

Qualified Retirement Plan

INSTRUCTIONS TO COMPLETE THE APPLICATION FOR DISTRIBUTION FORM

INSTRUCTIONS TO EMPLOYER/PLAN ADMINISTRATOR

Please complete the following:

- Plan information including the Name of Plan, Plan Number, Name of Employer and Employer's daytime telephone number
- Indicate your participant's vesting percentage
- *Account Distributed* section is for Employer use, but is not required for the form to be processed
- Account # (only to be completed if statements do not indicate a Plan Number)
- Authorize the appropriate *Distribution Reason* as defined by your plan adoption agreement
- *Date of Event* that has triggered the distribution reason you are authorizing (if applicable)
- *Hours worked during the plan year* (if applicable for your records only)
- The *Waiver Election*; complete as it pertains to your plan (see page 2 of the Application for Distribution Form)

Provide the partially completed form to the participant, instructing them to complete the appropriate sections. The form should be returned to you for final approval and signature before you mail the form to Columbia Funds Services, Inc.

NOTE: As Plan Administrator, it is your responsibility to ensure the requested distribution complies with the provisions of the plan as adopted.

INSTRUCTIONS TO PLAN PARTICIPANT

Please complete the following:

- Complete your name and address, Social Security number and Telephone number
- Choose the appropriate *Distribution Reason*
- Please refer to the *Important Information and Instructions* on pages 3&4 of the distribution form as to which distribution reasons are eligible for rollover, and what taxable consequences you may incur by requesting a particular distribution reason.

NOTE: Your employer must authorize all distribution reasons and requests to assure compliance with the provisions of the plan that they have adopted. Please contact your employer or refer to your *Summary Plan Description* for the specific distributions allowed by your plan.

- Choose the *Method of Payment* that you prefer
- *Withholding Election* (complete ONLY if you are requesting a distribution that is NOT eligible for rollover)
- *Payee Information*
- Sign the completed form and return it to your Employer for review and authorization.

NOTE: Any distribution request that is not sent directly to the participant address on file or is made payable to a payee other than the participant will require the signature of the participant to be Medallion Signature Guaranteed by a bank or any other eligible guarantor institution. Notarization is not acceptable.

Please contact a Columbia Funds Services, Inc. Retirement Plans Specialist with any questions at 1-800-799-7526 between the hours of 9am - 6pm (EST).

Qualified Retirement Plan

APPLICATION FOR DISTRIBUTION From A Qualified Retirement Plan

Please read the important information and instructions on the following pages.

GENERAL INFORMATION

Name of Plan _____

Plan Number _____

Name of Employer _____

Address _____

City _____ State _____ Zip _____

Name of Participant _____ Date of Birth _____

Vested % _____ Hours Worked During Plan Year _____ Account # _____

Complete the following section for the individual requesting the payout.

Name _____

Home Address _____

City _____ State _____ Zip _____

Social Security No. _____ Telephone # _____

DISTRIBUTION REASON

- Normal Retirement Age Disability Death Termination of Employment Plan Termination
- Hardship Loan Disbursement (If permitted by plan) Other Date of Event _____

METHOD OF PAYMENT

Single Sum Cash Payment - Amount _____ All Shares

Installment Payments, In the following manner: Monthly Quarterly Semiannually Annually Other _____
Commencement Date _____ Amount _____

Required Minimum Distribution - Amount _____ For Tax Year _____

Is your spouse more than 10 years younger than you, and is he or she your sole beneficiary for the entire calendar year?

Yes No

If yes, the joint life expectancy of you and your spouse, recalculated, will be used. If no, the Uniform Lifetime Table will be used to calculate the Required Minimum Distribution.

Qualified Joint and Survivor Annuity (If permitted by Plan. Additional documentation required; contact your plan administrator)

Direct Rollover of Eligible Rollover Distribution to: (Check one) IRA 403(a) Plan 457(b) Plan

(See the instructions on the following page.)

Qualified Plan 403(b) Plan

Specify new plan or complete and attach the Direct Rollover Request form: _____

Other: _____

Specify investment(s) to be liquidated (or other special instructions): _____

ACCOUNT DISTRIBUTED (For use with 401(k) plans only.)

Employee 401(k) Contributions: Entire Account \$ _____

Matching Contribution: Entire Account \$ _____

Employer Profit Sharing Contribution: Entire Account \$ _____

Other _____ : Entire Account \$ _____

WITHHOLDING ELECTION

Form W-4P OMB #1545-0415

This Withholding Election section only applies (for Federal withholding purposes) to distributions that are not eligible rollover distributions. See the Withholding Notice and Instructions on the following page. If the box below is checked, Federal and State (if applicable) income tax will not be withheld from your distribution.

Do not withhold Federal Income Tax

Certain states require state income tax withholding from retirement distributions wherever federal withholding is taken. If you are a resident in the state of California, Delaware, Iowa, Kansas, Maine, Massachusetts, North Carolina, Oklahoma, Oregon, Vermont, or Virginia and request federal taxes be withheld from your distribution, we will also withhold state taxes based on the specific rate for your state.

PAYEE INFORMATION

Payment to be made directly to the participant, using current name and address on file.

Payment to be made to a payee other than the participant as follows (a Medallion signature guarantee is required for the participant/beneficiary signature):

Payment to be wired via Federal Fund wire to my bank account information as follows (a Medallion signature guarantee is required for the participant/beneficiary signature):

Payee or Bank Name _____ Bank Routing Number _____

Bank Account Number _____ Type of Account Checking Savings

Name(s) on Bank Account _____

Payee or Bank Address _____

City _____ State _____ Zip _____

Beneficiary's Social Security Number in case of Death Distribution _____

WAIVER ELECTION

The Plan Administrator will check here if the following election does NOT apply. See instructions below.

Participant's Election To Waive Qualified Joint and Survivor Annuity

As a participant in my employer's Qualified Retirement Plan, I acknowledge that I have read the information about Qualified Joint and Survivor Annuities on the "Distribution Notice." I understand that benefits will be paid to me in the form of a Qualified Joint and Survivor Annuity unless I waive that form of payment. I understand that if I am married, my spouse must also consent to the waiver. I hereby elect to waive the Qualified Joint and Survivor Annuity form of payment.

PARTICIPANT SIGNATURE _____ DATE _____

If you are not married, certify here:

I Certify That I Am Not Married SIGNATURE _____ DATE _____

SPOUSAL CONSENT

Spousal Consent To Waiver Of Qualified Joint And Survivor Annuity

I am the spouse of the participant named above. I hereby consent to my spouse's election not to have benefits under his or her Plan paid in the form of a Qualified Joint and Survivor Annuity. I understand that by consenting to my spouse's waiver, I may be forfeiting benefits I would be entitled to receive when my spouse dies. (I also understand that my consent cannot be revoked unless my spouse revokes the above waiver.)

PARTICIPANT'S SPOUSE SIGNATURE _____ DATE _____

WITNESS OF SIGNATURE

The signature of the spouse must be witnessed by a notary public or Medallion signature guarantee as required.

NOTARY PUBLIC/SIGNATURE GUARANTEE _____ DATE _____

SIGNATURES

I have read and understand the "Distribution Notice" provided to me by the Plan Administrator. I hereby request payment from the Qualified Retirement Plan designated above in the manner indicated. **In addition, if I am eligible to waive the notice requirements under Section 402(f), 417(a)(3) and 411(a)(11) of the Internal Revenue Code, I hereby waive the 30 day notice period.**

I certify that all information provided by me is true and accurate, and I agree to submit additional information if requested by the Plan Administrator (employer), financial organization (Prototype Sponsor), or any Plan fiduciary. No tax advice has been given to me by either the Plan Administrator or Prototype Sponsor. All decisions regarding this distribution are my own. I expressly assume the responsibility for any adverse consequences which may arise from this distribution and I agree that the Plan Administrator, Prototype Sponsor, and any Plan fiduciary shall in no way be responsible for those consequences. In case of Death or any redemption amount requested for more than \$100,000 or for a special payee/bank wire, the signature of the Participant/Beneficiary on this form must be guaranteed by a bank, a trust company, a member of a domestic stock exchange, or any other eligible guarantor institution. Notarization is not acceptable.

PARTICIPANT OR BENEFICIARY SIGNATURE _____ DATE _____

AUTHORIZED PLAN ADMINISTRATOR OR EMPLOYER _____ DATE _____

Send this completed Distribution Form to: Columbia Funds Services, Inc.
Attn: Retirement Plan Services
P.O. Box 8081
Boston, MA 02266-8081

IMPORTANT INFORMATION AND INSTRUCTIONS

INSTRUCTIONS FOR DIRECT ROLLOVER OF ELIGIBLE ROLLOVER DISTRIBUTIONS

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 or, if you choose, another qualified employer plan, eligible 457(b) plan, 403(a) or 403(b) plan that will accept it (direct rollover), or (2) the payment can be paid to you. If you choose to have your Plan benefit paid to you, you will receive only 80% of the payment, because the Plan Administrator is required to withhold 20% of the payment and send it to the IRS as income tax withholding to be credited against your taxes. You cannot waive that withholding.

Eligible rollover distributions are all distributions from the Plan *except* the following:

- * required minimum distributions;
- * certain distributions that are part of a series of equal (or almost equal) periodic payments that will last for your lifetime (or joint lives of you and your beneficiary) or for a specified period of 10 years or more;
- * distributions to nonspouse beneficiaries of deceased participants; and
- * distributions due to hardship.

Your Plan Administrator has given or will give you a notice which describes your options in greater detail.

If you want your Plan Administrator to make a **direct rollover** of your Plan payment to a Traditional IRA, another qualified employer plan, eligible 457(b) plan, 403(a) or 403(b) plan you must provide certain information about that Traditional IRA or plan. Your Plan Administrator will specify that information. The Plan Administrator may ask you to complete and attach a *Direct Rollover Request* or similar form.

NOTE: Your Plan payment cannot be rolled over to a Roth IRA, a SIMPLE IRA, or a Coverdell Education Savings Account because these are not Traditional IRAs.

WITHHOLDING NOTICE AND INSTRUCTIONS

Substitute Form W-4P OMB #1545-0415

GENERAL

Distributions from your Qualified Retirement Plan are subject to Federal (and in some cases, State) income tax withholding. For some distributions, you can elect not to have withholding apply. **However, you cannot waive withholding on any eligible rollover distribution that is paid to you.** See the information above for the definition of eligible rollover distribution and a description of the mandatory 20% withholding.

DISTRIBUTIONS THAT ARE NOT ELIGIBLE ROLLOVER DISTRIBUTIONS

Election of No Withholding

If your distribution is not an eligible rollover distribution (see the definition of eligible rollover distribution above) you may elect not to have withholding apply. Check the withholding box (or boxes) if you do not want any Federal (or State, if applicable) income tax withheld from your distribution. Even if you do not have income tax withheld, you are liable for payments of income tax on the taxable portion of your distribution. You may also be subject to tax penalties under the estimated tax payment rules if your payments of estimated tax and withholding, if any, are not adequate.

The election to not have withholding apply does not apply to any periodic or nonperiodic distributions that are delivered outside the U.S. or its possessions to a U.S. citizen or resident alien. Other recipients who have these payments delivered outside the U.S. or its possessions may choose not to have income tax withheld only if an individual completes Form W-8BEN, *Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding*, or satisfies the documentation requirements as provided under the regulations.

Distribution Withholding

If you do not waive withholding on any nonperiodic distribution that is not an eligible rollover distribution, Federal income tax will be withheld at the rate of 10%, unless you specify a greater rate here:

Rate _____% (not less than 10%)

CAUTION: Remember that there are penalties for not paying enough tax during the year, either through withholding or estimated tax payments. New retirees, especially, should see Publication 505. It explains the estimated tax requirements and penalties in detail. You may be able to avoid quarterly estimated tax payments by having enough tax withheld from your pension or annuity using Form W-4P.

Certain states require state income tax withholding from retirement distributions wherever federal withholding is taken. If you are a resident in the state of California, Delaware, Iowa, Kansas, Maine, Massachusetts, North Carolina, Oklahoma, Oregon, Vermont, or Virginia and request federal taxes be withheld from your distribution, we will also withhold state taxes based on the specific rate for your state.

INSTRUCTIONS FOR WAIVER ELECTION FOR QUALIFIED JOINT AND SURVIVOR ANNUITY

Employer

The Waiver Election is applicable to all Money Purchase Pension Plans, Defined Benefit Pension Plans and Target Benefit Plans. It also applies to Profit Sharing Plans and 401(k) Plans if you did **not** select the REA Safe Harbor found in the Adoption Agreement. If you did select the REA Safe Harbor provision and no existing plan assets are subject to the REA annuity requirements, please place a check mark in the indicated box.

Participant

If this election applies (that is, the box is **not** checked) and you want to waive the joint and survivor annuity, you and your spouse must complete the Waiver Election section.

Qualified Retirement Plan DISTRIBUTION NOTICE

Important Information About Your Qualified Retirement Plan Distribution

INTRODUCTION As a participant in your employer's qualified retirement plan, you have accumulated a vested account balance. You may receive your vested account balance only if you incur a triggering event. You may incur a triggering event if:

- you quit working for your employer,
- you attain the normal retirement age indicated in the plan,
- you become disabled,
- your employer terminates the plan,
- your plan permits in-service distributions, or
- you incur a hardship (only applicable to certain plans).

However, you must refer to your Summary Plan Description to identify the specific triggering events which apply under your plan.

NOTE: While a loan allows you to take money out of your plan, it is not considered a triggering event for distribution purposes. Your Summary Plan Description (SPD) will tell you if your employer has chosen to permit loans from the plan. The SPD will also provide information pertaining to limits on amounts and other restrictions associated with loan disbursements. Loans will be distributed first from any Employee shares, prior to distributing any vested Employer shares. Your employer must also indicate the vested percentage of assets you are entitled to receive.

NOTE: Generally, payments from your employer's qualified retirement plan must be delayed for a minimum of 30 days after you receive this notice, to allow you time to consider your distribution options. Although you are entitled to consider your distribution options for a period of 30 days, you may waive this 30 day notice requirement. If you are subject to the Retirement Equity Act (REA) notice requirements and you waive the 30 day notice requirement, your employer must wait seven days from the date you received this notice before commencing distributions.

The law dictates the optional forms that your payments may take. The law also specifies how the different types of payments will be taxed. This notice summarizes your distribution options and illustrates the financial effect and the tax consequences of each distribution option.

PART ONE of this notice describes the plan payment options available to you. PART TWO describes your beneficiary(ies) payment options. PART THREE contains a special tax notice, required by the IRS, that explains the tax treatment of your plan payment and describes the direct rollover option for eligible rollover distributions.

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 five percent 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 (usually the employer).

PART ONE – PAYMENT OPTIONS FOR PLAN PARTICIPANTS

IMPORTANT NOTICE TO PARTICIPANT

Read the following message before reviewing your options.

Of the four options listed below, some may not be available to you. If the plan administrator has placed a checkmark in the box immediately above "Waiver Election" on the distribution form, the plan is known as a "REA safe harbor" plan, and no existing plan assets are subject to the REA annuity requirements. In that case, Option I listed below is not available to you, and Option II may be available to you only under limited circumstances.

DISTRIBUTION OPTIONS

If your vested account balance is \$5,000 or less at the time of distribution, the plan administrator is required to pay your distribution to you in a single cash payment. If the amount exceeds \$1,000 and is an eligible rollover distribution and you do not instruct the plan administrator otherwise, your vested account balance may be directly rolled into a Traditional IRA. You may subsequently transfer the distribution to another Traditional IRA. If your vested account balance exceeds \$5,000, you must consent to the form of payment.

I. QUALIFIED JOINT AND SURVIVOR ANNUITY

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 below), 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 (the Single Life Annuity if you are not married).

A. Qualified Joint and Survivor Annuity Defined

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 (i.e., survivor annuity), contact the plan administrator.

If you are not married, a Qualified Joint and Survivor Annuity is a series of annuity payments over your life.

B. Waiving the Qualified Joint and Survivor Annuity

If you wish to receive your vested account balance using one of the other options listed in Section II through IV of this form, you (and, if you are married, your spouse) 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 your 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.

C. 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 him or her with the following payments.

<u>Lifetime Monthly Participant Benefit</u>	<u>% of Survivor Annuity*</u>	<u>Monthly Survivor Benefit</u>
\$63.40	100%	\$63.40
\$66.30	75%	\$49.72
\$67.30	66.67%	\$44.86
\$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.

II. ANNUITY CONTRACT

If the plan is a REA safe harbor plan, or the Qualified Joint and Survivor Annuity is properly waived, 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. However, if the plan is a REA safe harbor plan, you cannot elect payments in the form of a life annuity.

A. Annuity Contract Defined

You may use your vested account balance to purchase a term certain annuity, a single life annuity (not available for REA safe harbor plans) 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.

B. 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. For example, a participant who is age 65 with a \$10,000 vested account balance will receive \$76.60 per month while he or she is alive.

III. LUMP SUM PAYMENT

If you properly waive the Qualified Joint and Survivor Annuity or if this is a REA safe harbor plan and no existing plan assets are subject to the REA annuity requirements, you may request a single sum payment.

A. Lump Sum Payment Defined

A Lump Sum Payment is the payment of your entire vested account balance.

B. Financial Effect and Tax Consequences of a Lump Sum Payment

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 percent withholding rules unless directly rolled over to another plan or Traditional IRA. See Part Three, "Special Tax Notice Regarding Plan Payments" for more information.

IV. INSTALLMENT PAYMENTS

If the Qualified Joint and Survivor Annuity is properly waived or if this is a REA safe harbor plan, 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 percent withholding rules unless directly rolled over to another plan or Traditional IRA. See Part Three, "Special Tax Notice Regarding Plan Payments" for more information.

A. Installment Payments Defined

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, semiannually, 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.

B. Financial Effect and Tax Consequences of Installment Payments

Generally, each installment payment will be included in your income in the year in which you receive it. For example, a participant who elects to receive \$500 per month will include \$6,000 (\$500 x 12 months) in income each tax year.

PART TWO — 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.

I. PARTICIPANT'S ACCOUNT BALANCE

If the participant's vested account balance was \$5,000 or less the plan administrator is required to pay your distribution to you in a single cash payment. If the participant's account balance exceeded \$1,000 and is an eligible rollover distribution and you do not instruct the plan administrator otherwise, the vested account balance may be directly rolled into a Traditional IRA. You may subsequently transfer the distribution to another Traditional IRA. If the participant's vested account balance exceeded \$5,000, you must consent to the form of payment.

II. TYPE OF PLAN

NOTE: THE PLAN ADMINISTRATOR CAN TELL YOU WHICH TYPE OF PLAN THIS IS.

A. REA Safe Harbor Plans (Profit Sharing or 401(k) Plans only)

You may select either Option III or IV listed above. However, if you select the installment payment method described in Option IV, the payment schedule you choose cannot be longer than your life single expectancy.

B. All other plans

If the plan participant died before distributions commenced and you are a spouse beneficiary, distributions from the 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 your 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 specifically permits you to elect to receive payments in a form other than a qualified preretirement survivor annuity. If you are a nonspouse 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 qualified 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 as explained in Part One, Option III, of this notice. 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 in Part One, Option IV, "Installment Payments." However, the payment schedule you choose cannot be longer than your single life expectancy.

PART THREE — SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS

SUMMARY

This notice explains how you can continue to defer federal income tax on your retirement savings, and contains important information you will need before you decide how to receive your plan benefits.

NOTE: Your employer has received an IRS opinion letter that this plan is qualified.

This notice is provided to you by 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; an annuity plan described under Section 403(a) of the Code; a tax-sheltered annuity described under Section 403(b) of the Code; and a deferred compensation plan, described under Section 457(b) of the Code, maintained by a governmental employer (governmental 457(b) 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 additional questions after reading this notice, you may contact your plan administrator.

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 the following will result.

- 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 subsequent 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, the following will result.

- You will receive only 80 percent of the taxable amount of the payment, because the plan administrator is required to withhold 20 percent of that amount and send it to the IRS as income tax withholding to be credited against your taxes.
- The taxable amount of your payment will be taxed in the current year unless you roll it over. Under limited circumstances, you may be able to use special tax rules that could reduce the tax you owe. However, if you receive the payment before age 59½, you also may have to pay an additional 10 percent tax.
- You can roll over 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 percent of the payment to a Traditional IRA or an eligible employer plan, *you must find other money to replace the 20 percent of the taxable portion that was withheld*. If you roll over only the 80 percent that you received, you will be taxed on the 20 percent that was withheld and that is not rolled over.

**MORE
INFORMATION**

I. PAYMENTS THAT CAN AND CANNOT BE ROLLED OVER

Payments from the plan may be “eligible rollover distributions.” This means that they can be rolled over to a Traditional IRA or 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.

A. 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 after-tax contributions. The following rules apply.

- 1. 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 taxable and how much is after-tax.

If you roll over after-tax contributions to a Traditional IRA, it is your responsibility to keep track of, and report to the IRS 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.

- 2. Rollover into an Employer Plan.** You can roll over after-tax contributions from an eligible employer plan that is qualified under Section 401(a) or 403(a) of the Code to another such plan using a direct rollover if the plan receiving the rollover provides separate accounting for such amounts, including separate accounting for the after-tax contributions and earnings on those contributions. You CANNOT roll over such after-tax contributions to a governmental 457(b) plan. If you want to roll over your after-tax contributions to an employer plan that accepts such 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 such contributions into an eligible employer plan.

- B.** The following are types of payments that 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 ten years or more.

REQUIRED MINIMUM PAYMENTS

Beginning when you reach age 70½ or retire, whichever is later, a certain portion of your payment cannot be rolled over because it is a “required minimum payment” that must be paid to you. Special rules apply if you own more than five percent 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 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.

A. 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).

B. DIRECT ROLLOVER TO A PLAN

If you are employed by a new employer that has an eligible employer plan, and you want a payment from your previous employer's plan directly rolled over to your new employer's 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 your new employer's 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 the receiving plan before making your decision.

C. 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, and it is paid in a series of payments for less than ten years, your choice to make or not make a direct rollover of the first 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.

D. 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 tax-sheltered annuity described under Section 403(b) of the Code, a deferred compensation plan described under Section 457(b) of the Code, 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 percent Tax If You Are Under Age 59½" and "Special Tax Treatment If You Were Born Before January 1, 1936."

III. PAYMENT PAID TO YOU

If your payment can be rolled over (see Part I above) and the payment is made to you in cash, it is subject to 20 percent 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. If you do not roll it over, special tax rules may apply.

A. INCOME TAX WITHHOLDING

1. 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 percent of the taxable amount. This amount is sent to the IRS as 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 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.

2. Voluntary Withholding

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

3. 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 an eligible employer plan. 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 percent of your payment that can be rolled over under Part I above, including an amount equal to the 20 percent of the taxable portion that was withheld. If you choose to roll over 100 percent, 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 percent that was withheld. On the other hand, if you roll over only the 80 percent of the taxable portion that you received, you will be taxed on the 20 percent 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 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.)

B. ADDITIONAL 10 PERCENT TAX IF YOU ARE UNDER AGE 59½

If you receive a payment before you reach age 59½ and you do not roll it over, then, in addition to the regular income tax, you may have to pay an extra tax equal to 10 percent of the taxable portion of the payment. The additional 10 percent 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 Section 404(k) of the Code, (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 percent tax.

The additional 10 percent tax will not apply to distributions from a governmental 457(b) 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(b) plan to another type of eligible employer plan or to a Traditional IRA will become subject to the additional 10 percent tax if it is distributed to you before you reach age 59½, unless one of the exceptions applies.

C. SPECIAL TAX TREATMENT IF YOU WERE BORN BEFORE JANUARY 1, 1936

If you receive a payment 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 59½ or because you have separated from service with your employer (or, in the case of a self-employed individual, after you have reached age 59½ or have become disabled). For a payment to be treated as a lump sum distribution, you must have been a participant in the plan for at least five 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.

1. 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.

2. Capital Gain Treatment

If you receive a lump sum distribution and you were born before January 1, 1936, and if 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 percent.

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 or from an IRA not originally attributable to a qualified employer plan. If you have previously rolled over a distribution from a governmental 457 plan (or certain other similar plans of the employer), you cannot use this special averaging treatment for later payments from this plan. If you roll over your payment to a Traditional IRA, a tax-sheltered annuity described under Section 403(b) of the Code, or a governmental 457(b) plan, 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, a tax-sheltered annuity, described under Section 403(b) of the Code, or a governmental 457(b) plan, 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.

D. 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 percent withholding amount will be based on the entire taxable amount paid to you (including 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.

E. REPAYMENT OF PLAN LOANS

If your employment ends and you have an outstanding loan from the 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 percent withholding amount will be based on the entire taxable 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 percent tax described in Part Three Section III above, even if you are younger than age 59½.

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 Three Section III above. If you receive a payment because of the employee’s death, you may be able to treat the payment as a lump sum distribution if the employee met the appropriate age requirements, whether or not the employee had five 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 the 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.