Reset Form

Indiana PERF Public Employees' Retirement Fund

CLAIM FOR ANNUITY SAVINGS ACCOUNT DISTRIBUTION BECAUSE OF DEATH FOR AN ESTATE OR BENEFICIARY OTHER THAN SPOUSE

State Form 46188 (R2 / 6-09)

Approved by State Board of Accounts, 2009

PUBLIC EMPLOYEES' RETIREMENT FUND
143 West Market Street
Indianapolis, Indiana 46204-2899
Telephone: (317) 233-4162
Toll free: (888) 526-1687
Fax (317) 234-5922
Toll free fax: (866) 591-9441

* This agency is requesting disclosure of Social Security Numbers / tax identification numbers in accordance with Internal Revenue Code; disclosure is mandatory and this form will not be processed without it.

INSTRUCTIONS:

1. *Please type or print. Use black ink.*
2. *Complete all information.*
3. *This form must be completed by the beneficiary (except spouses), distributee, or the duly appointed administrator of the deceased member's estate. If completed by the administrator, a copy of the court order establishing the appointment must be included.*
4. *If not already submitted to PERF, a copy of the death certificate of the deceased member must be attached to this application.*
5. *If this claim is for an estate, attach documentation along with this application showing the date that the estate was opened.*
6. *Attach an English translation to any foreign language document.*
7. *If the deceased member had PERF-covered service in excess of ten (10) years, PERF must be consulted before a claim is filed.*
8. *Return the completed form directly to PERF at the above address.* ***Do not return the instruction pages.***

STEP 1 - MEMBER INFORMATION

Social Security Number *	Date of death (*month, day, year*)
Name of member (*first, middle initial, last*)	

STEP 2 - APPLICANT INFORMATION

Social Security Number * of beneficiary or tax identification number of estate	Date of application (*month, day, year*)	
Name (*first, middle initial, last*)		Date of birth or date estate was opened (*month, day, year*)
Address (*number and street, city, state, and ZIP code*)		
Home telephone number ( )	Other telephone number ( )	E-mail address

To the best of my knowledge, I am the legal ☐ beneficiary ☐ distributee ☐ administrator of the deceased member's account.

STEP 3 - FEDERAL TAX WITHHOLDING ELECTIONS

For all payments to a beneficiary or distributee, twenty percent (20%) will be withheld from the taxable portion of your distribution for Federal income tax. For all payments to an estate, ten percent (10%) will be withheld from the taxable portion of your distribution for federal income tax, unless you check the box below to elect not to have the ten percent (10%) withheld. You can also elect a flat, whole dollar amount to be withheld in addition to the calculated percentage of federal income tax. Even if you elect not to have Federal income tax withheld, you are liable for payment of Federal income tax on the taxable portion of your distribution.You also may be subject to tax penalties under the estimated tax payment rules if your payments of estimated tax and withholding, if any, are not adequate. See the attached Special Tax Notice for additional information.
You should consult the IRS or a professional tax advisor if you need further information about the taxes on your payments.

☐ I elect additional federal income tax withholding of $ ____________.00.

☐ **For estate only** - I do not want Federal income tax withheld from the distribution.

STEP 4 - STATE TAX WITHHOLDING ELECTIONS

Indiana Residents - Indiana income tax withholding for Indiana residents is optional on payments from the Fund. If you are an Indiana resident and wish to have Indiana income tax withheld at this time, please provide a flat, whole dollar amount to be withheld. Please check Box 1 below if you are an Indiana resident and would like to have Indiana income tax withheld from the taxable portion of your distribution. Please note that your decision not to have Indiana income tax withheld from your distribution does not relieve you from paying such tax.

Non-residents - Please check Box 2 if you are not a resident of Indiana. Please note that PERF does not withhold state income tax for individuals living outside of Indiana at the time of distribution. Non-residents should consult an attorney or professional tax advisor to determine whether state tax applies to their distribution.

You should consult the IRS or a professional tax advisor if you need further information about the taxes on your payments.

☐ Box 1: I am an Indiana resident and would like to have Indiana state income tax withheld from the taxable portion of my distribution in the amount of $ ____________.00.
I am an Indiana resident and would like to have Indiana county income tax withheld from the taxable portion of my distribution in addition to Indiana state income tax in the amount of $ ____________.00 for ________________________ county.
Please note: You must also have state income tax withheld to elect county income tax withholding.

☐ Box 2: I am not a resident of Indiana.

☐ Box 3: I am a resident of Indiana and I do not want Indiana income tax withheld from my distribution.

Name of member (*first, middle initial, last*)	Social Security Number *

STEP 5 - ELECTION FOR ANNUITY SAVINGS ACCOUNT PAYMENT

Indiana Code IC 5-10.2-3-7.5 gives a non-spouse beneficiary or estate the option of receiving the distribution of the deceased member's Annuity Savings Account either as a lump-sum single payment or as a series of annual payments over a period of up to five (5) years. Please select a payment option below. You can select only one option. Your choice for payment for the Annuity Savings Account cannot be changed after this form is received by PERF.

Select only one of the following choices:

☐ **Choice A** - I elect to receive the distribution of the Annuity Savings Account as a lump-sum, single payment.

☐ **Choice B** - I elect to receive the distribution of the Annuity Savings Account as a series of up to five (5) annual payments.
Indicate number of payments: ____________

☐ **Choice C** - **Available only to individuals designated as beneficiaries (NOT available to estates)** - I elect a direct rollover of the deceased member's Annuity Savings Account to a traditional IRA under Internal Revenue Code Section 408(a) or 408(b), which will be treated as an inherited IRA. (You cannot choose a direct rollover to a Roth IRA or an eligible employer plan, and you cannot roll over the payment yourself.)

☐ **Choice D** - **Available only to individuals designated as beneficiaries (NOT available to estates)** - I elect a direct rollover of the taxable portion of the deceased member's Annuity Savings Account to a traditional IRA under Internal Revenue Code Section 408(a) or 408(b), which will be treated as an inherited IRA, and a distribution of the entire non-taxable portion directly to me.

Name of traditional IRA, which will be treated as an inherited plan.
(This must be the complete name of the traditional IRA as reported by the trustee to the Internal Revenue Service.)

STEP 6 - INHERITANCE TAX CERTIFICATION

I, the named beneficiary, distributee, or duly appointed administrator of the deceased member's estate, hereby certify the following name, Social Security Number, and address as the legal information of the decedent at the time of death:

Name of decedent (*first, middle initial, last*)	Social Security Number *
Address (*number and street, city, state, and ZIP code*)	

If the above address is in Indiana, I understand that in order for PERF to make a final payment of any amounts due from the account of the decedent, a properly completed Department of Revenue form IH-14 must accompany this certification.

I understand that if the above address is in a state other than Indiana, it will be my responsibility to comply with the laws of that state and that PERF does not accept or incur any liability in processing this claim.

Signature of applicant	Date (*month, day, year*)
Printed name of applicant	

STEP 7 - APPLICANT AFFIDAVIT

I, having been sworn, hereby submit this Claim for Annuity Savings Account Distribution Because of Death and say under oath that:
I am the person who completed this distribution application;
I have carefully read the form and understand the same, and that I have read all of the information I have been provided with this application, including all instructions and supplemental documents;
All the information I have provided and the questions I have answered are full, complete and true, and no material facts have been concealed or omitted therefrom;
I understand fully that, once this claim has been processed by PERF and I have received a distribution check or warrant, this transaction cannot be voided by a return of the check, warrant, or money.

Signature of applicant	Date (*month, day, year*)
Printed name of applicant	

STEP 8 - CERTIFICATION OF NOTARY PUBLIC

STATE OF ____________________________________

SS:

SEAL

COUNTY OF ______________________________

Subscribed and sworn to before me, a notary public, in and for the state and county above named, by the said

____, on this ___________ day of ____________________________________, 20________.
Printed name of member

Signature of notary public	Printed name of notary public
County of residence	Date commission expires (*month, day, year*)

INSTRUCTIONS FOR COMPLETING STATE FORM 46188, CLAIM FOR ANNUITY SAVINGS ACCOUNT DISTRIBUTION BECAUSE OF DEATH FOR AN ESTATE OR BENEFICIARY OTHER THAN SPOUSE

IMPORTANT:

1. Remove the form. Do not return these instructions to PERF.
2. Please type or print. Use black ink.
3. Complete all information.
4. Return the completed form directly to PERF.

STEP 1: Member Information

Member's Social Security Number: Enter all nine digits of the member's Social Security Number.
Your application will not be processed without this information.
Member's Date of Death: Enter the member's date of death as MM/DD/YYYY. Please submit a copy of the Member's death certificate. Attach an English translation to any foreign language document.
Member's Name: Enter the member's first name, middle initial, and last name.

STEP 2: Applicant Information

Applicant's Social Security Number: Enter all nine digits of your Social Security Number.
Your application will not be processed without this information.
Date of Application: Enter the date you completed the application as MM/DD/YYYY.
Applicant's Name: Enter your first name, middle initial, and last name or the name of the estate.
Applicant's Date of Birth: Enter the date of your birth or the date the estate was opened as MM/DD/YYYY.
Applicant's Address: Enter the full street address to which you would like the distribution payment(s) sent.
Applicant's Telephone Number: Enter the telephone numbers, beginning with area code.
If available, please provide separate home and other telephone numbers.
E-mail Address: Enter the E-mail address, if available.
Applicant's Certification: Indicate your legal relationship to the deceased member's account.

STEP 3: Federal Withholding

For payments to a beneficiary or distributee: Eligible rollover distributions paid to you from the Fund are subject to mandatory federal income tax withholding. We will withhold twenty percent (20%) from the taxable portion of your distribution unless you elect a direct rollover. You can elect additional Federal income tax withholding of a flat, whole dollar amount. See the attached special tax notice for more information.

For payments to estates: Federal tax of ten percent (10%) will be withheld from your distribution unless you check the box for no Federal income tax withholding. You can also elect an additional flat, whole dollar amount be withheld.

STEP 4: State Withholding

If you are an Indiana resident and wish to have Indiana tax withheld at this time, you will need to provide a flat, whole dollar amount to be withheld.
You are liable for payment of any tax due on the taxable portion of your distribution. You may also be subject to tax penalties under the State and Federal estimated tax payment rules if your payments of estimated tax and withholding are not adequate. You should always seek qualified tax advice before making any decision affecting your potential tax liability.

STEP 5: Election for Annuity Savings Account Payment

Please read the notice at the top of this section that your choice for payment of the member's Annuity Savings Account cannot be changed after the form is received by PERF. Then sign, date, and print your name acknowledging you have read and understand the statement.

You must select only one of the following choices for the member's Annuity Savings Account.
Choice A - You may elect to receive the balance of the member's Annuity Savings Account in a lump sum payment.
Choice B - You may elect to receive the balance of the member's Annuity Savings Account as a series of up to five (5) annual payments. If you select this option, you must indicate the number of annual payments in the space provided. If you do not, your application will be returned to you.
Choice C - This choice is only available to individuals designated as beneficiaries and is not available to estates.
You may elect to have all of the member's account paid in the form of a direct rollover into an eligible 408(a) or 408(b) plan.
Choice D - This choice is only available to individuals designated as beneficiaries and is not available to estates.
You may elect to have the taxable portion of the member's account paid in the form of a direct rollover into an eligible 408(a) or 408(b) plan and the non-taxable portion of the member's account paid directly to you.

STEP 6: Inheritance Tax Certification

Name of Decedent: Enter the member's first name, middle initial, and last name.
Social Security Number: Enter all nine digits of the member's Social Security Number.
Address: Enter the full street address of the member at the time of death.
Please read, sign, and date this section.

STEP 7: Applicant Affidavit

Please read, sign and date this section.

STEP 8: Notarization

Your distribution application form must be notarized before it will be processed. Fill in the state and county of your residence and your Social Security Number in the spaces provided. Take the form to a duly commissioned notary public. The notary public will ask you to swear or affirm to the truth of all of the information you supplied on the application form and to sign the form in his or her presence. The notary will then complete the form and affix his or her seal to it.

Once the form has been completed according to these instructions and notarized, return the form (and all of its attachments) to the Public Employees' Retirement Fund at the following address:

Public Employees' Retirement Fund
143 West Market Street
Indianapolis, IN 46204

MEMBER NOTE – CHANGES TO INFORMATION

If you have any changes to any of the information on this form, such as name or address, please immediately notify PERF at the above address to ensure that you receive correct and important information regarding your benefits and taxes.

HELPFUL INFORMATION

PERF

TELEPHONE NUMBERS:

Indianapolis & vicinity (317) 233-4162
Toll-Free Number 1-888-526-1687
TDD (hearing impaired number) (317) 233-4160

FAX Number (317) 234-5922
Toll-Free FAX Number (866) 591-9441
PERF on the Internet: www.in.gov/perf
PERF MEMBER HANDBOOK (latest edition)

Internal Revenue Service

TELEPHONE NUMBERS:

Toll-Free Number 1-800-829-1040
TDD (hearing impaired number) 1-800-829-4059
TeleTax 1-800-829-4477

IRS website: www.irs.gov
IRS PUBLICATION 575, PENSION AND ANNUITY INFORMATION
IRS PUBLICATION 590, INDIVIDUAL RETIREMENT ARRANGEMENTS

Indiana Department of Revenue (DOR)

TELEPHONE NUMBERS:

Indianapolis & vicinity (317) 233-4018
TDD (hearing impaired number) (317) 233-4952
Individual Income Tax Questions (317) 232-2240
Outside of Indianapolis – See DOR website

DOR FAX Number (317) 233-2329
DOR website: www.in.gov/dor

SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS
Important Information for Plan Payments under Governmental 401(a) Plans

Part of State Form 46188 (R2 / 6-09)

This notice explains how you can continue to defer federal income tax on your retirement savings in the Public Employees' Retirement Fund (the Plan) and contains important information you will need before you decide how to receive your Plan benefits. If you have received an electronic copy of this notice, you may request a paper copy from the plan administrator at no charge to you.

This notice is provided to you by PERF (your Plan Administrator) because all or part of the payment that you will soon receive from the Plan may be eligible for rollover by you or your Plan Administrator to an IRA or an eligible employer plan. A rollover is a payment by you or the Plan Administrator of all or part of your benefit to another plan or IRA that allows you to continue to postpone taxation of that benefit until it is paid to you. Your payment cannot be rolled over to a SIMPLE IRA or a Coverdell Education Savings Account (formerly known as an education IRA). An "eligible employer plan" includes a plan qualified under section 401(a) of the Internal Revenue Code, including a 401(k) plan, profit-sharing plan, defined benefit plan, stock bonus plan, and money purchase plan; a section 403(a) annuity plan; a section 403(b) tax-sheltered annuity; and an eligible section 457(b) plan maintained by a governmental employer (governmental 457 plan). Note that for a distribution made after December 31, 2007, your payment can also be rolled over to a section 408A Roth IRA subject to the same limits that apply to rollovers from a traditional IRA to a Roth IRA (i.e. for tax years prior to January 01, 2010, your adjusted gross income cannot exceed $100,000 and you must not be married filing separately).

An eligible employer plan is not legally required to accept a rollover. Before you decide to roll over your payment to another employer plan, you should find out whether the plan accepts rollovers and, if so, the types of distributions it accepts as a rollover. You should also find out about any documents that are required to be completed before the receiving plan will accept a rollover. Even if an eligible employer plan accepts rollovers, it might not accept rollovers of certain types of distributions, such as after-tax amounts. If this is the case, and your distribution includes after-tax amounts, you may wish instead to roll your distribution over to an IRA or split your rollover amount between the employer plan in which you will participate and an IRA. If an eligible employer plan accepts your rollover, the plan may restrict subsequent distribution. A subsequent distribution from the plan that accepts your rollover may also be subject to different tax treatment than distributions from this Plan. Check with the administrator of the plan that is to receive your rollover prior to making the rollover.

If you have additional questions after reading this notice, you can contact PERF at (888) 526-1687.

SUMMARY

There are two (2) ways you may be able to receive a Plan payment that is eligible for rollover:

1. Certain payments can be made directly to an IRA that you establish or to an eligible employer plan that will accept it and hold it for your benefit (direct rollover); or
2. The payment can be paid to you.

If you choose a direct rollover to a traditional IRA or an eligible employer plan:

- Your payment will not be taxed in the current year and no income tax will be withheld. (See Special Rules for Rollovers to Roth IRAs below.)
- You choose whether your payment will be made directly to your traditional IRA or to an eligible employer plan that accepts your rollover. Your payment cannot be rolled over to a SIMPLE IRA or a Coverdell Education Savings Account because these are not traditional IRAs.
  (See Special Rules for Rollovers to Roth IRAs below.)
- The taxable portion of your payment will be taxed later when you take it out of the traditional IRA or the eligible employer plan. Depending on the type of plan, the later distribution may be subject to different tax treatment than it would be if you received a taxable distribution from this Plan.

Special Rules for Rollover to Roth IRAs

Note that for a distribution made after December 31, 2007, you can choose a rollover to a Roth IRA subject to the same limits that apply to rollovers from a traditional IRA to a Roth IRA (i.e. for tax years prior to January 01, 2010, your adjusted gross income cannot exceed $100,000 and you must not be married filing separately). If you make a rollover of your distribution to a Roth IRA, the taxable amount of your distribution will be included in your taxable income (except for any portion of the distribution that represents a return of your after-tax contributions to the plan). You may be able to elect to delay recognizing the distribution as part of your taxable income until 2011 and 2012 if you elect a rollover to a Roth IRA in the 2010 taxable year. A rollover of your distribution to a Roth IRA avoids the 10% tax on early distributions received prior to the date you reach age 59½, become disabled, or retire under the terms of the Plan, subject to rules on conversions.

Note: The Plan Administrator is not responsible for assuring your eligibility to make a rollover to a Roth IRA (IRS Notice 2008-30). You should consult your tax advisor if you are interested in rolling over your distribution to a Roth IRA.

If you choose to have a Plan payment that is eligible for rollover paid to you:

- You will receive only 80% of the taxable amount of the payment, because the Plan Administrator is required to withhold 20% of that amount and send it to the IRS as income tax withholding to be credited against your taxes.
- The taxable amount of your payment will be taxed in the current year unless you roll it over. Under limited circumstances, you may be able to use special tax rules that could reduce the tax you owe. However, if you receive the payment before age 59½, you may have to pay an additional 10% tax. (See special note below for qualified public safety employees.
- You can roll over all or part of the payment by paying it to your IRA or to an eligible employer plan that accepts your rollover within sixty (60) days after you receive the payment. The amount rolled over to a traditional IRA or eligible employer plan will not be taxed until you take it out of the traditional IRA or the eligible employer plan.
- If you want to roll over 100% of the payment to a traditional IRA or an eligible employer plan, you must find other money to replace the 20% of the taxable portion that was withheld. If you roll over only the 80% that you received, you will be taxed on the 20% that was withheld and that is not rolled over.

Qualified Public Safety Employees

On and after August 18, 2006, if you are a qualified public safety employee who terminates employment in the calendar year in which you are age 50 or older, and receive an eligible rollover distribution, you will not have to pay the additional 10% tax on a payment that is eligible for rollover and paid to you. You are a qualified public safety employee if you are an employee of a State or political subdivision of a State (such as a county or city) whose principal duties include services requiring specialized training in the area of police protection, firefighting services, or emergency medical services for an area within the jurisdiction of the state or political subdivision.

Your Right to Waive the 30-Day Notice Period
Generally, neither a direct rollover nor a payment can be made from the plan until at least thirty (30) days after your receipt of this notice. Thus, after receiving this notice, you have at least thirty (30) days to consider whether or not to have your withdrawal directly rolled over. If you do not wish to wait until this thirty (30) day notice period ends before your election is processed, you may waive the notice period by making an affirmative election indicating whether or not you wish to make a direct rollover. Your withdrawal will then be processed in accordance with your election as soon as practical after it is received by the Plan Administrator.

MORE INFORMATION

I. PAYMENTS THAT CAN AND CANNOT BE ROLLED OVER
Payments from the Plan may be eligible rollover distributions. This means that they can be rolled over to a traditional IRA or to an eligible employer plan that accepts rollovers, or, beginning January 01, 2008, they can be rolled over to a Roth IRA. Payments from a plan cannot be rolled over to a SIMPLE IRA or a Coverdell Education Savings Account. PERF should be able to tell you what portion of your payment is an eligible rollover distribution.

After-tax Contributions
If you made after-tax contributions to the Plan, these contributions may be rolled into either an IRA or to certain employer plans that accept rollovers of the after-tax contributions (see Special Rules for Rollovers to Roth IRAs above). The following rules apply:

(a) **Rollover into an IRA.** You can roll over your after-tax contributions to an IRA either directly or indirectly. Your Plan Administrator should be able to tell you how much of your payment is the taxable portion and how much is the after-tax portion.
If you roll over after-tax contributions to a traditional IRA, it is your responsibility to keep track of, and report to the Internal Revenue Service on the applicable forms, the amount of these after-tax contributions. This will enable the nontaxable amount of any future distributions from the traditional IRA to be determined.
Once you roll over your after-tax contributions to a traditional IRA, those amounts cannot later be rolled over to an employer plan.

(b) **Rollover into an Employer Plan.** Beginning January 01, 2007, you can roll over after-tax contributions from an employer plan that is qualified under Code section 401(a) or 403(a) to another such plan or to a Code section 403(b) annuity contract using a direct rollover if such other plan or annuity contract (defined contribution or defined benefit) provides separate accounting for amounts rolled over, including separate accounting for the after-tax employee contributions and earnings on those contributions. If you want to roll over your after-tax contributions to an employer plan that accepts these rollovers, you cannot have the after-tax contributions paid to you first. You must instruct the Plan Administrator to make a direct rollover on your behalf. You can also roll over after-tax contributions from an employer plan that is qualified under Code section 401(a) or 403(a) to a traditional IRA; however, you cannot first roll over after-tax contributions to a traditional IRA and then roll over that amount to an employer plan. You cannot roll over after-tax contributions to a governmental 457 plan.

The following types of payments cannot be rolled over:

A. Payments Spread over Long Periods
You cannot roll over a payment if it is part of a series of equal (or almost equal) payments that are made at least once a year and that will last for:
   1. your lifetime (or a period measured by your life expectancy), or
   2. your lifetime and your beneficiary's lifetime (or a period measured by your joint life expectancies), or
   3. a period of ten (10) years or more.

B. Required Minimum Payments
Beginning when you reach age 70½ or retire, whichever is later, a certain portion of your payment cannot be rolled over because it is a required minimum payment that must be paid to you.

C. Corrective Distributions
A distribution that is made because legal limits on certain contributions were exceeded cannot be rolled over.

The Plan Administrator of this Plan can tell you if your payment includes amounts which cannot be rolled over.

II. DIRECT ROLLOVER
A direct rollover is a direct payment of the amount of your Plan benefits to an IRA or an eligible employer plan that will accept it. You can choose a direct rollover of all or any portion of your payment that is an eligible rollover distribution as described in Part I above. Except a direct rollover to a Roth IRA on or after January 01, 2008, you are not taxed on any taxable portion of your payment for which you choose a direct rollover until you later take it out of the traditional IRA or eligible employer plan. In addition, no income tax withholding is required for any taxable portion of your Plan benefits for which you choose a direct rollover.

Direct rollover to an IRA. You can open a traditional IRA - or beginning January 01, 2008, a Roth IRA - to receive the direct rollover. If you choose to have your payment made directly to an IRA, contact an IRA sponsor (usually a financial institution) to find out how to have your payment made in a direct rollover to an IRA at that institution. If you are unsure of how to invest your money, you can temporarily establish an IRA to receive the payment. However, in choosing an IRA, you may wish make sure that the IRA you choose will allow you to move all or part of your payment to another IRA at a later date, without penalties or other limitations. See IRS Publication 590, Individual Retirement Arrangements, for more information on IRAs (including limits on how often you can roll over between IRAs).

Direct rollover to a plan. If you are employed by a new employer that has an eligible employer plan, and you want a direct rollover to that plan, ask the Plan Administrator of that plan whether it will accept your rollover. An eligible employer plan is not legally required to accept a rollover. Even if your new employer's plan does not accept a rollover, you can choose a direct rollover to an IRA. If the employer plan accepts your rollover, the plan may provide restrictions on the circumstances under which you may later receive a distribution of the rollover amount or may require spousal consent to any subsequent distribution. Check with the Plan Administrator of that plan before making your decision.

II. DIRECT ROLLOVER *(continued)*

Direct rollover of a series of payments. If you receive a payment that can be rolled over to an IRA or an eligible employer plan that will accept it, and it is paid in a series of payments for less than ten (10) years, your choice to make or not make a direct rollover for a payment will apply to all later payments in the series until you change your election. You are free to change your election for any later payment in the series.

Change in Tax Treatment Resulting from a Direct Rollover

The tax treatment of any payment from the eligible employer plan or IRA receiving your direct rollover might be different than if you received your benefit in a taxable distribution directly from the Plan. For example, if you were born before January 01, 1936, you might be entitled to ten (10) year averaging or capital gain treatment, as explained below. However, if you have your benefit rolled over to a section 403(b) tax-sheltered annuity, a governmental 457 plan, or an IRA in a direct rollover, your benefit will no longer be eligible for that special treatment. See the sections below entitled "Additional 10% Tax if You Are under Age 59½" and "Special Tax Treatment if You Were Born before January 1, 1936."

III. PAYMENT PAID TO YOU

If your payment can be rolled over (see Part I above) and the payment is made to you in cash, it is subject to 20% federal income tax withholding on the taxable portion (state tax withholding may also apply). The payment is taxed in the year you receive it unless, within sixty (60) days, you roll it over to an IRA or an eligible employer plan that accepts rollovers. If you do not roll it over, special tax rules may apply.

Income Tax Withholding

Mandatory Withholding. If any portion of your payment can be rolled over under Part I above and you do not elect to make a direct rollover, the Plan is required by law to withhold 20% of the taxable amount. This amount is sent to the IRS as federal income tax withholding. For example, if you can roll over a taxable payment of $10,000, only $8,000 will be paid to you because the Plan must withhold $2,000 as income tax. However, when you prepare your income tax return for the year, unless you make a rollover within sixty (60) days (see "Sixty-Day Rollover Option" below), you must report the full $10,000 as a taxable payment from the Plan. You must report the $2,000 as tax withheld, and it will be credited against any income tax you owe for the year. There will be no income tax withholding if your payments for the year are less than $200.

Voluntary Withholding. If any portion of your payment is taxable but cannot be rolled over under Part I above, the mandatory withholding rules described above do not apply. In this case, you may elect not to have withholding apply to that portion. If you do nothing, an amount will be taken out of this portion of your payment for federal income tax withholding. To elect out of withholding, ask the Plan administrator for the election form and related information.

Sixty-Day Rollover Option

If you receive a payment that can be rolled over under Part I above (except after-tax amounts), you can still decide to roll over all or part of it to an IRA or to an eligible employer plan that accepts rollovers. If you decide to roll over, you must contribute the amount of the payment you received to an IRA or eligible employer plan within sixty (60) days after you receive the payment. Unless you roll over your distribution to a Roth IRA, the portion of your payment that is rolled over will not be taxed until you take it out of the IRA or the eligible employer plan. If you roll over to a Roth IRA, the distribution will be included in your taxable income for the year in which it was paid to you.

If you want to roll over a payment you received to a traditional IRA or eligible employer plan, you can roll over up to 100% of your payment (that can be rolled over as explained under Part I above), including an amount equal to the 20% of the taxable portion that was withheld. If you choose to roll over 100%, you must find other money within the sixty (60) day period to contribute to the traditional IRA or the eligible employer plan, to replace the 20% that was withheld. On the other hand, if you roll over only the 80% of the taxable portion that you received, you will be taxed on the 20% that was withheld.

> Example: The taxable portion of your payment that can be rolled over under Part I above is $10,000, and you choose to have it paid to you. You will receive $8,000, and $2,000 will be sent to the IRS as income tax withholding. Within sixty (60) days after receiving the $8,000, you may roll over the entire $10,000 to a traditional IRA or an eligible employer plan. To do this, you roll over the $8,000 you received from the Plan, and you will have to find $2,000 from other sources (your savings, a loan, etc.). In this case, the entire $10,000 is not taxed until you take it out of the traditional IRA or an eligible employer plan. If you roll over the entire $10,000, when you file your income tax return you may get a refund of part or all of the $2,000 withheld.
>
> If, on the other hand, you roll over only $8,000, the $2,000 you did not roll over is taxed in the year it was withheld. When you file your income tax return, you may get a refund of part of the $2,000 withheld. (However, any refund is likely to be larger if you roll over the entire $10,000.)

Additional 10% Tax If You Are under Age 59½

If you receive a payment before you reach age 59½ and you do not roll it over, then, in addition to the regular income tax, you may have to pay an extra tax equal to 10% of the taxable portion of the payment. The additional 10% tax generally does not apply to: (1) payments that are paid after you separate from service with your employer during or after the year you reach age 55, (2) payments that are paid because you retire due to disability, (3) payments that are paid as equal (or almost equal) payments over your life or life expectancy (or your and your beneficiary's lives or life expectancies) after you separate from service, (4) payments that are paid directly to the government to satisfy a federal tax levy, (5) payments that do not exceed the amount of your deductible medical expenses, (6) payments to a qualified public safety employee who separates from service during or after the year reaching age 50, or (7) a qualified reservist distribution from a deemed IRA or attributable to elective deferrals under a 401(k) plan or 403(b) annuity. See IRS Form 5329 for more information on the additional 10% tax.

Special Tax Treatment If You Were Born before January 1, 1936

If you receive a payment from a plan qualified under section 401(a) that can be rolled over under Part I and you do not roll it over to a traditional IRA or an eligible employer plan, the payment will be taxed in the year you receive it. However, if the payment qualifies as a "lump sum distribution," it may be eligible for special tax treatment. A lump sum distribution is a payment, within one year, of your entire balance under the Plan (and certain other similar plans of the employer) that is payable to you after you have reached age 59½ or because you have separated from service with your employer (or, in the case of a self-employed individual, after you have reached age 59½ or have become disabled). For a payment to be treated as a lump sum distribution, you must have been a participant in the Plan for at least five (5) years before the year in which you received the distribution. The special tax treatment for lump sum distributions that may be available to you is described below.

Special Tax Treatment If You Were Born before January 1, 1936 ***(continued)***

Ten-Year Averaging. If you receive a lump sum distribution and you were born before January 1, 1936, you can make a one-time election to figure the tax on the payment by using "10-year averaging" (using 1986 tax rates). Ten-year averaging often reduces the tax you owe.

Capital Gain Treatment. If you receive a lump sum distribution and you were born before January 1, 1936, and you were a participant in the Plan before 1974, you may elect to have the part of your payment that is attributable to your pre-1974 participation in the Plan taxed as long-term capital gain at a rate of 20%.

There are other limits on the special tax treatment for lump sum distributions. For example, you can generally elect this special tax treatment only once in your lifetime, and the election applies to all lump sum distributions that you receive in that same year. You may not elect this special tax treatment if you rolled amounts into this Plan from a 403(b) tax-sheltered annuity contract, a governmental 457 plan, or from an IRA not originally attributable to a qualified employer plan. If you have previously rolled over a distribution from this Plan (or certain other similar plans of the employer), you cannot use this special averaging treatment for later payments from the Plan. If you roll over your payment to an IRA, governmental 457 plan, or 403(b) tax-sheltered annuity, you will not be able to use special tax treatment for later payments from that IRA, plan, or annuity. Also, if you roll over only a portion of your payment to an IRA, governmental 457 plan, or 403(b) tax-sheltered annuity, this special tax treatment is not available for the rest of the payment. See IRS Form 4972 for additional information on lump sum distributions and how you elect the special tax treatment.

IV. RETIRED PUBLIC SAFETY OFFICERS

If you are an eligible retired public safety officer (as described by the Pension Protection Act of 2006 (”PPA”)), you may make an election to exclude from federal gross income up to $3,000 of your retirement plan benefits used for qualified health insurance or long term care insurance premiums. An eligible public safety officer must be separated from service due to disability or attainment of normal retirement age. Consult your tax preparer to determine if you qualify for the PPA definition of public safety officer and to determine which premium payments qualify.

If you want to take advantage of this exclusion, you must report the amount claimed on Form 1040. The instructions to Form 1040 explain that the taxable amount received from the Plan, reduced by the amount of qualified premiums deducted and paid by the Plan (not to exceed $3,000), must be entered on line 16b of the Form 1040. Next to the entry, in the margin, you must write the letters “PSO”. This is an annual election - you will need to report the exclusion for each year in which you want to claim the exclusion. Note: The form 1099-R that you receive from the Plan Administrator will report this amount as taxable.

V. SURVIVING SPOUSES

In general, the rules summarized above that apply to payments to employees also apply to payments to surviving spouses of employees.

If you are a surviving spouse, you may choose to have a payment that can be rolled over, as described in Part I above, paid in a direct rollover to an IRA or to an eligible employer plan or paid to you. If you have the payment paid to you, you can keep it or roll it over yourself to an IRA or to an eligible employer plan. Thus, you have the same choices as the employee.

VI. BENEFICIARIES

If you are a beneficiary other than a surviving spouse and receive a distribution on or after January 01, 2007, you can choose to be paid in a direct rollover to a traditional IRA, which will be treated as an inherited IRA subject to the minimum distribution rules applicable to beneficiaries. Beginning January 01, 2008, you may choose a direct rollover to an inherited Roth IRA. You cannot choose a direct rollover to an eligible employer plan and you cannot roll over the payment yourself.

If you choose to have the distribution paid to you, the mandatory withholding rules described in Part III above do not apply to you.

VII. SPECIAL RULES FOR SURVIVING SPOUSES AND OTHER BENEFICIARIES

If you are a surviving spouse or another beneficiary, your payment is generally not subject to the additional 10% tax described in Part III above, even if you are younger than age 59½.

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

VIII. HOW TO OBTAIN ADDITIONAL INFORMATION

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