

# Alternate Payee Distribution Request

Use blue or black ink only.

Please refer to the Alternate Payee Distribution Guide and the 402(f) Notice of Special Tax Rules on Distributions before completing this form. If this form is incomplete, you will be asked to provide additional information before your distribution can be processed. If you need to cross out a selected item, please initial the change to avoid having the form returned to you for verification. **All pages must be returned excluding the 402(f) Notice of Special Tax Rules on Distributions.**

Please note that this withdrawal request may be subject to an administrative review period prior to processing and the investments in your account will not be sold until the withdrawal is processed. The administrative review period may take several business days. Note that your investments may fluctuate with market performance so you may want to re-direct or diversify those investments prior to making a withdrawal request. If you initiate a fund transfer during the administrative review period, it may delay the processing of your withdrawal. If you want to make changes to the investments in your account prior to withdrawal, please contact Service Center or access your account online.

**G & W Equipment, Inc. 401(k) Profit Sharing Plan and Trust**

**1351893-01**

## Alternate Payee Information

Last Name	First Name	MI
<i>(The name provided MUST match the name on file with Service Center.)</i>		

Address - Number & Street on My Account

City	State	Zip Code
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- I have confirmed the address on my account by accessing my account online at myretirement.americanfunds.com. If the address on my account does not match the address provided above, there will be processing delays.
- **If I require an address change, I need to obtain and submit a Personal Information Change form found on the above website or I need to contact Service Center at 1-800-204-3731.**

( ) Daytime Phone

- Relationship to Participant:  spouse  former spouse  child  
 other dependent

Participant's U.S. Social Security/U.S. Taxpayer Identification Number

Alternate Payee's U.S. Social Security/  
U.S. Taxpayer Identification Number

Account Extension (if applicable)

E-Mail Address

Mo	Day	Year
Date of Birth (Required)		



**Select One (Required):**

- I am a U.S. Citizen or U.S. Resident Alien.
- I am a Non-Resident Alien or Other. *(Complete 'Non-Resident Alien or Other Certification' section.)*

**Required** - Provide Country of Residence:

## Distribution Method

### PART A

- Full Distribution** (Both Non-Roth and Roth money sources will be distributed, if applicable)

**Partial Distribution**

Amount Non-Roth	\$ _____	<input type="checkbox"/> Net Amount	1st Contribution Source	_____
Amount Non-Roth	\$ _____	<input type="checkbox"/> Net Amount	2nd Contribution Source	_____
Amount Roth	\$ _____	<input type="checkbox"/> Net Amount	Contribution Source - Roth Deferral	
Amount Roth	\$ _____	<input type="checkbox"/> Net Amount	Contribution Source - Roth Rollover	

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**PART B** - Indicate if the amount will be rolled over or paid to you.

**Non-Roth**

- Direct Rollover to an eligible retirement plan (for spouse or former spouse only)
- Payment to Alternate Payee (for any alternate payee)
- Direct Rollover to a Traditional IRA (for spouse or former spouse only)
- Direct Rollover to a Roth IRA - Subject to ordinary income taxes (for spouse or former spouse only)

**Roth**

- Direct Rollover to an eligible retirement plan that has a designated Roth account (for spouse or former spouse only)
- Payment to Alternate Payee (for any alternate payee)
- Direct Rollover to a Roth IRA

**NAME OF RECEIVING INSTITUTION IF DIRECT ROLLOVER SELECTED FOR TRADITIONAL IRA OR ROTH IRA** (If you are rolling over to an American Funds IRA, you must also complete and submit the Direct Rollover to an American Funds Traditional or Roth IRA form together with the Alternate Payee Distribution Request form.)

**Proceeds will be made payable to the Trustee/Custodian listed below and will be mailed to the address on your account.** This is an irrevocable election and you are responsible for forwarding it to the new Trustee/Custodian in a timely manner.

Direct Rollover to an American Funds Traditional or Roth IRA form is enclosed.

Non-Roth	Roth
Name of IRA Trustee or Custodian	Name of IRA Trustee or Custodian
Account Number for Traditional IRA	Account Number for Roth IRA

NAME OF RECEIVING INSTITUTION IF DIRECT ROLLOVER SELECTED FOR RETIREMENT PLAN	
Non-Roth	Roth
Name of Retirement Plan Trustee or Custodian	Name of Retirement Plan Trustee or Custodian
Account Number for Retirement Plan	Account Number for Retirement Plan
Type of Plan: <input type="checkbox"/> 401(a) <input type="checkbox"/> 401(k) <input type="checkbox"/> 403(b) <input type="checkbox"/> Governmental 457(b)	Type of Plan: <input type="checkbox"/> 401(k) <input type="checkbox"/> 403(b) <input type="checkbox"/> Governmental 457(b)

**Please note:**

- If you would like to direct Roth earnings to a Rollover payee other than the one listed above, you must attach a letter of instruction listing the name of the Trustee or Custodian and account number and must include the type of payee, your name, social security number, signature and date.
- Your signature on this form requesting a direct rollover acknowledges that you have confirmed that the Plan will accept the rollover. If a rollover has been processed but is rejected by the receiving institution and returned to Service Center, the distribution will be reprocessed as a taxable distribution payable to you. We regret that we are unable to redeposit a rejected rollover distribution back into the Plan.

**Required Minimum Distributions**

If the participant has reached the required beginning date for minimum distributions (attainment of age 70 1/2 if a 5% owner, or the later of attainment of age 70 1/2 or retirement for all others), and you have requested a direct rollover to an IRA or another retirement plan, we must pay your portion of the required minimum distribution to you before processing the direct rollover. Please provide the amount of your required minimum distribution here: \$\_\_\_\_\_.

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## Distribution Delivery

**Check by United States Postal Service ("USPS") Regular Mail**

- Estimated delivery time is up to 5 business days.
- No additional charge.

**Check by Express Mail**

- Estimated delivery time is 1-2 business days.
- A non-refundable charge of up to \$25.00 will be deducted, in addition to any distribution fees, for each transaction.
  - For example, if you have elected to make a full withdrawal, and there are both Non-Roth and Roth money sources, there will be 2 different transactions and the Express delivery charges may total \$50.00.
- Available for delivery, Monday - Friday, with no signature required upon delivery.
- If address is a PO Box, the check will be sent by USPS Priority Mail and estimated delivery time is 2-3 business days.

**Direct Deposit via Automated Clearing House ("ACH")**

- **If you would like to have your proceeds sent through Direct Deposit via ACH, in addition to including the required documentation requested below, you must have your signature notarized in the 'Signature and Plan Authorization' section of this form. If either the required documentation is not attached or your signature is not notarized, your proceeds will not be sent via ACH and a check will be mailed to the address on your account.**
- Estimated delivery time is 2-3 business days.
- A non-refundable charge of up to \$15.00 will be deducted, in addition to any distribution fees, for each transaction.
  - For example, if you have elected to make a full withdrawal, and there are both Non-Roth and Roth money sources, there will be 2 different transactions and the ACH delivery charges may total \$30.00.
- The name on the checking/savings account **MUST** match the name on file with Service Center.
- **If the Direct Deposit information is incomplete or illegible, then a check will be mailed to the address on your account to avoid any delays in processing.**
- **By entering banking information, you authorize us to access records from public and proprietary sources in order to validate that you are the owner of the bank account. This process will not affect your credit.**

Checking Account - **MUST include a copy of a preprinted voided check** for the receiving account. You may also attach a letter on financial institution letterhead, signed by a representative from the receiving institution, which includes your name, checking account number and ABA routing number.

Savings Account - **MUST include a letter on financial institution letterhead, signed by a representative** from the receiving institution, which includes your name, savings account number and ABA routing number.

An ACH request **cannot** be sent to a prepaid debit card, business account or other retirement Plan. By requesting the withdrawal via ACH deposit, you certify, represent and warrant that the account requested for an ACH deposit is established at a financial institution or a branch of a financial institution located within the United States and there are no standing orders to forward any portion of the ACH deposit to an account that exists at a financial institution or a branch of a financial institution in another country. You understand that it is your obligation to request a stop to this ACH deposit request if an order to transfer any portion of payments to a financial institution or a branch of a financial institution outside the United States will be implemented in the future. Service Center reserves the right to reject the ACH request and deliver any payment via check in lieu of direct deposit.

## General ACH Information

By choosing an ACH credit to your financial institution account, you are authorizing Service Center to initiate credit entries and, if necessary, debit entries and adjustments for any credit entries in error to your checking or savings account. You are also authorizing your financial institution, in the form of an electronic funds transfer, to credit and/or debit the same to such account. Service Center will make payments in accordance with the directions you have specified on the Form until such time that you notify Service Center in writing that you wish to cancel the ACH agreement. You must provide notice of cancellation at least 30 days prior to a payment date for the cancellation to be effective with respect to all of your subsequent payments.

Service Center reserves the right to terminate the ACH transfers for any reason and will notify you in the event of such termination by sending notice to your last known address on file with Service Center.

It is your obligation to notify Service Center of any address or other changes affecting your electronic fund transfers during your lifetime. You are solely responsible for any consequences and/or liabilities that may arise out of your failure to provide such notification.

By selecting an ACH method of delivery, you acknowledge that Service Center is not liable for payments made by Service Center in accordance with a properly completed Form. By selecting the ACH method, you are authorizing and directing your

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_____	_____	_____	_____
Last Name	First Name	MI	U.S. Social Security Number

financial institution not to hold any overpayments made by Service Center on your behalf, or on behalf of your estate or any current or future joint accountholder, if applicable.

**Non-Resident Alien or Other Certification** *(Only complete if you indicated you are a Non-Resident Alien or Other on the first page of this form.)*

**Do not complete if U.S. Citizen or U.S. Resident Alien was indicated on the first page of this form.**

Under penalty of perjury, if you checked Non-Resident Alien or Other on the first page of this form, your signature certifies that:

- You are the individual that is the beneficial owner of all the income to which this form relates or am using this form to document yourself for chapter 4 purposes.
- You are not a U.S. person
- The income to which this form relates is:
  - a. not effectively connected with the conduct of a trade or business in the United States,
  - b. effectively connected but is not subject to tax under applicable income tax treaty, or
  - c. the partner's share of a partnership's effectively connected income.
- You are a resident of the treaty country listed below under "Claim of Tax Treaty Benefits" (if any) within the meaning of the income tax treaty between the United States and that country.
- You agree that you will submit a Form W8-BEN within 30 days if any certification made on this form becomes incorrect.

**Identification of Beneficial Owner**

_____	_____
Country of citizenship	Foreign tax identifying number

Permanent resident address *(street, apt. or suite no., or rural route)* **Do not use P.O. Box or in-care of address.**

_____	_____
City or town, state or province. Include postal code where appropriate.	Country

Mailing Address *(if different from above)*

_____	_____
City or town, state or province. Include postal code where appropriate.	Country

**Claim of Tax Treaty Benefits** *(for chapter 3 purpose only)*

You certify that the beneficial owner is a resident of \_\_\_\_\_ within the meaning of the income tax treaty between the United States and that country.

**Special rates and conditions** (if applicable): The beneficial owner is claiming the provisions of Article and paragraph \_\_\_\_\_ of the treaty identified on the line above to claim a \_\_\_\_% rate of withholding on (specific type of income):

Explain the additional conditions in the Article and paragraph the beneficial owner meets to be eligible for the rate of withholding:

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## Federal and State Income Tax Withholding

**Federal Income Tax** - You should refer to and **read the attached 402(f) Notice of Special Tax Rules on Distributions and the Guide**. Direct rollovers are available for spousal alternate payees only. No federal income tax will be withheld from direct rollovers. Twenty percent (20%) mandatory federal income tax withholding will apply to all distributions to spousal alternate payees that are eligible for rollover, but are not rolled over. For all other payments to spousal alternate payees and payments to non-spousal alternate payees, federal income tax will be withheld at the rate of 10%, unless Service Center is directed otherwise below.

Do NOT withhold federal income tax from alternate payee's distribution.

If alternate payee would like **additional** federal income tax withheld, indicate amount \$ \_\_\_\_\_ or \_\_\_\_\_% of the distribution amount.

**State Income Tax** - Alternate payee should refer to information from the Department of Revenue for their state of residence. If applicable, **Alternate Payee must attach their State Income Tax withholding form to make tax elections when required**. In the event this form is required for Alternate Payee's withdrawal and not submitted, Service Center will withhold in accordance with applicable State regulations.

State Income Tax withholding is mandatory in some states and will be withheld regardless of any election below. Indicate if you would like **additional** State Income Tax withholding:

\$ \_\_\_\_\_ or \_\_\_\_\_%

(This is in addition to any mandatory State Income Tax withheld based on the reason and type of withdrawal.)

Certain states allow an election for no State Income Tax withholding depending on the reason and type of withdrawal Alternate Payee has selected. For these states only, State Income Tax will be withheld unless elected otherwise below.

If the checkbox is not marked below, Alternate Payee chooses to have State Income Tax withheld from the withdrawal. Indicate if you would also like to have **additional** State Income Tax withholding:

\$ \_\_\_\_\_ or \_\_\_\_\_%

(This is in addition to any elective State Income Tax withheld based on the reason and type of withdrawal.)

Do not withhold State Income Tax (if election is permitted and Alternate Payee has attached the proper election form if required by their state).

Certain states do not require mandatory State Income Tax withholding but allow to elect State Income Tax withholding depending on the reason and type of withdrawal selected.

Indicate if you would like State Income Tax withheld – **Optional** State Income Tax withholding:

\$ \_\_\_\_\_ or \_\_\_\_\_%

(If this optional income tax election is permitted. Alternate Payee has also attached proper income tax election form if required by their state to elect this optional withholding.)

## Miscellaneous Information

If the alternate payee is a minor and payment is to be made to the parent or legal guardian on behalf of the child, provide the pay order information here:

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# Alternate Payee Distribution Request

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## Signature and Plan Authorization

### Alternate Payee

My signature below acknowledges that I have received the Alternate Payee Distribution Request form, the Alternate Payee Distribution Guide and the 402(f) Notice of Special Tax Rules on Distributions and understand the options available as well as the tax consequences of the selections. I understand that any election for a 100% withdrawal reflected on this distribution form is effective for 180 days and also applies to any additional contributions or other residual amounts made or credited to my account for 180 days, subsequent to this 100% distribution request. I acknowledge and consent to the Plan's subsequent distribution of any such residual amounts in accordance with this election. If my 100% withdrawal is delivered via ACH, any contributions or residual amounts made or credited to my account within the next 180 days will be delivered via ACH, otherwise, my residual withdrawal will be delivered via check by USPS regular mail.

I understand that if I am the spouse or former spouse of the participant, I am solely responsible for the tax consequences of the distribution. I understand that I have at least thirty (30) days in which to consider whether to directly roll over my distribution or have it paid to me, and that submitting this form before the end of the 30-day period is a waiver of that waiting period, and my payment may be processed before the end of the 30-day period. If the Plan is subject to the Qualified Joint and Survivor Annuity, I understand that making an election now for a form other than an annuity payable for my life is a waiver of the annuity.

I understand that if the alternate payee is the child or other dependent of the participant, the participant is solely responsible for the tax consequences of the distribution.

I understand that for at least 30 days after my receipt of the 402(f) Notice of Special Tax Rules on Distributions, I have the right to consider whether to consent to a distribution of the vested account balance or elect a direct rollover of any vested portion of the eligible rollover distribution. By signing this form less than 30 days after I received the 402(f) Notice of Special Tax Rules on Distributions, I affirmatively waive any unexpired portion of the 30 day period and affirmatively elect a distribution from the account pursuant to this Alternate Payee Distribution Request form.

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Under penalty of perjury, I certify that the U.S. Social Security Number shown on Page 1 is correct. I am a U.S. Person if I marked the U.S. Citizen or U.S. Resident Alien box on Page 1 of this form.

**Additional authentication may be necessary before my distribution is processed and/or payment released.**

**My distribution may be subject to fees and/or loss of interest based upon my investment options, my length of time in the Plan and other possible considerations. If I have not been advised of the fees and risks associated with my distribution, I may contact Service Center for a distribution quote at 1-800-204-3731.**

\_\_\_\_\_  
Alternate Payee Signature

\_\_\_\_\_  
Date (Required)

**A handwritten signature is required on this form. An electronic signature will not be accepted and will result in a significant delay.**

\_\_\_\_\_  
Parent or Guardian Signature (if Alternate Payee is a minor)

\_\_\_\_\_  
Date (Required)

**A handwritten signature is required on this form. An electronic signature will not be accepted and will result in a significant delay.**

**Note: Please return this form to the Employer because an Authorized Plan Administrator Signature is required.**

**Alternate Payee Signature Notarization** only required if requesting:

**Direct Deposit via ACH**

**For Residents of all states (except California),** please have your notary complete the section below.

**Notice to California Notaries using the California Affidavit and Jurat Form** the following items must be completed by the notary on the state notary form: the title of the form, the plan name, the plan number, the document date, and the Alternate Payee's name. The notary forms not containing this information will be rejected and it will delay this request.

**The date you sign this form above must match the date on which your signature is notarized.**

**Statement of Notary**

**NOTE: Notary seal must be visible.**

This request was subscribed and sworn (or affirmed) to  
 State of \_\_\_\_\_) before me on this \_\_\_\_\_ day of \_\_\_\_\_, year \_\_\_\_\_,  
 )ss. by **(name of Alternate Payee)** \_\_\_\_\_  
 County of \_\_\_\_\_) proved to me on the basis of satisfactory evidence to be the  
 person who appeared before me.

**SEAL**

Notary Public \_\_\_\_\_ My commission expires \_\_\_\_/\_\_\_\_/\_\_\_\_

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## Employer's Confirmation of Vested Percentage

I certify that the recordkeeping system has the accurate vesting percentage, if applicable.

OR

I certify that the accurate vested percentage in the money sources listed below is as follows:

ERB 1 - EMPLOYER MATCH	_____ %
ERB 2 - EMPLOYER PROFIT SHARING	_____ %
ERB 4 - ER MATCH PRE '08 VESTING	_____ %
ERB 5 - ER Profit Sharing PRE '08 VESTING	_____ %
QAC 1 - SAFE HARBOR QACA EMPLOYER MATCH CONTRIBUTION	_____ %
QNE 1 - QUALIFIED NON-ELECTIVE CONTRIBUTIONS	_____ 100 %

Please use this when processing the distribution, if applicable.

**Note:** Please be advised that balances may not exist in all money sources listed above. Additionally, all money sources may not be available.

## Employer's Authorization for Distribution

I, as the authorized Plan Administrator, certify that: (1) this distribution is in accordance with the terms of the Plan; (2) I have provided alternate payee (or parent or legal guardian, if alternate payee is a minor) with a written explanation of the tax rules and have complied with any Internal Revenue Service and Department of Labor or other notice requirements to the alternate payee that are applicable to this distribution; (3) I authorize processing of the alternate payee distribution pursuant to the attached QDRO, or previously established alternate payee account, if applicable; (4) the appropriate consent and waivers have been obtained; and (5) Service Center is authorized to rely on the information provided on this Alternate Payee Distribution Request form.

If Service Center does not have sufficient information to calculate the alternate payee's award or to otherwise process this request, I understand that I may be requested to provide additional information to Service Center before this distribution can be processed.

I authorize Service Center to process this distribution as requested by the alternate payee.

I represent that I am an authorized signer on behalf of the above-named plan and have an authority to instruct Service Center to process this form.

\_\_\_\_\_  
Authorized Plan Administrator Signature

\_\_\_\_\_  
Date

***A handwritten signature is required on this form. An electronic signature will not be accepted and will result in a significant delay.***

\_\_\_\_\_  
Print Full Name

**Alternate Payee forward to:**  
Plan Administrator

**Plan Administrator forward to:**  
**American Funds Service Center**  
PO Box 173764

Denver, CO 80217-3764

**Phone #:** 1-800-204-3731

**Fax #:** 1-866-745-5766

**Web site:** myretirement.americanfunds.com



# ALTERNATE PAYEE DISTRIBUTION GUIDE

This guide is intended to assist you with the completion of the Alternate Payee Distribution Request form ("the Form"). Please read through this and the 402(f) Notice of Special Tax Rules on Distributions before completing the Form. We encourage you to discuss the tax implications of a distribution with your tax adviser before making your decision.

Please note that the Plan Administrator must receive and approve a qualified domestic relations order (QDRO), and instruct us to set up an account for you in the Plan before a distribution can be processed.

## **Alternate Payee Information**

**Address** - Please provide your current residence address and a mailing address, if different.

**U.S. Social Security Number** - It is not necessary to provide the alternate payee's U.S. social security number if the alternate payee is the child or other dependent of the participant.

**Date of Birth** - This is needed to properly report the distribution. We cannot process the distribution without this.

**Account Extension** - If you are the spouse or former spouse of the participant, and you were previously notified of an account extension number, you must provide that number so that we can properly identify your account.

## **Distribution Method**

### **PART A**

You may elect to take a full or partial distribution. If you select a partial distribution, indicate whether the amount is a gross amount (federal and/or state income tax withholding will be taken from this amount), or a net amount (the partial distribution will be increased by the amount of federal and/or state income tax withheld). If you select a partial distribution and do not indicate whether the amount is a gross amount or a net amount, we will process the amount indicated as a gross amount. The amount you receive will reflect your withholding election.

**Important Note About Required Minimum Distributions** - Once your account becomes subject to the required minimum distribution ("RMD") rules, if the amount you originally selected is less than the RMD amount, the Plan must distribute the RMD amount to you. Your account will become subject to the RMD rules when the participant reaches his or her required beginning date (the April 1 of the year following attainment of age 70 1/2 if a 5% owner or the later of attainment of age 70 1/2 or retirement, for all others).

### **PART B**

**Direct Rollover Options** - If you are the spouse or former spouse of the participant, you have the option of rolling your account balance into a Traditional IRA, Roth IRA or into your employer's retirement Plan. You may select one of the direct rollover options if you select either a full or partial distribution.

**Non-Roth** - If you are requesting a direct rollover, an eligible rollover distribution is made payable to your new employer's Code section 401(a), 401(k), 403(b) or Governmental 457(b) Plan, a Traditional IRA or to a Roth IRA. An eligible rollover distribution of your Non-Roth assets may be paid directly to a Roth IRA. Your rollover distribution to a Roth IRA will not be subject to mandatory federal income tax withholding. However, this distribution is subject to federal and state income tax and you are responsible for making tax payments. The taxable distribution will be reported on IRS Form 1099-R. Making an estimated tax payment to the IRS and an appropriate state authority at the time of your rollover may be one of the options to cover this tax liability. Please consult with your tax advisor.

**Roth** - If you are requesting a direct rollover, an eligible rollover distribution is made payable to your new employer's Code section 401(k), 403(b) or Governmental 457(b) Plan. Prior to submitting a direct rollover request, you need to verify that a 401(k), 403(b) or Governmental 457(b) Plan provides for a designated Roth account and can accept Roth rollovers. You may also roll over your designated Roth assets to a Roth IRA.

If you choose to do a direct rollover to your employer's retirement Plan, check with your company's Plan Administrator or benefits department to find out if the retirement Plan will accept such a rollover.

If a rollover has been processed but is rejected by the receiving institution and returned to Service Center, the distribution will be reprocessed as a taxable distribution payable to you. We regret that we are unable to redeposit a rejected rollover distribution back into the Plan.

If you would like to direct Roth earnings to a Rollover payee other than the one listed, you must attach a letter of instruction listing the name of the Trustee or Custodian and account number and must include the type of payee, your name, social security number, signature and date.

**Payment to Alternate Payee** - You may elect to have the distribution paid to you. This option is available to all alternate payees, regardless of your relationship to the participant. If you are the spouse or former spouse of the participant, be sure to read the 402(f) Notice of Special Tax Rules on Distributions for information about rolling over a distribution that is paid to you. A child or other dependent of the participant is not eligible to roll over a distribution.

## **Federal and State Income Tax Withholding**

**Federal Income Tax** - Direct rollovers are available for spousal alternate payees only. No federal income tax will be withheld from direct rollovers. Twenty percent (20%) mandatory federal income tax withholding will apply to all distributions to spousal alternate payees that are eligible for rollover, but are not rolled over.

Rollovers of Non-Roth assets to a Roth IRA are tax reportable transactions.

For distributions not eligible for rollover, the distribution is subject to federal income tax withholding unless alternate payee elects not to have withholding apply. If alternate payee elects not to have federal income tax withholding apply to his or her distribution, or if he or she does not have enough federal income tax withheld from the distribution, alternate payee may be responsible for payment of estimated tax. Alternate payee may incur penalties under the estimated tax rules if his or her withholding and estimated tax payments are not sufficient. Check the appropriate box on the Form.

For non-spousal alternate payees, federal income tax will be withheld at the rate of 10%, unless Service Center is directed otherwise. Check the appropriate box on the Form.

**Direct Rollover** - Eligible rollover distributions that are directly rolled over are not subject to mandatory federal income tax withholding. Please note, an amount of Non-Roth assets rolled over to a Roth IRA is subject to federal and state income tax and will be reported as taxable income to you. You are responsible for paying any income tax due on this distribution.

**State Income Tax** - For all alternate payees, if alternate payee (or the participant in case of a non-spousal alternate payee) lives in a state that mandates state income tax withholding, it will be withheld. If alternate payee wishes to have additional state income tax withheld or if alternate payee (or the participant in case of a non-spousal alternate payee) lives in a state that does not mandate state income tax withholding, alternate payee may elect to have an additional amount withheld. Check the appropriate box on the Form.

**For more information and applicable forms or documentation that may be required for the state of residence**, refer to the appropriate state tax authority.

**Income Tax Withholding Applicable to Payments Delivered Outside the U.S.**

If you are a U.S. citizen or U.S. resident alien and your payment is to be delivered outside the U.S. or its possessions, you may not elect out of federal income tax withholding.

**Income Tax Withholding for a Non-U.S. Person**

If you are a non-resident alien, you must complete the 'Non-Resident Alien or Other Certification' section on this form. In general, the withholding rate applicable to the payments is 30% unless a reduced rate applies because your country of residence entered into a tax treaty with the U.S. and the treaty provides for a reduced withholding rate or an exemption from withholding. In order to claim a treaty rate, you must complete the appropriate fields, tax treaty section, if applicable and provide a U.S. Taxpayer Identification Number. I may call 1-800-TAX-FORM (829-3676) or visit <http://www.irs.gov> for further information.

Contact your tax professional for more information.

## **402(f) NOTICE OF SPECIAL TAX RULES ON DISTRIBUTIONS**

For Payments Not From a Designated Roth Account

### **YOUR ROLLOVER OPTIONS**

You are receiving this notice because all or a portion of a payment you are receiving from G & W Equipment, Inc. 401(k) Profit Sharing Plan and Trust (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). 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.

### **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 (generally, distributions made before age 59½), 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).

#### **What types of retirement accounts and plans may accept my rollover?**

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. Generally, 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 (if you were born before July 1, 1949) or age 72 (if you were born after June 30, 1949) 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;
- Payments of certain automatic enrollment contributions requested to be withdrawn within 90 days of the first contribution; and
- 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 applies to the part of the distribution that you must include in income and 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 plan made after you separate from service if you are a qualified public safety employee and you will be at least age 50 in the year of the separation;
- Payments of up to \$5,000 made to you from a defined contribution plan within one year after the birth or adoption of a child;
- 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;
- 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 (without regard to whether you itemize deductions for the taxable year);
- 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;
- Payments of certain automatic enrollment contributions requested to be withdrawn within 90 days of the first contribution;
- Payments for certain distributions relating to certain federally declared disasters; and
- Phased retirement payment made to federal employees.

#### **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 on the part of the distribution that you must include in income, 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:

- The exception for payments made after you separate from service if you will be at least age 55 in the year of the separation (or age 50 for qualified public safety employees) does not apply.
- 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 for health insurance premiums 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 included in the payment, so you cannot take a payment of only after-tax contributions. However, 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. In addition, special rules apply when you do a rollover, as described below.

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 at the same time the rest is paid to you, the portion directly rolled over consists first of the amount that would be taxable if not rolled over. For example, assume you are receiving a distribution of \$12,000, of which \$2,000 is after-tax contributions. In this case, if you directly roll over \$10,000 to an IRA that is not a Roth IRA, no amount is taxable because the \$2,000 amount not directly rolled over is treated as being after-tax contributions. If you do a direct rollover of the entire amount paid from the Plan to two or more destinations at the same time, you can choose which destination receives the after-tax contributions.

If you do a 60-day rollover to an IRA of only a portion of a payment made to you, the after-tax contributions are treated as rolled over last. For example, assume you are receiving a distribution of \$12,000, of which \$2,000 is after-tax contributions, and no part of the distribution is directly rolled over. In this case, if you roll over \$10,000 to an IRA that is not a Roth 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. Under certain circumstances, you may claim eligibility for a waiver of the 60-day rollover deadline by making a written self-certification. Otherwise, to apply for a waiver from the IRS, 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-A, *Contributions to 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 outstanding amount of the loan, typically when your employment ends. The offset amount is treated as a distribution to you at the time of the offset. Generally, you may roll over all or any portion of the offset amount. Any offset amount that is not rolled over will be taxed (including the 10% additional income tax on early distributions, unless an exception applies). You may roll over offset amounts to an IRA or an employer plan (if the terms of the employer plan permit the plan to receive plan loan offset rollovers).

How long you have to complete the rollover depends on what kind of plan loan offset you have. If you have a qualified plan loan offset, you will have

until your tax return due date (including extensions) for the tax year during which the offset occurs to complete your rollover. A qualified plan loan offset occurs when a plan loan in good standing is offset because your employer plan terminates, or because you sever from employment. If your plan loan offset occurs for any other reason, then you have 60 days from the date the offset occurs to complete your rollover.

### **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 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 a payment from the Plan 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).

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-A, *Contributions to Individual Retirement Arrangements (IRAs)* and IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*.

### **If you do a rollover to a designated Roth account in the Plan**

You cannot roll over a distribution to a designated Roth account in another employer's plan. However, you can roll the distribution over into a designated Roth account in the distributing Plan. If you roll over a payment from the Plan to a designated Roth account in the Plan, the amount of the payment rolled over (reduced by any after-tax amounts directly rolled over) will be taxed. However, the 10% additional tax on early distributions will not apply (unless you take the amount rolled over out of the designated Roth account within the 5-year period that begins on January 1 of the year of the rollover).

If you roll over the payment to a designated Roth account in the Plan, later payments from the designated Roth account that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a designated Roth account is a payment made both after you are age 59½ (or after your death or disability) and after you have had a designated Roth account in the Plan for at least 5 years. In

applying this 5-year rule you count from January 1 of the year your first contribution was made to the designated Roth account. However, if you made a direct rollover to a designated Roth account in the Plan from a designated Roth account in a plan of another employer, the 5-year period begins on January 1 of the year you made the first contribution to the designated Roth account in the Plan or, if earlier, to the designated Roth account in the plan of the other employer. Payments from the designated Roth account 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).

**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 were born before July 1, 1949) or age 72 (if you were born after June 30, 1949).

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 were born before July 1, 1949) or age 72 (if you were born after June 30, 1949).

**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 and the same tax treatment that 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). However, 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 federal income taxes. However, you may do a 60-day rollover. Unless you elect otherwise, a mandatory cash-out of more than \$1,000 (not including payments from a designated Roth account in the Plan) will be directly rolled over to an

IRA chosen by the Plan administrator or the payor. A mandatory cash-out 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 on special rollover rights related to the U.S. Armed Forces, see IRS Publication 3, *Armed Forces' Tax Guide*. You also may have special rollover rights if you were affected by a federally declared disaster (or similar event), or if you received a distribution on account of a disaster. For more information on special rollover rights related to disaster relief, see the IRS website at [www.irs.gov](http://www.irs.gov).

**Postponement of Distribution Notice**

Generally, if your vested benefit exceeds \$5,000.00, you have the right to defer distribution of your vested account balance from the Plan. If you elect to defer your distribution, the Plan will not make a distribution to you without your consent until required by the terms of the Plan or by law. If you elect to defer your distribution, your vested account balance will continue to experience investment gains, losses and Plan expenses. As a result, the value of your vested account balance ultimately distributed to you could be more or less than the value of your current vested account balance. In determining the economic consequences of postponing your distribution, you should compare the administration cost and investment options (including fees) applicable to your vested account balance in the Plan if you postpone your distribution to the costs and options you may obtain with investment options outside the Plan.

Upon distribution of your vested account balance from the Plan, you will be taxed (except to the extent your vested account balance consists of after-tax contributions or qualified amounts held in a ROTH money source) on your vested account balance at the time of the distribution if you do not rollover your balance. As explained in greater detail in the 402(f) Notice of Special Tax Rules on Distributions, you can roll over your distribution directly or you may receive your distribution and roll it over within 60 days to avoid current taxation and to continue to have the opportunity to accumulate tax-deferred earnings. There are many complex rules relating to rollovers, and you should read the 402(f) Notice of Special Tax Rules on Distributions carefully before deciding whether a rollover is desirable in your circumstances. You should also note that a 10% penalty tax may apply to distributions made before you reach age 59½, unless another exception applies.

If you defer your distribution of your vested account balance, you may invest in the investment options available to active employees. If you do not defer distribution of your vested account balance, the currently available investment options in the Plan may not be generally available on similar terms outside the Plan. Fees and expenses (including administrative or investment related fees) outside the Plan may be different from fees and expenses that apply to your vested account balance in the Plan. For more information about fees, expenses, and currently available Plan investment options, including investment related fees, refer to the prospectuses and/or disclosure documents regarding Plan investments and fees available from your Plan administrator and/or Plan service representative.

When considering whether to defer your distribution, carefully review the Plan Document and/or Plan's Summary Plan Description, including the sections on timing of distributions and available 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-A, *Contributions to Individual Retirement Arrangements (IRAs)*; IRS Publication 590-B, *Distributions from 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](http://www.irs.gov), or by calling 1-800-TAX-FORM.

## **402(f) NOTICE OF SPECIAL TAX RULES ON DISTRIBUTIONS**

For Payments From a Designated Roth Account

### **YOUR ROLLOVER OPTIONS**

You are receiving this notice because all or a portion of a payment you are receiving from the G & W Equipment, Inc. 401(k) Profit Sharing Plan and Trust (the "Plan") is eligible to be rolled over to a Roth IRA or designated Roth account in an employer plan. This notice is intended to help you decide whether to do a rollover.

This notice describes the rollover rules that apply to payments from the Plan that are from a designated Roth account. If you also receive a payment from the Plan that is not from a designated Roth account, 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 designated Roth account 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?**

After-tax contributions included in a payment from a designated Roth account are not taxed, but earnings might be taxed. The tax treatment of earnings included in the payment depends on whether the payment is a qualified distribution. If a payment is only part of your designated Roth account, the payment will include an allocable portion of the earnings in your designated Roth account.

If the payment from the Plan is not a qualified distribution and you do not do a rollover to a Roth IRA or a designated Roth account in an employer plan, you will be taxed on the earnings in the payment. If you are under age 59½, a 10% additional income tax on early distributions (generally, distributions made before age 59½) will also apply to the earnings (unless an exception applies). However, if you do a rollover, you will not have to pay taxes currently on the earnings and you will not have to pay taxes later on payments that are qualified distributions.

If the payment from the Plan is a qualified distribution, you will not be taxed on any part of the payment even if you do not do a rollover. If you do a rollover, you will not be taxed on the amount you roll over and any earnings on the amount you roll over will not be taxed if paid later in a qualified distribution.

A qualified distribution from a designated Roth account in the Plan is a payment made after you are age 59½ (or after your death or disability) and after you have had a designated Roth account in the Plan for at least 5 years. In applying the 5-year rule, you count from January 1 of the year your first contribution was made to the designated Roth account. However, if you did a direct rollover to a designated Roth account in the Plan from a designated Roth account in another employer plan, your participation will count from January 1 of the year your first contribution was made to the designated Roth account in the Plan or, if earlier, to the designated Roth account in the other employer plan.

#### **What types of retirement account and plans may accept my rollover?**

You may roll over the payment to either a Roth IRA (a Roth individual retirement account or Roth individual retirement annuity) or a designated Roth account in an employer plan (a tax-qualified plan, section 403(b) plan, or governmental section 457 plan) that will accept the rollover. The rules of the Roth IRA or employer plan that holds the rollover will determine your investment options, fees, and rights to payment from the Roth IRA or employer plan (for example, no spousal consent rules apply to Roth IRAs and Roth IRAs may not provide loans). Further, the amount rolled over will become subject to the tax rules that apply to the Roth IRA or the designated Roth account in the employer plan. In general, these tax rules are similar to those described elsewhere in this notice, but differences include:

- If you do a rollover to a Roth IRA, all of your Roth IRAs will be considered for purposes of determining whether you have satisfied the 5-year rule (counting from January 1 of the year for which your first contribution was made to any of your Roth IRAs).
- If you do a rollover to a Roth IRA, you will not be required to take a distribution from the Roth IRA during your lifetime and you must keep track of the aggregate amount of the after-tax contributions in all of your Roth IRAs (in order to determine your taxable income for later Roth IRA payments that are not qualified distributions).
- Eligible rollover distributions from a Roth IRA can only be rolled over to another Roth IRA.

#### **How do I do a rollover?**

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

If you do a direct rollover, the Plan will make the payment directly to your Roth IRA or designated Roth account in an employer plan. You should contact the Roth 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 (generally within 60 days) into a Roth IRA, whether the payment is a qualified or nonqualified distribution. In addition, you can do a rollover by making a deposit within 60 days into a designated Roth account in an employer plan if the payment is a nonqualified distribution and the rollover does not exceed the amount of the earnings in the payment. You cannot do a 60-day rollover to an employer plan of any part of a qualified distribution. If you receive a distribution that is a nonqualified distribution and you do not roll over an amount at least equal to the earnings allocable to the distribution, you will be taxed on the amount of those earnings not rolled over, including the 10% additional income tax on early distributions if you are under age 59½ (unless an exception applies).

If you do a direct rollover of only a portion of the amount paid from the Plan and a portion is paid to you at the same time, the portion directly rolled over consists first of earnings.

If you do not do a direct rollover and the payment is not a qualified distribution, the Plan is required to withhold 20% of the earnings 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 to a Roth IRA, you must use other funds to make up for the 20% withheld.

#### **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 (if you were born before July 1, 1949) or age 72 (if you were born after June 30, 1949) 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;
- Payments of certain automatic enrollment contributions requested to be withdrawn within 90 days of the first contribution; and
- 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 S corporation stock is held by 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 a payment is not a qualified distribution and you are under age 59½, you will have to pay the 10% additional income tax on early distributions with respect to the earnings allocated to the payment that you do not roll over (including amounts withheld for income tax), unless one of the exceptions listed below applies. This tax is in addition to the regular income tax on the earnings 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 plan made after you separate from service if you are a qualified public safety employee and you will be at least age 50 in the year of the separation;
- Payments of up to \$5,000 made to you from a defined contribution plan within one year after the birth or adoption of a child;
- 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;
- 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 (without regard to whether you itemize deductions for the taxable year);
- 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;
- Payments of certain automatic enrollment contributions requested to be withdrawn within 90 days of the first contribution; and
- Payments for certain distributions relating to certain federally declared disasters.

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

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

- The exception for payment made after you separate from service if you will be at least age 55 in the year of the separation (or age 50 for qualified public safety employees) does not apply.
- 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 a Roth 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 for health insurance premiums 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 under certain extraordinary circumstances, such as when external events prevented you from completing the rollover by the 60-day rollover deadline. Under certain circumstances, you may claim eligibility for a waiver of the 60-day rollover deadline by making a written self-certification. Otherwise, to apply for a waiver from the IRS, 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-A, *Contributions to Individual Retirement Arrangements (IRAs)*.

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

If you receive a payment that is not a qualified distribution and you do not roll it over, you can apply a special rule to payments of employer stock (or other employer securities) that are 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 included in the earnings in the payment will not be taxed when distributed to you from the Plan and will be taxed at capital gain rates when you sell the stock. If you do a rollover to a Roth IRA for a nonqualified distribution that includes employer stock (for example, by selling the stock and rolling over the proceeds within 60 days of the distribution), you will not have any taxable income and the special rule relating to the distributed employer stock will not apply to any subsequent payments from the Roth IRA or employer plan. Net unrealized appreciation is generally the increase in the value of the employer stock after it was acquired by the Plan. The Plan administrator can tell you the amount of any net unrealized appreciation.

If you receive a payment that is a qualified distribution that includes employer stock and you do not roll it over, your basis in the stock (used

to determine gain or loss when you later sell the stock) will equal the fair market value of the stock at the time of the payment from the Plan.

**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 outstanding amount of the loan, typically when your employment ends. The offset amount is treated as a distribution to you at the time of the offset. Generally, you may rollover all or any portion of the offset amount. If the distribution attributable to the offset is not a qualified distribution and you do not roll over the offset amount, you will be taxed on any earnings included in the distribution (including the 10% additional income tax on early distributions, unless an exception applies). You may rollover the earnings included in the loan offset to a Roth IRA or designated Roth account in an employer plan (if the terms of the employer plan permit the plan to receive plan loan offset rollovers). You may also roll over the full amount of the offset to a Roth IRA.

How long you have to complete the rollover depends on what kind of plan loan offset you have. If you have a qualified plan loan offset, you will have until your tax return due date (including extensions) for the tax year during which the offset occurs to complete your rollover. A qualified plan loan offset occurs when a plan loan in good standing is offset because your employer plan terminates, or because you sever from employment. If your plan loan offset occurs for any other reason, then you have 60 days from the date the offset occurs to complete your rollover.

**If you receive a nonqualified distribution and 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 is not a qualified distribution and that you do not roll over, special rules for calculating the amount of the tax on the earnings in 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 receive a payment that is not a qualified distribution and you do not roll it over, you will not have to pay the 10% additional income tax on early distributions with respect to the earnings allocated to the payment that you do not roll over, 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 that is not a qualified distribution made before age 59½ will be subject to the 10% additional income tax on earnings allocated to the payment (unless an exception applies). Other differences include 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 receive a nonqualified distribution, are an eligible retired public safety officer, and your 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 nonqualified distributions 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 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, whether the payment is a qualified distribution generally depends on when the participant first made a contribution to the designated Roth account in the Plan. Also, 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 receive a nonqualified distribution and 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 a Roth IRA, you may treat the Roth IRA as your own or as an inherited Roth IRA.

A Roth IRA you treat as your own is treated like any other Roth IRA of yours, so that you will not have to receive any required minimum distributions during your lifetime and earnings paid to you in a nonqualified distribution before you are age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies).

If you treat the Roth IRA as an inherited Roth IRA, payments from the Roth IRA will not be subject to the 10% additional income tax on early distributions. An inherited Roth IRA is subject to required minimum distributions. If the participant had started taking required minimum distributions from the Plan, you will have to receive required minimum distributions from the inherited Roth IRA. If the participant had not started taking required minimum distributions, you will not have to start receiving required minimum distributions from the inherited Roth IRA until the year the participant would have been age 70½ (if you were born before July 1, 1949) or age 72 (if you were born after June 30, 1949).

**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 Roth IRA. Payments from the inherited Roth IRA, even if made in a nonqualified distribution, will not be subject to the 10% additional income tax on early distributions. You will have to receive required minimum distributions from the inherited Roth IRA.

Payments under a qualified domestic relations order. If you are the spouse or a 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 and the same tax treatment that the participant would have (for example, you may roll over the payment as described in this notice).

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

Unless you elect otherwise, a mandatory cash-out from the designated Roth account in the Plan of more than \$1,000 will be directly rolled over to a Roth IRA chosen by the Plan administrator or the payor. A mandatory cash-out 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 on special rollover rights related to the U.S. Armed Forces, see IRS Publication 3, *Armed Forces' Tax Guide*. You also may have special rollover rights if you were affected by a federally declared disaster (or similar event), or if you received a distribution on account of a disaster. For more information on special rollover rights related to disaster relief, see the IRS website at [www.irs.gov](http://www.irs.gov).

**Postponement of Distribution Notice**

Generally, if your vested benefit exceeds \$5,000.00, you have the right to defer distribution of your vested account balance from the Plan. If you elect to defer your distribution, the Plan will not make a distribution to you without your consent until required by the terms of the Plan or by law. If you elect to defer your distribution, your vested account balance will

continue to experience investment gains, losses and Plan expenses. As a result, the value of your vested account balance ultimately distributed to you could be more or less than the value of your current vested account balance. In determining the economic consequences of postponing your distribution, you should compare the administration cost and investment options (including fees) applicable to your vested account balance in the Plan if you postpone your distribution to the costs and options you may obtain with investment options outside the Plan.

Upon distribution of your vested account balance from the Plan, you will be taxed (except to the extent your vested account balance consists of after-tax contributions or qualified amounts held in a ROTH money source) on your vested account balance at the time of the distribution if you do not rollover your balance. As explained in greater detail in the 402(f) Notice of Special Tax Rules on Distributions, you can roll over your distribution directly or you may receive your distribution and roll it over within 60 days to avoid current taxation and to continue to have the opportunity to accumulate tax-deferred earnings. There are many complex rules relating to rollovers, and you should read the 402(f) Notice of Special Tax Rules on Distributions carefully before deciding whether a rollover is desirable in your circumstances. You should also note that a 10% penalty tax may apply to distributions made before you reach age 59½, unless another exception applies.

If you defer your distribution of your vested account balance, you may invest in the investment options available to active employees. If you do not defer distribution of your vested account balance, the currently available investment options in the Plan may not be generally available on similar terms outside the Plan. Fees and expenses (including administrative or investment related fees) outside the Plan may be different from fees and expenses that apply to your vested account balance in the Plan. For more information about fees, expenses, and currently available Plan investment options, including investment related fees, refer to the prospectuses and/or disclosure documents regarding Plan investments and fees available from your Plan administrator and/or Plan service representative.

When considering whether to defer your distribution, carefully review the Plan Document and/or Plan's Summary Plan Description, including the sections on timing of distributions and available 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-A, *Contributions to Individual Retirement Arrangements (IRAs)*; IRS Publication 590-B, *Distributions from 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](http://www.irs.gov), or by calling 1-800-TAX-FORM.