Security Benefit®
LIFE INSURANCE COMPANY

Annuity Contract Withdrawal Request

Questions? Call our National Service Center at 1-800-888-2461.

Instructions

Please type or print.

Use this form to request a one-time withdrawal from your account. Complete each section of the form.

- This transaction will be processed as of the valuation date Security Benefit receives the request in proper form.
- Charges may apply to withdrawals.
- **A copy of a blank voided check is required in order for funds to be distributed electronically. See Section 8.**
- Please note if you currently have a Required Minimum Distribution (RMD) program established on your account any additional withdrawals taken from your account will be considered part of the RMD for the current year. The number of remaining payments and/or the amount of your systematic RMD may change due to this withdrawal request.
- If your account is a retirement savings or governmental 457 plan, please refer to the applicable Special Tax Notice attached for a summary of the options available to you. Due to strict IRS regulations governing investment accounts we recommend that you evaluate your situation carefully and/or consult with your tax advisor to maintain the status of your account and/or to avoid any potential penalties.
- Tax Sheltered Account withdrawals may not be made from earnings credited after December 31, 1988, unless the withdrawal is due to any of the reasons indicated in Section 2.
- To initiate payments under the Guaranteed Lifetime Withdrawal Benefit (GLWB) rider, please use the Guaranteed Lifetime Withdrawal Benefit Income Election form.
- To initiate RMD payments, please use the Required Minimum Distribution form.

1. Provide General Information

Contract Number ______________________

Name of Owner ______________________ ______ ______________________
First MI Last

Mailing Address ______________________ ____________ ______ ____________
Street Address City State Zip Code

Social Security Number/Tax ID Number ______________________

Daytime Phone Number ______________________ **Home Phone Number** ______________________

Marital Status: ○ **Single** ○ **Married** ○ **Widowed**

2. Reason for Distribution

Only complete this section if you have a qualified account.

Please select all that apply.

- ☐ Age 59½ (not applicable to 457 accounts)
- ☐ Age 73 and are unemployed
- ☐ Disabled (shall have the meaning set forth in section 72(m)(7) of the Internal Revenue Code (IRC))
- ☐ Severance from Employment on ______________ (mm/dd/yyyy) (includes retirement, termination, change of employment)
- ☐ Plan Termination
- ☐ In-service Distribution (Please consult your Plan Sponsor or financial professional regarding availability)
- ☐ Adoption or Childbirth Expenses (payments of up to $5,000 made to you from a defined contribution plan within one year after the birth or adoption of a child)

For RMD, please use the "Required Minimum Distribution" form.

Continued on Next Page ▶

2. Reason for Distribution (continued)

Hardship: shall have the meaning set forth in the Regulations for 401(k), 401(a) and 403(b) plans. Selecting the hardship reason within this form is acknowledgment that you have insufficient cash or other liquid assets to satisfy the need these hardship proceeds will be utilized for. Please do not send supporting documentary evidence (i.e., copy of the bill). You agree to preserve source documents establishing your qualification for the hardship withdrawal (the need and the amount) and make them available at any time, upon request to the employer or administrator.

- ☐ Purchase of principal residence
- ☐ Prevent eviction from principal residence
- ☐ Prevent foreclosure from principal residence
- ☐ Certain medical expenses incurred by you, your spouse, by one of your dependents or the primary beneficiary on your account
- ☐ Payment of post-secondary education (such as tuition, related education fees, room and board) up to the next 12 months by the participant, spouse, child, dependents, or for the primary beneficiary on your account
- ☐ Payments for burial or funeral expenses for the participant's deceased parent, spouse, child, dependents, or the primary beneficiary on your account
- ☐ Certain casualty expenses for the repair of damage to the participant's principal residence
- ☐ Expenses and losses, including loss of income, related to a federally declared disaster, if the participant's principal residence or place of employment are in the disaster area

Unforeseeable Emergency: (Only applicable to 457 Plans)

- ☐ Severe financial hardship to the participant, spouse or dependents due to an unexpected illness or accident
- ☐ Loss of property due to casualty loss (including the need to rebuild a home following damage to a home not otherwise covered by homeowner's insurance, e.g. as a result of a natural disaster)
- ☐ Similar unforeseeable circumstances arising as a result of events beyond the control of the participant
  Please provide a detailed description: **(Required)**

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Please do not send supporting documentary evidence (i.e., copy of the bill). You agree to preserve source documents establishing your qualification for the unforeseeable emergency withdrawal (the need and the amount) and make them available at any time, upon request, to your Third Party Administrator or Security Benefit. Your Third Party Administrator must approve of this distribution by their signature on page 5 of this form.

3. Select the Withdrawal Type

Please indicate the type of withdrawal. If no option is selected, a gross withdrawal will be processed.

- ○ Gross – The requested withdrawal will be reduced by any applicable surrender charges, fees and tax withholding.
- ○ Net – The requested withdrawal amount will be increased by any applicable surrender charges, fees and tax withholding, so that the resulting check is equal to your requested amount.

4. Provide Governmental Retirement Plan Health and Long-Term Care Insurance Distribution

Please complete this section if you are requesting a distribution for health insurance or qualified long-term care insurance premiums. To be eligible for this distribution you must be separated from service as a public safety officer due to attainment of Normal Retirement Age or disability. This feature may not be available in your Plan. Please contact your employer regarding availability of this Plan feature. You are responsible to verify receipt of these distributions with your insurer.

Type of Plan: ○ Governmental 457(b) ○ Governmental 403(b) ○ Governmental 401(a)

I acknowledge that I have separated service from my employer as a public safety officer due to:
○ Attainment of Normal Retirement Age ○ Disability

Amount of distribution: $ ____________________ (annual amount may not exceed the lesser of $3,000 or the amount of premiums).
Frequency: ○ Single Distribution ○ Monthly ○ Quarterly ○ Annually

Start Date: ________________
(mm/dd/yyyy)

Type of premium: ○ Health Insurance ○ Qualified Long-Term Care Insurance

Insurance Provider: Company ______________________________

Address ____________________ ____________ ________ __________
Street Address City State ZIP Code

Phone Number ____________________ Policy/Account Number ____________________

Continued on Next Page ▶

5. Select the Amount

Please indicate how much you would like to withdraw from your account*:

○ Full ○ Partial $ ____________ ○ Total Free Amount (if applicable)

○ Guaranteed Minimum Withdrawal Benefit (if applicable) ________ %

*If you effect, or have effected, a partial exchange from a previously existing annuity contract with another carrier to an annuity contract with SBL under IRC Section 1035, any withdrawals from or changes in ownership to your SBL contract within 180 days of such partial exchange may have adverse tax consequences. Please consult your tax advisor.

6. Distribution Instructions

Please indicate the money type from which you would like funds withdrawn. If none selected, funds will be withdrawn prorata.

○ Pre-tax balance ○ After-tax Roth balance ○ Prorata – proportionately based on current account balance

Note: To be eligible for a qualified Roth distribution, you must have held the account for a minimum of 5 years and be withdrawing due to: (1) Age 59½; (2) Disability; or (3) Death. Non-qualified Roth withdrawals may be subject to taxation on the portion attributable to earnings. Also, nonqualified distributions from tax-favored retirement plans are treated as coming proportionately from pre-tax and after-tax amounts.

Please indicate how the funds are to be withdrawn.

○ Default per account or contract.

○ Specific funds as indicated below:

	From Investment Option or Allocation Option
________ % or $ ________	____________________
________ % or $ ________	____________________
________ % or $ ________	____________________
________ % or $ ________	____________________
________ % or $ ________	____________________
________ % or $ ________	____________________

PERCENTAGES MUST TOTAL 100%
DOLLARS MUST EQUAL TOTAL AMOUNT REQUESTED

7. How do you want to receive your distribution?

Please select how you want to receive this amount.

○ Electronic Funds Transfer (EFT) to my bank account – proceeds will arrive within 3 business days after the withdrawal.

○ Wire Transfer to my bank account – a $20.00 wire processing fee will be assessed.

○ Send check to address of record as indicated on this form.

○ Send check to the below indicated third party or brokerage account. This is a taxable transaction. For qualified contract, the ACORD form is also required. (The account number field below is only required if going to a company)

Third Party Name or Company Name ______________________________

Mailing Address ____________________ ____________ ____ ______
Street Address City State ZIP Code

Account Number ____________________ Phone Number ____________________

Continued on Next Page ▶

8. Provide Bank Information

Only complete this section if you selected EFT or Wire Transfer above. Please provide your bank information below. If any information is missing your request may be delayed.

Funds may be distributed to a checking account only.

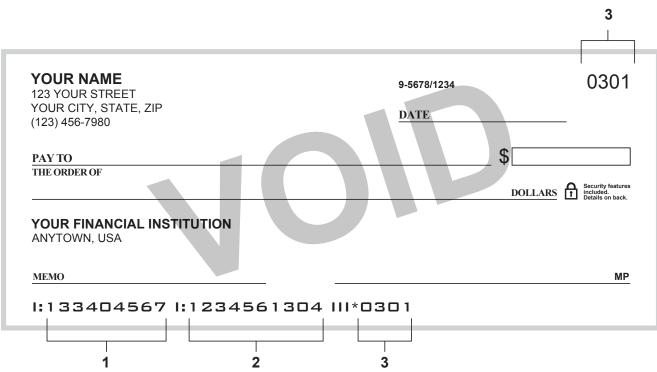
Bank Name ______________________________

Name on Bank Account ______________________________

Bank Routing Number ______________________________

Bank Account Number (Do not include check number) ______________________________

A copy of a BLANK voided check is required in order for funds to be distributed electronically. Attach a copy of a voided check below. If a copy of a BLANK voided check is not received, the distribution will be mailed via check to your address of record. The entire BLANK voided check must be visible. Starter checks are not acceptable.



1. **Routing Number (requires 9 digits)**
2. **Bank Account Number (not to exceed 17 digits)**
3. **Check Number**

9. How much withholding do you want?

Withdrawals are subject to Federal and State income tax withholding:

- If this is an IRA or Non-Qualified account, you can elect to have Federal income tax withheld.
- If this is a TSA, 20% Federal income tax withholding is required unless the withdrawal is to satisfy your RMD[1], which then you may elect the amount of Federal withholding.

If you do not elect Federal withholding, you are still liable for payment of Federal income tax on the taxable portion of your payment. You may also be subject to tax penalties under the estimated tax payment rules if your estimated tax payment and withholding are not adequate.

Please select how you want Federal withholding to be applied to your withdrawals and provide any additional information requested for the option selected. If an option is not selected, the required minimum will be withheld. State income taxes will be assessed where applicable.

○ I do not want Federal income tax withheld (required minimums will be withheld).

○ I would like the minimum Federal income tax withheld.

○ I would like the specified amount of Federal income tax withheld as indicated below:

$ ____________ or ____________ % (if the specified amount is less than the minimum required, the minimum amount will be withheld).

☐ I am a resident of the State of Iowa and I certify that I qualify for the retirement income exclusion under I.C.A. 422.7 (effective January 1, 2023). I request that no state taxes be withheld from my withdrawal.

[1] NOTE: The owner/participant may elect out of Federal withholding for the RMD amount. If the withdrawal amount is greater than the RMD amount for a 403(b), 457 or qualified plan, the excess amount will have the required 20% withheld.

10. Loan Acknowledgment

If your account has an active loan and you are requesting a full withdrawal you must acknowledge the following statement by checking the box below.

☐ I understand in order to process this full withdrawal request all loans on the account must be paid in full by me or through a loan surrender. A loan surrender will result in a taxable event. If the loan is surrendered, a 1099 will be issued after year end, for the amount subject to taxation. This acknowledgment is required or my request will be denied.

Continued on Next Page ▶

11. **Virginia Residents Only** – Complete this section only if you (A) reside in Virginia and (B) are requesting a full surrender of your contract.

Did you discuss this request with a Financial Professional and receive a recommendation to fully surrender your contract? ○ Yes ○ No

If Yes, have your Financial Professional provide his or her signature below.

Financial Professional – By signing below, I certify that my recommendation complies with 14 VAC 5-45-10 et seq., as amended, or a comparable standard (e.g., SEC Regulation Best Interest), including, but not limited to, the following:

(1) I evaluated the information provided by the owner and have a reasonable basis to believe that surrendering the contract is in the owner's best interest;

(2) I communicated to the owner the basis of my recommendation;

(3) I informed the owner of the consequences of surrendering their contract, including surrender charges and the loss of any existing benefits; and

(4) I retained a copy of any disclosures signed by the owner and will provide such disclosures to Security Benefit upon request.

______________________________ X ______________________________ ______________

Financial Professional Printed Name | Financial Professional Signature | Date (mm/dd/yyyy)

12. Provide Signatures

I understand, acknowledge and certify that:

- Security Benefit, its subsidiaries, or affiliates will initiate electronic deposits to my bank account as indicated on this form. Security Benefit may make additional attempts to deposit if the initial attempt fails. I will be liable for any costs associated with these additional attempts.
- I am solely responsible for all tax obligations, or possible tax penalties, arising from this withdrawal, and for compliance with the laws, regulations and restrictions governing such withdrawals including any consequences arising from a withdrawal due to hardship or unforeseeable emergency.
- If I effect an indirect rollover from this or any IRA within a 12-month period, my transaction may have adverse tax consequences. I may consult a tax advisor.
- Failure to follow the rules on a tax-qualified account can jeopardize the tax protected status of the account and result in the imposition of penalties, additional taxes and interest for which I will be solely responsible.
- I waive any applicable waiting period required by law before distribution can be made to me.
- If this is a Hardship Withdrawal, I further certify that the payment requested does not exceed the total amount needed by me to meet this hardship and pay the applicable taxes. I have obtained all distributions, other than hardship distributions, under any deferred compensation plan, whether qualified or nonqualified maintained by my Employer; and I have insufficient cash or other liquid assets to satisfy the financial need.
- If this is a request for an Unforeseeable Emergency distribution, I certify that the Emergency described does exist, that the payment requested does not exceed the total amount needed by me to meet this unforeseeable emergency and pay applicable taxes, and that the Emergency may not be relieved by insurance, liquidation of my assets or by stopping deferrals to the Plan. I agree to provide supporting documentation, if requested.
- All terms of this agreement are binding to my heirs, representatives and assigns. I agree that any sum of money paid to the bank after my death shall be refunded to Security Benefit and I hereby authorize the bank to make such refund from the account indicated.
- The information provided within this form is accurate and true, including my tax identification number.

Tax Identification Number Certification

Instructions: You must cross out item (2) in the below paragraph if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest or dividends on your tax return. For contributions to an individual retirement arrangement (IRA), and generally payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct Tax Identification Number.

Under penalties of perjury I certify that (1) The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); **and** (2) I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends or the IRS has notified me that I am no longer subject to backup withholding; **and** (3) I am a U.S. citizen or other U.S. person (as defined in the IRS Form W-9 instructions).

The Internal Revenue Service does not require your consent to any provision of this document other than the certifications required to avoid backup withholding.

Continued on Next Page ▶

Required Signatures: (If applicable, a signature is required for all irrevocable beneficiaries.)

- IRA and Non-Qualified accounts – Owner(s) Only
- 401(a), 401(k) and 403(b) TSA – Participant
- 457 Plans – Participant

X ______________________ ______________ ______________________
Signature of Owner | Date (mm/dd/yyyy) | (You must include your designation if signing as a trustee, executor, custodian, guardian, or attorney-in-fact.)

X ______________________ ______________ ______________________
Signature of Joint Owner (if applicable) | Date (mm/dd/yyyy) | (You must include your designation if signing as a trustee, executor, custodian, guardian, or attorney-in-fact.)

X ______________________ ______________ ______________________
Signature of Irrevocable Beneficiary (if applicable) | Date (mm/dd/yyyy) | (You must include your designation if signing as a trustee, executor, custodian, guardian, or attorney-in-fact.)

X ______________________ ______________ ______________________
Signature of Financial Professional (optional) | Date (mm/dd/yyyy) | Print Name of Financial Professional

Notice for persons residing in a community property state: (1) the contract or proceeds thereof may be considered community property; (2) Security Benefit will administer the contract according to its terms, i.e., the owner can exercise all rights and privileges under the contract; (3) you are encouraged to consult with your legal counsel regarding any community property questions or concerns prior to effecting this transaction. The owner is solely responsible for determining the rights of the owner's spouse with respect to the contract and any transactions involving the contract. Security Benefit makes no representation regarding the characterization of the contract or the benefits thereunder as community property.

13. Provide Employer/TPA Authorization

This section must be completed by your employer or Third Party Administrator before your request is processed. Please consult your financial professional or employer. Not required for IRA/Roth IRA or nonqualified contracts.

If a separate Third Party Administrator authorization is required and accompanies this request, that authorization will serve as completion of this section. If no such separate authorization is applicable this section must be completed before your request is processed. Check the following box if applicable.

☐ Third Party Administrator authorization attached.

If a separate authorization is not provided please complete the following information.

I acknowledge that the employer and accepting carrier have entered into an Information Sharing Agreement.

My signature below provides approval for the requested withdrawal transaction.

X ______________________ ______________ ______________________
Signature of (Select One) | Date (mm/dd/yyyy) | Title

○ Employer ○ Third Party Administrator
OR
○ A copy of the current Information Sharing Agreement is attached.

Fax to:

785.368.1772

Mail to:

Security Benefit
P.O. Box 750497
Topeka, Kansas 66675-0497

For expedited or overnight delivery:

Security Benefit
Mail Zone 497
One Security Benefit Place
Topeka, Kansas 66636-0001

Visit us online at SecurityBenefit.com

SPECIAL TAX NOTICE

YOUR ROLLOVER OPTIONS

You are receiving this notice because all or a portion of a payment you will soon receive from your section 401(a) qualified retirement plan, section 403(b) TSA (tax sheltered annuity or account), section 457 plan, or section 401(k) retirement plan (the "Plan") may be eligible to be rolled over to an IRA or an employer plan. This notice is intended to help you decide whether to do such a rollover.

The first portion of this notice describes the rollover rules that apply to payments from the Plan that are not from a designated Roth account (a type of account with special tax rules available under some employer plans). Rules that apply to distributions from a designated Roth account are provided in the ***"Special Rollover Rules for Roth Distribution Amounts"*** section at the end of this notice. If you are also receiving a payment from a designated Roth account in the Plan, as applicable, please refer to this section of the notice for the rules applicable to that portion of your distribution. If this applies to you, the Plan administrator or the payor will tell you the amount that is being paid from your Roth and non-Roth accounts.

Rules that apply to most payments from a plan are described in the ***"General Information About Rollovers"*** section below. Special rules that only apply in certain circumstances are described in the ***"Special Rules and Options"*** and ***"Special Rollover Rules for Roth Distribution Amounts"*** sections below.

GENERAL INFORMATION ABOUT ROLLOVERS

How can a rollover affect my taxes?

You will be taxed on a payment from the Plan if you do not roll it over. If you are under age 59½ and do not do a rollover, you will also have to pay a 10% additional income tax on early distributions (generally, distributions made before age 59 ½) unless an exception applies. However, if you do a rollover, you will not have to pay tax until you receive payments later and the 10% additional income tax will not apply if those payments are made after you are age 59½ (or if an exception applies).

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

You may roll over the payment to either an IRA (an individual retirement account or individual retirement annuity) or an employer plan (a tax-qualified plan, section 403(b) plan, or governmental section 457(b) plan) that will accept the rollover. The rules of the IRA or employer plan that holds the rollover will determine your investment options, fees, and rights to payment from the IRA or employer plan (for example, no spousal consent rules apply to IRAs and IRAs may not provide loans). Further, the amount rolled over will become subject to the tax rules that apply to the IRA or employer plan.

If you desire to roll over your payment to an IRA, you should be aware that you may be limited in your ability to make more than one rollover from an IRA to another (or the same) IRA during one 12-month period. You should consult your personal tax advisor regarding the best options for you if you may be interested in making multiple rollovers from an IRA during a short period of time.

How do I do a rollover?

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

- <u>If you do a direct rollover</u>, the Plan will make the payment directly to your IRA or an employer plan. You should contact the IRA sponsor or the administrator of the employer plan for information on how to do a direct rollover.
- <u>If you do not do a direct rollover</u>, you may still do a rollover by making a deposit into an IRA or eligible employer plan that will accept it. Generally, you will have 60 days after you receive the payment to make the deposit. If you do not do a direct rollover, the Plan is required to withhold 20% of the payment for federal income taxes (up to the amount of cash and property received). This means that, in order to roll over the entire payment in a 60-day rollover, you must use other funds to make up for the 20% withheld. If you do not roll over the entire amount of the payment, the portion not rolled over will be taxed and will be subject to the 10% additional income tax on early distributions if you are under age 59½ (unless an exception applies).

How much may I roll over?

If you wish to do a rollover, you may roll over all or part of the amount eligible for rollover. Any payment from the Plan is eligible for rollover, except:

- Certain payments spread over a period of at least 10 years or over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary);
- Required minimum distributions ("RMD") you take after reaching the RMD age set by the IRS;
- Hardship distributions;
- Corrective distributions of contributions that exceed tax law limitations;
- Loans treated as deemed distributions (for example, loans in default due to missed payments before your employment ends); and
- Payments of certain automatic enrollment contributions requested to be withdrawn within 90 days of the first contribution.

The Plan administrator can tell you what portion of a payment is eligible for rollover.

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

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

The 10% additional income tax does not apply to the following payments from the Plan:

- Payments made after you separate from service if you will be at least age 55 in the year of the separation;
- Payments that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary);
- Payments of up to $5,000 made to you from a defined contribution plan within one year after the birth or adoption of a child;
- Payments made due to disability;
- Payments after your death;
- Corrective distributions of contributions that exceed tax law limitations;
- Payments made directly to the government to satisfy a federal tax levy;
- Payments made under a qualified domestic relations order (QDRO);
- Payments up to the amount of your deductible medical expenses (without regard to whether you itemize deductions for the taxable year);
- Certain payments made while you are on active duty if you were a member of a reserve component called to duty after September 11, 2001 for more than 179 days;
- Payments of certain automatic enrollment contributions requested to be withdrawn within 90 days of the first contribution;
- Payments for certain distributions relating to certain federally declared disasters; and
- Phased retirement payments made to federal employees.

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

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

- The exception for payments made after you separate from service if you will be at least age 55 in the year of the separation (or age 50 for qualified public safety employees) does not apply.
- The exception for qualified domestic relations orders (QDROs) does not apply (although a special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to an IRA of a spouse or former spouse).
- The exception for payments made at least annually in equal or close to equal amounts over a specified period applies without regard to whether you have had a separation from service.
- There are additional exceptions for (1) payments for qualified higher education expenses, (2) payments up to $10,000 used in a qualified first-time home purchase, and (3) payments for health insurance premiums after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

Will I owe State income taxes?

This notice does not describe any State or local income tax rules (including withholding rules). You should consult your personal tax or financial advisor for information regarding these rules.

SPECIAL RULES AND OPTIONS

If your payment includes after-tax contributions

AAfter-tax contributions included in a payment are not taxed. If a payment is only part of your benefit, an allocable portion of your after-tax contributions is included in the payment, so you cannot take a payment of only after-tax contributions. However, if you have pre-1987 after-tax contributions maintained in a separate account, a special rule may apply to determine whether the after-tax contributions are included in a payment. In addition, special rules apply when you do a rollover, as described below.

You may roll over to an IRA a payment that includes after-tax contributions through either a direct rollover or a 60-day rollover. You must keep track of the aggregate amount of the after-tax contributions in all of your IRAs (in order to determine your taxable income for later payments from the IRAs). If you do a direct rollover of only a portion of the amount paid from the Plan and at the same time the rest is paid to you, the portion directly rolled over consists first of the amount that would be taxable if not rolled over. For example, assume you are receiving a distribution of $12,000, of which $2,000 is after-tax contributions. In this case, if you directly roll over $10,000 to an IRA that is not a Roth IRA, no amount is taxable because the $2,000 amount not directly rolled over is treated as being after-tax contributions. If you do a direct rollover of the entire amount paid from the Plan to two or more destinations at the same time, you can choose which destination receives the after-tax contributions.

If you do a 60-day rollover to an IRA of only a portion of a payment made to you, the after-tax contributions are treated as rolled over last. For example, assume you are receiving a distribution of $12,000, of which $2,000 is after-tax contributions, and no part of the distribution is directly rolled over. In this case, if you roll over $10,000 to an IRA that is not a Roth IRA in a 60-day rollover, no amount is taxable because the $2,000 amount not rolled over is treated as being after-tax contributions.

You may roll over to an employer plan all of a payment that includes after-tax contributions, but only through a direct rollover (and only if the receiving plan separately accounts for after-tax contributions and is not a governmental section 457(b) plan). You can do a 60-day rollover to an employer plan of part of a payment that includes after-tax contributions, but only up to the amount of the payment that would be taxable if not rolled over.

If you miss the 60-day rollover deadline

Generally, the 60-day rollover deadline cannot be extended. However, the IRS has the limited authority to waive the deadline under certain extraordinary circumstances, such as when external events prevented you from completing the rollover by the 60-day rollover deadline. Under certain circumstances, you may claim eligibility for a waiver of the 60-day rollover deadline by making a written self-certification. Otherwise, to apply for a waiver from the IRS, you must file a private letter ruling request with the IRS. For more information, see IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs).*

If you have an outstanding loan that is being offset

If you have an outstanding loan from the Plan, your Plan benefit may be offset by the amount of the loan, typically when your employment ends. The loan offset amount is treated as a distribution to you at the time of the offset. Generally, you may roll over all or any portion of the offset amount. Any offset amount that is not rolled over will be taxed (including the 10% additional income tax on early distributions, unless an exception applies. You may roll over offset amounts to an IRA or an employer plan (if the terms of the employer plan permit the plan to receive plan loan offset rollovers).

How long you have to complete the rollover depends on what kind of plan loan offset you have. If you have a qualified plan loan offset, you will have until your tax return due date (including extensions) for the tax year during which the offset occurs to complete your rollover. A qualified plan loan offset occurs when a plan loan in good standing is offset because your employer plan terminates, or because you ever from employment. If your plan loan offset occurs for any other reason, then you have 60 days from the date the offset occurs to complete your rollover.

If you were born on or before January 1, 1936

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

If your payment is from a governmental section 457(b) plan

over the payment to an IRA or an employer plan that accepts rollovers. One difference is that, if you do not do a rollover, you will not have to pay the 10% additional income tax on early distributions from the Plan even if you are under age 59½ (unless the payment is from a separate account holding rollover contributions that were made to the Plan from a tax-qualified plan, a section 403(b) plan, or an IRA). However, if you do a rollover to an IRA or to an employer plan that is not a governmental section 457(b) plan, a later distribution made before age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies). Other differences are that you cannot do a rollover if the payment is due to an "unforeseeable emergency" and the special rules under ***"If you were born on or before January 1, 1936"*** do not apply.

If you are an eligible retired public safety officer and your payment is used to pay for health coverage or qualified long-term care insurance

If the Plan is a governmental plan, you retired as a public safety officer, and your retirement was by reason of disability or was after normal retirement age, you can exclude from your taxable income Plan payments paid directly as premiums to an accident or health plan (or a qualified long-term care insurance contract) that your employer maintains for you, your spouse, or your dependents, up to a maximum of $3,000 annually. For this purpose, a public safety officer is a law enforcement officer, firefighter, chaplain, or member of a rescue squad or ambulance crew.

If you roll over your payment to a Roth IRA

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

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

If you do a rollover to a designated Roth account in the Plan

You cannot roll over a distribution to a designated Roth account in another employer's plan. However, you can roll the distribution over into a designated Roth account in the distributing Plan, as applicable. If you roll over a payment from the Plan to a designated Roth account in the Plan, the amount of the payment rolled over (reduced by any after-tax amounts directly rolled over) will be taxed. However, the 10% additional tax on early distributions will not apply (unless you take the amount rolled over out of the designated Roth account within the 5-year period that begins on January 1 of the year of the rollover).

If you roll over the payment to a designated Roth account in the Plan, later payments from the designated Roth account that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a designated Roth account is a payment made both after you are age 59½ (or after your death or disability) and after you have had a designated Roth account in the Plan for at least 5 years. In applying this 5-year rule, you count from January 1 of the year your first contribution was made to the designated Roth account. However, if you made a direct rollover to a designated Roth account in the Plan from a designated Roth account in a plan of another employer, the 5-year period begins on January 1 of the year you made the first contribution to the designated Roth account in the Plan or, if earlier, to the designated Roth account in the plan of the other employer. Payments from the designated Roth account that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10% additional income tax on early distributions (unless an exception applies).

If you are not a plan participant

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

- If you are a surviving spouse. IIf you receive a payment from the Plan as the surviving spouse of a deceased participant, you have the same rollover options that the participant would have had, as described elsewhere in this notice. In addition, if you choose to do a rollover to an IRA, you may treat the IRA as your own or as an inherited IRA.

  An IRA you treat as your own is treated like any other IRA of yours, so that payments made to you before you are age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies) and required minimum distributions from your IRA do not have to start until after reaching the RMD age set by the IRS.

  If you treat the IRA as an inherited IRA, payments from the IRA will not be subject to the 10% additional income tax on early distributions. However, if the participant had started taking required minimum distributions, you will have to receive required minimum distributions from the inherited IRA. If the participant had not started taking required minimum distributions from the Plan, you will not have to start receiving required minimum distributions from the inherited IRA until the year the participant would have reached the RMD age set by the IRS.

- If you are a surviving beneficiary other than a spouse. If you receive a payment from the Plan because of the participant's death and you are a designated beneficiary other than a surviving spouse, the only rollover option you have is to do a direct rollover to an inherited IRA. Payments from the inherited IRA will not be subject to the 10% additional income tax on early distributions. You will have to receive required minimum distributions from the inherited IRA. If the participant died after December 31, 2019, all required minimum distributions must be made by the end of the 10th year after participant's death.

Payments under a qualified domestic relations order. If you are the spouse or former spouse of the participant who receives a payment from the Plan under a qualified domestic relations order (QDRO), you generally have the same options and the same tax treatment that the participant would have (for example, you may roll over the payment to your own IRA or an eligible employer plan that will accept it). However, payments under the QDRO will not be subject to the 10% additional income tax on early distributions.

If you are a nonresident alien

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

Other special rules

IIf a payment is one in a series of payments for less than 10 years, your choice of whether to make a direct rollover will apply to all later payments in the series (unless you make a different choice for later payments).

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

Unless you elect otherwise, a mandatory cashout of more than $1,000 (not including payments from a designated Roth account in the Plan) will be directly rolled over to an IRA chosen by the Plan administrator or the payor. A mandatory cashout is a payment from a plan to a participant made before age 62 (or normal retirement age, if later) and without consent, where the participant's benefit does not exceed $5,000 (not including any amounts held under the plan as a result of a prior rollover made to the plan).

You may have special rollover rights if you recently served in the U.S. Armed Forces. For more information, see IRS Publication 3, Armed Forces' Tax Guide. You also may have special rollover rights if you were affected by a federally declared disaster (or similar event), or if you received a distribution on account of a disaster. For more information on special rollover rights related to disaster relief, see the IRS website at www.irs.gov.

SPECIAL ROLLOVER RULES FOR ROTH DISTRIBUTION AMOUNTS

This section describes special rollover rules that apply to payments from the Plan that are from a designated Roth account. If a special rule does not apply, the same rules described above generally apply to the distribution of your Roth contributions.

Generally speaking, after-tax contributions included in a payment from a designated Roth account are not taxed, but earnings might be taxed, depending on whether the payment is a qualified distribution. For purposes of these rules, a qualified distribution is a payment made from a Roth account after you are age 59½ (or after your death or disability) and after you have held Roth amounts in the Plan for at least 5 years. In applying the 5-year rule, you count from January 1 of the year your first contribution was made to the designated Roth account. However, if you did a direct rollover to a designated Roth account in the Plan from a designated Roth account in another employer plan, your participation will count from January 1 of the year your first contribution was made to the designated Roth account in the Plan or, if earlier, to the designated Roth account in the other employer plan.

If you receive a payment from the Plan that is not a qualified distribution and do not roll it over to a Roth IRA or designated Roth account in an employer plan, the earnings included in your payment will be treated similarly to non-Roth amounts that you receive from the plan and do not rollover (for example, the payment is immediately taxable and likely to be subject to a 10% additional income tax on early distributions if you are under age 59½).

If a payment is only part of your designated Roth account, the payment will include an allocable portion of the earnings in your designated Roth account.

How a Rollover Affects My Taxes

If the payment from the Plan is not a qualified distribution and you do not do a rollover to a Roth IRA or a designated Roth account in an employer plan, you will be taxed on the earnings in the payment. If you are under age 59½, a 10% additional income tax on early distributions will also apply to the earnings, including amounts withheld for income tax (unless an exception applies). This tax is in addition to the regular income tax on the earnings not rolled over. The exceptions to application of the 10% additional income tax are described in the ***"If I don't do a rollover, will I have to pay the 10% additional income tax on early distributions?"*** section above.

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

If you do a rollover of a nonqualified distribution, you will not have to pay taxes currently on the earnings and you will not have to pay taxes later on payments that are qualified distributions.

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

Rollover Options

You may roll over the payment to either a Roth IRA (a Roth individual retirement account or Roth individual retirement annuity) or a designated Roth account in an employer plan (a tax-qualified plan or section 403(b) plan) that will accept the rollover. The rules of the Roth IRA or employer plan that holds the rollover will determine your investment options, fees, and rights to payment from the Roth IRA or employer plan (for example, no spousal consent rules apply to Roth IRAs and Roth IRAs may not provide loans). Further, the amount rolled over will become subject to the tax rules that apply to the Roth IRA or the designated Roth account in the employer plan. In general, these tax rules are similar to those described elsewhere in this notice, but differences include:

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

If you decide to do a rollover, the same rules described in the ***"How do I do a rollover?"*** section above generally apply. In other words, you can generally do either a direct rollover or a 60-day rollover. However, note that you cannot do a 60-day rollover to an employer plan of any part of a qualified distribution. You should contact the Roth IRA sponsor or administrator of the employer plan you are making a rollover to for more information.

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

Tax Treatment After Rollover to a Roth IRA

If you receive a payment from a Roth IRA when you are under age 59½, you will have to pay the 10% additional income tax on early distributions on the earnings paid from the Roth IRA, unless an exception applies or the payment is a qualified distribution. In general, the exceptions to the 10% additional income tax for early distributions from a Roth IRA are the same as the exceptions for early distributions of non-Roth amounts from the Plan (see the ***"If I don't do a rollover, will I have to pay the 10% additional income tax on early distributions?"*** section above). However, there are a few differences for payments from a Roth IRA, including:

- There is no exception for payments made after you separate from service if you will be at least age 55 in the year of the separation.
- The exception for qualified domestic relations orders (QDROs) does not apply (although a special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to a Roth IRA of a spouse or former spouse).
- The exception for payments made at least annually in equal or close to equal amounts over a specified period applies without regard to whether you have had a separation from service.
- There are additional exceptions for (1) payments for qualified higher education expenses, (2) payments up to $10,000 used in a qualified first-time home purchase, and (3) payments after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

Payments to Someone Other Than a Plan Participant

Generally, the same rules described in the ***"If you are not a plan participant"*** section above apply to Roth amounts paid after the death of a participant or to someone other than a participant.

A surviving spouse generally has the same rollover options that the participant would have had with respect to Roth amounts, as described elsewhere in this notice. In the alternative, the surviving spouse may do a rollover to a Roth IRA, which may be treated as his or her own Roth IRA or an inherited Roth IRA. A Roth IRA you treat as your own is treated like any other Roth IRA of yours, so that you will not have to receive any required minimum distributions during your lifetime and earnings paid to you in a nonqualified distribution before you are age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies).

If you treat the Roth IRA as an inherited Roth IRA, payments from the Roth IRA will not be subject to the 10% additional income tax on early distributions, but the inherited Roth IRA is subject to required minimum distributions. If the participant had started taking required minimum distributions from the Plan, you will have to receive required minimum distributions from the inherited Roth IRA. If the participant had not started taking required minimum distributions, you will not have to start receiving required minimum distributions from the inherited Roth IRA until the year the participant would have reached the RMD age set by the IRS.

A surviving beneficiary other than a spouse may only do a direct rollover to an inherited Roth IRA. Payments from the inherited Roth IRA, even if made in a nonqualified distribution, will not be subject to the 10% additional income tax on early distributions, but the inherited Roth IRA will be subject to the required minimum distribution rules. If the participant died after December 31, 2019, all required minimum distributions must be made by the end of the 10th year after participant's death.

FOR MORE INFORMATION

You may wish to consult with the Plan administrator or a professional tax advisor, before taking a payment from the Plan. Also, you can find more detailed information on the federal tax treatment of payments from employer plans in: IRS Publication 575, Pension and Annuity Income; IRS Publication 590, Individual Retirement Arrangements (IRAs); and IRS Publication 571, Tax- Sheltered Annuity Plans (403(b) Plans). These publications are available from a local IRS office, on the web at www.irs.gov, or by calling 1-800-TAX-FORM.