxed. However, the 10% additional tax on early distributions will not apply (unless you take the amount rolled over out of the Roth account within the 5-year period that begins on January 1 of the year of the rollover). For payments from the Plan in 2010 that are rolled over to a defined Roth account in the Plan (and that are not distributed from that account until after 2011), the taxable amount of the rollover will be taxed half in 2011 an half in 2012, unless you elect to be taxed in 2010.

If you roll over the payment to a defined Roth account in the Plan, later payments from the Roth account that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a defined Roth account is a payment made both after you attain age 59 ½ (or after your death or disability) and after you have had a Roth account in the Plan for at least 5 years. In applying this 5-year rule, you count from January 1 of the year your first contribution was made to the Roth account. However, if you made a direct rollover to a Roth account in the Plan from a Roth account in a plan of another employer, the 5-year perior begins on January 1 of the year you made the first contribution to the Roth account in the Plan, or if earlier, to the Roth account in the plan of the other employer. Payments from Roth account that are not qualified distributions will be taxed to the extent allocable to earnings after the rollover, including the 10% additional income tax on early distributions (unless an exception applies).

IMPORTANT: Please note that an in-plan rollover into a Roth account is irrevocable transaction that cannot be changed or undone once the transaction is completed.

If you are not a plan participant

Payments after the 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.

However, whether the payment is a qualified distribution generally depends on when the participant first made a contribution to the Roth account in the Plan.

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.

Traditional Account

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 59 ½ 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 70 ½.

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 70 ½.

Roth Account

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

A Roth IRA you treat as your own is treated like any other Roth IRA of yours, so that you will not have to receive any required minimum distributions during your lifetime and earnings paid to you in a nonqualified distribution before you are age 59 ½ will be subject to the 10% additional income tax on early distributions (unless an exception applies).

If you treat the Roth IRA as an inherited Roth IRA, payments from the Roth IRA will not be subject to the 10% additional income tax on early distributions. An inherited Roth IRA is subject to required minimum distributions. If the participant had started taking required minimum distributions, you will not have to start receiving required minimum distributions from the inherited Roth IRA until the year the participant would have been age 70 ½.

If you are the 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. However, if the payment is made from a Roth account, the only rollover option you have is to do a direct rollover to an inherited Roth IRA. Payments from the inherited IRA and/or inherited Roth IRA (even if the payment is made as 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 inherited Roth IRA.

Payments under a qualified domestic relations order. If you are the spouse or former spouse of the participant who receives a payment from the Plan under a qualified domestics relations order (QDRO), you generally have the same options the participant would have (for example, you may roll over the payments 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 (payments from a Traditional and Roth accounts are not aggregated for purposes of this limit), 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.*

Mandatory Cashout Distributions

Traditional Account

Unless you elect otherwise, a mandatory cashout of more than $1,000 (not including payments form a Roth account in the Plan) will be directly rolled over to an IRA chosen by the Plan Sponsor or the payor. A mandatory cashout is a payment from a plan to a participant made before age 62 (or normal retirement age, if later) and without consent, where the participant's benefit does not exceed $5,000 (not including any amounts held under the Plan as a result of a prior rollover made to the Plan).

Roth Account

Unless you elect otherwise, a mandatory cashout from the Roth account in the Plan of more than $1,000 will be directly rolled over to a Roth IRA chosen by the Plan Sponsor or the payor. A mandatory cashout is a payment from a plan to a participant made before age 62 (or normal retirement age, if later) and without consent, where the participant's benefit does not exceed $5,000 (not including any amounts held under the Plan as a result of a prior rollover made to the Plan).

For More Information

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