

# General Building Laborers' Local 66

## TRUST FUNDS

1600 WALT WHITMAN ROAD, P.O. BOX 667, MELVILLE, N.Y. 11747-0667

Tel.: (631) 454-2330

Fax: (631) 249-6290



Address Replies To:  
ALLEN MARMOR, Fund Manager

TRUSTEES:  
Stephen Flanagan, Chm.  
Eugene Messina, Sec.  
Robert Bonanza  
Antonio Ferreira  
Salvatore Speziale  
Paul O'Brien  
John O'Hare  
Peter Zarcone, Jr.



Dear Sir and Brother:

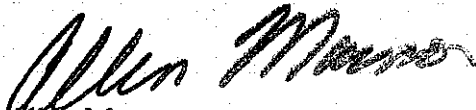
Please find enclosed forms to be filled out for withdrawal of the Annuity Fund and returned to our office. Please read the application carefully and make sure you fill out all the required forms and sections to avoid any delay in the processing of the application. Your application will be returned to you if it is incomplete. Make sure your (and your spouse's) application is notarized, in all the required places, and all the necessary information is provided. Do not fill out Certifiers name.

If you choose to take out a lump sum amount, the net amount will reflect a 20% withholding tax deducted, a 10% penalty may also apply. Please consult your tax professional so they may advise you on the applicable tax rules. If you choose to rollover the amount into a qualified IRA fund, there will be no taxes taken out until you withdraw from your IRA account.

If you are married, it is required that you furnish **proof of birth** for you and your **spouse, and** a copy of your **marriage certificate and drivers license or passport**. If you are single the enclosed **affidavit** must be notarized, and we need a **copy of your drivers license**. If you are **divorced or legally separated**, we must have a copy of your final divorce/legally separated papers. Without these copies, we can not process your application.

If you have any questions, regarding the enclosed, please do not hesitate to contact the Annuity Department for further assistance.

Very truly yours,

  
Allen Marmor  
Fund Manager

**\*\*\* We will also need a letter from  
You requesting the withdrawal,  
Signed and Dated\*\*\***

AM/dr

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## ANNUITY WITHDRAWAL WORK SHEET

Name \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

SS# \_\_\_\_\_

Date of Birth \_\_\_\_\_

Phone number \_\_\_\_\_

Local # \_\_\_\_\_

(Office use only)

Preparer: \_\_\_\_\_ Date: \_\_\_\_\_

Certifier's Name: \_\_\_\_\_ Date: \_\_\_\_\_

**General Building Laborers Local No. 66**

ANNUITY FUND

Life Annuity Option

OPTION ELECTION FORM

The 60 month guarantee Life Annuity form of payment has been explained to me and I hereby waive any and all rights to receive such form of retirement income payments.

I hereby elect to receive the total accumulated value of my annuity account in a Lump-Sum Distribution.

\_\_\_\_\_  
Participant's Signature

\_\_\_\_\_  
Date

Sworn to before me this \_\_\_\_\_  
day of \_\_\_\_\_ 20\_\_\_\_

\_\_\_\_\_  
NOTARY PUBLIC

## **GENERAL BUILDING LABORERS' LOCAL # 66 ANNUITY FUND**

### **JOINT AND SURVIVOR ANNUITY NOTICE (MARRIED PARTICIPANTS)**

As a married Participant in the General Building Laborers' Local # 66 Annuity Fund, you have accumulated benefits that will be paid to you under the provisions of the Plan. This notice will explain to you the joint and survivor annuity, which is the form in which your benefits will be paid unless you make the election provided described in this notice.

A joint and survivor annuity form of payment provides you with monthly payments for your life and, upon your death, a monthly payment during your spouse's life equal to 50% of the monthly payment you received prior to your death. Because your spouse will receive a 50% survivor payment, the relative financial effect of a joint and survivor annuity is to reduce the monthly payments you would otherwise have received had payments been made to you as a single life annuity.

Under the joint and survivor annuity the amount of the monthly benefit payments payable to you and your spouse will be the amount that can be purchased from an insurance company with the amount in your Individual Account at the time payment is due.

You may elect in writing not to receive your benefits in the form of a joint and survivor annuity. You must make this election during the 90-day period before your benefits are due to be paid. However, your spouse must consent in writing before a Plan representative or notary public to your election. You may also revoke this election before your benefits begin.

In the event you elect to waive the joint and survivor annuity form of payment, and your spouse has consented to such waiver, your benefits will be distributed in an alternative method. These alternative methods are:

1. a lump-sum.
2. payment in annual installments (not to exceed 10 years).
3. purchase of a single annuity on your behalf.

It is important that you understand your rights and obligations regarding this joint and survivor annuity form of payment and any alternative form of payment. You should direct any questions to the Fund Office.

The foregoing notice is intended only as a summary of certain provisions of the Plan. In all cases where this notice may be interpreted to conflict with the Plan, the provisions of the Plan will control.

**IF MARRIED**

**WAIVER OF 50% JOINT AND SURVIVOR ANNUITY**

I have received and explanation of the 50% Joint and Survivor Annuity form of benefit offered under the Fund (Notice #1), and all information I have requested describing the financial effect on me and on my spouse of my election not to receive benefits in that form. I have read and understood all explanations and information given me, and I have received sufficient information to permit me to make my election.

**I HEREBY ELECT NOT TO RECEIVE MY BENEFITS UNDER THE FUND IN THE FORM OF A 50% JOINT AND SURVIVOR ANNUITY.** I understand that I may revoke this election at any time before the date on which benefits are first paid to me under the Fund.

**My spouse has consented**, in writing, by completing below: (1) to my election not to receive the 50% Joint and Survivor Annuity for this Hardship withdrawal form of benefit and (2) to the form of benefit payments that I have elected, and such consent has been witnessed by a notary public.

Participant's Signature \_\_\_\_\_ Date: \_\_\_\_\_

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

**SPOUSAL CONSENT (Must be notarized)**

I, \_\_\_\_\_, the lawful spouse of

\_\_\_\_\_, hereby consent to the election by the Participant not to receive the 50% Joint and Survivor Annuity form of benefit offered by General Building Laborers Local #66 Annuity Fund for this Hardship withdrawal. I understand that, if I do not consent to the Participant's waiver of that form of benefit and the Participant dies during my lifetime, I would be entitled to receive a surviving spouse's monthly benefit beginning upon the Participant's death, and continuing for the remainder of my life. As a result the Participant's waiver (and my consent to it), however, I will not receive any benefits from the Fund as a result of his death. I have been provided with all information that I may have requested as to the economic effect of my consent and waiver as provided in this instrument. I understand fully the consequences of this action on my part, and the loss of benefits that I may experience if I survive the Participant.

I have participated in the Participant's decision not to receive the 50% Joint and Survivor Annuity form of benefit, and my action as set forth herein is voluntary and freely taken on my part.

Spouse's Signature \_\_\_\_\_ SS# \_\_\_\_\_

Print Spouse's Name \_\_\_\_\_ Date \_\_\_\_\_

On the \_\_\_ day of \_\_\_\_\_ 20 \_\_\_, before me personally came \_\_\_\_\_ to me known to be the person whose name is first inscribed above and who executed the foregoing Consent, and acknowledged that (s)he executed the same of his/her own volition.

WITNESS my hand the day and year aforesaid.

\_\_\_\_\_  
NOTARY PUBLIC

**IF SINGLE**

**GENERAL BUILDING LABORERS' LOCAL NO. 66**

**ANNUITY FUND**

I hereby attest to the following relative to my Application for Annuity Benefits.

\_\_\_\_\_ I am a single participant and have no spouse.

**Signature** \_\_\_\_\_

**Date** \_\_\_\_\_

**Sworn to before me this** \_\_\_\_\_ **day of** \_\_\_\_\_ **20** \_\_\_\_\_

\_\_\_\_\_  
**Notary Public**

**GENERAL BUILDING LABORER'S LOCAL NO. 66**

**ANNUITY FUND**

**ELECTION FORM**

I HAVE READ THE INFORMATION CONCERNING THE OPTIONS FOR THE ANNUITY FUND.

**CHECK ONE**

- A.  I DO NOT WANT THE DIRECT ROLLOVER.
- B.  I WANT THE DIRECT ROLLOVER. SEE ATTACHED FORMS.

\* MUST BE SIGNED BY BOTH HUSBAND AND WIFE AND NOTORIZED

\_\_\_\_\_  
Signature of Participant

\_\_\_\_\_  
Name of Participant (Please Print)

\_\_\_\_\_  
Signature of Spouse

\_\_\_\_\_  
Name of Spouse (Please Print)

Sworn to before me this \_\_\_\_\_  
day of \_\_\_\_\_ 20\_\_\_\_

\_\_\_\_\_  
**NOTARY PUBLIC**

**General Building Laborers Local No. 66**

**ANNUITY FUND**

**DIRECT DEPOSIT/ (IRA ONLY)**

**ROLLOVER**

Name:

Social Security Number:

Bank/Receiving Plan

Address:

Type of Qualified Retirement Plan:

Account number:

\_\_\_\_\_  
Signature of Participant

\_\_\_\_\_  
Signature of Bank Officer

Date: \_\_\_\_\_



IMPORTANT; TO TAKE ADVANTAGE OF THE DIRECT ROLLOVER OPTION, PLEASE RETURN THIS FORM TO (NAME, ADDRESS) BY (DATE-CHOOSE A DATE 30 DAYS AFTER THE PARTICIPANT RECEIVES THE FORM.)

## DIRECT ROLLOVER REQUEST FORM FOR QUALIFIED PLANS

I elect to directly rollover the taxable portion of my distribution to the following. Please check one.

Another qualified plan (I have contacted the sponsor/plan administrator of this plan and he/she is aware that the rollover is being made.)

An IRA ( I have opened an IRA as noted below.)

Pay this direct rollover as follows. Please check one.

Transfer the funds directly to the receiving plan noted below.

### RECEIVING PLAN INFORMATION

I certify that the receiving plan, identified below, is a plan qualified under Code §401(a) or an IRA.

NAME OF RECEIVING PLAN OR IRA \_\_\_\_\_

ACCOUNT NUMBER \_\_\_\_\_

ADDRESS OF QUALIFIED PLAN OR RECEIVING FINANCIAL INSTITUTION \_\_\_\_\_

### PARTICIPANT INFORMATION

NAME OF PARTICIPANT \_\_\_\_\_

SOCIAL SECURITY NUMBER \_\_\_\_\_ PHONE NUMBER ( ) \_\_\_\_\_

ADDRESS \_\_\_\_\_

MY SPOUSE HAS CONSENTED TO THIS DIRECT ROLLOVER, IF SPOUSAL CONSENT IS REQUIRED, AND THE PLAN ADMINISTRATOR HAS RECEIVED A COPY OF THE SPOUSAL CONSENT FORM.

OTHER INFORMATION THAT WILL ENABLE THE MONEY BEING TRANSFERRED TO BE APPROPRIATELY IDENTIFIED BY THE RECEIVING PLAN OR FINANCIAL INSTITUTION

The plan administrator may reasonably rely on the above information in making this direct rollover on my behalf.

(SIGNED)

(DATE)

# IRS SAFE HARBOR NOTICE

This notice contains important information you will need before you decide how to receive your benefits from General Building Laborers Local 66 (The "Plan").

## SUMMARY

A payment from the Plan that is eligible for "rollover" can be taken in two ways. You may 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 payment will be made directly to your IRA or, if you choose, to another employer 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 to have 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 59½, you also may have to pay an additional 10% tax.
- You can roll over the payment to your IRA or to another employer plan that accepts your rollover within 60 days of receiving the payment. The amount rolled over will not be taxed until you take it out of the IRA or employer plan.
- If you want to roll over 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.

## MORE INFORMATION

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## 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. Your Plan administrator should be able to tell you what portion of your payment is an eligible rollover distribution. The following types of payments *cannot* be rolled over:

*Non-taxable Payments.* In general, only the "taxable portion" of your payment is an eligible rollover distribution. If you have made "after-tax" employee contributions to the Plan, these contributions will be non-taxable when they are paid to you, and they cannot be rolled over. (After-tax employee contributions generally are contributions you made from your own pay that were already taxed.)

*Payments Spread Over Long Periods.* You cannot roll over a payment if it is part of a series of equal (or almost equal) payments that are made at least once a year and that will last for

- your lifetime (or your life expectancy), or
- your lifetime and your beneficiary's lifetime (or life expectancies, or
- a period of ten years or more.

*Required Minimum Payments.* Beginning in the year you reach age 70½, 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 the 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 a part of your payment to another IRA, you may wish to consider whether the IRA you choose will allow you to move all or a part of your payment to another IRA, you may wish to consider whether the IRA you choose will allow you to move all or a 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. If your new employer's plan does not accept a rollover, you can choose a direct rollover to an IRA.

*Direct Rollover of a Series of Payments.* If you receive eligible rollover distributions that are paid in a series for less than ten years, your choice to make or not make a direct rollover for a payment will apply to all later payments in the series until you change your election. You are free to change your election for any later payment in the series.

## 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 that 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 a payment from the Plan. You will report the \$2,000 as a 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 the Plan administrator 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 roll over, *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 income 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 59½.** If you receive a payment before you reach age 59½ 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, (3) paid to you as equal (or almost equal) payments over your life or life expectancy (or your and your beneficiary's lives or life expectancies), or (4) 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 59½ or have separated from service with your employer (or, in the case of a self-employed individual, because you have reached age 59½ 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 59½, you may be able to make a one-time election to figure out 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 distributions. 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.

*Employer Stock or Securities.* There is a special rule for a payment from the Plan that includes employer stock (or other employer securities). To use this special rule, 1) the payment must qualify as a lump sum distribution, as described above (or would qualify except that you do not yet have 5 years of participation in the Plan), or 2) the employer stock included in the payment must be attributable to "after-tax" employee contributions, if any. Under this special rule, you may have the option of not paying tax on the "net unrealized appreciation" of the stock until you sell the stock. Net unrealized appreciation generally is the increase in the value of the employer stock while it was held by the Plan. For example, if employer stock was contributed to your Plan account when the stock was worth \$1,000 but the stock was worth \$1,200 when you received it, you would not have to pay tax on the \$200 increase in value until you later sold the stock.

You may instead elect not to have the special rule apply to the net unrealized appreciation. In this case, your net unrealized appreciation will be taxed in the year you receive the stock, unless you roll over the stock. The stock (including any net unrealized appreciation) can be rolled over to an IRA or another employer plan either in a direct rollover or a rollover that you make yourself.

If you receive employer stock in a payment that qualifies as a lump sum distribution, the special tax treatment for lump sum distributions described above (such as 5-year averaging) also may apply. See IRS Form 4972 for additional information on these rules.

#### **IV. SURVIVING SPOUSES, 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 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* 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 59½.

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 and the special rule for payments that include employer stock, 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.

## **Required Rollover and Tax Notice for Lump Sum Distributions**

### **Your Rollover Options**

You are receiving this notice because all or a portion of a payment you are receiving from the General Building Laborers Local 66 Annuity Plan (the "Plan") is eligible to be rolled over to an IRA or another employer's plan (for example, the plan of your current employer). This notice is intended to help you decide whether to do such a rollover.

Rules that apply to most payments from the 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 roll over your payment to another tax-qualified savings vehicle, you will also have to pay a 10% additional income tax on early distributions (unless an exception applies). However, if you do roll over your payment, 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 59 ½ (or if an exception applies).

#### *Where may I roll over my Annuity Plan distribution?*

You may roll over the payment to either an IRA (an Individual Retirement Account or Individual Retirement Annuity) or another employer's 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 roll over my Annuity Plan distribution?*

### **Direct Rollover**

If you do a direct rollover, the Plan will, at your request, make the payment directly to your IRA or tax-qualified employer plan. You should contact the IRA sponsor or the administrator of the employer plan for information on how to complete a direct rollover.

### **60-Day Rollover**

If you do not complete a direct rollover, you may still complete 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 complete 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 Rollover and

Tax Notice 2012 FINAL 2

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 59 ½ (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 using a 60-day rollover.

Any lump sum payment from the Plan is eligible for rollover, except:

- Required minimum distributions after age 70 ½ (or after death).
- Cost of life insurance paid by the Plan.

The Plan administrator or the payor can tell you what portion of a payment is eligible for rollover.

*If I don't do a rollover, will I have to pay the 10% additional income tax on early distributions?*

If you are under age 59 ½, 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 were 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.
- Cost of life insurance paid by the Plan.
- Payments made directly to the government to satisfy a federal tax levy.
- Payments made under a qualified domestic relations order (QDRO).
- Payments up to the amount of your deductible medical expenses.
- Certain payments made while you are on active duty if you were a member of a reserve component called to duty after September 11, 2001 for more than 179 days.



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

If you receive a payment from an IRA when you are under age 59 ½, 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 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).
- An 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 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 the payment to a Roth IRA, a special rule applies under which the amount of the payment rolled over (reduced by any after-tax amounts) will be taxed. However, the 10% additional income tax on early distributions will not apply (unless you take the amount rolled over out of the Roth IRA within 5 years, counting from January 1 of the year of the rollover).

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 59 ½ (or after your death or disability, or as a qualified first-time homebuyer distribution of up to \$10,000) and after you have had a Roth IRA for at least 5 years. In applying this 5-year rule, you count from January 1 of the year for which your first contribution was made to a Roth IRA. Payments from the Roth IRA that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10% additional income tax on early distributions (unless an exception applies). You do not have to take required minimum distributions from a Roth IRA during your lifetime. For more information, see IRS Publication 590, Individual Retirement Arrangements (IRAs).

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

*If you are not a plan participant.*

- *Payments after death of the participant.* If you receive a distribution after the participant's death that you do not roll over, the distribution will generally be taxed in the same manner described elsewhere in this notice. However, the 10% additional income tax on early distributions does 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 59 ½ 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 70 ½.

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 70 ½.

- *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, your only rollover option is a direct rollover to an inherited IRA. Payments from the inherited IRA will not be subject to the 10% additional income tax on early distributions. You will have to receive required minimum distributions from the inherited IRA.

#### *Payments under a qualified domestic relations order.*

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

#### *If you are a nonresident alien.*

If you are a nonresident alien and you do not directly roll over to a U.S. IRA or U.S. employer plan, the Plan is generally required to withhold 30% instead of 20% of the payment for federal income taxes. If the amount withheld exceeds the amount of tax you owe (which 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.

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 payor, or a professional tax advisor, before taking a payment from the Plan. Also, you can find more detailed information on the federal tax treatment of payments from employer plans in: IRS Publication 575, Pension and Annuity Income; IRS Publication 590, 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.