



Participant Distribution Request

Private Sector Operations

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Phone: 877-588-6724 • Fax: 877-NF401ks (877-634-0157) • nationwide.com

1. Purpose

This form is to be used for participant/beneficiary level withdrawal types listed below in Section 4, if available in your plan. Financial hardship requests are submitted on a specific Financial Hardship withdrawal form. This form is to be used for participants of plans where Nationwide serves as third party administrator.

2. Case Information

Case Number: _____ Case Name: _____

3. Participant Information

Name: _____ SSN: _____

Date of Birth: _____ Date of Hire: _____ Phone: _____

Street Address: _____

City: _____ State: _____ Zip: _____

Email: _____ Marital Status: ☐ Single ☐ Married ☐ Divorced ☐ Widowed

4. Reason for Distribution (select one)

- | | |
|---|---|
| <input type="checkbox"/> Termination of Employment* | <input type="checkbox"/> Withdrawal of Rollover Contributions** |
| <input type="checkbox"/> Plan Termination | <input type="checkbox"/> Withdrawal of After-Tax Voluntary Contributions** |
| <input type="checkbox"/> Total and Permanent Disability | <input type="checkbox"/> In-Service Withdrawal** |
| <input type="checkbox"/> Death (attach a certified copy of the death certificate) | <input type="checkbox"/> Reservist Called to Active Military Service Distribution |

* Transferring from one employer to another within the same controlled group does not constitute termination of employment and is not a distributable event.

** If permitted under the terms of the Plan Document.

5. Case Distribution Direction

☐ **Cash Payment** - This will be a taxable distribution (with the possible exception of Roth or after-tax contributions) and taxes will be withheld as required by law. Additional Federal or State withholding can be requested in Section 8.

☐ Total distribution of vested account balance(s).

☐ Partial distribution (if allowed) of my vested account balance(s) in the amount of: \$ _____

☐ GROSS (before taxes) **OR** ☐ NET (after taxes)

☐ **Combination of Cash Payment and Direct Rollover** - Any portion of this payout that is paid directly to me will be a taxable distribution (with the possible exception of Roth or after-tax contributions) and taxes will be withheld as required by law. Additional Federal or State withholding can be requested in Section 8.

I request a cash payment of: \$ _____

☐ GROSS (before taxes) **OR** ☐ NET (after taxes)

(With the remaining vested balance being directly rolled over per the rollover instructions).

Cash Payment Method:

☐ Send check overnight by UPS. I understand that standard processing time still applies and there is an additional \$25 fee for the UPS overnight shipping charges that will be deducted from my account.

☐ Direct Deposit ACH into ☐ Checking **OR** ☐ Savings ☐ Send check by first class mail.

Bank Name: _____

City: _____ State: _____ Zip: _____

ABA (routing) Number: _____ Account Number: _____

NOTE: Bank information is only needed if Direct Deposit is selected. If checking or savings is not chosen, the default is checking. If information is missing/incorrect a check will be issued.

6. Direct Rollover Distribution Direction

NOTE: Wires and ACH are not available payment options for rollovers.

☐ **Direct Rollover** - A check will be sent directly to the custodian/trustee indicated below. Be sure your plan/IRA allows rollovers from these sources.

Please choose the appropriate direct rollover option(s) below:

- ☐ Rollover of Pre-tax vested balance to a Traditional IRA.
- ☐ Rollover of Pre-tax vested balance to another eligible retirement plan.
- ☐ Rollover of Pre-tax vested balance to a ROTH IRA -There is no tax free treatment for a distribution rolled over to a Roth IRA. This distribution will be reported as taxable income for the year distributed. Nationwide will not withhold Federal or State taxes unless specifically requested in Section 6.

Please choose the appropriate direct rollover option(s) below if you have ROTH contributions:

- ☐ Rollover of ROTH 401(k)/403(b) account balance to a ROTH IRA.
- ☐ Rollover of ROTH deferrals to another 401(k), 403(b) or governmental 457 plan's ROTH elective deferral account

This direct rollover is for (please check one):

☐ Total Vested Balance OR ☐ Specific Amount: \$ _____

Account Information:

Check Payable to Trustee/Custodian: _____

Traditional (pre-tax) Account Number: _____ ROTH (if applicable) Account Number: _____

Address of Trustee/Custodian: _____

City: _____ State: _____ Zip: _____

NOTE: When both ROTH and pre-tax funds are being rolled over, separate account numbers must be provided.

Payment Method:

- ☐ Send check overnight by UPS. I understand that standard processing time still applies and there is an additional \$25 fee for the UPS overnight shipping charges which will be deducted from my account.
- ☐ Send check by first class mail.

7. Annuity Purchase

NOTE: This option is not available to all plans. To verify available options under your plan, please contact the plan sponsor.

- ☐ Life Annuity with ☐ 60, ☐ 120, or ☐ 240 monthly payments guaranteed.
- ☐ Annuity for life, with ☐ 50%, ☐ 66 2/3%, ☐ 75%, or ☐ 100% survivor annuity.

Upon my death paid to my Joint Annuitant:

Name: _____ Date of Birth: _____

☐ Annuity with payments over _____ years.

☐ Other: _____

8. Federal and State Tax Withholding

NOTE: Do not complete this section if this is a rollover to another eligible retirement plan or IRA.

If your benefit is paid directly to you and is an eligible rollover distribution, a mandatory 20% Federal withholding and any mandatory state withholding will apply to the taxable portion of your distribution.

Additional withholding requested (Complete this section if you want Nationwide to withhold Federal and/or State withholding in addition to the mandatory taxes described above. If only mandatory taxes are to be withheld, please leave this section blank)

☐ Federal - Withhold additional Federal Income Taxes in the amount of: _____% OR \$ _____

☐ State: _____ - Withhold additional State Income Taxes in the amount of: _____% OR \$ _____

☐ Other: _____

If you do not have enough taxes withheld, you will be responsible for payments of estimated income tax and penalties. For further details, see the attached Special Tax Notice regarding Plan Payments.

9. Beneficiary Information for Death Benefits

NOTE: If there are multiple beneficiaries then each beneficiary must complete a separate form.

Name: _____ SSN: _____

Date of Birth: _____ Phone: _____

Street Address: _____

City: _____ State: _____ Zip: _____

10. Participant/Beneficiary Authorization

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a U.S. citizen or other U.S. person.

By signing below, I hereby acknowledge the following information:

1. Rollover contributions to governmental 457(b) plans that originated from qualified plans, IRAs and 403(b) plans are subject to the early distribution tax that applies to 401 plans unless an exception applicable to 401 plans applies.
2. Rollover contributions are subject to the Required Minimum Distribution (RMD) rules of the plan they are rolled into, not the plan or IRA from which they came.

Federal income tax will be withheld from your payments as required by the Internal Revenue Code. State and federal taxes withheld will be reported on a form 1099-R.

The Internal Revenue Service does not require your consent to any provision of this document other than the certifications required to avoid backup withholding.

I consent to a distribution as elected above. I understand that the terms of the plan document will control the amount and timing of any payment from the plan. Further, I certify that I have read and received the attached Special Tax Notice Regarding Plan Payments. If I elect to receive this distribution before the end of the 30 day minimum notice period, my signature on this election form shall constitute a waiver of my rights to the 30 day notice requirement, if applicable.

I hereby authorize the above elected benefit and attest to the accuracy of the information.

I acknowledge that a withdrawal fee may apply and will be deducted from my account.*

Also, I understand that once submitted this election is final.

Signature: _____ Date: _____

*The amount of the fee is stipulated in the service agreement for the plan and may be obtained from your employer.

11. Spousal Consent

NOTE: This section is to be completed when the annuity option is available under your plan. Please refer to your Summary Plan Description.

☐ Not Applicable - I am not married and/or my plan does not require spousal signature.

If your plan requires spousal consent, and you are married, this section must be completed and the signature must be witnessed by the Plan Sponsor or Notary. If you have questions, please contact the plan sponsor.

I hereby consent to the payment from the plan requested above and I certify that I have been made aware of the effects of this consent.

Spousal Signature: _____ Date: _____

Witness Signature: _____ Date: _____

Notary Stamp:

12. Plan Sponsor Authorization

- Was the participant an Officer of the Company? ☐ No ☐ Yes
- Was the participant an Owner of the Company? ☐ No ☐ Yes, percent ownership: _____%
- Is there a Domestic Relations Order pending? ☐ No ☐ Yes

Participant information from the beginning of the plan year through the date of termination:

Date of Termination: _____ Date of Final Payroll Deduction: _____

Current Year - Hours Worked: _____ Prior Year - Hours Worked: _____

- ☐ I authorize the payment of retirement plan benefits as requested by the participant and attest to the accuracy contained herein.
- ☐ I authorize the payment of retirement plan benefits in a single sum payment based on the plan's Cash Out provisions (participant and spousal consent not required). I understand that the Cash Out provision may only be used if allowed in the plan and the vested benefits do not exceed \$1,000.
- ☐ I authorize the payment of retirement plan benefits as an automatic rollover to an IRA that I have established on behalf of the participant based on the plan's Cash Out provisions (participant and spousal consent not required). I understand that this Cash Out provision may be used only if allowed in the plan and the vested benefits are between \$1,000 and \$5,000. Instructions have been provided in Section 4.
- ☐ The request for payment of retirement plan benefits is a claim for death benefits. I acknowledge that I have reviewed the Beneficiary Designation form on file and authorize the payment of such benefits as requested by the beneficiary on the information and certification contained herein.

Benefits being paid to:

☐ Spouse ☐ Non-Spouse ☐ Guardian ☐ Participant's Estate

Percentage of total account to this Beneficiary: _____%

NOTE: for beneficiaries only, attach a certified copy of the death certificate.**For Checks Mail to: (select only if the direct deposit option was not selected on page 1)**☐ Participant (address on page 1) ☐ Plan Sponsor (address on file) ☐ Rollover Company (if applicable)**NOTE:** If no check mailing option is elected, check will be mailed to the payee.

Plan Sponsor Printed Name: _____

Plan Sponsor Signature: _____ Date: _____

13. Submission Instructions

- Please ensure that the form is completed in its entirety and all required documentation is included with this request.
- Pages 1 through 4 must be returned for this request to be processed.
- All applicable signatures must be present. Missing information will cause a delay in processing your request.
- Once the form is complete, please fax to 1-877-NF401Ks (877-634-0157) or the Plan Sponsor can submit the form via email to the Plan Contact at Nationwide.

The Nationwide® Group Retirement Series includes unregistered group fixed and variable annuities and trust programs. The unregistered group fixed and variable annuities are issued by Nationwide Life Insurance Company. Trust programs and trust services are offered by Nationwide Trust Company, FSB a division of Nationwide Bank®. Nationwide Investment Services Corporation, member FINRA. Nationwide Mutual Insurance Company and Affiliated Companies, Home Office: Columbus, OH 43215-2220

SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS

This notice explains how you can continue to defer federal income tax on your retirement plan savings in the Plan and contains important information you will need before you decide how to receive your Plan benefits. All references to “the Code” are references to the Internal Revenue Code of 1986, as amended. This notice summarizes only the federal (not state or local) tax rules which apply to your distribution. Because these rules are complex and contain many conditions and exceptions which we do not discuss in this notice, you may need to consult with a professional tax advisor before you receive your distribution from the Plan.

A. TYPES OF PLAN DISTRIBUTIONS

Eligibility for rollover. The Code classifies distributions into two types: (1) distributions you may roll over (“eligible rollover distributions”) and (2) distributions you may not roll over. See “Distributions not eligible for rollover” below. You also may receive a distribution under which part of the distribution is an eligible rollover distribution and part is not eligible for rollover. A rollover is a payment by you or the Plan Administrator of all or part of your benefit to another plan or IRA that allows you to continue to postpone taxation of that benefit until it is paid to you (except for a rollover from a pre-tax account to a Roth IRA, described in the last paragraph of Section B below). The Plan Administrator will assist you in identifying which portion of your distribution is an eligible rollover distribution and which portion is not eligible for rollover.

Plans that may accept a rollover. You may roll over an eligible rollover distribution (other than Roth 401(k) plan deferrals and earnings) either to a Roth IRA, to a traditional IRA or to an eligible employer plan that accepts rollovers. An “eligible employer plan” includes a plan qualified under Code §401(a), including a 401(k) plan, profit sharing plan, defined benefit plan, stock bonus plan (including an ESOP) or money purchase plan; a §403(a) annuity plan; a 403(b) plan; and an eligible §457(b) plan maintained by a governmental employer (governmental 457 plan). Special rules apply to the rollover of after-tax contributions and of Roth 401(k) deferrals. See “After-tax contributions and Roth 401(k) plan deferrals” below. **YOU MAY NOT ROLL OVER ANY DISTRIBUTION TO A SIMPLE IRA OR A COVERDELL EDUCATION SAVINGS ACCOUNT (FORMERLY KNOWN AS AN EDUCATIONAL IRA).**

Deciding where to roll over a distribution. 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. Even if a plan accepts rollovers, it might not accept rollovers of certain types of distributions, such as after-tax amounts. If this is the case, and your distribution includes after-tax amounts, you may wish instead to roll your distribution over to an IRA or to split your rollover amount between the employer plan in which you will participate and an IRA. You also should find out about any documents you must complete before a receiving plan or IRA sponsor will accept a rollover. 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 also may be subject to different tax treatment than distributions from this Plan. Check with the administrator of the plan that is to receive your rollover regarding subsequent distributions and taxation of the amount you will roll over, prior to making the rollover.

Distributions not eligible for rollover. An eligible rollover distribution means any distribution to you of all or any portion of your account balance under the Plan except: (1) a distribution which is part of a series of substantially equal periodic payments; (2) a required minimum distribution; (3) a hardship distribution; (4) an ESOP dividend; (5) a corrective distribution; (6) a loan treated as a distribution; (7) life insurance cost; (8) 90-day automatic enrollment withdrawals; or (9) ESOP prohibited allocations.

Substantially equal periodic payments. You may not roll over a distribution if it is part of a series of substantially equal payments made at least once a year and which will last for: (1) your lifetime (or your life expectancy), (2) your lifetime and your beneficiary’s lifetime (or life expectancies), or (3) a period of 10 years or more.

Required minimum distributions. Beginning in the year in which occurs the later of your retirement or your attainment of age 70½, the Code may require the Plan to make “required minimum distributions” to you. You may not roll over the required minimum distributions. Special rules apply if you own more than 5% of the Employer.

Hardship distributions. A hardship distribution is not eligible for rollover.

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 from the plan to correct a failed nondiscrimination test or because legal limits on certain contributions were exceeded cannot be rolled over.

Loans treated as taxable “deemed” 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 C. below. Ask the Plan Administrator if distribution of your loan qualifies for rollover treatment.

Life insurance cost. The cost of life insurance paid by the Plan.

90-day automatic enrollment withdrawals. Contributions made under special automatic enrollment rules that you request to withdraw within 90 days of enrollment.

ESOP prohibited allocations. Amounts treated as distributed because of a prohibited allocation of S corporation stock under an ESOP. (Also, there generally will be adverse tax consequences if you roll over a distribution of S corporation stock to an IRA.)

After-tax Contributions and Roth 401(k) plan deferrals.

After-tax/rollover into an IRA. You may roll over your after-tax contributions to an IRA (including a Roth IRA) either directly or indirectly. The Plan Administrator will assist you in identifying 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 an IRA, it is your responsibility to keep track of, and report to the IRS on the applicable forms, the amount of these after-tax contributions. This will enable you to determine the nontaxable amount of any future distributions from the IRA. Once you roll over your after-tax contributions to an IRA, you may NOT later roll over those amounts to an employer plan, but may roll over your after-tax contributions to another IRA.

After-tax/rollover into an employer plan. You may DIRECTLY roll over after-tax contributions from the Plan to another qualified plan (including a defined benefit plan) or to a 403(b) plan if the other plan will accept the rollover and provides separate accounting for amounts rolled over, including separate accounting for the after-tax employee contributions and earnings on those contributions. You may NOT roll over after-tax contributions from the Plan to a §403(a) annuity plan, or to a governmental 457 plan. If you want to roll over your after-tax contributions to an employer plan that accepts these rollovers, you cannot have the after-tax contributions paid to you first. You must instruct the Plan Administrator to make a direct rollover on your behalf. Also, you may not first roll over after-tax contributions to an IRA and then roll over that amount into an employer plan.

Roth 401(k) plan deferrals. You may roll over an eligible rollover distribution that consists of Roth deferrals and earnings (whether or not it is a “qualified” Roth distribution) either: (1) by a direct rollover to another Roth 401(k) plan, or to a Roth 403(b) plan, provided the Roth 401(k) plan or the Roth 403(b) plan will accept the rollover; or (2) by a direct or 60-day rollover to a Roth IRA. Alternatively, you can roll over the taxable portion of a non-qualified Roth distribution by a 60-day rollover to a Roth 401(k) plan or to a 403(b) plan. See Section C. “Taxation of Roth deferrals” and “60-day rollover option” below.

If you roll over a Roth deferral account to a Roth IRA, the amount you roll over will become subject to the tax rules that apply to the Roth IRA. In general, these tax rules are similar to those described elsewhere in this notice, but differences include:

- All of your Roth IRAs will be considered for purposes of determining whether you have satisfied the 5-year rule to enable you to receive a qualified distribution from the Roth IRA (counting from January 1 of the year for which your first contribution was made to any of your Roth IRAs).
- You will not be required to take a distribution from the Roth IRA during your lifetime and you must keep track of the aggregate amount of the after-tax contributions in all of your Roth IRAs (in order to determine your taxable income for later Roth IRA payments that are not qualified distributions).
- Eligible rollover distributions from a Roth IRA can only be rolled over to another Roth IRA.

30-Day Notice Period/Waiver. After receiving this notice, you have at least 30 days to consider whether to receive your distribution or have the distribution directly rolled over. If you do not wish to wait until this 30-day notice period ends before your election is processed, you may waive the notice period by making an affirmative election indicating whether or not you wish to make a direct rollover. Your distribution then will be processed in accordance with your election as soon as practical after the Plan Administrator receives your election.

B. DIRECT ROLLOVER

Direct rollover process. You may elect a direct rollover of all or any portion of an eligible rollover distribution. If you elect a direct rollover, the Plan Administrator will pay the eligible rollover distribution directly to your IRA or to another eligible employer plan (or, in the case of a distribution of Roth deferrals, to a Roth IRA, a Roth 401(k) plan, or a Roth 403(b) plan) which you have designated. Alternatively, for the cash portion of your distribution, if any, the Plan Administrator may give you a check negotiable by the trustee or custodian of the recipient eligible employer plan or IRA. To complete the direct rollover, you must deliver the check to that trustee/custodian. A direct rollover amount is not subject to taxation at the time of the rollover, unless the direct rollover is from a pre-tax account to a Roth IRA. Except for a direct rollover of a pre-tax amount to a Roth IRA, the taxable portion of your direct rollover will be taxed later when you take it out of the IRA or the eligible employer plan. 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 you elect a direct rollover, your election form must include identifying information about the recipient IRA or plan.

Treatment of periodic distributions. If your Plan distribution is a series of payments over a period of less than ten years, each payment is an eligible rollover distribution. Your election to make a direct rollover will apply to all payments unless you advise the Plan Administrator of a change in your election. The Plan might not let you choose a direct rollover if your distributions for the year are less than \$200. The \$200 limit may apply separately to Roth distributions and non-Roth account distributions.

Splitting a distribution/small distributions. If your distribution exceeds \$500, you may elect a direct rollover of only a part of your distribution, provided the portion directly rolled over is at least \$500. If your distribution is \$500 or less, you must elect either a direct rollover of the entire amount or payment of the entire amount.

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 roll over your benefit to a 403(b) plan, a governmental 457 plan, or an IRA, your benefit no longer will be eligible for that special treatment. See the sections below entitled “10% penalty tax if you are under age 59½” and “Special tax treatment if you were born before 1936.”

Automatic rollover of certain distributions. If your distribution is an eligible rollover distribution and the Plan will distribute your account balance (without your consent as required by the Plan), you still may elect whether to receive or to roll over the distribution. The Plan may distribute your account without your consent in limited circumstances (e.g., if your vested account balance does not exceed \$5,000 or it may disregard any amounts in your account as a result of a prior rollover to the Plan. The Plan Administrator will provide you a distribution notice and/or election forms that will advise you whether the Plan will distribute your account without your consent. If the Plan does distribute without your consent, you still may elect whether to receive the distribution or to directly roll over the distribution to another plan or to an IRA (subject to the exception for distributions less than \$200 discussed above). If you do not make an election either to receive or to roll over the distribution, the Plan Administrator will roll over the distribution to an IRA in your name. You can transfer these IRA funds at any time to another IRA you designate. The Plan Administrator, in the distribution election forms, will provide you with information regarding the financial institution sponsoring this IRA.

Taxation of direct rollover of pre-tax distribution to Roth IRA. If you directly roll over a pre-tax distribution to a Roth IRA, the taxable portion of the distribution is subject to taxation for the taxable year in which the distribution occurs.

After you roll over a pre-tax distribution 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 59½ (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 also may roll over a pre-tax distribution (and any after-tax contributions you receive as part of the distribution) using an in-plan Roth direct rollover to a designated Roth account in this Plan. See “Taxation of in-plan Roth direct rollover of non-Roth account” immediately below.

Taxation of in-plan Roth direct rollover of non-Roth account. If your distribution is an eligible rollover distribution other than from a designated Roth account, the Plan may permit you to make an in-plan Roth direct rollover of the distribution to a designated Roth account in the Plan. The following special rules apply to an in-plan Roth rollover.

- If you roll over the distribution to a designated Roth account in the Plan, the amount of the distribution rolled over (reduced by any after-tax amounts directly rolled over) will be taxed. However, the 10% additional tax on early distributions will not apply (unless you take the amount rolled over out of the designated Roth account within the 5-year period that begins on January 1 of the year of the rollover).
- If you roll over the payment to a designated Roth account in the Plan, later distributions from the designated Roth account that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a designated Roth account is a payment made both after you attain age 59½ (or after your death or disability) and after you have had a designated Roth account in the Plan for a period of at least 5 years. The 5-year period described in the preceding sentence begins on January 1 of the year your first contribution was made to the designated Roth account. However, if you made a direct rollover to a designated Roth account in the Plan from a designated Roth account in a plan of another employer, the 5-year period begins on January 1 of the year your first contribution was made to the designated Roth account in the plan or, if earlier, to the designated Roth account in the plan of the other employer. Payments from the designated Roth account that are not qualified distributions will be taxed to the extent allocable to earnings after the rollover, including the 10% additional tax on early distributions (unless an exception applies).

C. DISTRIBUTIONS YOU RECEIVE

Taxation of eligible rollover distributions. The taxable portion of an eligible rollover distribution which you elect to receive is taxable to you in the year you receive it unless, within 60 days following receipt, you roll over the distribution to an IRA or to another eligible employer plan.

Taxation of Roth deferrals. If your distribution includes Roth (after-tax) 401(k) plan deferrals, the taxation of the Roth deferrals depends on whether or not the distribution is a qualified distribution. For a distribution of Roth deferrals to be a qualified distribution, you must have satisfied two requirements: (1) the distribution must occur on or after the date you attain age 59½, on or after the date of your death, or on account of your being disabled; and (2) the distribution must occur after the end of the 5th calendar year beginning with the first calendar year for which you made Roth deferrals to the Roth 401(k) plan. If the distribution of Roth deferrals is a qualified distribution, then neither the deferrals nor the earnings distributed on the deferrals will be taxable to you. If the distribution is not a qualified distribution, then the portion of the distribution representing your Roth deferrals will not be taxable to you, but the portion of the distribution representing earnings on the Roth deferrals will be taxable to you in the year you receive the distribution, unless you elect a direct rollover as described in Section B above, or within 60 days following receipt, you roll over the distribution to a Roth IRA, or you roll over the earnings on the Roth deferrals to a qualified plan or to a 403(b) plan, as explained under “60-day rollover option” below.

Withholding on eligible rollover distributions. The taxable portion of your eligible rollover distribution is subject to 20% federal income tax withholding. You may not waive this withholding. For example, if you elect to receive a taxable eligible rollover distribution of \$5,000, the Plan will pay you only \$4,000 and will send to the IRS \$1,000 as income tax withholding. You will receive a Form 1099-R from the Plan reporting the full \$5,000 as a distribution from the Plan. The \$1,000 withholding amount applies against any federal income tax you may owe for the year. The direct rollover is the only means of avoiding this 20% withholding.

60-day rollover option. The direct rollover explained in Section B above is not the only way to make a rollover. If you receive payment of an eligible rollover distribution, you still may roll over all or any portion of the distribution to an IRA (including a Roth IRA) or to another eligible employer plan that accepts rollovers, except to the extent the distribution consists of Roth deferrals and earnings on the Roth deferrals. You may roll over the Roth deferrals and earnings on the Roth deferrals to a Roth IRA, or you may roll over only the taxable earnings (if any) on the Roth deferrals (but not the Roth deferrals) to a Roth 401(k) plan or to a 403(b) plan. If you decide to roll over the distribution, you must make the rollover within 60 days of your receipt of the payment. The portion of your distribution which you elect to roll over generally is not subject to taxation until you receive distributions from the IRA or eligible employer plan. However, see “Taxation of direct rollover of pre-tax distribution to Roth IRA,” above.

If the plan allows, you also may make an in-plan Roth rollover of a pre-tax distribution to a designated Roth account in this Plan using the 60-day rollover option. See “Taxation of in-plan Roth direct rollover of non-Roth account,” above. The taxation rules that apply to a 60-day in-plan Roth rollover generally are the same as described in that section, except that on a 60-day rollover, you may not roll over, as part of the in-plan Roth rollover, any after-tax amounts you received in the distribution.

You may roll over 100% of your eligible rollover distribution even though the Plan Administrator has withheld 20% of the distribution for income tax withholding. If you elect to roll over 100% of the distribution, you must obtain other money within the 60-day period to contribute to the IRA or eligible employer plan to replace the 20% withheld. If you elect to roll over only the 80% which you receive, the 20% withheld will be subject to taxation.

Example. Assume the taxable portion of your eligible rollover distribution is \$5,000, and you do not elect a direct rollover. The Plan pays you \$4,000, withholding \$1,000 for income taxes. However, assume within 60 days after receiving the \$4,000 payment, you decide to roll over the entire \$5,000 distribution. To make the rollover, you will roll over the \$4,000 you received from the Plan and you will contribute \$1,000 from other sources (your savings, a loan, etc.). In this case, you will not have any tax liability with respect to the Plan distribution. The Plan will report a \$5,000 distribution for the year and you will report a \$5,000 rollover. When you file your income tax return, you may receive a refund of the \$1,000 withheld. If you roll over only the \$4,000 paid from the Plan, the \$1,000 you do not roll over is taxable. In addition, the \$1,000 you do not roll over may be subject to a 10% penalty tax. See “10 penalty tax if you are under age 59½” below. When you file your income tax return, you still may receive an income tax refund, but the refund likely will be smaller because \$1,000 of the distribution is taxable.

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).

Withholding on distributions not eligible for rollover. The 20% withholding described above does not apply to any taxable portion of your distribution that is not an eligible rollover distribution. You may elect whether to have federal income tax withholding apply to that portion. If you do not wish to have any income taxes withheld on that portion of your distribution, or if you wish to have an amount other than 10% withheld, you will need to sign and date IRS Form W-4P, checking the box opposite line 1. The Plan Administrator will provide you Form W-4P if your distribution includes an amount that does not constitute an eligible rollover distribution. If you do not return the Form W-4P to the Plan Administrator prior to the distribution, the Plan Administrator will treat the failure to return the form as an affirmative election to have 10% withholding apply.

10% penalty tax if you are under age 59½. If you receive a distribution from the Plan before you reach age 59½ and you do not roll over the distribution, the taxable portion of your distribution is subject to a 10% penalty tax in addition to any federal income taxes unless an exception applies. The exceptions are as follows:

- Payments made after you separate from service if you will be at least 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 50 in the year of the separation.
- Payments made due to disability.
- Payments after your death.
- Payments of ESOP dividends.
- Corrective distribution 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 that you request to withdraw within 90 days of the first contribution.

If you roll over the distribution to an IRA, and receive a distribution from the IRA when you are under age 59½, you will have to pay the 10% additional penalty tax unless an exception applies. While the exceptions generally are the same as those listed above, there are some differences. See IRS Publication 590 for a discussion of the IRA distribution rules.

If you directly roll over a pre-tax distribution to a Roth IRA or in an in-plan Roth rollover, the 10% penalty will not apply to the taxable portion of the distribution. However, if a taxable amount you rolled over into a Roth IRA from a pre-tax account or in an in-plan Roth rollover is distributed within five years, the 10% penalty will apply to the distribution as if the distribution were includible in gross income.

The 10% penalty tax will not apply to distributions from a governmental 457 plan, except to the extent the distribution (including earnings) is attributable to an amount you rolled over to that plan 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 1936. If your distribution is a “lump sum distribution,” and you were born before 1936, you may elect special treatment, but only if you do not roll over any part of the lump sum distribution. If you roll over only a portion of your distribution to an IRA, a governmental 457 plan, or a 403(b) plan, this special tax treatment is not available for the rest of the payment. A lump sum distribution is a distribution, within one calendar year, of your entire vested account balance (including any nontaxable portion of your distribution) under the Plan (and certain similar plans maintained by the Employer). If you are not a self-employed individual, the distribution must occur after you attain age 59½ or after you have separated from service with the Employer. For a self-employed individual, a lump sum distribution must occur after the self-employed individual attains age 59½ or becomes disabled.

Ten-year averaging. If you receive a lump sum distribution and you were born before 1936, you can make a one-time election to figure the tax on the lump sum distribution under “10-year averaging” using 1986 tax rates. Ten-year averaging often reduces the tax you owe.

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

Special tax treatment election and limitations. You must have completed at least five years of active participation in the Plan for special tax treatment to apply to the lump sum distribution election. You may elect special tax treatment (ten-year averaging or capital gain treatment) by filing IRS Form 4972 with your income tax return. The instructions to Form 4972 provide further details regarding the reporting of your lump sum distribution and describe the rules for determining whether a distribution qualifies as a lump sum distribution. As a general rule, you may not elect special tax treatment for a lump sum distribution if you elected ten-year (or previously available five-year) averaging with respect to a prior lump sum distribution you received after December 31, 1986, or after you had attained age 59½. You may not elect this special tax treatment if you rolled amounts into this Plan from a 403(b) plan, from a governmental 457 plan or from an IRA not originally attributable to a qualified employer plan. You also may not elect special tax treatment if you previously rolled over another distribution from the Plan. Finally, you may not elect special tax treatment if you roll over your distribution to an IRA, a governmental 457 plan or a 403(b) plan, and then take a distribution from the IRA, plan or annuity.

Repayment of participant loans. If you have an outstanding participant loan when you separate from service with the Employer, the Employer may reduce (“offset”) your account balance by the outstanding loan balance. The loan offset is a distribution and is taxable to you (including the 10% penalty tax on early distributions, unless an exception applies) unless you roll over the amount of the offset within 60 days of the date of the offset. Withholding does not apply if the loan offset is your only distribution. If you receive a distribution of cash or property in addition to the offset, withholding will apply to the entire distribution, but the withholding amount will not exceed the amount of cash or property (other than employer securities) you receive in addition to the offset. You may not roll over the amount of a defaulted plan loan that is a taxable deemed distribution.

U.S. Armed Forces service. 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.

Government publications. IRS Publication 575, Pension and Annuity Income, IRS Publication 571, Tax-Sheltered Annuity Plans (403(b) Plans), and IRS Publication 590, Individual Retirement Arrangements (IRAs), provide additional information about the tax treatment of plan distributions and rollovers. These publications are available from a local IRS office, on the IRS’s Internet Website at www.irs.gov, or by calling 1-800-TAX-FORMS.

Nonresident aliens. 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.

Employer Securities. The Code provides a special rule for a distribution which includes Employer securities (i.e., stock of the Employer). In order to take advantage of this special rule: (1) the distribution must qualify as a lump sum distribution; or (2) the Employer stock must be attributable to after-tax employee contributions. Under this special rule, you have the option of not paying the 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 the Plan held the stock. For example, if the Employer contributed Employer stock to your account when the stock was worth \$500 but the stock is worth \$800 when you receive it, you could elect not to pay the tax on the \$300 increase in value until you later sold the stock.

Election against special rule. You may elect not to have the special rule apply to net unrealized appreciation. If you elect not to apply the special rule, your net unrealized appreciation is taxable in the year of distribution, unless you roll over the stock. You may roll over the stock to an IRA or to another eligible employer plan in a direct rollover or a 60-day rollover. Generally, you no longer will be able to use the special rule for net unrealized appreciation if you roll the stock over to an IRA or to another eligible employer plan.

Withholding requirements. If you receive only Employer stock in a distribution that is eligible for rollover, withholding will not apply to the distribution. If you receive cash or property other than Employer stock, as well as Employer stock, in a distribution that is eligible for rollover, the plan will base the 20% withholding amount 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 not exceed the cash or property (excluding Employer stock) paid to you.

Income averaging. If you receive Employer stock in a distribution which qualifies as a lump sum distribution, the income averaging election also may apply. See IRS Form 4972 for additional information on these rules.