



Western States Insulators and Allied Workers' Pension Plan
Western States Insulators and Allied Workers' Individual Account Plan
Western States Insulators and Allied Workers' Health Plan

**Western States Insulator and Allied Workers Individual Account Plan
APPLICATION FOR DISTRIBUTION**

(If you have any questions regarding this application, please call the telephone numbers listed below)

Participant Name: _____ Social Security No.: _____
(First, MI, Last)

Date of Birth: _____ (_____) _____ (_____) _____
Home Telephone Number Alternate Telephone Number

Address: _____
Street

City, State, Zip Code

Date you Plan to Retire: _____ Last Day of Employment: _____

REASON FOR DISTRIBUTION

- Voluntary** – I am vested, my account balance is \$5,000 or less, and I have not worked in the last full plan year and any period since.
- Retirement** – I am retired and receiving a Pension from the Western States Insulators and Allied Workers Pension Plan.
- Retirement** – I am age 62 or more and have ceased work in the industry for at least 3 months.
- Early Retirement** – I am age 55 or older and have ceased work in the industry for at least 3 months and ineligible for a pension from the Western States Insulators and Allied Workers' Pension Plan.
I understand that payments under this option are only available monthly over a period of 10 years.
- Partially Disabled** - Copy of Medical evidence is required.
- Total & Permanent Disability** – Copy of Social Security Disability Notice of Award is required.
- Reciprocal Plan Transfer** – Please request Reciprocal Authorization Form from the Trust Fund.
- Inter-Plan Transfer** – Please provide Transfer Plan Acceptance and instructions.

I hereby file this claim for benefits and agree to be bound and abide by all the rules and regulations of the Western States Insulators and Allied Workers Individual Account Plan. I certify under penalty of perjury that all of my statements in connection with this claim are true and correct. I understand that a false statement may disqualify me for benefits, and the Board of Trustees shall have the right to recover any payments made to me because of a false statement.

Signature: _____ Date: _____



Western States Insulators and Allied Workers' Pension Plan
Western States Insulators and Allied Workers' Individual Account Plan
Western States Insulators and Allied Workers' Health Plan

CERTIFICATION OF MARITAL/SINGLE STATUS

Federal Law requires the Trustees to confirm whether a previous spouse is entitled to any portion of your Annuity benefits. As such, it is necessary that we request the following certification and supporting documentation. **Failure to complete this form fully, including signing it in front of a notary public, and providing ALL documentation requested, will result in a delay of the processing of your application.**

Participant Name: _____ Social Security No.: _____

Marital Status: Married Never Married Divorced Divorced & Remarried
 Legally Separated Widowed

SPOUSE INFORMATION

Spouse Name: _____ Social Security No.: _____

Date of Birth: _____ Date of Marriage: _____

PRIOR SPOUSE INFORMATION

Prior Spouse Name: (if none, please indicate NONE): _____

Date of Marriage: _____ Date of Separation: _____

Marriage terminated due to _____
(Death, divorce, dissolution, other (please specify))

IF YOU HAVE MORE THAN ONE PRIOR MARRIAGE, PLEASE ATTACH A SEPARATE SHEET OF PAPER PROVIDING THE INFORMATION REQUESTED ON ITEM B ABOVE FOR EACH ADDITIONAL MARRIAGE.

Please provide complete copies of all divorce decrees, separation agreements, Qualified Domestic Relations Orders and any other accompanying documents related to the termination of your previous marriage(s).



Western States Insulators and Allied Workers' Pension Plan
Western States Insulators and Allied Workers' Individual Account Plan
Western States Insulators and Allied Workers' Health Plan

Page 2

Certification of Marital Status

I HEREBY CERTIFY THAT ALL OF THE INFORMATION PROVIDED ON PAGE ONE OF THIS FORM IS COMPLETE AND ACCURATE.

Signature: _____ Date: _____

TO BE COMPLETED BY NOTARY PUBLIC

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of _____ County of _____

On _____, before me, _____
(insert name and title of the office)

Personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity (ies), and by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the state of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal

Signature of Notary Public

My Commission expires: _____



Western States Insulators and Allied Workers' Pension Plan
Western States Insulators and Allied Workers' Individual Account Plan
Western States Insulators and Allied Workers' Health Plan

ELECTION OF PAYMENT OPTIONS

Please select **one** option A, B, C, D or E as listed:

A. Lump Sum Options (please also see Option E for Partial Lump Sum and Rollover Option)

- Lump Sum** payment of the entire account balance paid directly to me, less mandatory 20% Federal withholding and applicable state taxes.
- Partial Lump Sum** payment in the amount of \$_____, less mandatory 20% Federal withholding and applicable state taxes. A partial lump sum distribution can be taken every six months, but no more than twice in one year, provided the remaining balance is more than \$5,000.
- Partial Lump Sum** rollover in the amount of \$_____. **(Continued on page 7, Part E)**

B. Annuity Options – **Note:** If you choose one of these options below, they are only available through independent insurance companies. The insurance company will determine the actual annuity payable at the time of purchase. Although your completed application will be filed with the Trust Fund Office, if you choose one of the options below, your completed application will be forwarded to Mass Mutual and their office will contact you regarding further details. **There is a one-time \$175 set-up Administration fee. The fee will be deducted from your initial payment.**

- Qualified Joint & Survivor 50% Annuity or Qualified Optional 75% Survivor Annuity.** I understand that this form of payment will provide a monthly benefit to me for life and upon my death, a monthly benefit to my surviving spouse with all payments ending on my spouse's death.
- Life Annuity** I understand that this form of payment will provide a monthly benefit to me for life, with all payments ending on my death.

Signature: _____ **Date:** _____



ELECTION OF PAYMENT OPTIONS CONT.

C. Installment/Periodic Payment Options – There is a one-time \$100 set-up Administration Fee. The fee will be deducted from your initial installment payment.

Monthly Installments over a 10-year period I hereby elect to receive my distribution in monthly payments over a period of ten years (120 payments). The monthly benefit amount may vary from month to month based on the current value of my account at the time each monthly payment is made. I understand that benefit payments will cease when my individual account is fully disbursed. I understand that if the individual account is not fully exhausted at the end of the ten-year period, then the amount remaining will be distributed to me in the form of a lump sum payment.

Monthly Installments in the amount of \$ _____
Benefit payments will cease when the individual account is fully exhausted. I understand that this amount is subject to 20% federal withholding tax.

Annual Installments in the amount of \$ _____
Benefit payment will cease when the individual account is fully exhausted. I understand that this amount is subject to 20% federal withholding tax.

Federal Tax Withholding for Installment Payments ONLY

Distributions of pre-tax contributions plus interest on all contributions are subject to federal income tax. Federal income tax law requires that 20% of the taxable amount of a distribution be withheld, unless the payment is directly rolled over to an eligible employer Plan or an IRA. Installment and annuity payments payable over life expectancy or 10 years or more are not eligible to be rolled over, and you have the choice to have federal income tax withheld. Please refer to the Special Tax Notice enclosed. If you have questions regarding the tax withholdings, please contact your tax advisor or the IRS.

I elect to have federal income tax: **not withheld** **withheld**

If “withheld” is elected for installment or annuity payments, please complete below:

a) Single Married Married, but withhold at single rate

Number of Exemptions _____

I want the following additional amount withheld from each payment: \$ _____

Signature: _____ **Date:** _____



Western States Insulators and Allied Workers' Pension Plan
Western States Insulators and Allied Workers' Individual Account Plan
Western States Insulators and Allied Workers' Health Plan

ELECTION OF PAYMENT OPTIONS CONT.

D. Rollover Options

- I hereby elect to transfer my balance in the Individual Account Plan to **an IRA**.
- I hereby elect to transfer my balance in the Individual Account Plan to **another qualified Plan**.
- I hereby elect to receive my distribution in the form of a Rollover to a **ROTH IRA**. I understand the distribution will be taxable to me in the year of distribution and have read the Special Tax Notice regarding the Plan payments.
- I hereby elect to transfer my balance in the Individual Account Plan to a **Spousal IRA**. This payment option is only valid for the surviving spouse of the Participant.
- I hereby elect to receive my distribution in the form of a Rollover to an **Inherited Individual Retirement Account**. For rollovers made before the Participants required beginning date: Rollovers made in accordance with the life expectancy rule, to a designated beneficiary, must be made by the end of the calendar year following the year of the Participant's death. Rollovers made in accordance with the five-year rule, to any other person or entity must be completed by the end of the calendar year which contains the fifth anniversary of the date of the Participant's death.

Please complete the following rollover account information:

Account Name: _____

Address: _____

Account Number: _____

ROLLOVER CERTIFICATION

I certify that if I have elected a direct rollover of all or part of my benefit, as the recipient of a direct rollover, that my election above is an individual retirement account or annuity; or a qualified retirement plan that accepts rollovers. I understand that payment of my benefits to the Trustee of the IRA or qualified retirement plan will release the Western States Insulators and Allied Workers' Individual Account Plan from further obligations or responsibility with respect to the benefit so paid.

Signature: _____ **Date:** _____



Western States Insulators and Allied Workers' Pension Plan
Western States Insulators and Allied Workers' Individual Account Plan
Western States Insulators and Allied Workers' Health Plan

E. Partial Lump Sum and Rollover Option

I hereby elect to roll over a partial lump sum, in the amount of \$_____, with the remaining balance to stay in my account.

I hereby elect to receive \$_____ of my Individual Account in the form of a Lump Sum distribution. I understand that this amount is subject to 20% federal withholding tax and any required state tax withholding. If this distribution is prior to my attaining age 55 or becoming disabled, there could be 10% tax on this amount in addition to my regular income tax.

The remaining balance after the Partial Lump Sum Distribution above will:

- Remain in the Plan account** OR **Rollover to:**
- Qualified Plan Traditional IRA or Qualified Plan Spousal IRA
- Inherited IRA Roth IRA

Account Name: _____

Address: _____

Account Number: _____

ROLLOVER CERTIFICATION

I certify that if I have elected a direct rollover of all or part of my benefit, as the recipient of a direct rollover, that my election above is an individual retirement account or annuity; or a qualified retirement plan that accepts rollovers. I understand that payment of my benefits to the Trustee of the IRA or qualified retirement plan will release the Western States Insulators and Allied Workers' Individual Account Plan from further obligations or responsibility with respect to the benefit so paid.

Signature: _____ **Date:** _____



Western States Insulators and Allied Workers' Pension Plan
Western States Insulators and Allied Workers' Individual Account Plan
Western States Insulators and Allied Workers' Health Plan

FEDERAL INCOME TAXES ACKNOWLEDGMENT

I understand that all payments I receive from this Plan are taxable income and that the lump sum and partial lump sum options are eligible for rollover to an IRA or to another qualified plan and will be subject to **mandatory 20%** income tax withholding if not rolled over. I also understand that if I receive distribution **prior to age 55, I may have to pay a 10% tax penalty in addition to regular income tax. I acknowledge receipt of the "Special Tax Notice"** which explains these rules.

I further understand that **the Plan does not provide tax advice** and that I should consult my own tax advisor.

I have read the Annuity Notice and waive payment of benefits in the form of an annuity. I understand (1) that I have the right to receive benefits in the form of a Joint and Survivor annuity if I am married or a single life annuity if I am single. (2) That I have the right to waive such annuity payments, provided that if I am married, my spouse must consent in writing to the waiver; (3) the terms of the annuity and the financial effect of a waiver; and (4) that I may revoke any waiver in effect at any time before benefit payments begin.

Signature: _____ **Date:** _____

**PLEASE RETURN THE ORIGINAL SIGNED APPLICATION TO THE TRUST
FUND OFFICE AT THE ADDRESS LISTED BELOW.**



Western States Insulators and Allied Workers' Pension Plan
Western States Insulators and Allied Workers' Individual Account Plan
Western States Insulators and Allied Workers' Health Plan

SPOUSE'S CONSENT TO REJECT JOINT AND SURVIVOR ANNUITY

Your spouse has applied for a benefit from the Western States Insulators and Allied Workers' Individual Account Plan. Since you are married, federal law and in accordance with Plan rules require that benefits be paid to you and your retiring spouse in the form of a joint and survivor annuity. The joint and survivor annuity provides a continuing payment to you after your spouse dies. Please review the explanation of the monthly benefit which would be paid before your spouse's death and then to you, if your spouse dies first.

I have read the written explanation of the joint and survivor annuity and understand that I have the right to receive the joint and survivor benefits over my spouse's objection by refusing to sign this consent.

I hereby consent to my spouse's rejection of the joint and survivor annuity as the method of payment of the account balance to be received from the Western States Insulators and Allied Workers Individual Account Plan. I understand that as a result of my consent I will not receive any benefits from the Individual Account Plan if my spouse dies, unless there is a balance remaining in my spouse's account.

I understand that my spouse may revoke this rejection before benefits begin in which event benefits will be paid under the joint and survivor annuity unless I again consent to rejection.

Spouse Name: _____
(Please Print)

Spouse Signature: _____ Date: _____

TO BE COMPLETED BY NOTARY PUBLIC

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of _____ County of _____

On _____, before me, _____
(insert name and title of the office)

Personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity (ies), and by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the state of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal

Signature of Notary Public

My Commission expires: _____



Western States Insulators and Allied Workers' Pension Plan
Western States Insulators and Allied Workers' Individual Account Plan
Western States Insulators and Allied Workers' Health Plan

30 – DAY NOTICE WAIVER

You have been provided with information and forms to complete relating to the distribution of benefits to you from the Plan. IRS rules generally require that the Plan delay the distribution or withdrawal until at least 30 days have elapsed after you have received these papers. The 30-day rule is intended to give you and your spouse sufficient time to weigh your payment options. However, you may waive the 30-day period and receive your distribution sooner by completing the 30-Day Notice Waiver Statement below.

If you waive the 30-day waiting period, then your benefits will begin as early as on the eighth day after you have been provided with this form and the Notice describing the qualified joint and survivor annuity. Before completing the waiver below, please note:

Under the law you and your spouse have the right to consider your payment elections for at least 30 days. This includes the right to receive or waive the qualified joint and survivor annuity (described in your Summary Plan Description). This 30-day period is intended to give you time to consider the payment options under the plan and to decide whether you might wish to avoid tax-withholding and current taxation by having an eligible rollover distribution transferred in a direct rollover to a qualified plan or individual retirement account. You have also been given information about how much larger your benefits will be if you defer retirement. This 30-day period is also intended to give you time to consider deferring your retirement.

You can take at least 30 days to make your payment decisions, and no one can force you to receive payment sooner. If you complete the waiver below, then for 7 days after you have been given this form, you may nonetheless revoke the waiver, change your mind and take additional time to consider your payment options.

Participant Waiver and Election

I, _____, have read the Notice to Participant and Spouse above. I understand that my spouse and I have the opportunity to consider my payment options for at least 30 days after I am provided with the distribution forms and information. Because I wish to receive payments of my benefits before this period ends, I voluntarily elect to waive my right to delay payment for 30 days. Instead, I request that the Plan make payment to me as soon as administratively possible after the 7th day after such forms and information are provided to me. I understand that I may change my mind and revoke this waiver during this seven-day period.

Participant Signature: _____ **Date:** _____

Spouse Signature: _____ **Date:** _____

Signatures must be notarized. (Please complete the Notary All-Purpose Acknowledgment on page 11)



Western States Insulators and Allied Workers' Pension Plan
Western States Insulators and Allied Workers' Individual Account Plan
Western States Insulators and Allied Workers' Health Plan

30 – DAY NOTICE WAIVER STATEMENT- continued

TO BE COMPLETED BY NOTARY PUBLIC

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document, to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of _____ County of _____

On _____, before me, _____
(insert name and title of the office)

Personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity (ies), and by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the state of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal

Signature of Notary Public

My Commission expires: _____



Western States Insulators and Allied Workers' Pension Plan
Western States Insulators and Allied Workers' Individual Account Plan
Western States Insulators and Allied Workers' Health Plan

STATE INCOME TAX WITHHOLDING ELECTION

State: _____
(Please specify State)

Please Elect One: :

- Please withhold State income tax from my distribution at the rate of 10% of the amount withheld in Federal Income Tax.
- Please withhold \$ _____ from my distribution in State income Tax
- Please DO NOT withhold any State income tax from my distribution.

Signature: _____ Date: _____



Direct Deposit Request

- You may enclose a **voided check** for checking accounts **OR** a **savings deposit slip** for savings accounts.
- This form **MUST be signed and dated**.
- It may take up to 4-6 weeks to process your EFT request.
- Please be advised that this office **cannot** send funds to foreign banks.

If you have any questions, please contact the Trust Fund Office at the phone number indicated below.

ACCOUNT INFORMATION

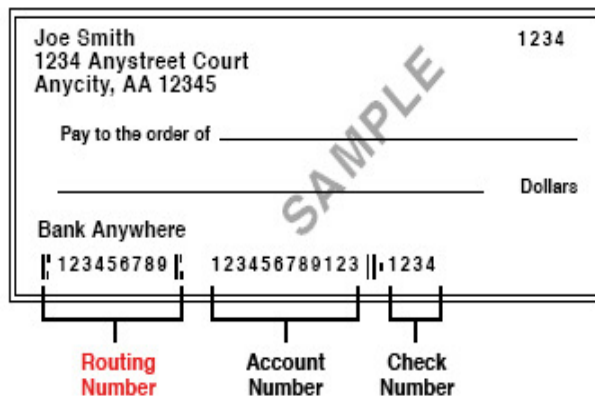
SELECT ONE: Checking Account **OR** Savings Account

Bank Name: _____ Phone Number: _____

Branch Address _____

Routing Number: _____ Account Number: _____

As benefit payments become due to me from the Individual Account Plan, or Pension Plan, I authorize the Administrative Office to pay by directing electronic transfer of funds, (or if not available, by direct mail of a check) to the order of the above-named financial institution for credit to my account. I authorize said financial institution to refund amount equal to any payments which become due after my death that have been credited to my account or to charge the account accordingly. I reserve the right to cancel this authorization and direction by giving written notice to the Administrative Office.



I will notify the Administrative Office in writing regarding a change in permanent residence and advice, at that time, if checks are to continue to be sent to the financial institution named above.

Name: _____ SSN: _____

Address: _____

Signature: _____ Date: _____



Western States Insulators and Allied Workers' Pension Plan
Western States Insulators and Allied Workers' Individual Account Plan
Western States Insulators and Allied Workers' Health Plan

Please submit the following documents with your application for benefits:

- Birth Certificate for you and your spouse. See below for alternative documents.
- Marriage Certificate.
- Copy of current driver's license or current state I.D. (with photo) for you and your spouse.
- If you have ever been divorced or legally separated, please submit a complete copy of your Judgment(s) of Divorce and Qualified Domestic Relations Orders (including Separation Agreements, Property Settlement Agreements, and any similar or related orders with any attachments).
- If you have ever served in the military or other uniformed services of the United States, please submit copies of your induction and discharge papers and the Credit for Uniformed Service for the United States Form. If you never served, please indicate so in a brief, written statement.

INSTRUCTIONS FOR THE SUBMISSION OF PROOF OF AGE

Proof of your age will be required before any benefits can be distributed. The Board of Trustees retains the right to request additional items.

If you are not able to submit any of the above proofs of age, you will be required to submit a photocopy or original of at least two of the proofs listed under below:

1. A foreign church or government record.
2. A signed statement by the physician or mid-wife who was in attendance at birth, as to the date of birth shown on their records.
3. Naturalization record.*
4. Immigration record.*
5. Passport *
6. Military record
7. School record certified by the custodian.
8. Vaccination record certified.
9. Marriage records showing date of birth.
10. Other evidence such as signed statements from persons having knowledge of date of birth.

***Items may not be photocopied, so you must submit the original. Originals of any document furnished will be returned to you.**



SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS

This notice contains important information you will need if you qualify for a withdrawal from this Plan. This notice is based upon a model form from the Internal Revenue Service (I.R.S.). Please refer to the bottom of Page Five of this notice in order to obtain more information directly from the IRS.

SUMMARY

An approved withdrawal payment from the Plan that is eligible for “rollover” can be taken in two ways. You can have all or any portion of your payment either 1) PAID IN A “DIRECT ROLLOVER” or 2) PAID TO YOU. A rollover is a payment of your Plan benefits to your individual retirement arrangement (IRA) or to another employer plan. This choice will affect the tax you owe.

If you choose a DIRECT ROLLOVER:

- Your payment will not be taxed in the current year and no income tax will be withheld.
- Your plan payment will be made directly to your IRA, or if you choose, to another employer plan that accepts your rollover.
- Your payment will be taxed later when you take it out of the IRA or the employer plan.

If you choose your Plan benefits PAID TO YOU:

- You will receive only 80% of the payment because the Plan administrator is required to withhold 20% of the payment and send it to the IRS as income tax withholding to be credited against your taxes.
- Your payment will be taxed in the current year unless you roll it over. You may be able to use special tax rules that could reduce the tax you owe. However, if you receive the payment before age 59 1/2, you also may have to pay an additional 10% tax.
- You can roll over the payment by paying it to your IRA or to another employer plan that accepts your rollover within 60 days or receiving the payment. The amount rolled over will not be taxed until you take it of the IRA or employer plan.
- If you want to rollover 100% of the payment to an IRA or an employer plan, ***you must find other money to replace the 20% that was withheld.*** If you roll over only the 80% that you received, you will be taxed on the 20% that was withheld and that is not rolled over.



I. PAYMENTS THAT CAN AND CANNOT BE ROLLED OVER

Payments from the Plan may be “eligible rollover distributions”. This means that they can be rolled over to an IRA or to another employer plan that accepts rollovers. The following type of payment *cannot* be rolled over:

Required Minimum Payments. Beginning in the year you reach age 70 ½, a certain portion of your payment cannot be rolled over because it is a “required minimum payment “that must be paid to you.

II. DIRECT ROLLOVER

You can choose a direct rollover of all or any portion of your payment that is an “eligible rollover distribution”, as described above. In a direct rollover, the eligible rollover distribution is paid directly from the Plan to an IRA or another employer plan that accepts rollovers. If you choose a direct rollover, you are not taxed on a payment until you later take it out of the IRA or the employer plan.

DIRECT ROLLOVER TO AN IRA - You can open an IRA to receive the direct rollover. (The term “IRA”, as used in this notice, includes individual retirement accounts and individual retirement annuities.) If you choose to have your payment made directly to an IRA, contact an IRA sponsor (usually a financial institution) to find out how to have your payment made in a direct rollover to an IRA at that institution. If you are unsure of how to invest your money, you can temporarily establish an IRA to receive the payment. However, in choosing an IRA, you may wish to consider whether the IRA you choose will allow you to move all or part of your payment to another IRA at a later date, without penalties or other limitations. See IRS Publication 590, Individual Retirement Arrangements, for more information on IRAs (including limits on how often you can roll over between IRAs).

DIRECT ROLLOVER TO A PLAN - If you are employed by a new employer that has a plan, and you want a direct rollover to that plan, ask the administrator of that plan whether it will accept your rollover. An employer plan is not legally required to accept a rollover. If your new employer’s plan does not accept a rollover, you can choose a direct rollover to an IRA.

III. PAYMENT PAID TO YOU

If you have the payment made to you, it is subject to 20% income tax withholding. The payment is taxed in the year you receive it unless, within 60 days, you roll it over to an IRA or another plan that accepts rollovers. If you do not roll it over, special tax rules may apply.



INCOME TAX WITHHOLDING

- **Mandatory Withholding** - If any portion of the payment to you is an eligible rollover distribution, the Plan is required by law to withhold 20% of the amount. This amount is sent to the IRS as income tax withholding. For example, if your eligible rollover distribution is \$10,000, only \$8,000 will be paid to you because the Plan must withhold \$2,000 as income tax. However, when you prepare your income tax return for the year, you will report the full \$10,000 as payment from the Plan. You will report the \$2,000 as tax withheld, and it will be credited against any income tax you owe for the year.
- **Voluntary Withholding** - If any portion of your payment is not an eligible rollover distribution but is taxable, the mandatory withholding rules described above do not apply. In this case, you may elect not to have withholding apply to that portion. To elect out of withholding, ask for the election form and related information.

Sixty-Day Rollover Option. If you have an eligible rollover distribution paid to you, you can still decide to roll over all or part of it to an IRA or another employer plan that accepts rollovers. If you decide to rollover, **you must make the rollover within 60 days after you receive the payment.** The portion of your payment that is rolled over will not be taxed until you take it out of the IRA or the employer plan.

You can roll over up to 100% of the eligible rollover distribution, including an amount equal to the 20%

that was withheld. If you choose to roll over 100%, *you must find other money within the 60-day period to contribute to the IRA or the employer plan to replace the 20% that was withheld.* On the other hand, if you roll over only the 80% that you received, you will be taxed on the 20% that was withheld.

Example: Your eligible rollover distribution is \$10,000 and you choose to have it paid to you. You will receive \$8,000 and \$2,000 will be sent to the IRS as income tax withholding. Within 60 days after receiving the \$8,000 you may roll over the entire \$10,000 to an IRA or employer plan. To do this, you roll over the \$8,000 you received from the Plan, and you will have to find \$2,000 from other sources (your savings, a loan, etc.). In this case, the entire \$10,000 is not taxed until you take it out of the IRA or employer plan. If you roll over the entire \$10,000, when you file your income tax return you may get a refund of the \$2,000 withheld.

If, on the other hand, you roll over only \$8,000, the \$2,000 you did not roll over is taxed in the year it was withheld. When you file your income tax return you may get a refund of part of the \$2,000 withheld. (However, any refund is likely to be larger if you roll over the entire \$10,000.)



Additional 10% Tax if you are Under Age 59 ½. If you receive a payment before you reach age 59 ½ and you do not roll it over, then in addition to the regular income tax, you may have to pay an extra tax equal to 10% of the taxable portion of the payment. The additional 10% tax does not apply to your payment if it is (1) paid to you because you separate from service with your employer during or after the year you reach age 55, (2) paid because you retire due to disability, or (3) used to pay certain medical expenses. See IRS Form 5329 for more information on the additional 10% tax.

Special Tax Treatment. If your eligible rollover distribution is not rolled over, it will be taxed in the year you receive it. However, if it qualifies as a “lump sum distribution”, it may be eligible for special tax treatment. A lump sum distribution is a payment, within one year, of your entire balance under the Plan (and certain other similar plans of the employer) that is payable to you because you have reached age 59 ½ or have separated from service with your employer (or, in the case of a self-employed individual, because you have reached age 59 ½ or have become disabled). For a payment to qualify as a lump sum distribution, you must have been a participant in the Plan for at least 5 years. The special tax treatment for lump sum distributions is described below.

- **Five-Year Averaging** - If you receive a lump sum distribution after you are age 59 ½, you may be able to make a one-time election to figure the tax on the payment by using “5-year averaging”. Five-year averaging often reduces the tax you owe because it treats the payment much as if it were paid over 5 years.
- **Ten Year Averaging If You Were Born Before January 1, 1936** - If you receive a lump sum distribution and you were born before January 1, 1936, you can make a one-time election to figure the tax on the payment by using “10-year averaging” (using 1986 tax rates), instead of 5-year averaging (using current tax rates). Like the 5-year averaging rules, 10-year averaging often reduces the tax you owe.
- **Capital Gain Treatment If You Were Born Before January 1, 1936** - In addition, if you receive a lump sum distribution and you were born before January 1, 1936, you may elect to have the part of your payment that is attributable to your pre-1974 participation in the Plan (if any) taxed as long-term capital gain at a rate of 20%.

There are other limits on the special tax treatment for lump sum distribution. For example, you can generally elect this special tax treatment only once in your lifetime, and the election applies to all lump sum distributions that you receive in that same year. If you have previously rolled over a payment from the Plan (or certain other similar plans of the employer), you cannot use this special tax treatment for later payments from the Plan. If you roll over your payment to an IRA, you will not be able to use this special tax treatment for later payments from the IRA. Also, if you roll over only a portion of your payment to an IRA, this special tax treatment is not available for the rest of the payment.



Additional restrictions are described in IRS Form 4972, which has more information on lump sum distributions and how you elect the special tax treatment.

IV. SURVIVING SPOUSE, ALTERNATE PAYEES, AND OTHER BENEFICIARIES

In general, the rules summarized above that apply to payments to employees also apply to payments to surviving spouses of employees and to spouses or former spouses who are “alternate payees”. You are an alternate payee if your interest in the Plan results from a “qualified domestic relations order”, which is an order issued by a court, usually in connection with a divorce or legal separation. Some of the rules summarized above also apply to a deceased employee’s beneficiary who is not a spouse. However, there are some exceptions for payments to surviving spouses, alternate payees, and to other beneficiaries that should be mentioned.

If you are a surviving spouse, you may choose to have an eligible rollover distribution paid in a direct rollover to an IRA or paid to you. If you have the payment paid to you, you can keep it or roll it over yourself to an IRA but you **cannot** roll it over to an employer plan. If you are an alternate payee, you have the same choices as the employee. Thus, you can have the payment paid as a direct rollover or paid to you. If you have it paid to you, you can keep it or roll it over yourself to an IRA or to another employer plan that accepts rollovers. If you are a beneficiary other than the surviving spouse, you **cannot** choose a direct rollover, and you **cannot** roll over the payment yourself.

If you are a surviving spouse, an alternate payee, or another beneficiary, your payment is not subject to the additional 10% tax described in Section III above, even if you are younger than age 59 ½.

If you are a surviving spouse, an alternate payee, or another beneficiary, you may be able to use the special tax treatment for lump sum distributions as described in Section III above. If you receive a payment because of the employee’s death, you may be able to treat the payment as a lump sum distribution if the employee met the appropriate age requirements, whether or not the employee had 5 years of participation in the Plan.

HOW TO OBTAIN ADDITIONAL INFORMATION

This notice summarizes only the federal (not state or local) tax rules that might apply to your payment. The rules described above are complex and contain many conditions and exceptions that are not included in this notice. Therefore, you may want to consult with a professional tax advisor before you take a payment of your benefits from the Plan. Also, you can find more specific information on the tax treatment of payments from qualified retirement plans in IRS Publication 575, **Pension and Annuity Income**, and IRS Publication 590, **Individual Retirement Arrangements**. These publications are available from your local IRS office or by calling 1-800 TAX-FORMS.