



CENTRAL LABORERS' ANNUITY FUND

PO Box 1267, Jacksonville, IL 62651-1267

Phone 217-479-3600 or 800-252-6571

APPLICATION FOR HARDSHIP DISTRIBUTION

The Central Laborers' Annuity Fund ("Fund") was created and is intended to provide retirement income to participants. However, the Fund provides each participant access to a portion of the money in his/her Individual Account before retirement in the event an immediate and heavy financial need ("hardship") occurs while the participant is actively employed. This application is to be used when applying for a Fund hardship distribution. Please mail the completed application and required documents to the Fund office at the address indicated above. Should you have any questions regarding this application, please contact the Fund office.

Participant's Last Name	First	Middle
Mailing Address	City	State
		Zip
Social Security Number (minimum last 4 digits)	Date of Birth	Phone Number

1. SUBMIT PROOF OF AGE (i.e. copy of birth certificate).

2. SELECT ALL THAT APPLY OF THE FOLLOWING CHOICES:

- ☐ I am currently married (attach marriage certificate).
- ☐ I have never been married.
- ☐ I am considering or currently in the process of obtaining a divorce.
- ☐ I am divorced (attach a copy of the divorce decree(s) and property settlement agreement(s)).
- ☐ I am remarried (attach a copy of the divorce decree(s) and property settlement agreement(s) and/or copy of the spouse's death certificate).
- ☐ I am a widow/widower (attach a copy of the spouse's death certificate).
- ☐ I am legally separated (attach a copy of the court decree).

3. WITHDRAWAL AMOUNT REQUESTED:

Specific dollar amount \$_____. This amount must be equal to the amount specified in the required documentation. If the amount of your Individual Account balance allows, the Fund may apply an additional dollar amount ("gross up") to the dollar amount requested from your Individual Account to cover the appropriate federal income taxes (see Item 5, IMPORTANT TAX INFORMATION, on Page 3).

- The minimum amount for a hardship withdrawal is \$1,000.
- Effective October 1, 2016, the Annuity Fund allows a participant to receive up to six (6) lifetime hardship withdrawal distributions from the Fund. The lifetime maximum includes any hardship distributions that a participant received prior to October 1, 2016.
- On and after October 1, 2016, participants can receive up to 95% of the Individual Account balance as of the most recent valuation date prior to the withdrawal for any eligible hardship distribution.

4. HARDSHIP REASON – INDICATE THE APPLICABLE REASON(S) FOR WITHDRAWAL:

You may request a hardship withdrawal only if you have an immediate and heavy financial need of **unpaid** expenses due to the following reason(s). Please check the applicable reason(s) and attach the required documentation to support the amount needed.

Reason(s) for Withdrawal	Required Documentation to Submit
☐ Expense for (or necessary to obtain) medical care incurred by the Participant, his/her spouse, or Dependent Child(ren)* that is deductible under the Internal Revenue Code Section 213(d).	A. Copies of current unpaid medical bill(s) and/or copy of the explanation of benefits from your insurance provider. Submit only itemized statements that are dated no more than 30 days prior to the date of your application. Itemized statements must include: statement date, provider name, patient name, date of service, description of service and amount billed, paid and unpaid. B. If an account is in collections, current/itemized statements from both the provider and collection agency are required. C. Completed Dependent Affidavit Form (if applicable) and Authorization to Release Protected Health Information.
☐ Payment necessary to prevent eviction from the Participant's primary residence.	A copy of the eviction notice indicating the specific amount required to be paid and due date of the payment to avoid eviction, and copy of your signed rental agreement/lease.
☐ Payment necessary to prevent imminent judgment or mortgage foreclosure of the Participant's primary residence.	A copy of the foreclosure notice that you received from a judgment creditor, mortgagee, or bank or a copy of a written notice from a judgment creditor, mortgagee, or bank that foreclosure court proceedings will be commenced within sixty (60) days from the application date.
☐ Payment necessary for costs related to the purchase of the Participant's primary residence (excluding mortgage payments).	A. For purchase of an existing house, you must submit the Sales Contract which must include closing date, buyer's signature, seller's signature, current date, amount needed to purchase house and address of property. You must also submit a Good Faith Estimate or equivalent estimate to include the buyer's name and signature, seller's signature, current date and amounts (such as closing costs and deposits) required to be paid to purchase the house and the address of the property.* B. For purchase of a mobile home or manufactured home, you must submit the Sales Contract which must include the buyer's signature, seller's signature or signature of authorized representative of company, current date, purchase price of home and may include down payment and closing costs.* C. For construction of a primary residence, you must submit the Contract which must include the buyer's signature, contractor's signature, current date (unless proof of extension) and building cost. You may include copies of construction loan documents.* D. For purchase of land for construction of primary residence or placement of mobile or manufactured home, you must submit the Contract which must include the buyer's signature, seller's signature, current date, purchase price and location of property. You must also submit documentation by contractor which must show intent for construction of primary residence within a one (1) year timeframe.* * Please note that a hardship distribution for payments necessary to purchase a primary residence generally DOES NOT permit you to receive a distribution equal to the entire purchase price. * If you are obtaining financing for the purchase of your primary residence, you must provide documentation of the amount needed at closing. If you are <u>not</u> obtaining financing for the purchase of your primary residence, then you must provide documentation from banks/lenders explaining why you are not eligible for financing even though you may be eligible to receive a lump sum distribution from the Fund as a down payment.

☐ Payment of tuition, related education fees and room and board expenses for up to the next 12 months of post-secondary education for the Participant, his/her spouse, or his/her Dependent Child(ren)*.	<u>A.</u> For tuition and room and board, you must submit the unpaid tuition and/or room and board bill which must include the name of the student and name of the accredited educational institution, fee for tuition (may be broken down by class), and fee for room and board. <u>B.</u> For books needed, you must supply the copy of unpaid bills or booklist which must show unpaid fees for labs or list from bookstore with price of books and current date. <u>C.</u> For computer needed, you must include a copy of unpaid bill for the computer which is dated no more than 30 days prior to the date of your application. <u>D.</u> If the distribution is not for the benefit of the Participant, please provide a written explanation of the relationship between the Participant and the person for whom such expenses are sought and provide the completed "Dependent Affidavit Form". The Fund Office may request supporting documentation.
☐ Payment of funeral expenses of the Participant, his/her spouse, his/her parent(s), or his/her Dependent Child(ren)*.	<u>A.</u> Current (dated within 90 days) invoice signed by the funeral director/authorized funeral home representative; the invoice must provide the name of the deceased, services provided, unpaid balance due, and name of responsible party (for payment). <u>B.</u> Death Certificate of the deceased individual. <u>C.</u> Completed Dependent Affidavit Form (if applicable).
☐ To pay for the cost of repair of damage to the Participant's principal residence that would qualify as a casualty deduction (as defined in Internal Revenue Code Section 165).	<u>A.</u> Documentation providing location, description and evidence of the event (i.e. fire, storm, earthquake, theft, and/or other casualty) that resulted in the damage requiring repair, including pictures and/or media accounts, such as newspaper articles. <u>B.</u> Current (dated within 45 days) invoices and/or contracts evidencing the event and cost of repair and amount not covered by insurance, including insurance company documentation confirming the dollar amount of repairs covered and/or not covered by insurance.

*The terms "Dependent Child" and "Dependent Children" within this application mean a child that qualifies as a dependent under Section 152 of the Internal Revenue Code.

5. IMPORTANT TAX INFORMATION

Please refer to the enclosed "Special Tax Notice Regarding Plan Payments" which confirms that hardship distributions are not eligible for rollover into tax-qualified retirement plans. The Fund is not required by the Internal Revenue Service to withhold federal income taxes from a Participant's hardship distribution; however, the Participant is responsible for paying any federal, state, and/or local income taxes on the distribution. If you do not make an election, the Fund will automatically withhold 20% for federal income tax. You will receive a Form 1099-R tax document during January of the calendar year following the date that your hardship distribution is made; if you are not age 59½ at the time of the hardship distribution, the IRS **will impose an additional 10% tax penalty** for early withdrawal when you file your annual tax return. It is wise to seek professional tax advice before requesting a hardship distribution from the Fund.

FEDERAL INCOME TAXES – SELECT ONE OF THE FOLLOWING OPTIONS:

- ☐ Please withhold 20% for federal income taxes.
- ☐ Please withhold 20% for federal income taxes and withhold an additional 10% for the tax penalty.
- ☐ Please do not withhold any money for federal income taxes.
- ☐ Please increase or "gross up" the amount of my hardship distribution to include 20% for federal taxes and 10% for the tax penalty.

Please note that the amount of your hardship distribution will not include federal income taxes or tax penalties if the eligible amount in your Individual Account is insufficient to satisfy the withholding election you have selected.

PLEASE READ THE FOLLOWING INFORMATION CAREFULLY:

Hardship withdrawals are permitted on account of an immediate and heavy financial need of **unpaid** expenses as set forth below, which are recognized as “safe harbor” event rules under Internal Revenue Service regulations. Also, the Fund will be required to deny a request for a hardship distribution unless the Fund receives the appropriate documentation and proof that all other sources of personal and commercial sources of funds and other reasonably available resources have been exhausted before requesting the hardship withdrawal.

1. Monies requested must be used for only the following purposes:

- Expense for (or necessary to obtain) medical care incurred by the Participant, his/her spouse, and/or his/her Dependent Child(ren) that is deductible under Internal Revenue Code Section 213(d).
- Payment necessary to prevent eviction from the Participant’s primary residence.
- Payment necessary to prevent imminent judgment or mortgage foreclosure of the Participant’s primary residence.
- Payment necessary to purchase the Participant’s primary residence (excluding mortgage payments).
- Payment necessary for tuition, related educational fees and room and board expenses for up to the next 12 months of post-secondary education for the Participant, his/her spouse, or his/her Dependent Child(ren).
- Payment necessary for the funeral expenses of the Participant, his/her spouse, his/her parent(s), or his/her Dependent Child(ren).
- Payment necessary to pay expenses for the repair of damage to the Participant’s principal residence that would qualify for the casualty deduction under Section 165 of the Internal Revenue Code (determined without regard to whether the loss exceeds 10% of the adjusted gross income).

2. There are **no other sources** from which the Participant could reasonably obtain money.

3. The amount of the request must not exceed the amount required to satisfy the need, plus any taxes and penalties on the distribution.

The Fund reserves the right to request additional documents from the participant to prove the need for and/or the amount of the hardship withdrawal at any time. Fund assets/Participant accounts that are to be divided under a current or pending Qualified Domestic Relations Order (QDRO) cannot be considered for a hardship withdrawal.

PLEASE NOTE:

- If you are MARRIED, your spouse must sign this form. Your spouse’s signature must be notarized.
- If you are DIVORCED, you must provide a copy of the Divorce Decree (and other pertinent documents).
- If you are WIDOWED, you must provide a copy of your spouse’s Death Certificate.

6. PARTICIPANT AUTHORIZATION - THE FOLLOWING MUST BE SIGNED AND SEALED BY A NOTARY PUBLIC:

I have read and understand the above form and certify that the information provided herein, and on any attached forms and other documentation evidencing my financial hardship, is true, correct, and complete to the best of my knowledge. I also confirm the amount requested does not exceed the amount needed to address the hardship. I authorize the Fund's representatives to verify any or all of the information submitted. I acknowledge and agree that any false or misleading information submitted on this form and/or on any of the enclosed forms may disqualify me for benefits, and the Fund's Trustees shall have the right to recover any hardship distributions made to me because of a false statement and/or false documentation evidencing hardship. I acknowledge receipt of the Special Tax Notice Regarding Plan Payments ("Notice") informing me of tax implications associated with the hardship distribution. I understand that I am entitled to a reasonable period of not less than 30 days from the date the Notice was provided to me in which to decide on the distribution option. I wish to have my distribution made as soon as administratively possible; therefore, I hereby waive the 30-day time period otherwise required between the date the Notice was provided to me and the date that my distribution is made.

I authorize the Fund to execute the hardship withdrawal from my Individual Account as a result of the review, consideration and approval (or denial) of this application and acknowledge that my hardship distribution will be deposited directly to an account at a financial institution designated by me.

I hereby confirm that my financial need cannot be relieved by my financial resources or those of my spouse or minor children reasonably available to me, including: (i) reimbursements or compensation by insurance or otherwise, (ii) reasonable liquidation of my assets to the extent that such liquidation would not cause financial need, (iii) taking a withdrawal or nontaxable loan from another plan in which I participate, (iv) taking a distribution or nontaxable loan under other plans, or (v) taking a loan from a commercial source on reasonable terms.

Participant's Signature

Date

Notary Public to complete items in box:

STATE OF _____)

SS:

COUNTY OF _____)

Signed and sworn before me on _____ by _____
(Date) (Printed Name of Participant)

(Signature and Seal of Notary Public)

7. SPOUSAL CONSENT (if married):

The following must be signed and sealed by a Notary Public:

I hereby certify that I am the spouse of the above-named Participant and that I consent to the Hardship Withdrawal from the Fund as indicated above. I also understand that by consenting to this withdrawal I waive all rights to any other payment I would have been entitled to upon the Participant's death, with respect to the withdrawal as described above. I further understand that this election is irrevocable.

Spouse's Signature

Date

Notary Public to complete items in box:

STATE OF _____)

SS:

COUNTY OF _____)

Signed and sworn before me on _____ by _____
(Date) (Printed Name of Spouse)

(Signature and Seal of Notary Public)

CENTRAL LABORERS' ANNUITY FUND
DEPENDENT AFFIDAVIT FORM

The undersigned, _____, being first duly sworn on oath, deposes and states:

()**(Initial)** The undersigned is a participant in the Central Laborers' Annuity Fund;

()**(Initial)** The undersigned seeks to obtain a hardship distribution to pay for medical expenses for a Dependent Child or Dependent Children, to pay tuition for post-secondary education for a Dependent Child or Dependent Children, or for funeral expenses for a Dependent Child or Dependent Children.

()**(Initial)** The medical expenses, the tuition for post-secondary education or funeral expenses is/are for the following Dependent Child /Dependent Children:

First Name	Last Name	Date of Birth

() Check if the undersigned has an additional Dependent Child or additional Dependent Children which are the subject of a hardship distribution. Additional Dependent Children may be listed on back of Dependent Affidavit Form.

()**(Initial)** That the Dependent Child/Dependent Children set forth above is/are the undersigned's son, daughter, stepson, or stepdaughter.

()**(Initial)** That the Dependent Child/Dependent Child reside(s) with the undersigned for more than one-half of the most recent calendar year, and the Dependent Child/Dependent Child is dependent upon the undersigned for more than one-half of his or her support for the most recent calendar year.

Print Name

Undersigned's Signature

Date:_____

Subscribed and sworn to before me this _____day of _____, 20____.

NOTARY PUBLIC

Central Laborers' Annuity Fund

DIRECT DEPOSIT AUTHORIZATION FORM

PLEASE COMPLETE ALL FIELDS, INCLUDING YOUR SIGNATURE, AND RETURN THIS FORM

DIRECT DEPOSIT IS REQUIRED

NAME:

SSN: XXX-XX-

Please attach a bank account verification form from the financial institution or voided check for the account listing the account holder's name with routing and account number.

Please note: the direct deposit can only be issued to an account in your name.

Primary Account (check one)

☐ Checking

or

☐ Savings

Financial Institution _____

City and State _____

Account No. _____ Bank Routing No. _____

AUTHORIZATION STATEMENT

I hereby authorize Central Laborers' Annuity Fund ("CLAF") and the financial institution listed above to deposit my CLAF benefit electronically to my account. If funds to which I am **not** entitled are deposited to my account, I authorize the financial institution to return said funds to CLAF if so directed by CLAF. Also, I authorize the financial institution to disclose to CLAF the mailing address associated with my account upon the financial institution's receipt of an affidavit from CLAF's Executive Director confirming that such information is needed to allow CLAF to comply with Internal Revenue Code requirements for retirement plans to locate missing retirees and beneficiaries. This authorization will remain in effect until I have signed a new authorization or until I cancel my participation.

PLEASE ATTACH THE FOLLOWING:

- BANK ACCOUNT VERIFICATION FORM FROM THE FINANCIAL INSTITUTION; OR
- VOIDED CHECK FOR THE ACCOUNT LISTING THE ACCOUNT HOLDER'S NAME WITH ROUTING AND ACCOUNT NUMBER.

PLEASE NOTE: THE DIRECT DEPOSIT CAN ONLY BE ISSUED TO AN ACCOUNT IN YOUR NAME.

SIGNATURE

DATE

PHONE NUMBER

CENTRAL LABORERS' ANNUITY FUND PROOF OF AGE

In applying for benefits, the Fund office needs to receive proof of your age as well as your spouse's age (if married). The following list shows the type of documents that may be submitted. Some documents are preferred over others, and the list is arranged in order of preference.

Please furnish the best type of proof of age that is available. Additional proof may be required if the document you submit cannot be accepted. Photocopies of the documents **may** be submitted.

NOTE: Naturalization Papers, United States Passports and Immigration Papers **MAY NOT** be photocopied. If any of these documents are the only proof of age you have, please submit the original document and it will be returned to you.

1. Birth Certificate
2. A baptismal certificate or statement as to the date of birth shown by a church record, certified by the custodian of such record
3. Notification of registration of birth in public registry of vital statistics
4. Hospital birth record, certified by custodian of such record
5. A foreign church or government record
6. A signed statement by a physician or midwife who was in attendance at birth, as to the date of birth shown on their records
7. Naturalization Records
8. Immigration Papers
9. Military Record
10. Passport
11. School record, certified by the custodian of such record
12. Vaccination record, certified by the custodian of such record
13. An insurance policy which has been in force at least ten (10) years and which shows the age or date of birth
14. Marriage records showing date of birth or age (application for Marriage License or church record, certified by the custodian of such record, or Marriage Certificate)
15. Other evidence such as signed statements from persons who have knowledge of the date of birth, voting record, etc.
16. Certification of record of age by the United States Census Bureau
17. Illinois Real ID with Gold Star Designation (standard ID or driver's license cannot be accepted)

PROOF OF MARRIAGE: A photocopy of your Marriage License will be accepted; however, it is preferred that you submit the original. A copy will be made and the original will be returned to you.

PROOF OF DIVORCE: Your complete certified divorce records for all former spouses, including all Orders of the Court (adequate waiver of claim language or an award of benefits to an alternate payee per a Qualified Domestic Relations Order is required).

MILITARY SERVICE: If you have served in the Armed Forces of the United States, please submit a copy of your discharge documents.

CENTRAL LABORERS' PENSION AND ANNUITY FUNDS'
AUTHORIZATION FOR RELEASE OF
PERSONAL INFORMATION

YOUR ENTITLEMENT TO CERTAIN BENEFITS AS A RESULT OF YOUR MEMBERSHIP IN YOUR LOCAL UNION OR AS A PARTICIPANT IN OTHER FRINGE BENEFIT FUNDS MAY DEPEND ON YOUR STATUS WITH THE CENTRAL LABORERS' PENSION AND ANNUITY FUNDS. ADDITIONALLY, YOUR LOCAL UNION OR DISTRICT COUNCIL MAY REQUIRE INFORMATION REGARDING YOUR WORK/CONTRIBUTION HISTORY IN ORDER TO CLASSIFY YOU FOR EMPLOYMENT OR TO REPRESENT YOU. THIS AUTHORIZATION PERMITS THE DISCLOSURE OF PERSONAL INFORMATION TO YOUR LOCAL UNION AND/OR DISTRICT COUNCIL AND FRINGE BENEFIT FUNDS UPON REQUEST.

SECTION A – EMPLOYEE/PARTICIPANT/BENEFICIARY INFORMATION

Print Name: _____

Social Security # _____

Local Union No. _____

SECTION B – DEFINITION OF PERSONAL INFORMATION

I understand that Personal Information is information that includes my name, address, Social Security number, telephone numbers, email address, earnings/tax records, beneficiary information, eligibility status, benefit history, and amounts and/or value of benefits, and I hereby authorize the Central Laborers' Pension and/or Annuity Funds to disclose such Confidential Information to my Local Union, affiliated District Council, and any Fringe Benefit Fund in which I participate (including as an example only, the North Central Illinois Laborers' Health and Welfare Fund, Southern Illinois Laborers' and Employers Health and Welfare Fund, and other applicable funds).

SECTION C – PARTICIPANT'S ACKNOWLEDGMENT AND SIGNATURE

I hereby acknowledge that I have had an opportunity to read and consider the contents of this authorization, and I understand that, by signing this form, I am confirming my approval and authorization of the use and/or disclosure of my Personal Information, as described in this form. I further acknowledge that my signature on this Authorization is voluntary and that if I refuse to sign this form it will not affect my benefits under the Plan. I understand that I have a right to revoke this Authorization, but any such revocation must be in writing and submitted to the Fund Office.

Signature

Date: _____



Central Laborers' Annuity Fund
LUMP SUM PAYMENT
SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS

This notice contains important information for your review before you decide how to receive your benefits from the Plan.

Your Rollover Options

You are receiving this notice because all or part of the payment that you will soon receive from the Central Laborers' Annuity Fund (the "Plan") is 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). 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.

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 directly 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 received). 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
- Corrective distributions of contributions that exceed tax law limitations

The Plan administrator 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 made due to disability
- Payments after your death
- Corrective distributions of contributions that exceed tax law limitations
- 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 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 upon 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 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 you roll over your payment to a Roth IRA

You can roll over a payment from the Plan made before January 1, 2010 to a Roth IRA only if your modified adjusted gross income is not more than \$100,000 for the year the payment is made to you and, if married, you file a joint return. These limitations do not apply to payments made to you from the Plan after 2009. If you wish to roll over the payment to a Roth IRA, but you are not eligible to do a rollover to a Roth IRA until after 2009, you can do a rollover to a traditional IRA and then, after 2009, elect to convert the traditional IRA into 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 homebuyer distribution of up to \$10,000) and after you have had a Roth IRA for at least 5 years. In applying this 5-year rule, you count from January 1 of the year for which your first contribution was made to a Roth IRA. Payments from the Roth IRA that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10% additional income tax on early distributions (unless an exception applies). You do not have to take required minimum distributions from a Roth IRA during your lifetime. For more information, see IRS Publication 590, *Individual Retirement Arrangements (IRAs)*.

You 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 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, 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. 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 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.

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.