



# Qualified Retirement Plan (QRP) Distribution Request Form

www.schwab.com  
1-800-435-4000 (inside the U.S.)  
+1-415-667-5009 (outside the U.S.)  
1-888-686-6916 (multilingual services)  
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**To the Plan Administrator:**

- Please complete Section 2 of this form before providing it to the Plan Participant. After the Participant completes, signs, dates and returns it to you, sign in Section 9A to authorize Schwab to process the distribution. If you are a sole proprietor and acting in the capacity of Plan Administrator, please fill out both the Plan Administrator and Participant sections.
- Make a copy for your files. Return the original to Schwab.

**To the Participant:**

- Complete, sign and date this form to request a distribution from your Schwab Qualified Retirement Plan (QRP) account.
- Please carefully read the QRP Distribution Notice included with this form, which contains important information about your distribution. Keep the Notice for your records. If you are married, your spouse may also be required to sign this Distribution Request Form in the presence of a notary public. Return the completed form to your Plan Administrator.
- If you want to take a Required Minimum Distribution (RMD), please call us for the Qualified Retirement Plan Required Minimum Distribution Form.

**1. Participant (Account Holder) Information** (required)

Name (First)	(Middle)	(Last)	Account Number
Marital Status <input type="checkbox"/> Married <input type="checkbox"/> Single <input type="checkbox"/> Legally Separated		Social Security Number	Daytime Telephone Number (      )

**2. Plan Information** (required; to be completed by the Plan Administrator)

Name of Plan Administrator (Employer, unless a Plan Administrator was appointed on Adoption Agreement)	Daytime Telephone Number (      )
Type of Account <input type="checkbox"/> QRP Money Purchase Pension Plan <input type="checkbox"/> QRP Profit-Sharing Plan	Employer Identification Number (EIN)
Is the Plan subject to the Qualified Joint and Survivor Annuity (or Single Life Annuity) rules?*	
<input type="checkbox"/> No <input type="checkbox"/> Yes	
Participant's Vested Account Percentage: _____% (If less than 100%, complete Plan Administrator Instructions below.)	

\*Your Schwab QRP is subject to the Qualified Joint and Survivor Annuity (or Single Life Annuity) rules if it is a Money Purchase Pension Plan or a Profit-Sharing Plan that has annuities as the normal form of benefit (see your Plan document), or if the Plan received assets into this Participant account from another plan which had annuities as the normal form of benefit.

**Plan Administrator Instructions Regarding Non-Vested Portion of Participant's Account**

This section must be completed by the Plan Administrator when the Participant's vested account balance is less than 100% and the Participant's employment has terminated.

The cash and securities attributed to the non-vested portion of the Participant's account will be transferred to your Plan's "Holding Account" until you reallocate them in accordance with your Plan document. If your Plan has not yet set up a Holding Account, call 1-800-435-4000 to request the appropriate account application. Be sure to submit the completed application for the Holding Account with this Distribution Request Form.



**2. Plan Information** (Continued)

**Transfer to Holding Account**

1. Plan Holding Account Number: \_\_\_\_\_

2. Transfer the following non-vested assets (Select all that apply.)

- Transfer \$ \_\_\_\_\_ from the sweep money market fund balance.
- Transfer the specific shares of securities listed below (list additional securities on a separate sheet of paper).

Name of Security	Number of Non-Vested Shares or Dollar Amount	Name of Security	Number of Non-Vested Shares or Dollar Amount

**3. Distribution Reason** (Choose one option from Section A or B below.)

**A. From a QRP Profit-Sharing or QRP Money Purchase Pension Plan**

- Normal Retirement Age** (age 65 or older)
- Termination of Employment** (Your total distribution upon termination of employment will be based on the vesting percentage indicated in Section 2.)
- Disability** (Permanent disability within the meaning of IRS Section 72(m)(7). Consult your tax advisor.)
- Plan Termination** (Before terminating your Plan, your Plan documents must be in compliance with all current tax laws. We recommend that you consult with your tax advisor.)
- Death of Participant** (Attach the following documents and complete the recipient information requested below.)
  1. Certified copy of the death certificate
  2. QRP Participant Account Application (You must first open a QRP account in your name for tax reporting purposes.)
  3. If there are multiple beneficiaries, each beneficiary must complete a separate Schwab QRP Distribution Request Form.
  4. If you are a nonresident alien without a Social Security number, you will also need to attach a completed IRS Form W-8BEN and a certified copy of your passport.

**Note:** If the decedent was over 70½ (if the decedent was born before July 1, 1949) or age 72 (if the decedent was born on or after July 1, 1949) and had not withdrawn his or her RMD for the year of death, as beneficiary, you must withdraw the RMD before the assets can be rolled over to an IRA. Call Schwab Estate Distribution Services at 1-888-297-0244 to discuss your individual situation.

- Decedent was over 70½ (if the decedent was born before July 1, 1949) or age 72 (if the decedent was born on or after July 1, 1949); please distribute my RMD before rolling over the assets to an Inherited IRA.

Name of Recipient (First)		(Middle)	(Last)	
Home/Legal Street Address (no P.O. boxes)		City	State	Zip Code
Daytime Telephone Number ( )	Date of Birth (mm/dd/yyyy)	Social Security Number	Relationship to Participant	
Country(ies) of Citizenship (Must list all.) <input type="checkbox"/> USA <input type="checkbox"/> Other: _____		Country of Legal Residence <input type="checkbox"/> USA <input type="checkbox"/> Other: _____		

- Qualified Domestic Relations Order (QDRO)** (Attach the following documents and complete the recipient information requested below.)

1. Final QDRO
2. QRP Participant Account Application (The recipient must first open a QRP account in his or her name for tax reporting purposes.)
3. Schwab IRA Account Application (if rolling over to a new IRA at Schwab)

**Note:** Other documents may be required. Call Schwab Estate Distribution Services at 1-888-297-0244 to discuss your individual situation.

Name of Recipient (First)		(Middle)	(Last)	
Home/Legal Street Address (no P.O. boxes)		City	State	Zip Code
Daytime Telephone Number ( )	Date of Birth (mm/dd/yyyy)	Social Security Number	Relationship to Participant	
Country(ies) of Citizenship (Must list all.) <input type="checkbox"/> USA <input type="checkbox"/> Other: _____		Country of Legal Residence <input type="checkbox"/> USA <input type="checkbox"/> Other: _____		



**3. Distribution Reason** (Continued)**B. From a QRP Profit-Sharing Plan Only**

- In-Service Withdrawal: Two-Year Rule** (Select for a withdrawal of vested Employer contributions that have been in the Plan for at least two full Plan years. See Section 5.01(A)(4) of the Basic Plan Document.)
- In-Service Withdrawal: Five-Year Rule** (Select for a withdrawal of vested account balance if you have participated in the Plan for at least five years [60 months]. See Section 5.01(A)(4) of the Basic Plan Document.)

**Note:** In-Service Withdrawals are subject to 20% mandatory withholding unless rolled over to an IRA or qualified retirement plan.

- Hardship** (Select for distribution due to hardship as described in the Basic Plan Document, Section 5.01(C)(2)(a).)

**Note:** Hardship distributions are not eligible for rollover.

**4. Annuity**

If your Plan Administrator checked "yes" in Section 2, indicating that the Plan is subject to the Qualified Joint and Survivor Annuity (or Single Life Annuity) rules, you are required to complete this section. However, if your Plan Administrator checked "no" or if the vested account balance is \$1,000 or less, disregard this section and proceed to the next section.

**By the Plan Administrator selecting "yes," this means benefits are required to be paid in the form of a Qualified Joint and Survivor Annuity (or Single Life Annuity) unless you elect to waive this form of payment. To waive this form of payment, please read and complete the Waiver Election below.**

**Waiver Election**

As a Participant in my Employer's Schwab Qualified Retirement Plan, I acknowledge that I have read the information about the Annuity Form of Benefit in the QRP Distribution Disclosure Notice. I understand that benefits will be paid to me in the form of a Qualified Joint and Survivor Annuity (or Single Life Annuity) if I am unmarried) unless I elect to waive this form of payment. I further understand that, if I am married, my spouse must also consent to the waiver in the presence of a notary public.

- I hereby elect to waive the Qualified Joint and Survivor Annuity (or Single Life Annuity). By waiving the Qualified Joint and Survivor Annuity (or Single Life Annuity), you can receive your distribution in another form of payment; please proceed to the next section.

**Note:** If you have obtained a court decree of marital separation or abandonment, or if your spouse cannot be located with reasonable effort, you generally will not need spousal consent.

**5. Payment Options**

- A.**  **Lump-Sum Payment (distribute entire balance).** **Note:** Your account will be closed upon distribution of your entire balance.

- B.**  **Periodic Payment** (This option is available only for distributions of cash when the vested account balance is more than \$1,000.)  
Complete the following information:

I would like to schedule a periodic payment in the amount of \$ \_\_\_\_\_ to begin on \_\_\_\_\_ (mm/dd/yyyy) and continue until I instruct otherwise.

Frequency:  Monthly  Quarterly  Semiannually  Annually

Is this periodic payment for a period of 10 years or more?  Yes  No

- C.**  **One-Time Payment.** **Note:** Your account will remain open.

I would like a one-time payment in the amount of \$ \_\_\_\_\_.

**6. Payment Method**

Please tell us how you want to receive your payment. (Choose one option from Sections A–E below.)

- A.**  **Directly deposit my distribution to my Schwab non-retirement account number:** \_\_\_\_\_

- B.**  **Mail my distribution**

- To the address listed on my account  
 To the address indicated in Section 3  
 To the address indicated below:

Street Address	City	State	Zip Code



6. Payment Method (Continued)

C.  Direct Rollover (If you choose a Direct Rollover option below, Section 7 does not apply.) Choose one option from subsection 1 or 2 below and provide the information, as applicable:

1. Participant and Spouse Beneficiary only:

- Direct Rollover of an eligible distribution to my existing Schwab Traditional IRA or QRP account number: \_\_\_\_\_
- Direct Rollover of an eligible distribution to a new Schwab Traditional IRA (Complete and attach the Schwab IRA Account Application.)
- Direct Rollover of an eligible distribution to my non-Schwab Traditional IRA or QRP account (Please allow 4–6 weeks for processing.)

Type of Account <input type="checkbox"/> IRA <input type="checkbox"/> Qualified Retirement Plan			
Name on Account		Account Number	
Institution Name		Phone Number of Institution (     )	
Institution Mailing Address		City	State     Zip Code
ABA Number		Name of Plan (if applicable)	

2. Non-Spouse Beneficiary only:

- Direct Rollover of an eligible distribution to a Schwab Inherited IRA (Complete and attach the Schwab Inherited IRA Application.)

D.  Direct conversion of an eligible distribution to my Schwab Roth IRA (Select one.)

- Convert to my existing Schwab Roth IRA account number: \_\_\_\_\_
- Convert to a new Schwab Roth IRA (Complete and attach the Schwab IRA Account Application.)

E.  Wire Transfer\*

Type of Account <input type="checkbox"/> IRA <input type="checkbox"/> Qualified Retirement Plan <input type="checkbox"/> Bank <input type="checkbox"/> Other:			
Name on Account (Registration)		Account Number	
Institution Name		Phone Number of Institution (     )	
Institution Mailing Address		City	State     Zip Code
ABA Number		Name of Plan (if applicable)	

\*Fees apply. Call 1-800-435-4000 for details.

7. Tax Withholding Election (Complete this section only if you did not choose Direct Rollover in Section 6.)

**20% Mandatory Withholding:** IRS regulations require Schwab to withhold 20% federal income tax from your distributions that are eligible to be rolled over, but are not. You cannot waive this withholding. Eligible rollover distributions are all distributions except the following: hardship distributions, Required Minimum Distributions, or certain distributions that are part of a series of equal or almost equal periodic payments for a specified period of 10 years or more or that will last for your lifetime (or the joint lives of you and your beneficiary). Please refer to the Schwab QRP Distribution Notice for additional information.

**10% Withholding:** If the distribution is not an eligible rollover distribution, the 20% mandatory withholding does not apply. Instead, your distribution is subject to federal tax withholding at a rate of 10%.

Distributions are generally subject to federal (and possibly state) income tax. Even if you elect in writing not to have federal and/or state income tax withheld, you are liable for payment of federal tax and state income taxes, if applicable, on the taxable portion of your distribution. You may also be subject to tax penalties under the estimated tax payment rules if your withholding and payment of estimated tax, if any, are not adequate.



**7. Tax Withholding Election** (Continued)**A. Federal Income Tax Withholding**

You may elect not to have withholding apply, or you may elect to increase the rate of withholding. If you do not make an election, Schwab is required to withhold 10% for payment of federal income tax from your gross distribution.

Choose one:

- I do **not** want federal income tax withheld.
- I **want** federal income tax withheld at the rate of \_\_\_\_\_% (must be at least 10% or, if your distribution is an eligible rollover distribution, must be at least 20%).

**B. State Income Tax Withholding**

State income tax withholding may be required from your distribution. In some cases, you may elect not to have withholding apply, or you may elect to increase the rate of withholding. In other cases, state income tax withholding is not available. **Refer to the State Income Tax Withholding Information sheet for specific information concerning your state.** If you do not make an election, Schwab will apply withholding (if required) at the minimum rate based on your state of residency as determined by your legal address of record on your account.

While Schwab makes every effort to obtain information about state tax laws from sources believed to be reliable, Schwab cannot guarantee the accuracy or timeliness of state tax withholding information because state tax laws are subject to constant change and interpretation. We recommend that you contact your tax advisor regarding your tax withholding elections, and to answer any questions that you may have regarding your state's withholding laws.

Choose one:

- I do **not** want state income tax withheld.
- I **want** state income tax withheld at the rate of \_\_\_\_\_% (must be at least your state's minimum tax rate).

If you move between states with differing withholding laws, Schwab will apply withholding (if required) at the rate you have provided above or at the minimum rate based on the laws for your new state of residency, whichever is greater. You may change or revoke your tax withholding election for future distributions at any time by submitting your request in writing to Schwab.

**8. Payment Instructions** (Select all that apply.)

- Distribute entire sweep money market fund balance.
- Distribute \$ \_\_\_\_\_ from my sweep money market fund balance. This amount is:  a before-tax (gross) distribution  an after-tax (net) distribution.
- Sell all shares and distribute.\*
- Sell specific shares of securities and distribute. (List securities you want liquidated in box(es) below.)\*
- Transfer all shares of securities to my Schwab IRA or Schwab non-retirement account.
- Transfer specific shares of securities to my Schwab IRA or Schwab non-retirement account. (List securities you want transferred in box(es) below.)
- Distribute securities in certificate form.† (List securities you want certificates for in box(es) below.)

Name of Security	Number of Vested Shares or Dollar Amount	Name of Security	Number of Vested Shares or Dollar Amount
Name of Security	Number of Vested Shares or Dollar Amount	Name of Security	Number of Vested Shares or Dollar Amount
Name of Security	Number of Vested Shares or Dollar Amount	Name of Security	Number of Vested Shares or Dollar Amount

**Additional securities should be listed on a separate sheet of paper. Please include Name of Security and Number of Vested Shares or Dollar Amount for each additional security.**

**Note:** The value of the distribution (including securities) will be determined using the most recent market price received by Schwab when this form is processed.

\*Schwab's standard commissions and fees apply, as listed in the *Charles Schwab Pricing Guide*. Commission price varies depending on the size of the stock sale transaction and is subject to change without notice.

†Some securities cannot be delivered in certificate form. Please call 1-800-435-4000 for additional information. Please allow approximately four weeks to process certificate requests.



**9. Signatures** (If you are a sole proprietor and acting in the capacity of Plan Administrator, please sign both the Plan Administrator and Plan Participant or Recipient Signature boxes.)

**A. Signature of Plan Administrator**

As the Plan Administrator, I authorize Schwab to distribute Plan benefits from the Schwab QRP account as indicated on this Distribution Request Form. I certify that the information I have provided in this Distribution Request Form is true and correct to the best of my knowledge; that I have provided the Participant (or other recipient) with a copy of the Schwab QRP Distribution Notice; and that this distribution complies with the provisions of the Schwab QRP and the Internal Revenue Code. If the "Death of Participant" box is checked in Section 3A, I certify that the recipient is entitled to the distribution under a valid beneficiary designation or, if none, under the applicable provisions of the Schwab QRP. If the "Qualified Domestic Relations Order (QDRO)" box is checked in Section 3A, I further certify that I have determined that the domestic relations order pursuant to which this distribution is being made constitutes a qualified domestic relations order within the meaning of Section 414(p) of the Internal Revenue Code. I authorize Schwab to rely on the foregoing certification without further investigation or inquiry.

**Signature and Date Required**

**X**  
Plan Administrator Signature \_\_\_\_\_ Print Name \_\_\_\_\_ Date \_\_\_\_\_

**B. Signature of Plan Participant or Recipient**

I hereby consent to, and request payment from, the qualified retirement plan designated above in the manner indicated. In addition, if I am eligible to waive the notice requirements under Sections 402(f), 417(a)(3) and 411(a)(11) of the Internal Revenue Code, I hereby waive the 30-day notice period. I certify that all information provided by me is true and accurate, and I agree to submit additional information if requested by the Plan Administrator (Employer), Schwab or any Plan fiduciary. I have received the Schwab QRP Distribution Notice and have read and understood the portions of it relevant to the sections I have completed in this Distribution Request Form. No tax advice has been given to me by either the Plan Administrator or Schwab. All decisions regarding this distribution are my own. I expressly assume the responsibility for any adverse consequences which may result from this distribution, and I agree that the Plan Administrator, Schwab and any Plan fiduciary shall in no way be responsible for those consequences. I certify that the number shown on this application is my correct Taxpayer Identification Number.

**Signature and Date Required**

**X**  
Plan Participant or Recipient Signature \_\_\_\_\_ Print Name \_\_\_\_\_ Date \_\_\_\_\_

**C. Signature of Spouse** (Required only if the Participant is married and has elected to waive the Qualified Joint and Survivor Annuity in Section 4.)

I am the spouse of the Participant. I hereby consent to my spouse's election not to have benefits paid in the form of a Qualified Joint and Survivor Annuity. I understand that by consenting to my spouse's waiver, I may be forfeiting benefits I would be entitled to receive when my spouse dies. I also understand that my consent cannot be revoked unless my spouse revokes the waiver.

**Signature and Date Required**

**X**  
Spouse Signature \_\_\_\_\_ Print Name \_\_\_\_\_ Date \_\_\_\_\_

**D. Notarization of Spouse Signature** (required)

The signature of the spouse must be witnessed in the presence of a notary public.

State of _____, County of _____, On _____, before me, _____, (mm/dd/yyyy) (Name and Title of the Notarizing Officer) personally appeared _____, (Name of Person[s] Signing Instrument) who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.* I certify under PENALTY OF PERJURY under the laws of the State of _____ that the foregoing paragraph is true and correct. WITNESS my hand and official seal. Notary Public _____ Expiration Date _____ (Signature of Notarizing Officer) (mm/dd/yyyy) *Notaries outside of California may attach the appropriate notarizing declaration in lieu of the above.	(NOTARY SEAL)
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**10. Return Instructions**

- **Upload** online with secure messaging (if you are an existing client and have online access to your account).
  1. Go to [www.schwab.com](http://www.schwab.com) and log in to your account.
  2. Click Message Center (under Service), and then click Upload Document.
- **Fax** to 1-888-526-7252.
- **Bring** to your nearest Schwab branch (visit [www.schwab.com/branch](http://www.schwab.com/branch) for locations).
- **Mail** to any of the following addresses:

**Regular Mail (West)**

Charles Schwab & Co., Inc.  
P.O. Box 982600  
El Paso, TX 79998-2600

**Regular Mail (East)**

Charles Schwab & Co., Inc.  
P.O. Box 628291  
Orlando, FL 32862-8291

**Overnight Mail (West)**

Charles Schwab & Co., Inc.  
1945 Northwestern Drive  
El Paso, TX 79912

**Overnight Mail (East)**

Charles Schwab & Co., Inc.  
1958 Summit Park Dr., Ste. 200  
Orlando, FL 32810



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# Qualified Retirement Plan (QRP) Distribution Notice

## INTRODUCTION

This Notice contains important information about the payment of your vested account balance in your employer's Schwab Qualified Retirement Plan (QRP, or the "Plan"). Please carefully review the materials. It is always a good idea to consult with a tax advisor when taking distributions.

As a participant in the Plan, you have accumulated a vested account balance. 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, age 65;
- You become disabled under the Plan's definition;
- Your employer terminates the Plan;
- Your Plan permits in-service distributions (which may be limited to certain contribution sources); or
- You incur a hardship.

However, you must refer to your Summary Plan Description to identify the specific triggering events that apply under your Plan.

You may have the right to defer receiving a distribution of your vested account balance from your employer's Plan if you meet both of the following conditions:

- Your vested account balance under the Plan is greater than \$1,000; and
- You haven't reached age 65.

However, you must begin required minimum distributions after age 70½ (if you were born before July 1, 1949) or age 72 (if you were born on or after July 1, 1949) or after death.

**Note:** Generally, payments from your employer's Plan must be delayed for a minimum of 30 days after you receive this notice, to allow you time to consider your distribution options. Although you are entitled to consider your distribution options for a period of 30 days, you may waive this 30-day-notice requirement by signing and submitting the QRP Distribution Request Form. **If you waive the 30-day-notice requirement, your employer must wait seven days from the date you receive this notice before commencing distributions.**

The law dictates the optional forms that your payments may take. The law also specifies how the different types of payments will be taxed. This notice summarizes your distribution options and illustrates the financial effect and tax consequences of each distribution option.

**Note:** The payment amounts indicated in this notice are only examples. The calculations for the Qualified Joint and Survivor Annuity are based on standard mortality tables using a 5% interest rate and a payment age of 65. Actual payment amounts will vary depending upon the entity from which you purchase your annuity. You may obtain financial projections based upon your account balance by submitting a request, in writing, to your Plan Administrator.

**Part One** of this notice describes the Plan payment options available to you. **Part Two** describes the payment options for your beneficiary(ies).

**Part Three** contains a special tax notice, required by the Internal Revenue Service (IRS), that explains the tax treatment of your Plan payment and describes the rollover options available to you.

## PART ONE—PAYMENT OPTIONS FOR PLAN PARTICIPANTS

### IMPORTANT NOTICE TO PARTICIPANT

Your employer intends for your Plan account to provide income to you during retirement. If you take a distribution prior to retiring or spend your retirement savings too quickly, you may not have sufficient income to live on in retirement. If you terminate employment and leave your money in the Plan, a share of the Plan's administrative expenses may be charged to your account each year. Contact your plan administrator for an explanation of any administrative expenses that may be charged to the accounts of terminated participants.

If you choose to roll over your vested account balance to an IRA or other eligible retirement plan, the distributing Plan's investment options may not be available under the receiving retirement arrangement, and the fees may

differ from those charged if your balance remained in the Plan. Complete information concerning available investment options and fees currently charged by the Plan is available from your plan administrator. Consult your financial advisor for a description of investments available outside of the Plan and any applicable fees associated with them.

## DISTRIBUTION OPTIONS

### OPTION I—LUMP-SUM PAYMENT

#### A. LUMP-SUM PAYMENT DEFINED

A lump-sum payment is the payment of your entire vested account balance.

#### B. FINANCIAL EFFECT AND TAX CONSEQUENCES OF A LUMP-SUM PAYMENT

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. See Part Three of this notice for more information.

### OPTION II—INSTALLMENT PAYMENTS

#### A. INSTALLMENT PAYMENTS DEFINED

Installment payments are payments distributed to you in any amount you choose at intervals that you determine within limits set by the trustee or custodian. For example, the payments could be paid to you annually, semiannually, quarterly, or monthly. The payment schedule you choose cannot be longer than your single life expectancy or, if you have a beneficiary named, the joint life expectancy of you and your beneficiary.

**Note:** Installment payments are not available if your vested account balance is less than \$1,000.

#### B. FINANCIAL EFFECT AND TAX CONSEQUENCES OF INSTALLMENT PAYMENTS

Generally, each installment payment will be included in your income in the year in which you receive it. For example, a participant who elects to receive \$500 per month will include \$6,000 (\$500 x 12 months) in income each tax year.

### OPTION III—QUALIFIED JOINT AND SURVIVOR ANNUITY

The law requires that your vested account balance be paid to you in the form of a qualified joint and survivor annuity if you are married, or a Single Life Annuity if you are not married. If you wish to receive your vested account balance using a different distribution option (including a Qualified Optional Survivor Annuity), you must waive the qualified joint and survivor annuity (the single life annuity if you are not married), and your spouse must consent to the annuity waiver if you are married. Unless properly waived, you will receive your vested account balance in the form of a qualified joint and survivor annuity (or single life annuity if you are not married).

#### A. QUALIFIED JOINT AND SURVIVOR ANNUITY DEFINED

If you are married, a qualified joint and survivor annuity is a series of periodic payments to you during your lifetime and to your spouse upon your death. The periodic payment amount your spouse receives will be a set percentage of the periodic payment amount you received during your lifetime. To determine the percentage your spouse would receive (i.e., the survivor annuity percentage), contact the plan administrator. If you are not married, a qualified joint and survivor annuity is a series of annuity payments made during your lifetime.

#### B. WAIVING THE QUALIFIED JOINT AND SURVIVOR ANNUITY

If you wish to receive your vested account balance in a lump-sum or periodic payment, as described in Options I and II, you (and, if you are married, your spouse) must waive the qualified joint and survivor annuity on the QRP Distribution Request Form. After waiving the qualified joint and survivor annuity by completing and signing the distribution form, you may receive your vested account balance using one of the other payment options.



### C. FINANCIAL EFFECT AND TAX CONSEQUENCES OF A QUALIFIED JOINT AND SURVIVOR ANNUITY

As stated above, a qualified joint and survivor annuity will provide periodic payments to you during your lifetime and, if you are married, to your spouse after your death. Your spouse will generally receive smaller periodic payments than you received while you were alive. The annuity will be provided by purchasing an annuity contract from an insurance company with your account balance under the Plan. Generally, each payment will be included in your income in the year in which you receive it. For example, assume a participant retires with a \$10,000 vested account balance. A qualified joint and survivor annuity would provide him or her with the following payments.

Lifetime Monthly Participant Benefit	% of Survivor Annuity*	Monthly Survivor Benefit
\$63.40	100.00%	\$63.40
\$66.30	75.00%	\$49.72
\$67.30	66.67%	\$44.86
\$69.40	50.00%	\$34.70

\*These estimates are derived from standard mortality tables using a participant with a 65-year-old spouse beneficiary beginning payments at age 65. To determine the survivor annuity percentage, contact your plan administrator. This example uses estimates and should not be viewed as an assurance that an insurer is able to provide the specific amount disclosed.

### D. QUALIFIED OPTIONAL SURVIVOR ANNUITY DEFINED

If you properly waive the qualified joint and survivor annuity and your vested account balance is more than \$1,000, you may use your vested account balance to purchase a qualified optional survivor annuity. Like a qualified joint and survivor annuity, a qualified optional survivor annuity is a series of periodic payments to you during your lifetime and to your spouse upon your death.

The optional survivor annuity means an annuity (1) for your life with a survivor annuity for the life of your spouse, which is equal to the applicable percentage of the amount of the annuity that is payable during the joint lives of you and your spouse, and (2) that is the actuarial equivalent of a single annuity for your life. If the survivor annuity percentage (1) is less than 75%, the applicable percentage is 75%, or (2) is greater than or equal to 75%, the applicable percentage is 50%. To determine the amount your spouse would receive, contact your plan administrator.

## PART TWO—PAYMENT OPTIONS FOR BENEFICIARIES OF DECEASED PLAN PARTICIPANTS

### IMPORTANT NOTICE TO BENEFICIARY

If you are the designated beneficiary of a deceased participant's vested account balance, you are eligible to receive a distribution. The form of the benefit depends on several factors, including, but not limited to, the type of plan and the amount in the participant's account. Not all of the distribution options in Part One may be available to you.

#### OPTION I—PARTICIPANT'S ACCOUNT BALANCE

If the participant's vested account balance was \$1,000 or less at the time of distribution, the plan administrator is required to pay your distribution to you in a single cash payment. If the participant's vested account balance exceeded \$1,000, you must consent to the form of payment.

#### OPTION II—TYPE OF PLAN

##### A. REA SAFE HARBOR PLANS (PROFIT-SHARING PLANS ONLY)

You may select Part One, Option I or II. However, if you select the periodic payment method described in Part One, Option II, the payment schedule you choose cannot be longer than your single life expectancy.

##### B. ALL OTHER PLANS

If the Plan Participant died before required distributions commenced and you are a spouse beneficiary, distributions from the Plan must be paid to you (if applicable) in the form of a Qualified Preretirement Survivor Annuity, unless the annuity requirement was properly waived. A participant waives the annuity requirement by completing a QRP

Distribution Request Form and obtaining your written consent to the waiver. If the participant did not execute the required waivers, then his or her account balance will be paid to you (the deceased participant's spouse) in the form of a Preretirement Survivor Annuity unless the Plan specifically permits you to elect to receive payments in a form other than a qualified preretirement survivor annuity. If you are a non-spouse beneficiary of a deceased participant who was married, you will not receive any payment from the Plan unless the participant properly waived the requirement that his or her spouse be the beneficiary.

If the qualified preretirement survivor annuity was properly waived by the participant and/or his or her spouse (if applicable), then you may receive the entire vested account balance in a lump-sum payment as explained in Part One, Option I. The rollover option described in Part Three is available only if you are the spouse of the deceased participant. However, spouse and non-spouse beneficiaries may be able to directly roll over their balance to an Inherited IRA as described in Part Three of this notice. The other distribution options available to you as a beneficiary are explained in Part One, Option II. However, the payment schedule you choose cannot be longer than your single life expectancy.

## PART THREE—SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS

### YOUR ROLLOVER OPTIONS

This notice describes the rollover rules that apply to payments from the Plan. Rules that apply to most payments from the Plan are described in the "General Information About Rollovers" section. Special rules that only apply in certain circumstances are described in the "Special Rules and Options" section.

### GENERAL INFORMATION ABOUT ROLLOVERS

#### How can a rollover affect my taxes?

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

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

You may roll over the payment to either an IRA (an individual retirement account or individual retirement annuity) or an employer plan (a tax-qualified plan, section 403(b) plan, or governmental section 457(b) plan) that will accept the rollover. The rules of the IRA or employer plan that holds the rollover will determine your investment options, fees, and rights to payment from the IRA or employer plan (for example, no spousal consent rules apply to IRAs, and IRAs may not provide loans). Further, the amount rolled over will become subject to the tax rules that apply to the IRA or employer plan.

#### How do I do a rollover?

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

**If you do a direct rollover**, the Plan will make the payment directly to your IRA or an employer plan. You should contact the IRA sponsor or the administrator of the employer plan for information on how to do a direct rollover.

**If you do not do a direct rollover**, you may still do a rollover by making a deposit into an IRA or eligible employer plan that will accept it. You will have 60 days after you receive the payment to make the deposit. 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 subject to the 10% additional income tax on early distributions if you are under age 59½ (unless an exception applies).

#### How much may I roll over?

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



- Certain payments spread over a period of at least 10 years, or over your lifetime or life expectancy (or the lives or joint life expectancy of you and your beneficiary)
- Required minimum distributions after age 70½ (if you were born before July 1, 1949) or age 72 (if you were born on or after July 1, 1949) or after death
- Hardship distributions
- ESOP dividends
- Cost of life insurance paid by the Plan
- Corrective distributions of contributions that exceed tax law limitations

The plan administrator can tell you which portion of a payment is eligible for rollover.

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

If you are under age 59½, you will have to pay the 10% additional income tax on early distributions for any payment from the Plan (including amounts withheld for income tax) that you do not roll over, unless one of the exceptions listed below applies. This tax is in addition to the regular income tax on the payment not rolled over.

The 10% additional income tax does not apply to the following payments from the Plan:

- Payments made after you separate from service if you will be at least age 55 in the year of the separation
- Payments that start after you separate from service if paid at least annually in equal or close-to-equal amounts over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary)
- Payments of qualified birth or adoption distributions
- Payments made due to disability
- Payments made after your death
- 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 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

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

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

- There is no exception for payments after separation from service that are made after age 55.
- The exception for QDROs does not apply (although a special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to an IRA of a spouse or former spouse).
- The exception for payments made at least annually in equal or close-to-equal amounts over a specified period applies without regard to whether you have had a separation from service.
- There are additional exceptions for (1) payments for qualified higher education expenses, (2) payments up to \$10,000 used in a qualified first-time home purchase, and (3) payments after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

**Will I owe state income taxes?**

This notice does not describe 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 a payment is only part of your benefit, an allocable portion of your after-tax contributions is generally included in the payment. 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.

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, each of the payments will include an allocable portion of 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. For example, assume you are receiving a complete distribution of your benefit that totals \$12,000, of which \$2,000 is after-tax contributions. In this case, if you roll over \$10,000 to an 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. 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 your payment includes employer stock that you do not roll over**

If you do not do a rollover, you can apply a special rule to payments of employer stock (or other employer securities) that are either attributable to after-tax contributions or paid in a lump sum after separation from service (after age 65, or due to disability or the participant's death). Under the special rule, the net unrealized appreciation on the stock will not be taxed when distributed from the Plan and will be taxed at capital gain rates when you sell the stock. Net unrealized appreciation is generally the increase in the value of employer stock after it was acquired by the Plan. If you do a rollover for a payment that includes employer stock (for example, by selling the stock and rolling over the proceeds within 60 days of the payment), the special rule relating to the distributed employer stock will not apply to any subsequent payments from the IRA or employer plan. The plan administrator can tell you the amount of any net unrealized appreciation.

**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 five years, counting from January 1 of the year of the rollover).

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 reach age 59½ (or made due to disability, after your death, or as a qualified first-time home buyer distribution of up to \$10,000) and have had a Roth IRA for at least five years. In applying this five-year rule, you count from January 1 of the year for which your first contribution was





made to a Roth IRA. Payments from the Roth IRA that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10% additional income tax on early distributions (unless an exception applies). You do not have to take Required Minimum Distributions from a Roth IRA during your lifetime. For more information, see IRS Publication 590, *Individual Retirement Arrangements (IRAs)*.

You cannot roll over a payment from the Plan to a designated Roth account in an employer plan.

#### If you are not a Plan participant

**Payments after death of the participant.** If you receive a distribution after the participant's death that you do not roll over, the distribution will generally be taxed in the same manner described elsewhere in this notice. However, the 10% additional income tax on early distributions and the special rules for public safety officers do not apply, and the special rule described under the section "If you were born on or before January 1, 1936" applies only if the 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 on or after July 1, 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 reached age 70½ (if they were born before July 1, 1949) or age 72 (if they were born on or after July 1, 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. 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 QDRO.** If you are the spouse or former spouse of a participant who receives a payment from the Plan under a QDRO, you generally have the same options the participant would have (for example, you may roll over the payment to your own IRA or an eligible employer plan that will accept it). Payments under a 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 do not do a direct rollover to a U.S. IRA or U.S. employer plan, the Plan is generally required to withhold 30%—rather than 20%—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. Use Form W-8BEN to claim that you are entitled to a reduced rate of withholding under an income tax treaty. For more information, also see 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 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 may do a 60-day rollover.

Unless you elect otherwise, a mandatory cash-out of more than \$1,000 will be directly rolled over to an IRA chosen by the plan administrator. A mandatory cash-out is a payment from a plan to a participant made before age 62 (or normal retirement age, if later), and without consent, where the participant's benefit does not exceed \$5,000 (not including any amounts held under the plan as a result of a prior rollover made to the plan).

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

#### FOR MORE INFORMATION

You may wish to consult with the plan administrator 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 the following: 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.

