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**NORTHERN CALIFORNIA PIPE TRADES (“NCPT”)  
SUPPLEMENTAL 401(K) RETIREMENT PLAN**

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<b>TO:</b>	Beneficiaries and Alternate Payees of the Northern California Pipe Trades Supplemental 401(k) Retirement Plan
<b>SUBJECT:</b>	Receiving Your Supplemental 401(k) Retirement Plan Benefits

Enclosed is a Distribution Request package. This package includes the Distribution Application (“Application”) and various documents containing important information regarding your Application for payment of your benefits under the Northern California Pipe Trades Supplemental 401(k) Retirement Plan (“Plan”). Completion of the Application in its entirety is required when applying for payment of benefits under the Plan.

**The package includes the following items that require completion by you:**

- ◆ **Accuracy of Statements** (page 1) – Must be signed and dated.
- ◆ **Distribution Application** (pages 2-5) – The instructions on the Application must be followed exactly and it must be completed in full, and all required documentation must be included with the Application.

**IMPORTANT**

If any portion of the Application is incomplete or missing, this will result in a delay in the processing your distribution. If the distribution is not complete within 60 days of the initial receipt of your Application, your Application will be closed, and a new Application must be completed to apply for payment of your Benefits under the Plan.

**The following items are also enclosed for your information and review:**

- ◆ **IRA Rollover Notice** (1 page)
- ◆ **Special Tax Notice Regarding Plan Payments** (6 pages) – This is a brief explanation of the rules and regulations that determine the tax consequences of Retirement Plan Distributions. You may wish to consult a tax advisor before returning your completed Application.

Distribution approval is contingent upon 1) meeting all applicable Plan Rules for the distribution and 2) receipt by the Trust Fund Office of all Plan required supporting documentation for the distribution. While Plan Representatives are able to explain the distribution options to you, they cannot tell you which distribution method is best for you. Neither the Application nor its attachments represent tax or legal advice. You are strongly encouraged to consult with a professional and/or tax advisor for tax or legal advice in the preparation of your Application.

Final approval of your payment may require review by other Plan service providers and, possibly, the UA Local 342 Business Office. Distribution requests are processed weekly, and depending on your situation, the entire process should be completed within 30 days from the time your Application and any applicable Plan required documents are received.

If distribution is made, it is considered income, and a Form 1099-R will be issued by John Hancock Retirement Plan Services by no later than January 31 of the year following the tax year (as required by law) and will be mailed to the address on file at the time the 1099-R is generated. If you have a change of address, you must notify the Trust Fund Office and complete any Forms required for an address change. **IMPORTANT:** Medicare premium rates are based on your tax reported income and premiums will increase at higher income levels. If you have a higher income, you’ll likely pay additional premium amounts, as determined by Social Security. More information is available at [www.medicare.gov](http://www.medicare.gov) and [www.ssa.gov](http://www.ssa.gov).

**Complete and return the original Application and any additional required documents to the Trust Fund Office:**

NCPTTF for UA Local 342  
935 Detroit Ave., Suite 242A  
Concord, CA 94518-2501

For questions regarding the Application or Application process, contact the Trust Fund Office at 925/356-8921 ext. 714. For questions regarding your Supplemental 401(k) Retirement Plan Account, contact John Hancock at 833/388-6466.

**ACCURACY OF STATEMENTS**

I have read through the Northern California Pipe Trades Supplemental 401(k) Retirement Plan ("Plan") Distribution Application ("Application") and accompanying documents and have complied with and understand the Plan's requests and requirements. I acknowledge and understand that I am bound by the Plan rules and regulations.

I understand that the falsity of any statement within this Application, and/or the furnishing of fraudulent information or documents, shall be sufficient reason for the postponement, denial, or suspension of Plan Benefits and that the Board of Trustees, or its delegate, has the right to recover any benefit payments, costs, and attorney's fees incurred as a result of such false statements and/or submission of fraudulent information.

I certify under penalty of perjury under the laws of the State of California that the foregoing information provided within this Application and any attachment is true and correct.

Applicant's Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Print Name: \_\_\_\_\_ Last 4 digits of SS# \_\_\_\_\_

**IMPORTANT:** If your Application is incomplete or missing the required information/substantiation, review of your distribution will be delayed until a fully completed Application and all necessary documentation is received by the Trust Fund Office. Furthermore, if you do not provide the necessary information or documentation within 60 days, your Application will be closed, and you will be required to submit a new Application.

Complete the Application in its entirety and return the original along with any additional required documents to the Trust Fund Office:

**NCPTTF for UA Local 342  
935 Detroit Ave., Suite 242A  
Concord, CA 94518-2501**

For questions regarding the Application or Application process, contact the Trust Fund Office at 925/356-8921 ext. 714.

For questions regarding your Supplemental 401(k) Retirement Plan Account (such as the account balance, investment allocation questions, interest accrued, and/or using the app), contact John Hancock at 833/388-6466.

**DISTRIBUTION APPLICATION**

**SECTION A: ALTERNATE PAYEE INFORMATION**

*Type or print clearly in black or blue ink*

**NOTE:** You must submit a full copy of your court filed Qualified Domestic Relations Order ("QDRO"). Funds cannot be released to you until the Trust Fund Office receives a QDRO determined to be qualified under the provisions of the Internal Revenue Code, federal regulations, and the Plan rules. Any distribution request that is determined to be inconsistent with your QDRO will not be processed.

**PARTICIPANT INFORMATION**

Last Name	First	Initial	Social Security Number XXX-XX-_____
Date of Birth			

**ALTERNATE PAYEE INFORMATION**

Last Name	First	Initial	Social Security Number XXX-XX-_____
Relationship to Participant <input type="checkbox"/> Former Spouse <input type="checkbox"/> Other (describe relationship) _____			
Mailing Address			Date of Birth
City		State	Zip Code
Primary Phone Number			Secondary Phone Number
Email Address			
Are you a U.S. Citizen? <input type="checkbox"/> Yes <input type="checkbox"/> No If you are not a U.S. Citizen, are you a Permanent Resident of the U.S.? <input type="checkbox"/> Yes <input type="checkbox"/> No <i>*If you are not a U.S. Citizen, but are a Permanent Resident of the U.S., please submit a copy of your Permanent Resident Card*</i>			

**SECTION B: PAYMENT INSTRUCTIONS AND CONSENT**

Type or print clearly in black or blue ink

Alternate Payee Last Name	First	Initial	Social Security Number
			XXX-XX-_____

**Part 1: Select one of the Payment Options below and if applicable, list the Gross Distribution Amount you are requesting.**

**IRS RULES REQUIRE THAT THERE IS A MANDATORY 20% WITHHOLDING FOR FEDERAL TAXES ON ANY PARTIAL OR LUMP SUM PAYMENT AND SOME PERIODIC INSTALLMENTS. IN ADDITION, DEPENDING ON THE STATE YOU RESIDE IN, THERE MAY BE MANDATORY STATE TAX WITHHOLDING. Please keep this in mind when selecting the amount of any partial lump sum payment request. Refer to the accompanying *Special Tax Notice Regarding Plan Payments*.**

**Note:** If the account balance is \$7,000 or less, the Plan is required to distribute the total account balance.

- ☐ A lump sum payment to yourself (Distribution of entire account balance).
- ☐ A Partial lump sum payment to yourself in the amount of \$ \_\_\_\_\_ **or** \_\_\_\_\_ % of the account balance.
- ☐ A Partial lump sum payment in the amount of \$ \_\_\_\_\_ to pay the Overpayment owed to the Health and Welfare Plan (Plus mandatory IRS withholding and any mandatory state tax withholding and/or according to your withholding elections).
- ☐ A Direct Rollover to another Qualified Retirement Plan or IRA (check will be mailed directly to the Applicant).
- Check the applicable box:** ☐ **Partial** Direct Rollover Amount \$ \_\_\_\_\_ ☐ **Total** Direct Rollover
- Rollover Institution/Trustee or Custodian Receiving Rollover:** \_\_\_\_\_ **Account Number (if assigned):** \_\_\_\_\_

**NOTE:** It is your responsibility to verify that the plan receiving your Rollover is an eligible plan. If it is not, the IRS could treat the Rollover as a taxable distribution. Please refer to the accompanying *Special Tax Notice Regarding Plan Payments* for an explanation of your Rollover options.

- ☐ A Periodic Installment Option paid to yourself in the amount of \$ \_\_\_\_\_ (must be at least \$100), until the account balance is exhausted or upon submission of a Periodic Installment Payment Distribution Change Request Form.
- Frequency (Select One):**
- ☐ Monthly ☐ Quarterly (January, April, July, October) ☐ Semi-Annually (January, July) ☐ Annually (January)

**SECTION B: PAYMENT INSTRUCTIONS AND CONSENT** (Continued)

Type or print clearly in black or blue ink

Alternate Payee Last Name	First	Initial	Social Security Number
			XXX-XX-_____

**Part 2: Select a Payment Delivery Option.**

☐ Electronic Fund Transfer ("EFT") *Does not apply to a Direct Rollover*

**Check the applicable box:**

☐ Checking Account    ☐ Savings Account

**Bank/Deposit Institution Name:**

**EFT Routing Number of the Institution:**

**Your Account Number at the Institution:**

*In the event the EFT cannot be completed, your distribution will be delivered in the form of a check mailed to your address specified in SECTION A.*

☐ Check mailed to the address listed on this Application (Required for a Rollover).  
*There may be delays in receipt of or cashing of distributions issued in the form of a check.*

☐ Wire payment to the NCPT Health and Welfare Concentration Account 16-90067-7.  
*For repayment of an Overpayment owed to the NCPT Health and Welfare Plan.*

**Part 3: Select Tax Withholding Elections (for Payment Options other than a Direct Rollover).**

*Any withholding required by federal or state law will be paid regardless of elections made below. (See the accompanying Special Tax Notice Regarding Plan Payments for more information).*

**NOTE:** Generally, distributions from a qualified plan (other than a Rollover) are subject to mandatory 20% federal tax withholding. State tax withholding is based on the state that you reside in and your election below; however, some states have mandatory withholding. You may authorize a greater percentage or fixed amount to be withheld. Periodic installment payments made over a period of up to 9 years or less are subject to mandatory 20% Federal withholding and any mandatory state withholding. Installments made over 10 or more years are subject to certain withholding rules. If you elect **not** to have withholding applied to your periodic payments or do not have enough tax withheld from your distribution, you will be responsible for any taxes due, you may be responsible for payments of estimated tax and incur penalties.

*Payments to non-resident aliens are subject to a 30% federal withholding tax, and United States ("U.S.") persons with a residential mailing address outside the U.S. may be subject to a 30% federal withholding tax, unless they are eligible for a reduced rate or exemption under a tax treaty and the required IRS tax forms are submitted. Additional forms will be required. Contact the Trust Fund Office for more information.*

**LUMP SUM DISTRIBUTION OPTIONS**

Federal Tax Withholding:	<input type="checkbox"/> Mandatory 20%	<input type="checkbox"/> _____ % of my payment (if more than 20%)
State Tax Withholding:	<input type="checkbox"/> None (if permitted)	<input type="checkbox"/> _____ % of my payment <input type="checkbox"/> Fixed amount \$ _____

**PERIODIC INSTALLMENT PAYMENT OPTIONS (ONLY)**

Federal Tax Withholding:	<input type="checkbox"/> None (if permitted)	<input type="checkbox"/> Mandatory 20% (if applicable)	<input type="checkbox"/> _____ % of my payment
State Tax Withholding:	<input type="checkbox"/> None (if permitted)	<input type="checkbox"/> _____ % of my payment	<input type="checkbox"/> Fixed amount \$ _____

**SECTION B: PAYMENT INSTRUCTIONS AND CONSENT** (Continued)

*Type or print clearly in black or blue ink*

Alternate Payee Last Name	First	Initial	Social Security Number
			XXX-XX-_____

**Part 4: Execution of the Distribution Request and Waiver of the Minimum Notice Period.**

I hereby certify that the information, including the Social Security Number or Taxpayer Identification Number, contained in this Application is, to the best of my knowledge, accurate and complete. I also certify that I have received and have read the *Special Tax Notice Regarding Plan Payments*. I consent to an immediate distribution of the account balance in the manner specified herein. I understand that I have at least 30 days to consider my distribution option before making that decision, and I elect to affirmatively waive any unexpired portion of that 30-day review period. I understand that it is entirely my responsibility to ensure that the Retirement Plan into which I am rolling money over (if applicable) will accept such funds. I understand that I am liable for any income tax and/or penalties assessed by the IRS or state for any election I have chosen. I understand that a Form 1099-R will be issued by John Hancock Retirement Plan Services for the distribution of benefits by no later than January 31 of the year following the tax year (as required by law). I further understand the Form 1099-R will be mailed to the address on file at the time the 1099-R is prepared and that I am responsible for notifying the Trust Fund Office and completing any required Forms if I have a change in my address. I further understand that the Plan or its authorized agent have authority to deduct amounts from any benefit that may be payable to me to repay this Plan or any related Plan for amounts owed by the Participant or myself. Furthermore, I understand that once my distribution payment has been processed, it cannot be changed, except as permitted under Plan rules.

**Signature of the Alternate Payee is required to be witnessed by a Notary Public.**

Printed Name of Alternate Payee

Signature of Alternate Payee

Date

**NOTARY ACKNOWLEDGMENT**

**A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.**

State of \_\_\_\_\_

County of \_\_\_\_\_

On \_\_\_\_\_ before me, \_\_\_\_\_, Notary Public  
Date Here insert Name of the Officer  
personally appeared \_\_\_\_\_

**Name{s} of Signer{s}:**

Who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of \_\_\_\_\_ that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Place Notary Seal Above

\_\_\_\_\_  
*Signature of Notary Public*

## NORTHERN CALIFORNIA PIPE TRADES (“NCPT”) SUPPLEMENTAL 401(K) RETIREMENT PLAN

## IRA ROLLOVER NOTICE

**Are you considering moving your Supplemental 401(k) Retirement Plan account from our Plan to an Individual Retirement Account (“IRA”)?** If so, please note that many IRA options cost significantly more than our Plan and may not provide additional benefits.

The decision is yours, but before you decide to move your account out of our Plan, we want to make sure you understand the facts about our Plan and external IRA options, including potential additional fees and expenses. Below are some frequently asked questions and answers to assist you in better understanding your options with our Plan.

### **Do I have to move my account to an IRA at retirement?**

**No.** You can leave your account with this Plan once you retire and for as long as you want (until the IRS requires that you take a Required Minimum Distribution). You will continue to have complete account control, receive a regular quarterly statement, and have access to the Plan’s Investment Advisors at Mammini Company. As a reminder, it is important to keep your Beneficiary Designation Form current.

### **Can I receive monthly income from this Plan to supplement my retirement income?**

**Yes.** The Plan has the capability to issue automatic monthly distributions. These amounts can be electronically deposited into your bank account each month (similar to the Pension Plan).

### **Can I take some money out of the Plan and leave the rest there?**

**Yes.** The Plan allows partial withdrawals. Please be aware that these withdrawals will be taxed as ordinary income, unless the withdrawal is prior to attaining age 59.5 (or prior to attainment of age 55 if you terminated your Covered Employment at that time), which may result in additional tax liability. We recommend speaking with a tax advisor prior to taking a distribution.

### **Does this Plan cost less than most IRA Options?**

**Yes.** This Plan is about one (1) percent less expensive than most average IRA options. That equals about \$1,000 less in expenses and fees for each \$100,000 of the account balance. In the example shown in the chart below, this amount could be \$3,500 in annual savings. That is over \$35,000 in savings over ten years.

<b>American Funds (“AF”) Target Date 2025 Fund Expense Ratio** (Sample Account Balance of \$400,000)</b>	<b>0.31%</b>
AF Target Date 2025 Fund Expense	\$1,240
Advisory Fee (1% Industry Average) <sup>+</sup>	\$4,000
<b>Total Annual Cost of a Rollover IRA with Advisor</b>	<b>\$5,240 or 1.31%</b>
AF Target Date 2025 Fund Expense	\$1,240
Asset-based Fee (0.08% of account assets) plus \$25 per quarter fixed fee *	\$420
<b>Total Annual Plan Cost of the NCPT Supplemental 401(k) Retirement Plan **</b>	<b>\$1,660 or 0.42%</b>
<b>Annual Estimated Savings by Staying in the Plan</b>	<b>\$3,580</b>

<sup>+</sup>Actual IRA Advisory Fees might be lower or higher than the “Industry Average”.

\*This fee pays for all Plan level expenses and service providers.

\*\* The average expense ratio may change.

### **Who can I contact if I would like additional information or want to review my account?**

Please contact the Plan’s Investment Advisor, Mammini Company, at [info@mammini.com](mailto:info@mammini.com), or at 888/547-6972.

## **SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS**

This Notice explains how you can continue to defer federal income tax on your retirement savings in the **Northern California Pipe Trades Supplemental 401(k) Retirement Plan** and the **Northern California Pipe Trades Pension Plan** (collectively referred to as the “Plan”) and contains important information you will need before you decide how to receive your Plan benefits.

You are receiving this Notice because all or part of the payment that you will soon receive from the Plan may be eligible to be rolled over to an Individual Retirement Account or Individual Retirement Annuity (“IRA”) or another qualified plan. This Notice is intended to help you decide whether to do such a rollover.

This Notice describes the rollover rules that apply to payments from the Plan that are not from a designated Roth account (a type of account with special tax rules in some employer plans). Rules that apply to most payments from the Plan are described in the “General Information About Rollovers” section (Page 3). Special rules that only apply in certain circumstances are described in the “Special Rules and Options” section (Page 5).

A rollover is a payment by you or the Plan Administrator of all or part of your benefit to an eligible employer plan or traditional IRA that allows you to continue to postpone taxation of that benefit until it is paid to you. Your payment may also be rolled over to a Roth 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).

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 that 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 a plan accepts rollovers, it might not accept rollovers of certain types of distributions. If this is the case, you may wish instead to roll your distribution over to a traditional IRA or Roth IRA or split your rollover amount between the employer plan in which you will participate and a traditional IRA or Roth IRA. If an employer plan accepts your rollover, that 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.

**This Notice, which is patterned on the updated IRS model notice in IRS Notice 2020-62, as amended by different federal laws, is required by federal law.**

**The Notice is not personal tax advice. Because the tax rules are complex and contain many conditions and exceptions which are not addressed in this Notice, it is recommended that you consult with a professional tax advisor for tax advice.**



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### **I. GENERAL RULES ON TAXATION AND EARLY DISTRIBUTIONS**

**(1) TAX ON DISTRIBUTIONS.** As a general rule, when you receive a distribution directly from a qualified pension plan, such as this Plan, you will pay federal and state taxes on the distribution. (There may be an exception for certain types of payments on account of a disability.) This Notice is intended simply to provide you with general information on the tax rules and some of your options. You should consult with a Tax Advisor for specific tax advice.

**(2) 10% PENALTY TAX ON CERTAIN DISTRIBUTIONS.** If you are under age 59½, you will have to pay an additional 10% penalty tax on early distributions for any payment from the Plan (including amounts withheld for income tax) that you do not roll over, **unless the distribution meets one of the exceptions in the Internal Revenue Code.** This tax is in addition to the regular income tax on the payment not rolled over. (This portion of the Notice applies mostly to distributions from the Northern California Pipe Trades Supplemental 401k Retirement Plan.) **The primary exceptions of the 10% tax penalty include:**

- 1. Eligible Rollover.** You roll over the distribution in the manner described below in the Summary.
- 2. Early Retirement/Termination of Employment At age 55 or Older.** A distribution made to you on account of qualifying for early or service retirement under the Plan on or after age 55.
- 3. Attainment of Age 59½.** A distribution made during or after the year you attain age 59½ even if you are working.
- 4. Certain Disabilities.** A distribution due to your inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment, which can be, expected to result in death or to be of long-continued and indefinite duration. (Not all disabilities meet this standard.)
- 5. Periodic Payments-Substantially Equal Payments.** Periodic payments which are made in a series of substantially equal periodic installments (at least annually or more often) made for your life or life expectancy or for the joint lives or a term equal to the joint life expectancies of you and a designated beneficiary.
- 6. Medical Deduction.** A distribution to the extent such distribution does not exceed the amount allowable as a medical deduction under Internal Revenue Code Section 213.
- 7. Death Benefits.** A distribution to your beneficiary or your estate on account of your death.
- 8. Qualified Domestic Relations Orders.** A distribution to an Alternate Payee (spouse, child, or other dependent) pursuant to a Qualified Domestic Relations Order.
- 9. Corrective distributions.** Corrective distribution of contributions that exceed tax law limitations.
- 10. Certain Payments While on Active Duty In the Uniformed Service.** 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.
- 11. Resident of Federally Declared Disaster Area.** A distribution up to \$22,000 (for each declared disaster) made to a Participant living in a federally declared disaster area. The President of the United States has to have declared a disaster under the Robert T. Stafford Disaster Relief and Emergency Assistance Act.
- 12. Terminal Illness.** A distribution made to a Participant who is not working in Covered Employment who has been determined to be terminally ill (a physician certifies in writing that the illness or condition is reasonably expected to result in death in 84 months or less), provided that the Participant is also eligible for another type of distribution eligible for special tax treatment and unless government guidance says otherwise.

**Warning:** You may also be liable for state tax penalties. For example, California assesses a 2.5% penalty.

**Reminder:** The information in this Notice is not intended to be tax advice. Thus, it is suggested that you consult with a tax advisor before you file your Distribution Application to receive your benefits from the Plan.

## **II. GENERAL INFORMATION ABOUT ROLLOVERS**

### **How can a rollover affect my taxes?**

You will be taxed on a payment from the Plan if you do not roll it over. If you are under age 59½ (or under age 55, if you terminated your Covered Employment on or after age 55) and do not do a rollover, you will also have to pay a 10% additional income tax on early distributions (unless an exception applies such as early retirement on or after age 55). However, if you do a rollover, you may not have to pay tax until you receive payments later and the 10% additional income tax will not apply if those payments are made after you are age 59½ (or if an exception applies).

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

You may roll over the payment to either an Individual Retirement Account or Individual Retirement Annuity ("IRA") or an Eligible Employer plan (a Tax-qualified plan, Section 403(b) plan, or Governmental section 457(b) plan) that will accept the rollover. If you want to make a direct rollover to another Employer plan, ask the Plan Administrator of that plan whether it will accept your rollover. The rules of the IRA or Eligible Employer plan that holds the rollover will determine your investment options, fees, and rights to payment from the IRA or Eligible Employer plan (for example, no spousal consent rules apply to IRAs and IRAs may not provide loans). Further, the amount rolled over will become subject to the tax rules that apply to the IRA or Eligible Employer plan.

### **How do I do a rollover?**

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

- **If you do a direct rollover**, the Plan will make the payment to the rollover institution and will be mailed to you to give to the IRA Eligible Employer Plan to complete the rollover. You should contact the IRA Sponsor or the Administrator of the Employer plan for information on how to do a direct rollover.
- **If you do not do a direct rollover**, you may still do a rollover by making a deposit into an IRA or Eligible Employer plan that will accept it. You will have 60 days after you receive the payment to make the deposit. If you do not do a direct rollover, the Plan is required to withhold 20% of the payment for Federal income taxes (up to the amount of cash). This means that, in order to roll over the entire payment in a 60-day rollover, you must use other funds to make up for the 20% withheld. If you do not roll over the entire amount of the payment, the portion not rolled over will be taxed and will be subject to the 10% additional income tax on early distributions if you are under age 59½ (unless an exception applies). There is also a premature distribution state tax penalty in some states. California imposes a 2.5% premature distribution tax penalty.

### **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. The Plan Administrator or the Payer can tell you what portion of a payment is eligible for rollover. Any payment from the Plan is eligible for rollover, **except (the following are not eligible for rollover):**

- Certain payments spread over a period of at least 10 years or over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary).
- Required minimum distributions (known as your "RMD") after age 70½ (if you were born before July 1, 1949), after age 72 (if you were born after June 30, 1949), after age 73 (if you attained age 72 after December 31, 2022), or after death.
- Corrective distributions of contributions that exceed tax law limitations.
- Loans treated as deemed distributions (for example, loans in default due to missed payments before your employment ends).
- Payments of certain automatic enrollment contributions requested to be withdrawn within 90 days of the first contribution.

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

If you are under age 59½, you will have to pay the 10% additional income tax on early distributions for any payment from the Plan (including amounts withheld for income tax) that you do not roll over, unless one of the exceptions listed above applies. This tax is in addition to the regular income tax on the payment not rolled over. The 10% additional income tax **does not apply** to the following payments from the Plan:

- Payments made after you separate from service if you will be at least age 55 in the year of the separation and you qualify for Early or Service Retirement.
- Payments that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary).
- Payments made due to certain disabilities.
- Payments after your death.
- Corrective distributions of contributions that exceed tax law limitations.
- Contributions made under special automatic enrollment rules that are withdrawn pursuant to your request within 90 days of enrollment.
- Payments made directly to the government to satisfy a federal tax levy.
- Payments made under a Qualified Domestic Relations Order ("QDRO").
- Payments up to the amount of your deductible medical expenses.
- 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 made under the Resident of a Federally Declared Disaster Area Distribution option.
- Payments made under the Terminal Illness Distribution option, provided that you are also eligible for another type of distribution eligible for special tax treatment and unless government guidance says otherwise.

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

If you receive a payment from an IRA when you are under age 59½, you will have to pay the 10% additional income tax on early distributions from the IRA, unless an exception applies. In general, the exceptions to the 10% additional income tax for early distributions from an IRA are the same as the exceptions listed above for early distributions from a plan. However, there **are a few differences** for payments from an IRA, including:

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

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

This Notice does not describe any state or local income tax rules (including withholding rules). Please note that state or local income tax is withheld only for those states where such withholding is mandatory. If you reside in a state that has state income tax, and the state does not have a mandatory withholding rule, you will be responsible for any state income taxes due on the taxable portion of your distribution. In addition to ordinary taxes, California assesses a 2.5% penalty for early withdrawals and income tax withholding is required unless you elect not to have income tax withheld.

### III. SPECIAL RULES AND OPTIONS

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

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

#### **If you have an outstanding loan that is being offset**

If you have an outstanding loan from the Plan, your Plan benefit may be offset by the amount of the loan. The loan offset amount is treated as a distribution to you at the time of the offset and will be taxed (including the 10% additional income tax on early distributions, unless an exception applies) unless you do a 60-day rollover in the amount of the loan offset to an IRA or Employer plan.

#### **If you were born on or before January 1, 1936**

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

#### **If you roll over your payment to a Roth IRA**

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

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

#### **If you are not a Plan Participant**

**Payments After Death of the Participant.** If you receive a distribution after the Participant's death that you do not roll over, the distribution will generally be taxed in the same manner described elsewhere in this Notice. However, the 10% additional income tax on early distributions and the special rules for public safety officers do not apply, and the special rule described under the section "If you were born on or before January 1, 1936" applies only if the Participant was born on or before January 1, 1936.

- ***If you are a Surviving Spouse.*** If you receive a payment from the Plan as the Surviving Spouse of a Deceased Participant, you have the same rollover options that the Participant would have had, as described elsewhere in this Notice. If you choose to do a rollover to an IRA, you may treat the IRA as your own or as an inherited IRA. An IRA you treat as your own is treated like any other IRA of yours, so that payments made to you before you are age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies) and required minimum distributions from your IRA do not have to start until after you are age 70½. If you 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 reached his or her Required Minimum Distribution Age (age 73 if you attained age 72 on or after 12/31/22).

- ***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, you have the option 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 in 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 and/or Roth IRA.

**Payments under a Qualified Domestic Relations Order ("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 the Participant would have (for example, you may roll over the payment as described in this Notice). Payments under the QDRO will not be subject to the 10% additional income tax on early distributions.

### **If you are a Nonresident Alien**

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

### **Other Special Rules**

- **Payments For Less than 10 Years.** If a payment is one in a series of payments for less than 10 years, your choice whether to make a direct rollover will apply to all later payments in the series (unless you make a different choice for later payments).
- **Payment Less than \$200.** If your payments for the year are less than \$200 (not including payments from a designated Roth Account in the Plan), the Plan is not required to allow you to do a direct rollover and is not required to withhold for federal income taxes. However, you may do a 60-day rollover.
- **Mandatory Cashout.** 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. 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).
- **U.S. Armed Forces.** You may have special rollover rights if you recently served in the U.S. Armed Forces. For more information, see ***IRS Publication 3, Armed Forces' Tax Guide***.

### **FOR MORE INFORMATION**

It is recommended that you consult with a professional tax advisor if you have questions before taking a payment from the Plan. Also, you can find more detailed information on the Federal Tax Treatment of payments from Eligible 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 IRAs***, and ***IRS Publication 571, Tax-Sheltered Annuity Plans (403b Plans)***. These publications are available from a local IRS office, on the IRS website at [www.irs.gov](http://www.irs.gov), or by calling 1-800-TAX-FORM.