Lincoln Financial Group®

For use with:
Lincoln Director℠
Lincoln American Legacy Retirement®
Lincoln Director℠ in New York
Lincoln American Legacy Retirement® in New York

Distribution request form - TPA Serviced

Important information

- **Retain Special tax notice, then complete and submit all pages of this form, as incomplete information will cause processing delays.**
- **The Lincoln National Life Insurance Company and/or Lincoln Life & Annuity Company of New York are herein separately and collectively referred to as ("Lincoln").**
- **This authorization form is to be submitted by fax to 260-455-6122 or via email to DirectorForms@lfg.com or for Death claims send to DeathClaimForms@lfg.com.**

1. Participant information

Our records will be updated to reflect the address given here.

Plan name ______________________ Contract number ______________

Account number ______________________ Plan ID ______________

Participant's name (first, MI, last, suffix) ______________________

Address ______________________

City ______________ State ______________ Zip ______________

Email ______________________

Social Security number ______-______-______ Date of birth ______/______/______ (mm, dd, yyyy)

Day phone ______-______-______ Date of hire ______/______/______ (mm, dd, yyyy)

2. Distribution eligibility - Select the options that apply.

Under the Internal Revenue Code, an employee is only eligible to make a partial withdrawal or full withdrawal if a reason listed below is applicable. (Check plan document for eligibility of options below.)

☐ No longer working for employer, Termination date _____/_____/_____ Age at termination: _______ (Complete Sections 4, 5, 6, 7, and 8.)

☐ Retirement as of: _____/_____/_____ (Complete Sections 4, 5, 6, 7, and 8.)

☐ Total and permanent disability as of: ______________ (A copy of the Social Security disability letter must be attached to be exempt from the 10% penalty) (Complete Sections 4, 5, 6, 7, and 8.)

☐ Death of participant as of: _____/_____/_____ (***REQUIRED*** - a copy of the Death Certificate showing the participant's manner of death) (Complete Sections 3, 4, 5, 6, 7, and 8.) If electing a new account under the plan owned by a beneficiary, please select "Establish a beneficiary account" in Section 3 of this form and see the details. In addition, please complete Section 12 of this form. If inherited balance is less than $5,000, you may only take a lump sum distribution or rollover.

☐ In-service withdrawal - pre-age 59½ of vested employer money only (Contract surrender charges and/or market value adjustment may apply to withdraw from the Guaranteed Account, Guaranteed Stable Value Account, or the Managed Principal Protection Portfolio*.) (Complete Sections 4, 5, 6, 7, and 8.)

☐ In-service withdrawal - age 59½ or older (Active employees only, market value adjustment may apply to withdraw from the Guaranteed Account, Guaranteed Stable Value Account, or the Managed Principal Protection Portfolio*.) (Complete Sections 4, 5, 6, 7, and 8.)

☐ Hardship (active employees only) (Complete attached Hardship Distribution Checklist, along with any supporting documentation to Plan Sponsor/TPA for review) (Complete Sections 4, 5, 6, 7, 8, and 11.)

☐ Required Minimum Distribution (RMD) (only applicable if you are age 70½, if you were born before July 1, 1949, or age 72, if you were born after June 30, 1949 and no longer employed, unless you are a 5% or more owner) (Complete Sections 4, 6, 7, and 8.)

☐ Qualified Domestic Relations Order (QDRO) (Provide a copy of QDRO to Plan Sponsor/TPA for review) (Complete Sections 3, 4, 5, 6, 7, and 8.) If electing a new account under the plan owned by alternate payee, please select "Establish an alternate payee account" in Section 3 of this form and see the details. In addition, please complete Section 12 of this form.

☐ Plan termination initiated by employer (Contract surrender charges and/or market value adjustment may apply to withdraw from the Guaranteed Account, Guaranteed Stable Value Account, or the Managed Principal Protection Portfolio*.) (Complete Sections 4, 6, 7, and 8.)

☐ Qualified military reservist distribution: Active duty date _____/_____/_____ (Complete Sections 4, 5, 6, 7, and 8.) (This type of distribution is not subject to the 10% tax penalty provided the participant is currently on active duty and has served more than 179 days.)

*Available through Stadion's Managed Account Service. Stadion account management services are provided by Stadion Money Management, LLC. Please contact Stadion directly with any questions.

3. Alternate Payee of a QDRO/Beneficiary of a Death Claim

- **Complete if you are an Alternate Payee of a QDRO or Beneficiary of a Death Claim.**
  Note: Each beneficiary must complete a separate form.
- **For information regarding your investment election, please see below.**
- **Please complete Section 12, Beneficiary/alternate payee portion of this form if establishing an account.**

Name (first, MI, last, suffix)______________________________ Relationship ____________________

Address ____

City ______________________________ State ____________________ Zip ____________________

Email ______________________________ Phone number ______-______-_______

Social Security number ______-______-_______ Date of birth ______ /______ /________(mm, dd, yyyy)

Share ________% (for death benefit only) Amount $______________ (for QDRO only)

Information regarding your investment election:

For beneficiary accounts: Your account will be invested in the same investment options as the participant's account was invested in at the time of the distribution.

☐ **Leave assets in beneficiary account** - This option may be available due to the death of the participant.

For alternate payee accounts: Your account will be invested using the following hierarchy; 1. to the qualified default investment alternative (QDIA) option named by the plan, 2. the plan's default option, 3. the contractual default option.

☐ **Establish an alternate payee account** - This option may be available in the event of a QDRO.

For beneficiary/alternate payee accounts: The proceeds will remain invested as such until you contact Lincoln and choose a new investment election.

4. Withdrawal options - This section must be completed for all distribution types.

- **Refer to the important tax information section of this form for further withholding information.**
- **I acknowledge that I do not have sufficient cash or other liquid assets reasonably available to satisfy my hardship need. (Hardship requests only)**
- **Please choose from one of the options below:**

Option 1: Distribution (Do not complete this section if electing a ***direct rollover***.)

☐ **Total lump sum distribution** payable to me for the full amount available (This is not available for hardship withdrawal requests.)

☐ **Partial withdrawal** payable to me in the amount of $______________

☐ **Required Minimum Distribution** (RMD) in the amount of $______________

(Only applicable if you are age 70½, if you were born before July 1, 1949, or age 72, if you were born after June 30, 1949 and no longer employed, unless you are a 5% or more owner. The $ amount needs to meet the RMD requirements or penalities may apply.)

☐ Check this box and complete the information below if your beneficiary is your spouse and is more than 10 years younger than you.

Spouse's name (first, MI, last, suffix)______________________________

Address______________________________ City, State, Zip______________________________

Email______________________________ Phone number ______-______-_______

Social Security number ______-______-_______ Date of birth ______ /______ /________(mm, dd, yyyy)

☐ **Hardship withdrawal** (active employees only) requested withdrawal amount of $______________

If taxes are being withheld, do you want the check to equal the amount requested? ☐ Yes ☐ No

If you select yes, the withdrawal amount will be increased to cover the tax withholding elections made in Section 6 of the form (if you have sufficient funds to do so). If no, the payment amount will be reduced by the tax withholding elections.

The TPA will provide the amount(s) and source(s) below:

Salary Deferral	$____________________	Roth	$____________________
Employer Match	$____________________	QMAC	$____________________
Employer Profit Sharing	$____________________	QNEC	$____________________
Prevailing Wages	$____________________	Other ____________________	$____________________

Option 2: Direct rollover and lump sum distribution combination for entire account balance

☐ **Direct rollover as a portion** of my vested account balance $______________ and receive the remainder as a lump sum payable to myself.

☐ **A lump sum payment payable to myself** in the amount of $______________ and the remainder payable as a direct rollover to the company provided in Section 7.

Option 3: Direct rollover

☐ **Total vested account balance**

☐ **Roll over a part of my vested account balance** in the amount of $______________ (Complete Section 7 to provide rollover instructions.)

5. Vesting/after-tax/Roth/loans

To be completed by Plan Sponsor/Trustee or Third Party Administrator (TPA), if applicable.

- Is the participant 100% vested in all sources? ☐ Yes ☐ No

  If "No" indicate information below:

  - Indicate the number of hours worked in current year ______________
  - Indicate the number of years of service________________
  - Indicate percentage vested by source below:

Employer	__________%	☐ Bundled Employer & Employee	___100____%
Employer Discretionary	__________%	☐ Qualified Safe Harbor Match	___100____%
Employer Match	__________%	☐ Qualified Safe Harbor Non-Elective	___100____%
Employer Secondary Match	__________%		
Prevailing Wages	__________%	______________________________	__________%

- Does this distribution contain after tax dollars? ☐ No ☐ Yes

  If yes, what is the after tax cost basis? $___________

- Does this distribution contain Roth dollars? ☐ No ☐ Yes

  If yes, what is the Roth cost basis? $____________ Date of first Roth contribution:______ /______/_______(mm, dd, yyyy)

- Outstanding loan information*:

  What was the outstanding loan balance, including accrued interest? $________________

  Was the loan in good standing? ☐ No ☐ Yes

  If no, should the loan be treated as a deemed distribution? ☐ No ☐ Yes Default date** _____/______/______

  *Loans will be offset in the event of termination from employment. A Form 1099-R will be issued for the year in which the loan is offset.

  **Must be the same or prior to distribution date. Loan default cannot satisfy the RMD.

- Does this distribution contain 457(b) Governmental Plan money? ☐ No ☐ Yes If yes, how much? $__________

6. Important tax information

Lincoln will withhold taxes from your distribution at the rates detailed below and automatically send the withholding to the IRS on your behalf. The total amount of taxes withheld from your distribution will depend on the federal and state taxes withheld. Please refer to the Special Tax Notice for more information.

Taxes withheld from your distribution will include:

- State tax (if applicable; the rate is based on your state of residence on file and will be automatically calculated)
- Federal tax: 20% mandatory federal tax (if applicable; mandatory for distributions that are eligible for rollover). Hardship and RMD only: 10% mandatory federal tax or opt out below
  - ○ Indicate here if you would like to withhold federal taxes at a higher rate than the mandatory 20% for distributions or 10% for RMD or Hardships.

    ☐ Withhold federal taxes at the rate of __________%

    ☐ RMD/Hardship Only: Do not withhold taxes. I understand I am responsible for any payment of federal taxes due on my distribution.

Federal tax withholding election: If you do not provide a rate, or if you provide a federal tax withholding rate that is less than 20% for standard distributions or 10% for RMD or Hardship distributions, we are still required to withhold the minimum.

Please note: Your distribution may be subject to an additional 10% early distribution penalty tax. This penalty tax will be assessed when you file your tax returns as part of your tax liability and is not automatically included in your tax withholding for this distribution.

7. Distribution method

Note: A check will be issued unless you provide other instructions. All rollover requests are processed as a check payment.

The requested method of payment should be:

☐ **Check** (mailed to participant, beneficiary, or alternate payee)

☐ **Check** (mailed to Plan Sponsor/Trustee)

☐ **Rollover check** (mailed to participant, beneficiary, or alternate payee)

☐ **Rollover check** (mailed to Plan Sponsor/Trustee)

☐ **Rollover check** (mail to rollover company listed below):

Rollover company information

Please note: If you are not the spouse of the participant and you want to roll over a portion or all of your benefit you must roll the funds into an Inherited IRA.

Rollover company name: ______________________________

Address: ______________________________
Street City State Zip

Account number **(required)**: ______________________________

Name of plan (if applicable):______________________________

☐ **ACH deposit** - Send funds electronically to my personal checking account. Please provide a copy of a voided check and submit with this completed form.

Must provide banking information below: (If incomplete or inaccurate information is received, a check will be mailed.)

ABA number (nine digit bank routing number)______________ Account number **(required)**______________

Participant/Account owner's name (first, MI, last, suffix)______________________________

Financial institution name ______________________________

Address______________________________

City ______________State ______________ Zip ______________

***Note:** For funds sent via electronic transfer, the account must be in the account holder's name. Depending on the financial institution, if may take three or four days from our processing date to be received in the account.

8. Participant/alternate payee/beneficiary/spouse signatures

Spousal consent may not be required for all plans. Please check with your Plan Sponsor/Trustee.

If you move during the year in which you take a distribution, you must contact us and provide your new address; otherwise, you may not receive your Form 1099-R.

Participant/alternate payee/beneficiary consent

By signing below you certify that the information contained on this form is complete and accurate. You have been provided a copy of the Important Fraud Notice with this form.

☐ Check here if you are a participant and do not have a living spouse.

☐ Check here if you have a living spouse. Spouse's date of birth ______/______/__________ (mm/dd/yyyy)

Participant, or beneficiary,
or alternate payee signature ______________________________ Date ______/______/______

Spouse consent *(if required by plan document provisions)*

By signing below, you, the spouse, consent to the election by your spouse to waive the qualified joint and survivor annuity form of payment and/or the election of an immediate distribution of the benefit. You further acknowledge that the qualified joint and survivor annuity has been explained to you and you understand the effect of such election and that signing here will cause you to give up important rights to which you may otherwise be entitled.

Spouse signature______________________________ Date ______/______/__________
(if required)

Witness signature
(Plan Sponsor or notary public)______________________________Date ______/______/__________

Notary's commission expires ______/______/__________ (mm, dd, yyyy)

9. Signature/authorization - Required

Form will be returned if appropriate signatures are not present.

By signing below, you, the Plan Sponsor/Trustee:

- direct Lincoln to process the benefit election selected on this form; and
- for hardship withdrawal requests, certify that, you have no actual knowledge contrary to the participant's representation regarding their hardship request.

Plan Sponsor/
Trustee name (print/type)____

Plan Sponsor/
Trustee signature____ Date ______/_____/_________

10. Third Party Administrator

This form should be forwarded to your Third Party Administrator (TPA) for review unless other arrangements have been made.

TPA name ____TPA representative name __________________________

TPA email ____

Phone number ____ Extension____________________

TPA authorization code____ Date _______/______/_________

Service fee of $ ______________________ to be paid to the TPA. (check one)

☐ deducted from the proceeds

☐ in addition to the withdrawal amount

Fees should be sent to the TPA via:

☐ ACH (if Lincoln has previously received ACH instructions)

☐ Check

11. Hardship distribution checklist - Complete and provide to Plan Sponsor/TPA for review

This section will help the plan administrator determine if you qualify for a financial hardship distribution from your retirement plan. For detailed explanations of the tax regulations governing hardship distributions and additional information, please go to the Internal Revenue Service's website at irs.gov.

- A participant must meet two requirements in order to elect a hardship distribution. First, there must be an immediate and heavy financial need. Second, the distribution must be necessary to satisfy the financial need.
- **There are 7 categories that qualify for an IRS-approved hardship withdrawal. These requirements are provided in the chart below: *(Please select the one that applies)***

This information is based on Lincoln's current analysis of the IRS rules and regulations and should not be construed as legal or tax advice. Lincoln advises that tax or legal counsel be consulted regarding the permissibility of any distribution.

Hardship scenario comparison chart

Examples of IRS-Approved Needs	Documentation Required
☐ Uninsured medical expenses incurred by the participant, the participant's spouse, participant's primary beneficiary*, or the participant's dependents	• Copies of bills and insurance claim statements for uninsured medical expenses
☐ Costs directly related to the purchase of a principal residence for the participant (excluding mortgage payments)	• Copy of signed purchase agreement for primary residence, or sales contract
☐ Payment of tuition, related educational fees, and room & board expenses, for up to the next 12 months of post-secondary education for the employee, the participant's spouse, children, primary beneficiary*, or dependents	• Copy of tuition bill and/or any other bills denoting post secondary expenses.
☐ Payments to prevent eviction of participant from primary residence or foreclosure on mortgage on primary residence	• Copy of the eviction notice, or foreclosure notice
☐ Payments for burial or funeral expenses for the participant's deceased parent, spouse, children, primary beneficiary*, or dependents	• Copy of bill for funeral or burial expenses
☐ Expenses for the repair of damage to the participant's primary residence that would qualify for the casualty deduction without regard to whether the loss exceeds 10% of adjusted gross income	• Copy of bills for repair of primary residence, any applicable police reports or insurance inspector reports
☐ Expenses and losses incurred by the employee because of a disaster declared by the Federal Emergency Management Agency (FEMA). Contact your plan administrator to determine if your plan document permits this option. If your plan does not allow, your plan administrator will not permit this option.	• Lincoln will validate addresses that we have on file to ensure that you resided or your principal place of employment was located in a FEMA disaster areas on the dates determined by FEMA, therefore no documentation is necessary. Please contact Lincoln for further details.
*If applicable in plan. Contact your plan administrator to determine if primary beneficiary qualifies for hardship withdrawal.	

Check the items on the list that apply to you:
If you answer "No" to any of these questions, you may not be eligible for a hardship distribution. All available sources of money must be used before a hardship distribution may be taken. If you answer "Yes" to any of the following questions, additional documentation may be required by the Plan Administrator/Employer. Please refer to the Hardship scenario comparison chart for examples of IRS-approved needs and the documentation required.

Yes	No	
☐	☐	Does the hardship request meet one of the seven IRS criteria (listed in the chart above) and qualify for "an immediate and heavy financial need"?
☐	☐	Are you able to provide documentation of the hardship expense? The amount of the distribution should not exceed the minimum amount needed to cover the hardship plus anticipated taxes and penalties. Additional documentation may be required by the Plan Administrator/Employer.
☐	☐	Have you obtained all available distributions (and nontaxable loans, if applicable) under the plan and all other plans maintained by your employer?

12. Beneficiary/alternate payee - Complete if you filled out Section 3

Complete if establishing a new account for a beneficiary or an alternate payee (this option may be available due to the death of the participant or in the event of a QDRO).

Beneficiary/alternate payee information

Name (first, MI, last, suffix)________________________ ☐ Male ☐ Female

Address________________________ ☐ Married ☐ Not married

City________________ State________________ Zip________________

Email ________________________ Phone number ______-______-______

Social Security number ______-______-______ Date of birth ______/______/______(mm, dd, yyyy)

Designation of beneficiary(ies)

The following individual(s) will be my beneficiary(ies). If any primary or contingent beneficiary dies before me, his or her interest and the interest of his or her heirs will terminate completely, and the percentage share of any remaining beneficiary(ies) will be increased on a pro rata basis. If no primary beneficiary(ies) survives me, the contingent beneficiary(ies) will acquire the designated share of my eligible retirement plan balance. Note: For additional beneficiaries, please attach additional copies of this form, as needed.

☐ Primary ☐ Contingent ☐ Spouse ☐ Non-spouse ☐ Trust ☐ Other entity

Name *(first, MI, last, suffix)*________________________ Social security number ______-______-______

Address ________________________ Phone number ______-______-______

City ________________ State ________ Zip ________ Date of birth ______/______/______*(mm, dd, yyyy)*

Email ________________________ Percentage* ________%

☐ Primary ☐ Contingent ☐ Spouse ☐ Non-spouse ☐ Trust ☐ Other entity

Name *(first, MI, last, suffix)*________________________ Social security number ______-______-______

Address ________________________ Phone number ______-______-______

City ________________ State ________ Zip ________ Date of birth ______/______/______*(mm, dd, yyyy)*

Email ________________________ Percentage* ________%

☐ Primary ☐ Contingent ☐ Spouse ☐ Non-spouse ☐ Trust ☐ Other entity

Name *(first, MI, last, suffix)*________________________ Social security number ______-______-______

Address ________________________ Phone number ______-______-______

City ________________ State ________ Zip ________ Date of birth ______/______/______*(mm, dd, yyyy)*

Email ________________________ Percentage* ________%

* Beneficiary percentages must be in whole numbers only. The total percentage of all primary beneficiaries must equal 100% and the total percentage of all contingent beneficiaries must equal 100%.

Certification

By signing this form, I certify that all personal information, including my Social Security number, is correct.

Beneficiary/alternate payee name (print/type)________________________

Beneficiary/alternate payee signature________________________ Date ______/______/______

Important fraud notice

Residents of all states except Alabama, Arkansas, Colorado, District of Columbia, Florida, Kansas, Kentucky, Louisiana, Maine, Maryland, New Jersey, New Mexico, New York, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, Tennessee, Vermont, Virginia and Washington, please note: Any person who knowingly, and with intent to defraud any insurance company or other person, files or submits an application or statement of claim containing any materially false or deceptive information, or conceals, for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime and may subject such person to criminal and civil penalties.

For Alabama residents only: Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or who knowingly presents false information in an application for insurance is guilty of a crime and may be subject to restitution fines or confinement in prison, or any combination thereof.

For Arkansas, Louisiana, and Rhode Island residents only: Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

For Colorado, Kentucky, Maine, and Tennessee residents only: Any person who, knowingly and with intent to injure, defraud or deceive any insurance company or other person, files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and may subject such person to criminal and civil penalties, fines, imprisonment, or a denial of insurance benefits.

For District of Columbia residents only: WARNING: it is a crime to provide false or misleading information to an insurer for the purpose of defrauding the insurer or any other person. Penalties include imprisonment and/or fines. In addition, an insurer may deny insurance benefits if false information materially related to a claim was provided by the applicant.

For Florida residents only: Any person who knowingly and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete, or misleading information is guilty of a felony of the third degree.

For Kansas residents only: Any person who knowingly, and with intent to defraud any insurance company or other person, files or submits an application or statement of claim containing any materially false or deceptive information, or conceals, for the purpose of misleading, information concerning any fact material thereto, may be guilty of fraud as determined by a court of law.

For Maryland residents only: Any person who knowingly or willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly or willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

For New Jersey residents only: Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties.

For New Mexico residents only: Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to civil fines and criminal penalties.

For New York residents only: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime and shall also be subject to civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation.

For Ohio residents only: Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud.

For Oklahoma residents only: WARNING: Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony.

For Oregon residents only: Any person who knowingly, and with intent to defraud any insurance company or other person, files or submits an application or statement of claim containing any materially false or deceptive information, or conceals, for the purpose of misleading, information concerning any fact material thereto, may commit a fraudulent insurance act, which may be a crime and may be subject such person to criminal and civil penalties.

For Pennsylvania residents only: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.

For Vermont residents only: Any person who knowingly presents a false statement in an application for insurance may be guilty of a criminal offense and subject to penalties under state law.

For Virginia residents only: Any person who, with the intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement may have violated the state law.

For Washington residents only: It is a crime to knowingly provide false, incomplete, or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines, and denial of insurance benefits.

IMPORTANT INFORMATION

Affiliates of Lincoln National Corporation include, but are not limited to, The Lincoln National Life Insurance Company, Lincoln Life & Annuity Company of New York, Lincoln Retirement Services Company, LLC, and Lincoln Financial Group Trust Company, Inc., separately and collectively referred to as "Lincoln."

Lincoln Financial Group is the marketing name for Lincoln National Corporation and its affiliates. Affiliates are separately responsible for their own financial and contractual obligations.

Lincoln Financial Group®

Special Tax Notice Regarding Plan Payment from Non-Roth and Designated Roth Accounts

YOUR ROLLOVER OPTIONS

You are receiving this notice because all or a portion of a payment you are receiving from an employer-sponsored retirement plan ("Plan") may be eligible to be rolled over to an IRA, an employer plan, or Roth IRA. This notice is intended to help you decide whether to do such a rollover.

This notice describes the rollover rules that apply to payments that are from a "designated Roth account" (an account for after-tax, Roth elective deferral contributions) and payments from a "non-Roth account" (generally an account with pre-tax employee and employer contributions). If you are only receiving a payment from one of these types of accounts, you need only read the sections of this notice that apply to that type of account. If you are receiving payments from both types of accounts, you should read the entire notice. In addition, the Plan administrator or payor will tell you the amount that is being paid from each account if you are receiving payments from both types of accounts.

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?

Non-Roth account

You will be taxed on a payment from a non-Roth account under 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).

Designated Roth account

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 the early distributions (generally distributions made before age 59 ½) 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?

Non-Roth account

You may roll over the payment to either an IRA (an individual retirement account or individual retirement annuity) or an employer plan (a tax-qualified plan, section 403(b) plan, or governmental section 457(b) plan) that will accept the 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.

Designated Roth account

You may roll over the payment from a designated Roth account 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 457(b) 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.

Non-Roth account

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. 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).

Designated Roth account

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?

The following rules are the same for both non-Roth and designated Roth accounts.

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 you roll over a distribution of S corporation stock to an IRA)
- 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?

Non-Roth account

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.

Designated Roth account

If the 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.

Both Non-Roth accounts and designated Roth accounts

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 retirement 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. The term "qualified public safety employee" means public safety employees of a state, political subdivision of a state; and specified federal law enforcement officers, federal customs and border protection officers, federal firefighters and air traffic controllers
- 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
- Phased retirement payments made to federal employees (non-Roth)

If I do a rollover to an IRA (or Roth IRA for payments from a designated Roth account) will the 10% additional income tax apply to early distributions from the IRA?

Non-Roth account

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 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).
- 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
- 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).

Designated Roth account

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 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).
- 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
- 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 directly 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, 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

Non-Roth account

If you do not do a rollover, you can apply a special rule to payments of employer stock (or other employer securities) that are either attributable to after-tax contributions or paid in a lump sum after separation from service (or after age 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 from 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.

Designated Roth account

If you receive a payment that is not a qualified distribution and you do not roll it over, you can apply a special rule to payments of employer stock (or other employer securities) that are paid in 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

Non-Roth account

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 an 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 result in a deemed distribution), then you have 60 days from the date the offset occurs to complete your rollover.

Designated Roth account

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, 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. If the lump sum distribution is a nonqualified distribution from a designated Roth account 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 (applicable to both non-Roth and designated Roth accounts)

If the Plan is a governmental section 457(b) plan, the same rules that are 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 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 (including nonqualified distributions from a designated Roth account) paid directly as premiums to an accident or health plan (or a qualified long-term care insurance contract) that your employer maintains for you, your spouse, or your dependents, up to a maximum of $3,000 annually. For this purpose, a public safety officer is a law enforcement officer, firefighter, chaplain, or member of a rescue squad or ambulance crew.

If you are not a Plan participant

Non-Roth account

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 (the sections applicable to payments from non-Roth accounts). 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 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 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 the 10% additional income tax on early distributions.

Designated Roth account

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 (the sections applicable to payments from designated Roth accounts). 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 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 QDRO from a designated Roth account, you generally have the same options and the same tax treatment the participant would have (for example, you may roll over the payment to your own Roth IRA or a designated Roth account in an eligible employer plan that will accept it).

If you are a nonresident alien

Non-Roth account

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*.

Designated Roth account

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*.

If you have a non-Roth account and 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 (IRAs)*.

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 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 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 your Plan does not provide for designated Roth Accounts, the above rules will not apply. See the "Designated Roth account" section under "What types of retirement accounts and plans may accept my rollover" above for the rules applicable to rollovers from a designated Roth account to a Roth IRA.

If your payment is subject to the mandatory cashout rules

Non-Roth account

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).

Not every plan provides for mandatory cashouts. If your Plan does not provide for mandatory cashouts, the above rules will not apply. Some plans may require mandatory rollover of $1,000 or less be directly rolled over to an IRA. For more information about the Plan's cashout rules, check with the Plan administrator and/or refer to the Plan's summary plan description (SPD).

Designated Roth account

Unless you elect otherwise, a mandatory cashout from a 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).

Not every plan provides for mandatory cashouts. If your Plan does not provide for mandatory cashouts, the above rules will not apply. Some plans may require mandatory rollover of $1,000 or less be directly rolled over to a Roth IRA. For more information about the Plan's cashout rules, check with the Plan administrator and/or refer to the Plan's summary plan description (SPD).

Other special rules (applicable to both non-Roth and designated Roth accounts)

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, the Plan is not required to allow you to do a direct rollover and is not required to withhold for federal income taxes. However, you can do a 60-day rollover.

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

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.

Are there consequences of failing to defer distributions until retirement?

Saving adequately for retirement is one of the most important decisions you will make during your employment years. For participants that have recently severed employment, (1) electing to leave your account in your former employer's retirement Plan, (2) rolling the account to a Roth IRA, IRA or new employer's plan, or (3) taking the distribution in cash is a decision that should be weighed very carefully in order to meet your long-term savings goals. Factors you should consider include:

- Generally, if your vested account balance is more than $5,000, you may leave your retirement account with your previous employer's Plan until the later of age 62 or the date you reach the plan's normal retirement age.
- As an investor, with an ultimate goal of saving the maximum for retirement while also managing investment risk, you should review the investment fees and administrative costs associated with your current Plan, any future employer's Plan and various IRAs that are available in the marketplace. Such investment fees and administrative costs may be lower in your employer's plan than you will be able to find elsewhere.
- Electing to take a distribution in cash now may cause you to have insufficient funds to retire. In addition, distributions of non-Roth and earnings from designated Roth accounts are subject to federal income tax and, based on your specific circumstance, an additional 10% tax may apply. You should carefully consider how you will make up these contributions and accumulate adequate earnings in order to retire when you would like.

Additional information regarding payout options

This notice summarizes the federal tax rules that may apply to your payment. You are encouraged to obtain further information from your Plan administrator describing payout alternatives and expenses specific to your Plan. A Summary Plan Description (SPD), for 401(a), including 401(k), and ERISA 403(b) plans, can also be a valuable resource as you weigh your distribution/rollover options. Investment prospectus(es) or investment profiles are also a valuable source for fee/expense comparisons. To view information regarding fees and expenses, please visit LincolnFinancial.com.

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 an employer plan 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.