

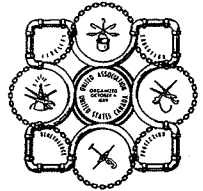
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## PLUMBERS AND PIPEFITTERS LOCAL 501 NORTHERN ILLINOIS BENEFIT FUNDS

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1295 Butterfield Rd., Aurora, IL 60502-8879 • Ph (630) 978-4600 • Fax (630) 978-4616 • email: benefitfunds@ualocal501.org

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

Participant Name: \_\_\_\_\_

**Re: Northern Illinois Retirement Fund  
Request for Distribution**

Dear Participant:

Please read the enclosed Right to Defer Notice package regarding plan payments. Then complete and return **all** of the enclosed forms to the Fund Office:

1. Notice of Distribution
2. Statement of Non-Work – Your signature **MUST** be notarized
3. QDRO Statement – You **MUST** complete and sign this form even if you have never been married.

Your eligibility for a distribution from the Retirement Fund will be reviewed upon receipt of the completed forms. If all items are not completed, payment will be delayed.

Sincerely,

Joan S. Kitrys  
Benefit Funds Representative  
Northern Illinois Retirement Fund

Enclosures

If any information in this letter conflicts with the actual rules as stated in the official Plan Document, the Plan Document will always be the final authority.

Visit us at: [www.nibf501.org](http://www.nibf501.org)

Serving Journeymen and Apprentices of the Plumbing and Pipe Fitting Industry

**No. Illinois Retirement Fund  
NOTICE OF DISTRIBUTION**

Account Number **SF 51550 - 1 - 1**

Participant's Name \_\_\_\_\_  
first middle last

Social Security No. \_\_\_\_\_ Marital Status:  Married  Single

Participant's Address \_\_\_\_\_  
street  
\_\_\_\_\_ city state zip

**PLAN ADMINISTRATOR MUST COMPLETE:**

Distribution Date: \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_  
mo day yr

Reason/Type:  Termination  
 Retirement  
 Total and Permanent Disability

MassMutual will process this benefit upon receipt. Therefore submit this form only after all final contributions on Participant's behalf have been submitted. Any late deposits will be subject to the original benefit election.

**ELECTION OF OPTIONS (To be completed by all members - check only one box.)**

- I elect a **One-Sum Cash Payment** of my entire Account balance (either as payment to me or as a rollover).
- I elect to **leave my total Account** with MassMutual and the Account should remain as presently invested. I understand that I must start to receive the Account balance by age 70½. I also understand that I may change this election and request a distribution of my account balance per the plan's terms and that, until such distribution, I will continue to control investment selection with respect to my Account.

**LOCAL 554 PRIOR BALANCE ELECTION (To be completed only by members with a "Local 554 Prior balance")**

If married and a benefit other than a 50% Husband and Wife annuity is elected, attach a completed Waiver of Joint and Survivor Annuity Form.

- I elect a **One-Sum Cash Payment** of my entire Account balance (either as payment to me or as a rollover).
- I elect to have my total Account balance used to purchase a **50% Husband and Wife Annuity** with MassMutual. After my death, the annuity payments should continue to my Spouse.

Spouse's Name \_\_\_\_\_ first mi last Birth Date \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_  
mo day yr

Social Security No. \_\_\_\_\_

- I elect to have my total Account balance used to purchase a **Life Annuity** with MassMutual.
- I elect to **leave my total Account** with MassMutual and the Account should remain as presently invested. I understand that I must start to receive the Account balance by age 70½. I also understand that I may change this election and request a distribution of my account balance at any time and that, until such distribution, I will continue to control investment selection with respect to my Account.

## TAX WITHHOLDING

**FEDERAL WITHHOLDING:** Distributions of contributions plus interest on all contributions are subject to federal income tax. Federal law requires that 20% of the taxable amount of the distributions be withheld, unless the payment is directly rolled over to another qualified plan or an IRA. Please read the attached *Special Tax Notice*. **Contact your tax advisor or IRS if you have any questions concerning withholding or the Notice.**

- Participant Payee:** I read the Special Tax Notice and:
- I do not elect to make a direct rollover. The entire amount should be distributed to me.
  - I elect to have \$ \_\_\_\_\_ distributed to me, and the remainder should be rolled over as elected below. I understand that the taxable portion of my payment is subject to a 20% mandatory federal tax withholding. In addition to the 20% withholding, I  want  do not want an additional amount withheld of \$ \_\_\_\_\_.
- IRA/Plan Rollover:** I read the Special Tax Notice and do **not** want federal tax withheld from my payment. I elect to make a direct rollover of the **taxable** portion of my payment to:  an IRA  my new employer's qualified plan. Name of financial institution or plan trustee to whom check should be issued: \_\_\_\_\_
- Annuities:** The benefit option I have chosen (annuity payments payable over life, life expectancy or 10 years or more) is not subject to the 20% mandatory federal tax withholding as it is not an eligible rollover distribution. I elect to have federal income tax:  not withheld  withheld. If "withheld" is elected, complete below (refer to IRS instructions for Form W-4P for more information):
- Single  Married  Married, but withhold at the higher single rate
  - Number of allowances \_\_\_\_\_
  - I want the following additional amount withheld from each payment: \$ \_\_\_\_\_

**STATE WITHHOLDING:** State income tax is withheld from the taxable portion of a payment over the state's minimum amount if you are a resident of Iowa, Maine, Massachusetts, North Carolina, Oklahoma, Vermont or Virginia. You may elect an additional amount to be withheld in Box 1. If you are a resident of California, Georgia or Oregon, state tax is withheld unless you check Box 2. Residents of other states can elect no state tax withholding by checking Box 2, or can select the amount of state tax to be withheld in Box 1. Obtain additional information by contacting your state's Department of Revenue. Residents of states without state income tax (Alaska, Florida, Nevada, South Dakota, Texas, Washington and Wyoming) or no withholding provisions (Arkansas, Hawaii, Idaho, Louisiana, Mississippi, New Hampshire, Pennsylvania, Rhode Island and Tennessee) must leave this section blank.

- I want \$ \_\_\_\_\_ (enter whole dollar amount) withheld from my payment for state income tax (or as an additional amount for residents of IA, MA, ME, NC, OK, VA, and VT).
- I do **not** want state income tax withheld from my payment.

## SPOUSAL CONSENT FOR LOCAL 554 PRIOR BALANCE ELECTION

I, the Member's spouse, hereby consent to the Member's election to receive a distribution from the Plan. I understand and acknowledge that I am waiving any legal right to this money as part of any death benefit from the Plan.

\_\_\_\_\_  
Spouse's Signature

\_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_  
Date

\_\_\_\_\_  
Notary Public Signature      Date

\_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_  
Date Commission Expires

## SIGNATURES

I understand that if all required items are not completed on this form, payment will be delayed.

\_\_\_\_\_  
Participant

\_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_  
Date

\_\_\_\_\_  
Plan Administrator

\_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_  
Date

10\2002mp

[COMPLETE REVERSE SIDE]

**NORTHERN ILLINOIS RETIREMENT FUND  
STATEMENT OF NON-WORK**

**If All Items on this form are not completed, payment will be delayed.**

NAME: \_\_\_\_\_

Northern Illinois Retirement Fund  
1295 Butterfield Road  
Aurora, IL 60502-8879

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

PH: (630) 978-4600  
FX: (630) 978-4616

**Employer Statement:**

This is to certify that \_\_\_\_\_ a former employee of \_\_\_\_\_

has in fact, terminated his/her employment effective \_\_\_\_\_ that all compensation due him/her has been paid including accrued vacation or sick leave, if any **and there is not a workers compensation case pending.**

\_\_\_\_\_  
Employer Representative Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
**Please Print Name and Title**

**Employee Statement:**

Affidavit of \_\_\_\_\_  
Employee's Name

My participation in the Retirement Fund Plan began prior to June 1, 2004 and I have not worked in employment or self-employment as a plumber or pipefitter in the construction industry in the geographic area covered by the Plan for fourteen (14) months and I request that my application for a distribution be considered for approval.

My participation in the Retirement Fund Plan began on or after June 1, 2004 and I have not worked in employment or self-employment as a plumber or pipefitter in the construction industry in the State of Illinois for two (2) years and I request that my application for a distribution be considered for approval.

LAST MONTH, DAY AND YEAR WORKED: \_\_\_\_\_

FOR (Employer Name): \_\_\_\_\_

\_\_\_\_\_  
Employee's Signature

\_\_\_\_\_  
Date

Witnessed by:

\_\_\_\_\_  
Plan Representative or Notary Public's Signature

\_\_\_\_\_  
Date

My Commission Expires: \_\_\_\_\_

\_\_\_\_\_  
**Notary Public Seal/Stamp**

**RE: QUALIFIED DOMESTIC RELATIONS ORDER (QDRO)  
NORTHERN ILLINOIS PENSION FUND  
NORTHERN ILLINOIS RETIREMENT FUND**

Dear Pension and Retirement Fund Participant:

Since 1984, a spouse may claim a part of a beneficiary's pension as part of a settlement agreement in a dissolution of marriage. This claim must be brought by submitting a QDRO (Qualified Domestic Relations Order), signed by a Court of competent jurisdiction and submitted to the Fund. The document is not valid unless it is received and accepted by the Fund and the Fund is, therefore, required to provide a receipt (an acknowledgement that the QDRO is acceptable). In order to make sure that our records are correct, we require that you complete the questionnaire at the end of this correspondence.

If you were married and have been divorced since 1984, you must provide the Fund office with a copy of the divorce decree, if there was no agreement for your spouse to share your pension, (defined benefit or defined contribution plan). If there was an agreement for your prior spouse to share your pension, you must provide this office with a QDRO, if you have not already done so.

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NAME: \_\_\_\_\_ SS# \_\_\_\_\_  
ADDRESS: \_\_\_\_\_ PHONE # \_\_\_\_\_  
CITY: \_\_\_\_\_ STATE: \_\_\_\_\_ ZIP: \_\_\_\_\_

- I have been divorced since 1984.  
If so, Date of Divorce \_\_\_\_\_, County \_\_\_\_\_,  
State \_\_\_\_\_.
- I have enclosed a copy of the final divorce decree.
- I have enclosed a copy of the QDRO(s).
- I have NOT been divorced since 1984.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

## Northern Illinois Retirement Fund

### NOTICE OF YOUR RIGHT TO DEFER RECEIPT OF YOUR RETIREMENT FUND (MASSMUTUAL) BENEFITS

THIS NOTICE IS REQUIRED BY FEDERAL LAW AND PROVIDES IMPORTANT INFORMATION ABOUT YOUR RIGHT TO DEFER OR POSTPONE RECEIPT OF YOUR NORTHERN ILLINOIS RETIREMENT FUND (MASSMUTUAL) BENEFITS.

You are currently, or may soon be, eligible to elect a distribution from the Northern Illinois Retirement Fund (the Fund). You have the right, however, to postpone receipt of your benefit until a later benefit commencement date (subject to other applicable requirements). You should be aware of the potential consequences in the event you elect to receive a distribution of your benefits at this time or elect to rollover your benefits to another retirement plan or IRA instead of leaving your benefits in the Fund. There are potential tax consequences, including:

- Immediate taxation on amounts distributed to you if the amounts are not rolled over to another retirement plan or IRA.
- Potential federal and state premature distribution taxes, depending on your age in the year of distribution (generally prior to age 59-1/2), if the amounts are not rolled over to another retirement plan or IRA.
- Loss of future tax favored treatment, if the amounts are not rolled over to another retirement plan or IRA.

Note: Further details about each of the above tax issues, as well as additional information, can be found in the Special Tax Notice which you will receive along with this Notice. You should read this carefully and consult your professional tax advisor if necessary. If you have not received the Special Tax Notice, please contact the Fund Office at 630-978-4600.

You should also be aware that some investment options currently available under the Plan may not be available outside the Plan or may not be available on similar terms. In addition, fees and expenses (including administrative or investment-related fees) that apply to your account with the Plan may differ from fees and expenses that may apply if your benefits are invested outside the Plan. For further information about this Plan's investment options and applicable fees and expenses applicable to your account, please see the attached Investment Performance notice.

Investment Performance as of 12/31/2011 ::

Blue indicates options you are invested in. Balances rounded, investments with less than \$1 not shown.  
 The Future Contribution Investment Selection source group(s) in the chart below are defined as follows:

**Source Group 1 - All Contributions**

	Balance	Future Contribution Investment Selection	1 Year	3 Years	5 Years	10 Years
						or Since Inception
CASH		Source Group 1				
STABLE VALUE						
SF Guaranteed			N/A	N/A	N/A	N/A
Effective Annual Interest Rate: 3.00%						
Benchmark: N/A						
STOCK						
LARGE CAP VALUE						
Sel Value Equity (Pyramis)			-6.34%	9.44%	-3.45%	2.31%
Expense Ratio as of 04/01/2011:						
Gross .94%, Net .94%						
Benchmark: Russell 1000® Value Idx			.39%	11.55%	-2.64%	3.89%
LARGE CAP CORE						
UA S&P 500 Index Fund(Class 1)			2.02%	13.99%	-.22%	2.91%
Expense Ratio as of 03/01/2011:						
Gross .25%, Net .25%						
Benchmark: N/A						
Sel Focused Value (Harris)			-.23%	25.64%	2.97%	7.82%
Expense Ratio as of 04/01/2011:						
Gross .90%, Net .80%						
Benchmark: Russell 1000® Idx			1.51%	14.82%	-.02%	3.35%
LARGE CAP GROWTH						
Premier Cap Appreciation (OFI)			-1.27%	15.93%	-.77%	1.13%
Expense Ratio as of 03/01/2011:						
Gross .79%, Net .71%						
Benchmark: Russell 1000® Growth Index			2.63%	18.02%	2.50%	2.60%
MID CAP CORE						
Mid Cap Index (Northern)			-2.05%	19.00%	2.79%	6.51%
Expense Ratio as of 01/01/2012:						
Gross .53%, Net .15%						
Inception Date: 10/01/2004						
Benchmark: S&P MidCap 400			-1.72%	19.59%	3.32%	7.04%
SMALL CAP CORE						
Small Cap Index (Northern)			-4.49%	15.23%	-.18%	5.08%
Expense Ratio as of 01/01/2012:						
Gross .55%, Net .15%						
Benchmark: Russell 2000® Idx			-4.17%	15.63%	.15%	5.62%

Investment Performance as of 12/31/2011 (continued) ::::::::::::::::::::::::::::::::::

	Balance	Future Contribution Investment Selection	1 Year	3 Years	5 Years	10 Years
						or Since Inception
SMALL CAP GROWTH		Source Group 1				
Sel SmCapGrthEq (W&R/WlIngtn)			-5.47%	17.49%	1.49%	4.86%
Expense Ratio as of 04/01/2011:						
Gross 1.04%, Net .99%						
Benchmark: Russell 2000® Growth Index			-2.91%	19.00%	2.09%	4.48%
INTL/GLOBAL LARGE CORE						
EuroPacific Growth (American)¹			-13.37%	9.84%	-1.27%	6.62%
Expense Ratio as of 06/01/2011:						
Gross .85%, Net .85%						
Benchmark: MSCI® EAFE® Idx			-12.14%	7.65%	-4.72%	4.67%
World Opport (Manning&Napier)¹			-16.14%	8.41%	-2.55%	6.73%
Expense Ratio as of 06/01/2011:						
Gross 1.12%, Net 1.12%						
Benchmark: MSCI® EAFE® Idx			-12.14%	7.65%	-4.72%	4.67%
ASSET ALLOCATION						
ASSET ALLOCATION/LIFESTYLE						
Conservative Default			.85%	6.90%	2.83%	4.20%
Benchmark: N/A						
ASSET ALLOCATION/LIFECYCLE						
Retirmnt Incm (T. Rowe Price)			1.43%	10.88%	3.40%	6.46%
Expense Ratio as of 07/01/2011:						
Gross .59%, Net .59%						
Inception Date: 10/01/2002						
Benchmark: DJ Moderately Conservative			2.81%	10.24%	4.06%	6.21%
Retirmnt 2010 (T. Rowe Price)			.54%	13.18%	2.53%	7.68%
Expense Ratio as of 07/01/2011:						
Gross .64%, Net .64%						
Inception Date: 10/01/2002						
Benchmark: DJ Target 2010 Index			4.50%	9.37%	4.68%	6.37%
Retirmnt 2020 (T. Rowe Price)			-1.20%	15.01%	1.55%	8.07%
Expense Ratio as of 07/01/2011:						
Gross .71%, Net .71%						
Inception Date: 10/01/2002						
Benchmark: DJ Target 2020 Index			2.01%	11.52%	3.10%	6.39%
Retirmnt 2030 (T. Rowe Price)			-2.70%	15.92%	.69%	8.26%
Expense Ratio as of 07/01/2011:						
Gross .76%, Net .76%						
Inception Date: 10/01/2002						
Benchmark: DJ Target 2030 Index			-1.21%	13.96%	1.75%	6.37%

11/15/2011 10:00 AM



Investment Performance as of 12/31/2011 (continued) ::::::::::::::::::::::::::::::::::

	Balance	Future Contribution Investment Selection	1 Year	3 Years	5 Years	10 Years or Since Inception
Retirmnt 2040 (T. Rowe Price)		Source Group 1 100%	-3.49%	16.07%	.42%	8.14%
Expense Ratio as of 07/01/2011: Gross .77%, Net .77%						
Inception Date: 10/01/2002						
Benchmark: DJ Target 2040 Index			-3.59%	15.16%	.92%	6.22%
Retirmnt 2050 (T. Rowe Price)			-3.36%	16.05%	.43%	.43%
Expense Ratio as of 07/01/2011: Gross .77%, Net .77%						
Inception Date: 01/01/2007						
Benchmark: DJ Target 2050 Index			-4.00%	15.22%	.88%	6.20%

1 Transfers in or out of this investment may not be made between 2:30 p.m. and 4 p.m. ET each day.

Performance shown since inception date for options that do not have full time periods. Inception date information may vary by investment option. Consult the applicable prospectus or fact sheet as noted for additional details.

**Performance shown is historical and does not guarantee future results. Current performance may be higher or lower than that shown. For investment options other than the guaranteed or fixed interest accounts, investment return and principal values fluctuate so that your value at distribution may be more or less than the amount invested. There are no assurances investment objectives will be achieved.**

Performance shown is net of investment management fees and other investment fees and expenses and includes reinvestment of dividends and capital gains distributions, if any. Contract or plan charges, if applicable, have not been deducted from performance. Returns will be lower if they are deducted.

Money in the guaranteed or fixed interest account is subject to market value adjustment if your plan's contract is terminated (in whole or part) prior to distribution, in which case your account balance may increase or decrease.

Indexes and benchmarks are not actively managed, do not incur fees or expenses and are not available for direct investment.

For Current Performance (including most recent month end) or information on Investment Selections please go to [www.retiresmart.com](http://www.retiresmart.com).

**Please consider an investment option's objectives, risks, fees and expenses carefully before investing. This and other information about the investment option can be found in the applicable prospectuses or summary prospectuses, if any, or fact sheets for the investment options listed, which are available from your plan sponsor, the participant web site at [www.retiresmart.com](http://www.retiresmart.com), or by contacting our Participant Information Center at 1-800-743-5274 between 8:00 a.m. and 8:00 p.m. ET, Monday through Friday. Please read them carefully before investing.**

# Special Tax Notice

## For Payments Not From a Designated Roth Account

### YOUR ROLLOVER OPTIONS

You are receiving this notice because all or a portion of a payment you are receiving from your retirement plan is eligible to be rolled over to an IRA or an employer plan. This notice is intended to help you decide whether to do such a rollover.

This notice describes the rollover rules that apply to payments from the Plan that are *not* from a designated Roth account (a type of account with special tax rules in some employer plans). 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 59 1/2 and do not do a rollover, you will also have to pay a 10% additional income tax on early distributions (unless an exception applies). However, if you do a rollover, you will not have to pay tax until you receive payments later and the 10% additional income tax will not apply if those payments are made after you are age 59 1/2 (or if an exception applies).

#### Where may I roll over the payment?

You may roll over the payment to either an IRA (an individual retirement account or individual retirement annuity) or an employer plan (a tax-qualified plan, section 403(b) plan, or governmental section 457(b) plan) that will accept the rollover. The rules of the IRA or employer plan that holds the rollover will determine your investment options, fees, and rights to payment from the IRA or employer plan (for example, no spousal consent rules apply to IRAs and IRAs may not provide loans). Further, the amount rolled over will become subject to the tax rules that apply to the IRA or employer plan.

#### How do I do a rollover?

There are two ways to do a rollover. You can do either a direct rollover or a 60-day rollover.

*If you do a direct rollover*, the Plan will make the payment directly to your IRA or an employer plan. You should contact the IRA sponsor or the administrator of the employer plan for information on how to do a direct rollover.

*If you do not do a direct rollover*, you may still do a rollover by making a deposit into an IRA or eligible employer plan that will accept it. You will have 60 days after you receive the payment to make the deposit. If you do not do a direct rollover, the Plan is required to withhold 20% of the payment for federal income taxes (up to the amount of cash and property received other than employer stock). This means that, in order to roll over the entire payment in a 60-day rollover, you must use other funds to make up for the 20% withheld. If you do not roll over the entire amount of the payment, the portion not rolled over will be taxed and will be subject to the 10% additional income tax on early distributions if you are under age 59 1/2 (unless an exception applies).

#### How much may I roll over?

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

- Certain payments spread over a period of at least 10 years or over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary)

- Required minimum distributions after age 70 1/2 (or after death)
- Hardship distributions
- ESOP dividends
- 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)
- Cost of life insurance paid by the Plan
- Contributions made under special automatic enrollment rules that are withdrawn pursuant to your request within 90 days of enrollment
- Amounts treated as distributed because of a prohibited allocation of S corporation stock under an ESOP (also, there will generally be adverse tax consequences if you roll over a distribution of S corporation stock to an IRA).

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 1/2, you will have to pay the 10% additional income tax on early distributions for any payment from the Plan (including amounts withheld for income tax) that you do not roll over, unless one of the exceptions listed below applies. This tax is in addition to the regular income tax on the payment not rolled over.

The 10% additional income tax does not apply to the following payments from the Plan:

- Payments made after you separate from service if you will be at least age 55 in the year of the separation
- Payments that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary)
- Payments from a governmental defined benefit pension plan made after you separate from service if you are a public safety employee and you are at least age 50 in the year of the separation
- Payments made due to disability
- Payments after your death
- Payments of ESOP dividends
- Corrective distributions of contributions that exceed tax law limitations
- Cost of life insurance paid by the Plan
- Contributions made under special automatic enrollment rules that are withdrawn pursuant to your request within 90 days of enrollment
- Payments made directly to the government to satisfy a federal tax levy
- Payments made under a qualified domestic relations order (QDRO)
- Payments up to the amount of your deductible medical expenses

### **If you miss the 60-day rollover deadline**

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

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

If you do not do a rollover, you can apply a special rule to payments of employer stock (or other employer securities) that are either attributable to after-tax contributions or paid in a lump sum after separation from service (or after age 59 1/2, disability, or the participant's death). Under the special rule, the net unrealized appreciation on the stock will not be taxed when distributed from the Plan and will be taxed at capital gain rates when you sell the stock. Net unrealized appreciation is generally the increase in the value of employer stock after it was acquired by the Plan. If you do a rollover for a payment that includes employer stock (for example, by selling the stock and rolling over the proceeds within 60 days of the payment), the special rule relating to the distributed employer stock will not apply to any subsequent payments from the IRA or employer plan. The Plan administrator can tell you the amount of any net unrealized appreciation.

### **If you 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 amount of the loan, typically when your employment ends. The loan offset amount is treated as a distribution to you at the time of the offset and will be taxed (including the 10% additional income tax on early distributions, unless an exception applies) unless you do a 60-day rollover in the amount of the loan offset to an IRA or employer plan.

### **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 59 1/2 (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 59 1/2 will be subject to the 10% additional income tax on early distributions (unless an exception applies). Other differences are that you cannot do a rollover if the payment is due to an "unforeseeable emergency" and the special rules under "If your payment includes employer stock that you do not roll over" and "If you were born on or before January 1, 1936" do not apply.

### **If you are an eligible retired public safety officer and your pension 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 directly 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**

You can roll over a payment from the Plan made before January 1, 2010 to a Roth IRA only if your modified adjusted gross income is not more than \$100,000 for the year the payment is made to you and, if married, you file a joint return. These limitations do not apply to payments made to you from the Plan after 2009. If you wish to roll over the payment to a Roth IRA, but you are not eligible to do a rollover to a Roth IRA until after 2009, you can do a rollover to a traditional IRA and then, after 2009, elect to convert the traditional IRA into 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). For payments from the Plan during 2010 that are rolled over to a Roth IRA, the taxable amount can be spread over a 2-year period starting in 2011.

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 1/2 (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 and the special rules for public safety officers do not apply, and the special rule described under the section "If you were born on or before January 1, 1936" applies only if the participant was born on or before January 1, 1936.

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

An IRA you treat as your own is treated like any other IRA of yours, so that payments made to you before you are age 59 1/2 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 1/2.

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 1/2.

**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.

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

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

If you receive a payment from an IRA when you are under age 59 1/2, you will have to pay the 10% additional income tax on early distributions from the IRA, unless an exception applies. In general, the exceptions to the 10% additional income tax for early distributions from an IRA are the same as the exceptions listed above for early distributions from a plan. However, there are a few differences for payments from an IRA, including:

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

### **Will I owe State income taxes?**

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

## **SPECIAL RULES AND OPTIONS**

### **If your payment includes after-tax contributions**

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

You may roll over to an IRA a payment that includes after-tax contributions through either a direct rollover or a 60-day rollover. You must keep track of the aggregate amount of the after-tax contributions in all of your IRAs (in order to determine your taxable income for later payments from the IRAs). If you do a direct rollover of only a portion of the amount paid from the Plan and a portion is paid to you, you can decide whether you want to rollover your after tax portion or have it paid directly to you as a cash distribution. 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.

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

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

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

#### **Other special rules**

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

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

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

You may have special rollover rights if you recently served in the U.S. Armed Forces. For more information, see IRS Publication 3, Armed Forces' Tax Guide.

#### **FOR MORE INFORMATION**

You may wish to consult with the Plan administrator or 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.

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