Principal Financial Group

Mailing Address:
Des Moines, IA 50392-0001
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Principal Life Insurance Company

Polk County 457 Employee Contribution Plan Early Withdrawal of Benefits

CTD00603

Complete this form to withdraw part of your retirement account in cash while still employed.
Participant completes Sections 1, 2, 3, 4 and 5. Plan Sponsor/Employer completes Section 6.

Section 1 – Personal Information (Please print using black ink)

Plan Sponsor Name					Contract No./Plan ID No.
Polk County, Iowa					4-58478
Participant Name (First)	(Middle)	(Last)		Social Security Number	I.D. Number
Participant Street Address		City		State	ZIP Code + 4

☐ I am a U.S. Person. (This includes a resident alien of the United States.

☐ I am not a U.S. Person. (Note: Please complete and submit the appropriate version of IRS Form W-8 when returning this form.)
To learn more about how a U.S. Person is defined, please refer to Internal Revenue Service Publications 515 and 519, available on their web site www.irs.gov, or you may request a copy by calling 1-800-829-3676. Your tax advisor can also provide assistance.

Section 2 – Type of Withdrawal (Refer to your plan document to determine which option is available.)

☐ **Unforeseeable Emergency -** Withdrawal of vested benefit upon proof of certain financial hardships as defined by the IRS.

☐ **De Minimis In-Service Withdrawal -** Withdrawal of vested benefit in accordance with plan provisions if no amount has been deferred under the plan for this participant for 2 years, account balance is $5,000 or less, the participant has not previously received a distribution and the participant is 100% vested.

☐ **Rollover Withdrawal -** Withdrawal of Employee Rollover Contributions.

☐ **Age 70½ Withdrawal -** Withdrawal at or after age 70½ and still employed.

☐ **Active Military – Deemed Severance*** - Participants who serve a period of military service for more than 30 days may request a distribution of amounts attributable to Elective Deferral contributions.

☐ **Other Withdrawal -** Withdrawal for purchase of permissive service credits (as defined in Code Section 414(n)(3)(A)).

*Elective Deferral contributions will be suspended for a period of 6 months from the date of the distribution and will resume after the suspension period ends in an amount defined by the plan. If you have questions, contact us at 1-800-547-7754.

Section 3 – Amount of Withdrawal

I would like to withdraw $ ___________________ or (indicate a __________% (designate a percentage from 1 to 100%).

Due to market fluctuation, the amount available for withdrawal may be less than originally requested, in which case we will process a withdrawal for the maximum amount available.

My withdrawal should be:

☐ Gross Distribution (check amount equals specified amount, less required taxes)

☐ Net of Taxes (check amount equals amount specified)

Note: The withdrawal will be treated as a gross distribution, unless otherwise elected above. The requested withdrawal amount will be prorated from all applicable contribution types and investments in the account, unless instructed otherwise on a separate sheet of paper that must accompany this withdrawal form. **All withdrawals from Guaranteed Interest are taken from the most current Guaranteed Interest Account, unless you tell us otherwise.**

If a withdrawal request is to be issued as a ***Direct Rollover***, complete **Option C** under *Method for Receiving Your Funds*. An unforeseeable withdrawal cannot be issued as a Direct Rollover.

Caution: A charge may apply to early withdrawals from the Guaranteed Interest Account. Call the us at 1-800-547-7754 for current rates and to determine if other contract charges may apply.

Revocability of Benefit Election:
You have elected to distribute your retirement funds according to the directions you have given on this form. Your election becomes irrevocable once the request is processed.

For Account Information 24 hours a day 1-800-547-7754
Retirement Professionals are available:
7 A.M. – 9 P.M. Central Time (Monday – Friday)

Method for Receiving Your Funds

Choose option A, B or C below. Please send my withdrawal payment via:

A. ☐ Direct Deposit

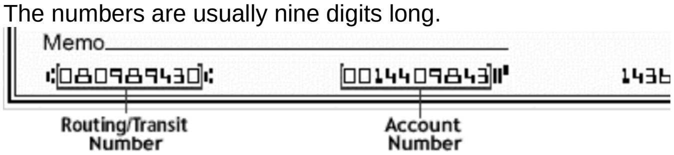
Financial Institution Information: *Please enclose a voided check (if applicable) and complete the following information:*

Financial Institution Name	Your Name as Shown on the Account (Your name must be on the account indicated)		
Financial Institution Address (street number and name, must be located in the U.S.)	City	State	Zip Code

Routing/Transit Number (9 digits)	Your Account Number (up to 21 digits)	Account Type
		☐ Savings ☐ Checking

How to find the Routing/Transit Number:

You can usually find the routing/transit number at the bottom left-hand corner of the checks issued to you by your financial institution. The numbers are usually nine digits long.



B. ☐ Check

Mail check to (Only complete if mailing address is different than Section 1):

Name		
Mailing Address		
City	State	Zip Code Plus 4-digit

C. ☐ Direct Rollover (No portion of an unforeseeable withdrawal is eligible for rollover.)

I Elect My Direct Rollover To A:

☐ Traditional IRA

☐ Roth IRA

☐ Transfer for Permissive Service Credit

Receiving Financial Institution Information

Name of Financial Institution, Trust Account or Trustee	Account Number or Identification Number (Optional)	
Mailing Address of Financial Institution (Street or PO Box)	Name of Agent/Broker or Contact at Financial Institution (Optional)	
City of Financial Institution	State of Financial Institution	Zip code plus 4-digit

Mailing Information

NOTE: The Principal® will mail only the check(s) to you or the financial institution. If additional documents must accompany a check to a financial institution, have the check mailed to you so you can include the additional documents that are required.

Mail check(s) to:

☐ The financial institution listed above in Option C.

☐ To me at the address provided in Section 1.

☐ Other – To me at the address shown below:

Name	Name of Agent/Broker or Contact at Financial Institution (Optional)	
Mailing Address (Street or PO Box)	Name of Agent/Broker or Contact at Financial Institution	
City	State	ZIP code plus 4-digit

Section 4 – Income Tax Withholding – Federal and State

Principal Life Insurance Company (Principal Life) is required to withhold 20% for federal taxes on the taxable portion of distributions that are eligible for rollover but paid in cash from a governmental 457(b) retirement plan. You may also need to pay a 10% additional income tax on the part of the withdrawal attributable to your rollover account (if any). Amounts rolled over to this plan from another type of eligible employer plan may be subject to the 10% additional income tax unless you are older than 59½, disabled, or age 55 or older when separated from service. (See Your Rollover Options for more information.)

*No portion of the unforeseeable emergency withdrawal is eligible for rollover. Principal Life will withhold 10% for federal income taxes on this amount.

☐ Yes ☐ No Do you want Principal Life to withhold the 10% additional income tax?

State income tax withholding may apply to your cash withdrawal. The address and state you use on this form will be used as your state of residence to determine whether state taxes apply, unless you tell us otherwise. Additional state-specific forms may be needed for states that don't require withholding. Contact your state income tax authority for more information.

Section 5 – Participant's Signature

Legal Requirement* - This is an important decision. Before signing, be sure you understand what retirement benefits you'll receive and what benefits you'll no longer be eligible to receive.

I reviewed the attached Your Rollover Options regarding Plan Payments and I understand my benefit options.

I accept the benefits elected in full settlement and complete satisfaction of my benefits provided by the plan. I understand the relationship between my benefit election(s) and income tax withholding and have consulted a tax advisor, if necessary. I certify the information I provided on this form is accurate and complete. This election cancels any prior election I made under this plan.

Federal tax law requires a payment cannot be made sooner than 30 days, nor later than 90 days after I receive the *Early Withdrawal of Benefits form*. However, my signature below is an affirmative election for the distribution option chosen on this election form and waives the 30-day waiting period as allowed by law. **I understand if 90 days has passed since I received the *Early Withdrawal of Benefits form*, I should request another copy to restart the time limit described above.**

If using Direct Deposit:

I authorize Principal Life to initiate credit entries to my checking or savings account at the financial institution named within the *Method for Receiving Your Funds* section, and if necessary, to initiate debit entries and adjustments to correct any credit entries made in error. I authorize the financial institution to credit and/or debit entries to my checking or savings account. This authorization applies to any payments that hereafter become due and payable to me under the provisions of the plan(s) identified by the Social Security Number identified within this distribution form.

The authorization is to remain in full force until I notify Principal Life in writing at its Home Office that the agreement is no longer effective. This election will update any Direct Deposit authorization agreement on file.

Date I received the Early Withdrawal of Benefits form:	/ /	

CERTIFICATION: UNDER THE PENALTIES OF PERJURY, I certify with my signature below that the information provided in each completed section of this form is/are true, correct, and complete.

Participant Signature	Date
X	/ /

* *The information and signatures in these sections are required by Internal Revenue Code §* 402(f).

Your balance, and thus the amount of your final payout, changes daily due to a number of factors, including the current market value of your investments.

Redemption fees may apply on certain transactions. For further information on redemption fees, please login to your account at principal.com

Section 6 – Plan Sponsor (to be completed by your Employer)

I certify the above information is true and correct. I authorize Principal Life to make a distribution to this participant according to the terms of our plan.

Note: The law requires that participants must be given written information on the rules pertaining to taxation and rollover of plan payments at least 30 days before the payment is made. The "Your Rollover Options" section of this form satisfies this requirement. The participant may affirmatively elect to waive the 30-day waiting period by providing his or her signature in the space provided above under Section 5.

Issue Check To: ☐ Participant	Mail Check To: ☐ Participant ☐ Plan Sponsor	**Plan Sponsor Signature** X	Date / /

Pennsylvania or New Jersey State Tax

☐ Yes ☐ No Does participant have deferrals in the plan that have already been taxed by the state of Pennsylvania or New Jersey?

☐ Yes ☐ No If yes, have all elective deferrals accumulated in this participant's account been taxed by the state of Pennsylvania or New Jersey?

If no, what is the amount that has been taxed by the state of Pennsylvania or New Jersey? $____________________

You are receiving this notice because the payment you are receiving from this governmental 457(b) plan may be eligible to be rolled over to an IRA or another eligible employer plan. This notice is intended to help you decide whether to do such a rollover.

This notice describes the rollover rules that apply to payments from the plan that are not from a designated Roth account (a type of account with special rules in some employer plans). If you also receive a payment from a designated Roth account in the plan, please refer to pages 8-11 with respect to that payment.

Rules that apply to most payments from a plan are described in the "General Information About Rollovers" section. Special rules that only apply in certain circumstances are described in the "Special Rules and Options" section.

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 59 ½ and do not do a rollover, you may also have to pay a 10% additional income tax on early distributions if the payment contains funds 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 (unless an exception applies). 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 59 ½ (or if an exception applies). 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 59 ½ will be subject to the 10% additional income tax on early distributions (unless an exception applies).

Where may I roll over the payment?

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 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.

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. 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 other than employer stock). 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 59 ½ (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 70 ½ (or after death)
- Unforseeable Emergency Withdrawal 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)
- Cost of life insurance paid by the plan
- Contributions made under special automatic enrollment rules that are withdrawn pursuant to your request within 90 days of enrollment

Call 1-800-547-7754, 7 a.m. - 9 p.m. Monday - Friday (Central Time) to find out 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 from the plan 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.
- 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 made due to disability
- Payments after your death
- Corrective distributions of contributions that exceed tax law limitations
- Cost of life insurance paid by the plan

If you have additional questions after reading this notice, call 1-800-547-7754, 7 a.m. - 9 p.m. Monday - Friday (Central Time).

- Payments made directly to the government to satisfy a federal tax levy
- Payments made under a qualified domestic relations order (QDRO)
- Payments up to the amount of your deductible medical expenses
- Certain payments made while you are on active duty if you were a member of a reserve component called to active 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.

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

If you receive a payment from an IRA when you are under age 59 ½, you will have to pay the 10% additional income tax on early distributions from the IRA, unless an exception applies. In general, the exceptions to the 10% additional income tax for early distributions from an IRA are the same as the exceptions listed above for early distributions from a plan. However, there are a few differences for payments from an IRA, including:

- There is no exception for payments after separation from service that are made after age 55
- The exception for 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, (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).

Will I owe state income taxes?

This notice does not describe any State or local income tax rules (including withholding rules).

SPECIAL RULES AND OPTIONS

If you miss the 60-day rollover deadline

Generally, the 60-day rollover deadline cannot be extended. However, the IRS has the limited authority to waive the deadline under certain extraordinary circumstances, such as when external events prevented you from completing the rollover by the 60-day rollover deadline. To apply for a waiver, you must file a private letter ruling request with the IRS. Private letter ruling requests require the payment of a nonrefundable user fee. For more information, see IRS Publication 590, 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 benefits may be offset by the amount of the loan, typically when you employment ends. The loan offset amount is treated as a distribution to you at the time of the offset and will be taxed (including the 10% additional income tax on early distributions, unless an exception applies) unless you do a 60-day rollover in the amount of the loan offset to an IRA or employer plan..

If 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. If you do not do a rollover, you will not have to pay the 10% additional income tax on early distributions from plan even if you are under age 59 ½ (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 59 ½ 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".

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

If 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

You can roll over a payment from the plan made before January 1, 2010 to a Roth IRA only if your modified adjusted gross income is not more than $100,000 for the year the payment is made to you and, if married, you file a joint return. These limitations do not apply to payments made to you from the plan after 2009. If you wish to roll over the payment to a Roth IRA, but you are not eligible to do a rollover to a Roth IRA until after 2009, you can do a rollover to a traditional IRA and then, after 2009, elect to convert the traditional IRA to a Roth IRA.

If you roll over the payment to a Roth IRA, a special rule applies under which the amount of the payment rolled over 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). For payments from the plan during 2010 that are rolled over to a Roth IRA, the taxable amount can be spread over a 2-year period starting in 2011.

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 59 ½ (or after your death or disability, or as a qualified first-time homebuyer distribution of up to $10,000) and 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, Individual Retirement Arrangements (IRAs).

You may convert a payment from the plan to a designated Roth account in an employer plan if the plan permits.

If you convert non-Roth funds within the plan

As of September 27, 2010 the Small Business Jobs and Credit Act (SMJCA) enables qualified 401(k), 403(b) and after December 31, 2010 governmental 457(b) plans which permit Roth elective deferral contributions to offer in-plan conversions of non-Roth account balances – provided the funds to be converted are distributable as an eligible rollover distribution per the terms of the plan.

If you roll over (convert) the payment 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). For payments from the plan in 2010 that are rolled over to a designated Roth account in the plan (and that are not distributed from that account until after 2011), the taxable amount of the rollover will be taxed half in 2011 and half in 2012, unless you elect to be taxed in 2010.

If you roll over (convert) the payment to a 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 attain age 59½ (or after your death or disability) and after you have had a designated Roth account in the plan for a period of at least 5 years. The 5-year period described in the preceding sentence begins on 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 your first contribution was made 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 allocable to earnings after the rollover, including the 10% additional 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.

> **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 59 ½ 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 70 ½.

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 70 ½.

> **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. (Note: this option may not be available in the plan until the 2010 plan year). 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.

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 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). 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 se 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 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, the plan is not required to allow you to do a direct rollover and is not required to withhold federal income taxes. However, you may do a 60-day rollover.

Unless you elect otherwise, a mandatory cashout of more than $1,000 will be directly rolled over to an IRA chosen by the plan administrator. A mandatory cashout is a payment from the 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 (or such lower amount stated in the plan) 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.

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, or on the web at www.irs.gov, or by calling 1-800-TAX-FORM.

You are receiving this notice because the payment you are receiving from this governmental 457(b) plan may be eligible to be rolled over to an IRA or another eligible employer plan. This notice is intended to help you decide whether to do such a rollover.

This notice only describes the rollover rules that apply to any payments from the plan that are from a designated Roth account, if such account is available in your employer's plan. If you receive a payment from the plan that is not from a designated Roth account, refer to the information on pages 4-7 with respect to that payment.

Rules that apply to most payments from a designated Roth account are described in the "General Information About Rollovers" section. Special rules that only apply in certain circumstances are described in the "Special Rules and Options" section.

GENERAL INFORMATION ABOUT ROLLOVERS

How can a rollover affect my taxes?

Payments from a designated Roth account are not taxed, but earnings might be taxed. The tax treatment of earnings included in the payment depends on whether the payment is a qualified distribution. 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.

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 (unless an exception applies). However, if you do a rollover, 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.

A qualified distribution from a designated Roth account in the plan is a payment made 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 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.

Where may I roll over the payment?

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, section 403(b) plan or governmental 457(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.

How do I do a rollover?

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

If you do a direct rollover, the plan will make the payment directly to your Roth IRA or designated Roth account in an employer plan. You should contact the Roth 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 within 60 days into a Roth IRA, whether the payment is a qualified or nonqualified distribution. In addition, you can do a rollover by making a deposit within 60 days into a designated Roth account in an employer plan if the payment is a nonqualified distribution and the rollover does not exceed the amount of earnings in the payment. You cannot do a 60-day rollover to an employer plan of any part of a qualified distribution. If you receive a distribution that is a nonqualified distribution and you do not roll over an amount at least equal to the earnings allocable to the distribution, you will be taxed on the amount of those earnings not rolled over, including the 10% additional income tax on early distributions if you are under age 59½ (unless an exception applies).

If you do a direct rollover of only a portion of the amount paid from the plan and a portion is paid to you, each of the payments will include an allocable portion of the earnings in your designated Roth account.

If you do not do a direct rollover and the payment is not a qualified 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.

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 (or after death)
- Unforseeable Emergency Withdrawal 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)
- Cost of life insurance paid by the plan
- Contributions made under special automatic enrollment rules that are withdrawn pursuant to your request within 90 days of enrollment

Call 1-800-547-7754, 7 a.m. - 9 p.m. Monday - Friday (Central Time) to find out 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 a payment is not a qualified distribution and you are under age 59½, you will have to pay the 10% additional income tax on early distributions with respect to the earnings allocated to the payment that you do not roll over (including amounts withheld for income tax), unless one of the exceptions listed below applies. This tax is in addition to the regular income tax on the earnings not rolled over.

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

- Payments from the plan 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.
- 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 made due to disability
- Payments after your death
- Corrective distributions of contributions that exceed tax law limitations
- Cost of life insurance paid by the plan
- Payments made directly to the government to satisfy a federal tax levy
- Payments made under a qualified domestic relations order (QDRO)
- Payments up to the amount of your deductible medical expenses
- Certain payments made while you are on active duty if you were a member of a reserve component called to active 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.

If I do a rollover to a Roth IRA, will the 10% additional income tax apply to early distributions from the 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 listed above are the same as the exceptions for early distributions from a plan, However, there are a few differences for payments from a Roth IRA including:

- There is no exception for payments after separation from service that are made after age 55
- 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, (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).

Will I owe state income taxes?

This notice does not describe any State or local income tax rules (including withholding rules).

SPECIAL RULES AND OPTIONS

If you miss the 60-day rollover deadline

Generally, the 60-day rollover deadline cannot be extended. However, the IRS has the limited authority to waive the deadline under certain extraordinary circumstances, such as when external events prevented you from completing the rollover by the 60-day rollover deadline. To apply for a waiver, you must file a private letter ruling request with the IRS. Private letter ruling requests require the payment of a nonrefundable user fee. For more information, see IRS Publication 590, 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 benefits may be offset by the amount of the loan, typically when you employment ends. The loan offset amount is treated as a distribution to you at the time of the offset and will be taxed (including the 10% additional income tax on early distributions, unless an exception applies) unless you do a 60-day rollover in the amount of the loan offset to a Roth IRA or designated Roth account in an employer plan.

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

If 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 nonqualified distributions 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 are not a plan participant

Payments after death of 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, whether the payment is a qualified distribution generally depends on when the participant first made a contribution to the designated Roth account in the plan. Also, 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 receive a nonqualified distribution and 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 a Roth IRA, you may treat the Roth IRA as your own or as 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. An 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 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 the surviving spouse, the only rollover option you have is to 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. You will have to receive required minimum distributions from the inherited Roth IRA.

Payments under a qualified domestic relations order. If you are the spouse or a former spouse of the participant who receives a payment from the plan under a qualified domestic relations order (QDRO), you may generally have the same options the participant would have (for example, you may roll over the payment as described in this notice).

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 the 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 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 (only including payments from the designated Roth account in the plan) are less than $200, the plan is not required to allow you to do a direct rollover and is not required to withhold federal income taxes. However, you may do a 60-day rollover.

Unless you elect otherwise, a mandatory cashout from the designated Roth account in the plan of more than $1,000 will be directly rolled over to a Roth IRA chosen by the plan administrator. A mandatory cashout is a payment from the 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 (or such lower amount stated in the plan) 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.

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, or on the web at www.irs.gov, or by calling 1-800-TAX-FORM.