Laborers Funds Administrative Office of Northern California, Inc.
5672 Stoneridge Drive, Suite 100, Pleasanton, CA 94588 | Telephone: 707-864-2800 or 800-244-4530

BENEFIT APPLICATION

INSTRUCTIONS

A. Read each question carefully and answer all applicable questions accurately to avoid delay in processing your application.
B. PRINT in ink or type all information.
C. Attach additional sheets if you need more space to answer any questions.
D. Be sure to sign and date the application – see PART E.
E. Mail completed application and proof of age to the Fund Office.

NO UNION, EMPLOYER OR OTHER OFFICE IS AUTHORIZED TO ACCEPT OR RECEIVE THE APPLICATION ON BEHALF OF THE FUND.

PART A. PERSONAL DATA

SOCIAL SECURITY NUMBER	NAME (LAST)	FIRST	MIDDLE

STREET ADDRESS	CITY	STATE	ZIP CODE

DATE OF BIRTH ATTACH PROOF OF AGE	LOCAL UNION NO.	TELEPHONE NO.

MARITAL STATUS: ☐ MARRIED (if YES, complete PRESENT SPOUSE information below) ☐ SINGLE

PRESENT SPOUSE'S NAME	DATE OF BIRTH ATTACH PROOF OF AGE	DATE OF MARRIAGE ATTACH MARRIAGE CERTIFICATE

If you checked "MARRIED", were you legally married to anyone other than your present spouse on APRIL 1, 1985 or at any time thereafter? If you checked "SINGLE", were you ever legally married to anyone on APRIL 1, 1985 or at any time thereafter?

☐ **YES** (if YES, complete FORMER SPOUSE(S) information below for each marriage and attach copies of the Judgement of Dissolution of Marriage and any Marital Settlement Agreement.) ☐ **NO**

FORMER SPOUSE'S NAME	DATE OF MARRIAGE	DATE OF SEPARATION

INSTRUCTIONS CONCERNING SUBMISSION OF PROOFS OF AGE

The acceptable proofs of your age are listed below in two groups. Submit a photocopy of one of the proofs listed in Group 1, if you have it, or can possibly obtain it, since this class of proof of age is more convincing.

If you cannot submit a proof in Group 1 classification, submit photocopies of two (2) of the proofs listed in Group 2. You are cautioned, however, that Naturalization Papers, United States Passports and Immigration Papers, MAY NOT BE PHOTOCOPIED. If you are submitting any of these, you must submit the original, it will be returned to you. Additional proofs of age may be requested if the documents you submit do not constitute convincing proof of your age.

GROUP 1

1. A birth certificate.
2. A baptismal certificate or a statement as to the date of birth shown by a church records, certified by the custodian of such records.
3. Notification of registration of birth in public registry of vital statistics.
4. Certification of record of age by the U.S. Census Bureau.
5. Hospital birth records, certified by the custodian of such records.
6. A foreign church or government record.
7. A signed statement by the physician or midwife who was in a attendance at birth, as to the date of birth shown on their records.
8. Naturalization record.
9. Immigration papers.
10. Letter from Social Security Administration certifying to your age as
11. Passport.

GROUP 2

11. Military record.
12. School records, certified by the custodian of such record.
13. Vaccination record, certified by the custodian of such record.
14. An insurance policy which shows the age or date of birth.
15. Marriage records showing date of birth or age (application for marriage license or church record, certified by the custodian of such record, or marriage certificate).
16. Other evidence such as signed statements from persons who have knowledge of the date of birth.
17. Driver's License.

PART B. RETIREMENT DATA

Check one of the following which applies to you and complete the information requested.

1. ☐	I am or will soon be receiving a pension from the Laborers Pension Trust Fund for Northern California.	DATE YOU RETIRED OR INTEND TO RETIRE :
2. ☐	I am totally and permanently disabled and have established entitlement to a Social Security Disability Benefit.	DATE YOU BECAME DISABLED :

NATURE OF DISABILITY: (Please attach a copy of Social Security Disability Certificate Award.)

3. ☐ I have attained age 65 and, to the best of my knowledge, no contributions to my Individual Account have been made for three consecutive months.

4. ☐ I have worked less than 500 hours for individual employers for which contributions were made or required to be made to my Individual Account in each of two consecutive calendar years.

5. ☐ I have worked less than 1000 hours for individual employers for which contributions were made or required to be made to my Individual Account in the 24-consecutive month period preceding the Annuity Starting Date.

When did you last work in any employment for which contributions were made to the Plan on your behalf? :	Name of last contributing Individual Employer :

Address of last contributing Individual Employer :

Name of present Employer (if any) :

Address of present Employer :

PART C. PAYMENT OPTIONS

If you have been legally married throughout the one-year period ending on your annuity starting date, your accumulated share will be paid to you in the form of a joint and survivor annuity unless you elect to waive that form of annuity and your spouse has consented to such election. A qualified joint and survivor annuity continuing for the life of his spouse which is 50% or 75% of the annuity payable during the joint lives of the participant and his spouse. Please read and complete Part D of this form if it applies to you.

If you do not qualify for the joint and survivor annuity, or if you have elected to waive that form of benefit, with the consent of your spouse, your accumulated share may be paid to you in one of several forms. Please check your choice of payment form from the following options below. These amounts are estimates only and are intended to illustrate the relative value of annuity payments which you may receive so as to allow you and your spouse to make an informed decision with regard to your benefits under the Annuity Plan. If you elect option number 4 or 5, estimates will be provided after receipt of your election by the Fund Office.

1. ☐ LUMP SUM PAYMENT $ (Total account balance will be paid in a one-time lump sum payment.)

If lump sum amount indicated above is less than $5,000.00, you do not need to complete PART D and have the application notarized. You will be paid a lump-sum benefit. If your benefit is $5,000.00 or more and you elected lump sum payment with the consent of your spouse, complete PART D and have the application notarized.

THE FOLLOWING OPTIONS BELOW ARE <u>ESTIMATES ONLY</u>. WE WILL PROVIDE THE EXACT MONTHLY PAYMENT AFTER YOU HAVE MADE YOUR SELECTION.

2. ☐ SINGLE LIFE PENSION **$** (Monthly benefit payable for your lifetime with remaining guaranteed payments to your beneficiary if you die before receiving 60 monthly payments.)

3. ☐ 50% JOINT & SURVIVOR PENSION **-OR -** ☐ 75% JOINT & SURVIVOR PENSION

$ Monthly benefit payable for your lifetime

$ Monthly benefit payable for your surviving spouse's lifetime, payable the month following your death

4. ☐ COMBINED ANNUITY AND LUMP SUM PAYMENT
LUMP SUM PAYMENT of $_____, and remainder of the account payable as a _____ annuity.
(Indicate the amount of lump sum and payment option for the remainder of your account.)

5. ☐ TIME GUARANTEED LIFE ANNUITY
This form provides monthly payments beginning at retirement and continuing for the Participant's lifetime, with a minimum of 60, 120, or 180 monthly payments guaranteed. The smaller the minimum number of payments, the larger the monthly benefit.

☐ 60 PAYMENTS GUARANTEED ☐ 120 PAYMENTS GUARANTEED ☐ 180 PAYMENTS GUARANTEED

PART D. QUALIFIED JOINT AND SURVIVOR ANNUITY

WAIVER FORM-**Complete and return if account balance is $5000 or more**

Section I. EMPLOYEE'S STATEMENT

I,_____, elect to waive my right to receive my annuity benefits in the form of a 50% annuity. I understand that my waiver of this form of annuity means no benefits will be paid to my spouse by the Annuity Plan after my death, except to the extent that the death benefits are payable under another option that I select.

I hereby declare under penalty of perjury under the laws of the State of California that: ***(☐ check one)***

☐ **I have not** been legally married throughout the one-year period ending on my annuity starting date.

☐ The person signing this form below **has been** my legal spouse throughout the one-year period ending on my annuity starting date.

Employee's Social Security Number _____

Signature:_____ Date:_____

This form must be signed in the presence of a Notary Public or Fund representative

Section II. SPOUSE'S STATEMENT

I, _____, declare under penalty of perjury under the laws of the State of California that I have been the legal spouse of the employee named above throughout the one-year period ending on his/her annuity starting date. I hereby consent to my spouse's election to waive his/her right to receive his/her annuity benefits in the form of a 50% Qualified Joint and Survivor Annuity. I understand that as a result, I will not be paid an annuity from the Annuity Plan after my spouse's death, except to the extent of the death benefits payable under another option selected by my spouse. I further recognize that because of my spouse's election, the annuity paid to my spouse while he/she is living will be higher than it would be if I had the 50% survivor protection.

Spouse's Social Security Number _____

Signature:_____ Date:_____

This form must be signed in the presence of a Notary Public or Fund representative

Information Concerning the Survivor Spouse Annuity

It is important that you understand that the following conditions apply when making the choice regarding the Qualified Joint and Survivor Annuity:

1. If you elect the Qualified Joint and Survivor Annuity, your Individual Account will be used to buy an insurance contract to provide the lifetime annuity benefits that it pays. The level of monthly benefits depends on the market value of the amount in your account and insurance company annuity prices on the day the purchase is made.
2. The insurance company that issues the annuity contract will be solely responsible for paying all benefits due under it, and for all other matters of annuity contract interpretation and administration. The Annuity Plan will not pay any of the annuity benefits or be involved in administrative matters.
3. Your right and remedies, and those of your spouse, will be as spelled out in the insurance contract.

THE BELOW CERTIFICATION MUST BE COMPLETED BY A NOTARY PUBLIC OR AN AUTHORIZED FUND REPRESENTATIVE BEFORE RETURNING THIS FORM TO THE FUND ONLY IF YOU HAVE COMPLETED PART D.

On the _____ day of _____, _____ before me, a Fund Representative, personally appeared _____, and _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the foregoing statements and acknowledged to me that (s)he/they executed the same.

_____
Fund Representative

YOUR APPLICATION MUST BE SIGNED TO BE VALID

PART E. APPLICANT'S SIGNATURE

I hereby apply for benefits from the Laborers Annuity Plan for Northern California. The above statements are true to the best of my knowledge and belief. I understand that a false statement may disqualify me for Annuity benefits, and that the Board of Trustees shall have the right to recover payments made to me because of a false statement. I acknowledge that I have read the Plan Rules and Regulations and that any questions I have had concerning them have been answered.

- - - PLEASE READ BEFORE YOU SIGN - - -

BE ADVISED, YOUR ELECTED FORM OF PAYMENT IS FINAL UPON RECEIPT OF YOUR APPLICATION BY THE FUND OFFICE. **NO CHANGES CAN BE MADE TO YOUR ELECTION ONCE THE DISTRUBUTION HAS BEEN PROCESSED**. PLEASE BE SURE TO CHECK YOUR SELECTION BEFORE RETURNING THIS APPLICATION.

Signature: *Date:*

YOUR APPLICATION WILL BE ACKNOWLEDGED AND YOU WILL BE NOTIFIED IN WRITING OF THE DECISION MADE BY THE BOARD OF TRUSTEES ON YOUR APPLICATION.

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Rollover Election Form

IMPORTANT
Before completing this form you should read the Special Tax Notice regarding Plan payments carefully. You also may wish to consult your tax advisor before making this election.

Participant's Name

Social Security Number

Street Address

City **State** **Zip Code**

If you will receive part or all of your benefits as an "eligible rollover distribution," you may elect to have part or all of that distribution transferred directly to an Individual Retirement Account (IRA) or to another qualified retirement plan (if it accepts rollovers). If you choose **not** to have an eligible rollover distribution transferred directly to an IRA or other retirement plan, the Plan is required to withhold 20 percent of the payment for Federal Income tax. This withholding does not increase your taxes, but will be credited against any income tax you owe. (For further information on direct rollovers and withholding, please read the Special Tax Notice Regarding Plan Payments that the Plan has given you.)

Check below to indicate whether or not you elect a direct rollover of your pension payment:

◯ I **DO NOT WANT** to roll over any of my payment to an IRA or other qualified retirement plan. Pay me the full amount of my benefits, after withholding applicable taxes.

SIGNATURE _____ **DATE** _____

◯ I **WANT** to roll over my payment directly to an IRA or other qualified retirement plan that accepts rollovers. The IRA or other retirement plan is named on the reverse side.

◯ I would like to have only **PART** of my payment directly rolled over. Please roll over $ _____ to the IRA or qualified retirement plan named on the reverse side, and pay the remainder of my benefit to me, after withholding applicable taxes.

- continued on next page -

Rollover Election Form

CERTIFICATION

If you have elected a direct rollover of all or part of your benefit, please read the following statement, provide all of the information, and sign below:

I certify that the recipient of a direct rollover that I have named below is an Individual Retirement Account, an Individual Retirement Annuity, or a qualified retirement plan that accepts rollovers. I understand that payment of my benefits to the trustee of the IRA or qualified retirement plan will release the Trustees of the Laborers Annuity Plan for Northern California from any further obligations or responsibilities with respect to the benefits so paid.

Please make payment of my benefits on my behalf to:

Name of IRA Trustee or Qualified Retirement Plan

Account Number

Mailing Address

City **State** **Zip Code**

Signature

Date

NO DIRECT ROLLOVER CAN BE MADE UNTIL YOU PROVIDE ALL OF THE INFORMATION REQUESTED ABOVE.

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Notice of Early Distribution Penalty

The law known as the Tax Reform Act of 1986 places a 10% penalty upon **early** distribution from the Annuity Plan, effective January 1, 1987. This tax is in addition to any income tax due. Unless a Participant meets the requirements of the exceptions shown below, any lump sum payment of his Accumulated Share following a separation from service which occurs before the participant reaches 59½, shall be subject to this additional tax.

The following distributions made prior to age 59½ are **EXEMPT** from the early distribution penalty:

1. Payment in the form of a Life Annuity (including a Joint and Survivor Annuity) following separation from service;

3. Payment made due to a Participant's death or disability, or to an alternate payee as decreed by a qualified domestic relations order; or

4. Payment made to a Participant used to pay medical expenses otherwise deductible under the Internal Revenue Code Section 213.

IN ORDER TO DETERMINE IF THIS CHANGE APPLIES TO YOU, IT IS BEST TO SEEK THE ADVICE OF A TAX PROFESSIONAL.

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CONSEQUENCES OF FAILING TO DEFER NOTICE

Our records indicate that you have applied for a distribution of your individual account balance ("accumulated share"). Although you may be entitled to receive a distribution, the law requires the Plan to inform you that you also have the right to postpone receipt of the distribution until a later date and the consequences if you choose to take your distribution now rather than deferring it to a later date.

If you elect to postpone receiving a distribution, the monies in your individual account – along with all of the monies from other individual accounts – will continue to be invested by the Board of Trustees. Your individual account will continue to participate in the valuation of individual accounts and will be adjusted for its share of investment income and expense charges for the valuation period.

If you elect to postpone receiving a distribution, you may elect to receive a distribution at a future date provided that you meet the eligibility requirements on that date.

Important – You cannot postpone the distribution of your individual account beyond the April 1 following the calendar year in which you reach age 70 ½. The failure to begin receiving a distribution by that date may result in certain amounts in your individual account becoming subject to a penalty tax equal to 50% of the minimum amount that should have been paid to you. Therefore, it is important that you file an application well in advance of that date.

The decision whether or not to postpone a distribution is a personal matter. As each individual participant's situation is different, the Plan and its staff cannot provide you with advice. On such matters, you should seek the advice of a professional tax or financial advisor.

You should refer to your June 1, 2007 summary plan description booklet for additional information on how your individual account is valued, including references to investment income and expenses (pages 6) and the eligibility rules for receiving a distribution (page 7).

RE: ID

SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS

This notice explains how you can continue to defer federal income tax on your retirement savings in the Laborers Annuity Plan for Northern California (the "Plan") and contains important information you will need before you decide how to receive your Plan benefits.

This notice is provided to you by the Board of Trustees of the Laborers Annuity Plan for Northern California (your "Plan Administrator") because all or part of the payment that you will soon receive from the Plan may be eligible for rollover by you or your Plan Administrator to a traditional IRA or an eligible employer plan. A rollover is a payment by you or the Plan Administrator of all or part of your benefit to another plan or IRA that allows you to continue to postpone taxation of that benefit until it is paid to you. Your payment cannot be rolled over to a Roth IRA, a SIMPLE IRA, or a Coverdell Education Savings Account (formerly known as an education IRA). An "eligible employer plan" includes a plan qualified under section 401(a) of the Internal Revenue Code, including a 401(k) plan, profit-sharing plan, defined benefit plan, stock bonus plan, and money purchase plan; a section 403(a) annuity plan; a section 403(b) tax-sheltered annuity; and an eligible section 457(b) plan maintained by a governmental employer (governmental 457 plan).

An eligible employer plan is not legally required to accept a rollover. Before you decide to roll over your payment to another employer plan, you should find out whether the plan accepts rollovers and, if so, the types of distributions it accepts as a rollover. You should also find out about any documents that are required to be completed before the receiving plan will accept a rollover. Even if 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 employer plan in which you will participate and a traditional IRA. If an 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.

If you have any questions regarding this letter, the Notice, or the form, please do not hesitate to contact the Fund Office. Please be advised, however, that the matters involving tax as it pertains to your particular situation are beyond the scope of the Trust Fund. Any questions or concerns of this nature should be directed to a tax advisor.

Sincerely,

BOARD OF TRUSTEES

SAFE HARBOR EXPLANATION FOR PLANS QUALIFIED UNDER SECTION 401(a), SECTION 403(a) ANNUITY PLANS, OR SECTION 403(b) TAX SHELETERED ANNUITIES

SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS

SUMMARY

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

(1) Certain payments can be made directly to a traditional IRA that you establish or to an eligible employer plan that will accept it and hold it for your benefit ("DIRECT ROLLOVER"); or

(2) The payment can be PAID TO YOU.

If you choose a DIRECT ROLLOVER:

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

If you choose to have a Plan payment that is eligible for rollover PAID TO YOU:

- You will receive only 80% of the taxable amount of the payment, because the Plan Administrator is required to withhold 20% of that amount and send it to the IRS as income tax withholding to be credited against your taxes.
- The taxable amount of your payment will be taxed in the current year unless you roll it over. Under limited circumstances, you may be able to use special tax rules that could reduce the tax you owe. However, if you receive the payment before age 59 1/2, you may have to pay an additional 10% tax.
- You can roll over all or part of the payment by paying it to your traditional IRA or to an eligible employer plan that accepts your rollover within 60 days after you receive the payment. The amount rolled over will not be taxed until you take it out of the traditional IRA or the eligible employer plan.
- If you want to roll over 100% of the payment to a traditional IRA or an eligible employer plan, you must find other money to replace the 20% of the taxable portion that was withheld. If you roll over only the 80% that you received, you will be taxed on the 20% that was withheld and that is not rolled over.

Your Right to Waive the 30-Day Notice Period.

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

MORE INFORMATION

I. PAYMENTS THAT CAN AND CANNOT BE ROLLED OVER

II. DIRECT ROLLOVER

III. PAYMENT PAID TO YOU

IV. SURVIVING SPOUSES, ALTERNATE PAYEES, AND OTHER BENEFICIARIES

I. PAYMENTS THAT CAN AND CANNOT BE ROLLED OVER

Payments from the Plan may be "eligible rollover distributions." This means that they can be rolled over to a traditional IRA or to an eligible employer plan that accepts rollovers. Payments from a plan cannot be rolled over to a Roth IRA, a SIMPLE IRA, or a Coverdell Education Savings Account. Your Plan administrator should be able to tell you what portion of your payment is an eligible rollover distribution.

After-tax Contributions. If you made after-tax contributions to the Plan, these contributions may be rolled into either a traditional IRA or to certain employer plans that accept rollovers of the after-tax contributions. The following rules apply:

a) Rollover into a Traditional IRA. You can roll over your after-tax contributions to a traditional IRA either directly or indirectly. Your plan administrator should be able to tell you how much of your payment is the taxable portion and how much is the after-tax portion.

   If you roll over after-tax contributions to a traditional IRA, it is your responsibility to keep track of, and report to the Service on the applicable forms, the amount of these after-tax contributions. This will enable the nontaxable amount of any future distributions from the traditional IRA to be determined.

   Once you roll over your after-tax contributions to a traditional IRA, those amounts CANNOT later be rolled over to an employer plan.

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

The following types of payments cannot be rolled over:

Payments Spread over Long Periods. You cannot roll over a payment if it is part of a series of equal (or almost equal) payments that are made at least once a year and that will last for:

- your lifetime (or a period measured by your life expectancy), or
- your lifetime and your beneficiary's lifetime (or a period measured by your joint life expectancies), or
- a period of 10 years or more.

Required Minimum Payments. Beginning when you reach age 70 1/2 or retire, whichever is later, a certain portion of your payment cannot be rolled over because it is a "required minimum payment" that must be paid to you. Special rules apply if you own more than 5% of your employer.

Hardship Distributions. A hardship distribution cannot be rolled over.

ESOP Dividends. Cash dividends paid to you on employer stock held in an employee stock ownership plan cannot be rolled over.

Corrective Distributions. A distribution that is made to correct a failed nondiscrimination test or because legal limits on certain contributions were exceeded cannot be rolled over.

Loans Treated as Distributions. The amount of a plan loan that becomes a taxable deemed distribution because of a default cannot be rolled over. However, a loan offset amount is eligible for rollover, as discussed in Part III below. Ask the Plan Administrator of this Plan if distribution of your loan qualifies for rollover treatment.

The Plan Administrator of this Plan should be able to tell you if your payment includes amounts, which cannot be rolled over.

II. DIRECT ROLLOVER

A DIRECT ROLLOVER is a direct payment of the amount of your Plan benefits to a traditional IRA or an eligible employer plan that will accept it. You can choose a DIRECT ROLLOVER of all or any portion of your payment that is an eligible rollover distribution, as described in Part I above. You are not taxed on any taxable portion of your payment for which you choose a DIRECT ROLLOVER until you later take it out of the traditional IRA or eligible employer plan. In addition, no income tax withholding is required for any taxable portion of your Plan benefits for which you choose a DIRECT ROLLOVER. This Plan might not let you choose a DIRECT ROLLOVER if your distributions for the year are less than $200.

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

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

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

Change in Tax Treatment Resulting from a DIRECT ROLLOVER. The tax treatment of any payment from the eligible employer plan or traditional IRA receiving your DIRECT ROLLOVER might be different than if you received your benefit in a taxable distribution directly from the Plan. For example, if you were born before January 1, 1936, you might be entitled to ten-year averaging or capital gain treatment, as explained below. However, if you have your benefit rolled over to a section 403(b) tax-sheltered annuity, a governmental 457 plan, or a traditional IRA in a DIRECT ROLLOVER, your benefit will no longer be eligible for that special treatment. See the sections below entitled "Additional 10% Tax if You Are under Age 59 1/2 " and "Special Tax Treatment if You Were Born before January 1, 1936."

III. PAYMENT PAID TO YOU

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

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

Voluntary Withholding. If any portion of your payment is taxable but cannot be rolled over under Part I above, the mandatory withholding rules described above do not apply. In this case, you may elect not to have withholding apply to that portion. If you do nothing, 10% will be taken out of this portion of your payment for federal income tax withholding. To elect out of withholding, ask the Plan Administrator for the election form and related information.

Sixty-Day Rollover Option. If you receive a payment that can be rolled over under Part I above, you can still decide to roll over all or part of it to a traditional IRA or to an eligible employer plan that accepts rollovers. If you decide to roll over, you must contribute the amount of the payment you received to a traditional IRA or eligible employer plan within 60 days after you receive the payment. The portion of your payment that is rolled over will not be taxed until you take it out of the traditional IRA or the eligible employer plan.

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

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

If, on the other hand, you roll over only $8,000, the $2,000 you did not roll over is taxed in the year it was withheld. When you file your income tax return, you may get a refund of part of the $2,000 withheld. (However, any refund is likely to be larger if you roll over the entire $10,000.)

Additional 10% Tax If You Are under Age 59 1/2. If you receive a payment before you reach age 59 1/2 and you do not roll it over, then, in addition to the regular income tax, you may have to pay an extra tax equal to 10% of the taxable portion of the payment. The additional 10% tax generally does not apply to (1) payments that are paid after you separate from service with your employer during or after the year you reach age 55, (2) payments that are paid because you retire due to disability, (3) payments that are paid as equal (or almost equal) payments over your life or life expectancy (or your and your beneficiary's lives or life expectancies), (4) dividends paid with respect to stock by an employee stock ownership plan (ESOP) as described in Code section 404(k), (5) payments that are paid directly to the government to satisfy a federal tax levy, (6) payments that are paid to an alternate payee under a qualified domestic relations order, or (7) payments that do not exceed the amount of your deductible medical expenses. See IRS Form 5329 for more information on the additional 10% tax.

The additional 10% tax will not apply to distributions from a governmental 457 plan, except to the extent the distribution is attributable to an amount you rolled over to that plan (adjusted for investment returns) from another type of eligible employer plan or IRA. Any amount rolled over from a governmental 457 plan to another type of eligible employer plan or to a traditional IRA will become subject to the additional 10% tax if it is distributed to you before you reach age 59 1/2, unless one of the exceptions applies.

Special Tax Treatment If You Were Born before January 1, 1936. If you receive a payment from a plan qualified under section 401(a) or a section 403(a) annuity plan that can be rolled over under Part I and you do not roll it over to a traditional IRA or an eligible employer plan, the payment will be taxed in the year you receive it. However, if the payment qualifies as a "lump sum distribution," it may be eligible for special tax treatment. (See also "Employer Stock or Securities", below.) A lump sum distribution is a payment, within one year, of your entire balance under the Plan (and certain other similar plans of the employer) that is payable to you after you have reached age 59 1/2 or because you have separated from service with your employer (or, in the case of a self-employed individual, after you have reached age 59 1/2 or have become disabled). For a payment to be treated as a lump sum distribution, you must have been a participant in the plan for at least five years before the year in which you received the distribution. The special tax treatment for lump sum distributions that may be available to you is described below.

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

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

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

Employer Stock or Securities. There is a special rule for a payment from the Plan that includes employer stock (or other employer securities). To use this special rule, 1) the payment must qualify as a lump sum distribution, as described above, except that you do not need five years of plan participation, or 2) the employer stock included in the payment must be attributable to "after-tax" employee contributions, if any. Under this special rule, you may have the option of not paying tax on the "net unrealized appreciation" of the stock until you sell the stock. Net unrealized appreciation generally is the increase in the value of the employer stock while it was held by the Plan. For example, if employer stock was contributed to your Plan account when the stock was worth $1,000 but the stock was worth $1,200 when you received it, you would not have to pay tax on the $200 increase in value until you later sold the stock.

You may instead elect not to have the special rule apply to the net unrealized appreciation. In this case, your net unrealized appreciation will be taxed in the year you receive the stock, unless you roll over the stock. The stock can be rolled over to a traditional IRA or another eligible employer plan, either in a direct rollover or a rollover that you make yourself. Generally, you will no longer be able to use the special rule for net unrealized appreciation if you roll the stock over to a traditional IRA or another eligible employer plan.

If you receive only employer stock in a payment that can be rolled over, no amount will be withheld from the payment. If you receive cash or property other than employer stock, as well as employer stock, in a payment that can be rolled over, the 20% withholding amount will be based on the entire taxable amount paid to you (including the value of the employer stock determined by excluding the net unrealized appreciation). However, the amount withheld will be limited to the cash or property (excluding employer stock) paid to you.

If you receive employer stock in a payment that qualifies as a lump sum distribution, the special tax treatment for lump sum distributions described above (such as 10-year averaging) also may apply. See IRS Form 4972 for additional information on these rules.

Repayment of Plan Loans. If your employment ends and you have an outstanding loan from your Plan, your employer may reduce (or "offset") your balance in the Plan by the amount of the loan you have not repaid. The amount of your loan offset is treated as a distribution to you at the time of the offset and will be taxed unless you roll over an amount equal to the amount of your loan offset to another qualified employer plan or a traditional IRA within 60 days of the date of the offset. If the amount of your loan offset is the only amount you receive or are treated as having received, no amount will be withheld from it. If you receive other payments of cash or property from the Plan, the 20% withholding amount will be based on the entire amount paid to you, including the amount of the loan offset. The amount withheld will be limited to the amount of other cash or property paid to you (other than any employer securities). The amount of a defaulted plan loan that is a taxable deemed distribution cannot be rolled over.

IV. SURVIVING SPOUSES, ALTERNATE PAYEES AND OTHER BENEFICIARIES

In general, the rules summarized above that apply to payments to employees also apply to payments to surviving spouses of employees and to spouses or former spouses who are "alternate payees." You are an alternate payee if your interest in the Plan results from a "qualified domestic relations order," which is an order issued by a court, usually in connection with a divorce or legal separation.

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

If you are a beneficiary other than a surviving spouse or an alternate payee, you cannot choose a direct rollover, and you cannot roll over the payment yourself.

If you are a surviving spouse, an alternate payee, or another beneficiary, your payment is generally not subject to the additional 10% tax described in Part III above, even if you are younger than age 59 1/2.

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

HOW TO OBTAIN ADDITIONAL INFORMATION

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