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## HARDSHIP DISTRIBUTION REQUEST FORM

PLEASE ALLOW 10-15 BUSINESS DAYS FOR PROCESSING

### PLEASE READ THIS INFORMATION BEFORE COMPLETING THE FORM:

**You are required to read the Special Tax Notice accompanying this form before you decide how to receive your benefits from the Plan.** Your taxable distribution will be subject to income tax withholding. If you receive your taxable distribution before age 59 ½ it may be the subject to a 10% additional income tax penalty on early distributions. **You may wish to consult a professional tax advisor before taking a distribution from the plan.**

Hardship distributions are regulated by the IRS. There are only six categories that qualify for an IRS-approved hardship distribution. Please reference Section 2 below for the list of IRS approved categories and documentation required.

You must exhaust all available distributions (other than hardships) and all nontaxable loans before taking a hardship withdrawal.

Hardship distributions are limited to employee elective contributions. This excludes any earnings.

You must still be an active employee to qualify for a hardship distribution.

You will be suspended from contributing to the plan for six months following a hardship distribution. YOU will have to restart your deferral contributions following the suspension.

A service fee of \$40 will be deducted from your account.

**Electronic Funds Transfer available only through Online Requests at [www.slavic401k.com](http://www.slavic401k.com).**

### Section 1: Participant Information

Participant Name \_\_\_\_\_ Social Security Number \_\_\_\_\_

Participant Address \_\_\_\_\_

(Street Address required for overnight service)

City

State

Zip

Daytime Telephone - - \_\_\_\_\_ Date of Birth \_\_\_\_\_

E-mail \_\_\_\_\_ Worksite Employer \_\_\_\_\_

**You must exhaust all nontaxable loan options available before taking a hardship distribution.**

Do you have outstanding 401(k) loans? \_\_\_\_ Yes \_\_\_\_ No

☐ I REQUEST OVERNIGHT MAIL SERVICE (\$25.00 fee will be deducted from your account, \$35.00 for Hawaii/Alaska)

**Section 2: Hardship Reason (select one):**

IRS Approved Needs:	Documentation Required (must be within the last year and have the amount owed circled. Dependents are included)
<input type="checkbox"/> Medical expenses not covered by insurance for the participant, the participant's spouse the participant's dependents or the participant's primary beneficiary.	Copies of bills and insurance claims for uncovered/uninsured medical expenses
<input type="checkbox"/> Costs directly related to the purchase of a principal residence (not including mortgage payments) for the participant. A renovation or remodeling is not a sufficient reason for this requirement. The residence may not be for a family member or for a second or vacation home, but must be the primary residence of the participant.	Signed and dated copy of a purchase agreement and good faith note. A renovation or remodeling is not a sufficient reason for this requirement.
<input type="checkbox"/> Payments for tuition, related educational fees and room and board expenses, for the next 12 months of post-secondary education for the participant, the participant's spouse, the participant's children, the participant's dependents or the participant's primary beneficiary.	Copy of tuition bill and any other bills for post secondary education expenses.
<input type="checkbox"/> Payments to prevent eviction from the participant's principal residence, or to prevent foreclosure on the mortgage on principal residence.	Copy of official court document for eviction/ foreclosure initiated by bank, mortgage co., or landlord.
<input type="checkbox"/> Payments for burial or funeral expenses for the participant's deceased parent, spouse, children, dependents or the participant's primary beneficiary.	Copy of bill for funeral or burial expenses
<input type="checkbox"/> Expenses for the repair of damage to the participant's principal residence that would qualify for the casualty deduction under IRC §165 (determined without regard to whether the loss exceeds 10 percent of adjusted gross income).	Copy of bills for repair of primary residence, any applicable police reports or insurance inspection reports.

**Section 3: Amount Requested: \$ \_\_\_\_\_**

Mandatory 10% federal income tax will be withheld on taxable distribution unless you select a different tax withholding: ☒ 0% ☐ 20% ☐ 30%

By signing this form I acknowledge that I have received and read the Special Tax Notice Regarding Plan Payments, which explains the tax consequences with respect to my distribution from the Plan. Hardship distributions are subject to income tax withholding and a 10% income tax penalty. I also understand that I have the right to consider the information provided in the Special Tax Notice Regarding Plan Payments for at least 30 days. I hereby waive my right to consider the content of that notice for the full 30-day period and I hereby consent to a distribution from the Plan as soon as administratively feasible.

**Signature (required)**
**Date**
**Print Name**

## SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS

### *Important information about your Qualified Retirement Plan Distribution*

#### INTRODUCTION

This notice explains how you can continue to defer federal income tax on your retirement saving in the Plan and contains important information you will need before you decide how to receive your benefits from the Plan.

As a participant in your employer's qualified retirement plan you may receive your vested account balance only if you incur a triggering event. You may incur a triggering event if:

- you are no longer working for your employer,
- you attain the normal retirement age indicated in the Plan,
- you become disabled under the Plan's definition,
- your employer terminates the Plan,
- Your plan permits in-service distributions (may be limited to certain contribution sources)
- You incur a hardship (may be limited to certain contribution sources).

You must refer to your Summary Plan Description or Plan document to identify the specific triggering events which apply under your Plan.

You are receiving this notice because all or part of the payment that you will soon receive from the Plan may be eligible to be rolled over to either an IRA or an employer plan; or if your payment is from a Designated Roth Account to a Roth IRA or Designated Roth Account in an employer plan.

**An eligible employer plan is not legally required to accept a rollover.** Before you decide to roll over your payment to another employer plan, you should find out whether the plan accepts rollovers and if so, the types of distributions it accepts as a rollover. If an employer plan accepts your rollover, the plan may restrict subsequent distribution of the rollover amount or may require your spouse's consent for any subsequent distribution. Check with the administrator of the plan that is to receive your rollover prior to making the rollover.

**Your Right to Waive the 30-Day Notice Period.** After receiving this notice, you have at least 30 days to consider whether or not to have your withdrawal directly rolled over. If you do not wish to wait until this 30-day notice period ends before your election is processed, you may waive the notice period by making an affirmative election on the appropriate application indicating whether or not you wish to make a direct rollover. Your withdrawal will then be processed in accordance with your election as soon as practical.

#### PAYMENT OPTIONS FOR PLAN PARTICIPANTS

If your vested account balance does not exceed the Plan's cashout level at the time of distribution, the Plan Administrator generally may pay your distribution to you in a single cash payment, regardless of whether you consent to the distribution. If your plan allows for cashout distributions of amounts less than \$5,000, a cashout distribution of an amount greater than \$1,000 that is an eligible rollover distribution must be directly rolled over by the Plan administrator to an individual retirement account (IRA) chosen by the Plan administrator. In addition the Plan administrator may choose to directly rollover amounts under \$1,000. You may subsequently transfer the IRA to another IRA provider, once the IRA has been established. If your vested account balance exceeds the Plan's cashout level, you must generally consent to the form of payment, and therefore may, if you wish, postpone commencement of distributions from your account balance.

#### LUMP SUM PAYMENT

Your distribution option under the plan is a lump sum payment. A lump sum payment is the payment of your entire vested account balance.

Generally a lump sum payment is included in your income and taxed in the year of the distribution. Most lump sum payments are eligible rollover distributions and would, therefore, be subject to the 20% withholding rules unless directly rolled over to another plan or IRA.

#### PAYMENTS NOT FROM DESIGNATED ROTH ACCOUNT

You are receiving this notice because all or a portion of a payment you are receiving from your retirement plan is eligible to be rolled over to an IRA or an employer plan. This notice is indented to help you decide whether to do such a rollover.

A payment from the Plan that is eligible for a "rollover" can be taken two ways. You can have all or any portion of your payment either (1) paid in a "DIRECT ROLLOVER" or (2) PAID TO YOU. A rollover is a payment of your Plan benefits to your individual retirement arrangement (IRA) or to another employer plan.

#### DIRECT ROLLOVER

You can choose a direct rollover of all or any portion of your payment that is an "eligible rollover distribution". In a direct rollover, the eligible rollover distribution is paid directly from the Plan to an IRA or another employer plan that accepts rollovers. If you choose a direct rollover, payment will not be taxed in the current year and no income tax will be held. You are not taxed on a payment until you later take it out of the IRA or the employer plan.

**Direct Rollover to an IRA.** You can open an IRA to receive the direct rollover. (The term "IRA", as used in this notice, includes individual retirement accounts and individual retirement annuities.) If you choose to have your payment made directly to an IRA, contact an IRA sponsor (usually a financial institution) to find out how to have your payment made in a direct rollover to an IRA at that institution. If you are unsure of how to invest your money, you can temporarily establish an IRA to receive the payment. However, in choosing an IRA, you may wish to consider whether the IRA you choose will allow you to move all or a part of your payment to another IRA at a later date, without penalties or other limitations. See IRS Publication 590 "Individual Retirement Arrangements" for more information on IRAs (including limits on how often you can rollover between IRAs.)

**Direct Rollover to a Plan.** If you are employed by a new employer that has a plan and you want a direct rollover to that plan, ask the administrator of the plan whether it will accept your rollover. If your new employer's plan does not accept rollovers you may choose a direct rollover to an IRA.

**Direct Rollover of a Series of Payments.** If you receive eligible rollover distributions that are paid in series for less than ten years, your choice to make or not to make a direct rollover for a payment will apply to all later payments in the series until you change your election. You are free to change your election for any later payment in the series.

#### **PAYMENT PAID TO YOU**

If your payment can be rolled over and the payment is made to you, you will receive only 80% of the payment because the Plan administrator is required to withhold 20% of the payment and send it to the IRS as an income tax withholding to be credited against your taxes. If you receive the payment before age 59½ you may also have to pay an additional 10% tax.

The payment is taxed in the year you receive it unless you roll it over to an IRA or another plan that accepts rollovers within 60 days. You may be able to use special tax rules that could reduce the tax you owe. If you choose to have your Plan benefits paid to you, you can still do a rollover by making a deposit into your regular IRA or to another employer plan that will accept your rollover. You will have 60 days after you receive the payment to make the deposit. This is called a

#### **INCOME TAX WITHHOLDING FOR PAYMENTS PAID TO YOU**

**Mandatory Withholding.** If any portion of the payment to you is an eligible rollover distribution, the Plan is required by law to withhold 20% of that amount. This amount is sent to the IRS as income tax withholding. For example, if your eligible rollover distribution is \$10,000, only \$8,000 will be paid to you because the Plan must withhold \$2,000 as income tax. However, when you prepare your income tax return for the year, you will report the full \$10,000 as payment from the Plan. You will report the \$2,000 as tax withheld and it will be credited against any income tax you owe for the year.

**Voluntary Withholding.** If a portion of your payment is not an eligible rollover distribution, but is taxable, the mandatory withholding rules described above do not apply. In this case, you may elect not to have withholding apply to that portion. If you do nothing, an amount will be taken out of this portion of your payment for federal income tax withholding. To elect out of withholding, ask the Plan administrator for the election form and related information.

**60-Day Rollover Option.** If you have an eligible rollover distribution paid to you, you can still rollover all or part of it to an IRA or another employer plan that accepts rollovers. If you decide to rollover, you must make the rollover within 60 days after you receive the payment. The portion of your payment that is rolled over will not be taxed until you take it out of the IRA or the employer plan.

You can rollover up to 100% of the eligible rollover distribution, including an amount equal to the 20% that was withheld. If you choose to rollover 100% you must find other money within the 60-day period to contribute to the IRA or the employer plan to replace the 20% that was withheld. On the other hand, if you rollover only the 80% that you received, you will be taxed on the 20% that was withheld.

**Example:** Your eligible rollover distribution is \$10,000 and you choose to have it paid to you. You will receive \$8,000 and \$2,000 will be sent to the IRS as income tax withholding. Within 60 days after receiving the \$8,000 you may rollover the entire \$10,000 to an IRA or an employer plan. To do this, you rollover the \$8,000 you received from the Plan and you will have to find \$2,000 from other sources (your savings, a loan, etc.) In this case, when you file your income tax return you may receive a refund of \$2,000 from the entire \$10,000.

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

#### **PAYMENTS THAT CAN AND CANNOT BE ROLLED OVER**

Payments from the Plan may be "eligible rollover distributions." This means that they can be rolled over to an IRA or to another employer plan that accepts rollovers. If you wish to do a rollover, you may roll over all or part of the amount eligible for rollover. Any payment from the Plan is eligible for rollover except:

- Certain payments spread over a period of at least 10 years or over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary)
- Required minimum distributions after age 70½ (or after death)
- Hardship distributions
- Corrective distributions of contributions that are made to correct a failed nondiscrimination test or that exceed tax law limitations
- Loans treated as deemed distributions (for example, loans in default due to missed payments before your employment ends)
- Cost of life insurance paid by the Plan
- Payments of certain automatic enrollment contributions requested to be withdrawn within 90 days of the first contribution

Your Plan administrator should be able to tell you what portion of your payment is an eligible rollover distribution.

**Additional 10% Tax If You Are Under Age 59 1/2.** If you receive a payment before you reach age 59 ½ and you do not roll it over you will be subject to an extra tax equal to 10% of the taxable portion of the payment, in addition to the regular income tax. The 10% additional income tax does not apply to the following payments from the Plan:

- Payments made after you separate from service if you will be at least age 55 in the year of the separation
- Payments that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary)
- Payments made due to disability
- Payments after your death
- Corrective distributions of contributions that exceed tax law limitations
- Contributions made under special automatic enrollment rules that are withdrawn pursuant to your request within 90 days of enrollment
- Payments made directly to the government to satisfy a federal tax levy
- Payments made under a qualified domestic relations order (QDRO)
- Payments up to the amount of your deductible medical expenses
- Certain payments made while you are on active duty if you were a member of a reserve component called to duty after September 11, 2001 for more than 179 days
- Payments of certain automatic enrollment contributions requested to be withdrawn within 90 days of the first contribution.

## **PAYMENTS FROM A DESIGNATED ROTH ACCOUNT**

You are receiving this notice because all or a portion of a payment you are receiving from 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 such a rollover.

A payment from the Plan that is eligible for "rollover" can be taken two ways. You can have all or any portion of your payment either (1) PAID IN A "DIRECT ROLLOVER" or (2) PAID TO YOU. A rollover is a payment of your Plan benefits to your individual retirement arrangement (IRA) or to another employer plan. This choice will affect the tax you owe.

### **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 earnings in the payment. If you are under age 59 1/2, a 10% additional income tax on early distributions will also apply to the earnings (unless an exception applies). However, if you do a rollover, you will not have to pay taxes currently on the earnings and 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 59 1/2 (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.

If you have a Roth 401k account, then you may transfer your balance directly to a Roth IRA with no adverse tax consequences; however, your five-year holding period will start anew. You may not transfer a regular pre-tax 401k account directly to a Roth IRA.

### **Where may I roll over the payment?**

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 or section 403(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, no spousal consent rules apply to Roth IRAs 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.

## **DIRECT 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.

### **PAYMENT PAID TO YOU**

If you do not do a direct rollover, you may still do rollover by making a deposit within 60 days into a Roth IRA, whether the payment is a qualified or nonqualified distribution. You can also 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 59 1/2 (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, the Plan is required to withhold 20% of the earnings for federal income taxes. 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.

## **PAYMENTS THAT CAN AND CANNOT BE ROLLED OVER**

Payments from the Plan may be "eligible rollover distributions." This means that they can be rolled over to an IRA or to another employer plan that accepts rollovers. If you wish to do a rollover, you may roll over all or part of the amount eligible for rollover. Any payment from the Plan is eligible for rollover except:

- Certain payments spread over a period of at least 10 years or over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary)
- Required minimum distributions after age 70½ (or after death)
- Payments made due to disability
- Hardship distributions

- Corrective distributions of contributions that are made to correct a failed nondiscrimination test or that exceed tax law limitations.
- Loans treated as deemed distributions (for example, loans in default due to missed payments before your employment ends)
- Cost of life insurance paid by the Plan
- Payments of certain automatic enrollment contributions requested to be withdrawn within 90 days of the first contribution

**Additional 10% Tax If You Are Under Age 59 ½.** If a payment is not a qualified distribution and you are under age 59 ½, you will have to pay the 10% additional income tax on early distributions with respect to the earnings allocated to the payment that you do not roll over. The 10% additional income tax does not apply to the following payments from the Plan:

- Payments made after you separate from service if you will be at least age 55 in the year of the separation
- Payments that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary)
- Payments made due to disability
- Payments after your death
- Corrective distributions of contributions that exceed tax law limitations
- Payments made directly to the government to satisfy a federal tax levy
- Payments made under a qualified domestic relations order (QDRO)
- Payments up to the amount of your deductible medical expenses
- Certain payments made while you are on active duty if you were a member of a reserve component called to duty after September 11, 2001 for more than 179 days
- Payments of certain automatic enrollment contributions requested to be withdrawn within 90 days of the first contribution.

## SPECIAL RULES AND OPTIONS

### **If your payment includes after-tax contributions (not designated Roth Contributions)**

After-tax contributions included in a payment are not taxed. If a payment is only part of your benefit, an allocable portion of your after-tax contributions is included in the payment, so you cannot take a payment of only after-tax contributions.

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 a portion is paid to you, the portion directly rolled over consists first of the amount that would be taxable if not rolled over. 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.

If you do a 60-day rollover to an IRA of only a portion of the payment made to you, the after-tax contributions are treated as rolled over last.

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

### **If you miss the 60-day rollover deadline**

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

If you have an outstanding loan that is being offset

If you have an outstanding loan from the Plan, your Plan benefit may be offset by the amount of the loan, typically when your employment ends. The loan offset amount is treated as a distribution to you at the time of the offset and will be taxed (including the 10% additional income tax on early distributions, unless an exception applies) unless you do a 60-day rollover in the amount of the loan offset to an IRA or employer plan.

### **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 you roll over your payment to a Roth IRA**

If you roll over the payment to a Roth IRA, a special rule applies under which the amount of the payment rolled over (reduced by any after-tax amounts) will be taxed. However, the 10% additional income tax on early distributions will not apply (unless you take the amount rolled over out of the Roth IRA within 5 years, counting from January 1 of the year of the rollover). For payments from the Plan during 2010 that are rolled over to a Roth IRA, the taxable amount can be spread over a 2-year period starting in 2011.

If you roll over the payment to a Roth IRA, later payments from the Roth IRA that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a Roth IRA is a payment made after you are age 59 ½ (or after your death or disability, or as a qualified first-time homebuyer distribution of up to \$10,000) and after you have had a Roth IRA for at least 5 years. In applying this 5-year rule, you count from January 1 of the year for which your first contribution was made to a Roth IRA. Payments from the Roth IRA that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10% additional income tax on early distributions (unless an exception applies). You do not have to take required minimum distributions from a Roth IRA during your lifetime. For more information, see IRS Publication 590, Individual Retirement Arrangements (IRAs).

**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. However, the 10% additional tax on early distributions will not apply (unless 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).

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**

In general, the rules summarized above that apply to payments to employees also apply to payments to surviving spouses of employees and to spouses or former spouses who are "alternate payees." You are an alternate payee if your interest in the Plan results from a "qualified domestic relations order," which is an order issued by the court, usually in connection with a divorce or legal separation. Some of the rules summarized above also apply to a deceased employee's beneficiary who is not a spouse. However, there are some exceptions for payments to surviving spouses, alternate payees and other beneficiaries that should be mentioned. If you receive a distribution after the participant's death that you do not roll over, the distribution will generally be taxed in the same manner described elsewhere in this notice. However, the 10% additional income tax on early distributions does not apply.

**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 treat the IRA as an inherited IRA, payments from the IRA will not be subject to the 10% additional income tax on early distributions. An inherited 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 IRA. If the participant had not started taking required minimum distributions, 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 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, 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 IRA.

If you do not do a direct rollover to an inherited IRA, the Plan is required to withhold 20% of the payment for federal income taxes. You cannot waive the 20% withholding.

**Payments under a qualified domestic relations order.** 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 the participant would have (for example, you may roll over the payment as described in this notice). Payments under the QDRO will not be subject to the 10% additional income tax on early distributions.

**If you are a nonresident alien.** If you are a nonresident alien and you do not do a direct rollover to a U.S. IRA or U.S. employer plan, instead of withholding 20%, the Plan is generally required to withhold 30% of the payment for federal income taxes. If the amount withheld exceeds the amount of tax you owe (as may happen if you do a 60-day rollover), you may request an income tax refund by filing Form 1040NR and attaching your Form 1042-S. See Form W-8BEN for claiming that you are entitled to a reduced rate of withholding under an income tax treaty. For more information, see also IRS Publication 519, U.S. Tax Guide for Aliens, and IRS Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities.

**Other special rules**

If a payment is one in a series of payments for less than 10 years, your choice whether to make a direct rollover will apply to all later payments in the series (unless you make a different choice for later payments).

If your payments for the year (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 for federal income taxes. However, you can do a 60-day rollover.

**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, Individual Retirement Arrangements (IRAs); and IRS Publication 571, Tax-Sheltered Annuity Plans (403(b) Plans). These publications are available from a local IRS office, on the web at [www.irs.gov](http://www.irs.gov), or by calling 1-800-TAX-FORM