



# ASBESTOS WORKERS LOCAL 24 DEFINED CONTRIBUTION PLAN

7130 Columbia Gateway Drive, Suite A  
Columbia, MD 21046

## BENEFIT APPLICATION For Distributions \$5,000 and Over

**INSTRUCTIONS:** Please read this application carefully and completely before answering any questions. Print your answers clearly. If any section of the application is not clear to you, please contact the Fund Office. Do not skip any questions or leave out any of the information requested. If a section does not apply, write 'n/a' in the blank. When you have completed your application, mail it to the Fund Office with proof of age for you and your spouse, and if applicable, proof of disability, marriage or divorce and/or property settlements.

**90% of your account balance will be paid upon approval of your application. The remaining balance plus any gain and less any loss or expenses will be paid as soon as the amount is determined at the end of the plan year.**

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### 1. PERSONAL DATA

Include proof of age with your application.

Name \_\_\_\_\_

Last, First, Middle

Social Security Number \_\_\_\_\_

Address \_\_\_\_\_

Street

\_\_\_\_\_

City, State, Zip

Date of Birth \_\_\_\_\_ Telephone (\_\_\_\_) \_\_\_\_\_

Marital Status \_\_\_\_\_

Date you wish to be your Annuity Starting Date? \_\_\_\_\_

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### 2. ELIGIBILITY

Check the one box at the right which applies to you

- You are at least age 55 and have retired or are soon to retire. *If you have checked this box complete Sections 4 and 5 of this application.*
- You have separated from covered employment and have not worked any hours for which contributions are required to be made to the Plan on your behalf for a period of at least six consecutive months, and have not worked in the same trade or craft and in the same geographic area covered by the Plan. *If you checked this box complete Sections 4 and 5 of this application.*
- Your employer is no longer contributing to the Plan due to a change in the terms of the Collective Bargaining Agreement, and has not contributed for a period of at least six (6) months, and you are no longer employed in the same trade or craft and in the same geographic area covered by the Plan. *If you have checked this box completed Sections 4 and 5 of this application.*
- You are totally and permanently disabled. *If you have checked this box complete Sections 3, 4, and 5 of this application*

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**3. DISABILITY**

You must attach medical evidence of your total and permanent disability to this application including a copy of any of the disability awards you may have received

1. Date you became totally and permanently disabled \_\_\_\_\_

2. Condition causing your total and permanent disability \_\_\_\_\_

3. Have you been granted a disability award from:

Social Security Administration  Yes  No

4. I hereby certify that as a result of injury, disease or mental disorder I am completely unable to engage in Covered Employment, and it is reasonably certain that my condition will continue during my remaining lifetime.



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Signature of Applicant

Date

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**4. SEPARATION FROM  
COVERED EMPLOYMENT**

1. Are you working now?  Yes  No

2. When did you last work in any employment for which contributions were required to be made to the Fund on your behalf? \_\_\_\_\_

3. Name and address of last contributing employer \_\_\_\_\_

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4. Name and address of present employer, if any \_\_\_\_\_

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**5. BENEFIT ELECTION****#1. Employee's Statement**

Complete one of the statements in Part A and as applicable, Parts B and C.

**If you are married when benefit payments are scheduled to begin, distribution of your Accumulated Share, by law, is automatically paid as a 50% Joint and Survivor Annuity.**

The 50% Joint and Survivor Annuity provides you with a monthly lifetime benefit. Upon your death, your spouse will receive a lifetime monthly benefit equal to 50% of the amount that you were being paid prior to your death. However, if you wish to waive the automatic 50% Joint and Survivor Annuity, you and your spouse must complete this section and sign it in the presence of a Notary Public within the 180 days immediately preceding the date your annuity becomes payable. If you reject the 50% Joint and Survivor Annuity, no benefit will be paid to your spouse unless he or she is your designated beneficiary.

If you are unmarried when payments are scheduled to begin, your Accumulated Share is paid to you in the form of a monthly annuity for your lifetime with payments ceasing at your death unless you elect otherwise. If you wish to waive this annuity you must complete this section and sign it in the presence of a Notary Public within the 180 days immediately preceding the date your annuity becomes payable.

**Part A** I declare as follows:

I, \_\_\_\_\_, hereby state that I am not legally married at this time and will receive my Accumulated Share as a Life Annuity unless I elect otherwise in Part B below.

Part A includes your declaration of marital status and, if married, your decision regarding spousal benefits  
**(Check one box)**

## 5. BENEFIT ELECTION

### #1. Employee's Statement (Continued)

If you are married AND if you are REJECTING the 50% Joint and Survivor Annuity, your spouse must complete the Spouse's Statement (Section 5 - #2)

If you are not married you must complete the Statement by Unmarried Employees (Section 5 - #3)

Part B includes your election of an alternative form of benefit payment if you are rejecting the automatically monthly benefit. Refer to "Guidelines for Estimating Payments" for more information about available forms of payments.

I, \_\_\_\_\_, hereby state that I am legally married to the person co-signing this form and I acknowledge that my benefit payment will be in the automatic form of a 50% Joint and Survivor Annuity.

I, \_\_\_\_\_, hereby state that I am legally married to the person co-signing this form and that I waive the payment of my Accumulated Share in the automatic form of a 50% Joint and Survivor Annuity in favor of the optional form of payment I have elected in Part C below and depending on the form my spouse may not receive any benefit payable upon my death. I understand that my waiver of the 50% Husband and Wife Annuity is not effective without the written consent, witnessed by a Notary Public, of the person to whom I am legally married and that I may revoke my waiver at any time within the 180-day period before my benefit becomes payable. I further understand that I may not change my form of benefit or beneficiary(ies) without the consent of my spouse unless he or she expressly permits such designations without his or her written consent.

### **Part B**

After consideration of the available forms of distribution of my Accumulated Share under the Asbestos Workers Local 24 Defined Contribution Plan, I reject the automatic lifetime monthly benefit (50% Joint and Survivor Annuity if I am married or the Life Annuity if I am unmarried) and I elect to receive my Accumulated Share in the following form of payment.

single lump sum

equal installments for \_\_\_\_\_ months (at least 36 but not to exceed 120 months)

combination of \$\_\_\_\_\_ in a single lump sum and the balance in \_\_\_\_\_ (must be at least \$100 per month) equal monthly installments (not to exceed 120 months)

a life annuity, payable monthly during my life, with no survivor benefit

a 50% joint and survivor annuity, which provides a reduced monthly benefit during my life and 50% of such reduced benefit to my beneficiary for his or her life, after my death

a 66 2/3% joint and survivor annuity, which provides a reduced monthly benefit during my life and 66 2/3% of such reduced benefit to my beneficiary for his or her life, after my death

a 75% joint and survivor annuity, which provides a reduced monthly benefit during my life and 75% of such reduced benefit to my beneficiary for his or her life, after my death

a 100% joint and survivor annuity, which provides a reduced monthly benefit during my life and 100% of such reduced benefit to my beneficiary for his or her life, after my death

**#1. Employee's Statement  
(Continued)**

Part C includes your designation of beneficiaries. If you are married your spouse must complete Part E

If you wish to name more than one person as co-beneficiaries please contact the Fund Office for instructions.

**Part C**

I hereby designate the following to receive the benefit, if any payable, under the Plan upon my death.

Primary Beneficiary

Name	Birth Date
Address	Relationship
Social Security Number _____	

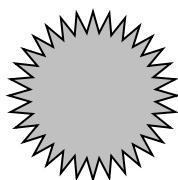
In addition, I hereby designate the following person(s) as my Contingent Beneficiary in case no Primary Beneficiary survives me. (A Contingent Beneficiary is entitled to receive benefits only if all designated Primary Beneficiaries predecease you).

Contingent Beneficiary

Name	Birth Date
Address	Relationship
Social Security Number _____	



**You must include your notarized signature. Do not leave any section blank.**



Signature of Applicant \_\_\_\_\_

Date \_\_\_\_\_

State of \_\_\_\_\_

County of \_\_\_\_\_

On this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ before  
me, a Notary Public came \_\_\_\_\_ known  
to me who executed the forgoing in my presence.

Notary Public: \_\_\_\_\_

**SEAL**

Expiration Date: \_\_\_\_\_

## 5. BENEFIT ELECTION

Spouse's Name \_\_\_\_\_

Spouse's Social Security No. \_\_\_\_\_

Spouse's Date of Birth \_\_\_\_\_

Date of Marriage \_\_\_\_\_

### #2 Spouse's Statement

Your spouse must complete Part D if you have waived the 50% Joint and Survivor Annuity

### Part D

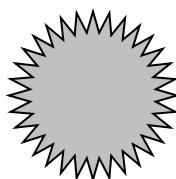
I swear that I am the legal spouse of the employee described above. I understand the Plan is obligated to pay retirement benefits of married participants in the form of a 50% Joint and Survivor Annuity which would provide me with a monthly lifetime pension payable to my spouse when living, if he or she dies before me. I also understand that my spouse has the right to waive this requirement if I consent to the waiver. I understand that the effect of the waiver is to cause me to give up this survivor protection and the pension paid to my spouse during his or her lifetime may be higher than if I had not consented to this waiver. Nevertheless, I hereby consent to the waiver of the 50% Joint and Survivor Annuity and the election of \_\_\_\_\_ as the form of benefit payment.

Your spouse must complete Part E (if a non-spouse is named as beneficiary, enter 'n/a' if not applicable).

**You must include your notarized signature. Do not leave any section blank.**

### Part E

I understand further that my spouse may not name someone other than me as a beneficiary to receive any benefit payable under the Plan in the event of my spouse's death unless I consent to the designated beneficiary or waive my right to do so. I therefore consent to the designation of \_\_\_\_\_ as beneficiary. Such designation may not be changed or revoked without my consent.



Signature of Spouse \_\_\_\_\_

Date \_\_\_\_\_

State of \_\_\_\_\_

County of \_\_\_\_\_

On this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ before  
me, a Notary Public came \_\_\_\_\_ known  
to me who executed the forgoing in my presence.

Notary Public: \_\_\_\_\_

**SEAL**

Expiration Date: \_\_\_\_\_

### **#3 Statement by Unmarried Employees**

Complete this section only if you are single, divorced or widowed, or if you cannot locate your spouse

If you are formerly married you must provide the information specified for each marriage.

**You must include your notarized signature. Do not leave any section blank.**



I hereby state that I am not legally married at this time. I also state that I have not lived with anyone under any circumstances constituting a common law marriage in a state that recognizes common law marriage.

Check the one statement that applies to you:

I hereby state that I am not now, nor have I ever been married.

I hereby state that I am unable to locate my spouse (Additional proof will be required if you check this box).

I hereby state that I am not now married, but have been married and that marriage has ended.

by death \_\_\_\_\_ (provide date and attach copy of death certificate).

by divorce \_\_\_\_\_ (provide date and attach copy of divorce decree).

I recognize that the Fund may make inquiries about my marital status with various organizations and individuals and I consent to the release of any information about my marital status from my employers, my local and international union, any fringe benefit fund in which I may have participated, and any other organization or individual.

\_\_\_\_\_  
Signature of Applicant

\_\_\_\_\_  
Date

State of \_\_\_\_\_

County of \_\_\_\_\_

On this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_ before  
me, a Notary Public came \_\_\_\_\_ known  
to me who executed the forgoing in my presence.

Notary Public: \_\_\_\_\_

**SEAL**

Expiration Date: \_\_\_\_\_

Your application will be submitted to the Trustees and you will be notified in writing of their decision.



\_\_\_\_\_  
Signature of Applicant

\_\_\_\_\_  
Date

\_\_\_\_\_  
\*Signature of Witness

\_\_\_\_\_  
Date

(\*Someone other than a beneficiary or spouse)





## ASBESTOS WORKERS LOCAL 24 DEFINED CONTRIBUTION PLAN

7130 Columbia Gateway Drive, Suite A  
Columbia, MD 21046

### Rollover Election Form

#### Election or Rejection of Direct Rollover to an IRA or Retirement Plan

**ATTENTION:** BEFORE COMPLETING THIS FORM YOU SHOULD READ THE SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS CAREFULLY. YOU ALSO MAY WISH TO CONSULT YOUR TAX ADVISOR BEFORE MAKING THIS ELECTION.

COMPLETE THIS FORM ONLY IF YOU WILL RECEIVE A PAYOUT IN A LUMP SUM OR MONTHLY PAYMENTS SCHEDULED TO CEASE IN LESS THAN 10 YEARS FROM DATE PAYMENT BEGINS.

Participant's Name: \_\_\_\_\_ SSN: \_\_\_\_\_

Spouse-Beneficiary's Name: \_\_\_\_\_ SSN: \_\_\_\_\_

Street Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

If you will receive part or all of your benefits as a lump sum (or monthly payments scheduled to cease in less than 10 years), that payment will be an "eligible rollover distribution." You may elect to have part or all of that distribution transferred directly to an Individual Retirement Account (IRA) or to another qualified retirement plan (if it accepts rollovers). If you choose not to have an eligible rollover distribution transferred directly to an IRA or other retirement plan, the Plan is required to withhold 20 percent (20%) of the payment for federal income taxes. This withholding does not increase your taxes, but will be credited against any income tax you owe. (For further information on direct rollovers and withholding, please read the Special Notice Regarding Plan Payments that the Plan has given you.)

If your benefit is more than \$500, you may choose to have only part of the payment rolled over, and to have the rest paid to you. Withholding will be taken out of any part that is not directly rolled over. If you want to have only part of your payment directly rolled over, please tell us the amount (at least \$500) that you would like to roll over.

#### IF YOU ARE AN EMPLOYEE PARTICIPANT, CHECK A, B OR C BELOW TO INDICATE WHETHER OR NOT YOU ELECT A DIRECT ROLLOVER OF YOUR PENSION PAYMENT:

A. I do not want to roll over any of my payment to an IRA or other qualified retirement plan. Pay me the full amount of my benefits, after withholding 20 percent (20%) for federal income taxes.

\_\_\_\_\_  
Participant's Signature (or Spouse-Beneficiary Signature)

\_\_\_\_\_  
Date

B. I want to roll over my payment directly to an IRA or other qualified plan that accepts rollovers. The IRA or other retirement plan is named below.



C. I would like to have only **part** of my payment rolled over. Please roll over \$ \_\_\_\_\_ to the IRA or qualified retirement plan named below, and pay the remainder of my benefit to me, after withholding 20 percent (20%) for federal income taxes as required by law.

**IF YOU ARE A SPOUSE-BENEFICIARY CHECK D, E OR F BELOW TO INDICATE WHETHER OR NOT YOU ELECT A DIRECT ROLLOVER OF YOUR PENSION PAYMENT:**

D.  I do not want to roll over any of my payment to an IRA or other qualified retirement plan. Pay me the full amount of my benefits, after withholding 20 percent (20%) for federal income taxes.

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Spouse-Beneficiary's Signature

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Date

E.  I want to roll over my payment directly to an IRA or other qualified plan that accepts rollovers. The IRA or other retirement plan is named below.

F.  I would like to have only **part** of my payment rolled over. Please roll over \$\_\_\_\_\_ to the IRA or qualified retirement plan named below, and pay the remainder of my benefit to me, after withholding 20 percent (20%) for federal income taxes as required by law.

**CERTIFICATION**

*(COMPLETE ONLY IF ELECTING A DIRECT ROLLOVER)*

If you have elected a direct rollover of all or part of your benefit, please read and sign the following statement:

I certify that the recipient of a direct rollover that I have named below is an Individual Retirement Account, and Individual Retirement Annuity, or a qualified retirement plan that accepts rollovers. I understand that payment of my benefits to the trustee of the IRA or qualified retirement plan will release the Trustees of this Plan from any further obligation or responsibilities with respect to the benefits so paid.

Please make payments on my behalf to:

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Name of IRA Trustee or Qualified Retirement Plan

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Account Number

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Mailing Address

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Participant's (or Spouse-Beneficiary's) Signature

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Date

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Print Name

**IF WE DO NOT RECEIVE THIS INFORMATION WITHIN 45 DAYS, THE PLAN WILL MAKE THE PAYMENTS TO YOU, AFTER DEDUCTING THE LEGALLY REQUIRED WITHHOLDING.**

## **SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS**

This notice explains how you can continue to defer federal income tax on your retirement savings in the Asbestos Workers Local 24 Defined Contribution Pension 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 by Carday Associates, Inc., the Administrative Agent for the Plan (“Plan Administrator”) because all or part of the payment that you will soon receive from the Plan may be eligible for rollover by you or your Plan Administrator to a traditional IRA or an eligible employer plan. 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. 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.

If you have additional questions after reading this notice, you can contact your Plan administrator at 410-872-9500.

### **SUMMARY**

There are two ways you may be able to receive a Plan payment that is eligible for rollover:

- (1) Certain payments can be made directly to a traditional 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 Plan Administrator is required to withhold 20% of that amount and send it to the IRS as income tax withholding to be credited against your taxes.
- The taxable amount of your payment will be taxed in the current year unless you roll it over. Under limited circumstances, you may be able to use special tax rules that could reduce the tax you owe. However, if you receive the payment before age 59½, you may have to pay an additional 10% tax.
- You can roll over all or part of the 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 Plan Administrator.

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**ADDITIONAL INFORMATION**

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

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

The following types of payments cannot be rolled over:

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

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

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

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

**II. DIRECT ROLLOVER**

A DIRECT ROLLOVER is a direct payment of the amount of your Plan benefits to a traditional IRA or an eligible employer plan that will accept it. You can choose a DIRECT ROLLOVER of all or any portion of your payment that is an eligible rollover distribution, as described in Part I above. You are not taxed on any taxable portion of your payment for which you choose a DIRECT ROLLOVER until you later take it out of the traditional 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 of how to invest your money, you can temporarily establish a traditional IRA to receive the payment. However, in choosing a traditional IRA, you may wish to make sure that the traditional IRA you choose will allow you to move all or a part of your payment to another traditional IRA at a later date, without penalties or other limitations. See IRS Publication 590-A, Contributions to Individual Retirement Arrangements,

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

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

### **III. PAYMENT PAID TO YOU**

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

#### Income Tax Withholding:

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

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

Sixty-Day Rollover Option. If you directly receive a payment that can be rolled over under Part I above, you can still decide to roll over all or part of it to a traditional IRA or to an eligible employer plan that accepts rollovers. 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 roll over up to 100% of your payment that can be rolled over under Part I above, including an amount equal to the 20% of the taxable portion that was withheld. If you choose to roll over 100%, you must find other money within the 60-day period to contribute to the 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 under Part I above is \$10,000, and you choose to have it paid to you. You will receive \$8,000, and \$2,000 will be sent to the IRS as income tax withholding. Within 60 days after receiving the \$8,000, you may roll over the entire \$10,000 to 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 59½. If you receive a payment before you reach age 59½ and you do not roll it over, then, in addition to the regular income tax, you may have to pay an extra tax equal to 10% of the taxable portion of the payment. The additional 10% tax generally does not apply to (1) payments that are paid after you separate from service with your employer during or after the year you reach age 55, (2) payments that are paid because you retire due to disability, (3) payments that are paid as equal (or almost equal) payments over your life or life expectancy (or your and your beneficiary's lives or life expectancies), (4) dividends paid with respect to stock by an employee stock ownership plan (ESOP) as described in Code section 404(k), (5) payments that are paid directly to the government to satisfy a federal tax levy, (6) payments that are paid to an alternate payee under a qualified domestic relations order, or (7) payments that

do not exceed the amount of your deductible medical expenses. See IRS Form 5329 and its instructions for more information on the additional 10% tax.

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

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

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

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

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

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

If you are a surviving spouse or an alternate payee, you may choose to have a payment that can be rolled over, as described in Part I above, paid in a DIRECT ROLLOVER to a traditional 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 a traditional IRA or to an eligible employer plan. Thus, you have the same choices as the employee. A surviving spouse may also choose to roll over the amount to an IRA treated as an “inherited IRA.” Payments from an inherited IRA are subject to required minimum distributions based on the deceased participant’s age.

If you are a beneficiary other than a surviving spouse or an alternate payee, your only rollover option is a direct rollover to an inherited IRA with required minimum distributions.

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

If you are a surviving spouse, an alternate payee, or another beneficiary, you may be able to use the special tax treatment for lump sum distributions and the special rule for payments that include employer stock, as described in Part III above for individuals born before January 1, 1936. If you receive a payment because of the employee’s death, you may be able to treat the payment as a lump sum distribution if the employee met the appropriate age requirements, whether or not the employee had 5 years of participation in the Plan.

#### **HOW TO OBTAIN ADDITIONAL INFORMATION**

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