

How to: Rollover your 401(k) into the Investnet Plan

This option is only available to active Investnet employees who converted from Redi2

STEP 1, Go to your Investnet Fidelity Account at www.401k.com (available by 8/10/2022)

- A. Go to Rollovers then click Roll Over to Plan
- B. You will be receiving a check from ADP – use this information to confirm your contact information, provide contribution information and obtain the address to mail your check and deposit slip when it arrives.
- C. **PAUSE, go to 'NEXT':** You will not be able to finish this process until after your check arrives but it will allow you to ensure you will be able to deposit your check with Fidelity and confirm how the process will work. Additionally, you may review a full document about how to enter your information into Fidelity at the Redi2 microsite: www.assetstrategy.com/Redi2
- D. **AFTER YOU RECEIVE YOUR CHECK:** When you receive your check – come back to the website to complete your request. If you do not, the check will be mailed back to you from Fidelity.

STEP 2, Complete the Termination Form

- A. Complete box 1 and select 'Plan Termination' by Employer in box 2

2 REASON FOR DISTRIBUTION (CHECK 1 BOX ONLY AND ENTER DATE)

<input type="checkbox"/> Termination of Employment, Resignation or Retirement	Termination Date: <input type="text"/>
<input type="checkbox"/> Disability (see Roth Disability in Step 4 below if you have a Roth account under the Plan)	MM/DD/YYYY
<input checked="" type="checkbox"/> Plan Termination by Employer	
<input type="checkbox"/> Alternate Payee pursuant to a Qualified Domestic Relations Order	
<input type="checkbox"/> Death Beneficiary	

- B. In box 3, complete as follows

3 FUNDS DISBURSEMENT ELECTION (SELECT A, B OR C; IF A ROLLOVER IS SELECTED, ALSO COMPLETE STEP 4)

A. Total Distribution (select one of the following)

<input type="checkbox"/> Pay me 100% of my account balance in a cash distribution
<input checked="" type="checkbox"/> Rollover 100% of my account balance (Complete Step 4)
<input type="checkbox"/> Rollover \$ <input type="text"/> (and check one)
from my non-Roth source(s) <input type="text"/> from Roth source(s) <input type="text"/> and pay the remainder to me in a cash distribution (Complete Step 4) (taxable amounts will be rolled over before any non-taxable amounts)
<input type="checkbox"/> Rollover all of my pre-tax amounts (Roth and non-Roth) pay me any nontaxable amounts in a cash distribution (Complete Step 4)

- C. Skip to box 4, complete as follows (assumes balances in both pretax & Roth program)

4 ROLLOVER INFORMATION (SELECT DESTINATION FOR YOUR DIRECT ROLLOVER)

Complete Section A for a Direct Rollover of your Non-Roth 401(k) amounts.
Complete Section B for a Direct Rollover of your Roth 401(k) accounts if applicable.

A. **Non-Roth 401(k) amounts:** Select the type of account and fill in the name of the institution/trustee to which your Direct Rollover of non-Roth amounts will be made.

<input type="checkbox"/> Traditional IRA
<input type="checkbox"/> Roth IRA (Pre-tax amounts will be included in your taxable income; see Instructions)
<input checked="" type="checkbox"/> Employer Plan (Qualified Plan, 403(a) Qualified Annuity, 457 Plan, or 403(b) Tax-Sheltered Annuity)

Make Check Payable to (Fill in Name of Institution / Trustee):

NOTE: Pre-tax amounts in your account balance are included in your Direct Rollover before any after-tax amounts. "After-tax" means only the amount in your account which was taxed before it was contributed but does not include Roth amounts.

B. **Roth 401(k) accounts:** Select the type of account and fill in the name of the institution/trustee to which your Direct Rollover of Roth amounts will be made:

<input type="checkbox"/> Roth IRA
<input checked="" type="checkbox"/> Employer Plan (Qualified Plan, 403(a) Qualified Annuity, 457 Plan, or 403(b) Tax-Sheltered Annuity)

Make Check Payable to (Fill in Name of Institution / Trustee):

Roth Disability: Check here if (i) you checked Disability as the Reason for Distribution in Step 2 and (ii) you meet the following requirements of a Roth Permanent Disability – you are unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in your death or to be of long-continued and indefinite duration.

- ☐ Manually sign & date in box 5
- ☐ Do not complete box 6, Redi2's Plan Administrator will review, sign and send to ADP after 8/31. PDF and email to Nina.Vargas@Redi2.com or mail to Nina Vargas, c/o Redi2 Technologies, 205 Portland St, Boston, MA 02114
- ☐ After you receive your check from ADP, go back to Step 1D.

Participant must be provided with the Special Tax Notice Regarding Plan Payments.

INSTRUCTIONS

The Termination Form is used to process Plan distributions due to a participant's termination of employment (due to retirement, disability, and in the event of Plan termination). All sections must be completed in full for your request to be processed.

STEP 1 Participant Information

Please print and complete this section in full.

STEP 2 Reason for Distribution

Check **one** box as the reason for distribution and enter the termination date (this will be the date that your employment with your employer terminated or the date your employer terminated the Plan. Check with your Plan Administrator if you do not know this date). If you checked Disability as a Reason for Distribution, see your Summary Plan Description to determine if you meet the Plan's definition of disability; and, if you have Roth 401(k) money in the Plan, also see Note on "Roth Disability" in Step 3.

STEP 3 Funds Disbursement Election

Check one box as the reason for distribution and enter the termination date (this will be the date that your employment with your employer terminated or the date your employer terminated the Plan. Check with your Plan Administrator if you do not know this date). If you checked Disability as a Reason for Distribution, see your Summary Plan Description to determine if you meet the Plan's definition of disability; and, if you have Roth 401(k) money in the Plan, also see Note on "Roth Disability" in Step 3.

Check **one** box (A, B, or C) to identify how you want to be paid and make the applicable elections within each section.

- If you request a 100% cash distribution, you will receive one check payable to you.
- If you request a 100% Rollover, you will receive one check payable to the Institution or Trustee that you indicate on this Form in Step 4.
- If you request a portion of the distribution to be rolled over and a portion to be paid to you in cash, you will receive 2 checks: one payable to the Rollover Institution/Trustee and one payable to yourself.
- If you elect to Rollover your taxable amounts and receive a cash distribution of the remaining non-taxable amounts, but your Roth distribution doesn't qualify as a qualified Roth distribution (see below), you will receive 3 checks: one check consisting of your pre-tax amounts for you to rollover to a pre-tax account, one consisting of your Roth earnings for you to rollover to a Roth account and a third separate check to you in cash for your Roth (and after-tax, if any) contributions.

Note: The "Partial Distribution" and "Installments" options are not available if the reason for your distribution is the termination of the Plan or your account balance (excluding any rollover account under the Plan) is \$5,000 or less. Any outstanding loan balance will become taxable upon a full or partial distribution.

Please read the Special Tax Notice for information about rollovers, tax withholding, the early distribution penalty, qualified Roth distributions and other important matters that may affect your distribution. ADP cannot provide legal or tax advice and nothing on the Form or Instructions should be construed as tax or legal advice.

Part or all of your distribution will be taxable unless your distribution qualifies as a Qualified Roth Distribution. You may elect to rollover just your pre-tax amount and receive any after-tax, if any, as a cash distribution.

Note on Qualified Roth Distributions - Whether your withdrawal from a Roth account is entirely tax-free or whether the earnings are taxable depends on whether the distribution meets the requirements under the Internal Revenue Code for a qualified Roth distribution. A qualified Roth distribution is a payment made after you are age 59½ (or your death or disability) and after you have had a Roth account in the Plan for at least 5 years. In applying the 5-year rule, count from January 1 of the year your first contribution or rollover was made to the Roth accounts under the Plan or if you had a prior direct rollover of a Roth account from another employer plan, count from January 1 of the year of your first Roth contribution or Roth rollover to this prior employer plan.

Plan Records Must Show 5 Year Rule Satisfied - If the Plan's records, as recorded at ADP, do not indicate your Roth distribution is a qualified Roth distribution (i.e., reflect that you have 5 years of Roth 401(k) participation and/or your distribution is not on account of death, disability, or attainment of age 59½), earnings on your distribution from the Roth 401(k) account under the Plan will be taxable and subject to the mandatory 20% federal income tax withholding to the extent the distribution is paid to you and is not directly rolled over.

Note on Roth Disability - If you checked disability as your Reason for Distribution in Step 2, you must meet the definition of Roth Permanent Disability in Step 4B of the Termination Form, in addition to the other qualified Roth distribution requirements, in order for your distribution to be a qualified Roth distribution. Note: The Roth disability definition may be different than the Plan's definition of disability.

STEP 4 Rollover Information

If you requested a Rollover in Step 3, complete section A and/or B in Step 4. Select the type of account to which the Rollover will be made and complete the Name of the Rollover Institution/Trustee to which the check should be made payable. Note: If you are rolling over a distribution to another employer plan, please check with the plan administrator of such plan on specific requirements needed to make the rollover and the specific types of money that the employer plan will accept.

Note on Direct Rollovers of Pre-tax Amounts to a Roth IRA: Direct rollovers are not subject to mandatory federal tax withholding. Therefore, ADP will not withhold any federal tax amount on any direct rollovers, including direct rollovers of pre-tax amounts to a Roth IRA which must be included in your taxable income. **Therefore, you should make sure you are able to pay all required income taxes in connection with such a rollover. You are strongly encouraged to consult with your tax advisor before making your election.**

STEP 5 Participant Acknowledgement and Signature

Read the acknowledgment then sign and date the form.

STEP 6 Return to Your Former Employer or This Form WILL NOT BE PROCESSED.

The Plan Administrator Approval/Signature, date and Recordkeeping Plan # are required.

(form continues on back →)



1 PARTICIPANT INFORMATION (PLEASE PRINT AND COMPLETE THIS SECTION IN FULL)

Phone _____ Social Security # _____
Employee Name (Last) _____ (First) _____ (Middle Initial) _____
Address (Street) _____ (Apt. # / PO Box#) _____
(City) _____ (State) _____ (Zip Code) _____

Participant must be provided with the Special Tax Notice Regarding Plan Payments.

2 REASON FOR DISTRIBUTION (CHECK 1 BOX ONLY AND ENTER DATE)

- Termination of Employment, Resignation or Retirement Termination Date: _____
Disability (see Roth Disability in Step 4 below if you have a Roth account under the Plan) MM/DD/YYYY
Plan Termination by Employer
Alternate Payee pursuant to a Qualified Domestic Relations Order
Death Beneficiary

3 FUNDS DISBURSEMENT ELECTION (SELECT A, B OR C; IF A ROLLOVER IS SELECTED, ALSO COMPLETE STEP 4)

- A. Total Distribution (select one of the following)
Pay me 100% of my account balance in a cash distribution
Rollover 100% of my account balance (Complete Step 4)
Rollover \$ _____ (and check one)
from my non-Roth source(s) _____ from Roth source(s) _____ and pay the remainder to me in a cash distribution
(Complete Step 4) (taxable amounts will be rolled over before any non-taxable amounts)
Rollover all of my pre-tax amounts (Roth and non-Roth) pay me any nontaxable amounts in a cash distribution (Complete Step 4)

OR

- B. Partial Distribution - Distribute a portion of my vested account balance and leave the remaining balance in the Plan.
(A Partial Distribution is not available if the Plan Sponsor is terminating the Plan.) Specify the dollar amount to be distributed which is less than 100% of your account balance in the Plan, a payment option, and select a money type/source (if desired):
Partial Distribution Amount: \$ _____ (This is subject to withholding on taxable amount.)
Payment Option: (select one)
Pay me 100% of the Partial Distribution Amount in a cash distribution (select money type below if desired)
Rollover 100% of the Partial Distribution Amount (Complete Step 4) (select money type below if desired)
Rollover \$ _____ (and check one)
from my non-Roth source(s) _____ from Roth source(s) _____ and pay the remainder to me in a cash distribution, up to the Partial Distribution Amount (Complete Step 4) (taxable amounts will be rolled over before any non-taxable amounts) (do not select money type below)
Money Type Election: Your Partial Distribution (both Rollover and cash) will be withdrawn proportionally from all of your money types unless you limit the Partial Distribution to the following money type(s) by checking one or more boxes below:
Pre-tax 401(k) (Pre-tax elective deferrals, vested employer contributions, and earnings)
Roth 401(k) (Roth elective deferrals and earnings)
Pre-tax Rollover (Pre-tax Rollover money and earnings)
Roth Rollover (Roth Rollover including earnings and In-Plan Roth Rollovers including earnings)
After-tax (non-Roth after-tax money and earnings)
Note: If the type of money selected is not sufficient to cover the distribution amount, then the amount processed will be reduced to the maximum amount available for that money type(s).
Are you currently receiving installment payments? Yes No
If yes, do you want to continue your installments after your partial payment? Yes No

OR

- C. Installments - Distribute my vested account balance to me in the form of periodic payments. Only available if your vested account balance excluding any rollover account exceeds \$5,000. Not available if the Plan Sponsor is terminating the Plan. Please contact your Plan Administrator if you would like your installments direct deposited. The number of payments may not exceed your life expectancy, or the joint life expectancy of you and your beneficiary. Fill in your elections below:
Installment Payment Start Date (MM/DD/YYYY): _____
Number of payments: _____ OR Payment Amount \$ _____
Frequency of Payments (Select One): Monthly Quarterly Semi-annually Annually

Continued...



C. Installments (DO NOT COMPLETE THIS SECTION IF ELECTING A TOTAL OR PARTIAL DISTRIBUTION IN SECTION A OR B, ABOVE.)

I understand that mandatory 20% Federal Income Withholding tax will apply (and any mandatory state tax withholding may apply) to the taxable portion of my installment distribution, including any installments payable for a period of less than 10 years.

If installment payments have been elected above for a period of 10 years or more, complete the section below.

- I have elected installment payments for a period of 10 years or more and elect the following withholding (select only one):
 - I elect the standard 20% Federal Income Tax Withholding
 - I elect no Federal Income Tax Withholding
 - I elect to have _____% Federal Income Tax Withholding

Note: Regardless of your election you will remain liable for any federal income tax on the distribution amount. You may also be subject to penalties under the federal estimated tax payment rules if your tax payments and withholding amounts are not sufficient.

4 ROLLOVER INFORMATION (SELECT DESTINATION FOR YOUR DIRECT ROLLOVER)

Complete Section A for a Direct Rollover of your Non-Roth 401(k) amounts.

Complete Section B for a Direct Rollover of your Roth 401(k) accounts if applicable.

A. Non-Roth 401(k) amounts: Select the type of account and fill in the name of the institution/trustee to which your Direct Rollover of non- Roth amounts will be made:

- Traditional IRA
- Roth IRA (Pre-tax amounts will be included in your taxable income; see Instructions)
- Employer Plan (Qualified Plan, 403(a) Qualified Annuity, 457 Plan, or 403(b) Tax-Sheltered Annuity)

Make Check Payable to (Fill in Name of Institution / Trustee):

NOTE: Pre-tax amounts in your account balance are included in your Direct Rollover before any after-tax amounts. "After-tax" means only the amount in your account which was taxed before it was contributed but does not include Roth amounts.

B. Roth 401(k) accounts: Select the type of account and fill in the name of the institution/trustee to which your Direct Rollover of Roth amounts will be made:

- Roth IRA
- Employer Plan (Qualified Plan, 403(a) Qualified Annuity, 457 Plan, or 403(b) Tax-Sheltered Annuity)

Make Check Payable to (Fill in Name of Institution / Trustee):

- Roth Disability:** Check here if (i) you checked Disability as the Reason for Distribution in Step 2 and (ii) you meet the following requirements of a Roth Permanent Disability – you are unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in your death or to be of long-continued and indefinite duration.

5 PARTICIPANT ACKNOWLEDGEMENT AND SIGNATURE

I hereby authorize the distribution of funds from my account according to the directions identified above. I understand that there may be certain penalties, transaction fees and/or taxes due. By signing this form, I certify that within the last 180 days I have received a notice describing the tax consequences of my distribution options and the material features of the optional forms of payment available under the Plan. I am aware that I may have the right under the Plan to defer distribution if my account balance exceeds the Plan's cashout limit. I am aware that the Internal Revenue Service recommends that I take 30 days to consider my distribution options; however, by returning this signed form prior to the expiration of the 30-day period, I hereby waive the 30-day waiting period. Further, I certify that no portion of the benefits to which I am entitled from the Plan is subject to a qualified domestic relations order which would affect the payment of any benefits from the Plan. I understand that there may be penalties and/or taxes due depending upon my particular circumstances.

Signature of Employee/Participant

Date

6 RETURN FORM TO YOUR EMPLOYER OR THIS FORM WILL NOT BE PROCESSED

Plan Administrator Approval/Signature: _____ Date: _____

Recordkeeping Plan #: _____

PA to email the completed, signed, and scanned form in PDF Format to 'ADPRS.eforms@adp.com.'

SPECIAL TAX NOTICE

Non-Roth

PLEASE READ THIS NOTICE IF YOU ARE RECEIVING A DISTRIBUTION FROM ANY OF YOUR PLAN ACCOUNTS OTHER THAN A DESIGNATED ROTH ACCOUNT (FOR EXAMPLE, YOUR PRE-TAX DEFERRAL ACCOUNT OR EMPLOYER CONTRIBUTION ACCOUNT).

For Payments Not From a Designated Roth Account

YOUR ROLLOVER OPTIONS

You are receiving this notice because all or a portion of a payment you are receiving from a tax-qualified retirement plan maintained by your employer (the "Plan") is eligible to be rolled over to an IRA or an employer plan. This notice is intended to help you decide whether to do such a rollover.

This notice describes the rollover rules that apply to payments from the Plan that are *not* from a designated Roth account (a type of account with special tax rules in some employer plans that is subject to special tax rules). If you also receive a payment from a designated Roth account in the Plan, you will be provided a different notice for that payment, and the Plan administrator or the payor will tell you the amount that is being paid from each account.

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

GENERAL INFORMATION ABOUT ROLLOVERS

How can a rollover affect my taxes?

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

What types of retirement accounts and plans may accept my rollover?

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, IRAs are not subject to spousal consent rules and IRAs may not provide loans). Further, the amount rolled over will become subject to the tax rules that apply to the IRA or employer plan.

How do I do a rollover?

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

If you do a direct rollover, the Plan will make the payment directly to your IRA or 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. Generally, you will have 60 days after you receive the payment to make the deposit. If you do not do a direct rollover, the Plan is required to withhold 20% of the payment for federal income taxes (up to the amount of cash and property received other than employer stock). This means that, in order to roll over the entire payment in a 60-day rollover, you must use other funds to make up for the 20% withheld. If you do not roll over the entire amount of the payment, the portion not rolled over will be taxed and will be subject to the 10% additional income tax on early distributions if you are under age 59½ (unless an exception applies).

How much may I roll over?

If you wish to do a rollover, you may roll over all or part of the amount eligible for rollover. Any payment from the Plan is eligible for rollover, except:

- Certain payments spread over a period of at least 10 years or over your life or life expectancy (or the joint lives or joint life expectancies of you and your beneficiary);
- Required minimum distributions after age 70½ (if you were born before July 1, 1949), after age 72 (if you were born after June 30, 1949) or after death;
- Hardship distributions;
- Payments of employee stock ownership plan (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 that you request to withdraw within 90 days of your 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); and
- Distributions of certain premiums for health and accident insurance.

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

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

If you are under age 59½, you will have to pay the 10% additional income tax on early distributions for any payment from the Plan (including amounts withheld for income tax) that you do not roll over, unless one of the exceptions listed below applies. This tax applies to the part of the distribution that you must include in income and 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 joint lives or joint life expectancies of you and your beneficiary);
- Payments from a governmental plan made after you separate from service if you are a qualified public safety employee and you will be at least age 50 in the year of the separation;
- Payments up to \$5,000 made to you within one year after the birth or adoption of a child;
- 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 a qualified domestic relations order (QDRO);
- Payments of up to \$5,000 made to you from a defined contribution plan if the payment is a qualified birth or adoption distribution;
- Payments up to the amount of your deductible medical expenses (without regard to whether you itemize deductions for the taxable year);
- 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 that you request to withdraw within 90 days of your first contribution;
- Payments excepted from the additional income tax by federal legislation relating to certain emergencies and disasters; and
- Phased retirement payments made to federal employees.

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

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

- The exception for payments made after you separate from service if you will be at least age 55 in the year of separation (or age 50 for qualified public safety employees) does not apply;
- 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); and
- 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.

Additional exceptions apply for payments from an IRA, including:

- Payments for qualified higher education expenses;
- Payments up to \$10,000 used in a qualified first-time home purchase; and
- 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 address any State or local income tax rules (including withholding rules).

SPECIAL RULES AND OPTIONS

If your payment includes after-tax contributions

After-tax contributions included in a payment are not taxed. If you receive a partial payment of your total 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 payment. 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 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 rolled over is treated as being after-tax contributions. If you do a direct rollover of the entire amount paid from the Plan to two or more destinations at the same time, you can choose which destination receives the after-tax contributions.

Similarly, if you do a 60-day rollover to an IRA of only a portion of a payment made to you, the portion 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 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 not rolled over is treated as being after-tax contributions.

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

If you miss the 60-day rollover deadline

Generally, the 60-day rollover deadline cannot be extended. However, the IRS has the limited authority to waive the deadline under certain extraordinary circumstances, such as when external events prevented you from completing the rollover by the 60-day rollover deadline. Under certain circumstances, you may claim eligibility for a waiver of the 60-day rollover deadline by making a written self-certification. Otherwise, to apply for a waiver from the IRS, 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

If you do not do a rollover, you can apply a special rule to payments of employer stock (or other employer securities) that are either attributable to after-tax contributions or paid in a lump sum after separation from service (or after age 59½, disability, or the participant's death). Under the special rule, the net unrealized appreciation on the stock will not be taxed when distributed from the Plan and will be taxed at capital gain rates when you sell the stock. Net unrealized appreciation is generally the increase in the value of employer stock after it was acquired by the Plan. If you do a rollover for a payment that includes employer stock (for example, by selling the stock and rolling over the proceeds within 60 days of the payment), the special rule relating to the distributed employer stock will not apply to any subsequent payments from the IRA or generally, the Plan. The Plan administrator can tell you the amount of any net unrealized appreciation.

If you have an outstanding loan that is being offset

If you have an outstanding loan from the Plan, your Plan benefit may be offset by the outstanding amount of the loan, typically when your employment ends. The offset amount is treated as a distribution to you at the time of the offset. Generally, you may roll over all or any portion of the offset amount. Any offset amount that is not rolled over will be taxed (including the 10% additional income tax on early distributions, unless an exception applies). You may roll over offset amounts to an IRA or employer plan (if the terms of the employer plan permit the plan to receive plan loan offset rollovers).

How long you have to complete the rollover depends on what kind of plan loan offset you have. If you have a qualified plan loan offset, you will have until your tax return due date (including extensions) for the tax year during which the offset occurs to complete your rollover. A qualified plan loan offset occurs when a plan loan in good standing is offset because your employer plan terminates, or because you sever from employment. If your plan loan offset occurs for any other reason (such as a failure to make level loan repayments that results in a deemed distribution), then you have 60 days from the date the offset occurs to complete your rollover.

If you were born on or before January 1, 1936

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

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

If the Plan is a governmental section 457(b) plan, the same rules described elsewhere in this notice generally apply, allowing you to roll over the payment to an IRA or an employer plan that accepts rollovers. One difference is that, if you do not do a rollover, you will not have to pay the 10% additional income tax on early distributions from the Plan even if you are under age 59½ (unless the payment is from a separate account holding rollover contributions that were made to the Plan from a tax-qualified plan, a section 403(b) plan, or an IRA). However, if you do a rollover to an IRA or to an employer plan that is not a governmental section 457(b) plan, a later distribution made before age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies). Other differences include 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 payment is used to pay for health coverage or qualified long-term care insurance

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

If you roll over your payment to a Roth IRA

If you roll over a payment from the Plan 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. In general, the 10% additional income tax on early distributions will not apply. However, if you take the amount rolled over out of the Roth IRA within the 5-year period that begins on January 1 of the year of the rollover, the 10% additional income tax will apply (unless an exception applies).

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

If you do a rollover to a designated Roth account in the Plan

You cannot roll over a distribution to a designated Roth account in another employer's plan. However, you can roll the distribution over into a designated Roth account in the distributing Plan. If you roll over a payment from the Plan to a designated Roth account in the Plan, the amount of the payment rolled over (reduced by any after-tax amounts directly rolled over) will be taxed. In general, the 10% additional income tax on early distributions will not apply. (However, if you take the amount rolled over out of the designated Roth account within the 5-year period that begins on January 1 of the year of the rollover, the 10% additional income tax will apply (unless an exception applies).

If you roll over the payment to a designated Roth account in the Plan, later payments from the designated Roth account that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a designated Roth account is a payment made both after you are age 59½ (or after your death or disability) and after you have had a designated 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 designated Roth account. However, if you made a direct rollover to a designated Roth account in the Plan from a designated Roth account in a plan of another employer, the 5-year period begins on January 1 of the year you made the first contribution to the designated Roth account in the Plan or, if earlier, to the designated Roth account in the plan of the other employer. Payments from the designated Roth account 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).

If you are not a Plan participant

Payments after death of the participant. If you receive a distribution after the participant's death that you do not roll over, the distribution generally will 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 deceased participant was born on or before January 1, 1936.

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

An IRA you treat as your own is treated like any other IRA of yours, so that payments made to you before you are age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies) and required minimum distributions from your IRA do not have to start until after you are age 70½ (if you were born before July 1, 1949) or age 72 (if you were born after June 30, 1949).

If you treat the IRA as an inherited IRA, payments from the IRA will not be subject to the 10% additional income tax on early distributions. However, if the participant had started taking required minimum distributions, you will have to receive required minimum distributions from the inherited IRA. If the participant had not started taking required minimum distributions from the Plan, you will not have to start receiving required minimum distributions from the inherited IRA until the year the participant would have been age 70½ (if the participant was born before July 1, 1949) or age 72 (if the participant was born after June 30, 1949).

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

Payments under a QDRO. If you are the spouse or former spouse of the participant who receives a payment from the Plan under a QDRO, you generally have the same options and the same tax treatment that 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). However, payments under the QDRO will not be subject to 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 taxable portion 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 do 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 cashout of more than \$1,000 (not including payments from a designated Roth account in the Plan) will be directly rolled over to an IRA chosen by the Plan administrator 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).

You may have special rollover rights if you recently served in the U.S. Armed Forces. For more information, on special rollover rights related to the U.S. Armed Forces, see IRS Publication 3, *Armed Forces' Tax Guide*. You also may have special rollover rights if you were affected by a federally declared disaster (or similar event), or if you received a distribution on account of a disaster. For more information on special rollover rights related to disaster relief, see the IRS website at www.irs.gov.

FOR MORE INFORMATION

You may wish to consult with the Plan administrator or payor, or a professional tax advisor, before taking a payment from the Plan. Also, you can find more detailed information on the federal tax treatment of payments from employer plans in: IRS Publication 575, *Pension and Annuity Income*; IRS Publication 590-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.

IMPORTANT INFORMATION ABOUT FAILURE TO DEFER RECEIPT OF DISTRIBUTIONS FROM TAX QUALIFIED RETIREMENT PLANS (e. g. 401(k) Plans, Profit Sharing Plans, Money Purchase Plans and Section 403(b) Plans)

Generally, you cannot be forced to take a distribution from a plan until you reach the later of age 62 or the plan's normal retirement age if your account balance is greater than \$5,000. Please review the sections of your summary plan description addressing distribution of plan benefits for further information on the latest date to which you can defer a distribution under your plan and other information that might affect your decision whether or not to defer receiving your distribution. Distributions of previously untaxed amounts (which includes pre-tax employee deferrals, and earnings other than Roth 401(k) earnings attributable to a "qualified" distribution) generally will be subject to current ordinary income tax (and related tax withholding) and, potentially, an additional 10% tax for withdrawals prior to age 59½, unless you elect to roll over these amounts to an IRA or another eligible employer plan. If your plan provides an In-Plan Roth Rollover Contribution, the 10% penalty will not generally apply unless you make a withdrawal from your In-Plan Roth Rollover Contribution account prior to the end of the 5-year period required for Roth distributions to be qualified (tax-free). Your tax impact could also be affected by the form in which you take your distribution. For example, taking a distribution in the form of installment payments (if your plan allows installments) rather than a lump sum could, depending on the circumstances, further defer your tax liability. In addition to these tax ramifications and potential loss of future tax deferred earnings, failing to defer receipt of a plan distribution may result in insufficient retirement savings.

If you defer receipt of your distribution, you will continue to have available to you for investment of your account balance the investment alternatives that the plan makes available to actively employed plan participants. Please log on to the plan's Web site or call the Interactive Voice Response for information about the plan's investment alternatives. Your plan may have available to it types or classes of investments that are only available to retirement plans and/or large institutional investors. These types or classes of investments may not be available to retail investors or IRAs. For example, if your plan permits investments in mutual funds, shares you purchase under your plan may be subject to lower (or no) sales charges and lower management fees and other expenses that reduce investment return than shares available for purchase by you or your IRA.

Please contact your plan administrator if you have questions about the forms of distribution available to you. Please contact your tax advisor if you have questions about their tax effects as applicable to your particular situation. Please review the prospectuses and other information provided on the Web site and/or Interactive Voice Response for more information about the sales charges (if any) and fees and expenses that apply to the investment alternatives under your plan. Information about some of the tax consequences of distributions that are eligible for rollover are contained in the Special Tax Notice that is delivered with distributions that are eligible for rollover, including, among other subjects, when earnings on Roth contributions are not subject to current taxation (that is, when a distribution from a Roth account is a "qualified distribution") and a more detailed discussion of the 10% early withdrawal tax referred to above. If your distribution is not eligible for rollover (for example, an in-service hardship distribution), you may obtain a copy of this notice by contacting the ADP Retirement Services Participant Call Center through the Interactive Voice Response.

SPECIAL TAX NOTICE

Roth

PLEASE READ THIS NOTICE ONLY IF YOU ARE RECEIVING A DISTRIBUTION FROM YOUR DESIGNATED ROTH ACCOUNT. THIS NOTICE DOES NOT APPLY TO YOUR PLAN ACCOUNTS OTHER THAN A DESIGNATED ROTH ACCOUNT (FOR EXAMPLE, YOUR PRE-TAX DEFERRAL ACCOUNT OR EMPLOYER CONTRIBUTION ACCOUNT).

For Payments From a Designated Roth Account

YOUR ROLLOVER OPTIONS

You are receiving this notice because all or a portion of a payment you are receiving from a tax-qualified retirement plan maintained by your employer (the "Plan") is eligible to be rolled over to a Roth IRA or designated Roth account in an employer plan. This notice is intended to help you decide whether to do a rollover.

This notice describes the rollover rules that apply to payments from the Plan that are from a designated Roth account. If you also receive a payment from the Plan that is not from a designated Roth account, you will be provided a different notice for that payment, and the Plan administrator or the payor will tell you the amount that is being paid from each account.

Rules that apply to most payments from a designated Roth account 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?

After-tax contributions included in a payment from a designated Roth account are not taxed, but earnings might be taxed. The tax treatment of earnings included in the payment depends on whether the payment is a qualified distribution. If a payment is only part of your designated Roth account, the payment will include an allocable portion of the earnings in your designated Roth account.

If the payment from the Plan is not a qualified distribution and you do not do a rollover to a Roth IRA or a designated Roth account in an employer plan, you will be taxed on the portion of the payment that is earnings. If you are under age 59½, a 10% additional income tax on early distributions (generally, distributions made before age 59½) 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 you will not have to pay taxes later on payments that are qualified distributions.

If the payment 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.

A qualified distribution from a designated Roth account in the Plan is a payment made after you are age 59½ (or after your death or disability) and after you have had a designated Roth account in the Plan for at least 5 years. In applying the 5-year rule, you count from January 1 of the year your first contribution was made to the designated Roth account. However, if you did a direct rollover to a designated Roth account in the Plan from a designated Roth account in another employer plan, your participation will count from January 1 of the year your first contribution was made to the designated Roth account in the Plan or, if earlier, to the designated Roth account in the other employer plan.

What types of retirement accounts and plans may accept my rollover?

You may roll over the payment to either a Roth IRA (a Roth individual retirement account or Roth individual retirement annuity) or a designated Roth account in an employer plan (a tax-qualified plan, section 403(b) plan, or governmental section 457 plan) that will accept the 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, Roth IRAs are not subject to spousal consent rules and Roth IRAs may not provide loans). Further, the amount rolled over will become subject to the tax rules that apply to the Roth IRA or the designated Roth account in 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 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 either do a direct rollover or a 60-day rollover.

If you do a direct rollover, the Plan will make the payment directly to your Roth IRA or designated Roth account in an employer plan. You should contact the Roth 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 (generally within 60 days) into a 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 a designated Roth account in an employer plan if the payment is a nonqualified distribution and the rollover does not exceed the amount of the earnings in the payment. You cannot do a 60-day rollover to an employer plan of any part of a qualified distribution. If you receive a distribution that is a nonqualified distribution and you 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 not rolled over, including the 10% additional income tax on early distributions if you are under age 59½ (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 consists 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 a 60-day rollover to a Roth IRA, you must use other funds to make up for the 20% withheld.

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 joint lives or joint life expectancies of you and your beneficiary);
- Required minimum distributions after age 70½ (if you were born before July 1, 1949), after age 72 (if you were born after June 30, 1949) or after death;
- Hardship distributions;
- Payments of employee stock ownership plan (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 that you request to withdraw within 90 days of your first contribution;
- Amounts treated as distributed because of a prohibited allocation of S corporation stock under an ESOP (also, there generally will be adverse tax consequences if S corporation stock is held by an IRA); and
- Distributions of certain premiums for health and accident insurance.

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

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

If a payment is not a qualified distribution and you are under age 59½, 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.

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 joint lives or joint life expectancies of you and your beneficiary);
- Payments from a governmental plan made after you separate from service if you are a qualified public safety employee and you will be at least age 50 in the year of the separation;
- Payments of up to \$5,000 made to you within one year after the birth or adoption of a child;
- 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 a qualified domestic relations order (QDRO);

- Payments of up to \$5,000 made to you from a defined contribution plan if the payment is a qualified birth or adoption distribution;
- Payments up to the amount of your deductible medical expenses (without regard to whether you itemize deductions for the taxable year);
- 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 that you request to withdraw within 90 days of your first contribution; and
- Payments for certain distributions relating to certain federally declared disasters.

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

If you receive a payment from a Roth IRA when you are under age 59½, 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:

- The exception for payments made after you separate from service if you will be at least age 55 in the year of the separation (or age 50 for qualified public safety employees) does not apply;
- 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); and
- 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.

Additional exceptions apply for payments from an IRA, including:

- Payments for qualified higher education expenses;
- Payments up to \$10,000 used in a qualified first-time home purchase; and
- 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 address any State or local income tax rules (including withholding rules).

SPECIAL RULES AND OPTIONS

If you miss the 60-day rollover deadline

Generally, the 60-day rollover deadline cannot be extended. However, the IRS has the limited authority to waive the deadline under certain extraordinary circumstances, such as when external events prevented you from completing the rollover by the 60-day rollover deadline. Under certain circumstances, you may claim eligibility for a waiver of the 60-day rollover deadline by making a written self-certification. Otherwise, to apply for a waiver from the IRS, 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

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 a lump sum after separation from service (or after age 59½, disability, or the participant's death). Under the special rule, the net unrealized appreciation on the stock 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 from the Roth IRA or generally, the Plan. Net unrealized appreciation is generally the increase in the value of the employer stock after it was acquired by the Plan. The Plan administrator 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 outstanding amount of the loan, typically when your employment ends. The offset amount is treated as a distribution to you at the time of the offset. Generally, you may roll over all or any portion of the offset amount. If the distribution attributable to the offset is not a

qualified distribution and you do not roll over the offset amount, you will be taxed on any earnings included in the distribution (including the 10% additional income tax on early distributions, unless an exception applies). You may roll over the earnings included in the loan offset to a Roth IRA or designated Roth account in an employer plan (if the terms of the employer plan permit the plan to receive plan loan offset rollovers). You may also roll over the full amount of the offset to a Roth IRA.

How long you have to complete the rollover depends on what kind of plan loan offset you have. If you have a qualified plan loan offset, you will have until your tax return due date (including extensions) for the tax year during which the offset occurs to complete your rollover. A qualified plan loan offset occurs when a plan loan in good standing is offset because your employer plan terminates, or because you sever from employment. If your plan loan offset occurs for any other reason (such as a failure to make level repayments that results in a deemed distribution), then you have 60 days from the date the offset occurs to complete your rollover.

If you receive a nonqualified distribution and 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 is not a qualified distribution and that you do not roll over, special rules for calculating the amount of the tax on the earnings in the payment might apply to you. For more information, see IRS Publication 575, *Pension and Annuity Income*.

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

If the Plan is a governmental section 457(b) plan, the same rules described elsewhere in this notice generally apply, allowing you to roll over the payment to an IRA or an employer plan that accepts rollovers. One difference is that, if you receive a payment that is not a qualified distribution and you do not roll it over, you will not 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, even if you are under age 59½ (unless the payment is from a separate account holding rollover contributions that were made to the Plan from a tax-qualified plan, a section 403(b) plan, or an IRA). However, if you do a rollover to an IRA or to an employer plan that is not a governmental section 457(b) plan, a later distribution that is not a qualified distribution made before age 59½ will be subject to the 10% additional income tax on earnings allocated to the payment (unless an exception applies). Other differences include 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 receive a nonqualified distribution, are an eligible retired public safety officer, and your payment is used to pay for health coverage or qualified long-term care insurance

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

If you are not a Plan participant

Payments after death of the participant. If you receive a distribution after the participant's death that you do not roll over, the distribution generally will be taxed in the same manner described elsewhere in this notice. However, whether the payment is a qualified distribution generally depends on when the participant first made a contribution to the designated Roth account in the Plan. Also, 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 receive a nonqualified distribution and you were born on or before January 1, 1936" applies only if the deceased participant was born on or before January 1, 1936.

If you are a surviving spouse. If you receive a payment from the Plan as the surviving spouse of a deceased participant, you have the same rollover options that the participant would have had, as described elsewhere in this notice. In addition, if you choose to do a rollover to 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 59½ 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 from the Plan, you will have to receive required minimum distributions from the inherited Roth IRA. If the participant had not 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 70½ (if the participant was born before July 1, 1949) or age 72 (if the participant was born after June 30, 1949).

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 Roth IRA. Payments from the inherited Roth IRA, even if made in a nonqualified distribution, will not be subject to the 10% additional income tax on early distributions. You will have to receive required minimum distributions from the inherited Roth IRA.

Payments under a QDRO. If you are the spouse or a 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 and the same tax treatment that the participant would have (for example, you may roll over the payment to your own Roth IRA or to a designated Roth account in an eligible employer plan that will accept it).

If you are a nonresident alien

If you are a nonresident alien, you do not do a direct rollover to a U.S. IRA or U.S. employer plan, and the payment is not a qualified distribution, the Plan is generally required to withhold 30% (instead of withholding 20%) of the earnings 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 do 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 (only including payments from the designated Roth account in the Plan) are less than \$200, the Plan is not required to allow you to do a direct rollover and is not required to withhold federal income taxes. However, you can do a 60-day rollover.

Unless you elect otherwise, a mandatory cashout from the designated Roth account in the Plan of more than \$1,000 will be directly rolled over to a Roth IRA chosen by the Plan administrator 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).

You may have special rollover rights if you recently served in the U.S. Armed Forces. For more information on special rollover rights related to the U.S. Armed Forces, see IRS Publication 3, *Armed Forces' Tax Guide*. You also may have special rollover rights if you were affected by a federally declared disaster (or similar event), or if you received a distribution on account of a disaster. For more information on special rollover rights related to disaster relief, see the IRS website at www.irs.gov.

FOR MORE INFORMATION

You may wish to consult with the Plan administrator or payor, or a professional tax advisor, before taking a payment from the Plan. Also, you can find more detailed information on the federal tax treatment of payments from employer plans in: IRS Publication 575, *Pension and Annuity Income*; IRS Publication 590-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.