



Defined Contribution Distribution/Direct Rollover Form

Things you should consider before submitting this form:

The only time you are required to take a distribution from your Defined Contribution account is when you reach your IRS Required Minimum Distribution date. You can keep your MERS account active and update investment elections as your goals change. Keeping your balance at MERS after you leave employment allows you to maintain your current investment election, provides opportunities to grow your account in the future through

qualified roll-overs, and gives you access to low investment fees. The non-vested portion of your account will be subjected to forfeiture after 12 months of separation of employment, or upon a distribution, if earlier. If you have a past employment with another MERS municipality, be sure to check the box in Section 1 to ask for service to be verified. Previous time may help in meeting vested requirements in your current plan.

Use this form if ...

- You've retired from this municipality with no intention of returning to work for this employer.
- You are no longer employed due to disability and wish to move money from your account.
- You are the ex-spouse of a MERS member and are the recipient of a domestic relations order.
- You've left your employer and want to move money from your Defined Contribution account either as a payment to yourself or into another qualified account.
- You are making a change to your payment delivery options or federal/state income tax withholding.

* Required field • Please print clearly • See attached special tax notice for details • Retain a copy for your records

1. Information about you

Last name*	First name*	Social Security Number*	Phone number (with area code)*
Mailing address*			
City*		State*	Zip code*
Email address		Citizenship* <input type="checkbox"/> U.S. Citizen <input type="checkbox"/> U.S. Resident <input type="checkbox"/> Non-resident alien (submit IRS Form W-8BEN)	
Marital status* <input type="checkbox"/> Single <input type="checkbox"/> Married	Have you been divorced at any time following your date of employment with this employer?* <input type="checkbox"/> No <input type="checkbox"/> Yes – If yes, you must submit a complete copy of your Judgment of Divorce to MERS before your distribution can be processed. Ex-spouse(s) name(s):		
Employer name*		Division number (6 digits)	
<input type="checkbox"/> I have previous employment with another municipality that participated with MERS at that time, and I request that MERS review that prior service record for any MERS-to-MERS service coordination that may be used to help me meet the vesting requirements in this plan. I understand this review may not result in any changes to my current service, but that whether or not it results in any changes, MERS will proceed with processing the distribution I have requested after this review. I acknowledge that, with this distribution, any assets that I have with this employer that are non-vested assets will be permanently forfeited by this distribution request and are not eligible to be reinstated.			
Previous employment was with (municipality name)		Hire Date (mm/dd/yyyy)	Termination Date (mm/dd/yyyy)

Note that MERS to MERS requires 12 months of consecutive employment at both employers and no concurrent months can be used to meet vesting in the existing plan. Assets that have previously been subject to forfeiture are not eligible to be reinstated. If any service is discovered, it will be used to meet vesting and eligibility only.

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Last name* (please print clearly)

Social Security Number*

2. Distribution reason

Check the box for appropriate reason:

- No longer with employer as of _____.** (Your employer must report your termination date and final contributions before your distribution can be processed. This could be up to eight weeks after your termination date.)
- Disability** (complete the certification in Section 9)
- DRO** (Domestic Relations Order) recipient
- Domestic Abuse Withdrawal** – (Total amount requested may not exceed the lesser of \$10,000 (as adjusted), or 50% of available account balance.) I self-certify that the funds requested are not more than what is needed to support victims of domestic abuse (physical, psychological, sexual, emotional, or economic abuse, including efforts to control, isolate, humiliate, or intimidate the victim, or to undermine the victim's ability to reason independently, including by means of abuse of the victim's child or another family member living in the household). This distribution must be requested within one-year period beginning on any date in which the participant is a victim of domestic abuse by a spouse or domestic partner. This distribution may be repaid to an eligible retirement account within three years. These funds may not be used as a rollover distribution.
- Emergency Expense Withdrawal** – (Total amount requested may not exceed the lesser of \$1,000 or your total vested benefit above \$1,000.) I self-certify that this distribution is not more than what is needed to meet unforeseeable or immediate financial needs relating to necessary personal or family emergency expenses. This distribution may be repaid to an eligible retirement account within three years. No more than one emergency expense withdrawal may be taken in a calendar year, and additional emergency expense distributions are prohibited for the three-year period after the distribution unless that distribution is fully repaid or unless the total of employee contributions made to my account after the previous distribution is at least equal to the amount of the prior distribution which has not been repaid. These funds may not be used as a rollover distribution.
- Change my tax withholding or payment delivery option**
- Qualified Birth or Adoption Distribution (QBAD)** – (Total amount requested may not exceed the lesser of your vested balance, or \$5,000 per child or eligible adoptee minus previous QBADs with respect to the same child/adoptee by other plans maintained by the employer.) I self-certify that the "eligible adoptee" is an individual, other than the child of the participant's spouse, who has not attained age 18 or is physically or mentally incapable of self-support. This request is being made during one-year period beginning on date of child's birth or when legal adoption is finalized. This distribution may be repaid to an eligible retirement account within three years. These funds may not be used as a rollover distribution.

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3. Type of distribution

Choose A or B below – Do not complete both

A. Direct payment to you:

Select one of the two choices below

Single payment: (choose full or partial below)

Full distribution

Entire amount in one lump sum payment

Partial distribution

Amount you want paid to you now:

\$ _____ net gross (default)

Remaining balance will stay in your account until you reach your Required Minimum Distribution date or request further distributions.

Payment Interval (installments) – Allows you to set up same dollar amount every month until your account balance reaches zero. (Request must be received 7 business days prior to selected date or it will be processed the following month.)

Start new distribution (complete below)

Change existing distribution (complete below)

Stop existing distribution (proceed to Section 8)

Frequency

Monthly Quarterly Twice per year Annually

Prior to your IRS Required Minimum Distribution date, you may determine the amount and frequency of your distributions without limitation. **Upon reaching that date**, the IRS requires you to withdraw at least a specified minimum each year, which will be calculated by Alerus and provided to you by November of each year. You may withdraw more than the minimum amount, but must withdraw *at least* the minimum amount which will change each year because the amount is age-based.

Day of month you want payment processed:

1st of month 20th of month

Payment Amount

\$ _____ (before taxes, if applicable)

This will continue until your account reaches zero, or is changed by you, or your IRS Required Minimum Distribution date.

By checking this box, you certify that you understand the Special Tax Notice guidelines regarding distribution or installment payments (attached to this form).

Select one

B. Direct rollover to the eligible account listed below:

Transfer directly to another eligible account.

Roll entire account directly over to the institution below. My non-taxable portion shall be placed in an after-tax account, separate from the taxable portion. *I have contacted the financial institution and confirmed that it will accept the rollover and account for my after-tax dollars.* (No taxes will be withheld.)

Roll **taxable** portion over to institution below. Pay **non-taxable** portion to me. (Taxes will not be withheld on gains; gains will be rolled over with taxable portion.)

Roll \$ _____ or _____% of the **taxable** portion over to the institution below. **Pay remainder to me** (taxable and non-taxable) and withhold applicable income taxes.

Roll \$ _____ or _____% of the **taxable** portion over to the institution below. **Leave remainder invested in my MERS account.**

Roll \$ _____ or _____% of the **non-taxable** portion over to the institution below. **Pay remainder to me** (taxable and non-taxable) and withhold applicable income taxes.

Account you are rolling funds into

Type of account

401(a) 401(k) 403(a) 403(b) IRA – 408(a) or 408(b)

Roth IRA 457(b) Other eligible account _____

Financial Institution/Company or Trustee name of eligible qualified plan or IRA

Account number

Phone

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Social Security Number*

4. Method of Payment

Distribution to you: If you selected any payments to be made to you. (Note: Checks and deposits are issued from *Alerus Financial*)

Direct deposit of your distribution into designated account (See **Medallion Signature Guarantee** information in Section 5. If Medallion Signature Guarantee is NOT included, a check will be mailed to you.)

<input type="checkbox"/> Checking	Financial Institution name	Phone
<input type="checkbox"/> Savings	ABA routing number (9 digit)	Account number

Distribution check made payable to you will be mailed to your address from Section 1.

Overnight shipping: Check this box to request overnight shipping of check for a fee of \$35 (taken from remaining account balance if available, or from distribution amount). Please allow up to two business days for processing.

Standard delivery: There is no fee for standard delivery.

5. Medallion Signature Guarantee

** If submitting a Medallion Signature Guarantee, you **must mail the original stamped form** for verification. If requesting a wire transfer or direct deposit, but you do not include a Medallion Signature Guarantee (digital or copy cannot be accepted), a check will be issued instead.

- Medallion Signature Guarantee** is required for any transaction that:
- requires a **direct deposit** or wire transfer
 - is over \$100,000
 - is being sent to a destination outside the U.S.
 - is being sent to an address other than the address of record on the account.

MEDALLION SIGNATURE GUARANTEE STAMP

A signature guarantee is designed to protect you and MERS from fraud. You can get it from most banks, credit unions, and other financial institutions where you have an account. **A notary seal is NOT a signature guarantee.** Please contact your financial institution for specific requirements.

Use the box to the right to apply your financial institution's Medallion Signature Guarantee stamp.

Please mail original paper form (digital or copy cannot be accepted).

Do NOT sign the signature space below until directed to by your financial institution.

A signature guarantee is not needed when moving assets between MERS accounts.

6. Federal income tax withholding (instructions pages 7-8)

1. Your federal withholding rate is determined by the type of payment you receive. For an eligible rollover distribution, the default withholding rate is 20%. You can choose a rate greater than 20% by entering the rate on line 2. You may not choose a rate less than 20%.

2. Complete this line if you would like a rate of withholding that is different from the default withholding rate. See the instructions and the [Marginal Rate Tables](#) on pages 7-8 for additional information. Enter the rate as a whole number (no decimals)▶ _____ %

Note that distributions are not eligible rollover distributions for purposes of these withholding rules: a) Qualifying "hardship" distributions; b) Distributions required by federal law, such as required minimum distributions; c) Eligible distributions to a domestic abuse victim; d) Qualified disaster recovery distributions; e) Qualified birth or adoption distributions; and f) Emergency personal expense distributions.

7. State income tax withholding

MERS will withhold the mandatory Michigan income tax rate from your distribution unless you provide specific direction using the [MI-W4P](#). If your state of residence is not Michigan, the state income tax required by law will apply.

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Last name* (please print clearly)

Social Security Number*

8. Your signature

My signature acknowledges that I have read, understand and agree to all pages of this *Defined Contribution Distribution/Direct Rollover Form* and the attached *Special Tax Notice* and affirms that all information I have provided is true and correct to the best of my knowledge. I hereby waive the “applicable waiting period” required under IRS rules regarding payments from my 401(a) plan account, and I direct MERS to process the payment options selected on this form. I understand that funds may impose redemption fees on certain transfers, redemptions or exchanges if assets are held less than the period stated in the fund’s prospectus or other disclosure documents. I will refer to the fund’s prospectus and/or disclosure documents for more information. I understand that it is entirely my responsibility to ensure that this election conforms with all applicable provisions of the Internal Revenue Code and that the Plan into which I am rolling money over will accept the dollars, if applicable. I understand that I am liable for any income tax and/or penalties assessed by the IRS for any election I have chosen (and tax consequences for any outstanding loans, if applicable). I understand that once my payment has been processed, it cannot be changed.

I certify that I have not since returned to work with the employer associated with this request for distribution, and I have no arrangement or agreement, formal or informal, with my employer to return to work with the employer associated with this request for distribution. If I am re-employed, my re-employment was following a bona fide separation of at least 60 days and I have worked with my employer to complete the [Working in Retirement Certification \(form F-29c\)](#) and submitted it to MERS. I understand that I am required to advise MERS if the above statements are not applicable.

Participant signature*

Date (mm/dd/yyyy)*

Participant name* (please print clearly)

Participant SSN*

* Required field

If your distribution reason (in Section 2) is Disability, don't forget to complete Section 9 on the next page.

You can submit this form online!

If you already have a myMERS account, you can also upload this form online unless you are including a Medallion Signature Guarantee. Navigate to your MERS Retirement Account and look for the **File Upload** feature in the top navigation to easily and securely submit completed forms.

You may also mail completed form to MERS' recordkeeper at:

Alerus Retirement Solutions
P.O. Box 64535
St. Paul, MN 55164

Defined Contribution Distribution/Direct Rollover Form

Last name* (please print clearly)

Social Security Number*

9. Disability certification *(only required for Disability distribution)*

Only required if reason for distribution (Section 2) is Disability

A. Describe your disability, what date it arose, and explain why you are unable to engage in substantial gainful activity:

B. Date of disability: _____

C. One of the following must be provided as proof of your total and permanent disability.

- I'm enclosing my valid Social Security Award Certificate.
- The certification below, completed by my physician.
- I previously submitted my proof of disability documentation.

Physician's Certification of Total and Permanent Disability *(to be completed by participant's physician)*

I hereby certify that the participant named on this form has become unable to perform his/her former job, or any substantial gainful activity comparable to the one in which he/she customarily engaged, by reason of a medically determinable physical or mental impairment that is expected to be of long continued and indefinite duration. I understand that this will serve as proof of the participant's total and permanent disability under §72(m)(7) of the Internal Revenue Code and will exempt the participant from paying the additional 10% income tax on early distributions.

Physician's signature

Date (mm/dd/yyyy)

Physician's name* (please print clearly)

Name of hospital/clinic

Address of hospital/clinic

City

State

Zip

You can submit this form online! 

If you have a myMERS account and do not need to submit a Medallion Signature, you can upload this form online. Select your product, click on **View Plan Summary**, and look for **File Upload** in the top navigation to securely submit completed forms.

You may also mail completed form to MERS' recordkeeper at:

Alerus Retirement Solutions
 P.O. Box 64535
 St. Paul, MN 55164

General Instructions for Federal Tax Withholding Section

This section replicates information on IRS Form W-4R and is required by the IRS to be included in its entirety as part of this form. For additional information, go to www.irs.gov/FORMW4R.

Purpose of this section is to have payers withhold the correct amount of federal income tax from your nonperiodic payment or eligible rollover distribution from your account. See the following pages for the rules and options that are available for each type of payment. For more information on withholding, see IRS Pub. 505, Tax Withholding and Estimated Tax.

Caution: If you have too little tax withheld, you will generally owe tax when you file your tax return and may owe a penalty unless you make timely payments of estimated tax. If too much tax is withheld, you will generally be due a refund when you file your tax return. Your withholding choice (or an election not to have withholding on a nonperiodic payment) will generally apply to any future payment from the same plan or IRA. Submit a new IRS Form W-4R if you want to change your election.

Nonperiodic payments—10% withholding. MERS must withhold at a default 10% rate from the taxable amount of nonperiodic payments unless you enter a different rate on line 2. Distributions from an IRA that are payable on demand are treated as nonperiodic payments. Note that the default rate of withholding may not be appropriate for your tax situation. You may choose to have no federal income tax withheld by entering “-0-” on line 2. See the specific instructions below for more information. Generally, you are not permitted to elect to have federal income tax withheld at a rate of less than 10% (including “-0-”) on any payments to be delivered outside the United States and its territories.

Note: If you don’t complete this section, you don’t provide a Social Security Number, or the IRS notifies MERS that you gave an incorrect SSN, then the payer must withhold 10% of the payment for federal income tax and can’t honor requests to have a lower (or no) amount withheld. Generally, for payments that began before 2024, your current withholding election (or your default rate) remains in effect unless you submit updated information to MERS.

Eligible rollover distributions—20% withholding. Distributions you receive from qualified retirement plans (for example, MERS Defined Benefit, MERS Defined Contribution, MERS 457, or MERS IRA) or tax-sheltered annuities that are eligible to be rolled over to an IRA or qualified plan are subject to a 20% default rate of withholding on the taxable amount of the distribution. You can’t choose withholding at a rate of less than 20% (including “-0-”). Note that the default rate of withholding may be too low for your tax situation. You may choose to enter a rate higher than 20% on line 2 of the federal tax section.

Note that the following payments are **not** eligible rollover distributions for purposes of these withholding rules: a) Qualifying “hardship” distributions; b) Distributions required by federal law, such as required minimum distributions; c) Eligible distributions to a domestic abuse victim; d) Qualified disaster recovery distributions; e) Qualified birth or adoption distributions; and f) Emergency personal expense distributions. See *IRS Pub. 505* for details. See also Nonperiodic payments—10% withholding above.

Payments to nonresident aliens and foreign estates. Do not use this section form. See *IRS Pub. 515, Withholding of Tax on Nonresident Aliens and Foreign Entities*, and *IRS Pub. 519, U.S. Tax Guide for Aliens*, for more information.

Tax relief for victims of terrorist attacks. If your disability payments for injuries incurred as a direct result of a terrorist attack are not taxable, enter “-0-” on line 2 of the federal tax section. See *IRS Pub. 3920, Tax Relief for Victims of Terrorist Attacks*, for more details.

2025 Marginal Rate Tables for determining federal tax withholding

You may use these tables to help you select the appropriate withholding rate for this payment or distribution. Add your income from all sources and use the column that matches your filing status to find the corresponding rate of withholding. See following pages for more information on how to use this table.

Single or Married filing separately		Married filing jointly or Qualifying surviving spouse		Head of household	
<i>Total income over—</i>	Tax rate for every dollar more	<i>Total income over—</i>	Tax rate for every dollar more	<i>Total income over—</i>	Tax rate for every dollar more
\$0	0%	\$0	0%	\$0	0%
15,000	10%	30,000	10%	22,500	10%
26,925	12%	53,850	12%	39,500	12%
63,475	22%	126,950	22%	87,350	22%
118,350	24%	236,700	24%	125,850	24%
212,300	32%	424,600	32%	219,800	32%
265,525	35%	531,050	35%	273,000	35%
641,350*	37%	781,600	37%	648,850	37%

*If married filing separately, use \$390,800 instead for this 37% rate.

Specific Instructions for Federal Tax Withholding Section

More withholding. If you want more than the default rate withheld from your payment, you may enter a higher rate on line 2 of the federal tax section.

Less withholding (nonperiodic payments only). If permitted, you may enter a lower rate on line 2 (including “-0-”) if you want less than the 10% default rate withheld from your payment. If you have already paid, or plan to pay, your tax on this payment through other withholding or estimated tax payments, you may want to enter “-0-”.

Suggestion for determining withholding. Consider using the [Marginal Rate Tables](#) above to help you select the appropriate withholding rate for this payment or distribution. The tables are most accurate if the appropriate amount of tax on all other sources of income, deductions, and credits has been paid through other withholding or estimated tax payments. If the appropriate amount of tax on those sources of income has not been paid through other withholding or estimated tax payments, you can pay that tax through withholding on this payment by entering a rate that is greater than the rate in the [Marginal Rate Tables](#).

The marginal tax rate is the rate of tax on each additional dollar of income you receive above a particular amount of income. You can use the table for your filing status as a guide to find a rate of withholding for amounts above the total income level in the table.

To determine the appropriate rate of withholding from the table, do the following. Step 1: Find the rate that corresponds with your total income not including the payment. Step 2: Add your total income and the taxable amount of the payment and find the corresponding rate.

If these two rates are the same, enter that rate on line 2. (See Example 1 below.)

If the two rates differ, multiply (a) the amount in the lower rate bracket by the rate for that bracket, and (b) the amount in the higher rate bracket by the rate for that bracket. Add these two numbers; this is the expected tax for this payment. To get the rate to have withheld, divide this amount by the taxable amount of the payment. Round up to the next whole number and enter that rate on line 2. (See Example 2 below.)

If you prefer a simpler approach (but one that may lead to overwithholding), find the rate that corresponds to your total income including the payment and enter that rate on line 2.

Examples. Assume the following facts for Examples 1 and 2. Your filing status is single. You expect the taxable amount of your payment to be \$20,000. Appropriate amounts have been withheld for all other sources of income and any deductions or credits.

Example 1. You expect your total income to be \$65,000 without the payment. Step 1: Because your total income without the payment, \$65,000, is greater than \$63,475 but less than \$118,350, the corresponding rate is 22%. Step 2: Because your total income with the payment, \$85,000, is greater than \$63,475 but less than \$118,350, the corresponding rate is 22%. Because these two rates are the same, enter “22” on line 2.

Example 2. You expect your total income to be \$61,000 without the payment. Step 1: Because your total income without the payment, \$61,000, is greater than \$26,925 but less than \$63,475, the corresponding rate is 12%. Step 2: Because your total income with the payment, \$81,000, is greater than \$63,475 but less than \$118,350, the corresponding rate is 22%. The two rates differ. \$2,475 of the \$20,000 payment is in the lower bracket (\$63,475 less your total income of \$61,000 without the payment), and \$17,525 is in the higher bracket (\$20,000 less the \$2,475 that is in the lower bracket). Multiply \$2,475 by 12% to get \$297. Multiply \$17,525 by 22% to get \$3,856. The sum of these two amounts is \$4,153. This is the estimated tax on your payment. This amount corresponds to 21% of the \$20,000 payment (\$4,153 divided by \$20,000). Enter “21” on line 2.

Special Tax Notice for NON-ROTH Distributions

YOUR ROLLOVER OPTIONS

You are receiving this notice because all or a portion of a payment you are receiving from the Municipal Employees' Retirement System of Michigan (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 in some employer plans that is subject to special tax rules). If you also receive a payment from a designated Roth account in the Plan, you will be provided a different notice for that payment, and the Plan administrator or the payor will tell you the amount that is being paid from each account.

Rules that apply to most payments from a plan are described in the "General Information About Rollovers" section. Special rules that only apply in certain circumstances are described in the "Special Rules and Options" section.

GENERAL INFORMATION ABOUT ROLLOVERS

How can a rollover affect my taxes?

You will be taxed on a payment from the Plan if you do not roll it over. If you are under age 59½ and do not do a rollover, you will also have to pay a 10% additional income tax on early distributions (generally, distributions made before age 59½), unless an exception applies.

However, if you do a rollover, you will not have to pay tax until you receive payments later and the 10% additional income tax will not apply if those payments are made after you are age 59½ (or if an exception to the 10% additional income tax 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 401(a) 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, IRAs are not subject to spousal consent rules, 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. This means that, in order to roll over the entire payment in a 60-day rollover, you must use other funds to make up for the 20% withheld. If you do not roll over the entire amount of the payment, the portion not rolled over will be taxed and will be subject to the 10% additional income tax on early distributions if you are under age 59½ (unless an exception applies).

How much may I roll over?

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

- Certain payments spread over a period of at least 10 years or over your life or life expectancy (or the joint lives or joint life expectancies of you and your beneficiary);
- Required minimum distributions after age 70½ (if you were born before July 1, 1949), after age 72 (if you were born after June 30,

1949, and before January 1, 1951), after age 73 (if you were born after December 31, 1950), or after death;

- Corrective distributions of contributions that exceed tax law limitations;
- Loans treated as deemed distributions (for example, loans in default due to missed payments before your employment ends); and
- Payments of certain automatic enrollment contributions that you request to withdraw within 90 days of your first contribution;

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

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

If you are under age 59½, you will have to pay the 10% additional income tax on early distributions for any payment from the Plan (including amounts withheld for income tax) that you do not roll over, unless one of the exceptions listed below applies. This tax applies to the part of the distribution that you must include in income and is in addition to the regular income tax on the payment not rolled over.

The 10% additional income tax does not apply to the following payments from the Plan (not all of these distributions are available under all MERS Plans):

- Payments made after you separate from service if you will be at least age 55 in the year of the separation;
- Payments that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the joint lives or joint life expectancies of you and your beneficiary);
- Payments from a governmental plan made after you separate from service if you are a qualified public safety employee and you (1) will be at least age 50 in the year of the separation or (2) have at least 25 years of service under the Plan;
- Payments made due to disability;
- Payments made while you are terminally ill;
- Payments after your death;
- Corrective distributions of contributions that exceed tax law limitations;
- Payments made directly to the government to satisfy a federal tax levy;
- Payments made under a qualified domestic relations order/eligible domestic relations order (QDRO/EDRO);
- 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 up to the amount of your deductible medical expenses (without regard to whether you itemize deductions for the taxable year);
- Certain payments made while you are on active duty if you were a member of a reserve component called to duty after September 11, 2001 for more than 179 days;
- Payments of certain automatic enrollment contributions that you request to withdraw within 90 days of your first contribution; and
- Payments of up to \$22,000 made in connection with federally-declared 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 on the part of the distribution that you must include in income, unless an exception applies. In general, the exceptions to the 10% additional income tax for early distributions from an IRA are the same as the exceptions listed above for early distributions from a plan. However, there are a few differences for payments from an IRA, including:

- The exceptions for payments made after you separate from service if you will be at least age 55 in the year of the separation (or age 50 or following 25 years of service for qualified public safety employees

and employees providing firefighting services) do not apply;

- The exception for qualified domestic relations orders/eligible domestic relations orders (QDRO/EDROs) 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); and
- The exception for payments made at least annually in equal or close to equal amounts over a specified period applies without regard to whether you have had a separation from service.

Additional exceptions apply for payments from an IRA, including:

- Payments for qualified higher education expenses;
- Payments up to \$10,000 used in a qualified first-time home purchase;
- Payments for health insurance premiums after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status); and
- Payments of net income attributable to an excess IRA contribution made in a calendar year where such amounts are distributed by tax return deadline for the year (including extensions) and no deduction is allowed for the excess contribution.

Will I owe State income taxes?

This notice does not address 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 you receive a partial payment of your total benefit, an allocable portion of your after-tax contributions is included in the payment, so you cannot take a payment of only after-tax contributions. However, if you have pre-1987 after-tax contributions maintained in a separate account, a special rule may apply to determine whether the after-tax contributions are included in the payment. In addition, special rules apply when you do a rollover, as described below.

You may roll over to an IRA a payment that includes after-tax contributions through either a direct rollover or a 60-day rollover. You must keep track of the aggregate amount of the after-tax contributions in all of your IRAs (in order to determine your taxable income for later payments from the IRAs). If you do a direct rollover of only a portion of the amount paid from the Plan and at the same time the rest is paid to you, the portion rolled over consists first of the amount that would be taxable if not rolled over. For example, assume you are receiving a distribution of \$12,000, of which \$2,000 is after-tax contributions. In this case, if you directly roll over \$10,000 to an IRA that is not a Roth IRA, no amount is taxable because the \$2,000 amount not rolled over is treated as being after-tax contributions. If you do a direct rollover of the entire amount paid from the Plan to two or more destinations at the same time, you can choose which destination receives the after-tax contributions.

Similarly, if you do a 60-day rollover to an IRA of only a portion of a payment made to you, the portion rolled over consists first of the amount that would be taxable if not rolled over. For example, assume you are receiving a distribution of \$12,000, of which \$2,000 is after-tax contributions, and no part of the distribution is directly rolled over. In this case, if you roll over \$10,000 to an IRA that is not a Roth IRA in a 60-day rollover, no amount is taxable because the \$2,000 amount not rolled over is treated as being after-tax contributions.

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

If you miss the 60-day rollover deadline

Generally, the 60-day rollover deadline cannot be extended. However, the IRS has the limited authority to waive the deadline under certain extraordinary circumstances, such as when external events prevented

you from completing the rollover by the 60-day rollover deadline. Under certain circumstances, you may claim eligibility for a waiver of the 60-day rollover deadline by making a written self-certification. Otherwise, to apply for a waiver from the IRS, you must file a private letter ruling request with the IRS. Private letter ruling requests require the payment of a nonrefundable user fee. For more information, see IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs).

If you have an outstanding loan that is being offset

If you have an outstanding loan from the Plan, your Plan benefit may be offset by the outstanding amount of the loan, typically when your employment ends. The offset amount is treated as a distribution to you at the time of the offset. Generally, you may roll over all or any portion of the offset amount. Any offset amount that is not rolled over will be taxed (including the 10% additional income tax on early distributions, unless an exception applies). You may roll over offset amounts to an IRA or an employer plan (if the terms of the employer plan permit the plan to receive plan loan offset rollovers).

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

If you were born on or before January 1, 1936

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

If your payment is from a governmental section 457(b) plan

If the Plan is a governmental section 457(b) plan, the same rules described elsewhere in this notice generally apply, allowing you to roll over the payment to an IRA or an employer plan that accepts rollovers. One difference is that, if you do not do a rollover, you will not have to pay the 10% additional income tax on early distributions from the Plan even if you are under age 59½ (unless the payment is from a separate account holding rollover contributions that were made to the Plan from a tax-qualified plan, a section 403(b) plan, or an IRA). However, if you do a rollover to an IRA or to an employer plan that is not a governmental section 457(b) plan, a later distribution made before age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies). Other differences include that you cannot do a rollover if the payment is due to an "unforeseeable emergency" and the special rule under "If you were born on or before January 1, 1936" does not apply.

If you are an eligible retired public safety officer and your payment is used to pay for health coverage or qualified long-term care insurance

If the Plan is a governmental plan, you retired as a public safety officer, and your retirement was by reason of disability or was after normal retirement age, you can exclude from your taxable income Plan payments paid as premiums to an accident or health plan (or a qualified long-term care insurance contract) that your employer maintains for you, your spouse, or your dependents, up to a maximum of \$3,000 annually. For this purpose, a public safety officer is a law enforcement officer, firefighter, chaplain, or member of a rescue squad or ambulance crew.

If you roll over your payment to a Roth IRA

If you roll over a payment from the Plan to a Roth IRA, a special rule applies under which the amount of the payment rolled over (reduced by any after-tax amounts) will be taxed. In general, the 10% additional income tax on early distributions will not apply. However, if you take the amount rolled over out of the Roth IRA within the 5-year period that begins on January 1 of the year of the rollover, the 10% additional income tax will apply (unless an exception applies).

If you roll over the payment to a Roth IRA, later payments from the Roth IRA that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a Roth IRA is a

payment made after you are age 59½ (or after your death or disability, or as a qualified first-time homebuyer distribution of up to \$10,000) and after you have had a Roth IRA for at least 5 years. In applying this 5-year rule, you count from January 1 of the year for which your first contribution was made to a Roth IRA. Payments from the Roth IRA that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10% additional income tax on early distributions (unless an exception applies). You do not have to take required minimum distributions from a Roth IRA during your lifetime. For more information, see IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs), and IRS Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs).

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

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

If you roll over the payment to a designated Roth account in the Plan, later payments from the designated Roth account that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a designated Roth account is a payment made both after you are age 59½ (or after your death or disability) and after you have had a designated Roth account in the Plan for at least 5 years. In applying this 5-year rule, you count from January 1 of the year your first contribution was made to the designated Roth account. However, if you made a direct rollover to a designated Roth account in the Plan from a designated Roth account in a plan of another employer, the 5-year period begins on January 1 of the year you made the first contribution to the designated Roth account in the Plan or, if earlier, to the designated Roth account in the plan of the other employer. Payments from the designated Roth account that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10% additional income tax on early distributions (unless an exception applies). With respect to taxable years beginning after 2023, you are not required to take required minimum distributions from a designated Roth account during your lifetime.

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 generally will be taxed in the same manner described elsewhere in this notice. However, the 10% additional income tax on early distributions and the special rules for public safety officers do not apply, and the special rule described under the section "If you were born on or before January 1, 1936" applies only if the deceased 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), age 72 (if you were born after June 30, 1949, and before January 1, 1951), or after age 73 (if you were born after December 31, 1950).

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), age 72 (if the participant was born after June 30, 1949, and before January 1, 1951), or age 73 (if the participant was born after December 31, 1950).

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

If you are a nonresident alien

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

Other special rules

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

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

Unless you elect otherwise, a mandatory cash-out of more than \$1,000 (not including payments from a designated Roth account in the Plan) will be directly rolled over to an IRA chosen by the Plan administrator or the payor. A mandatory cash-out is a payment from a plan to a participant made before age 62 (or normal retirement age, if later) and without consent, where the participant's benefit does not exceed \$5,000 (not including any amounts held under the plan as a result of a prior rollover made to the plan).

You may have special rollover rights if you recently served in the U.S. Armed Forces. For more information on special rollover rights related to the U.S. Armed Forces, see IRS Publication 3, Armed Forces' Tax Guide. You also may have special rollover rights if you were affected by a federally declared disaster (or similar event), or if you received a distribution on account of a disaster. For more information on special rollover rights related to disaster relief, see the IRS website at www.irs.gov.

FOR MORE INFORMATION

You may wish to consult with the Plan administrator or payor, or a professional tax advisor, before taking a payment from the Plan. Also, you can find more detailed information on the federal tax treatment of payments from employer plans in: IRS Publication 575, Pension and Annuity Income; IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs); IRS Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs); and IRS Publication 571, Tax-Sheltered Annuity Plans (403(b) Plans). These publications are available from a local IRS office, on the web at www.irs.gov, or by calling 1-800-TAX-FORM.