Participant Distribution Notice

The Special Tax Notice Regarding Plan Disbursements (hereafter referred to as 'Special Tax Notice') applies to disbursements (also referred to as payments) from your employer's eligible plan qualified under Section 401(a) of the Internal Revenue Code (a 'Qualified Retirement Plan'). Such plans include, and importantly are not limited to, 401(k), profit sharing, and money purchase plans. This Tax Notice contains important information you will need before you decide on how to receive benefit payments from the Plan. It explains when and how you can continue to defer federal income tax on your retirement savings when you receive a payment.

As a Participant in your employer's Qualified Retirement Plan, you may accumulate an account balance that will become vested to you when you have worked for a certain time period established by your employer. You may receive your vested account balance only when a triggering event occurs. A triggering event occurs if: you quit working for the employer, you attain the Normal Retirement Age indicated in the Plan, you become disabled, the Plan is terminated, your Plan permits in-service distributions, or you incur a hardship (only applicable to certain plans).

If you are a participant in a 401(k) plan and you are automatically enrolled under the terms of the plan, the value of your automatic salary deferral account may be distributed to you if you request it within the first 90 days of the first check date in which the automatic contribution is made. In addition, employer matching contributions made in conjunction with the automatic salary deferral will be forfeited to the plan. This is referred to as an 'opt-out distribution'. The opt-out distribution is not available to you after the initial 90 days have elapsed.

This Special Tax Notice is provided to you because all or part of the payment that you are eligible to receive from a plan you participate in may be eligible for rollover by you or your Plan Administrator to a Traditional and/or Roth 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 directly to you. Your payment(s) cannot be rolled over to a SIMPLE IRA, or a Coverdell Education Savings Account (formerly known as an education IRA).

Please note that an eligible employer plan is not legally required to accept a rollover. Before you decide to roll over your payment to an IRA or eligible employer plan, you should find out whether the plan accepts rollovers and, if so, the types of payments 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 a 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 a Traditional IRA or split your rollover amount between the eligible employer plan in which you will participate and a Traditional IRA. If an eligible employer plan accepts your rollover, the plan may restrict subsequent distributions of the rollover amount or may require your spouse's consent for any 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.

NOTE: Generally, payments may not be made from your employer's Qualified Retirement Plan for a minimum of 30 days after you receive this Tax Notice in order to allow you time to consider your payment options and importantly, the tax implication of those payments. Although you are entitled to consider your distribution options for 30 days, you may waive this 30-day notice requirement. You will be considered to have waived the remaining unexpired period if you elect a form of payment before the end of the 30-day period. The value of your account balance will continue to increase or decrease until fully distributed or forfeited, as appropriate, based on the investment performance.

If you have additional questions after reading this notice, you can contact your Plan Administrator.

Plan Payment Options Available to Plan Participants

IMPORTANT NOTICE TO PARTICIPANT: Read the following message before reviewing your options. Of the four payment options listed below, the last two may not be available to you. If the Plan is a 401(k) or Profit Sharing Plan, then you may select a lump sum, installment or annuity contract payments. If the Plan is a Money Purchase Plan, your distribution options are limited to qualified joint and survivor annuity and annuity contract payments. Regardless of any other issue, if the Participant's vested account balance is $1,000 or less, the Plan Administrator has the right to pay your distribution to you in a lump sum payment. If the Participant's account balance exceeds $7,000, you must consent to the form of payment and have the ability to defer payment until attainment of age 73. If your vested account balance is not more than $7,000, the Plan Administrator has the right to directly roll over your eligible rollover distribution to an individual retirement account (IRA) chosen by the Plan Administrator. Please note that your account may be distributed without your consent if your account falls below $7,000.

Please note that the investment options available under the Plan may not be available to you on similar terms outside the plan. For more information about the investment options that are available under the plan, please review the Participant Fee Disclosure or contact the Plan Administrator.

Before taking a distribution, you should compare the expenses associated with leaving your funds in the Plan with the expenses associated with investing the funds in alternative retirement plans, such as your new employer's plan or an IRA. In some cases, the Plan may offer an investment vehicle that provides lower fees than is available to you in an IRA or other retirement plan. Alternatively, your new employer's plan may provide lower fees for comparable investments, particularly if your new employer's plan is significantly larger than the Plan. In addition, you should compare the investment options available to you in the Plan with the options available to you in alternative retirement plans. Keep in mind that the Plan Administrator may change at any time the manner in which expenses are allocated to your account as well as the investments offered in the Plan. Fees associated with investments offered in the Plan are also subject to change at any time.

LUMP SUM PAYMENT. If this is a 401(k) or Profit Sharing Plan or if this is a Money Purchase Plan and you properly waive the qualified joint and survivor annuity, you may request a single lump sum payment.

<u>Lump Sum Payment Defined</u> - lump sum payment is the payment of your entire vested account balance.

<u>Financial Effect and Tax Consequences of a Lump Sum Payment</u> - generally a lump sum payment is included in your income and taxed in the year of the distribution. Most lump sum payments are eligible rollover distributions and would therefore be subject to the 20% withholding rules unless directly rolled over to another plan. Refer to the "Special Tax Notice Regarding Plan Payments" below for more information on eligible rollover distributions.

INSTALLMENT PAYMENTS. If this is a 401(k) or Profit Sharing Plan or if this is a Money Purchase Plan and you properly waive the qualified joint and survivor annuity, you may elect to receive your vested account balance in installment payments. Installment payments for a period of less than 10 years are generally eligible rollover distributions and would therefore be subject to the 20% withholding rules unless directly rolled over to another plan. Refer to the "Special Tax Notice Regarding Plan Payments" below for more information.

<u>Installment Payments Defined</u> - installment payments are payments distributed to you in any amount you choose at intervals that you determine within limits set by the trustee or custodian. For example, the payments could be paid to you annually, semi-annually, quarterly, or monthly. The payment schedule you choose cannot be longer than your single life expectancy or, if you have a Beneficiary named, the joint life expectancy of you and your Beneficiary.

<u>Financial Effect and Tax Consequences of Installment Payments</u> - generally each installment payment will be included in your income in the year in which you receive it. For example, a Participant who receives $500 per month will include $6,000 ($500 x 12 months) in income each tax year.

ANNUITY CONTRACT. If this is a 401(k) or Profit Sharing Plan or if this is a Money Purchase Plan and you properly waive the Qualified Joint and Survivor Annuity, you may purchase an annuity contract with your vested account balance. This distribution option allows you to choose the type of annuity contract you wish to purchase.

Annuity Contract Defined - you may use your vested account balance to purchase a term certain annuity, a single life annuity, or any other form of annuity. A term certain annuity would distribute dollars to you and your Beneficiary for a specified number of years. A single life annuity would distribute dollars to you for your lifetime and would cease distributions after your death.

Financial Effect and Tax Consequences of the Annuity **-** if you elect to use your vested account balance to purchase a single life annuity, you will receive payments as long as you are alive.

QUALIFIED JOINT AND SURVIVOR ANNUITY. *This option is available to Money Purchase Plan participants only.*
NOTE: The payment amounts indicated in this notice are only examples. The calculations for the Qualified Joint and Survivor Annuity are based on standard mortality tables using a 5% interest rate and a payment age of 65. Actual payment amounts will vary depending upon the entity from which you purchase your annuity. You may obtain financial projections based upon your account balance by submitting a request, in writing, to the Plan Administrator.

The law requires that your vested account balance be paid to you in the form of a Qualified Joint and Survivor Annuity if you are married, or a Single Life Annuity if you are not married. If you wish to receive your vested account balance using a different distribution option (described in this part), you must waive the Qualified Joint and Survivor Annuity (the Single Life Annuity if you are not married) and your spouse must consent to the annuity waiver. Unless properly waived, you will receive your vested account balance in the form of a Qualified Joint and Survivor Annuity.

Qualified Joint and Survivor Annuity Defined -
1. If you are married, a Qualified Joint and Survivor Annuity is a series of periodic payments to you during your lifetime and to your spouse upon your death. The periodic payment amount your spouse receives will be a set percentage of the periodic payment amount you received during your lifetime. To determine the percentage your spouse would receive (that is, Survivor Annuity), contact the Plan Administrator.
2. A Qualified Joint and Survivor Annuity for a Participant who is not married is a series of annuity payments for the life of the Participant.
3. If your vested account balance is $1,000 or less at the time of the distribution, the Plan Administrator has the right to pay your distribution to you in a single cash payment. If your vested account balance exceeds $5,000, you must consent to the form of payment. If your vested account balance is between $1,000 and not more than $5,000, the Plan Administrator has the right to directly roll over your eligible rollover distribution to an individual retirement account (IRA) chosen by the Plan Administrator.

Waiving the Qualified Joint and Survivor Annuity - if you wish to receive your vested account balance in a lump sum or installment payment listed above, you (and your spouse if you are married) must waive the Qualified Joint and Survivor Annuity. You can waive the Qualified Joint and Survivor Annuity by completing a distribution form. You can obtain this form from the Plan Administrator. After waiving the Qualified Joint and Survivor Annuity by signing the distribution form, you may receive your vested account balance using one of the other distribution methods explained below.

Financial Effect of a Qualified Joint and Survivor Annuity - as stated above, a Qualified Joint and Survivor Annuity will provide periodic payments to you during your lifetime and, if you are married, to your spouse after your death. Your spouse will generally receive smaller periodic payments than you received while you were alive. For example, assume a Participant retires with a $10,000 vested account balance. A Qualified Joint and Survivor Annuity would provide the participant with the following payments:

Lifetime Monthly Participant Benefit	% of Survivor Annuity*	Monthly Survivor Benefit
$63.40	100%	$63.40
$66.30	75%	$49.72
$69.40	50%	$34.70

** These estimates are derived from standard mortality tables using a Participant with a 65 year old spouse Beneficiary beginning payments at age 65. To determine the survivor annuity percentage, contact the Plan Administrator.*

Payment Options for Beneficiaries of Deceased Plan Participants

IMPORTANT NOTICE TO BENEFICIARY - If you are the designated Beneficiary of a deceased Participant's vested account balance, you are eligible to receive a distribution. The form of the benefit depends on several factors, including the type of plan and the amount in the Participant's account. Regardless of any other issue, if the Participant's vested account balance is $2,000 or less, the Plan Administrator has the right to pay your distribution to you in a lump sum payment. If the Participant's account balance exceeds $7,000, you must consent to the form of payment. If the vested account balance is not more than $7,000, the Plan Administrator has the right to directly roll over your eligible rollover distribution to an individual retirement account (IRA) chosen by the Plan Administrator.

401(k) OR PROFIT SHARING PLANS ONLY - You may select rollover, lump sum, or installment payments option in the section titled Plan Payment Options Available to Plan Participants. However, if you select installment payments, the payment schedule you choose cannot be longer than your life expectancy.

MONEY PURCHASE PLANS –
SPOUSAL BENEFICIARY - If the Plan Participant died before distributions commenced, and you are a spouse Beneficiary, distributions from the Qualified Retirement Plan must be paid to you (if applicable) in the form of a qualified preretirement survivor annuity, unless the annuity requirement was properly waived. A Participant waives the annuity requirement by completing a "Designation of Beneficiary" form and obtaining his or her spouse's written consent to the waiver.

If the Participant did not execute the required waivers, then his or her account balance will be paid to you (the deceased Participant's spouse) in the form of a preretirement survivor annuity, unless the Plan your employer has adopted specifically permits you to elect to receive payments in a form other than a preretirement survivor annuity.

NON-SPOUSE BENEFICIARY - If you are a non-spouse Beneficiary of a deceased Participant who was married, you will not receive any payment from the Plan unless the Participant properly waived the requirement that his or her spouse be the Beneficiary.

If the preretirement survivor annuity was properly waived by the Participant and/or his or her spouse (if applicable), then you may receive the entire vested account balance in a lump sum payment. The rollover option described below is available only if you are the spouse of the deceased Participant. The other distribution option available to you as a Beneficiary is explained above in "Installment Payments." However, the payment schedule you choose cannot be longer than your single life expectancy.

Special Tax Notice Regarding Plan Disbursements
YOUR ROLLOVER OPTIONS

You are receiving this notice because all or a portion of a payment you are receiving from your employer's qualified retirement plan (the "Plan") is eligible to be rolled over to an IRA or an employer plan; or if your payment is from a designated Roth account (a type of account in some employer plans that is subject to special tax rules), to a Roth IRA or a designated Roth account in 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. Where the rules differ based on whether the payment is from a designated Roth account or from an account that is not a designated Roth account, those differences will be identified in each section of this notice. 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?

<u>Not a Designated Roth Account:</u>
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 (generally, distributions made before age $59^1/_2$), 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 to the 10% additional income tax applies).

<u>Designated Roth Account:</u>
After-tax contributions included in a payment from a designated Roth account are not taxed, but earnings might be taxed. The tax treatment of earnings included in the payment depends on whether the payment is a qualified distribution. If a payment is only part of your designated Roth account, the payment will include an allocable portion of the earnings in your designated Roth account.

If the payment from the Plan is not a qualified distribution and you do not do a rollover to a Roth IRA or a designated Roth account in an employer plan, you will be taxed on the portion of the payment that is earnings. If you are under age $59^1/_2$, a 10% additional income tax on early distributions (generally, distributions made before age $59^1/_2$) will also apply to the earnings (unless an exception applies). However, if you do a rollover, you will not have to pay taxes currently on the earnings and you will not have to pay taxes later on payments that are qualified distributions.

If the payment from the Plan is a qualified distribution, you will not be taxed on any part of the payment even if you do not do a rollover. If you do a rollover, you will not be taxed on the amount you roll over and any earnings on the amount you roll over will not be taxed if paid later in a qualified distribution.

A qualified distribution from a designated Roth account in the Plan is a payment made after you are age $59^1/_2$ (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 the 5-year rule, you count from January 1 of the year your first contribution was made to the designated Roth account. However, if you did a direct rollover to a designated Roth account in the Plan from a designated Roth account in another employer plan, your participation will count from January 1 of the year your first contribution was made to the designated Roth account in the Plan or, if earlier, to the designated Roth account in the other employer plan.

What types of retirement accounts and plans may accept my rollover?

<u>Not a Designated Roth Account:</u>
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, 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.

<u>Designated Roth Account:</u>
You may roll over the payment to either a Roth IRA (a Roth individual retirement account or Roth individual retirement annuity) or a designated Roth account in an employer plan (a tax-qualified plan, section 403(b) plan, or governmental section 457 plan) that will accept the rollover. The rules of the Roth IRA or employer plan that holds the rollover will determine your investment options, fees, and rights to payment from the Roth IRA or employer plan (for example, Roth IRAs are not subject to spousal consent rules, and Roth IRAs may not provide loans). Further, the amount rolled over will become subject to the tax rules that apply to the Roth IRA or the designated Roth account in the employer plan. In general, these tax rules are similar to those described elsewhere in this notice, but differences include:

- If you do a rollover to a Roth IRA, all of your Roth IRAs will be considered for purposes of determining whether you have satisfied the 5-year rule (counting from January 1 of the year for which your first contribution was made to any of your Roth IRAs).
- If you do a rollover to a Roth IRA, you will not be required to take a distribution from the Roth IRA during your lifetime and you must keep track of the aggregate amount of the after-tax contributions in all of your Roth IRAs (in order to determine your taxable income for later Roth IRA payments that are not qualified distributions).
- Eligible rollover distributions from a Roth IRA can only be rolled over to another Roth IRA.

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.

<u>If you do a direct rollover</u>, the Plan will make the payment directly to your IRA, Roth IRA, employer plan, or designated Roth account in an employer plan. You should contact the IRA/Roth IRA sponsor or the administrator of the employer plan for information on how to do a direct rollover.

<u>If you do not do a direct rollover:</u>

<u>Not a Designated Roth Account:</u>
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 (up to the amount of cash and property received). 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).

Designated Roth Account:
You may still do a rollover by making a deposit (generally within 60 days) into a Roth IRA, whether the payment is a qualified or nonqualified distribution. In addition, you can do a rollover by making a deposit within 60 days into a designated Roth account in an employer plan if the payment is a nonqualified distribution and the rollover does not exceed the amount of the earnings in the payment. You cannot do a 60-day rollover to an employer plan of any part of a qualified distribution. If you receive a distribution that is a nonqualified distribution and you do not roll over an amount at least equal to the earnings allocable to the distribution, you will be taxed on the amount of those earnings not rolled over, including the 10% additional income tax on early distributions if you are under age $59^1/_2$ (unless an exception applies).

If you do a direct rollover of only a portion of the amount paid from the Plan and a portion is paid to you at the same time, the portion directly rolled over consists first of earnings.

If you do not do a direct rollover and the payment is not a qualified distribution, the Plan is required to withhold 20% of the earnings for federal income taxes (up to the amount of cash and property received). This means that, in order to roll over the entire payment in a 60-day rollover to a Roth IRA, you must use other funds to make up for the 20% withheld.

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
- Hardship distributions
- 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)
- 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?

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 from a pension, profit sharing, or 401(k) plan after you attain age 59 ½
- 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 made due to disability
- 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 (QDRO)
- 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
- Payments excepted from the additional income tax by federal legislation relating to certain emergencies and disasters
- Phased retirement payments made to federal employees
- Payments of up to $5,000 (in aggregate) made to you from a defined contribution plan if the payment is a qualified birth or adoption distribution
- Payments from a retirement plan if you are a qualified public safety employee who provides firefighting services (even if you are not employed in the public sector); or a public safety officer or a corrections officer, after you separate from service after attaining age 50, or if you have more than 25 years of service under the plan
- Payments from a retirement plan made to you after the date certified by a physician that you have a terminal illness or physical condition that can reasonably be expected to result in death in 84 or fewer months
- Qualified disaster recovery distributions due to a federally declared disaster after January 26, 2021, if you have a principal place of abode in a qualified disaster area during the relevant disaster that sustains an economic loss because of the disaster
- Eligible payments to a domestic abuse victim that are made within one year of the date on which you are a victim of domestic abuse (as defined by law) by a spouse or domestic partner (available only for payments made on or after January 1, 2024)
- Payments from a qualified retirement plan, other than a defined benefit plan, made to you for emergency personal or family emergency expenses due to unforeseeable or immediate financial needs that are necessary (available only for payments made on or after January 1, 2024)
- Payments of premiums for certified long-term care insurance for you, your spouse, or eligible family members subject to the annual limit, which is the lesser of the amount paid for the coverage, 10% of your vested account balance in the plan, or $2,500 as indexed (available only for payments made after December 29, 2025)

Not a Designated Roth Account:
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 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.
Designated Roth Account:
If a payment is not a qualified distribution and you are under age $59^1/_2$, you will have to pay the 10% additional income tax on early distributions with respect to the earnings allocated to the payment that you do not roll over (including amounts withheld for income tax), unless one of the exceptions listed below applies. This tax is in addition to the regular income tax on the earnings not rolled over.

If I do a rollover to an IRA or Roth IRA, will the 10% additional income tax apply to early distributions from the IRA or Roth 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 on the part of the distribution that you must include in income, unless an exception applies. If you receive a payment from a Roth IRA when you are under age $59^1/_2$, you will have to pay the 10% additional income tax on early distributions on the earnings paid from the Roth IRA, unless an exception applies or the payment is a qualified distribution. In general, the exceptions to the 10% additional income tax for early distributions from an IRA or Roth 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 or Roth IRA, including:

- The exception 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 (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); 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)
- 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

<u>Not a Designated Roth Account:</u>
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).

<u>Designated Roth Account:</u>
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. If the distribution attributable to the offset is not a qualified distribution and you do not roll over the offset amount, you will be taxed on any earnings included in the distribution (including the 10% additional income tax on early distributions, unless an exception applies). You may roll over the earnings included in the loan offset to a Roth IRA or designated Roth account in an employer plan (if the terms of the employer plan permit the plan to receive plan loan offset rollovers). You may also roll over the full amount of the offset to a Roth IRA.
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 you receive a nonqualified distribution and 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 is not a qualified distribution and that you do not roll over, special rules for calculating the amount of the tax on the earnings in the payment might apply to you. For more information, see IRS Publication 575, *Pension and Annuity Income*.

If you roll over your Non-Roth Designated 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 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-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 from a non-designated Roth account 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 non-designated Roth account payment from the Plan to a designated Roth account in the 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 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 non-designated Roth 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 59$^1/_2$ (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

<u>Payments after death of the participant</u>. 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, whether the payment is a qualified distribution generally depends on when the participant first made a contribution to the designated Roth account in the Plan. Also, 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" and "If you receive a nonqualified distribution and 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:

<u>Not a Designated Roth Account:</u>
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 70½ (if you were born before July 1, 1949), age 72 (if you were born after June 30, 1949), or age 73 (if you were born after December 31, 1949).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 you were born before July 1, 1949), age 72 (if you were born after June 30, 1949), or age 73 (if you were born after December 31, 1949).
<u>Designated Roth Account:</u>
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 a Roth IRA, you may treat the Roth IRA as your own or as an inherited Roth IRA.

A Roth IRA you treat as your own is treated like any other Roth IRA of yours, so that you will not have to receive any required minimum distributions during your lifetime and earnings paid to you in a nonqualified distribution before you are age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies).

If you treat the Roth IRA as an inherited Roth IRA, payments from the Roth IRA will not be subject to the 10% additional income tax on early distributions. An inherited Roth IRA is subject to required minimum distributions. If the participant had started taking required minimum distributions from the Plan, you will have to receive required minimum distributions from the inherited Roth IRA. If the participant had not started taking required minimum distributions, you will not have to start receiving required minimum distributions from the inherited Roth IRA until the year the participant would have been age 70½ (if you were born before July 1, 1949), age 72 (if you were born after June 30, 1949), or age 73 (if you were born after December 31, 1949).

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, or if the payment is from a designated Roth account, you have the option to do a direct rollover to an inherited Roth IRA. Payments from the inherited IRA, or from the inherited Roth IRA (even if made by a nonqualified distribution) 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 or inherited Roth IRA.

Payments under a QDRO. If you are the spouse or former spouse of the participant who receives a payment from the Plan under a QDRO, 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 Roth IRA or an eligible employer plan, or designated Roth account in an eligible employer plan that will accept it). However, 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, and in the case of Roth designated accounts is not a qualified distribution, 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.

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

Unless you elect otherwise, 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 $7,000 (not including any amounts held under the plan as a result of a prior rollover made to the plan).

Unless you elect otherwise, a mandatory cashout from the designated Roth account in the Plan of more than $1,000 will be directly rolled over to a Roth 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 $7,000 (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.