# DEATH OF ACCOUNT OWNER - RETIREMENT ACCOUNTS

This form is used when a beneficiary is requesting a distribution due to death. Options may vary; please consult with your tax professional. Please read the information and instructions completely before submitting. All fields are required to avoid a delay in your request.

## SECTION 1 ACCOUNT HOLDER INFORMATION

First Name | M.I. | Last Name

Address (Street Address only. P.O. Boxes not accepted) | Apartment/Suite

City | State | Zip

Phone Number | Email Address* | Date of Birth (MM/DD/YYYY) | Social Security Number

◯ 403(b) ◯ 457 ◯ Other Plan Type: ____________________

Employer/Plan Name

* By providing your email address, you consent to receiving notifications regarding your account via email. If no email is provided, communications will be sent via USPS.

## SECTION 2 REQUIRED DOCUMENTATION

Submit additional documentation as noted below:

- Copy of death certificate must be provided.
- A certified hard copy of the death certificate is required if the distribution amount is greater than $5,000. Mail to IPX Retirement at the address below.
- Letters of testamentary, letters of administration, or a notarized copy of the small estate affadavit must be provided IF no Beneficiary was designated by the Employee and there is no surviving spouse.
- Each Beneficiary must submit a separate distribution form. Include any required documentation if not previously submitted.

## SECTION 3 BENEFICIARY INFORMATION

The following person or entity below as beneficiary(ies) may receive payment of the value of this retirement account upon death.

**Each beneficiary must complete their own beneficiary form.**

Beneficiary's Name (first, middle, last) or Entity Name

Address (Street Address only. P.O. Boxes not accepted) | Apartment/Suite

City | State | Zip

Daytime Phone Number | Evening Phone Number | Email Address

Date of Birth (MM/DD/YYYY) | Social Security Number | Relationship to Participant

## SECTION 4 DISTRIBUTION INSTRUCTIONS

Complete the distribution amount, either as a dollar amount or percentage.

Specific Dollar Amount: ____________ or Specific Percentage Amount: ____________

### PRE-TAX

**SELECT DISTRIBUTION TYPE**

◯ **Direct Rollover:** Not subject to required tax withholding.

◯ **Cash Distribution:** Subject to a required Federal tax withholding rate of 20%. May also be subject to state tax withholding.

*See Sections 5 and 6 for withholding information.*

### AFTER-TAX (ROTH)

**SELECT DISTRIBUTION TYPE**

◯ **Direct Rollover:** Not subject to required tax withholding.

◯ **Cash Distribution:** Not subject/eligible for tax withholding due to current after-tax status. Usually no withholding needed.

*See Sections 5 and 6 for withholding information.*

## SECTION 5 FEDERAL WITHHOLDING NOTICE AND ELECTION

Please review, complete and sign the 2023 Federal Tax Withholding Form W-4R on page 4. The Form W-4R must be completed and signed or your distribution will not be processed.

## SECTION 6 STATE WITHHOLDING NOTICE AND ELECTION

If you do make an election or if your state requires a mandatory amount of withholding, we will withhold at the rate specified by your state of residence for the type of payment you are requesting. In some cases, your state specific withholding election form is required to opt out of withholding or to choose a lower rate than the state's default rate. Please contact your State Department of Taxation for additional information.

If you are a resident of the following states, you must make an election for State Withholding as we are required by law to withhold the State's minimum:

- Mandatory withholding (see state website for options to reduce or opt out): CT, DC, MI, MS, NC
- Mandatory withholding if Federal withholding is elected: IA, MA, ME, NE, OK, VT
- Mandatory withholding if Federal withholding is elected unless you select "Do Not Withhold": AR, CA, DE, OR, VA

◯ Do not withhold State income tax from my distribution.

◯ Withhold ________ % State income tax from my distribution.

*If the state has required withholding, you must elect that % or more. If you elect less, we will withhold the minimum.*

## SECTION 7 SENDING DISTRIBUTION PROCEEDS

**Distribution fees may apply. Please check your product disclosure for more information.**

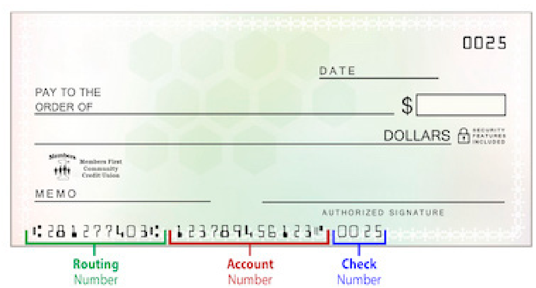
### CASH DISTRIBUTION

◯ Check - Check will be made out to the Beneficiary and sent to the address in Section 3.

◯ Electronic Funds Transfer/ ACH to your bank

**BANKING INFORMATION (ALL FIELDS ARE REQUIRED):**

| | |
|---|---|
| Bank Name: | |
| Bank City: | |
| Bank State: | |
| Bank Zip Code: | |
| Names(s) on Account: | |
| ABA Routing Number: | |
| Account Number: | |
| Type: (Checking, Savings) | |




NOTE: Please confirm instructions with the receiving financial institution. Then, verify that all account information is correct. If funds reject due to incorrect account information, you will be charged any applicable reject fees.

### DIRECT ROLLOVER (A letter of Acceptance is required for an inherited IRA).

| | |
|---|---|
| New Investment Provider: | |
| Account Number: | |

**MAIL TO:**

| | |
|---|---|
| Company Name: | |
| Mailing Address 1: | |
| Mailing Address 2: | |
| City: | |
| State: | |
| Zip Code: | |

## SECTION 8 SIGNATURE & ACCEPTANCE

### BENEFICIARY SECTION

By signing below, I certify that I am the beneficiary or other person authorized to sign this form, and that the information on this form is correct. You may rely on my certification and documents provided without further investigation or inquiry. I authorize the distribution of proceeds from my account in the manner and for the reasons stated on this form.

Account Holder/Beneficiary/Alternate Signature

Date (MM/DD//YYYY)

Printed Name of Signator

### ADMINISTRATOR SECTION

Third-party administrator or plan sponsor approval of this distribution can be provided in one of two ways; 1) Separate correspondence (a letter, certificate, or other form of written authorization), OR 2) By signature below authorizing the distribution request.

Administrator Signature

Date (MM/DD/YYYY)

Printed Name of Signator

Printed Name of Administrator Company

*Return completed forms via one of these methods:*

***Email***
*IPXDistributions@PCSRetirement.com*

***Fax***
*720-900-2769*

***Mail***
*IPX Retirement*
*c/o Aspire Financial Services*
*3000 Chestnut St.*
*Unit 7767*
*Philadelphia, PA 19101*

Form **W-4R**

Department of the Treasury
Internal Revenue Service

# Withholding Certificate for Nonperiodic Payments and Eligible Rollover Distributions

**Give Form W-4R to the payer of your retirement payments.**

OMB No. 1545-0074

**2023**

| **1a** First name and middle initial | Last name | **1b Social security number** |
|---|---|---|
| | | |

Address

City or town, state, and ZIP code

Your withholding rate is determined by the type of payment you will receive.

- For nonperiodic payments, the default withholding rate is 10%. You can choose to have a different rate by entering a rate between 0% and 100% on line 2. Generally, you can't choose less than 10% for payments to be delivered outside the United States and its territories.
- For an eligible rollover distribution, the default withholding rate is 20%. You can choose a rate greater than 20% by entering the rate on line 2. You may not choose a rate less than 20%.

See page 2 for more information.

**2** Complete this line if you would like a rate of withholding that is different from the default withholding rate. See the instructions on page 2 and the Marginal Rate Tables below for additional information. Enter the rate as a whole number (no decimals) . . . . . . . . . . . . . . . . . . . . . **2** %

**Sign Here**

**Your signature** (This form is not valid unless you sign it.) **Date**

## General Instructions

Section references are to the Internal Revenue Code.

**Future developments.** For the latest information about any future developments related to Form W-4R, such as legislation enacted after it was published, go to *www.irs.gov/FormW4R*.

**Purpose of form.** Complete Form W-4R to have payers withhold the correct amount of federal income tax from your nonperiodic payment or eligible rollover distribution from an employer retirement plan, annuity (including a commercial annuity), or individual retirement arrangement (IRA). See page 2 for the rules and options that are available for each type of payment. Don't use Form W-4R for periodic payments (payments made in installments at regular intervals over a period of more than 1 year) from these plans or arrangements. Instead, use Form W-4P, Withholding Certificate for Periodic Pension or Annuity Payments. For more information on withholding, see Pub. 505, Tax Withholding and Estimated Tax.

**Caution:** If you have too little tax withheld, you will generally owe tax when you file your tax return and may owe a penalty unless you make timely payments of estimated tax. If too much tax is withheld, you will generally be due a refund when you file your tax return. Your withholding choice (or an election not to have withholding on a nonperiodic payment) will generally apply to any future payment from the same plan or IRA. Submit a new Form W-4R if you want to change your election.

## 2023 Marginal Rate Tables

You may use these tables to help you select the appropriate withholding rate for this payment or distribution. Add your income from all sources and use the column that matches your filing status to find the corresponding rate of withholding. See page 2 for more information on how to use this table.

| **Single or Married filing separately** | | **Married filing jointly or Qualifying surviving spouse** | | **Head of household** | |
|---|---|---|---|---|---|
| *Total income over—* | **Tax rate for every dollar more** | *Total income over—* | **Tax rate for every dollar more** | *Total income over—* | **Tax rate for every dollar more** |
| $0 | **0%** | $0 | **0%** | $0 | **0%** |
| 13,850 | **10%** | 27,700 | **10%** | 20,800 | **10%** |
| 24,850 | **12%** | 49,700 | **12%** | 36,500 | **12%** |
| 58,575 | **22%** | 117,150 | **22%** | 80,650 | **22%** |
| 109,225 | **24%** | 218,450 | **24%** | 116,150 | **24%** |
| 195,950 | **32%** | 391,900 | **32%** | 202,900 | **32%** |
| 245,100 | **35%** | 490,200 | **35%** | 252,050 | **35%** |
| 591,975* | **37%** | 721,450 | **37%** | 598,900 | **37%** |

* If married filing separately, use $360,725 instead for this 37% rate.

## General Instructions *(continued)*

**Nonperiodic payments—10% withholding.** Your payer must withhold at a default 10% rate from the taxable amount of nonperiodic payments **unless** you enter a different rate on line 2. Distributions from an IRA that are payable on demand are treated as nonperiodic payments. Note that the default rate of withholding may not be appropriate for your tax situation. You may choose to have no federal income tax withheld by entering “-0-” on line 2. See the specific instructions below for more information. Generally, you are not permitted to elect to have federal income tax withheld at a rate of less than 10% (including “-0-”) on any payments to be delivered outside the United States and its territories.

***Note:*** If you don’t give Form W-4R to your payer, you don’t provide an SSN, or the IRS notifies the payer that you gave an incorrect SSN, then the payer must withhold 10% of the payment for federal income tax and can’t honor requests to have a lower (or no) amount withheld. Generally, for payments that began before 2023, your current withholding election (or your default rate) remains in effect unless you submit a Form W-4R.

**Eligible rollover distributions—20% withholding.** Distributions you receive from qualified retirement plans (for example, 401(k) plans and section 457(b) plans maintained by a governmental employer) or tax-sheltered annuities that are eligible to be rolled over to an IRA or qualified plan are subject to a 20% default rate of withholding on the taxable amount of the distribution. You can’t choose withholding at a rate of less than 20% (including “-0-”). Note that the default rate of withholding may be too low for your tax situation. You may choose to enter a rate higher than 20% on line 2. Don’t give Form W-4R to your payer unless you want more than 20% withheld.

Note that the following payments are **not** eligible rollover distributions: (a) qualifying “hardship” distributions, and (b) distributions required by federal law, such as required minimum distributions. See Pub. 505 for details. See also *Nonperiodic payments—10% withholding* above.

**Payments to nonresident aliens and foreign estates.** Do not use Form W-4R. See Pub. 515, Withholding of Tax on Nonresident Aliens and Foreign Entities, and Pub. 519, U.S. Tax Guide for Aliens, for more information.

**Tax relief for victims of terrorist attacks.** If your disability payments for injuries incurred as a direct result of a terrorist attack are not taxable, enter “-0-” on line 2. See Pub. 3920, Tax Relief for Victims of Terrorist Attacks, for more details.

## Specific Instructions

### Line 1b

For an estate, enter the estate’s employer identification number (EIN) in the area reserved for “Social security number.”

### Line 2

**More withholding.** If you want more than the default rate withheld from your payment, you may enter a higher rate on line 2.

**Less withholding (nonperiodic payments only).** If permitted, you may enter a lower rate on line 2 (including “-0-”) if you want less than the 10% default rate withheld from your payment. If you have already paid, or plan to pay, your tax on this payment through other withholding or estimated tax payments, you may want to enter “-0-”.

**Suggestion for determining withholding.** Consider using the Marginal Rate Tables on page 1 to help you select the appropriate withholding rate for this payment or distribution. The tables are most accurate if the appropriate amount of tax on all other sources of income, deductions, and credits has been paid through other withholding or estimated tax payments. If the appropriate amount of tax on those sources of income has not been paid through other withholding or estimated tax payments, you can pay that tax through withholding on this payment by entering a rate that is greater than the rate in the Marginal Rate Tables.

The marginal tax rate is the rate of tax on each additional dollar of income you receive above a particular amount of income. You can use the table for your filing status as a guide to find a rate of withholding for amounts above the total income level in the table.

To determine the appropriate rate of withholding from the table, do the following. Step 1: Find the rate that corresponds with your total income not including the payment. Step 2: Add your total income and the taxable amount of the payment and find the corresponding rate.

If these two rates are the same, enter that rate on line 2. (See *Example 1* below.)

If the two rates differ, multiply (a) the amount in the lower rate bracket by the rate for that bracket, and (b) the amount in the higher rate bracket by the rate for that bracket. Add these two numbers; this is the expected tax for this payment. To get the rate to have withheld, divide this amount by the taxable amount of the payment. Round up to the next whole number and enter that rate on line 2. (See *Example 2* below.)

If you prefer a simpler approach (but one that may lead to overwithholding), find the rate that corresponds to your total income including the payment and enter that rate on line 2.

**Examples.** Assume the following facts for *Examples 1* and *2*. Your filing status is single. You expect the taxable amount of your payment to be $20,000. Appropriate amounts have been withheld for all other sources of income and any deductions or credits.

***Example 1.*** You expect your total income to be $60,000 without the payment. Step 1: Because your total income without the payment, $60,000, is greater than $58,575 but less than $109,225, the corresponding rate is 22%. Step 2: Because your total income with the payment, $80,000, is greater than $58,575 but less than $109,225, the corresponding rate is 22%. Because these two rates are the same, enter “22” on line 2.

***Example 2.*** You expect your total income to be $42,500 without the payment. Step 1: Because your total income without the payment, $42,500, is greater than $24,850 but less than $58,575, the corresponding rate is 12%. Step 2: Because your total income with the payment, $62,500, is greater than $58,575 but less than $109,225, the corresponding rate is 22%. The two rates differ. $16,075 of the $20,000 payment is in the lower bracket ($58,575 less your total income of $42,500 without the payment), and $3,925 is in the higher bracket ($20,000 less the $16,075 that is in the lower bracket). Multiply $16,075 by 12% to get $1,929. Multiply $3,925 by 22% to get $863.50. The sum of these two amounts is $2,792.50. This is the estimated tax on your payment. This amount corresponds to 14% of the $20,000 payment ($2,792.50 divided by $20,000). Enter “14” on line 2.

**Privacy Act and Paperwork Reduction Act Notice.** We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to provide this information only if you want to (a) request additional federal income tax withholding from your nonperiodic payment(s) or eligible rollover distribution(s); (b) choose not to have federal income tax withheld from your nonperiodic payment(s), when permitted; or (c) change a previous Form W-4R (or a previous Form W-4P that you completed with respect to your nonperiodic payments or eligible rollover distributions). To do any of the aforementioned, you are required by sections 3405(e) and 6109 and their regulations to provide the information requested on this form. Failure to provide this information may result in inaccurate withholding on your payment(s). Failure to provide a properly completed form will result in your payment(s) being subject to the default rate; providing fraudulent information may subject you to penalties.

Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation, and to cities, states, the District of Columbia, and U.S. commonwealths and territories for use in administering their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The average time and expenses required to complete and file this form will vary depending on individual circumstances. For estimated averages, see the instructions for your income tax return.

If you have suggestions for making this form simpler, we would be happy to hear from you. See the instructions for your income tax return.

**PLEASE RETAIN FOR YOUR RECORDS**

# Special Tax Notice Regarding Retirement Plan Payments (402(f))

This notice explains how you can continue to defer federal income tax on your retirement savings in your employer's 403(b) or 457 plan (the "Plan") and contains important information you will need before you decide how to receive your Plan benefits.

This notice is provided to you because all or part of the payment that you will soon receive from the Plan may be eligible for rollover by you or your Payor to a traditional IRA or an eligible employer plan. A rollover is a payment by you or the Payor 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. Your payment cannot be rolled over to a Roth IRA, a SIMPLE-IRA or a Coverdell Education Savings Account (formerly known as an Education IRA). An "eligible employer plan" includes a plan qualified under section 401(a) of the Internal Revenue Code, including a 401(k) plan, profit-sharing plan, defined benefit plan, stock bonus plan, and money purchase plan; a section 403(a) annuity plan; a section 403(b) tax-sheltered annuity; and an eligible section 457(b) plan maintained by a governmental employer (governmental 457 plan).

An eligible employer plan is not legally required to accept a rollover. Before you decide to roll over your payment to another employer plan, you should find out whether the plan accepts rollovers and, if so, the types of distributions it accepts as a rollover. You should also find out about any documents that are required to be completed before the receiving plan will accept a rollover. Even if a plan accepts rollovers, it might not accept rollovers of certain types of distributions, such as after-tax amounts. If this is the case, and your distribution includes after-tax amounts, you may wish instead to roll your distribution over to a traditional IRA or split your rollover amount between the employer plan in which you will participate and a traditional IRA.

If an employer plan accepts your rollover, the plan may restrict subsequent distributions of the rollover amount or may require your spouse's consent for any subsequent distribution. A subsequent distribution from the plan that accepts your rollover may also be subject to different tax treatment than distributions from this Plan. Check with the administrator of the plan that is to receive your rollover prior to making the rollover.

## Summary of Notice

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 that you establish or to an eligible employer plan that will accept it and hold it for your benefit ("**direct rollover**"); **OR**
2. The payment can be **paid to you**.

If you choose a **direct rollover**:

- Your payment will not be taxed in the current year and no income tax will be withheld. You choose whether your payment will be made directly to your traditional IRA or to an eligible employer plan that accepts your rollover. Your payment cannot be rolled over to a Roth IRA, a SIMPLE-IRA or a Coverdell Education Savings Account because these are not traditional IRAs.
- The taxable portion of your payment will be taxed later when you take it out of the traditional 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 choose to have a Plan payment that is eligible for rollover **paid to you**:

- You will receive only 80% of the taxable amount of the payment, because the Payor is required to withhold 20% of that amount and send it to the IRS as income tax withholding to be credited against your taxes.
- The taxable amount of your payment will be taxed in the current year unless you roll it over. Under limited circumstances, you may be able to use special tax rules that could reduce the tax you owe. However, if you receive the payment before age $59^{1/2}$, you may have to pay an additional 10% tax.
- You can roll over all or part of the payment by paying it to your traditional IRA or to an eligible employer plan that accepts your rollover within 60 days after you receive the payment. The amount rolled over will not be taxed until you take it out of the traditional IRA or the eligible employer plan.
- If you want to roll over 100% of the payment to a traditional IRA or an eligible employer plan, you must find other money to replace the 20% of the taxable portion that was withheld. If you roll over only the 80% that you received, you will be taxed on the 20% that was withheld and that is not rolled over.

**Your right to waive the 30-day notice period**

Generally, neither a direct rollover nor a payment can be made from the plan until at least 30 days after your receipt of this notice. Thus, after receiving this notice, you have at least 30 days to consider whether or not to have your withdrawal 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 withdrawal will then be processed in accordance with your election as soon as practical after it is received by the Payor.

## Payments that can and cannot be rolled over

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

**After-tax contributions**
If you made after-tax contributions to the Plan, these contributions may be rolled into either a traditional IRA or to certain employer plans that accept rollovers of the after-tax contributions. The following rules apply:

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

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

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

**(b) Rollover into an employer plan.** You can roll over after-tax contributions from an employer plan that is qualified under Code section 401(a) or a section 403(a) annuity plan to another such plan using a direct rollover if the other plan provides separate accounting for amounts rolled over, including separate accounting for the after-tax employee contributions and earnings on those contributions. You also can roll over after-tax contributions from a section 403(b) tax-sheltered annuity to another section 403(b) tax-sheltered annuity using a direct rollover if the other tax-sheltered annuity provides separate accounting for amounts rolled over, including separate accounting for the after-tax employee contributions and earnings on those contributions. You cannot roll over after-tax contributions to a governmental 457 plan. 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 Payor of this Plan to make a direct rollover on your behalf. Also, you cannot first roll over after-tax contributions to a traditional IRA and then roll over that amount into an employer plan.

**The following types of payments cannot be rolled over:**

**Payments spread over long periods**
You cannot roll over a payment if it's part of a series of equal (or almost equal) payments that are made at least once a year and that will last for:

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

**Required minimum payments**
Beginning when you reach age 70 1⁄2 or retire, whichever is later, a certain portion of your payment cannot be rolled over because it is a "required minimum payment" that must be paid to you. Special rules apply if you own more than 5% of your employer.

**Hardship distributions**
A hardship distribution cannot be rolled over.

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

**Loans treated as distributions**

The amount of a plan loan that becomes a taxable deemed distribution because of a default cannot be rolled over. However, a loan offset amount is eligible for rollover. Ask the Payor of this Plan if distribution of your loan qualifies for rollover treatment.

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

## Direct rollover

A **direct rollover** is a direct payment of the amount of your Plan benefits to a traditional or Roth IRA or an eligible employer plan that will accept it. You can choose a **direct rollover** of all or any portion of your payment that is an eligible rollover distribution, as described above. You are not subject to tax on any portion of your payment for which you choose a **direct rollover** until you later take it out of the traditional or Roth IRA or eligible employer plan. In addition, no income tax withholding is required for any taxable portion of your Plan benefits for which you choose a **direct rollover**. This Plan might not let you choose a **direct rollover** if your distributions for the year are less than $200.

### Direct rollover to a traditional IRA

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

### Direct rollover to a Roth IRA

If you made Roth Deferral Contributions to your 401(k), you can open a Roth IRA to receive a portion of your direct rollover. The balance of your distribution can be rolled over to a traditional IRA and then transferred to a Roth IRA. If you choose to have your benefit transferred to a Roth IRA directly or through a traditional IRA, contact an IRA sponsor (usually a financial institution) to find out how to have your payment made to either a traditional and/or Roth IRA at that institution. If you are unsure about how to invest your money, you can temporarily establish an IRA to receive the payment. However, in choosing an IRA you may wish to make sure that the IRA you choose will allow you to move all or part of your payment to another IRA at a later date, without penalties or other limitations. See IRS Publication 590, Individual Retirement Arrangements, for more information on IRAs (including limits on how often you can roll over between IRAs).

### Direct rollover to a plan

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

### Direct rollover of a series of payments

If you receive a payment that can be rolled over to an IRA or an eligible employer plan that will accept it, and it is paid in a series of payments for less than 10 years, your choice to make or not make a direct rollover for a payment will apply to all later payments in the series until you change your election. You are free to change your election for any later payment in the series.

### Change in tax treatment resulting from a direct rollover

The tax treatment of any payment from the eligible employer plan or an IRA receiving your direct rollover might be different than if you received your benefit in a taxable distribution directly from the Plan.

## Payment paid to you

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

### Mandatory income tax withholding

If any portion of your payment can be rolled over and you do not elect to make a direct rollover, the Plan is required by law to withhold 20% of the taxable amount. This amount is sent to the IRS as federal income tax withholding.

> **Example:** If you can roll over a taxable payment of $10,000, only $8,000 will be paid to you because the Plan must withhold $2,000 as income tax. However, when you prepare your income tax return for the year, unless you make a rollover within 60 days (see "Sixty-day rollover option" below), you must report the full $10,000 as a taxable payment from the Plan. You must report the $2,000 as tax withheld, and it will be credited against any income tax you owe for the year. There will be no income tax withholding if your payments for the year are less than $200.

### Voluntary income tax withholding

If any portion of your payment is taxable but cannot be rolled over, the mandatory withholding rules described above do not apply. In this case, you may elect not to have withholding apply to that portion. If you do nothing, an amount will be taken out of this portion of your payment for federal income tax withholding.

### Sixty-day rollover option

If you receive a payment that can be rolled over, you can still decide to roll over all or part of it to an IRA or to an eligible employer plan that accepts roll overs. If you decide to roll over, you must contribute the amount of the payment you received to a traditional IRA or eligible employer plan within 60 days after you receive the payment. The portion of your payment that is rolled over will not be taxed until you take it out of the traditional IRA or the eligible employer plan.

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

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

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

**Additional 10% tax if you are under age $59^{1/2}$**

If you receive a payment before you reach age $59^{1/2}$ and you do not roll it over, then, in addition to the regular income tax, you may have to pay an extra tax equal to 10% of the taxable portion of the payment. The additional 10% tax generally does not apply to (1) payments that are paid after you separate from service with your employer during or after the year you reach age 55, (2) payments that are paid because you retire due to disability, (3) payments that are paid as equal (or almost equal) payments over your life or life expectancy (or your and your beneficiary's lives or life expectancies), (4) dividends paid with respect to stock by an employee stock ownership plan (ESOP) as described in Code section 401(k), (5) payments that are paid directly to the government to satisfy a federal tax levy, (6) payments that are paid to an alternate payee under a qualified domestic relations order, or (7) payments that do not exceed the amount of your deductible medical expenses. See IRS Form 5329 for more information on the additional 10% tax.

The additional 10% tax will not apply to distributions from a governmental 457 plan, except to the extent the distribution is attributable to an amount you rolled over to that plan (adjusted for investment returns) from another type of eligible employer plan or IRA. Any amount rolled over from a governmental 457 plan to another type of eligible employer plan or to a traditional IRA will become subject to the additional 10% tax if it is distributed to you before you reach age $59^{1/2}$, unless one of the exceptions applies. The portion of your payment that is rolled over will not be subject to tax until you take it out of your IRA or the eligible employer plan.

**Repayment of plan loans**

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

**Surviving spouses, alternate payees, and other beneficiaries**

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

If you are a beneficiary or an alternate payee, you may choose to have a payment that can be rolled over paid in a direct rollover to an IRA or to an eligible employer plan or paid to you. If you have the payment paid to you, you can keep it or roll it over yourself to an IRA or to an eligible employer plan.

If you are a surviving spouse, an alternate payee or another beneficiary, your payment is generally not subject to the additional 10% tax, even if you are younger than age $59^{1/2}$.

**How to obtain additional information**

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