First Security Benefit Life Insurance and Annuity Company of New York

Annuitization

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

Instructions

Please type or print. Use this form to begin annuity payments. Complete each section of the form. If you select a life annuity option in Section 2, you must also provide proof of age, such as:

- Birth Certificate
- School or College Record
- Passport
- Naturalization Papers
- Military Record
- Driver's License

Note: If you wish to postpone annuity payments and want to begin Scheduled Systematic Withdrawals only, you must complete the Scheduled Systematic Withdrawal form.

If your account is a retirement savings plan, please refer to the 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. Charges may apply to withdrawals.

If you effect, or have effected, a partial exchange from a previously existing annuity contract with another carrier to an annuity contract with First Security Benefit Life Insurance and Annuity Company of New York (FSBL) under IRC Section 1035, any withdrawals from your FSBL contract done within 12 months of such partial exchange may have adverse tax consequences. Please consult your tax advisor.

1. Provide General Account Information

Contract Number _____

Name of Owner _____ (First) _____ (MI) _____ (Last)

Name of Annuitant *(if different from Owner)* _____ (First) _____ (MI) _____ (Last)

Annuitant Mailing Address _____ (Street Address) _____ (City) _____ (State) _____ (Zip Code)

Annuitant Social Security Number/Tax I.D. Number _____ **Annuitant Date of Birth** _____ (mm/dd/yyyy)

Daytime Phone Number _____ **Home Phone Number** _____

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2. Select the Annuity Payout Option

Please indicate the type of payout. Not all options are available in all products.

Please refer to your prospectus or Contract for the options available for your product.

Annuity Life Options – You must also attach proof of age.

- ○ Life Annuity
- ○ Life Annuity, Period Certain (if selected, complete Section 4)
  - ○ 5 years guaranteed ○ 10 years guaranteed ○ 15 years guaranteed ○ 20 years guaranteed
- ○ Life Annuity, Unit Refund (if selected, complete Section 4)
- ○ Joint & Contingent Survivor (you must provide the Secondary Payee Information)
- ○ Joint & Last Survivor Annuity (you must provide the Secondary Payee Information)
- ○ Period Certain Only
  - ○ 5 years guaranteed ○ 10 years guaranteed ○ 15 years guaranteed ○ 20 years guaranteed

GMIB Rider Life Options – You must also attach proof of age (if selected, complete Section 4).

- ○ Life Annuity, 10 Year Period Certain
- ○ Joint & Last Survivor, with 10 Year Period Certain (you must provide the Secondary Payee Information)
- ○ Alternate Benefit, with 15 Year Period Certain

Annuity Non-Life Options

- ○ Installment Payments, Fixed Period over_____ years
- ○ Installment Payments, Fixed Amount $ _____ per payment

Additional options may be available.

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3. Period Certain – Beneficiary Selection

Annuity Payments under a Period Certain Option are made to the Annuitant and in the event of the Annuitant's death, to the Designated Beneficiary. If the Designated Beneficiary dies prior to the end of the Period Certain, remaining payments will be made to the Designated Beneficiary's estate. The Annuitant should designate beneficiaries here in the event the beneficiary selected by the Contract Owner is not the beneficiary the Annuitant wishes.

☐ Primary Beneficiary:

For additioNal Primary Beneficiaries, please attach a separate list to the end of this form.
(must be whole numbers and total 100%)

	Primary Beneficiary Name	Address (city, state, zip)	Phone No.	Social Security No.	DOB (mm/dd/yyyy)	Relationship to Contract Annuitant	% of Benefit
1							
2							
3							

☐ Secondary Beneficiary:

For additional Secondary Beneficiaries, please attach a separate list to the end of this form.
(must be whole numbers and total 100%)

	Secondary Beneficiary Name	Address (city, state, zip)	Phone No.	Social Security No.	DOB (mm/dd/yyyy)	Relationship to Contract Annuitant	% of Benefit
1							
2							
3							

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4. Provide the Secondary Payee Information

Only complete this section if you selected the Joint & Contingent Survivor or Joint & Last Survivor Option.
Please refer to your prospectus or Contract for the options available for your product. The Secondary Payee named below will receive any payments due upon death of the first payee. Proof of the age of the Secondary Payee must be attached.

Percent of the original amount of each installment paid to the surviving payee upon death of the first payee:

○ 100% ○ 75% ○ 66 2/3% ○ 50%

Relationship: ○ Spouse ○ Non-Spouse

Name of Secondary Payee _____ (First) _____ (MI) _____ (Last) ○ Male ○ Female

Mailing Address _____ (Street Address) _____ (City) _____ (State) _____ (Zip Code)

Social Security Number/Tax I.D. Number _____ Date of Birth _____ (mm/dd/yyyy)

Daytime Phone Number _____ Home Phone Number _____

5. Select the Annuitization Date and Frequency

Please begin the Annuitization on: _____
(mm/dd/yyyy - must be between the 1st and 28th of the month)

And continue: ○ Monthly ○ Quarterly ○ Semi-annually ○ Annually

If no date is indicated, or date is prior to date of receipt, the first distribution will occur on date the request is received in proper form.

6. Investment Basis

I have been given a current Prospectus: ○ Yes ○ No

Please indicate how the funds are to be invested during the annuitization phase (select one):

○ Leave the funds in the current investments. (If no option is selected the funds will remain in the current investments.)

○ 100% Fixed Account (If choosing the GMIB payout, funds will purchase a Fixed Annuity.) (Please contact your financial professional to confirm its availability for your contract.)

○ Specific percentages as indicated below in whole percents:

	Investment Option
_____ %	_____
_____ %	_____
_____ %	_____
_____ %	_____
_____ %	_____
_____ %	_____

MUST TOTAL 100%

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.

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

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8. Provide Bank Information

Only complete this section if you selected EFT above. Please provide your bank information below. **Bank account owner must be the same as annuitant. Direct Deposit is not permitted to a third-party account.** If any information is missing your request may be delayed.

A copy of a BLANK voided check is required in order for funds to be distributed electronically. Attach copy of a BLANK voided check below. If a copy of a BLANK voided check is not received or is not in good order, 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.

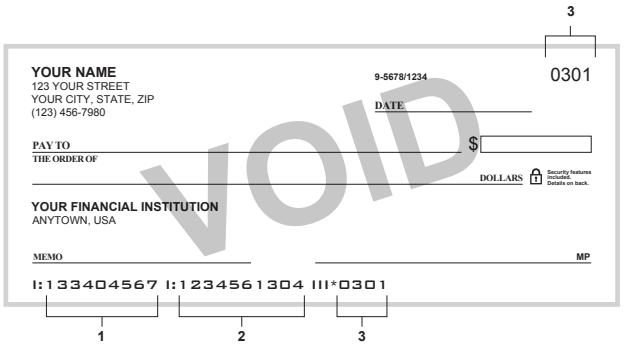
Funds may be distributed to a checking account only.

Bank Name _____

Name on Bank Account _____
(Must be the same as annuitant)

Bank Routing Number _____

Bank Account Number (Do not include check number) _____



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 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).

10. Loan Acknowledgment

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

- ☐ I understand in order to process this annuitization request all loans on the account must be paid in full, either 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.

11. Provide Signatures

I understand, acknowledge and certify that:

- First Security Benefit Life Insurance and Annuity Company of New York ("FSBL"), will initiate electronic deposits to my bank account as indicated on this form. FSBL may make additional attempts to deposit if the initial attempt fails. I will be liable for any costs associated with these additional attempts. This service is established solely for my convenience and will remain in effect until FSBL receives cancellation, which will be effective within 30 days of receipt. This service may be suspended, terminated or modified at any time.
- I am solely responsible for all tax obligations, or possible tax penalties, arising from this distribution, and for compliance with the laws, regulations and restrictions governing such withdrawals.
- 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.
- 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 FSBL 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.

X _____ Signature of Annuitant _____ Signature Date (mm/dd/yyyy)

X _____ Signature of Secondary Payee (if applicable) _____ Signature Date (mm/dd/yyyy)

X _____ Signature of Owner (if different than Annuitant) _____ Signature Date (mm/dd/yyyy)

X _____ Signature of Joint Owner (if applicable) _____ Signature Date (mm/dd/yyyy)

X _____ Signature of Financial Professional (optional) _____ Signature Date (mm/dd/yyyy) _____ Print Name of Financial Professional

12. 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.

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) _____ Signature Date (mm/dd/yyyy) _____ Title

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

Please keep the following pages for your records.

Mail to:

First Security Benefit Life Insurance and Annuity Company of New York | Administrative Office

P.O. Box 750497 | Topeka, Kansas 66675-0497

Fax to: 785.368.1772

Visit us online at FSBL.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 59½), 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.

- If you do a direct rollover, 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.
- If you do not do a direct rollover, you may still do a rollover by making a deposit into an IRA or eligible employer plan that will accept it. 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 after age 70½ (If you were born before July 1, 1949) or age 72 (if you were born after June 30, 1949) (or after death);
- 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 applies to the part of the distribution that you must include in income and is in addition to the regular income tax on the payment not rolled over.

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

After-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. Private letter ruling requests require the payment of a nonrefundable user fee. For more information, see IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs).

If you have an outstanding loan that is being offset

If you have an outstanding loan from the Plan, your Plan benefit may be offset by the outstanding 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 sever 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

If the Plan is a governmental section 457(b) plan, the same rules described elsewhere in this notice generally apply, allowing you to roll 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. If you receive a payment from the Plan as the surviving spouse of a deceased participant, you have the same rollover options that the participant would have had, as described elsewhere in this notice. In addition, if you choose to do a rollover to an IRA, you may treat the IRA as your own or as an inherited IRA.

  An IRA you treat as your own is treated like any other IRA of yours, so that payments made to you before you are age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies) and required minimum distributions from your IRA do not have to start until after you are age 70½ from your IRA do not have to start until after you are age 70½ (if born before July 1, 1949) or age 72 (if born after June 30, 1949).

  If you treat the IRA as an inherited IRA, payments from the IRA will not be subject to the 10% additional income tax on early distributions. However, if the participant had started taking required minimum distributions, you will have to receive required minimum distributions from the inherited IRA. If the participant had not started taking required minimum distributions from the Plan, you will not have to start receiving required minimum distributions from the inherited IRA until the year the participant would have been age 70½ (if born before July 1, 1949) or age 72 (if born after June 30, 1949).
- If you are a surviving beneficiary other than a spouse. If you receive a payment from the Plan because of the participant's death and you are a designated beneficiary other than a surviving spouse, the only rollover option you have is to do a direct rollover to an inherited IRA. 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

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

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 (generally, distributions made before age 59½) will also apply to the earnings (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 for health insurance premiums after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

Payments 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 been age 70½ (if born before July 1, 1949) or age 72 (if born after June 30, 1949).

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.