Alternate Payee Distribution Request
Governmental 457(b) Plan

Refer to the Alternate Payee Distribution Guide while completing this form. Use blue or black ink only.

City of Riverside Employee's Deferred Compensation Plan 98246-01

Alternate Payee Information

Last Name | First Name | MI

Address - Number & Street

City | State | Zip Code

( ) Home Phone

( ) Work Phone

Participant's Social Security Number

Spousal Alternate Payee's Social Security Number

Account Extension (if applicable)

E-Mail Address

Are you a U.S. citizen or resident alien?
❑ Yes ❑ No

Mo Day Year
Date of Birth

Distribution Method Effective Date: _____

❑ **Full Distribution**

❑ **Partial Distribution**

Amount $_____ or _____% ❑ Gross Amount ❑ Net Amount

❑ **Payment to Self**

❑ **Periodic Payment**

Payment Start Date: _____ Frequency: ❑ Monthly ❑ Quarterly ❑ Semi-Annually ❑ Annually

❑ Payment of an Amount Certain $_____

❑ Payment for a Period Certain (Years) _____

❑ Interest Only Payments, converted to MDR at age 70 1/2 - must have all fixed investment options (attach copy of birth certificate or driver's license)

❑ **Fixed Annuity**

❑ Full Fixed Annuity ❑ Partial Fixed Annuity $_____

Purchase Date: _____ Payment Start Date: _____

Frequency: ❑ Monthly ❑ Quarterly ❑ Semi-Annually ❑ Annually

❑ Income of an Amount Certain $_____

❑ Income for a Period Certain (Years) _____

The following options have monthly frequencies:

❑ Fixed Life Annuity With Guaranteed Period (attach copy of birth certificate or driver's license)

5, 10, 15, 20 years (circle one)

❑ Fixed Life Annuity - Life Only, No Death Benefit (attach copy of birth certificate or driver's license)

Last Name | First Name | MI

Social Security Number

❑ **Direct Rollover -** Available for spousal Alternate Payees only - Provide company information.
Amount $_____

❑ Direct Rollover to an Eligible Plan: ❑ Governmental 457(b) ❑ 401(a/k) ❑ 403(b)

❑ Direct Rollover to an IRA

If you are a spousal Alternate Payee requesting a full withdrawal as a direct rollover and the minimum distribution requirements have not been met, and the participant is over age 70 1/2 and is no longer working, provide the amount of your required minimum distribution below. Note: The required minimum distribution cannot be rolled over. If you have not yet satisfied the minimum distribution requirements for the year, your required amount must be distributed prior to processing a rollover.

Required minimum distribution amount $_____

Do you wish to have 10% federal income tax withheld from your required minimum distribution? ❑ Yes ❑ No

Additional amounts may be withheld at your request $_____

❑ **Transfer -** Available for spousal Alternate Payees only - Attach acceptance letter and provide company information.
Amount $_____

❑ Transfer to a New Provider Within the Same Plan

Company Information

Company or Trustee's Name (to whom the check should be made payable) | Account Number

Mailing Address

City/State/Zip Code | ( ) Phone Number

Distribution Delivery

❑ **Check** ❑ Mailing Address - _____

❑ **Express Delivery -** $25.00 non-refundable charge - Not available for periodic/fixed annuity payments. Express delivery available Monday through Friday only. Not available to P.O. boxes.

❑ **ACH -** Available on periodic/fixed annuity payments at no charge. Available on one-time full/partial distribution payment to self for a $15.00 non-refundable charge. ACH credit can only be made into a United States financial institution.

❑ Checking Account - must attach preprinted voided check

❑ Savings Account - must attach a letter on financial institution letterhead signed by a representative of the financial institution that includes your name, savings account number and ABA routing number

Financial Institution Name | Account Number | ABA Routing Number

Financial Institution Mailing Address | City | State/Zip Code

Last Name	First Name	MI	Social Security Number

Federal and State Income Tax Withholding

Federal Income Tax - Direct rollovers are available for spousal Alternate Payees only. No federal income tax will be withheld from direct rollovers or transfers. Twenty percent (20%) mandatory federal income tax withholding will apply to all distributions to spousal Alternate Payees that are eligible for rollover, but are not rolled over. For all other payments to spousal Alternate Payees and payments to non-spousal Alternate Payees, federal income tax will be withheld at the rate of 10%, unless Service Provider is directed otherwise below.

❑ Do NOT withhold federal income tax from Alternate Payee's distribution.

If Alternate Payee would like **additional** federal income tax withheld, indicate amount $_____ or _____% of the distribution amount.

If Alternate Payee is electing a periodic payment for a period certain of 10 years or longer or for his/her life expectancy, or a fixed annuity for a period certain of 10 years or longer, he/she may complete and attach IRS Form W-4P. You may obtain a Form W-4P at http://www.irs.gov.

State Income Tax - For all Alternate Payees, if Alternate Payee (or the participant in case of a non-spousal Alternate Payee) lives in a state that mandates state income tax withholding, it will be withheld.

❑ Check here if Alternate Payee lives in a state that does not mandate state income tax withholding and would like state income tax withheld.

If Alternate Payee would like **additional** state income tax withheld, indicate amount $_____ or _____% of the distribution amount.

Required Signature(s) and Date

Alternate Payee Consent

Any person who knowingly presents a false or fraudulent claim is subject to criminal and civil penalties.

My signature acknowledges that I have received, read, understand and agree to all pages of the Governmental 457(b) Alternate Payee Distribution Request form, the Alternate Payee Distribution Guide and the Special Tax Notice, and affirms that all information I have provided is true and correct. I understand that funds may impose redemption fees on certain transfers, redemptions or exchanges if assets are held less than the period stated in the fund's prospectus or other disclosure documents. I will refer to the fund's prospectus and/or disclosure documents for more information. I understand that it is entirely my responsibility to ensure that this election conforms with all applicable provisions of the Internal Revenue Code (the "Code") and that the plan into which I am rolling money over will accept the dollars, if applicable. I understand that I am liable for any income tax and/or penalties assessed by the IRS for any election I have chosen. I understand that once my payment has been processed, it cannot be changed. In the event that any section of this form is incomplete or inaccurate, Service Provider may not process the transaction requested on this form and may require that I complete a new form or provide additional or proper information before the transaction can be processed.

Alternate Payee Signature **Date (Required)**

Authorized Plan Administrator/Trustee Approval

This request is in compliance with applicable Plan provisions and federal law and the Alternate Payee has received from me any notices required by law.

Authorized Plan Administrator/Trustee Signature **Date** **Participant's Date of Hire:** _____

Alternate Payee forward to Plan Administrator/Trustee
Plan Administrator forward to Service Provider at:
Great-West Retirement Services®
PO Box 173764
Denver, CO 80217-3764
Express Address:
8515 E. Orchard Road, Greenwood Village, CO 80111
Phone #: 1-800-701-8255
Fax #: 1-866-745-5766

Great-West Retirement Services® refers to products and services provided by Great-West Life & Annuity Insurance Company, FASCore, LLC (FASCore Administrators, LLC in California), First Great-West Life & Annuity Insurance Company, White Plains, New York, and their subsidiaries and affiliates. Great-West Life & Annuity Insurance Company is not licensed to conduct business in New York. Insurance products and related services are sold in New York by its subsidiary, First Great-West Life & Annuity Insurance Company. Other products and services may be sold in New York by FASCore, LLC.

ALTERNATE PAYEE DISTRIBUTION GUIDE

Governmental 457(b) Plan

This Guide will assist you in completing the Alternate Payee Distribution Request form (the "Form") for governmental 457(b) plans. You should read all pages of this Guide before you begin to complete the Form. The Guide will assist you in completing each section of the Form and give you the information you need to make informed decisions regarding your distribution. If you need further clarification about the information discussed in this Guide, call a representative at your Service Provider. You can also call 1-800-701-8255 to speak with a service representative.

You are strongly urged to consult with an accountant and/or tax advisor in the preparation of your Form. While our representatives are able to explain the options to you, they cannot tell you which distribution method is best for you. Your local representative or any Service Provider representative will not provide tax or legal advice. Additionally, neither this Guide nor the Form represents tax or legal advice.

Please note that Great-West Retirement Services® ("Service Provider") cannot release your funds until Service Provider receives a domestic relations order determined to be qualified under the applicable provisions of the Internal Revenue Code (the "Code"), any applicable regulations, and the Plan. Any distribution request that is determined to be inconsistent with your qualified domestic relations order will not be processed and your Form will be returned to you.

Service Provider is required to comply with the regulations and requirements of the Office of Foreign Assets Control, Department of the Treasury ("OFAC"). As a result, Service Provider cannot conduct business with persons in a blocked country or any person designated by OFAC as a specially designated national or blocked person. For more information, please access the OFAC Web site at: http://www.ustreas.gov/offices/eotffc/ofac.

The Form - The Form is divided into several sections, with each section requiring you to provide information or make an election regarding your distribution.

The sections on the Form are:

- Alternate Payee Information
- Distribution Method
- Distribution Delivery
- Federal and State Income Tax Withholding
- Required Signature(s) and Date

Note: If your qualified domestic relations order pertains to more than one account or plan number, you must complete a separate Form for each account or plan number.

Incomplete or Inaccurate Information - In the event that any section of the Form is incomplete or inaccurate, Service Provider may not be able to process the transaction requested on the Form. You may be required to complete a new form or provide additional or proper information before the transaction will be processed.

Changes to Your Request - If you make a change to the Form as you are completing it, you must cross out any previously elected choice(s) and initial all changes. If you do not initial all changes, the Form may be returned to you for verification.

The Form

Note: Please use blue or black ink when completing the Alternate Payee Distribution Request Form.

Alternate Payee Information

Last Name, First Name, MI - Your full name is required in order to properly identify your account.

Address - Number & Street
City, State, Zip Code - If you fill in an address other than the address on the record keeping system, your distribution will be sent to you in accordance with the information you provide on the Form. You may be contacted to verify this information.

Home Phone, Work Phone - This information will allow Service Provider to contact you in the event that your request is not properly completed.

Social Security Numbers - If you are a spousal Alternate Payee and a separate account has not been established in your name, provide both your Social Security number and the participant's Social Security number. If you are a non-spousal Alternate Payee, provide the participant's Social Security number. This information is required to properly identify your accounts and report withholding information to the Internal Revenue Service.

Account Extension - You must provide the account extension that identifies the assets awarded to you through a divorce. Not applicable for non-spousal Alternate Payees.

E-Mail Address - Your e-mail address is optional. If you choose to provide Service Provider with this information, it will be kept confidential.

Are You a U.S. Citizen or Resident Alien? - Your citizenship status is required to properly tax report your distribution.

Date of Birth - Your date of birth is required to properly process your distribution request.

Distribution Method

There are several distribution methods that you may choose from on the Form. Depending on the type of distribution you are requesting, you may need to check more than one box in this section. For example, if you are requesting a rollover of your entire account balance to an IRA, you will check the Full Distribution box and the Direct Rollover box.

Effective Date - Your effective date of distribution will be the later of the date you select as your effective date and the date Service Provider receives a properly completed Form.

Full Distribution - Check this box if you want a full distribution of the amount you are entitled to receive in accordance with the terms of your qualified domestic relations order.

Partial Distribution - Check this box if you want a partial distribution. Indicate the amount of the partial distribution on the line provided, and select whether the amount of the partial distribution you requested is a gross amount (federal and/or state income tax withholding will be taken from this amount), or a net amount (the partial distribution from your account will be increased by the amount of federal and/or state income tax withheld). Your distribution will be prorated against all available contribution sources.

Payment to Self - By selecting this box, you are requesting that the distribution be paid to you directly.

Periodic Payment - You must choose from the periodic payment options. You must also select a payment start date. The payment start date is the date the funds will be distributed from your account. You can choose any day of the month with the exception of the 29th, 30th or 31st. You must also select the frequency of your payment - monthly, quarterly, semi-annually or annually. Allow approximately 5 - 10 business days from your payment start date to receive your distribution.

The Periodic Payment Options Are as Follows:

1. Payment of an Amount Certain - Designate the dollar amount you wish to receive on a regular installment basis (monthly, quarterly, semi-annually or annually). Your payments will continue until your account balance is zero. The number of payments you receive will vary depending on the performance of the underlying investment options.
2. Payment for a Period Certain (Years) - You will receive payments on a regular installment basis (monthly, quarterly, semi-annually or annually). Payment amounts will depend on the length of time in years during which you elect to receive payments, the periodic basis that you choose, and the performance of the underlying investment options.

   Your payment amount will be calculated by dividing your current account balance by the number of remaining payments. For example, if the payout is to be monthly for 4 years, the initial payout amount will be equal to 1/48 of the amount you are entitled to receive under your qualified domestic relations order. The second payment will be 1/47 of the amount you are entitled to receive, the third will be 1/46, and so on.

   Your payment is recalculated each time a payment is distributed; therefore, the amount of each payment typically differs. The payment amount will vary depending on the performance of the underlying investment options. Your balance will be zero by the end of the term selected.
3. Interest Only Payments - If you choose this periodic payment option, you must have your entire account balance invested in one or more fixed investment options. Your payment will vary depending on the type of fixed investment option in which you are invested and the performance of that option. Your payment will continue until the participant attains age 70 1/2, at which point your periodic payment option will automatically convert to the required minimum distribution and distributions will be made at the same frequency as your interest only payments were made.

Fixed Annuity - An annuity is a payment option that can guarantee you a retirement income for life or a limited, defined period. You will receive payments on a regular basis. Payments made under a fixed annuity option will not change for as long as the annuity period continues. To request an annuity quote, review the annuity options that follow and call Service Provider. The insurance company issuing the annuity makes annuity payments and will deduct the applicable income tax withholding. Once an annuity option is selected, you may not select a different distribution method or change to another fixed annuity option. To elect this method, the minimum annuity purchase amount is $2,000.00, and each payment must be at least $50.00.

If you choose a fixed annuity payment option, you will also need to decide if you want to use the entire amount you are entitled to receive under your qualified domestic relations order or a portion thereof to purchase an annuity.

Purchase Date - The purchase date is the date your funds are withdrawn from the existing account and placed into a fixed annuity. The purchase date may vary depending on the underlying investment options. If the purchase date is not a business day, the purchase date will default to the next business day. The selected purchase date must be prior to the payment start date. The interest rate applied will be the annuity rate in effect on the actual purchase date. If a purchase date is not selected, the purchase date will automatically be the date a properly completed Form is received by Service Provider. Your purchase date cannot be more than 12 months from the date you complete the Form.

Payment Start Date - The payment start date is the date your first check is to be received. Your first electronic transfer or check may be delayed 5-10 business days as your annuity account is established. The payment start date for fixed annuities cannot be more than 90 days after the purchase date. You may choose any day of the month with the exception of the 29th, 30th or 31st.

The Fixed Annuity Options Are as Follows:

1. Income of an Amount Certain - You must indicate a specific amount to be paid to you on a monthly, quarterly, semi-annual or annual basis. The amount chosen must be received over a period not greater than 20 years. If you die before your entire annuitized balance is distributed, your beneficiary will receive all remaining annuity payments, if any.

2. Income for a Period Certain (Years) - You will receive payments on a monthly, quarterly, semi-annual or annual basis for the time period chosen (not greater than 20 years). If you die before your entire annuitized balance is distributed, your beneficiary will receive all remaining annuity payments, if any.
3. Fixed Life Annuity With Guaranteed Period - You will be paid monthly annuity payments for the guaranteed annuity payment period you select (5, 10, 15, or 20 years) or for your lifetime, whichever is longer. Upon your death, all payments remaining payable under the guaranteed period will be paid to your beneficiary, if any. If you choose this option, you must attach a copy of your birth certificate or driver's license.
4. Fixed Life Annuity - Life Only, No Death Benefit - You will be paid monthly annuity payments during your lifetime. Upon your death, all benefit payments cease. If you choose this option, you must attach a copy of your birth certificate or driver's license.

Direct Rollover/Transfer (Available for spousal Alternate Payees only) - Before you request a direct rollover to an eligible plan or IRA, you must first determine whether your new plan or IRA accepts eligible rollover distributions. Direct rollovers are available to spousal Alternate Payees only.

Beginning in the later of the year that the participant attains age 70 1/2 or the year during which he/she severs employment, you may not roll over that portion of a distribution equal to your required minimum distribution amount. If you elect a distribution in the form of an annuity, as of January 1 of the calendar year in which the participant attains age 70 1/2, the IRS will treat the entire portion of each and every annuity payment as a required minimum distribution. Therefore, the entire amount of each annuity payment is not eligible for rollover.

If you are requesting a direct rollover, an eligible rollover distribution is paid from your Plan directly to your new employer's Code section 401(a), 401(k), 403(b) or governmental 457(b) plan or to a Traditional IRA.

Indicate the dollar amount you want to roll over and provide the company name, account number, mailing address, city, state, zip code and a phone number for your direct rollover. Once Service Provider has processed a direct rollover, it cannot be returned.

If you choose this distribution method, a Form 1099-R will be issued for reporting purposes; however, no federal income tax will be automatically withheld from amounts directly rolled over.

Transfer to a New Provider Within the Same Plan - Indicate the dollar amount you want to transfer and provide the company name, account number, mailing address, city, state, zip code and a phone number for your transfer. Once Service Provider has processed a transfer, it cannot be returned.

You must obtain and attach a letter of acceptance from your current Plan Administrator/Trustee certifying that the amounts may be transferred to another investment provider under the Plan. If you are requesting a transfer to another investment provider under your current employer's Plan, check the box "Transfer to a New Provider Within the Same Plan." A check for the amount of the transfer will be made payable to the new investment provider for your benefit. Transfers may only be made to other investment providers within the same Plan. This distribution method cannot be used to transfer or roll funds over to another plan. In the event of an inconsistency between information contained in the letter of acceptance and information you provide on the Form, your request may not be processed or you may be required to provide additional clarifying information. Depending upon your current investment options, certain fees, charges and/or limitations may apply.

Distribution Delivery

The delivery of your distribution may depend on the distribution method that you selected on the Form. Certain delivery options are not available on all types of distributions. Below is a description of each delivery option.

Check - You can receive your distribution by check regardless of the distribution method you selected on the Form.

Mailing Address - Check this box and complete this section if you want your check to be sent to an address other than the address you provided on the first page of the Form.

Express Delivery - Not available for periodic/fixed annuity payments. The amount of your distributable check will be reduced by $25.00 for this service. Express delivery is available for Monday through Friday delivery only and is not available to P.O. boxes. Delivery is not guaranteed to all areas.

Automated Clearing House (ACH) - Check this box and complete this section only if you want your periodic/fixed annuity payments or one-time full/partial distribution payment to self to be electronically deposited into your checking or savings account. You may not designate a business account or an IRA. This option is available for periodic/fixed annuity payments at no charge. Available on one-time full/partial distribution payment to self for a $15.00 non-refundable charge. ACH credit can only be made into a United States financial institution (bank/credit union). If you are requesting a one-time full/partial distribution payment to self, your payment amount will be reduced by $15.00 for this service. Complete the financial institution name, account number, ABA routing number, financial institution mailing address, city, state and zip code. For a checking account, you must attach a preprinted voided check. If a preprinted voided check is not available, you must attach a signed letter from your financial institution, on their letterhead, that confirms the ABA routing number and your name and account number. For a savings account, you must attach a letter on financial institution letterhead signed by a representative of the financial institution that includes your name, savings account number and ABA routing number.

General ACH Information

By choosing an ACH credit to your financial institution account, you are authorizing Service Provider to initiate credit entries and, if necessary, debit entries and adjustments for any credit entries in error to your checking or savings account. You are also authorizing your financial institution, in the form of an electronic funds transfer, to credit and/or debit the same to such account. Service Provider will make payments in accordance with the directions you have specified on the Form until such time that you notify

Service Provider in writing that you wish to cancel the ACH agreement. You must provide notice of cancellation at least 30 days prior to a payment date for the cancellation to be effective with respect to all of your subsequent payments.

Service Provider reserves the right to terminate the ACH transfers for any reason and will notify you in the event of such termination by sending notice to your last known address on file with Service Provider.

It is your obligation to notify Service Provider of any address or other changes affecting your electronic fund transfers during your lifetime. You are solely responsible for any consequences and/or liabilities that may arise out of your failure to provide such notification.

By selecting an ACH method of delivery, you acknowledge that Service Provider is not liable for payments made by Service Provider in accordance with a properly completed Form. By selecting this method of distribution delivery, you are authorizing and directing your financial institution not to hold any overpayments made by Service Provider on your behalf, or on behalf of your estate or any current or future joint accountholder, if applicable.

ACH for Periodic Payments Only

ACH is a form of electronic funds transfer by which Service Provider can transfer your payments directly to your financial institution. Allow at least 15 days from the date Service Provider receives your properly completed Form to begin using ACH for your payments. Upon receipt of a properly completed Form, Service Provider will notify your financial institution of your ACH request with the account information you have provided. The pre-notification process takes approximately 10 days. During the pre-notification process, your financial institution will confirm with Service Provider that the account and routing information you submitted is correct and that it will accept the ACH transfer. After this confirmation is received, your payments will be transferred to your financial institution within 2 days of the first payment date. If your payments are withdrawn from investments that are subject to time delays upon withdrawal, the deposit to your financial institution may be delayed accordingly. In the event of a change to your periodic payments, your electronic funds transfer may be subject to a delay, and a check will be sent to your last known address on file with Service Provider.

If your financial institution rejects the pre-notification, you will be notified and your checks will be mailed to you until you submit an Electronic Funds Transfer (ACH) form. As a result, it is important that you continue to notify Service Provider in writing of any changes to your mailing address.

Federal and State Income Tax Withholding

Federal Income Tax - Direct rollovers are available for spousal Alternate Payees only. No federal income tax will be withheld from direct rollovers or transfers. Twenty percent (20%) mandatory federal income tax withholding will apply to all distributions to spousal Alternate Payees that are eligible for rollover, but are not rolled over.

For distributions not eligible for rollover, the distribution is subject to federal income tax withholding unless Alternate Payee elects not to have withholding apply. If Alternate Payee elects not to have federal income tax withholding apply to his or her distribution or if he or she does not have enough federal income tax withheld from the distribution, Alternate Payee may be responsible for payment of estimated tax. Alternate Payee may incur penalties under the estimated tax rules if his or her withholding and estimated tax payments are not sufficient. Check the appropriate box on the Form.

For non-spousal Alternate Payees, federal income tax will be withheld at the rate of 10%, unless Service Provider is directed otherwise. Check the appropriate box on the Form.

State Income Tax - For all Alternate Payees, if Alternate Payee (or the participant in case of a non-spousal Alternate Payee) lives in a state that mandates state income tax withholding, it will be withheld. If Alternate Payee wishes to have additional state income tax withheld or if Alternate Payee (or the participant in case of a non-spousal Alternate Payee) lives in a state that does not mandate state income tax withholding, Alternate Payee may elect to have an additional amount withheld. Check the appropriate box on the Form.

Income Tax Withholding Applicable to Payments Delivered Outside the U.S.

If you are a U.S. citizen or a resident alien and your payment is to be delivered outside the U.S. or its possessions, you may not elect out of federal income tax withholding.

If you are a non-resident alien, you must attach IRS Form W-8BEN. In general, the withholding rate applicable to the payment is 30% unless a reduced rate applies because your country of residence has entered into a tax treaty with the U.S. and the treaty provides for a reduced withholding rate or an exemption from withholding. To obtain the IRS Form W-8BEN, call 1-800-TAX-FORM.

Contact your tax professional for more information.

Required Signature(s) and Date

You must sign and date your Form. Read the disclosure on the Form in this section before signing. Once you sign this form, you attest to receiving, reading, understanding and agreeing to all provisions of the Form, the Guide and the Special Tax Notice.

Your Plan Administrator/Trustee's signature is also required. Your distribution request will not be processed without your Plan Administrator/Trustee's signature.

Submitting the Form

Once you have completed the Form, forward it to the address indicated on the last page of the Form in the Required Signature(s) and Date section.

Important Note

Although every effort is made to keep the information in this Guide current, it is subject to change without notice. Federal, state, and local tax laws may be revised, and new plan provisions may be adopted by your Plan. For the most up to date version of this Guide, please visit the Web site at www.gwrs.com or call 1-800-701-8255.

Access to KeyTalk® or the Web site may be limited or unavailable during periods of peak demand, market volatility, systems upgrades, maintenance or for other reasons.

For more information about available investment options, including fees and expenses, you may obtain applicable prospectuses and/or disclosure documents from your representative. Read them carefully before investing.

YOUR ROLLOVER OPTIONS

You are receiving this notice because all or a portion of a payment you are receiving from the City of Riverside Employee's Deferred Compensation Plan (the "Plan") is eligible to be rolled over to an IRA or an employer plan. This notice is intended to help you decide whether to do such a rollover.

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

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

GENERAL INFORMATION ABOUT ROLLOVERS

How can a rollover affect my taxes?

You will be taxed on a payment from the Plan if you do not roll it over. If you are under age 59 1/2 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 later and the 10% additional income tax will not apply if those payments are made after you are age 59 1/2 (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 will be subject to the 10% additional income tax on early distributions if you are under age 59 1/2 (unless an exception applies).

How much may I roll over?

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

- Certain payments spread over a period of at least 10 years or over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary)
- Required minimum distributions after age 70 1/2 (or after death)
- Hardship distributions
- 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
- Contributions made under special automatic enrollment rules that are withdrawn pursuant to your request within 90 days of enrollment
- Amounts treated as distributed because of a prohibited allocation of S corporation stock under an ESOP (also, there will generally be adverse tax consequences if you roll over a distribution of S corporation stock to an IRA).

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

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

If you are under age 59 1/2, 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 from a governmental defined benefit pension plan made after you separate from service if you are a public safety employee and you are at least age 50 in the year of the separation
- 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
- 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.

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

If you receive a payment from an IRA when you are under age 59 1/2, 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:

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

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 which 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 (or after age 59 1/2, 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 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 your payment is from a governmental section 457(b) plan

If the Plan is a governmental section 457(b) plan, the same rules described elsewhere in this notice generally apply, allowing you to roll over the payment to an IRA or an employer plan that accepts rollovers. One difference is that, if you do not do a rollover, you will not have to pay the 10% additional income tax on early distributions from the Plan even if you are under age 59 1/2 (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 59 1/2 will be subject to the 10% additional income tax on early distributions (unless an exception applies). Other differences are 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 pension payment is used to pay for health coverage or qualified long-term care insurance

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

If you roll over your payment to a Roth IRA

You can roll over a payment from the Plan made before January 1, 2010 to a Roth IRA only if your modified adjusted gross income is not more than $100,000 for the year the payment is made to you and, if married, you file a joint return. These limitations do not apply to payments made to you from the Plan after 2009. If you wish to roll over the payment to a Roth IRA, but you are not eligible to do a rollover to a Roth IRA until after 2009, you can do a rollover to a traditional IRA and then, after 2009, elect to convert the traditional IRA into a Roth IRA.

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

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 1/2 (or after your death or disability, or as a qualified first-time homebuyer distribution of up to $10,000) and after you have had a Roth IRA for at least 5 years. In applying this 5-year rule, you count from January 1 of the year for which your first contribution was made to a Roth IRA. Payments from the Roth IRA that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10% additional income tax on early distributions (unless an exception applies). You do not have to take required minimum distributions from a Roth IRA during your lifetime. For more information, see IRS Publication 590, Individual Retirement Arrangements (IRAs).

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

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 59 1/2 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 70 1/2.

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 70 1/2.

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

Payments under a qualified domestic relations order. If you are the spouse or former spouse of the participant who receives a payment from the Plan under a qualified domestic relations order (QDRO), you generally have the same options the participant would have (for example, you may roll over the payment to your own IRA or an eligible employer plan that will accept it). Payments under the QDRO will not be subject to the 10% additional income tax on early distributions.

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 are less than $200 (not including payments from a designated Roth account in the Plan), the Plan is not required to allow you to do a direct rollover and is not required to withhold 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 (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 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 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, or by calling 1-800-TAX-FORM.

A01:102709