

## **AMO 401(K) PLAN - DISTRIBUTION AND WITHDRAWALS**

Please refer to the information below regarding distributions and withdrawals from your 401(k) Plan account. We strongly suggest that you consult with a tax professional before requesting a distribution or withdrawal from the Plan.

In January 2006, we completed the transition from the prior recordkeeper and provider of investment services for the AMO 401(k) Plan. Smith Barney now serves as Financial Consultant to the Plan, and The Newport Group is currently the 401(k) Plan recordkeeper. All information and material regarding this Plan is accessible via the web at [www.amo-union.org](http://www.amo-union.org) or [www.plandestination.com](http://www.plandestination.com). In addition, you may contact our Smith Barney consultants at 800-975-7061, The Newport Group at (800) 650-1065, or the Plan offices at (800) 348-6515, ext. 14.

### **DISTRIBUTION OF YOUR 401(K) ACCOUNT BALANCE**

#### **Time of Payment**

Your account balance is payable upon the earlier of your death, disability, retirement or permanent cessation of employment in the industry. Permanent cessation of employment in the industry must be substantiated by signing a "Termination of Employment Declaration" affidavit which can be found on the websites referenced above. Disability is defined as: "an inability to engage in any substantial gainful activity due to a medically determined physical or mental impairment that can be expected to result in death or to last for a continuous period of not less than 12 months." The Trustees shall determine the existence of a disability based on the medical evidence available. Benefit payments will commence as soon as administratively feasible following a determination that a Participant is eligible for a distribution.

#### **Method of Payment**

Benefits will be paid in one of the following forms:

- Single lump sum paid to you.
- Installment payments over a fixed number of years not to exceed ten.
- Direct rollover to a qualified retirement account.
- An annuity from an insurance company.
- Qualified joint and survivor annuity.

#### **Election of Form of Payment**

Information is available to help you understand your different payment options, as well as the forms you are to use to elect the way in which your benefit is to be paid. Contact your Smith Barney advisors for questions concerning payment options.

If you are married and made contributions to the Plan prior to January 1, 1991, and elect to receive your account in a form other than a qualified joint and survivor annuity, your spouse must consent to your election and his/her consent must be notarized. You will be provided with information on the terms and conditions of the joint and survivor annuity, your right to elect to waive that benefit and the effects of such a waiver, and the rights of your spouse preceding the commencement of benefits.

## **ROLLOVER DISTRIBUTION**

For distributions made on or after January 1, 1993, the law requires the Plan to withhold 20% of any eligible distribution for federal income tax purposes unless the distribution is transferred directly to an eligible retirement plan such as an individual retirement account (IRA), an annuity contract, or another qualified defined contribution plan that will accept such transfers. Effective January 1, 2002, all after-tax employee contributions are eligible to be rolled over. Therefore, in order to avoid the 20% tax withholding, you must complete the necessary forms indicating the individual retirement account or qualified plan to which your benefit is to be transferred. The amount eligible for rollover will be sent to you and made out to your new account/plan for deposit. You may transfer all or a portion of your eligible distribution.

A participant or a participant's spouse or former spouse who is an alternate payee under a Qualified Domestic Relations Order may also have their benefit transferred directly to an eligible retirement plan.

## **DEATH BENEFIT**

If you die prior to the distribution of your account, your account balance will be paid to your named beneficiary(s) in one of the forms provided under the Plan as elected by your beneficiary. If you are married, your surviving spouse will be deemed your beneficiary unless prior to your death you designated someone other than your spouse as your beneficiary, your spouse consented in writing to such designation and your spouse's consent is witnessed by a notary public.

A beneficiary designation form will be provided to you when you enroll in the Plan. You may elect to change your designated beneficiary at any time by executing a new 401k Plan Beneficiary form, provided the consent requirements described above are met.

## **WITHDRAWALS FROM YOUR 401(K) ACCOUNT BALANCE**

### **IN SERVICE WITHDRAWALS**

Certain withdrawals from your account while you are still employed may be made under the following limited circumstances:

### **WITHDRAWAL OF ROLLOVER CONTRIBUTIONS**

You may withdraw at any time all or a portion (but not less than \$500) of your Rollover Contribution Account, if any. The amount withdrawn, however, will be considered income for tax purposes.

### **WITHDRAWALS OF AFTER-TAX CONTRIBUTIONS**

You may withdraw at any time all or a portion (but not less than \$500) of your After-Tax Contribution Account, if any. The law requires that any withdrawal include a proportionate amount of the interest earned on the account after 1986. Any appreciated portion of the withdrawal will be considered income for tax purposes.

## **WITHDRAWALS AFTER 59½**

Once you reach age 59½, you may withdraw all or a portion (but not less than \$500) of your vested account balance. The amount withdrawn, however, will be considered income for tax purposes.

## **HARDSHIP WITHDRAWALS**

You may apply for a hardship withdrawal from your account. Only the portion of your account which is attributable to Elective Contributions (including earnings credited to your Elective Contributions, if any, prior to 1989) and vested Employer Matching Contributions (unless such contributions are Qualified Matching Contributions as defined by law, in which case only vested Employer Matching Contributions made prior to 1989 are eligible, or Matching Contributions made on or after January 1, 2003 that are intended to meet the safe harbor provisions of the Internal Revenue Code) may be withdrawn for hardship. If approved, such withdrawal shall equal the lesser of (1) the amount required to be distributed to meet the need created by the hardship, or (2) the total value of the portion of your account subject to such a distribution as set forth above.

To qualify for a hardship withdrawal the money must be intended for:

- The payment of deductible medical expenses (within the meaning of section 213(d) of the Internal Revenue Code) for you, your spouse or your dependents;
- The purchase of your principal residence (excluding mortgage payments);
- The payment of tuition and related educational fees for the next 12 months of post-secondary education for you, your spouse or your dependents;
- The prevention of foreclosure on, or eviction from, your principal residence;
- The payment of burial or funeral expenses for your parent, spouse or dependents;
- The payment of expenses relating to the repair of damage of your principal residence that would qualify for a casualty deduction under section 165 of the Internal Revenue Code; or
- Such other financial needs as the IRS determines are immediate and heavy.

You may only withdraw the amount actually needed, and you must have already obtained all distributions, other than hardship distributions, and all nontaxable loans available under this Plan. A hardship withdrawal is considered a distribution of your benefit and will be considered income for tax purposes.

If you make a hardship withdrawal, your Elective Contributions will be suspended for six months after the receipt of the hardship withdrawal. In addition, any hardship withdrawal may not reduce your vested account balances below the amount needed as security for any outstanding loans.

Regarding the withdrawals discussed above:

- If you are married, your spouse must consent to withdrawals if you made contributions to the Plan prior to January 1, 1991.
- The amount available for withdrawal is reduced by the amount of any outstanding loan balance(s).
- Any withdrawals you make are distributed on a pro rata basis from each of your investment choices.

Please call The Newport Group or a Smith Barney representative if you have any questions or would like to request a withdrawal from your 401(k) account.

## PLAN LOANS

You may apply to borrow money from your vested account subject to the following limitations:

- You may not borrow less than \$500.00 or more than 50% of your vested account balance up to a maximum of \$50,000. This limit will be reduced by the highest outstanding loan balance during the preceding 12 month period.
- Effective January 1, 2007, you may not have more than one outstanding loan at any time. In the past the Plan provided for two outstanding loans at one time. For those who currently have outstanding loan(s) in effect, you will be required to pay off your loan(s) before you are able to apply for a new loan.

You can request a general-purpose loan by logging on to The Newport Group web site at [www.plandestination.com](http://www.plandestination.com) or by calling a representative at the toll-free number (800) 650-1065.

## GENERAL INFORMATION

The following information answers some of the most common questions received by the 401(k) recordkeeper and provider of investment services:

- **Forms:** All AMO 401(k) Plan forms can be obtained via the AMO web site [www.amo-union.org](http://www.amo-union.org), The Newport Group website [www.plandestination.com](http://www.plandestination.com), or by contacting the Plan office at (800) 348-6515 Ext. 14.
- **Loan information and instructions:** To receive loan information please visit [www.plandestination.com](http://www.plandestination.com) and log in using your login ID and PIN. Once you are logged in click on the Loan Information tab. You may also receive loan information by calling The Newport Group at (800) 650-1065.

If you are currently repaying a loan and would like to have payments automatically paid from your checking or savings account, please complete the Automated Clearing House (ACH) Debit Form available on the web sites noted above.

- **New Enrollment/Default Fund – Dodge and Cox Balanced Fund:** If you are a new 401(k) Plan enrollee and did not allocate your 401(k) contributions to any of the Plan's investment options, the 401(k) contributions will automatically default to the Dodge and Cox Balanced Fund.

To allocate your contributions to any of the AMO 401(k) Plan's fund options or model portfolios, log onto The Newport Group web site [www.plandestination.com](http://www.plandestination.com) and select the Change Investment of Future Contributions Tab and follow the instructions.

- **Employer Change:** You must submit a new Elective Deferral/Withholding Authorization Enrollment Form each time you change AMO signatory employers in order to have contributions made on your behalf from your new employer.

- **Types of Withholdings/Deferrals:** Your election of 401(k) contribution withholding/deferrals can be made for either:
  - Employer payroll only, or
  - Employer payroll and Vacation Benefit (Vacation Benefit only withholding is not an eligible option).
  
- **Contact Information:**
  - Smith Barney Financial Consultants – To speak to a representative for all financial and investment questions call (800) 975-7061.
  
  - The Newport Group – For recordkeeping/account changes and balances or other services call: Client Service Center toll-free number: (800) 650-1065.
  
  - AMO Plans Office – For any questions or request information on the AMO 401k Plan call (800) 348-6515, ext. 14.