

**STONE AND MARBLE MASONS OF  
METROPOLITAN WASHINGTON, D.C.  
ANNUITY PLAN**

7130 Columbia Gateway Drive, Suite A  
Columbia, MD 21046  
Mailing Address: P.O. Box 1302, Troy, MI 48099  
410-872-9553

Re: Application for Distribution of Individual Account

Dear Applicant:

Enclosed please find the Plan Form necessary to take a distribution of your Individual Account under the Stone and Marble Masons of Metropolitan Washington, D.C. Annuity Plan (“Annuity Plan”). Provided you meet the eligibility requirements for a distribution, you may receive your Individual Account in a lump sum, or you may roll your distribution over into another qualified plan or Individual Retirement Account (“IRA”). This Form may also be used if you are the Surviving Spouse or Designated Beneficiary of a Plan participant (or the Alternate Payee entitled to the Individual Account under the terms of a divorce decree.

Also enclosed is a Notice titled “*Your Rollover Options*.” It is important that you read the accompanying Notice carefully and advise the Fund Office, in writing on the enclosed Application, of the manner in which you want your Individual Account disbursed. The Annuity Plan is required to allow you at least 30 days to consider the options available for payment of your benefits. The Trustees encourage you to take your time in considering the distribution arrangement which best serves your needs.

By law, the Annuity Plan is obligated to withhold 20% federal income tax plus any mandatory state taxes for your State of residency from all distributions eligible for “rollover,” unless you choose to have your payment made in the form of a “direct rollover,” as described in the attached Notice, *Your Rollover Options*.

The Fund Office will respond to any questions you have concerning the enclosed paperwork. We recommend that you consult with a professional tax advisor concerning the distribution of your Individual Account prior to making a formal election.

Sincerely,

Board of Trustees

Enclosures: Application for Distribution of Individual Account  
Notice – Your Rollover Options

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**STONE AND MARBLE MASONS  
OF METROPOLITAN WASHINGTON, D.C. ANNUITY PLAN  
APPLICATION FOR INDIVIDUAL ACCOUNT DISTRIBUTION**

**PLEASE PRINT NEATLY**

**PARTICIPANT'S FULL NAME:** \_\_\_\_\_

**SOCIAL SECURITY NUMBER:** \_\_\_\_\_

**STREET ADDRESS** \_\_\_\_\_

**TELEPHONE NO.** \_\_\_\_\_ **EMAIL ADDRESS** \_\_\_\_\_

**I HEREBY APPLY FOR A DISTRIBUTION OF MY INDIVIDUAL ACCOUNT ON THE FOLLOWING BASIS:**

\_\_\_ **SEVERANCE FROM COVERED EMPLOYMENT** - I have been absent from Covered Employment for at least 36 consecutive months.

\_\_\_ **RETIREMENT** – I have attained at least age 65 and have had a complete and continued withdrawal from employment with an Employer (whether or not such employment is Covered Employment under the Plan). I have notified my Employer that I intend to be retired. (*YOU MUST ATTACH A COPY OF YOUR BIRTH CERTIFICATE OR OTHER PROOF OF BIRTHDATE – SEE BELOW.*)

\_\_\_ **TOTAL AND PERMANENT DISABILITY** – I meet the requirements for Total and Permanent Disability as defined by the Annuity Plan (See your Summary Plan Description). (*YOU MUST ATTACH A COPY OF YOUR SOCIAL SECURITY DISABILITY AWARD CERTIFICATE. IF YOU DO NOT HAVE AN AWARD OR YOUR AWARD IS PENDING, CONTACT THE FUND OFFICE.*)

\_\_\_\_ **SURVIVING SPOUSE, DESIGNATED BENEFICIARY OR ALTERNATE PAYEE** – The Plan participant is deceased, and I am the Surviving Spouse or Designated Beneficiary (or Alternate Payee) of the participant. (*YOU MUST ATTACH A COPY OF THE PARTICIPANT'S DEATH CERTIFICATE*)

You should complete this Application Form if you are a Participant, a Surviving Spouse of a Participant, a Designated Beneficiary of a Participant, or an Alternate Payee (the former spouse of the Participant who is entitled to a distribution pursuant to a qualified domestic relations order).

Evidence of your birthdate includes any of the following: birth certificate, driver's license, Baptismal Certificate, Passport, Notice of Registration of Birth in public registry of vital statistics, hospital records, military records, marriage record, or immigration records. If none of these are available, contact the Fund Office for additional records which may be used to document your date of birth.

Before filling out the information below, please read the attached Notice titled **YOUR ROLLOVER OPTIONS**, so that you fully understand your options. Under the terms of the Annuity Plan, your Individual Account is payable **ONLY** in one lump sum. You may choose to roll over any portion of the lump sum into an IRA or to another eligible pension plan. The balance will be distributed as one lump sum payment to you alone.

**If you have any questions concerning your option, please contact the Fund Office.**

I, \_\_\_\_\_, the Participant  
(or in the alternative, the Surviving Spouse, Designated Beneficiary or Alternate Payee of  
Participant \_\_\_\_\_) hereby elect to  
have the Individual Account in the Stone and Marble Masons Of Metropolitan Washington,  
D.C. Annuity Plan to which I am entitled:

## ELECTION FOR DISTRIBUTION OF INDIVIDUAL ACCOUNT

You **must** complete this Form to elect how you wish to receive your Annuity Plan Individual Account.

<input type="checkbox"/>	<b>OPTION 1</b>
<p>I elect to have my distribution check made payable to me in one lump sum payment. I understand that 20% will be withheld for Federal Income Taxes. In addition, I understand that any mandatory State taxes (for my state of residency) will also be withheld.</p>	

<input type="checkbox"/>	<b>OPTION 2</b>
<p>I elect to have my distribution check rolled over to the following financial institution or qualified employer plan :</p>	
<hr/>	
Name of Financial Institution/Employer Plan	
<hr/>	
Street Address	
<hr/>	
City, State, Zip Code	
<hr/>	
Account Number	
<hr/>	
Name of Contact & Phone Number	

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Your Signature

Date

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**YOUR ROLLOVER OPTIONS**

You are receiving this Notice because all or a portion of a payment you are receiving from the Stone and Marble Masons Of Metropolitan Washington, D.C. Annuity Plan (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). This Plan does not provide designated Roth accounts.

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).

**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:

- Required minimum distributions after age 72 (if you were born before July 1, 1949), after age 72 (if you were born after June 30, 1949), or after death.

You may contact the Fund Office if you need more information about 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 made due to disability
- Payments of up to \$5,000 made to you from a defined contribution plan if the payment is a qualified birth or adoption distribution;
- Payments after your death
- 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, and
- Payments excepted from additional income tax by federal legislation relating to certain emergencies and disasters.

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

If you receive a payment from an IRA when you are under age 59½, you will have to pay the 10% additional income tax on early distributions from the IRA, unless an exception applies. In

general, the exceptions to the 10% additional income tax for early distributions from an IRA are the same as the exceptions listed above for early distributions from a plan. However, there are a few differences for payments from an IRA, including:

- There is no exception for payments after separation from service that are made after age 55.
- The exception for qualified domestic relations orders (QDROs) does not apply (although a special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to an IRA of a spouse or former spouse).
- 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). You should discuss State and local income tax rules with a professional tax advisor.

## **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. 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, *Contribution to Individual Retirement Arrangements (IRAs)*.

### **If you were born on or before January 1, 1936.**

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

### **If you roll over your payment to a Roth IRA.**

If you roll over a payment to a Roth IRA, a special rule applies under which the amount of the payment rolled over (reduced by any after-tax amounts) will be taxed. However, the 10% additional income tax on early distributions will not apply (unless you take the amount rolled over out of the Roth IRA within 5 years, counting from January 1 of the year of the rollover). 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, *Contributions to Individual Retirement Arrangements (IRAs)* and IRS Publication 590-B, *Distributions from 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 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 the participant was born before July 1, 1949) or age 72 (if the participant was 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). 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 your payment for the year is less than \$200, the Plan is not required to allow you to do a direct rollover and is not required to withhold for federal income taxes. However, you may do a 60-day rollover.

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*. 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).

**FOR MORE INFORMATION**

You may wish to consult with the Fund Office, 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](http://www.irs.gov), or by calling 1-800-TAX-FORM.