

Participant Distribution Form
On-Line Systems. Inc. 401(k) Plan
Read all instructions attached to this form.

A. Plan Sponsor Authorization Your employer must complete ALL information in this section.

Participant's Last Day of Work: _____ Date of last payroll contribution: _____

Hours worked during the current plan year: Less than 501 501-999 1000+ Participant is Disabled

I certify the information given *above* is true and complete to the best of my knowledge. I understand the Participant's funds will be forwarded per the instructions directed by the Participant (All wire requests will be directed straight to the wire account.) In addition, I authorize the withdrawal and disbursement of this benefit according to the terms of "The Plan."

Authorized Plan Signature: _____ Date: _____

Print Name: _____ Title: _____

B. Participant Information The Participant must complete ALL information in this section.

As a participant in the above plan, I hereby request payment of my benefit as provided below: (Print or Type)

Participant Name: _____ Social Security Number: _____

Address: _____

Date of Birth: _____

Daytime Phone Number: (____) _____

City: _____ E-Mail Address (Optional): _____

State: _____ Zip: _____

C. Participant Authorization

I understand the terms and conditions relating to the payment of benefits from "The Plan" as explained in the "Special Tax Notice Regarding Plan Payments Not From a Designated Roth Account" and from the "Special Tax Notice Regarding Plan Payments From a Designated Roth Account". I have also read and understand the optional forms of benefit payments available from "The Plan" as explained in the "Qualified Joint and Survivor Annuity Notice". I certify that the information I have provided in this form is true and correct to the best of my knowledge. I understand that the trustee of "The Plan" will rely on this information in making the distribution that I have requested. I hereby consent to payment of my vested account balance as indicated on this form. Furthermore, I elect to waive my 30-Day Election Period (no less than 7 days), unless I have checked the following box:

I elect not to waive my 30-day election period. I understand this may delay my distribution.

Participant's Signature : _____

Print Name: _____ Date: _____

➔ Form continued on next page

D. Withdrawal Amount – Pre-Tax Account Choose the amount of your request below.

I hereby request a withdrawal from my pre-tax account balance for the amount indicated below:

MAXIMUM AMOUNT AVAILABLE

I am requesting a withdrawal for the maximum amount available, up to my full account balance.

OR SPECIFIC AMOUNT

\$ _____ Specify Amount _____ % Specify Percentage

OR NOT APPLICABLE / POSTPONE PRE-TAX ACCOUNT BALANCE DISTRIBUTION

I have no pre-tax account balance available for withdrawal or do not want to withdraw any of my pre-tax account balance at this time. ***If your distribution includes no pre-tax balance and you make this selection, skip to Section E on Page 4.***

If no selection is made above, it will be assumed that your request is for the maximum amount available, up to your full account balance. The minimum partial distribution amount must be at least \$1,000.00. Note that if you elect only a partial distribution and your balance remaining in the plan is less than \$5,000, your employer may elect to execute a mandatory cashout. If so, they may either roll your remaining account balance over to an IRA of their choosing, or if the remaining balance is less than \$1,000, they may issue a cash payout.

D1. Payment Options – Pre-Tax Account Participants, choose your payment option from the options below:

For all cash distributions, a check will be made payable to the name of the participant. Mandatory 20% Federal Tax Withholding will apply to all cash distributions. In addition, State Tax withholding may apply.

- DIRECT ROLLOVER / CONVERSION:** Rollover 100% of my vested account balance directly to:
- Traditional Individual Retirement Account (IRA)
 - Roth Individual Retirement Account (IRA) *Note: Read and complete Roth IRA Rollover Acknowledgment below*
 - Eligible Employer Plan
- SPLIT CASH/ROLLOVER DISTRIBUTION:** Pay \$ _____ or _____ % of my vested account balance to me and rollover /convert the remaining balance to one of the following:
- Traditional Individual Retirement Account (IRA)
 - Roth Individual Retirement Account (IRA) *Note: Read and complete Roth IRA Rollover Acknowledgment below*
 - Eligible Employer Plan
- LUMP SUM CASH DISTRIBUTION:** Pay my entire vested account balance to me.

Note: If you wish to do a direct rollover to a Roth IRA, please consult a tax advisor prior to making an election.

ROTH IRA CONVERSION ACKNOWLEDGMENT

This acknowledgment must be completed if you are rolling your pre-tax account balance to a Roth IRA. If you make this selection but do not complete this acknowledgment, your distribution will be delayed until a properly completed form is received.

- Complete only if you selected "Roth Individual Retirement Account" above.** I am rolling my distribution to a Roth IRA. I understand this is a taxable event (subject to the Roth IRA Conversion Rules) and may elect whether or not I want taxes withheld from the taxable portion of my distribution. I also understand that regardless of my withholding election below, I am personally liable for the payment of income tax (including penalties) if I do not have enough income tax withheld from my distribution and fail to make adequate payment of estimated tax. I further understand that if I am under age 59 ½, that any amount withheld for federal and/or state withholding purposes and not rolled over to a Roth IRA is generally subject to an early distribution penalty.

➔ Form continued on next page

D2. Tax Withholding Instructions – Pre-Tax Account See the Special Tax Notice Regarding Plan Payments

- FEDERAL INCOME TAXES:** Withhold an extra \$ _____ or _____ % for Federal Income Tax, in addition to the 20% required withholding.
- STATE INCOME TAXES:** I have read the attached instructions regarding *State Income Tax Withholding*, and
 I elect / do not elect to have State Taxes withheld from my distribution.

If you elect to withhold state income taxes above, also indicate the following:

I would like to have \$ _____ or _____ % withheld from my distribution for State Income Tax

Note that State Income Tax Withholding is mandatory in certain states. In addition, some states require withholding unless you specifically elect not to have withholding. If you elect not to have State Taxes withheld, or elect an amount lower than your state’s required amount, the required amount of State Taxes will be withheld.

D3. Payment Instructions – Pre-Tax Account All payments will be sent by check in the mail unless otherwise instructed.

- Select Method of Delivery:** **By Check via Regular Mail** **By Check via Overnight Delivery***
 Wire Transfer (Provide instructions below.)* **ACH** (Provide instructions below.)*

For Regular Mail or Overnight Delivery, Indicate where you would like your check sent:

- My Home Address shown at the beginning of this form. An alternate address shown below
 Directly to a Financial Institution or Qualified Retirement Plan (See address below)

*An additional fee of \$35 will be deducted to cover the cost of overnight delivery, or \$25 to cover the cost of the ACH or wiring service.

Rollover Instructions & Delivery Information	Wiring / ACH Instructions
Contact a representative at the financial institution where you are rolling over your funds to obtain the information requested below.	Contact a representative at the financial institution where you are depositing your funds to obtain the information requested below.
Name of Financial Institution or Retirement Plan	Receiving Bank Name
Attention To (If applicable):	City, State, and Zip of Bank
Street Address	ABA Routing Number (this is a nine-digit number)
City, State Zip	Account Number:
Phone Number: (Optional)	Account Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings
For Deposit To: (Your Account Number.)	Name on Account
Make Check Payable to: (Optional)	For Further Credit To: (For wires only, Name and/or Account Number if Applicable)
Alternate Mailing Address	
Attention To (If applicable):	
Street Address	
City, State Zip	

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E. Withdrawal Amount – Roth 401(k) Account Choose the amount of your request below.

I hereby request a withdrawal from my Roth 401(k) account balance for the amount indicated below:

MAXIMUM AMOUNT AVAILABLE

I am requesting a withdrawal for the maximum amount available, up to my full account balance.

OR SPECIFIC AMOUNT

\$ _____ Specify Amount _____ % Specify Percentage

OR NOT APPLICABLE / POSTPONE PRE-TAX ACCOUNT BALANCE DISTRIBUTION

I have no Roth 401(k) account balance available for withdrawal or do not want to withdraw any of my Roth 401(k) account balance at this time. ***If your distribution includes no Roth balance and you make this selection, no additional items must be completed on this form.***

If no selection is made above, it will be assumed that your request is for the maximum amount available, up to your full account balance. The minimum partial distribution amount must be at least \$1,000.00. Note that if you elect only a partial distribution and your balance remaining in the plan is less than \$5,000, your employer may elect to execute a mandatory cashout. If so, they may either roll your remaining account balance over to an IRA of their choosing, or if the remaining balance is less than \$1,000, they may issue a cash payout.

E1. Payment Options – Roth 401(k) Account Participants, choose your payment option below:

For all cash distributions, a check will be made payable to the name of the participant.

Confirm the year of your first Roth 401(k) / Roth 403(b) contribution: _____

- DIRECT ROLLOVER:** Rollover 100% of my vested account balance directly to:
 - Roth Individual Retirement Account (IRA)
 - Eligible Employer Plan
- SPLIT CASH/ROLLOVER DISTRIBUTION:** Pay \$ _____ or _____ % of my vested account balance to me and rollover the remaining balance to one of the following:
 - Roth Individual Retirement Account (IRA)
 - Eligible Employer Plan
- LUMP SUM CASH DISTRIBUTION:** Pay my entire vested account balance to me.

If any of the funds are being rolled over, be sure that either a Roth IRA has been set up or confirm that the Eligible Employer Plan will accept a Roth rollover.

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E2. Tax Withholding Instructions – Roth 401(k) Account See the Special Tax Notice Regarding Plan Payments

FEDERAL INCOME TAXES: Withhold an extra \$ _____ or _____ % for Federal Income Tax, in addition to the 20% required withholding on the taxable portion of my Roth distribution.

STATE INCOME TAXES: I have read the attached instructions regarding *State Income Tax Withholding*, and
 I elect / do not elect to have State Taxes withheld from my distribution.

If you elect to withhold state income taxes above, also indicate the following:

I would like to have \$ _____ or _____ % withheld from my distribution for State Income Tax.

Note that State Income Tax Withholding is mandatory in certain states. In addition, some states require withholding unless you specifically elect not to have withholding. If you elect not to have State Taxes withheld, or elect an amount lower than your state’s required amount, the required amount of State Taxes will be withheld.

E3. Payment Instructions – Roth 401(k) Account All payments will be sent by check in the mail unless otherwise instructed.

Select Method of Delivery: **By Check via Regular Mail** **By Check via Overnight Delivery***
 Wire Transfer (Provide instructions below.)* **ACH** (Provide instructions below.)*

For Regular Mail or Overnight Delivery, Indicate where you would like your check sent:

My Home Address shown at the beginning of this form. An alternate address shown below

Directly to a Financial Institution or Qualified Retirement Plan (See address below)

*An additional fee of \$35 will be deducted to cover the cost of overnight delivery, or \$25 to cover the cost of the ACH or wiring service.

Rollover Instructions & Delivery Information	Wiring / ACH Instructions
Contact a representative at the financial institution where you are rolling over your funds to obtain the information requested below.	Contact a representative at the financial institution where you are depositing your funds to obtain the information requested below.
Name of Financial Institution or Retirement Plan	Receiving Bank Name
Attention To (If applicable):	City, State, and Zip of Bank
Street Address	ABA Routing Number (this is a nine-digit number)
City, State Zip	Account Number:
Phone Number: (Optional)	Account Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings
For Deposit To: (Your Account Number.)	Name on Account
Make Check Payable to: (Optional)	For Further Credit To: (For wires only, Name and/or Account Number if Applicable)
Alternate Mailing Address	
Attention To (If applicable):	
Street Address	
City, State Zip	

RIVERSEGE PARTICIPANT DISTRIBUTION FORM INSTRUCTIONS

READ ENTIRELY BEFORE COMPLETING THE ATTACHED FORM. IF THE FORM IS INCOMPLETE, IT WILL BE RETURNED FOR COMPLETION AND THE DISTRIBUTION WILL TAKE LONGER TO PROCESS.

1. This form may only be used if you have **Terminated Employment (resigned or reduction in force)**, your employer has recognized you as legally disabled or qualify for **Normal Retirement or Early Retirement**.
2. When requesting a distribution for one of the reasons listed above, the Employee and Authorized Plan Representative, if applicable, must complete the form.
3. The participant should complete ALL sections (other than the Plan Sponsor Authorization) and sign and date the **PARTICIPANT AUTHORIZATION**.
4. To get an idea of your approximate account balance, check your most recent statement. If you have an active User ID and Password you may access current account information on the Voice Response System at 888-440-1463 or our web site at www.RiversEdgeRet.com.
5. If you are taking a cash distribution from a Self-Directed Brokerage Account, you must sell your funds to the Money Market account prior to submitting this form.
6. Once the **PLAN SPONSOR AUTHORIZATION** section is complete; the form can then be forwarded to RiversEdge.
7. Keep a copy of the completed form for your records. **If Plan Sponsor Authorization is required**, return the original forms to On-Line Systems, Inc., c/o Retirement Plan Administrator, 790 Farmington Avenue, Suite 3-D, Farmington, CT 06032. **If Plan Sponsor Authorization has already been completed**, you may send the original forms directly to RiversEdge by mailing them to RiversEdge Adv. Ret. Sol., Attn: Service Dept., 601 Broad Street, Suite 100, Sewickley, PA 15143.
8. Once RiversEdge receives the distribution forms and verifies completion, the distribution process will begin. This process takes approximately 15 days, although other factors could impact the processing timing. Your funds will be liquidated and issued according to the elections you made on this form. **If incomplete forms are sent to RiversEdge, they will be returned for completion. RiversEdge will not begin liquidating funds for a distribution until ALL completed forms are in our office.**
9. **IMPORTANT** – Some Retirement Plans contain a provision called a **“JOINT & SURVIVOR ANNUITY DISTRIBUTION.”** If your Plan contains Joint and Survivor Annuity language please see the Frequently Asked Questions section below.

FREQUENTLY ASKED QUESTIONS

Q: How long will my distribution or rollover take?

A: Allow up to 15 days to receive your distribution or rollover check. Due to the complexity of processing the distributions, some distributions take longer than others. Distributions are processed as efficiently as possible.

Q: What forms do I need to complete to take a distribution from my retirement plan?

A: A RiversEdge Participant Distribution Form will need to be completed. It is not necessary to send information from your new IRA or Qualified Plan to RiversEdge to request the Rollover or Distribution of your funds. You should have a RiversEdge Participant Distribution Form, a Special Tax Notice Regarding Plan Payments Not From a Designated Roth Account, a Special Tax Notice Regarding Plan Payments From a Designated Roth Account and, if it applies, an Explanation of Optional Forms of Benefit.

Q: What is the time limit to move my funds out of the plan?

A: There is no time limit as to when you need to remove your funds after termination of employment if you hold an account balance greater than \$5,000. If you hold an account balance of \$5,000 or less, your employer has the right to distribute your account balance without your consent. When you are ready to take a distribution, you may request distribution paperwork by contacting your Authorized Plan Representative or a RiversEdge Customer Service Representative.

Q: Is there an additional fee to either send my check by overnight delivery or to wire / ACH my proceeds?

A: There is an additional \$35 charge to overnight deliver your check or a fee of \$25 per wire or ACH for all wires and ACHs within the U.S.

Q: What if my plan contains an Annuity Payment Option?

A: Some plans provide Annuity Options as a form of benefit payment. If an Annuity Option is provided, then any distribution from that Plan should be in the form of an Annuity. By signing the Participant Authorization, you are consenting to the form of payment you elected (which may be in the form of a ‘Lump Sum’ instead of an Annuity.) If your account balance is greater than \$5,000 and you are married, then, YES, your spouse will need to sign the **Spousal Consent** section of the form if the distribution will be in the form of a “Lump Sum” (cash disbursement or rollover) instead of an Annuity. You may ask your Authorized Plan Representative or a RiversEdge Customer Service Representative to find out if your company’s plan allows for an Annuity payment.

Q: What is the 30-day election period?

A: The Participant must be given the opportunity to consider the decision of whether or not to elect rollover for at least 30 days after the ‘**Special Tax Notice Regarding Plan Payment**’ is provided.

STATE INCOME TAX WITHHOLDING INFORMATION

- This general information is provided to help you understand state income tax withholding requirements for retirement plan distributions. **While RiversEdge makes every effort to obtain information about state tax laws from sources believed to be reliable, RiversEdge cannot guarantee the accuracy or timeliness of state tax withholding information because state tax laws are subject to constant change and interpretation. We recommend that you contact your tax advisor regarding your tax withholding elections, and to answer any questions that you may have regarding your state's withholding laws.**
- You may specify a percentage or dollar amount to be withheld for state income tax by completing the appropriate section(s) on the distribution form. Some states require a minimum percentage or flat dollar amount. We will withhold at least the state-required minimum amount when such a minimum applies.
- You may instruct us to not withhold state income taxes only when your state of residence allows such an election.

State withholding generally falls into one of the following categories:

1. **States With No Withholding:** Some states have no income tax on distributions from qualified plans. Therefore, no state withholding is required and we are not able to withhold any amounts from these payments
2. **Voluntary State Withholding:** Voluntary withholding states are states that let individuals determine whether they want state taxes withheld from their payments, regardless of whether federal taxes are withheld. Individuals who legally reside in these states must determine the amount they want to have withheld. If no written election is made, there will be no state withholding.
3. **Mandatory State Withholding:** Some states require state income taxes be withheld from distributions from qualified plans made to individuals who legally reside in that state if federal taxes are withheld from those payments. However, several of these states let individuals elect out of state withholding in certain situations. In these cases a written request must be provided by the individual receiving the payment.

Last Updated 01/02/2013

State of Residence	State Income Tax Withholding Information
AK, FL, HI, NH, NV, SD, TN, TX, WA, WY	No state income tax will be withheld for residents of these states.
AL, AZ, CO, CT, DC, GA, ID, IL, IN, KY, LA, MN, MO, MS, MT, ND, NJ, NM, NY, OH, PA, RI, SC, UT, WI, WV	<p>State income tax will be withheld only if you instruct us to withhold it. See below for exceptions.</p> <ul style="list-style-type: none"> • DC: 8.95% of the distribution amount is required if a total distribution is taken. • MS: 5% of the distribution amount is required if an early distribution is taken. <p><i>NOTE: In some cases, our custodian partner may be unable to apply and submit withholding for states where our State Withholding Information indicates it is a voluntary option. In these situations, state withholding may not be able to be withheld even if it is elected when a distribution is requested.</i></p>
AR, IA, KS, MA, MD, ME, NC, NE, OK, VA, VT	<p>State income tax withholding is required when federal withholding applies. See below for state-specific minimums and exceptions.</p> <p>ERD = Eligible rollover distribution Non-ERD = Non-eligible rollover distribution</p> <ul style="list-style-type: none"> • AR: 5% (for ERDs) or 3% (for non-ERDs) of the distribution amount when \$200 or more. • IA: 5% of the distribution amount at \$3,000 or above. • KS: 4.5% of the distribution amount at \$200 or above. • MA: 5.25% of the distribution amount. • MD: 7.75% of the distribution amount is required when federal withholding is applied to ERDs. • ME: 5% of the distribution amount. • NC: 4% of the distribution amount is required at \$200 or above for ERDs; 4% of the distribution amount is required at \$200 or above for non-ERDs. • NE: 5% of the distribution amount. • OK: 5% of the distribution amount is required for ERDs. • VA: 4% of the distribution amount is required for ERDs. • VT: 5.4% (for ERDs) or 2.7% (for non-ERDs) of the distribution amount when \$200 or more.
CA, DE, MI, OR	<p>State income tax withholding is required when federal withholding applies, unless you instruct us not to withhold state income taxes. See below for state-specific minimums and exceptions.</p> <ul style="list-style-type: none"> • CA: 10% of the federal withholding amount. • DE: 5% of the distribution amount. • MI: 4.25% of the distribution amount. To make a different withholding election, you must complete and attach Form MI W-4P. • OR: 8% of the distribution amount.

Special Tax Notice Regarding Plan Payments Not From a Designated Roth Account

This notice contains important information that you need to review before deciding how to receive your benefit from your retirement plan.

YOUR ROLLOVER OPTIONS

You are receiving this notice because all or a portion of a payment you are receiving from one or more plans in which you participate may be eligible to be rolled over to an IRA or an employer plan. This notice is intended to help you decide whether to do such a rollover.

This notice describes the rollover rules that apply to payments from the Plan that are **not** from a designated Roth account (a type of account with special tax rules in some employer plans). If you also receive a payment from a designated Roth account in the Plan, you will be provided a different notice for that payment, and the Plan administrator or the payor will tell you the amount that is being paid from each account.

Rules that apply to most payments from a plan are described in the "General Information About Rollovers" section. Special rules that only apply in certain circumstances are described in the "Special Rules and Options" section.

If you have additional questions after reading this notice, you can contact your Plan Administrator or contact RiversEdge Advanced Retirement Solutions at (888) 440-1463, or through our website at www.riversedgeret.com.

GENERAL INFORMATION ABOUT ROLLOVERS

How can a rollover affect my taxes?

You will be taxed on a payment from the Plan if you do not roll it over. If you are under age 59½ and do not do a rollover, you will also have to pay a 10% additional income tax on early distributions (unless an exception applies). However, if you do a rollover, you will not have to pay tax until you receive payments later and the 10% additional income tax will not apply if those payments are made after you are age 59½ (or if an exception applies).

Where may I roll over the payment?

You may roll over the payment to either an IRA (an individual retirement account or individual retirement annuity) or an employer plan (a tax-qualified plan, section 403(b) plan, or governmental section 457(b) plan) that will accept the rollover. The rules of the IRA or employer plan that holds the rollover will determine your investment options, fees, and rights to payment from the IRA or employer plan (for example, no spousal consent rules apply to IRAs and IRAs may not provide loans). Further, the amount rolled over will become subject to the tax rules that apply to the IRA or employer plan.

How do I do a rollover?

There are two ways to do a rollover. You can do either a direct rollover or a 60-day rollover.

If you do a direct rollover, the Plan will make the payment payable to your IRA or an employer plan. You should contact the IRA sponsor or the administrator of the employer plan for information on how to do a direct rollover.

If you do not do a direct rollover, you may still do a rollover by making a deposit into an IRA or eligible employer plan that will accept it. You will have 60 days after you receive the payment to make the deposit. If you do not do a direct rollover, the Plan is required to withhold 20% of the payment for federal income taxes (up to the amount of cash and property received other than employer stock). This means that, in order to roll over the entire payment in a 60-day rollover, you must use other funds to make up for the 20% withheld. If you do not roll over the entire amount of the payment, the portion not rolled over will be taxed and will be subject to the 10% additional income tax on early distributions if you are under age 59½ (unless an exception applies).

How much may I roll over?

If you wish to do a rollover, you may roll over all or part of the amount eligible for rollover. Any payment from the Plan is eligible for rollover, except:

- Certain payments spread over a period of at least 10 years or over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary)
- Required minimum distributions after age 70½ (or after death)
- Hardship distributions
- ESOP dividends
- Corrective distributions of contributions that exceed tax law limitations
- Loans treated as deemed distributions (for example, loans in default due to missed payments before your employment ends)
- Cost of life insurance paid by the Plan
- Contributions made under special automatic enrollment rules that are withdrawn pursuant to your request within 90 days of enrollment
- Amounts treated as distributed because of a prohibited allocation of S corporation stock under an ESOP (also, there will generally be adverse tax consequences if you roll over a distribution of S corporation stock to an IRA).

The Plan administrator or the payor can tell you what portion of a payment is eligible for rollover.

If I don't do a rollover, will I have to pay the 10% additional income tax on early distributions?

If you are under age 59½, you will have to pay the 10% additional income tax on early distributions for any payment from the Plan (including amounts withheld for income tax) that you do not roll over, unless one of the exceptions listed below applies. This tax is in addition to the regular income tax on the payment not rolled over.

The 10% additional income tax does not apply to the following payments from the Plan:

- Payments made after you separate from service if you will be at least age 55 in the year of the separation
- Payments that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary)
- Payments from a governmental defined benefit pension plan made after you separate from service if you are a public safety employee and you are at least age 50 in the year of the separation
- Payments made due to disability
- Payments after your death
- Payments of ESOP dividends
- Corrective distributions of contributions that exceed tax law limitations
- Cost of life insurance paid by the Plan
- Contributions made under special automatic enrollment rules that are withdrawn pursuant to your request within 90 days of enrollment
- Payments made directly to the government to satisfy a federal tax levy
- Payments made under a qualified domestic relations order (QDRO)
- Payments up to the amount of your deductible medical expenses
- Certain payments made while you are on active duty if you were a member of a reserve component called to duty after September 11, 2001 for more than 179 days

If I do a rollover to an IRA, will the 10% additional income tax apply to early distributions from the IRA?

If you receive a payment from an IRA when you are under age 59½, you will have to pay the 10% additional income tax on early distributions from the IRA, unless an exception applies. In general, the exceptions to the 10% additional income tax for early distributions from an IRA are the same as the exceptions listed above for early distributions from a plan. However, there are a few differences for payments from an IRA, including:

- There is no exception for payments after separation from service that are made after age 55.
- The exception for qualified domestic relations orders (QDROs) does not apply (although a special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to an IRA of a spouse or former spouse).
- The exception for payments made at least annually in equal or close to equal amounts over a specified period applies without regard to whether you have had a separation from service.
- There are additional exceptions for (1) payments for qualified higher education expenses, (2) payments up to \$10,000 used in a qualified first-time home purchase, and (3) payments after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

Will I owe State income taxes?

This notice does not describe any State or local income tax rules (including withholding rules).

SPECIAL RULES AND OPTIONS

If your payment includes after-tax contributions

After-tax contributions included in a payment are not taxed. If a payment is only part of your benefit, an allocable portion of your after-tax contributions is generally included in the payment. If you have pre-1987 after-tax contributions maintained in a separate account, a special rule may apply to determine whether the after-tax contributions are included in a payment.

You may roll over to an IRA a payment that includes after-tax contributions through either a direct rollover or a 60-day rollover. You must keep track of the aggregate amount of the after-tax contributions in all of your IRAs (in order to determine your taxable income for later payments from the IRAs). If you do a direct rollover of only a portion of the amount paid from the Plan and a portion is paid to you, each of the payments may include an allocable portion of the after-tax contributions. If you do a 60-day rollover to an IRA of only a portion of the payment made to you, the after-tax contributions are treated as rolled over last. For example, assume you are receiving a complete distribution of your benefit which totals \$12,000, of which \$2,000 is after-tax contributions. In this case, if you roll over \$10,000 to an IRA in a 60-day rollover, no amount is taxable because the \$2,000 amount not rolled over is treated as being after-tax contributions.

You may roll over to an employer plan all of a payment that includes after-tax contributions, but only through a direct rollover (and only if the receiving plan separately accounts for after-tax contributions and is not a governmental section 457(b) plan). You can do a 60-day rollover to an employer plan of part of a payment that includes after-tax contributions, but only up to the amount of the payment that would be taxable if not rolled over.

If you miss the 60-day rollover deadline

Generally, the 60-day rollover deadline cannot be extended. However, the IRS has the limited authority to waive the deadline under certain extraordinary circumstances, such as when external events prevented you from completing the rollover by the 60-day rollover deadline. To apply for a waiver, you must file a private letter ruling request with the IRS. Private letter ruling requests require the payment of a nonrefundable user fee. For more information, see IRS Publication 590, Individual Retirement Arrangements (IRAs).

If your payment includes employer stock that you do not roll over

If you do not do a rollover, you can apply a special rule to payments of employer stock (or other employer securities) that are either attributable to after-tax contributions or paid in a lump sum after separation from service (or after age 59½, disability, or the participant's death). Under the special rule, the net unrealized appreciation on the stock will not be taxed when distributed from the Plan and will be taxed at capital gain rates when you sell the stock. Net unrealized appreciation is generally the increase in the value of employer stock after it was acquired by the Plan. If you do a rollover for a payment that includes employer stock (for example, by selling the stock and rolling over the proceeds within 60 days of the payment), the special rule relating to the distributed employer stock will not apply to any subsequent payments from the IRA or employer plan. The Plan administrator can tell you the amount of any net unrealized appreciation.

If you have an outstanding loan that is being offset

If you have an outstanding loan from the Plan, your Plan benefit may be offset by the amount of the loan, typically when your employment ends. The loan offset amount is treated as a distribution to you at the time of the offset and will be taxed (including the 10% additional income tax on early distributions, unless an exception applies) unless you do a 60-day rollover in the amount of the loan offset to an IRA or employer plan.

If you were born on or before January 1, 1936

If you were born on or before January 1, 1936 and receive a lump sum distribution that you do not roll over, special rules for calculating the amount of the tax on the payment might apply to you. For more information, see IRS Publication 575, Pension and Annuity Income.

If your payment is from a governmental section 457(b) plan

If the Plan is a governmental section 457(b) plan, the same rules described elsewhere in this notice generally apply, allowing you to roll over the payment to an IRA or an employer plan that accepts rollovers. One difference is that, if you do not do a rollover, you will not have to pay the 10% additional income tax on early distributions from the Plan even if you are under age 59½ (unless the payment is from a separate account holding rollover contributions that were made to the Plan from a tax-qualified plan, a section 403(b) plan, or an IRA). However, if you do a rollover to an IRA or to an employer plan that is not a governmental section 457(b) plan, a later distribution made before age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies). Other differences are that you cannot do a rollover if the payment is due to an "unforeseeable emergency" and the special rules under "If your payment includes employer stock that you do not roll over" and "If you were born on or before January 1, 1936" do not apply.

If you are an eligible retired public safety officer and your pension payment is used to pay for health coverage or qualified long-term care insurance

If the Plan is a governmental plan, you retired as a public safety officer, and your retirement was by reason of disability or was after normal retirement age, you can exclude from your taxable income plan payments paid directly as premiums to an accident or health plan (or a qualified long-term care insurance contract) that your employer maintains for you, your spouse, or your dependents, up to a maximum of \$3,000 annually. For this purpose, a public safety officer is a law enforcement officer, firefighter, chaplain, or member of a rescue squad or ambulance crew.

If you roll over your payment to a Roth IRA

If you roll over the payment to a Roth IRA, a special rule applies under which the amount of the payment rolled over (reduced by any after-tax amounts) will be taxed. However, the 10% additional income tax on early distributions will not apply (unless you take the amount rolled over out of the Roth IRA within 5 years, counting from January 1 of the year of the rollover). For payments from the Plan during 2010 that are rolled over to a Roth IRA, the taxable amount can be spread over a 2-year period starting in 2011.

If you roll over the payment to a Roth IRA, later payments from the Roth IRA that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a Roth IRA is a payment made after you are age 59½ (or after your death or disability, or as a qualified first-time home buyer distribution of up to \$10,000) and after you have had a Roth IRA for at least 5 years. In applying this 5-year rule, you count from January 1 of the year for which your first contribution was made to a Roth IRA. Payments from the Roth IRA that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10% additional income tax on early distributions (unless an exception applies). You do not have to take required minimum distributions from a Roth IRA during your lifetime. For more information, see IRS Publication 590, Individual Retirement Arrangements (IRAs).

You cannot roll over a payment from the Plan to a designated Roth account in an employer plan.



If you are not a plan participant

Payments after death of the participant - If you receive a distribution after the participant's death that you do not roll over, the distribution will generally be taxed in the same manner described elsewhere in this notice. However, the 10% additional income tax on early distributions and the special rules for public safety officers do not apply, and the special rule described under the section "If you were born on or before January 1, 1936" applies only if the participant was born on or before January 1, 1936.

If you are a surviving spouse - If you receive a payment from the Plan as the surviving spouse of a deceased participant, you have the same rollover options that the participant would have had, as described elsewhere in this notice. In addition, if you choose to do a rollover to an IRA, you may treat the IRA as your own or as an inherited IRA.

An IRA you treat as your own is treated like any other IRA of yours, so that payments made to you before you are age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies) and required minimum distributions from your IRA do not have to start until after you are age 70½.

If you treat the IRA as an inherited IRA, payments from the IRA will not be subject to the 10% additional income tax on early distributions. However, if the participant had started taking required minimum distributions, you will have to receive required minimum distributions from the inherited IRA. If the participant had not started taking required minimum distributions from the Plan, you will not have to start receiving required minimum distributions from the inherited IRA until the year the participant would have been age 70½.

If you are a surviving beneficiary other than a spouse - If you receive a payment from the Plan because of the participant's death and you are a designated beneficiary other than a surviving spouse, the only rollover option you have is to do a direct rollover to an inherited IRA. Payments from the inherited IRA will not be subject to the 10% additional income tax on early distributions. You will have to receive required minimum distributions from the inherited IRA.

Payments under a qualified domestic relations order - If you are the spouse or former spouse of the participant who receives a payment from the Plan under a qualified domestic relations order (QDRO), you generally have the same options the participant would have (for example, you may roll over the payment to your own IRA or an eligible employer plan that will accept it). Payments under the QDRO will not be subject to the 10% additional income tax on early distributions.

If you are a nonresident alien

If you are a nonresident alien and you do not do a direct rollover to a U.S. IRA or U.S. employer plan, instead of withholding 20%, the Plan is generally required to withhold 30% of the payment for federal income taxes. If the amount withheld exceeds the amount of tax you owe (as may happen if you do a 60-day rollover), you may request an income tax refund by filing Form 1040NR and attaching your Form 1042-S. See Form W-8BEN for claiming that you are entitled to a reduced rate of withholding under an income tax treaty. For more information, see also IRS Publication 519, U.S. Tax Guide for Aliens, and IRS Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities.

Other special rules

If a payment is one in a series of payments for less than 10 years, your choice whether to make a direct rollover will apply to all later payments in the series (unless you make a different choice for later payments).

If your payments for the year are less than \$200 (not including payments from a designated Roth account in the Plan), the Plan is not required to allow you to do a direct rollover and is not required to withhold for federal income taxes. However, you may do a 60-day rollover.

Unless you elect otherwise, a mandatory cashout of more than \$1,000 will be directly rolled over to an IRA chosen by the Plan administrator or the payor. A mandatory cashout is a payment from a plan to a participant made before age 62 (or normal retirement age, if later) and without consent, where the participant's benefit does not exceed \$5,000 (not including any amounts held under the plan as a result of a prior rollover made to the plan).

You may have special rollover rights if you recently served in the U.S. Armed Forces. For more information, see IRS Publication 3, Armed Forces' Tax Guide.

FOR MORE INFORMATION

You may wish to consult with the Plan administrator or payor, or a professional tax advisor, before taking a payment from the Plan. Also, you can find more detailed information on the federal tax treatment of payments from employer plans in: IRS Publication 575, Pension and Annuity Income; IRS Publication 590, Individual Retirement Arrangements (IRAs); and IRS Publication 571, Tax-Sheltered Annuity Plans (403(b) Plans). These publications are available from a local IRS office, on the web at www.irs.gov, or by calling 1-800-TAX-FORM.

Special Tax Notice Regarding Plan Payments From a Designated Roth Account

This notice explains how plan payments made from Roth accounts (post-tax contributions) differ from plan payments made from accounts where contributions are made on a pre-tax basis. Beyond the differences noted below, plan payments from Roth accounts are generally treated in similar fashion to the treatment of plan payments from pre-tax accounts. You should refer to the preceding Special Tax Notice Regarding Plan Payments Not From a Designated Roth Account for general guidance regarding payments of amounts which are not from Roth accounts, or for additional information regarding any considerations where no distinction is specified below.

ROTH QUALIFIED DISTRIBUTION DEFINED

- In order to be a Roth Qualified Distribution, the distribution must occur more than 5 years after the first day of the calendar year in which you first deferred Roth deferrals into the employer plan or more than 5 years after you first deferred Roth deferrals into another Roth eligible employer plan from which you directly rolled Roth deferrals into this employer plan.
- *Additionally*, in order to be a Roth Qualified Distribution, the distribution must be made after you attain age 59 ½ or become disabled or die.
- Distributions from Roth accounts not meeting both of the above criteria are not Roth Qualified Distributions.
- Also, The following distributions can not be Roth Qualified Distributions:
 - ✓ Corrective distributions made to correct a failed nondiscrimination test or because legal limits on certain contributions were exceeded.
 - ✓ Participant Loans that becomes a taxable deemed distribution because of the default of the loan.
 - ✓ Cost of life insurance protection.
 - ✓ Dividends on employer stock which are not reinvested and are paid out per Section 404(k) of the Internal Revenue Code.

IF YOU CHOOSE A DIRECT ROLLOVER FROM YOUR DESIGNATED ROTH ACCOUNT

- Roth deferral amounts and related income may be rolled only into a Roth IRA or another Roth eligible employer plan of the same type (i.e. Roth 401(k) to Roth 401(k) or Roth 403(b) to Roth 403(b)). In order to do a Direct Rollover, the recipient eligible employer plan must agree to meet certain accounting requirements with respect to the rollover. (Note: Rollovers may not be made from a Roth IRA to an eligible employer plan and payments from a Roth IRA that are not Roth Qualified Distributions will be first treated as coming from nontaxable amounts).
- Whether a subsequent payment from a Roth IRA is a Roth Qualified Distribution will depend only on the period that contributions were in the Roth IRA, not the period that rolled over funds were in the eligible employer plan. However, amounts rolled over to a Roth IRA from an employer plan that constitute a Roth Qualified Distribution at the time of rollover will continue not to be subject to tax. You should keep track of this amount. Payments of subsequent earnings on these rolled over Roth Qualified Distribution amounts and other contributed and earned amounts in the Roth IRA would be subject to a determination at the time of payment as to whether they met the requirements for a Roth Qualified Distribution.

IF YOU CHOOSE TO HAVE A ROLLOVER ELIGIBLE PAYMENT FROM YOUR DESIGNATED ROTH ACCOUNT PAID TO YOU

- If the Plan payment of Roth deferrals and earnings is a Roth Qualified Distribution, then taxation and withholding will be avoided entirely.
- If the Plan payment is not a Roth Qualified Distribution, then a proportional part of the payment will be taxable earnings related to the Roth deferrals and these earnings will be subject to federal income tax withholding at a 20% rate. The proportion will be based on the ratio of the taxable amount to the total balance of the account. Additionally, if you receive the payment before age 59 ½, you may have to pay an additional 10% tax on the earnings.
- Within 60 days of payment, part or all of the plan payment to you of Roth deferrals and earnings may be rolled over to a Roth IRA. You should keep track of these amounts. If only a portion is rolled over, the rolled over amount is treated as first consisting of taxable earnings. Any rolled over nontaxable portion of a nonqualified distribution retains its nontaxable status going forward. Whether a subsequent payment from a Roth IRA is a Roth Qualified Distribution will depend only on the period that contributions were in the Roth IRA, not the period that rolled over funds were in the eligible employer plan. (Note: Rollovers may not be made from a Roth IRA to an eligible employer plan and payments from a Roth IRA that are not Roth Qualified Distributions will be treated as first coming from nontaxable amounts.)
- Alternatively, within 60 days of payment, part or all of the *taxable (earnings) portion only* of the plan payment to you may be rolled over to a Roth designated account in an eligible employer plan of the same type as the originating plan, if the recipient plan has agreed to accept and account for the rollover. The period that these rolled over amounts were in the previous plan will not be considered in determining whether subsequent payments from the recipient plan are Roth Qualified Distributions.

FOR MORE INFORMATION

You may wish to consult with the Plan administrator or payor, or a professional tax advisor, before taking a payment from the Plan. Also, you can find more detailed information on the federal tax treatment of payments from employer plans in: IRS Publication 575, Pension and Annuity Income; IRS Publication 590, Individual Retirement Arrangements (IRAs); and IRS Publication 571, Tax-Sheltered Annuity Plans (403(b) Plans). These publications are available from a local IRS office, on the web at www.irs.gov, or by calling 1-800-TAX-FORM.