



**AMERICAN MARITIME OFFICERS PENSION PLAN MONEY PURCHASE BENEFIT (MPB)  
DISTRIBUTION ELECTION FORM**

*(Please Print All Information)*

Participant /Beneficiary Name: \_\_\_\_\_

Participant Social Security Number: \_\_\_\_\_ Participant Date of Birth: \_\_\_\_\_

Address: \_\_\_\_\_ Phone Number: \_\_\_\_\_

**Reason for Distribution:**

*(Please check one)*

- Withdrawal from Industry  
 *Must complete MPB industry withdrawal form*       Normal Retirement       Alternate Normal Retirement Age
- Death of Participant       Alternate Payee/QDRO

**I. Payment Election:** As a participant in the above named Plan, you have the right to select how your retirement benefits will be paid. After reading the Special Tax Notice Regarding Plan Payments, I, the undersigned participant/beneficiary, hereby make the following distribution election:

A.  **Direct Rollover**

**IRA:**

Financial Institution: \_\_\_\_\_

Make Check Payable to: \_\_\_\_\_

Mailing Address (No PO Box): \_\_\_\_\_

Account Number: \_\_\_\_\_

**Another Employer's Qualified Retirement Plan:**

Plan Name: \_\_\_\_\_

Make Check Payable to: \_\_\_\_\_

Mailing Address (No PO Box): \_\_\_\_\_

**The direct rollover check will be mailed directly to the Trustee/Custodian UNLESS you place an "x" in the box to the left, in which case the check will be sent to the address listed above for you to deliver to the Trustee/Custodian.**

B.  Direct Rollover of the following portion of my vested account balance to the IRA or Qualified Plan listed above (not less than \$500): \$\_\_\_\_\_, with the balance paid in lump sum (less income tax withholding). Note: You may not elect this option if your vested account balance is less than \$500.

C.  A lump sum payment of my entire vested account balance less income tax withholding.

D.  Annual installment payments over a period of ten years. (Note: You may not elect this option if your account balance is less than \$1,000.)

E.  An Annuity. (If you request an annuity, the Plan Office will provide you with more information & the proper forms to complete.)

**Payment Method (if electing Option B, C or D above):**

**Check or**  **Wire/ACH to my checking/savings account. (Please complete the Wire/ACH instructions below.)**

Name of Bank \_\_\_\_\_

Bank Address \_\_\_\_\_

ABA# \_\_\_\_\_

Account # \_\_\_\_\_

Beneficiary \_\_\_\_\_

Checking Account  Savings Account

II. **Waiver of Minimum Notice Period:** By signing below, I consent to an immediate distribution of my Vested Account Balance. I affirmatively waive any unexpired portion of the minimum 30-day notice period during which I may consent to a distribution from the Plan.

III. **Waiver of Annuity Option:** Unless I have elected the Annuity form of distribution above, by signing below I affirmatively waive my right to have the Plan purchase an annuity for me, as explained in the attached Annuity Notice.

IV. **Tax Withholding:**

Distributions other than installment payments or an Annuity are subject to 20% tax withholding unless paid in a direct rollover. Installment payments or an Annuity are subject to 10% tax withholding unless you elect another amount or no tax withholding.

V. **Additional Withholding (optional):** In addition to applicable mandatory withholding, please withhold the following amounts from distributions paid directly to me:

\$ \_\_\_\_\_ or \_\_\_\_\_% Federal Withholding

I have elected installment payments or an Annuity and

waive any federal tax withholding.

withhold the following amounts: \$ \_\_\_\_\_ or \_\_\_\_\_% Federal Withholding

**CA and OR Residents Only:** I would like to opt out of the mandatory state tax withholding.  Yes  No  
The default election is to withhold state tax if you fail to opt out.

VI. **Execution:** I hereby represent that the IRA or Qualified Plan named above is a proper recipient plan for a direct rollover and I acknowledge that I have received the Special Tax Rules Notice that summarizes the rules regarding Plan payments.

I hereby certify I am: Married  Unmarried

\_\_\_\_\_  
Participant/Alternate Payee/Beneficiary Signature Date

**Note:** If the Participant is married and does not choose the annuity distribution option, the participant's spouse MUST sign the consent form below and the signature MUST be witnessed by a Notary Public.

I hereby consent to the distribution and/or withdrawal requested at this time by my spouse. I understand that under the Retirement Equity Act of 1984, the normal form of withdrawal from a retirement plan shall be a Qualified Joint and Survivor Annuity. I understand that in giving my consent to a distribution/withdrawal in a form other than a Qualified Joint and Survivor Annuity from the Plan: (1) the effect of my consent may be to forfeit all benefits I would otherwise be entitled to receive from the plan upon my spouse's death; (2) that my spouse's waiver of a Qualified Joint and Survivor Annuity is not effective unless I consent to it; (3) that my consent is irrevocable unless my spouse revokes the waiver and (4) that my consent is voluntary and that I do not have to sign this form.

Spouse Name: \_\_\_\_\_ Date: \_\_\_\_\_

Signature: \_\_\_\_\_ Spouse SSN: \_\_\_\_\_

NOTARY PUBLIC

On this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, \_\_\_\_\_ came before me, a Notary Public in and for the County of \_\_\_\_\_, in the State of \_\_\_\_\_ and swore that he/she is the person identified above and that he/she signed this form as his/her free act and deed.

Signed: \_\_\_\_\_ Date: \_\_\_\_\_ My commission expires: \_\_\_\_\_

Notary Public Stamp Here:

\_\_\_\_\_  
AMO Pension Plan Office Authorization Date

**Please return form to:**  
American Maritime Officers Pension Plan  
2 West Dixie Highway • Dania Beach, FL 33004  
Phone : (800)348-6515 Ext 14  
Fax (954) 922-7539



## ANNUITY NOTICE

This notice provides information to you about your distribution options under the plan. As a Participant in the Plan, you must receive your benefit in the form of a 50 Percent Joint and Survivor Annuity if you are married or as a Straight Life Annuity if you are single. This benefit will be provided by purchasing a single premium, nontransferable annuity contract from an insurance company using the value of your account in the Plan. You may waive these specific annuities and receive your benefit in another form only if your spouse agrees (assuming you are married). Listed below is specific information on what these forms of distribution mean. If you would like examples of how these payment options relate to your specific situation, please contact the Plan Administrator. You also have the right to defer distribution of your benefits until the later of age 62 or your normal retirement age under the plan.

### 50 Percent Joint And Survivor Annuity (For Married Participants)

A 50 Percent Joint and Survivor Annuity form of payment provides you with a monthly payment for your life, and, upon your death, a monthly payment to your spouse equal to 50 percent of the monthly payment you received prior to your death. For example, assume that you and your spouse are both 65 and that your benefit entitlement (based upon your account value) would produce a 50% Joint & Survivor Annuity payment equal to \$500 per month. That amount would be paid to you monthly until your death. If your spouse is living at the time of your death, your spouse would then continue to receive a monthly benefit equal to one-half of your payment, or \$250 per month. This is just an example. If you and your spouse are under age 65, the monthly benefit would be reduced accordingly. The monthly benefit could be reduced substantially if you and/or your spouse are significantly younger than 65. You may elect in writing not to receive your benefits in the form of a 50 Percent Joint and Survivor Annuity. You must make this election during the 90-day period before your benefits are due to be paid. However, your spouse must consent in writing before a Notary Public to your election. You may also revoke this election before your benefits begin. You must make this election by completing the Distribution Election Form and having your spouse agree to your election by signing the bottom of this Annuity Notice in the presence of a Notary Public. Your spouse should consider the signing of the consent below carefully since once the consent is signed, it is final unless you revoke your election.

### Straight Life Annuity (For Single Participants)

A "Straight Life Annuity" form of payment provides you with monthly payments for your life. At your death, payments will cease. For example, assume that your benefit is \$500 per month. This amount would be paid to you monthly until your death. You may elect in writing not to receive your benefit in the form of a Straight Life Annuity. You must make this election during the 90-day period before your benefits are due to be paid. You may also revoke this election before your benefits begin. You must make this election by completing the Distribution Election Form.

### Other Optional Forms

In lieu of the above annuity options, the Plan provides other types of benefit distribution options. In order to elect one of the optional forms, your spouse must consent to your election. For more information on the optional forms available, you should contact the Plan Administrator or refer to your Summary Plan Description.

If you received this notice and explanation through an electronic medium (e.g., e-mail), you may request and receive the notice on a written paper document at no charge. You can request this paper document by contacting your Plan Administrator.

**NOTE: If your vested account balance is \$1,000 or less** - the Plan may pay your vested account balance, less income tax withholding, in a lump sum unless you complete a valid election in a timely manner. See *Special Tax Notice Regarding Plan Payments*.

**If your vested account balance is more than \$1,000** – you may elect to defer receipt of your benefit until normal retirement age and you are not required to return this form.

**Residents of the following states are subject to mandatory state tax withholding:** CA, DE, IA, KS, ME, MA, MS, NC, OK, OR, VT, and VA.

## SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS

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

This notice is provided to you by your Plan Administrator because all or part of the payment that you will soon receive from the Plan may be eligible for rollover by you or your Plan Administrator. A rollover is a payment by you or the Plan Administrator of all or part of your benefit to another plan or IRA. An IRA can be a traditional IRA or a Roth IRA. No payments can be rolled over to a SIMPLE IRA or a Coverdell Education Savings Account (formerly known as an education IRA).

A rollover to another plan or to a traditional IRA allows you to continue to postpone taxation of that benefit until it is paid to you. If your payment consists of designated Roth contributions, that portion can be rolled over only to a Roth IRA or to an eligible employer plan. For designated Roth contributions, an "eligible employer plan" means a plan qualified under section 401(a) of the Internal Revenue Code or a section 403(b) tax-sheltered annuity.

Payments that do not include designated Roth contributions can be rolled over to a traditional IRA or to an eligible employer plan. Payments that do not include designated Roth contributions can also be rolled over to a Roth IRA unless (i) your adjusted gross income for the year of distribution exceeds \$100,000 or (ii) you are married but file a separate tax return. If you make a rollover to a Roth IRA of amounts that are not designated Roth contributions, you must include in your income the amount of the payment that would have been taxable had it been paid to you directly. For payments that are not designated Roth contributions, an "eligible employer plan" includes a plan qualified under section 401(a) of the Internal Revenue Code, including a 401(k) plan, profit-sharing plan, defined benefit plan, stock bonus plan, and money purchase plan; a section 403(a) annuity plan; a section 403(b) tax-sheltered annuity; and an eligible section 457(b) plan maintained by a governmental employer (governmental 457 plan).

An eligible employer plan is not legally required to accept a rollover. Before you decide to roll over your payment to another employer plan, you should find out whether the plan accepts rollovers and, if so, the types of distributions it accepts as a rollover. You should also find out about any documents that are required to be completed before the receiving plan will accept a rollover. Even if a plan accepts rollovers, it might not accept rollovers of certain types of distributions, such as after-tax amounts or designated Roth contributions. If this is the case, and your distribution includes those amounts, you may wish instead to roll your distribution over to a traditional or Roth IRA or split your rollover amount between the employer plan in which you will participate and a traditional or Roth IRA. If an employer plan accepts your rollover, the plan may restrict subsequent distributions of the rollover amount or may require your spouse's consent for any subsequent distribution. A subsequent distribution from the plan that accepts your rollover may also be subject to different tax treatment than distributions from this Plan. Check with the administrator of the plan that is to receive your rollover prior to making the rollover.

If you have additional questions after reading this notice, you can contact your plan administrator at the telephone number listed in the Plan's Summary Plan Description.

### SUMMARY

There are two ways you may be able to receive a Plan payment that is eligible for rollover: (1) Certain payments can be made directly to a traditional or Roth IRA that you establish or to an eligible employer plan that will accept it and hold it for your benefit ("DIRECT ROLLOVER"); or (2) The payment can be PAID TO YOU.

If you choose a DIRECT ROLLOVER:

- Your payment will not be taxed in the current year and no income tax will be withheld (unless you are rolling amounts that are not designated Roth contributions to a Roth IRA).

- You choose whether your payment will be made directly to your traditional or Roth IRA or to an eligible employer plan that accepts your rollover. Your payment cannot be rolled over to a SIMPLE IRA, or a Coverdell Education Savings Account.
- If the payment is rolled over to a traditional IRA or eligible employer plan, the taxable portion will be taxed later when you take it out of the IRA or the eligible employer plan (if taxable at that time). Depending on the type of plan, the later distribution may be subject to different tax treatment than it would be if you received a taxable distribution from this Plan.
- If the payment is rolled over to a Roth IRA, the taxable portion of amounts that are not designated Roth contributions will be taxed at the time of rollover.

If you choose to have a Plan payment that is eligible for rollover PAID TO YOU:

- You will receive only 80% of the taxable amount of the payment, because the Plan Administrator is required to withhold 20% of that amount and send it to the IRS as income tax withholding to be credited against your taxes.
- The taxable amount of your payment will be taxed in the current year unless you roll it over. Under limited circumstances, you may be able to use special tax rules that could reduce the tax you owe. However, if you receive the payment before age 59½, you may have to pay an additional 10% tax.
- You can roll over all or part of the taxable amount of your payment by paying it to your traditional or Roth IRA or to an eligible employer plan that accepts your rollover within 60 days after you receive the payment. The amount rolled over will not generally be taxed until you take it out of the IRA or the eligible employer plan. If any portion of your payment is nontaxable, that portion can only be rolled over to a traditional or Roth IRA; rollovers of nontaxable amounts to an eligible employer plan can be made only through a DIRECT ROLLOVER.
- If you want to roll over 100% of the taxable amount of the payment to a traditional or Roth IRA or an eligible employer plan, *you must find other money to replace the 20% of the taxable portion that was withheld*. If you roll over only the 80% that you received, you will be taxed on the 20% that was withheld and that is not rolled over.

### MORE INFORMATION

- I. PAYMENTS THAT CAN AND CANNOT BE ROLLED OVER
- II. DIRECT ROLLOVER
- III. PAYMENT PAID TO YOU
- IV. SURVIVING SPOUSES, ALTERNATE PAYEES, AND OTHER BENEFICIARIES

#### I. PAYMENTS THAT CAN AND CANNOT BE ROLLED OVER

Payments from the Plan may be "eligible rollover distributions." This means that they can be rolled over to a traditional or Roth IRA or to an eligible employer plan that accepts rollovers. Payments from a plan cannot be rolled over to a SIMPLE IRA or a Coverdell Education Savings Account. Your Plan administrator should be able to tell you what portion of your payment is an eligible rollover distribution.

After-tax Contributions and nontaxable Roth Contributions: If you made after-tax or Roth contributions to the Plan, these contributions may be rolled into either a

## SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS

traditional or Roth IRA or to certain employer plans that accept rollovers of those contributions. The following rules apply:

- a. Rollover into a Traditional IRA. You can roll over your after-tax contributions to a traditional IRA either directly or indirectly. Your plan administrator should be able to tell you how much of your payment is the taxable portion and how much is the after-tax portion.

If you roll over after-tax contributions to a traditional IRA, it is your responsibility to keep track of, and report to the Service on the applicable forms, the amount of these after-tax contributions. This will enable the nontaxable amount of any future distributions from the traditional IRA to be determined.

Once you roll over your after-tax contributions to a traditional IRA, those amounts CANNOT later be rolled over to an employer plan.

- b. Rollover into a Roth IRA. You can roll over your after-tax contributions and nontaxable Roth contributions to a Roth IRA either directly or indirectly. Your plan administrator should be able to tell you how much of your payment is nontaxable.

If you roll over after-tax or nontaxable Roth contributions to a Roth IRA, it is your responsibility to keep track of, and report to the Service on the applicable forms, the amount of these contributions. This will enable the nontaxable amount of any future distributions from the Roth IRA to be determined.

Once you roll over your after-tax or Roth contributions to a Roth IRA, those amounts CANNOT later be rolled over to an employer plan.

- c. Rollover into an Employer Plan. You can roll over after-tax contributions from an employer plan that is qualified under Code section 401(a), from a section 403(a) annuity plan, or from a section 403(b) tax-sheltered annuity, to another eligible retirement plan using a direct rollover if the other plan provides separate accounting for amounts rolled over, including separate accounting for the after-tax employee contributions and earnings on those contributions. You CANNOT roll over after-tax contributions to a governmental 457 plan. You can roll over nontaxable Roth contributions from an employer plan that is qualified under Code section 401(a), or from a section 403(b) tax-sheltered annuity, to another such plan that will accept them. If you want to roll over your after-tax or nontaxable Roth contributions to an employer plan that accepts these rollovers, you cannot have the contributions paid to you first. You must instruct the Plan Administrator of this Plan to make a direct rollover on your behalf. Also, you cannot first roll over after-tax or Roth contributions to a traditional or Roth IRA and then roll over that amount into an employer plan.

The following types of payments cannot be rolled over:

Payments Spread over Long Periods. You cannot roll over a payment if it is part of a series of equal (or almost equal) payments that are made at least once a year and that will last for:

- your lifetime (or a period measured by your life expectancy), or
- your lifetime and your beneficiary's lifetime (or a period measured by your joint life expectancies), or
- a period of 10 years or more.

Required Minimum Payments. Beginning when you reach age 70½ or retire, whichever is later, a certain portion of your payment cannot be rolled over because it is a "required minimum payment" that must be paid to you. Special rules apply if you own 5% or more of your employer.

Hardship Distributions: A hardship distribution cannot be rolled over.

ESOP Dividends: Cash dividends paid to you on employer stock held in an employee stock ownership plan cannot be rolled over.

Corrective Distributions: A distribution that is made to correct a failed nondiscrimination test or because legal limits on certain contributions were exceeded cannot be rolled over.

Loans Treated as Distributions. The amount of a plan loan that becomes a taxable deemed distribution because of a default cannot be rolled over. However, a loan offset amount is eligible for rollover, as discussed in Part III below. Ask the Plan Administrator of this Plan if distribution of your loan qualifies for rollover treatment.

The Plan Administrator of this Plan should be able to tell you if your payment includes amounts which cannot be rolled over.

### II. DIRECT ROLLOVER

A DIRECT ROLLOVER is a direct payment of the amount of your Plan benefits to a traditional or Roth IRA or an eligible employer plan that will accept it. You can choose a DIRECT ROLLOVER of all or any portion of your payment that is an eligible rollover distribution, as described in Part I above. If you choose to make a DIRECT ROLLOVER to a Roth IRA of amounts that are not designated Roth contributions, you will be taxed on the taxable portion of the payment. For other types of DIRECT ROLLOVERS, you are not taxed on any taxable portion of your payment until you later take it out of the traditional or Roth IRA or eligible employer plan and no income tax withholding is required. This Plan might not let you choose a DIRECT ROLLOVER if your distributions for the year are less than \$200.

DIRECT ROLLOVER to a Traditional IRA. You can open a traditional IRA to receive the direct rollover, other than payments that are designated Roth contributions. If you choose to have your payment made directly to a traditional IRA, contact an IRA sponsor (usually a financial institution) to find out how to have your payment made in a direct rollover to a traditional IRA at that institution. If you are unsure of how to invest your money, you can temporarily establish a traditional IRA to receive the payment. However, in choosing a traditional IRA, you may wish to make sure that the traditional IRA you choose will allow you to move all or a part of your payment to another traditional IRA at a later date, without penalties or other limitations. See IRS Publication 590, Individual Retirement Arrangements, for more information on traditional IRAs (including limits on how often you can roll over between IRAs).

DIRECT ROLLOVER to a Roth IRA. You can open a Roth IRA to receive the direct rollover. If you choose to have your payment made directly to a Roth IRA, contact an IRA sponsor (usually a financial institution) to find out how to have your payment made in a direct rollover to a Roth IRA at that institution. If you are unsure of how to invest your money, you can temporarily establish a Roth IRA to receive the payment. However, in choosing a Roth IRA, you may wish to make sure that the IRA you choose will allow you to move all or a part of your payment to another Roth IRA at a later date, without penalties or other limitations.

DIRECT ROLLOVER to a Plan. If you are employed by a new employer that has an eligible employer plan, and you want a direct rollover to that plan, ask the plan administrator of that plan whether it will accept your rollover. An eligible employer plan is not legally required to accept a rollover. Even if your new employer's plan does not accept a rollover, you can choose a DIRECT ROLLOVER to a traditional or Roth IRA. If the employer plan accepts your rollover, the plan may provide restrictions on the circumstances under which you may later receive a distribution of the rollover amount or may require spousal consent to any subsequent distribution. Check with the plan administrator of that plan before making your decision.

DIRECT ROLLOVER of a Series of Payments. If you receive a payment that can be rolled over to a traditional or Roth IRA or an eligible employer plan that will

## SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS

accept it, and it is paid in a series of payments for less than 10 years, your choice to make or not make a DIRECT ROLLOVER for a payment will apply to all later payments in the series until you change your election. You are free to change your election for any later payment in the series.

**Change in Tax Treatment Resulting from a DIRECT ROLLOVER.** The tax treatment of any payment from the eligible employer plan or IRA receiving your DIRECT ROLLOVER might be different than if you received your benefit in a taxable distribution directly from the Plan. For example, if you were born before January 1, 1936, you might be entitled to ten-year averaging or capital gain treatment, as explained below. However, if you have your benefit rolled over to a section 403(b) tax-sheltered annuity, a governmental 457 plan, or a traditional IRA in a DIRECT ROLLOVER, your benefit will no longer be eligible for that special treatment. See the sections below entitled "Additional 10% Tax if You Are under Age 59½" and "Special Tax Treatment if You Were Born before January 1, 1936."

### III. PAYMENT PAID TO YOU

If your payment can be rolled over (see Part I above) and the payment is made to you in cash, it is subject to 20% federal income tax withholding on the taxable portion (state tax withholding may also apply). The taxable portion of the payment is taxed in the year you receive it unless, within 60 days, you roll it over to a traditional IRA or an eligible employer plan that accepts rollovers. If you do not roll it over, special tax rules may apply.

#### Income Tax Withholding:

**Mandatory Withholding:** If any portion of your payment can be rolled over under Part I above and you do not elect to make a DIRECT ROLLOVER, the Plan is required by law to withhold 20% of the taxable amount. This amount is sent to the IRS as federal income tax withholding. For example, if you can roll over a taxable payment of \$10,000, only \$8,000 will be paid to you because the Plan must withhold \$2,000 as income tax. However, when you prepare your income tax return for the year, unless you make a rollover within 60 days (see "Sixty-Day Rollover Option" below), you must report the full \$10,000 as a taxable payment from the Plan. You must report the \$2,000 as tax withheld, and it will be credited against any income tax you owe for the year. There will be no income tax withholding if your payments for the year are less than \$200.

**Voluntary Withholding:** If any portion of your payment is taxable but cannot be rolled over under Part I above, the mandatory withholding rules described above do not apply. In this case, you may elect not to have withholding apply to that portion. If you do nothing, an amount will be taken out of this portion of your payment for federal income tax withholding. To elect out of withholding, ask the Plan Administrator for the election form and related information.

**Sixty-Day Rollover Option:** If you receive a payment that can be rolled over under Part I above, you can still decide to roll over all or part of it to a traditional or Roth IRA or to an eligible employer plan that accepts rollovers. (Only the taxable portion of the payment can be rolled over to an eligible employer plan.) If you decide to roll over, you must contribute the amount of the payment you received to a traditional or Roth IRA or eligible employer plan within 60 days after you receive the payment. The taxable portion of your payment that is rolled over to a traditional IRA or eligible employer plan will not be taxed until you take it out of the IRA or the eligible employer plan.

You can roll over up to 100% of your payment that can be rolled over under Part I above, including an amount equal to the 20% of the taxable portion that was withheld. If you choose to roll over 100%, you must find other money within the 60-day period to contribute to the IRA or the eligible employer plan, to replace the 20% that was withheld. On the other hand, if you roll over only the 80% of the taxable portion that you received, you will be taxed on the 20% that was withheld.

**Example:** The taxable portion of your payment that can be rolled over under Part I above is \$10,000, and you choose

to have it paid to you. You will receive \$8,000, and \$2,000 will be sent to the IRS as income tax withholding. Within 60 days after receiving the \$8,000, you may roll over the entire \$10,000 to an IRA or an eligible employer plan. To do this, you roll over the \$8,000 you received from the Plan, and you will have to find \$2,000 from other sources (your savings, a loan, etc.). If you roll the amount over to a traditional IRA or eligible employer plan, the entire \$10,000 is not taxed until you take it out of the IRA or an eligible employer plan. If you roll over the entire \$10,000, when you file your income tax return you may get a refund of part or all of the \$2,000 withheld.

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

**Additional 10% Tax If You Are under Age 59½.** If you receive a payment before you reach age 59½ and you do not roll it over, then, in addition to the regular income tax, you may have to pay an extra tax equal to 10% of the taxable portion of the payment. The additional 10% tax generally does not apply to (1) payments that are paid after you separate from service with your employer during or after the year you reach age 55, (2) payments that are paid because you retire due to disability, (3) payments that are paid as equal (or almost equal) payments over your life or life expectancy (or your and your beneficiary's lives or life expectancies), (4) dividends paid with respect to stock by an employee stock ownership plan (ESOP) as described in Code section 404(k), (5) payments that are paid directly to the government to satisfy a federal tax levy, (6) payments that are paid to an alternate payee under a qualified domestic relations order, (7) payments that do not exceed the amount of your deductible medical expenses, or (8) payments of elective deferrals to reservists who are called to active duty for more than 179 days or for an indefinite period between September 11, 2001 and December 31, 2007, if the payment is received on or after the call-up and before the end of the period of active duty. See IRS Form 5329 for more information on the additional 10% tax.

The additional 10% tax will not apply to distributions from a governmental 457 plan, except to the extent the distribution is attributable to an amount you rolled over to that plan (adjusted for investment returns) from another type of eligible employer plan or IRA. Any amount rolled over from a governmental 457 plan to another type of eligible employer plan or to a traditional IRA will become subject to the additional 10% tax if it is distributed to you before you reach age 59½, unless one of the exceptions applies.

**Special Tax Treatment If You Were Born before January 1, 1936.** If you receive a payment from a plan qualified under section 401(a) or a section 403(a) annuity plan that can be rolled over under Part I and you do not roll it over to a traditional IRA or an eligible employer plan, the payment will be taxed in the year you receive it. However, if the payment qualifies as a "lump sum distribution," it may be eligible for special tax treatment. (See also "Employer Stock or Securities," below.) A lump sum distribution is a payment, within one year, of your entire balance under the Plan (and certain other similar plans of the employer) that is payable to you after you have reached age 59½ or because you have separated from service with your employer (or, in the case of a self-employed individual, after you have reached age 59½ or have become disabled). For a payment to be treated as a lump sum distribution, you must have been a participant in the plan for at least five years before the year in which you received the distribution. The special tax treatment for lump sum distributions that may be available to you is described below.

**Ten-Year Averaging:** If you receive a lump sum distribution and you were born before January 1, 1936, you can make a one-time election to figure the tax on the payment by using "10-year averaging" (using 1986 tax rates). Ten-year averaging often reduces the tax you owe.

## SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS

**Capital Gain Treatment:** If you receive a lump sum distribution and you were born before January 1, 1936, and you were a participant in the Plan before 1974, you may elect to have the part of your payment that is attributable to your pre-1974 participation in the Plan taxed as long-term capital gain at a rate of 20%.

There are other limits on the special tax treatment for lump sum distributions. For example, you can generally elect this special tax treatment only once in your lifetime, and the election applies to all lump sum distributions that you receive in that same year. You may not elect this special tax treatment if you rolled amounts into this Plan from a 403(b) tax-sheltered annuity contract or from an IRA not originally attributable to a qualified employer plan. If you have previously rolled over a distribution from this Plan (or certain other similar plans of the employer), you cannot use this special averaging treatment for later payments from the Plan. If you roll over your payment to an IRA, governmental 457 plan, or 403(b) tax-sheltered annuity, you will not be able to use special tax treatment for later payments from that IRA, plan, or annuity. Also, if you roll over only a portion of your payment to an IRA, governmental 457 plan, or 403(b) tax-sheltered annuity, this special tax treatment is not available for the rest of the payment. See IRS Form 4972 for additional information on lump sum distributions and how you elect the special tax treatment.

**Employer Stock or Securities:** There is a special rule for a payment from the Plan that includes employer stock (or other employer securities). To use this special rule, 1) the payment must qualify as a lump sum distribution, as described above, except that you do not need five years of plan participation, or 2) the employer stock included in the payment must be attributable to "after-tax" employee contributions, if any. Under this special rule, you may have the option of not paying tax on the "net unrealized appreciation" of the stock until you sell the stock. Net unrealized appreciation generally is the increase in the value of the employer stock while it was held by the Plan. For example, if employer stock was contributed to your Plan account when the stock was worth \$1,000 but the stock was worth \$1,200 when you received it, you would not have to pay tax on the \$200 increase in value until you later sold the stock.

You may instead elect not to have the special rule apply to the net unrealized appreciation. In this case, your net unrealized appreciation will be taxed in the year you receive the stock, unless you roll over the stock. The stock can be rolled over to an IRA or another eligible employer plan, either in a direct rollover or a rollover that you make yourself. Generally, you will no longer be able to use the special rule for net unrealized appreciation if you roll the stock over to an IRA or another eligible employer plan.

If you receive only employer stock in a payment that can be rolled over, no amount will be withheld from the payment. If you receive cash or property other than employer stock, as well as employer stock, in a payment that can be rolled over, the 20% withholding amount will be based on the entire taxable amount paid to you (including the value of the employer stock determined by excluding the net unrealized appreciation). However, the amount withheld will be limited to the cash or property (excluding employer stock) paid to you.

If you receive employer stock in a payment that qualifies as a lump sum distribution, the special tax treatment for lump sum distributions described above (such as 10-year averaging) also may apply. See IRS Form 4972 for additional information on these rules.

The above rules apply to nonqualified distributions of designated Roth contributions that include employer stock. If your payment includes employer stock attributable to designated Roth contributions, and it is a qualified distribution, the net unrealized appreciation is not taxable when distributed to you from the Plan. A distribution is a qualified distribution if it (1) is made on or after the date you attain age 59-1/2, die or become disabled, and (2) is made after the end of the fifth calendar year beginning with the first calendar year you made Roth contributions to the Plan.

**Repayment of Plan Loans:** If your employment ends and you have an outstanding loan from your Plan, your employer may reduce (or "offset") your balance in the Plan by the amount of the loan you have not repaid. The amount of your loan

offset is treated as a distribution to you at the time of the offset and will be taxed unless you roll over an amount equal to the amount of your loan offset to another qualified employer plan or a traditional IRA within 60 days of the date of the offset. If the amount of your loan offset is the only amount you receive or are treated as having received, no amount will be withheld from it. If you receive other payments of cash or property from the Plan, the 20% withholding amount will be based on the entire amount paid to you, including the amount of the loan offset. The amount withheld will be limited to the amount of other cash or property paid to you (other than any employer securities). The amount of a defaulted plan loan that is a taxable deemed distribution cannot be rolled over.

### IV. SURVIVING SPOUSES, ALTERNATE PAYEES, AND OTHER BENEFICIARIES

In general, the rules summarized above that apply to payments to employees also apply to payments to surviving spouses of employees and to spouses or former spouses who are "alternate payees." You are an alternate payee if your interest in the Plan results from a "qualified domestic relations order," which is an order issued by a court, usually in connection with a divorce or legal separation.

If you are a surviving spouse or an alternate payee, you may choose to have a payment that can be rolled over, as described in Part I above, paid in a DIRECT ROLLOVER to an IRA or to an eligible employer plan or paid to you. If you have the payment paid to you, you can keep it or roll it over yourself to an IRA or to an eligible employer plan. Thus, you have the same choices as the employee.

If you are a beneficiary other than a surviving spouse or an alternate payee, the Plan may permit you to have your payment directly transferred to an IRA established to receive the payment, if you qualify as a plan-designated beneficiary. The IRA will be treated as an inherited IRA. Discuss the features of an inherited IRA with your tax adviser before making a decision. If the payment is made directly to you, it will be subject to the voluntary federal income tax withholding rules described in Part III.

If you are a surviving spouse, an alternate payee, or another beneficiary, your payment is generally not subject to the additional 10% tax described in Part III above, even if you are younger than age 59½.

If you are a surviving spouse, an alternate payee, or another beneficiary, you may be able to use the special tax treatment for lump sum distributions and the special rule for payments that include employer stock, as described in Part III above. If you receive a payment because of the employee's death, you may be able to treat the payment as a lump sum distribution if the employee met the appropriate age requirements, whether or not the employee had 5 years of participation in the Plan.

### HOW TO OBTAIN ADDITIONAL INFORMATION

This notice summarizes only the federal (not state or local) tax rules that might apply to your payment. The rules described above are complex and contain many conditions and exceptions that are not included in this notice. Therefore, you may want to consult with the Plan Administrator or a professional tax advisor before you take a payment of your benefits from your Plan. Also, you can find more specific information on the tax treatment of payments from qualified employer plans in IRS Publication 575, Pension and Annuity Income, and IRS Publication 590, Individual Retirement Arrangements. These publications are available from your local IRS office, on the IRS's Internet Web Site at [www.irs.gov](http://www.irs.gov), or by calling 1-800-TAX-FORMS.