



## STATIONARY ENGINEERS LOCAL 39 TRUST FUNDS

4160 Dublin Blvd, Suite 400 \* Dublin, CA 94568

Phone: (925) 208-2280 \* Toll Free: (800) 622-0547 \* Fax: (925) 833-7301

[www.Local39Benefits.org](http://www.Local39Benefits.org) \* [l39pension@hsba.com](mailto:l39pension@hsba.com)

### INSTRUCTIONS FOR COMPLETING YOUR ANNUITY APPLICATION

#### 1. General Instructions

- a. Read each question *carefully*.
- b. PRINT** all information.
- a. Answer **all** questions. This will avoid delay in having your application processed. It is important that you be as accurate as possible in your replies. Incorrect or incomplete information will delay payment of your Annuity benefit.
- c. **BE SURE TO SIGN AND DATE YOUR APPLICATION.**

#### 2. Certification of Marital/Single Status Form

- a. Complete all requested information.
- b. Must be signed **by the Participant** in the presence of a Notary Public.
- c. Return with complete copies of Judgments of Divorce, QDROs, Legal Separation Agreements, etc., with ALL attachments.
- d. Death certificates for any previous spouses.

#### 3. Election of Payment Options Form

- a. Complete all requested information.
- b. Select only **ONE** form of payment option.
- c. Be sure to complete the State Tax Withholding section.

#### 4. Spousal Consent to Participant's Election to Waive Payment in The Form of a Qualified Joint and Survivor Annuity Form

- a. Complete all requested information.
- b. Must be signed **BY YOUR SPOUSE** in the presence of a Notary Public.

#### 5. Participant's Signature Form and Waiver of 30-Day Notice

Must be signed and dated by the Participant.



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### PLEASE SUBMIT COPIES OF THE FOLLING DOCUMENTS WITH YOUR APPLICATION FOR BENEFITS

- Birth Certificate for you and your spouse. See below for alternative documents.
- Marriage Certificate.
- Copy of current driver's license or current state I.D. (with photo) for you and your spouse.
- If you have ever been divorced or legally separated, please submit a complete copy of your judgment(s) of Divorce and Qualified Domestic Relations Orders (including Separation Agreements, Property Settlement Agreements, and any similar or related orders with any attachments).
- If you have ever served in the military or other uniformed services of the United States, please submit copies of your induction and discharge papers and the Credit for Uniformed Service for the United States Form. If you have never served, please indicate so in a brief, written statement.

### PROOF OF AGE

In order to be eligible for retirement benefits, you are required to produce proof of your age. The following is a list of the documents that may serve as proof of your age. Some of these documents are better proof than others. The list is arranged starting with the best type of proof of age and going down to the less desirable types of documents. You are required to furnish the best type of proof that is available. You do not have to furnish the original of any of these documents; you may submit a photocopy.

1. A birth certificate.
2. A baptismal certificate or a statement as to the date of birth shown by a church record certified by the custodian of such record.
3. Notification of registration of birth in a public registry of vital statistics.
4. Hospital birth record, certified by a custodian of such record.
5. A foreign church or government record.
6. A signed statement by the physician or midwife who attended birth, as to the date of birth shown on their records.
7. Naturalization record.
8. Immigration papers.
9. Military record.
10. Passport.
11. School record, certified by the custodian of such record.
12. Vaccination record, certified by the custodian of such record.
13. An insurance policy which shows the age or date of birth.
14. Marriage records showing date of birth or age (applications for marriage license or church record, certified by the custodian of such record; or marriage certificate).
15. Document showing approval of Social Security Pension.
16. Other evidence, such as signed statements from persons who have knowledge of the date of birth, voting records, poll-tax receipts, driver's license, etc.



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### CHECKLIST OF ITEMS TO SUBMIT WITH YOUR ANNUITY APPLICATION

Please utilize the checklist below to ensure that you have completed your application fully. This will expedite the application process. **Missing documents and incomplete application forms will delay the processing of your application.** Items that are in **bold** MUST be signed in front of a Notary Public (*date of both signatures must match*).

- Annuity Application
- Certification of Marital/Single Status**
- Election of Payment Options
- Spousal Consent to Participant's Election to Waive Payment in the Form of a Qualified Joint and Survivor Annuity**
- Withholding Certificate for Monthly Annuity Payments, IRS Form W-4P (if applicable)
- Participant's Acknowledgement
- Waiver of 30-Day Notice Requirement [Consent to Early Release of Benefits]**
- Copy of your birth certificate
- Copy of your spouse's birth certificate
- Copy of your marriage license
- Copy of your photo ID
- Copy of your spouse's photo ID
- Copy of any and all previous divorce decrees, Qualified Domestic Relations Orders, Separation Agreements, etc.
- Copy of your Social Security Disability Award letter (if applying for Disability Retirement)



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## FREQUENTLY ASKED QUESTIONS

### 1. What is a Qualified Preretirement Survivor Annuity (QPSA)?

Your spouse has an account in the Plan. The money in the account that your spouse is entitled to receive is called the vested account. You are entitled to a death benefit payable from your spouse's vested account if your spouse dies before beginning to receive retirement benefits (or, if earlier, before the beginning of the period for which termination benefits are paid). You have the right to receive this monthly payment for your life beginning upon your spouse's death. The special death benefit is called a Qualified Preretirement Survivor Annuity (QPSA). The Plan will pay this death benefit in a one-sum cash payment, rather than an annuity, if the value of the death benefit is less than the Plan's minimum cash out amount (contact the Administrator for details). The Plan may exclude rollover contributions in determining account balance.

### 2. How can my spouse's choice of a partial distribution change the way benefits are paid? Your right to the Qualified Preretirement Survivor Annuity cannot be taken away unless you agree to give up that benefit by allowing your spouse (the participant) to elect another beneficiary or reducing the benefits by permitting your spouse to elect a partial distribution.

**For example:** Jack, the Participant, elects to receive a partial distribution from the Plan in the amount of \$2,000. To obtain the partial distribution, Mary, (Jack's wife), must consent to it. If she consented and Jack dies after the partial distribution, Mary will only be entitled to a benefit of the remaining account balance.

### 3. Do I have to give up my right to the Qualified Preretirement Survivor Annuity?

Your choice must be voluntary. It is your personal decision whether you want to give up your right to the annuity.

### 4. Can my spouse make future changes if I sign this form?

If you sign this form, you agree that some or all of the account balance may be withdrawn from the Plan as requested by your spouse on this Annuity Benefit Election Form. Your spouse cannot change the withdrawal amount after you sign this form or after payment has been made.

### 5. Can I change my mind after I sign this form?

You cannot change this form after you sign it. Your decision is final.

### 6. What Happens to this Agreement if I become separated or divorced?

You may lose your right to the QPSA if you become legally separated or divorced from your spouse even if you do not sign this form. However, under such circumstances, you may be able to get a special court order, called a Qualified Domestic Relations Order (QDRO), that specifically protects your rights to receive the QPSA or gives you other benefits under this Plan. If you are thinking about separating or getting a divorce, you should acquire legal advice on your rights to benefits from the Plan.

### 7. What should I know before signing this form?

This is a very important decision. Think very carefully about whether you want to sign this form. Before signing, be sure you understand what death benefits you are eligible to receive and the effect of your decision. Be sure to review any applicable employee activity form completed by your spouse and Summary Plan Description (SPD). For additional information, you may contact the Plan Administrator.



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## STATIONARY ENGINEERS LOCAL 39 ANNUITY PLAN APPLICATION

Participant Name: \_\_\_\_\_

SSN: \_\_\_\_\_ Date of Birth: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Phone Number: \_\_\_\_\_ Alternate Number: \_\_\_\_\_

Email Address: \_\_\_\_\_

Date you Plan to Retire: \_\_\_\_\_ Last Day of Employment: \_\_\_\_\_

### REASON FOR DISTRIBUTION

**Termination:** Regardless of age, there have been no Employer Contributions made to my Individual Account for at least three (3) consecutive months.

**Retirement(check one):**

I am or will soon be receiving a pension from the Stationary Engineers Local 39 Pension Trust Fund.

I have attained age 60 and, to the best of my knowledge, no contributions have been made to my Individual Account for three (3) consecutive months.

**Disability (check one):**

I am totally and permanently disabled and have established entitlement to Social Security Disability Benefit.  
*Please attach a copy of your Award letter from Social Security.*

**-OR-**

On the date of application, I have qualified for California State Disability Insurance or Worker's Compensation benefits for at least six months and have **attached** one of the following listed below:

(a) Certification from a medical doctor (M.D.) supporting Participant's qualification for California State Disability Insurance; **or**

(b) Verification of permanent disability from the industry based on a permanent disability award from Workers' Compensation; **or**

(c) Verification of Waiver of Life Insurance premium as a result of disability under the Stationary Engineers Local 39 Health and Welfare Plan.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_



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## CERTIFICATION OF MARITAL/SINGLE STATUS

Federal Law requires the Trustees to confirm whether a previous spouse is entitled to any portion of your Annuity benefits. As such, it is necessary that we request the following certification and supporting documentation. Failure to complete this form fully, *including signing it in front of a notary public*, and providing ALL documentation requested, will result in a delay of the processing of your application.

Participant Name: \_\_\_\_\_ SSN: \_\_\_\_\_

**Marital Status:**     Married     Never Married     Divorced     Divorced & Remarried  
    Legally Separated     Widowed

### CURRENT SPOUSE INFORMATION

Spouse Name: \_\_\_\_\_ SSN: \_\_\_\_\_

Date of Birth: \_\_\_\_\_ Date of Marriage: \_\_\_\_\_

### PRIOR SPOUSE INFORMATION

Prior Spouse Name: (if none, please indicate NONE): \_\_\_\_\_

Date of Marriage: \_\_\_\_\_ Date of Separation: \_\_\_\_\_

Marriage terminated due to: \_\_\_\_\_  
(Death, divorce, dissolution, other (please specify))

Complete Address (if living): \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

**IF YOU HAVE MORE THAN ONE PRIOR MARRIAGE, PLEASE ATTACH A SEPARATE SHEET OF PAPER PROVIDING THE INFORMATION REQUESTED ABOVE FOR EACH ADDITIONAL MARRIAGE.**

**Please provide complete copies of all divorce decrees, separation agreements, Qualified Domestic Relations Orders and any other accompanying documents related to the termination of your previous marriage(s)**

**I HEREBY CERTIFY THAT ALL OF THE INFORMATION PROVIDED ON THE CERTIFICATION OF MARITAL/SINGLE STATUS FORM IS COMPLETE AND ACCURATE.**

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

### TO BE COMPLETED BY NOTARY PUBLIC

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

State of \_\_\_\_\_ County Of \_\_\_\_\_

On \_\_\_\_\_, before me, \_\_\_\_\_,

Notary Public, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and have acknowledged to me that they executed the same in their authorized capacities, and that by their signature on the instrument, the persons, or the entity upon behalf of which the persons acted, executed the instrument.

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

WITNESS my hand and official seal.

(Seal)

Notary's Signature



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### **EXPLANATION OF BENEFIT PAYMENT**

1. **50% Joint and Survivor Annuity.** The monthly amount is a specific dollar amount based on the value of your Account payable for your lifetime. Upon your death, 50% is paid to your surviving spouse. Please contact Empower for the monthly benefit amount.
  
2. **75% Joint and Survivor Annuity.** The monthly amount is a lower specific dollar amount based on the value of Account payable for your lifetime. Upon your death, 75% is paid to your surviving spouse. Please contact Empower for the monthly benefit amount.
  
3. **Single Life Annuity.** The monthly amount is a larger specific dollar amount based on the value of your Account payable for your lifetime only. Upon your death, no further benefits are payable. Please contact Empower for the monthly benefit amount.
  
4. **Lump Sum Payment.** A single sum payment of your Account directed to you or rolled over to an Individual Retirement Account (IRA) or retirement plan.
  - a. If the single sum payment is paid to you, the taxable portion of the distribution may be subject to
  - b. mandatory 20% federal income tax withholding and any state tax withholding, if applicable.
  - c. If the single sum payment is rolled over to an IRA or retirement plan, you will not have to pay tax until you receive payments later.
  
5. **Installments.** The monthly amount can vary based on available alternatives.

**PLEASE REFER TO THE ENCLOSED SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS.**



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### **ELECTION OF PAYMENT OPTIONS**

I hereby acknowledge that I understand my rights to benefits from the Stationary Engineers Local 39 Annuity Plan. I hereby elect to receive my monthly benefits in the form indicated below. **I understand that, if I am married on my effective date, I will receive my benefits in the 50% Joint and Survivor Annuity UNLESS I elect another form of benefit and, if I elect to receive benefits in one of the alternate forms of benefit, my spouse consents to my waiver of the Joint and Survivor Annuity forms of payment by signing the Spousal Consent to Waive Payment In The Form of A Qualified Joint and Survivor Annuity at the bottom of this form.**

I hereby elect to receive my account in the option as indicated below:

#### **LUMP SUM PAYMENT**

- I elect to have **100%** of my vested account paid to me in a single sum. I understand that to any taxable portion of my distribution, I may be subject to mandatory 20% federal income withholding and any state tax withholding, if applicable.
- I elect a **Partial Lump Sum** payment in the amount of \$ \_\_\_\_\_.  
I understand that any taxable portion of my distribution is subject to mandatory 20% federal income withholding and any state tax withholding, if applicable.

#### **Remaining balance:**

- I elect the remainder of my account balance to be rolled over as indicated below under section "Direct Rollover".
- I elect to leave my remaining account balance in the Plan.
- If the account balance exceeds \$5,000:**
- I elect to have my account balance paid as a Joint and 50% Survivor Annuity.
- I elect to have my account balance paid as a Single Life Annuity.
- I elect to have my account balance paid as a Joint and 75% Survivor Annuity.

#### **I understand I need to contact Empower Retirement to obtain monthly annuity payment options.**

- Monthly Installment:
- I elect to have my vested account paid to me in monthly installments in the amount of \$ \_\_\_\_\_.

#### **DIRECT ROLLOVER:**

- I elect a partial ROLLOVER in the amount of \$ \_\_\_\_\_.

#### **Remaining balance:**

- I elect to leave my remaining account balance in the Plan.
- I elect to Rollover 100% of my vested account to:
- IRA Account
- OR**
- Qualified Retirement Plan

Name of IRA Custodian or Retirement Plan: \_\_\_\_\_

Account Number: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_





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## SPOUSAL CONSENT TO PARTICIPANT'S ELECTION TO WAIVE PAYMENT IN THE FORM OF A QUALIFIED JOINT-AND-SURVIVOR ANNUITY

My spouse, \_\_\_\_\_, is a Participant in the Stationary Engineers Local 39 Annuity Plan.

I certify that I am the spouse of the Participant named above. I understand that I have the right to have the Plan pay my spouse's Account in the form of a Joint and Survivor Annuity, which will provide a lifetime annuity to my spouse and continuing payments to me for my lifetime, provided I outlive my spouse; and I hereby agree to waive payment in the form of a qualified joint and survivor annuity. I understand that by signing this spousal consent form I will not be entitled to any benefits subsequent to my spouse's death.

Spouse Name: \_\_\_\_\_ Spouse's SSN: \_\_\_\_\_

\_\_\_\_\_  
Spouse Signature (must be notarized by Notary Public)      Date

### TO BE COMPLETED BY NOTARY PUBLIC

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

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

On \_\_\_\_\_, before me, \_\_\_\_\_  
(insert name and title of the office)

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

I certify under PENALTY OF PERJURY under the laws of the state of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal

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

My Commission expires: \_\_\_\_\_



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### **PARTICIPANT'S ACKNOWLEDGEMENT**

#### **Please read and Initial**

I certify under penalty of perjury that the information provided is correct.

**FEDERAL INCOME TAX WITHHOLDING.** I understand that all payments I receive from the Plan are taxable income and that the lump sum and partial lump sum options are eligible for rollover to an IRA or to another qualified retirement plan and will be subject to **mandatory 20%** federal income tax withholding if not rolled over. I also understand that if I receive distribution **prior to age 55**, **I may have to pay a 10% tax penalty in addition to regular income tax. I acknowledge receipt of the "Special Tax Notice"** which explains these rules.

I further understand that **the Plan does not provide tax advice** and that I should consult my own tax advisor.

I certify that I have the right to receive benefits in the form of a Joint and Survivor Annuity if I am married or Single Life Annuity if I am single. I have the right to waive such annuity payments, provided that if I am married, my spouse consents in writing to the waiver. I understand the terms of the annuity and the financial effect of a waiver; and I may revoke any waiver in effect at any time before benefit payments begin.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_



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### WAIVER OF 30-DAY NOTICE REQUIREMENT

I, \_\_\_\_\_, acknowledge that I have been informed that federal law prohibits the Fund from paying benefits to me until at least 30 days after my spouse and I have received a written explanation of the 50 % Husband and Wife form, including my right to waive that form with the written consent of my spouse, the effect of such a waiver and the right my spouse and I each have to revoke that waiver and consent. I have also been informed that I may waive that 30-day notice period and instead elect a 7-day notice period, which will permit the Fund to commence payment of benefits to me no less than 7 days after my spouse and I received the written explanation, provided my spouse also consents in writing to waiver of the 30-day notice period.

I elect to waive the 30-day notice period.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

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

On \_\_\_\_\_, before me, \_\_\_\_\_  
(insert name and title of the office)

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

I certify under PENALTY OF PERJURY under the laws of the state of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal

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

My Commission expires: \_\_\_\_\_



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## DIRECT DEPOSIT REQUEST

Name : \_\_\_\_\_ SSN : \_\_\_\_\_

Address : \_\_\_\_\_

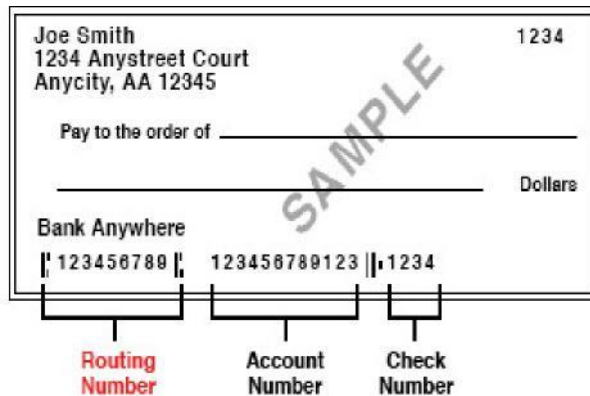
City : \_\_\_\_\_ State : \_\_\_\_\_ Zip Code : \_\_\_\_\_

### Account Information

**SELECT ONE :**     Checking Account    **OR**     Savings Account

Bank Name : \_\_\_\_\_

Routing Number: \_\_\_\_\_ Account Number: \_\_\_\_\_



**\*ATTACH A COPY OF A VOIDED CHECK OR SAVINGS DEPOSIT SLIP\***

As benefit payments become due to me from the Individual Account Plan, I authorize the Administrative Office to pay by directing electronic transfer of funds, (or if not available, by direct mail of a check) to the order of the above-named financial institution for credit to my account. I authorize said financial institution to refund amount equal to any payments which become due after my death that have been credited to my account or to charge the account accordingly. I reserve the right to cancel this authorization and direction by giving written notice to the Administrative Office.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_



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### STATE INCOME TAX WITHHOLDING ELECTION

State: \_\_\_\_\_  
(Please specify State)

#### Please Elect One:

- Please withhold State income tax from my distribution at the date of 10% of the amount withheld in Federal Income Tax.
- Please withhold \$\_\_\_\_\_ from my distribution in State Income Tax.
- Please DO NOT withhold any State Income Tax from my distribution.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_



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### **SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS**

You are receiving this notice because all or a portion of a payment you are receiving from the IUOE Stationary Engineers Local 39 Annuity Trust Fund (“Plan”) is eligible to be rolled over to an Individual Retirement Account (“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). 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.

#### **A. GENERAL INFORMATION ABOUT ROLLOVERS**

##### **1. 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 59<sup>1/2</sup> and do not do a rollover, you will also have to pay a 10% additional income tax on early distributions (unless an exception applies). If, however, 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 59<sup>1/2</sup> (or if an exception applies).

##### **2. 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.

##### **3. 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.

- a. 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.



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- b. If you do not do a direct rollover, the Plan is required to withhold 20% of the payment for federal income taxes (up to the amount of cash). This means that in order to roll over the entire payment in a 60-day rollover, you must use other funds to make up for the 20% withheld. If you do not roll over the entire amount of the payment, the portion not rolled over will be taxed and will be subject to the 10% additional federal income tax (and potential State tax penalties) on early distributions if you are under age 59<sup>1/2</sup> (unless an exception applies).

### 4. 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 72 (or after death)
- Corrective distributions of contributions that exceed tax law limitations
- Loans treated as deemed distributions (for example, loans in default due to missed payments before your employment ends)

The Plan administrator can tell you what portion of a payment is eligible for rollover.

### 5. 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 59<sup>1/2</sup>, 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 made due to certain disabilities
- Payments after your death
- Corrective distributions of contributions that exceed tax law limitations



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- 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.

### **6. 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<sup>1/2</sup>, 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.

There are, however, 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).

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

Please note that state or local income tax is withheld only for those states where such withholding is mandatory. If you reside in a state that has a state income tax, and the state does not have a mandatory withholding rule, you will be responsible for any state income taxes due on the taxable portion of your distribution. You should also be aware that some states have not yet changed their laws to consider the expanded rollover rules that became effective January 1, 2002. In certain situations, a rollover now permitted under federal law may be subject to taxation under state law; however, once the rollover is taxed under state law, the state would not tax this amount again when later you receive it as a distribution.

Note: California assesses a 2.5% tax penalty for early distributions from a Retirement Plan.





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### B. SPECIAL RULES AND OPTIONS

#### 1. If you miss the 60-day rollover deadline

Generally, the 60-day rollover deadline cannot be extended. The IRS has, however, 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).

#### 2. If you have an outstanding loan that is being offset

(This section of the IRS Notice does not apply inasmuch as the Plan does not offer Participant loans.) 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.

#### 3. 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.

#### 4. 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.



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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.

### 5. If you are not a Plan Participant

a. 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 does 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.

**1. 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 72.

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. If, however, 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 72.

**2. 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.



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- b. 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.

### 6. 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.

### 7. 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 federal income taxes. However, you may do a 60-day rollover.

Unless you elect otherwise, a mandatory cash out of more than \$1,000 (not including payments from a designated Roth account in the Plan) will be directly rolled over to an IRA chosen by the Plan administrator or the payer. A mandatory cash out 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). 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.

### C. FOR MORE INFORMATION

**It is recommended that you consult with a professional tax advisor if you have questions before taking a payment from the Plan.** You may also speak to the Plan Administrator. 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.