ubiquity

retirement + savings

Distribution Request Form

DISTRIBUTION REQUEST FORM

Step 1: Read the attached important information regarding your distribution.

Step 2: Fill out the Distribution Request Form (Section 1–5 and 7).

Step 3: Submit the Form to your previous employer (Attn: HR Department). In order to process your distribution; **your previous employer must fill out Section 6** of this form and have the Trustee of your 401(k) plan sign Section 7.

Step 4: Your previous employer submits your form to **Ubiquity Retirement + Savings** either by e-mail (scan and send to distributions@myubiquity.com) or by fax to: **415.477.8801**.

Your distribution will be reviewed by the Compliance Department within 3 business days of receipt.

Once approved, you can expect to receive your distribution check at the address indicated on this form within 15 business days via USPS.

If you elect to rollover your account to another qualified plan or IRA, please deliver the rollover check to the appropriate financial institution.

* A **$95 fee** will be charged to you, the participant, to cover the administration, processing, delivery and year-end reporting (Form 1099R) of your distribution. If you have made Roth contributions, there will be an **additional fee of $30** for the check processing and year-end reporting of your Roth contributions.

1. GENERAL INFORMATION

Name of 401(k) Plan (e.g.: "Johnson Co. Retirement Trust")

____

Name of Employer ______________________________________

Participant Name ______________________ **SSN** ________________

Birth Date __________ **Hire Date** __________ **Termination Date** __________

Home Address (No P.O. Box, U.S. addresses only) ______________________________

____

City ______________ **State** ______________ **Postal Code** __________

Telephone Number ______________ **E-mail address** ____________________

Date of Last 401(k) Deduction* (Indicate paycheck date) ____________________

* Your final deductions must be processed on our website before we can issue a final distribution. Please check with your plan's HR department to determine when your final contributions were sent to Ubiquity.

Do you have an outstanding 401(k) loan balance? ❑ Yes ❑ No

If you have an outstanding 401(k) loan balance, choose one of the following:

❑ I will pay off my 401(k) loan by submitting a personal check for the outstanding balance to my plan sponsor for processing.

❑ I will not pay off my outstanding loan balance. I understand that my outstanding loan balance will be a distributable and taxable event and may reduce my overall distribution.

2. DISTRIBUTION REASON

Choose one:

- ❑ Termination of Employment
- ❑ Plan Termination (closing down)
- ❑ Hardship Withdrawal*
- ❑ Disability
- ❑ Other ______________________
- ❑ Minimum Required Distribution*
- ❑ Normal Retirement Age
- ❑ Trustee Forced Balance < $1,000
- ❑ Age 59½ Withdrawal
- ❑ QDRO
- ❑ Death — Beneficiary
- ❑ Trustee Forced Balance > $1,000 and < $5,000
- ❑ Excess Contribution*

* Distribution not eligible for rollover.

Hours Worked (Indicate the number of hours you worked during the current year.)

❑ **< 500** ❑ **> 500, but < 1,000** ❑ **> 1,000**

3. METHOD OF DISTRIBUTION

Review the Special Tax Notice to understand the tax implications before choosing a method of distribution.

❑ **Direct to Participant** (Distribution check payable to yourself)

❑ **Direct Rollover** (Choose one of the following.)

❑ **401(k) Plan** (Move your balance to your current employer's 401(k) plan)

Make check payable to: ______________________________

Name of 401(k) Plan ("Smith Co. Retirement Trust"):

____

❑ **Traditional IRA** (Move your pre-tax 401(k) balance to an IRA.)

Name of Financial Institution ______________________________

Account Number ____________________ Other ____________________

❑ **Roth IRA** (Move your pretax and/or after-tax Roth balance to a Roth IRA)

❑ **Roth after-tax deferrals** AND/OR ❑ **Pre-tax deferrals**

Name of Financial Institution ______________________________

Account Number ____________________ Other ____________________

❑ **In-Kind Transfer** (Available only to those who have a have a brokerage account)

Current Brokerage Account Number: ______________________________

New Brokerage Account Number*: ______________________________

* An In-Kind transfer is only available to participants whose 401(k) assets are currently held in a brokerage account. You must transfer your assets to a brokerage account with the same provider (e.g. Schwab to Schwab).

❑ **In-Service Withdrawal** (Withdrawal from your 401(k) while you are still an active employee)

- ❑ Normal Retirement Age
- ❑ 59½ Withdrawal
- ❑ Minimum Distribution
- ❑ Hardship Withdrawal

In-Service Withdrawal Amount $____________________________

4. WAIVER OF WAITING PERIOD

You must receive the Special Tax Notice at least 30 days (no earlier than 90 days) prior to receiving your distribution. You may waive this 30-day waiting period to have your benefit paid earlier.

NOTE: Processing of your distribution will still be subject to Ubiquity's processing schedule as set forth on Page 1.

❑ **I wish to waive the 30-day waiting period**

5. WITHHOLDING ELECTION

If you have chosen the "Direct Rollover" in Section 3 above, go to section 7.

You can elect to not have **federal or state withholdings** taken if you are requesting a Required Minimum Distribution (Age 70½ Withdrawal) or Hardship Withdrawal because these distributions cannot be rolled over.

NOTE: If you do not have federal or state taxes withheld, this will not reduce your tax liability.

❑ **Do not withhold Federal Income Tax**
❑ **Do not withhold State Income Tax**

6. EMPLOYER REVIEW

Confirm that the employee's personal information is current prior to submission (check all that apply):

The following items are current on the Plan Sponsor Web site:

- ❑ **Final contributions submitted**
- ❑ **Termination Date**
- ❑ **Home Address**
- ❑ **E-mail Address**

7. SIGNATURES

I have read and understand the Distribution Form provided to me by Ubiquity. I hereby request payment from the Qualified Retirement Plan designated above in the manner indicated. I certify that all information provided by me is true and accurate. All decisions regarding this distribution are my own. I expressly assume the responsibility for any adverse tax and/or personal consequences which may arise from this distribution and agree that Ubiquity and any plan fiduciary is in no way responsible for those consequences.

Per your distribution instructions, Ubiquity is not responsible for gains or losses in the Market during the administrative processing of this request.

Additionally, if an over payment of a distribution is ever made in error, you will be responsible for remitting back the over payment.

Participant Signature ____ Date ______________________

Trustee Signature ____ Date ______________________

Trustee Print Name ____

WITHHOLDING NOTICE

DISTRIBUTION NOTICE FOR A QUALIFIED RETIREMENT PLAN

INSTRUCTIONS FOR DIRECT ROLLOVER OF ELIGIBLE ROLLOVER DISTRIBUTIONS

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 IRA or, if you choose, another qualified employer plan, eligible 457(b) plan, 403(a) or 403(b) plan that will accept it (direct rollover), or (2) the payment can be paid to you. If you choose to have your Plan benefit paid to you, you will receive only 80% of the payment, because the Plan Administrator is required to withhold 20% of the payment and send it to the IRS as income tax withholding to be credited against your taxes. You cannot waive that withholding.

Eligible rollover distributions are all distributions from the Plan except the following:

- Required minimum distributions;
- Certain distributions that are part of a series of equal (or almost equal) periodic payments that will last for your lifetime (or joint lives of you and your beneficiary) or for a specified period of 10 years or more;
- Distributions to non spouse beneficiaries of deceased participants; and
- Distributions due to hardship.

Your Plan Administrator has given or will give you a notice, which describes your options in greater detail. If you want your Plan Administrator to make a direct rollover of your Plan payment to a Traditional IRA, another qualified employer plan, eligible 457(b) plan, 403(a) or 403(b) plan you must provide certain information about that Traditional IRA or plan. Your Plan Administrator will specify that information. The Plan Administrator may ask you to complete and attach a Direct Rollover Request or similar form.

NOTE: Your Plan payment cannot be rolled over to a Roth IRA, a SIMPLE IRA, or a Coverdell Education Savings Account because these are not Traditional IRAs.

WITHHOLDING NOTICE AND INSTRUCTIONS

Substitute Form W-4P OMB #1545-0415

GENERAL

Distributions from your Qualified Retirement Plan are subject to Federal (and in some cases, State) income tax withholding. For some distributions, you can elect not to have withholding apply. **However, you cannot waive withholding on any eligible rollover distribution that is paid to you.** See the information above for the definition of eligible rollover distribution and a description of the mandatory 20% withholding.

DISTRIBUTIONS THAT ARE NOT ELIGIBLE ROLLOVER DISTRIBUTIONS

Election of No Withholding

If your distribution is not an eligible rollover distribution (see the definition of eligible rollover distribution above) you may elect not to have withholding apply. Check the withholding box (or boxes) if you do not want any Federal (or State, if applicable) income tax withheld from your distribution. Even if you do not have income tax withheld, you are liable for payments of income tax on the taxable portion of your distribution. You may also be subject to tax penalties under the estimated tax payment rules if your payments of estimated tax and withholding, if any, are not adequate.

The election to not have withholding apply does not apply to any periodic or non-periodic distributions that are delivered outside the U.S. or its possessions to a U.S. citizen or resident alien. Other recipients who have these payments delivered outside the U.S. or its possessions may choose not to have income tax withheld only if an individual completes Form W-8BEN, Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding, or satisfies the documentation requirements as provided under the regulations.

Periodic Distributions

For purposes of the withholding rules on distributions that are not eligible rollover distributions, a periodic distribution is one that is includible in your income for tax purposes and that you receive in installments at regular intervals (e.g., annually, quarterly, monthly, etc.) over a period of time (generally, at least 10 years).

Periodic distributions are treated as wages for purposes of withholding. If you do not waive withholding on your periodic distributions, Federal income tax will be withheld from each payment as if you were a married individual claiming three withholding allowances.

However, you can change the amount of the withholding by filling in the blanks below:

Number of allowances on which withholding is to be computed: ________________

Additional dollar amount to be withheld from each payment: $________________

Non-periodic Distributions

If you do not waive withholding on any non-periodic distribution that is not an eligible rollover distribution, Federal income tax will be withheld at the rate of 10%, unless you specify a greater rate here:

Rate __________% (not less than 10%)

CAUTION: Remember that there are penalties for not paying enough tax during the year, either through withholding or estimated tax payments. New retirees, especially, should see Publication 505. It explains the estimated tax requirements and penalties in detail. You may be able to avoid quarterly estimated tax payments by having enough tax withheld from your pension or annuity using Form W-4P.

NOTE: This plan is known as a "REA Safe Harbor" plan and no existing plan assets are subject to the REA annuity requirement.

SPECIAL TAX NOTICE

DISTRIBUTION NOTICE FOR A QUALIFIED RETIREMENT PLAN

INTRODUCTION

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

1. **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.
2. **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 (provided for distributions before January 1, 2010, your adjusted gross income for the taxable year of the distribution does not exceed $100,000 and you are not married filing a separate income tax return), 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).
3. **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.
4. **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) hardship distributions; (4) ESOP dividends; (5) corrective distributions; or (6) loans treated as distributions.
    a. ***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.

b. *Required minimum distributions.* Beginning in the year in which occurs the later of your retirement or your attainment of age 701/2, 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.

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

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

e. *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.

f. *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.

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

a. *After-tax/rollover into an IRA.* You may roll over your after-tax contributions to an IRA (including, for distributions after December 31, 2009, a Roth IRA) either directly or indirectly. For distributions before January 1, 2010, you may roll over your after-tax contributions to a Roth IRA, provided your adjusted gross income for the taxable year of the distribution does not exceed $100,000 and you are not married filing a separate income tax return. 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.

b. *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.

c. *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.

6. **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

1. **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.
2. **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 pre-tax distributions.
3. **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.
4. **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.”
5. **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 (except that a special taxation rule applies to distributions during 2010 that you roll over to a Roth IRA, under which the distribution can be subject to taxation ratably during 2011 and 2012). For distributions before January 1, 2010, you may not roll over a distribution from a pre-tax account to a Roth IRA if your adjusted gross income for the taxable year exceeds $100,000. However, the adjusted gross income limit on direct rollovers from a pre-tax account to a Roth IRA does not apply to distributions after December 31, 2009.

C. DISTRIBUTIONS YOU RECEIVE

1. **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.
2. **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.

3. **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. Note that taxes and penalties with regard to the distribution may exceed the 20% withheld.

4. **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, subject to the limitations described in Section A) 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. 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.

5. **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, of 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.

6. **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. For example, the 10% penalty tax does not apply if you separate from service with the Employer during or after the calendar year in which you attain age 55, and then receive a distribution. See IRS Form 5329 for more information on the 10% penalty tax.

   If you directly roll over a pre-tax distribution to a Roth IRA, 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 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.

7. **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.

8. **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 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.

9. **Government publications.** IRS Publication 575 and IRS Publication 590 provide additional information about the tax treatment of plan distributions and rollovers. These publications are available from your local IRS office, on the IRS's Internet Website at www.irs.gov, or by calling 1-800-TAX-FORMS.

10. **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.