

**DISTRIBUTION REQUEST FORM  
FICA ALTERNATIVE PLAN FOR  
UNIVERSITY OF FLORIDA**

**INSTRUCTIONS:**

Complete items one through four and send this form to the employer at the address printed at the bottom of the form. Incomplete forms cannot be processed and will be returned to you.

**IMPORTANT INFORMATION ABOUT YOUR CHECK:**

The employer will forward this form to Bencor Administrative Services. Your check will be processed after a **1 month waiting period**. The waiting period begins on the termination date provided by your employer. Your check will be sent by First Class Mail to the address you provide on this form. Print clearly to ensure delivery of your check. The mailing date is the 15<sup>th</sup> day of the month after the month your completed form is received by BENCOR Administrative Services, providing the waiting period has been satisfied, all contributions from your pay have been deposited in your account and all payroll adjustments have been submitted by your employer. An IRS Form 1099-R will be sent to you for tax purposes in January of the year after your distribution.

**1) PARTICIPANT INFORMATION**

NAME: \_\_\_\_\_ TELEPHONE: (\_\_\_\_) \_\_\_\_\_

MAILING ADDRESS: \_\_\_\_\_

CITY, STATE, ZIP CODE: \_\_\_\_\_ EMAIL ADDRESS: \_\_\_\_\_

DATE OF BIRTH: \_\_\_\_\_ SOCIAL SECURITY #: \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_

**2) REASON FOR DISTRIBUTION (Mark one)**

Termination  Retirement  Disability  Death\*

*\*Note: In the event of the Participant's death, attach a certified copy of the death certificate. Complete the beneficiary information below.*

**3) FORM OF DISTRIBUTION (Mark one)**

**\*\*\* READ THE IRS SPECIAL TAX NOTICE BEFORE SELECTING AN OPTION \*\*\***

\_\_\_\_\_ **DISTRIBUTION IN CASH** (Distribution is taxable in the year it is paid. 20% mandatory withholding will be sent to the IRS if your distribution is \$200 or more.)

\_\_\_\_\_ **DIRECT ROLLOVER TO AN INDIVIDUAL RETIREMENT ACCOUNT (Traditional IRA)** (This option is available for distributions over \$200. Distribution is not currently taxable. Attach a separate page with the IRA account number, custodian's name and the address to which the rollover should be sent.)

\_\_\_\_\_ **DIRECT ROLLOVER TO A ROTH INDIVIDUAL RETIREMENT ACCOUNT (Roth IRA)** (This option is available for distributions over \$200. Distribution is taxable in the year it is paid. Tax withholding is not required. Attach a separate page with the Roth IRA account number, custodian's name and address to which the rollover should be sent.)

\_\_\_\_\_ **DIRECT ROLLOVER TO AN ELIGIBLE QUALIFIED RETIREMENT PLAN** (This option is available for distributions over \$200. Distribution is not currently taxable. Attach a separate page with the receiving retirement plan's account number, custodian's name and the address to which the rollover should be sent.)

**4) SIGNATURE OF PARTICIPANT OR BENEFICIARY**

I, the undersigned \_\_\_participant or \_\_\_beneficiary (choose one), hereby authorize disbursement of the funds as indicated above. I have read the "Special Tax Notice Regarding Plan Payments." I certify that the information entered on this form is true, correct and complete.

\_\_\_\_\_  
(Signature of Participant or Beneficiary) (Date) (SS # of Beneficiary if applicable)

**TO BE COMPLETED BY THE EMPLOYER:**

DATE OF TERMINATION: \_\_\_\_\_ DATE OF FINAL PAYCHECK: \_\_\_\_\_

\_\_\_\_\_  
(Signature for Employer) (Date)

**Send Completed Form To:  
UNIVERSITY OF FLORIDA  
Human Resources Dept.  
PO Box 115005  
Gainesville, FL 32611-5005**

**Or FAX Completed Form To:  
(352) 392-5166**

**SAFE HARBOR EXPLANATION FOR  
SECTION 401(a) QUALIFIED PLANS AND  
SECTION 403(b) TAX SHELTERED ANNUITY PLANS**

**SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS**

This notice explains how you can continue to defer federal income tax on your retirement benefits that have accumulated in your employer-sponsored retirement plan ("Plan") and contains important information you will need before you decide how to receive those benefits.

This notice is provided to you by the Administrator of the Plan because all or part of any payment that you will receive from the Plan may be an "*eligible rollover distribution*" that can be rolled over, either by you or by the Administrator, to either an IRA or to another employer plan. A "*rollover*" is a payment by you, or by the Administrator, of all or part of your benefit from the Plan to either an IRA or another employer plan that allows you to continue to defer income taxation of that benefit until it actually is paid to you. For this purpose, the rollover must be made to a so-called "*traditional*" IRA; your Plan benefit cannot be rolled over to a SIMPLE IRA or a Coverdell Education Savings Account (formerly known as an education IRA). Starting in 2008, a rollover also may be made at your election to a "*Roth*" IRA; this new rollover option does not defer income taxes on your Plan distribution, but it may have other advantages to you. The rules for, and consequences of, a rollover to a *Roth* IRA are described in Part VII below. Except where specifically noted in this notice, reference to an "IRA" will be only to a *traditional* IRA. For a rollover to another employer plan, that plan must be an "*eligible employer plan*," which includes: a plan qualified under Section 401(a) of the Internal Revenue Code (such as a 401(k) plan, profit sharing plan, defined benefit plan, stock bonus plan or 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 government employer (a governmental Section 457 plan).

An eligible employer plan is not legally required to accept a rollover. Some plans do not accept any rollovers and others accept only certain types of rollover payments from specific types of plans. Before you decide to roll over your payment from this Plan to another employer plan, you should find out whether that plan accepts rollovers and, if so, the types of distributions it accepts as rollovers. You also should find out about any documents that are required to be completed before the receiving plan will accept a rollover. Even if a plan does accept rollovers, it might not accept rollovers of certain types of distributions, such as after-tax amounts. If this is the case, and your distribution includes after-tax amounts, you may wish instead to roll your distribution over to an IRA or split your rollover amount between the employer plan in which you will participate and an IRA. Be aware that if an employer plan does accept 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 also may be subject to different tax treatment than distributions from this Plan. Check these details with the administrator of the plan that is to receive your rollover prior to making the rollover.

If you have additional questions after reading this notice, you can contact your Plan's Administrator at (888) ALT-FICA or (888) 258-3422.

**SUMMARY**

This notice explains that there are two ways by which a payment from the Plan may be rolled over:

- (1) Certain payments from the Plan can be made as a DIRECT ROLLOVER, which is a rollover paid *directly by the Administrator from this Plan* to an IRA that you establish or to an eligible employer plan that will accept the rollover and hold it for your benefit; or
- (2) The payment from the Plan can be PAID TO YOU, and you then can roll over the money to an IRA that you establish or to an eligible employer plan that will accept the rollover and hold it for your benefit.

There are important differences between these two methods of making a rollover:

**If you choose a DIRECT ROLLOVER of the Plan payment --**

- Your payment from the Plan will not be taxed to you in the current year, and no federal income tax will be withheld from your payment.
- You will decide whether your payment will be made directly to your IRA or directly to an eligible employer plan that accepts your rollover.
- The taxable portion of your payment will be taxed later when you take it out of the IRA or the eligible employer plan. Depending on the type of plan, the later distribution may be subject to different tax treatment than it would be if you had received a taxable distribution from this Plan.

**If you choose to have a Plan payment that is eligible for rollover PAID TO YOU --**

- You will receive only 80% of the taxable amount of the payment, because the Administrator is required to withhold 20% of that amount and send it to the IRS as federal income tax withholding to be credited against your taxes.
- The taxable amount of your payment will be taxed in the current year unless you roll it over. Under limited circumstances, you may be able to use special tax rules that could reduce the tax you owe. However, if you receive the payment before age 59½, you may have to pay an additional 10% tax.
- You can roll over all or part of the payment by paying it to your IRA or to an eligible employer plan that accepts your rollover within 60 days after you receive the payment. The amount rolled over will not be taxed until you take it out of the IRA or the eligible employer plan.
- If you want to roll over 100% of the payment to an IRA or an eligible employer plan, *you must find other money to replace the 20% of the taxable portion that was withheld.* If you roll over only the 80% that you actually received, you will be taxed currently on the remaining 20% that was withheld for federal income taxes and that is not rolled over.

**Your Right to Waive 30-Day Advance Notice.**

This notice contains important tax information, and so generally you have 30 days after receiving this notice to make a decision regarding payment of your benefit from the Plan. In other words, neither a direct rollover nor a payment to you typically can be made from the Plan until at least 30 days have elapsed from the date you receive this notice. Thus, after receiving this notice, you have at least 30 days to consider whether or not to have your Plan benefit directly rolled over. If you do not wish to wait until this 30-day notice period ends before your election is processed, you may waive the notice period by making an affirmative election indicating whether or not you wish to make a direct rollover. Your distribution request then will be processed in accordance with your election as soon as practical after it is received by the Administrator.

**MORE INFORMATION**

- I. PAYMENTS THAT CAN AND CANNOT BE ROLLED OVER**
- II. DIRECT ROLLOVER**
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- IV. SURVIVING SPOUSES, ALTERNATE PAYEES AND OTHER BENEFICIARIES**
- V. MANDATORY CASH-OUT PAYMENTS**
- VI. TIMING OF BENEFIT PAYMENT AND CONSEQUENCES OF ELECTING NOT TO DEFER**
- VII. ROTH ACCOUNTS**
- VIII. HOW TO OBTAIN ADDITIONAL INFORMATION**

**I. PAYMENTS THAT CAN AND CANNOT BE ROLLED OVER**

As referenced above, some payments from the Plan can be rolled over to an IRA or to an eligible employer plan that accepts rollovers, but some payments may not be eligible for rollover. This section describes some of the limitations on amounts that can be rolled over. After you review this information, you may want to check with your Administrator, who should be able to tell you what portion of your payment from the Plan will be an eligible rollover distribution.

After-Tax Contributions. The Plan does not permit voluntary after-tax contributions, but if you ever made voluntary after-tax contributions to this Plan, including Roth contributions described in Part VII below, or if you made a previous rollover into the Plan, a portion of which represented after-tax contributions made to another plan, any such after-tax contributions that become distributable from this Plan may be rolled over either to an IRA or to a Code Section 401(a), 403(a) or 403(b) plan that accepts rollovers of after-tax contributions. *However, the following special rules apply to rollovers of such after-tax contributions:*

- (a) Rollover into a Traditional IRA. You can roll over any after-tax contributions, other than Roth contributions, to a traditional IRA either directly or indirectly. The Administrator should be able to tell you how much of your payment is the taxable portion and how much is the after-tax portion.

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

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

Any Roth contributions made to this Plan may be rolled over only to a Roth IRA.

- (b) Rollover into an Eligible Employer Plan. You can roll over after-tax contributions from an employer plan that is qualified under Code Section 401(a), a Section 403(a) annuity plan or a Section 403(b) annuity plan to another such plan using a direct rollover *only if the other plan provides separate accounting for amounts rolled over*, including separate accounting for the after-tax employee contributions and earnings on those contributions. Roth contributions made to a Section 401(k) plan or Section 403(b) annuity may be rolled over to either another 401(k) or 403(b) annuity, but again only if the recipient plan accounts separately for these contributions.

You CANNOT roll over any after-tax contributions to a governmental Section 457 plan. If you want to roll over your after-tax contributions to an eligible employer plan that accepts these rollovers, you cannot have the after-tax contributions paid to you first. You must instruct the Administrator of this Plan to make a direct rollover on your behalf. Also, you cannot first roll over after-tax contributions to a traditional IRA and then roll over that amount into an employer plan.

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

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

Required Minimum Payments. Beginning by April 1 after the year in which you reach age 70½ or retire, whichever is later, you must receive annually from the Plan a "required minimum distribution" that, according to federal tax law rules, must be paid directly to you and included in your federal income subject to tax. Any such required minimum distribution CANNOT be rolled over.

Hardship Distributions. If the Plan permits distributions on account of hardship, any such hardship distribution made to you CANNOT be rolled over and must be included in your income subject to federal income tax in the year of receipt.

Loans Treated as Distributions. If the Plan permits participant loans, any portion of a loan made to you that becomes a taxable "deemed distribution," as a result of a default in your repayment obligation, CANNOT be rolled over. However, a "loan-offset amount" is eligible for rollover, as discussed in Part III below. Ask the Administrator if distribution of your loan qualifies for rollover treatment.

## II. DIRECT ROLLOVER

A DIRECT ROLLOVER is a direct payment of the amount of your Plan benefit to an IRA or to an eligible employer plan that will accept it. You can choose a DIRECT ROLLOVER of all or any portion of your Plan payment that is an eligible rollover distribution, as described in Part I above. You are not taxed on any taxable portion of the Plan payment for which you choose a DIRECT ROLLOVER until you later take it out of the IRA or eligible employer plan. In addition, no income tax withholding is required for any taxable portion of your Plan benefit for which you choose a DIRECT ROLLOVER. However, note that generally, you may not choose a DIRECT ROLLOVER if your Plan benefit is less than \$200.

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

DIRECT ROLLOVER to Another Eligible Employer Plan. If you are employed by a new employer that has an eligible employer plan, and you want a direct rollover to that plan, ask the Administrator of that plan whether it will accept your rollover. As indicated above, an eligible employer plan is not legally required to accept a rollover. (If your new employer's plan does not accept a rollover, remember that you can choose a DIRECT ROLLOVER to an IRA.) If the employer plan accepts your rollover, the plan may provide restrictions on the circumstances under which you may receive a later distribution of the rollover amount or may require spousal consent to any subsequent distribution. Check with the Administrator of that plan before making your decision.

DIRECT ROLLOVER of a Series of Payments. If you receive a series of payments from the Plan over a period of *less than 10 years*, and the payments otherwise are eligible for rollover, your choice to make or not make a DIRECT ROLLOVER for the first payment will apply to all later payments in the series until you change your election. You are free to change your election for any later payment in the series.

Change in Tax Treatment Resulting from a DIRECT ROLLOVER. The tax treatment of any payment from the eligible employer plan or IRA receiving your DIRECT ROLLOVER might be different than if you had received your benefit in a taxable distribution directly from this Plan. For example, if you were born before January 1, 1936, you might be entitled to ten-year averaging, as explained below. However, if you have your benefit rolled over to a Section 403(b) tax-sheltered annuity, a governmental Section 457 plan or an IRA in a DIRECT ROLLOVER, your subsequent benefit from the recipient plan or IRA no longer will be eligible for that special treatment. See the sections below titled "Additional 10% Tax If You Are under Age 59½" and "Special Tax Treatment If You Were Born before January 1, 1936."

### III. PAYMENT PAID TO YOU

If your payment can be rolled over (see Part I above), but instead you elect to have the payment made to you in cash, it is subject to 20% federal income tax withholding on the taxable portion as explained below. State and local tax withholding also may apply. The payment is taxed in the year you receive it unless, within 60 days, you roll over the entire amount of the payment (including an amount equal to all taxes withheld) to an IRA or an eligible employer plan that accepts rollovers. If you do not roll it over, special tax rules may apply.

#### Income Tax Withholding:

**Mandatory Withholding.** If any portion of your payment can be rolled over (as described in Part I above), and you do not elect to make a DIRECT ROLLOVER, the Plan is required by law to withhold 20% of the taxable amount. This amount is sent to the IRS as federal income tax withholding on your behalf. For example, if you can roll over a taxable payment of \$10,000, only \$8,000 actually will be paid to you because the Plan must withhold and remit to the IRS \$2,000 as income tax. When you prepare your income tax return for the year, unless you have made a rollover within 60 days of receipt of the distribution (see the paragraph titled “Sixty-Day Rollover Option” below), you must report the full \$10,000 as a taxable payment from the Plan. You also will show the \$2,000 on your return as tax withheld, and it will be credited against any income tax you owe for the year. There will be no federal income tax withholding if your payments from the Plan for the year total less than \$200.

**Voluntary Withholding.** If any portion of your payment is taxable but *cannot* be rolled over (as described in Part I above), the *mandatory* withholding rules described above do not apply. In this case, you may elect not to have withholding apply to that portion. If you make no election, however, an amount will be withheld from this portion of your payment for federal income taxes, with the amount being determined under applicable IRS rules. To elect not to have income taxes withheld, ask the Administrator for an election form and related information. Similarly, if you want more taxes withheld to cover your expected tax liability, check with the Administrator.

#### Sixty-Day Rollover Option:

If you do not elect a direct rollover and receive a payment that can be rolled over (as described in Part I above), you still may decide to roll over all or part of it to an IRA or to an eligible employer plan that accepts rollovers. If you decide to make a rollover, you must contribute the amount of the payment you received to an IRA or eligible employer plan within 60 days after the date you receive the Plan’s payment. The portion of your payment that is rolled over will not be taxed until you take it out of the IRA or the eligible employer plan. You can roll over up to 100% of your eligible rollover distribution (as described in Part I above), including an amount equal to the 20% of the taxable portion that was withheld. If you choose to roll over 100%, you must find other money within the 60-day period to contribute to the IRA or the eligible employer plan to replace the 20% that was withheld. If you roll over only the 80% of the taxable portion that you actually received from the Plan, you will be taxed on the 20% that was withheld for taxes and not rolled over.

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

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

#### Additional 10% Tax If You Are under Age 59½:

If you receive a payment from the Plan before you reach age 59½ and you do not roll it over, then, in addition to the regular income tax, you may have to pay an extra tax equal to 10% of the taxable portion of the payment. The additional 10% tax generally does not apply to (1) payments that are paid after you separate from service with your employer during or after the year you reach age 55, (2) payments that are paid because you retire due to disability, (3) payments that are paid as equal (or almost equal) payments over your life or life expectancy (or your and your beneficiary’s lives or life expectancies), (4) payments that are paid directly to the government to satisfy a federal tax levy, (5) payments that are paid to an alternate payee under a qualified domestic relations order, (6) payments to reservists made while on active duty who perform more than 179 days of active duty, or (7) payments that do not exceed the amount of your deductible medical expenses. Note that the exceptions to application of the 10% additional tax for early distributions from IRAs differ in a number of cases from those applicable to early distributions from this Plan and other employer plans. See IRS Form 5329 for more information on the additional 10% tax.

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

### Special Ten-Year Averaging Tax Treatment If You Were Born before January 1, 1936:

If you receive a payment from the Plan that can be rolled over (as described in Part I), and if you do not roll it over to an IRA or an eligible employer plan, the payment will be taxed in the year you receive it. However, if you were born before January 1, 1936 *and* the payment qualifies as a “*lump sum distribution*,” it may be eligible for special tax treatment. Under the special tax treatment, you can make a one-time election to figure the tax on the payment by using a special 10-year averaging method and 1986 tax rates. Ten-year averaging often reduces the tax you owe. A lump sum distribution is a payment, within one taxable year, of your entire balance under the Plan (and certain other similar plans of the employer) that is payable to you after you have reached age 59½ or because you have separated from service with your employer (or, in the case of a self-employed individual, after you have reached age 59½ or have become disabled). For a payment to be treated as a lump sum distribution, you must have been a participant in the plan for at least five years before the year in which you receive the distribution.

There are other limits on the special tax treatment for lump sum distributions. For example, you generally can elect this special tax treatment only once in your lifetime, and the election applies to all lump sum distributions that you receive in that same year. You may not elect this special tax treatment if you rolled amounts into this Plan from a Section 403(b) tax-sheltered annuity, a governmental Section 457 plan or an IRA, the balance of which is not originally attributable to a qualified employer plan. If you previously rolled over a distribution from this Plan (or from certain other similar plans of the employer), you cannot subsequently use this special averaging treatment for later payments from the Plan. If you roll over your payment to an IRA, governmental Section 457 plan or a Section 403(b) tax-sheltered annuity, you will not be able to use special tax treatment for later payments from that IRA, plan, or annuity. Also, if you roll over only a portion of your payment to an IRA, governmental Section 457 plan or Section 403(b) tax-sheltered annuity, this special tax treatment is not available for the rest of the payment. See IRS Form 4972 for additional information on lump sum distributions and how you elect the special tax treatment.

### Repayment of Plan Loans:

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

## **IV. SURVIVING SPOUSES, ALTERNATE PAYEES AND OTHER BENEFICIARIES**

In general, the rules summarized above that apply to payments to employees also apply to payments to surviving spouses of deceased employees and to spouses or former spouses who are so-called “alternate payees.” Someone is an alternate payee if that person’s interest in the Plan results from a “qualified domestic relations order,” which is an order issued by a court, usually in connection with a divorce or legal separation.

If you are a surviving spouse or an alternate payee, you may choose to have a payment that can be rolled over, as described in Part I above, paid in a DIRECT ROLLOVER to your IRA or to an eligible employer plan in which you participate, or you may elect to have the payment paid to you. If you have the payment paid to you, you can keep it or roll it over yourself to an IRA or to an eligible employer plan. Thus, you have the same choices as the employee.

If you are a beneficiary of a deceased participant *other than* the participant’s surviving spouse, you may choose a direct rollover to an IRA, but the IRA must be titled in the name of the deceased participant and not in your own name. Such a non-spouse beneficiary IRA is referred to as an “inherited IRA,” and distributions to you from that IRA must be made in accordance with the post-death minimum annual distribution rules. Note, too, that as a non-spouse beneficiary, you cannot elect a direct rollover to an employer’s eligible retirement plan, and you cannot roll over a distribution that is paid to you; any rollover must be made directly by the Plan to the inherited IRA as a direct rollover.

If you are a surviving spouse, an alternate payee or another beneficiary of a participant in the Plan, your payment from the Plan generally is not subject to the additional 10% tax described in Part III above, even if you are younger than age 59½.

If you are a surviving spouse, an alternate payee or another beneficiary, you may be able to use the special tax treatment for lump sum distributions, as described in Part III above. If you receive a payment because of the employee’s death, you may be able to treat the payment as a lump sum distribution if the employee met the appropriate age requirements, whether or not the employee had at least five years of participation in the Plan.

## **V. MANDATORY CASH-OUT PAYMENTS**

If your benefit under the Plan is \$1,000 or less but more than \$200, you may elect either a cash payment or a direct rollover to an IRA or eligible employer plan. In this case, if you make no election, the Plan will withhold federal income tax at the rate of 20% and distribute the balance directly to you. You may owe additional income tax and be subject to the 10% early distribution penalty tax unless you roll over the full amount of your benefit (including the amount of withheld taxes) within the time and in the manner described earlier in this Special Tax Notice Regarding Plan Payments.

If your benefit under the Plan is \$200 or less, your full benefit will be paid directly to you. You will have no direct rollover option, and no federal income tax will be withheld. Nevertheless, you will have to report the taxable amount of any such distribution and pay income taxes when you file your income tax return, unless you make a rollover to an IRA or eligible employer plan within 60 days of receipt of the money.

## VI. TIMING OF BENEFIT PAYMENT AND CONSEQUENCES OF ELECTING NOT TO DEFER

If your benefit under the Plan exceeds \$1,000, you may elect to have your benefit paid now or you may elect to defer receipt. You may defer receipt for any length of time, but not beyond April 1 of the calendar year following year in which you (i) reach age 70½ or (ii) retire, whichever is later. This date is called the “required beginning date” under applicable federal tax law.

If you elect to have your benefit paid now, you will have to pay federal (and any applicable state and local) income taxes on the benefit for the year of receipt, unless you elect a rollover to an IRA or other eligible retirement plan as explained above. Also, absent a rollover, federal income tax will be withheld automatically on any taxable amount that is eligible for rollover at the rate of 20% of the benefit, but this may not cover your total tax obligation. You may be required to make quarterly estimated tax payments. If you are under age 59½ and fail to meet any other applicable exception, you also will owe the additional 10% federal tax on any amount not rolled over, as explained above.

Another consequence of electing immediate payment of your benefit is that you give up any tax deferred growth of your benefit. A deferred benefit is credited with earnings, gains and losses each year based on the investments you have selected, and you pay no tax on any growth in your benefit until you actually receive payment from the Plan. You are eligible to invest a deferred benefit in any of the investment options that are available to active employees who participate in the Plan, and you may make changes in your elected investments in the same manner as active employees. For a description of the available investment options under the Plan, contact the Administrator.

## VII. ROTH ACCOUNTS

In 1997, the late Senator William V. Roth from Delaware proposed a new type of retirement account to which contributions would not be tax deductible, but for which earnings would accumulate and eventually be paid without imposition of any income tax. The new account was called a “Roth IRA.” Since then, the concept has been expanded in the law to permit “deemed Roth IRA contributions” to Section 401(a) qualified plans, elective “Roth deferrals” to Section 401(k) plans and Section 403(b) annuities, and “Roth conversions” and “Roth rollovers.” Part I above explains the circumstances under which any Roth amounts in this Plan may be rolled over. An important development effective January 1, 2008, however, also allows taxable amounts from this Plan to be rolled over to a Roth IRA.

A rollover from this Plan to a Roth IRA, like a rollover to a traditional IRA, requires that the Plan payment be an “eligible rollover distribution” as described in Part I above. Also, as in the case of a rollover to a traditional IRA, a rollover to a Roth IRA may be made either directly by the Administrator to your Roth IRA or by you under the sixty-day rollover option described previously. The principal difference between rolling your Plan payment to a Roth IRA as opposed to a traditional IRA is that in the case of a Roth IRA, you must pay income taxes on the rollover just as if no rollover contribution had been made. Because income taxes are not deferred in this case of a rollover to a Roth IRA, one logically might ask, why make such a rollover? The answer is that subsequent earnings on money rolled over to a Roth IRA accumulate *tax free*, meaning that the earnings are not simply tax deferred but they escape income taxes completely. In other words, provided that you observe certain rules applicable to your Roth IRA, subsequent withdrawals are not subject to income taxes. This is in contrast to a traditional IRA, from which withdrawals are fully taxable, except to the extent of any after-tax contributions that might have been deposited to the traditional IRA.

The following additional rules and results should be considered when deciding whether to elect a rollover of your Plan payment to a Roth IRA:

- Prior to the year 2010, you can elect a rollover from the Plan to a Roth IRA only if your federal modified adjusted gross income (not including the amount of the Plan payment) is \$100,000 or less for the year of the Plan payment.
- Also before 2010, you cannot roll money from the Plan to a Roth IRA if you are married and you and your spouse file separate income tax returns for the year.
- Income tax is not withheld by the Plan on a direct rollover to a Roth IRA, unless you enter into a voluntary withholding agreement with the Administrator. Thus, because you will have to pay income taxes on the rollover amount, you should consult your professional tax advisor to make sure you have enough taxes withheld from other income or pay quarterly estimated taxes so as to avoid any underpayment penalties for the year.
- Although you must pay income tax on a distribution that is rolled over to a Roth IRA, you are not subject to the additional 10% tax, even though you may be under age 59½ at the time.
- Unless one of a few very limited exceptions applies, the special Roth tax treatment will be lost if you withdraw money from the rollover Roth IRA within the first five years; this means that upon such an early withdrawal, the Roth IRA earnings will be subject to income taxes, *and*, if you are under age 59½, the *entire* amount in the account will be subject to the 10% additional tax.

## VIII. HOW TO OBTAIN ADDITIONAL INFORMATION

This notice summarizes only the federal (not state or local) tax rules that might apply to your payment from the Plan. The rules described above are complex and contain many conditions and exceptions that are not included in this notice. Therefore, you may want to consult with the Administrator or a professional tax advisor before you take a payment of your benefits from this Plan. Also, you can find more specific information on the tax treatment of payments from qualified employer plans in IRS Publication 575, Pension and Annuity Income, and IRS Publication 590, Individual Retirement Arrangements. These publications are available from your local IRS office, on the IRS Internet Web Site at [www.irs.gov](http://www.irs.gov), or by calling 1-800-TAX-FORM.

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