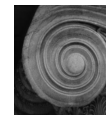


# NATIONAL EMPLOYERS RETIREMENT TRUST

## Participant Distribution Request



<b>Participant Name</b>		<b>Employer Name</b>	
<b>Social Security No.</b>		<b>Plan Name</b>	
<b>Participant Address</b>		<b>Termination Date</b>	
		<b>Employer's Signature</b>	

According to my rights under my employer's retirement plan, I hereby request the following action with respect to my vested interest in the Plan: (please choose one of the below)

☐ Please retain my account balance in the Plan until I reach retirement. I understand I can change this election at any time.

☐ Please pay \_\_\_\_\_ (\$ or %) of my vested interest in the Plan to me. I understand that a mandatory 20% federal withholding tax and applicable state taxes will be applied to this amount. I further understand I may be subject to IRS penalties for early distribution and that the amount withheld may not cover the amount of taxes I will owe on this benefit payment.

☐ Please transfer \_\_\_\_\_ (\$ or %) of my vested interest to:

- ☐ My current employer's plan in my name.
- ☐ My Individual Retirement Account. I understand that I may not transfer after-tax employee contributions to my IRA and I will receive these funds in cash.

**Requirements to complete this request: We will need a "direct transfer" authorization from your new employer/IRA custodian indicating the type of plan, how we should issue the check, and that they will accept the funds. Along with that form: Please complete the information below:**

Receiving Company/Fund Name: \_\_\_\_\_

Address: \_\_\_\_\_

Attention: \_\_\_\_\_

Phone number: \_\_\_\_\_ Contact Name: \_\_\_\_\_

Account number: \_\_\_\_\_

### Participant's Authorization

I hereby consent to the distribution of my Plan benefits as indicated above. If I elected to receive my benefits in cash, I understand my full tax liability, including any early withdrawal penalties, may not be met by the 20% mandatory withholding. I acknowledge that I have received a summary of my distribution options and understand my choices.

I hereby certify that my marital status is:

☐ Single ☐ Married

\_\_\_\_\_  
Date

\_\_\_\_\_  
Participant's Signature

## **Taxes and Benefit Payments - A Summary**

Since you are eligible to receive retirement plan benefits you must choose whether to have your account 1) directly rolled over into a traditional IRA (Roth IRAs, SIMPLE IRAs, Education IRAs are *not* traditional IRAs; SEP IRAs *are* traditional IRAs) or another qualified plan; 2) retained in the plan; or 3) taken in cash as a taxable distribution. The following is a brief summary of your choices and some of the important issues involved.

### **OPTION 1 -- DIRECT ROLLOVER**

*Money You Receive:* None directly. Your account is forwarded to your IRA or your new employer plan if such a plan accepts rollovers.

*Taxes Withheld:* None. By choosing Direct Rollover, you avoid tax withholding.

*Additional Taxes:* None. You pay no taxes on the rollover until you withdraw the money from your IRA or new plan.

### **OPTION 2 -- RETAIN FUNDS IN THE PLAN**

*Money You Receive:* None directly. Your account is retained in the plan. However, you can change this election later and transfer the funds to another plan or take a cash distribution.

*Taxes Withheld:* None.

### **OPTION 3 -- TAKE YOUR FUNDS IN CASH**

*Money You Receive:* 80% of the value of your account in the Plan, or less if you withhold extra money for taxes.

*Taxes Withheld:* 20% of the value of your account must be withheld and forwarded to the IRS to be credited toward the taxes you will owe for the current year. You will receive a Form 1099-R in January detailing the amount of your distribution and the amount withheld. Since your tax rate may be higher than 20%, you may owe additional federal income taxes on this distribution. State taxes may also be withheld from your distribution.

*Additional Taxes:* With certain limited exceptions (for example: separation from service on or after age 55, receiving equal or nearly equal payments over your life expectancy- or the life expectancy of you and your beneficiary, payments made directly to federal government to satisfy a federal tax levy, payments made to an alternate payee under a qualified domestic relations order (QDRO), payments which do not exceed amount of your deductible medical expenses -determined without regard to whether you itemize deductions for a given year-receiving benefits due to disability, death, attainment of age 59 ½) the IRS assesses an *additional* 10% penalty on your distribution.

*Indirect Rollover:* You may roll over up to 100% of your account into an IRA or another plan within 60 days, but receive the cash up-front. The check would be made payable to you, giving you an interest- and penalty-free loan for 60 days. Remember that your cash payment from this plan will be only 80% of the value of your benefit because withholding is required for monies distributed directly to you. In order to avoid taxes and penalties on the distribution, the entire amount must be deposited into an IRA or employer-sponsored plan within 60 days. Please note that if you elect to take your funds in cash and then decide to rollover to an IRA, you will need to make up the amount that was withheld with funds from other sources. Otherwise, the amount that was withheld by your employer becomes a taxable distribution to you and subject to penalties.

## Taxes and Benefit Payments- A Summary (continued)

### ADDITIONAL INFORMATION

*The following payments are not eligible for rollover and are not subject to the mandatory 20% withholding.*

- Annuity payments** Benefits paid in roughly equal installments over your lifetime or a period of ten years or more.
- Non-taxable payments** Any part of your account that is not subject to income tax now; for example, after-tax contributions that you made under the plan (these were taxed as income when you made the contributions).
- Required payments** Minimum distributions that must be paid to you because you are over age 70 ½. If you are still employed, and are not a 5% or more owner, then this rule does *not* apply. If, however, you are age 70 ½ or older and are a 5% or greater owner, then minimum distributions must be paid to you regardless of whether you are retired or still employed, and that portion of your distribution which represents the minimum distribution will be excluded from the withholding rules on rollovers.
- Loan defaults/offsets** If you have an outstanding loan balance and you either default on the loan, or separate from employment and seek a distribution of your account balance, the loan will be considered to be deemed distributed. This means you will have to include in income the amount of the loan balance and be subject to a 10% early distribution penalty (with the exceptions noted earlier). In the absence of a distribution, no withholding is done on a loan default/offset. If other amounts are being distributed in addition to the loan default/offset, the 20% withholding will be calculated on the full amount of the distribution including the loan default/offset amount.
- Hardship Distributions** Hardship Distributions may not be eligible. Check with the plan administrator

*You may be able to use some of these special tax rules to reduce your taxes at distribution on payments that are not rolled over:*

- If born before 1936** If you were born before 1936, you may use Ten-Year Averaging (using 1986 tax rates) to calculate your tax, or you may be able to pay taxes on the part of your benefit that was earned before 1974 at a 20% capital gains tax rate.

Certain other special rules may apply to payments of Employer Stock or other securities, and to payments available to Surviving Spouses, Alternate Payees under Qualified Domestic Relations Orders, and other Beneficiaries.

### 30 DAY DECISION PERIOD

You have at least 30 days, from the date of receipt of this notice, to decide on your distribution. Provided you have received this notice, you may elect to request that your distribution be processed more rapidly than 30 days if 1) the plan document allows a faster period; and 2) it is administratively feasible.

***This summary is not intended to be financial advice. Tax laws are complicated and ever-changing so you should consult with a tax adviser on your personal financial situation before making any decisions regarding your retirement plan benefits.***

RECEIVED BY \_\_\_\_\_, \_\_\_\_\_ on \_\_\_\_\_, 20\_\_\_\_.  
Signature Please print name here date

**THIS FORM MUST BE SIGNED, DATED, AND RETURNED WITH THE DISTRIBUTION REQUEST FORM PRIOR TO YOUR REQUEST BEING PROCESSED. PLEASE KEEP A COPY OF THIS FORM FOR YOUR RECORDS.**