



Important Instructions for Completing This Form

Schwab.com | **1-800-435-4000** (inside the U.S.) | **+1-415-667-8400** (outside the U.S.) | **1-888-686-6916** (multilingual services)

- Please complete this form, sign it, and return it to Schwab. You can either complete it online or print a copy and fill it out by hand.
- If you are opening a new account, be sure to enclose any accompanying materials (e.g., new account documents or a check for an initial deposit) when you return the form.
- If you have any questions, call us at 1-800-435-4000.

Return Instructions

Return the signed, completed form to your nearest Schwab branch (visit schwab.com/branch for locations) or mail it to any of the following addresses:

Regular Mail

Charles Schwab & Co., Inc.
Attn: IS Document Control
P.O. Box 982600
El Paso, TX 79998-2600

Overnight Mail

Charles Schwab & Co., Inc.
Attn: IS Document Control
1945 Northwestern Drive
El Paso, TX 79912

Regular Mail

Charles Schwab & Co., Inc.
Attn: IS Document Control
P.O. Box 628291
Orlando, FL 32862-8291

Overnight Mail

Charles Schwab & Co., Inc.
Attn: IS Document Control
1958 Summit Park Dr., Ste. 200
Orlando, FL 32810

Individual 401(k) Distribution Request Form

charles SCHWAB

www.schwab.com
1-800-435-4000 (inside the U.S.)
+1-415-667-8400 (outside the U.S.)
1-888-686-6916 (multilingual services)
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1. Account Holder Information (required)

Name (First)		(Middle)	(Last)
Account Number	Social Security Number		Daytime Telephone Number ()

2. Employer Information (required)

Employer Name	Employer Identification Number (EIN)
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3. Distribution Reasons (Choose one.)

- Normal Retirement Age** (Age 59½ or older.)
- Termination of Employment**
- In-Service Withdrawal: Two-Year Rule** Select for a withdrawal of vested Employer contributions (Not including Elective Salary Deferrals) that have been in the Plan for at least two full Plan years. See Section 5.01(C)(1) of the Basic Plan Document.
- In-Service Withdrawal: Five-Year Rule** Select for a withdrawal of vested account balance (Not including Elective Salary Deferrals and allocable income) if you have participated in the Plan for at least five years (60 months). See Section 5.01(C)(1) of the Basic Plan Document.
- Disability** (By checking this box, you are certifying that the distribution meets the permanent disability requirements of IRS Section 72(m)(7). We recommend that you consult your tax advisor.)
- Hardship** (Select for Distribution Due to Hardship as described in the Basic Plan Document, Section 5.01(C)(2). Available only if your plan's Adoption Agreement permits hardship distributions. Note: Hardship distributions are not eligible for rollover.)
- Plan Termination**
- Death** (Attach the following documents and complete the recipient information requested below.)
 1. Certified copy of the death certificate
 2. Individual 401(k) Account Application (You must first open an Individual 401(k) account in your name for tax reporting purposes.)
 3. Inherited IRA Account Application (required if rolling over to a Schwab Inherited IRA)
 4. If there are multiple beneficiaries, each beneficiary must complete a separate Individual 401(k) Distribution Request Form.

Note: Other documents may be required. Call Schwab Estate Distribution Services at 1-888-297-0244 to discuss your individual situation.

Name of Recipient (First)		(Middle)	(Last)
Home/Legal Street Address (no P.O. boxes)		City	State Zip Code
Daytime Telephone Number ()	Date of Birth (mm/dd/yyyy)	Social Security Number	Relationship to Participant
Country of Citizenship (if other than U.S.A.)		Country of Legal Residence (if other than U.S.A.)	

- Qualified Domestic Relations Order (QDRO)** (Attach the following documents and complete the recipient information requested below.)
 1. Final QDRO
 2. Individual 401(k) Account Application (The recipient must first open an Individual 401(k) account in their name for tax reporting purposes.)
 3. Schwab IRA Account Application (if assets are to be rolled over to a new IRA at Schwab)

Note: Other documents may be required. Call Schwab Estate Distribution Services at 1-888-297-0244 to discuss your individual situation.

Name of Recipient (First)		(Middle)	(Last)
Home/Legal Street Address (no P.O. boxes)		City	State Zip Code
Daytime Telephone Number ()	Date of Birth (mm/dd/yyyy)	Social Security Number	Relationship to Participant
Country of Citizenship (if other than U.S.A.)		Country of Legal Residence (if other than U.S.A.)	

FOR CHARLES SCHWAB USE ONLY:											
Branch Office and Account Number											



3. Distribution Reasons (Continued)

Excess Deferral (Choose appropriate reason and enter deferral, earnings, and total amount to be distributed.)

Prior Year (Code P—Deferral/Code 8—Earnings)

Current Year (Code 8—Deferral/Code 8—Earnings)

Enter excess deferral amount \$ _____ + Earnings \$ _____ = Total \$ _____

4. Payment Options (Choose one.)

You may request a lump-sum, partial, or periodic distribution from your Schwab Individual 401(k). **If you want a cash distribution from positions other than your sweep money market fund, please indicate in Section 5 which securities and how many shares or what dollar amount you would like to sell, or call us at 1-800-435-4000 to place a trade.**

Are you requesting a direct rollover distribution from your Schwab Individual 401(k) account?

Yes

A. Lump-Sum Payment (distribute entire balance). Note: Your account will be closed upon distribution of your entire balance.

B. Partial Payment \$ _____

No

A. Lump-Sum Payment (distribute entire balance). Note: Your account will be closed upon distribution of your entire balance.

B. Partial Payment \$ _____

C. Periodic Payment (Available only for distributions of cash when the vested account balance is more than \$1,000.)

Complete the following information:

I would like to schedule a periodic payment in the amount of \$ _____ to begin on _____ (mm/dd/yyyy) and continue until I instruct otherwise.

Frequency: Monthly Quarterly Semiannually Annually

5. Payment Instructions (Choose one.)

Distribute from my sweep money market fund balance. (**Note: You must select "Sell" or "Transfer" to move Schwab Value Advantage Investments®**)

Sell specific shares of securities and distribute the proceeds. (List securities you want to sell in the boxes below. Additional securities should be listed on a separate sheet of paper. Schwab's standard commissions and fees, as detailed in the *Charles Schwab Pricing Guide*, will apply.)

Please allow approximately two weeks to process these distributions.

Name or Symbol of Security	Number of Vested Shares or Dollar Amount	Name or Symbol of Security	Number of Vested Shares or Dollar Amount
Name or Symbol of Security	Number of Vested Shares or Dollar Amount	Name or Symbol of Security	Number of Vested Shares or Dollar Amount
Name or Symbol of Security	Number of Vested Shares or Dollar Amount	Name or Symbol of Security	Number of Vested Shares or Dollar Amount

Transfer specific shares of securities. (List securities in the boxes below. Additional securities should be listed on a separate sheet of paper.)

Please allow approximately two weeks to process these distributions.

Name or Symbol of Security	Number of Vested Shares or Dollar Amount	Name or Symbol of Security	Number of Vested Shares or Dollar Amount
Name or Symbol of Security	Number of Vested Shares or Dollar Amount	Name or Symbol of Security	Number of Vested Shares or Dollar Amount
Name or Symbol of Security	Number of Vested Shares or Dollar Amount	Name or Symbol of Security	Number of Vested Shares or Dollar Amount

6. Payment Method

Please tell us how you want to receive your payment. (Choose one option from sections A–E below.)

A. **Directly deposit my distribution to my Schwab non-retirement account number:** _____

B. **Mail my distribution**

To the address listed on my account

To the address indicated in Section 3

To the address indicated below:

Street Address	City	State	Zip Code
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6. Payment Methods (Continued)

C. Direct Rollover (If you choose a Direct Rollover option below, Section 7 does not apply.) Choose one option from subsection 1 or 2 below and provide the information, as applicable:

1. Participant and Spouse Beneficiary only:

- Direct Rollover of an eligible distribution to my existing Schwab Traditional IRA or Qualified Retirement Plan account number: _____
 Direct Rollover of an eligible distribution to a new Schwab Traditional IRA (Complete and attach the Schwab IRA Account Application.)
 Direct Rollover of an eligible distribution to my non-Schwab Traditional IRA or Qualified Retirement Plan account (Please allow 4-6 weeks for processing.)

Form with fields: Type of Account (IRA, Qualified Retirement Plan), Name on Account, Account Number, Institution Name, Phone Number of Institution, Institution Mailing Address, City, State, Zip Code, ABA Number, Name of Plan (if applicable).

2. Non-Spouse Beneficiary only:

- Direct Rollover of an eligible distribution to a Schwab Inherited IRA (Complete and attach the Schwab Inherited IRA Application.)

D. Direct conversion of an eligible distribution to my Schwab Roth IRA (Select one.)

- Convert to my existing Schwab Roth IRA account number: _____
 Convert to a new Schwab Roth IRA (Complete and attach the Schwab IRA Account Application.)

E. Wire Transfer*

Form with fields: Type of Account (IRA, Qualified Retirement Plan, Bank, Other), Name on Account (Registration), Account Number, Institution Name, Phone Number of Institution, Institution Mailing Address, City, State, Zip Code, ABA Number, Name of Plan (if applicable).

*Fees apply. Call 1-800-435-4000 for details.

7. Tax Withholding Election

Complete this section only if your distribution is not an eligible direct rollover distribution. If your distribution is eligible to be rolled over, but is paid to you, 20% federal income tax and your state's minimum income tax rate, if applicable, will be automatically withheld. These taxes will not apply if your distribution is directly rolled over.

Distributions are generally subject to federal (and possibly state) income tax. Even if you elect in writing not to have federal and/or state income tax withheld, you are liable for payment of federal and state income tax, if applicable, on the taxable portion of your distribution. You may also be subject to tax penalties under the estimated tax payment rules if your withholding and payment of estimated tax, if any, are not adequate.

While Schwab makes every effort to obtain information about state tax laws from sources believed to be reliable, Schwab cannot guarantee the accuracy or timeliness of state tax withholding information because state tax laws are subject to constant change and interpretation. We recommend that you contact your tax advisor regarding your tax withholding elections and to answer any questions that you may have regarding your state's withholding laws.

A. Federal Income Tax Withholding

To the extent your distribution is not subject to the 20% mandatory withholding, you may elect not to have withholding apply, or you may elect to increase the rate of withholding. If you do not make an election, Schwab is required to withhold 10% for payment of federal income tax from your gross distribution.

Choose one:

- I do not want federal income tax withheld.
 I want federal income tax withheld at the rate of _____% (must be at least 10% and a whole number).

FOR CHARLES SCHWAB USE ONLY: Branch Office and Account Number



7. Tax Withholding Election (Continued)**B. State Income Tax Withholding**

State income tax withholding may be required from your distribution. In some cases, you may elect not to have withholding apply, or you may elect to increase the rate of withholding. In other cases, state income tax withholding is not available. **Refer to the State Income Tax Withholding Information sheet for specific information concerning your state.** If you do not make an election, Schwab will apply withholding (if required) at the minimum rate based on your state of residency as determined by your legal address of record on your account.

Choose one:

- I do not want state income tax withheld.
- I want state income tax withheld at the rate of _____% (must be at least your state's minimum tax rate).

If you move between states with differing withholding laws, Schwab will apply withholding (if required) at the rate you have provided above or at the minimum rate based on the laws for your new state of residency, whichever is greater. You may change or revoke your tax withholding election for future distributions at any time by submitting your request in writing to Schwab.

8. Signatures**A. Signature of Employer**

As the Employer, I authorize Schwab to distribute Plan benefits from the Individual 401(k) account as indicated on this Distribution Request Form. I certify that the information I have provided in this Distribution Request Form is true and correct to the best of my knowledge; that I have provided the Participant (or other recipient) with a copy of the Individual 401(k) Distribution Notice; and that this distribution complies with the provisions of the Schwab Individual 401(k) and the Internal Revenue Code. If the "Qualified Domestic Relations Order (QDRO)" box is checked in Section 3, I further certify that I have determined that the domestic relations order pursuant to which this distribution is being made constitutes a qualified domestic relations order within the meaning of Section 414(p) of the Internal Revenue Code. If the "Death" box is checked in Section 3, I further certify that the recipient is entitled to the distribution under a valid beneficiary designation or, if none, under the applicable provisions of the Schwab Individual 401(k). I authorize Schwab to rely on the foregoing certification without further investigation or inquiry.

Signature and Date Required

X

Employer Signature _____ Print Name _____ Date _____

B. Signature of Plan Participant or Recipient

I hereby consent to, and request payment from, the qualified retirement plan designated above in the manner indicated. In addition, if I am eligible to waive the notice requirements under Sections 402(f), 417(a)(3), and 411(a)(11) of the Internal Revenue Code, I hereby waive the 30-day notice period.

I certify that all information provided by me is true and accurate, and I agree to submit additional information if requested by the Employer, Schwab, or any Plan fiduciary. I have received the Individual 401(k) Distribution Notice and have read and understood the portions of it referenced in the sections I have completed in this Distribution Request Form. No tax advice has been given to me by either the Employer or Schwab. All decisions regarding this distribution are my own. I expressly assume the responsibility for any adverse consequences which may result from this distribution, and I agree that the Employer, Schwab, and any Plan fiduciary shall in no way be responsible for those consequences.

I certify that the number shown on this application is my correct Taxpayer Identification Number.

Signature and Date Required

X

Plan Participant or Recipient Signature _____ Print Name _____ Date _____

Important Information About Your Individual 401(k) Plan Distribution

INTRODUCTION

This notice contains important information about the payment of your vested account balance in your employer's Individual 401(k) Plan (the "Plan"). Please carefully review the materials. It is always a good idea to consult with a tax advisor when taking distributions.

As a participant in the Plan, you have accumulated a vested account balance. You may receive your vested account balance only if you incur a triggering event. You may incur a triggering event if:

- You are no longer working for your employer;
- You attain the normal retirement age indicated in the Plan, age 59½;
- You become disabled under the Plan's definition;
- Your employer terminates the Plan;
- Your Plan permits in-service distributions (may be limited to certain contribution sources); or
- You incur a hardship (may be limited to certain contribution sources).

However, you must refer to your Summary Plan Description to identify the specific triggering events which apply under your Plan.

You may have the right to defer receiving a distribution of your vested account balance from your employer's Plan if you meet both of the following:

- Your vested account balance under the Plan is greater than \$1,000; and
- You haven't reached age 59½.

However, you must begin receiving payments from the Plan when you reach age 70½.

Note: Generally, payments from your employer's qualified retirement plan must be delayed for a minimum of 30 days after you receive this notice, to allow you time to consider your distribution options. Although you are entitled to consider your distribution options for a period of 30 days, you may waive this 30-day notice requirement by signing and submitting the Individual 401(k) Distribution Request Form.

PART ONE of this notice describes the Plan payment options available to you. **PART TWO** describes the payment options for your beneficiary(ies). **PART THREE** contains a special tax notice, required by the IRS, that explains the tax treatment of your Plan payment and describes the rollover options available to you.

PART ONE—PAYMENT OPTIONS FOR PLAN PARTICIPANTS

Important notice to participant

Your employer intends for your Plan account to provide income to you during retirement. If you take a distribution prior to retiring or spend your retirement savings too quickly, you may not have sufficient income to live on in retirement. If you terminate employment and leave your money in the Plan, a share of the Plan's administrative expenses may be charged to your account each year. Refer to your Plan administrator for an explanation of any administrative expenses that may be charged to the accounts of terminated participants.

If you choose to roll over your vested account balance to an IRA or other eligible retirement plan, the distributing Plan's investment options may not be available under the receiving retirement arrangement and the fees may differ from those charged to you if your balance remained in the Plan. Complete information concerning available investment options and fees currently charged by the Plan is available from your Plan administrator. Consult your financial advisor for a description of investments available outside of the Plan and any applicable fees associated with them.

DISTRIBUTION OPTIONS

OPTION I—LUMP-SUM PAYMENT

A. Lump-Sum Payment Defined

A lump-sum payment is the payment of your entire vested account balance.

B. Financial Effect and Tax Consequences of a Lump-Sum Payment

Generally, a lump-sum payment is included in your income and taxed in the year of the distribution. Most lump-sum payments are eligible rollover distributions and would, therefore, be subject to the 20% withholding rules unless directly rolled over to another plan or IRA. See Part Three of this notice for more information.

OPTION II—PERIODIC PAYMENTS

A. Periodic Payments Defined

Periodic payments are payments distributed to you in any amount you choose at intervals that you determine within limits set by the trustee or custodian. For example, the payments could be paid to you annually, semiannually, quarterly, or monthly. The payment schedule you choose cannot be longer than your single life expectancy or, if you have a beneficiary named, the joint life expectancy of you and your beneficiary.

Note: Periodic payments are not available if your vested account balance is less than \$1,000.

B. Financial Effect and Tax Consequences of Periodic Payments

Generally, each periodic payment will be included in your income in the year in which you receive it. For example, a participant who elects to receive \$500 per month will include \$6,000 (\$500 x 12 months) in income each tax year.

PART TWO—PAYMENT OPTIONS FOR BENEFICIARIES OF DECEASED PLAN PARTICIPANTS

Important notice to beneficiary

If you are the designated beneficiary of a deceased participant's vested account balance, you are eligible to receive a distribution. The form of the benefit depends on several factors, including, but not limited to, the type of plan and the amount in the participant's account. Of the options above, some may not be available to you.

OPTION I—PARTICIPANT'S ACCOUNT BALANCE

If the participant's vested account balance was \$1,000 or less at the time of distribution, the Plan administrator is required to pay your distribution to you in a single cash payment. If the participant's vested account balance exceeded \$1,000, you must consent to the form of payment.

OPTION II—TYPE OF PLAN

A. REA Safe Harbor Plans (Profit-Sharing or 401(k) Plans Only)

You may select Part One, Option I or II. However, if you select the periodic payment method described in Part One, Option II, the payment schedule you choose cannot be longer than your single life expectancy.

PART THREE—SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS

YOUR ROLLOVER OPTIONS

This notice describes the rollover rules that apply to payments from the Plan.

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 and property received other than employer stock). This means that, in order to roll over the entire payment in a 60-day rollover, you must use other funds to make up for the 20% withheld. If you do not roll over the entire amount of the payment, the portion not rolled over will be taxed and will be subject to the 10% additional income tax on early distributions if you are under age 59½ (unless an exception applies).

How much may I roll over?

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

- Certain payments spread over a period of at least 10 years or over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary)
- Required minimum distributions after age 70½ (or after death)
- Hardship distributions
- ESOP dividends
- Cost of life insurance paid by the Plan
- 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
- Cost of life insurance paid by the Plan
- Contributions made under special automatic enrollment rules that are withdrawn pursuant to your request within 90 days of enrollment
- Payments made directly to the government to satisfy a federal tax levy
- Payments made under a qualified domestic relations order (QDRO)
- Payments up to the amount of your deductible medical expenses

- Certain payments made while you are on active duty if you were a member of a reserve component called to duty after September 11, 2001, for more than 179 days
- Payments of certain automatic enrollment contributions requested to be withdrawn within 90 days of the first contribution

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 the following:

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

Will I owe state income taxes?

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

SPECIAL RULES AND OPTIONS

If your payment includes after-tax contributions

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

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

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

If you miss the 60-day rollover deadline

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

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

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

If you 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 to a Roth IRA.

If you roll over the payment to a Roth IRA, a special rule applies under which the amount of the payment rolled over (reduced by any after-tax amounts) will be taxed. However, the 10% additional income tax on early distributions will not apply (unless you take the amount rolled over out of the Roth IRA within five 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 five years. In applying this five-year rule, you count from January 1 of the year for which your first contribution was made to a Roth IRA. Payments from the Roth IRA that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10% additional income tax on early distributions (unless an exception applies). You do not have to take required minimum distributions from a Roth IRA during your lifetime. For more information, see IRS Publication 590, *Individual Retirement Arrangements (IRAs)*.

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

If you are not a plan participant

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

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

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

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

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

If you do not do a direct rollover to an inherited IRA, the Plan is required to withhold 20% of the payment for federal income taxes. You cannot waive the 20% withholding.

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

If you are a nonresident alien

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

Other special rules

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

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

Unless you elect otherwise, a mandatory cashout of more than \$1,000 (not including payments from a designated Roth account in the Plan) 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.

