



# 403(b)(7) Distribution Form

Use this form to request a distribution from your Invesco 403(b)(7) account. We recommend that you speak with a tax advisor or financial professional regarding the consequences of this transaction.

**Do not use this form to:**

- Request a distribution from an Invesco Optional Retirement Program (ORP) account. Please submit the ORP Distribution Form.
- Request a loan distribution. Please submit the Invesco Solo 401(k) and 403(b)(7) Loan Application and Agreement.
- Request a transfer due to death or a distribution from a beneficiary status account. Please submit the Invesco 403(b)(7) Beneficiary Transfer/Distribution Form.

**Important:** Your request may be denied if employer or Third Party Administrator (TPA) authorization is not provided in section 12. Alternatively, a letter of authorization from employer or TPA may be attached.

*\*Required*

PLEASE USE BLUE OR BLACK INK

PLEASE PRINT CLEARLY IN BLOCK CAPITAL LETTERS

## 1 | Participant and Plan Information

Social Security Number\*

Invesco Account Number or Plan ID

Participant's Full Name *(Please print name as it appears on account.)*

Primary Phone Number

Email Address

Date of Birth (mm/dd/yyyy)

Employer/Plan Name

## 2 | Reason for Distribution *(Required. Select one.)*

A distribution cannot be made from a 403(b) except for the following reasons. Refer to the Additional Information section for important details regarding your distribution.

**Important:** Your employer, or your employer's authorized agent, may be required to approve any distributions from your 403(b). Please contact your employer to determine the procedures you must follow to obtain a distribution. Additional paperwork may be required by your employer.

- Attainment of Age 59½ (Normal)** — *(Complete sections 3, 4, 8, 9, 11, 12 if applicable.)*
- Severance from Employment** — *(Complete sections 3, 4, or 7 as applicable, 8, 9, 11, 12.)*
- Required Minimum Distribution (RMD)** — *Not eligible to rollover. (Complete sections 3, 5, 9, 11, 12 if applicable; if participant is calculating RMD, also complete section 9.)*
- Disability as defined by Internal Revenue Code Section 72(m)(7)** — *(Complete sections 3, 4, 8, 9, 11, 12.)*
- Qualified Domestic Relations Order (Divorce)** — *(To transfer assets to the alternate payee, complete section 6, 8, 10, 11, 12; if distributing assets previously transferred to the alternate payee's account, complete sections 3, 4, 8, 9, 10.)*
- Termination of Employer's 403(b) Plan** — *(Complete sections 3, 4, 8, 9, 11, 12.)*
- Removal of Excess 403(b)(7) Contributions** — *Not eligible to rollover. (Complete sections 8, 9, 11, 12 if applicable.)*

Year of Excess  Excess Contribution \$

**Important:** The following options are only available for accounts originated with OppenheimerFunds and accounts held at Invesco after 2018.

- In-Service Distribution** — Available from employer contributions only. *(Complete sections 3, 4, 8, 9, 11, 12.)*
- Financial Hardship** — Available from salary deferral contributions only. *(Complete sections 3, 4, 8, 9, 11, 12.)*



**3 | Income Tax Withholding (Complete A and B, if applicable)**

**A. Federal Income Tax Withholding**

Please read the Rollover Explanation for Qualified Plans, 403(b) Plans and Governmental 457(b) Plans at the end of this form for additional information regarding withholding requirements for your distribution.

- **If 20% mandatory withholding applies to your distribution, Invesco Investment Services, Inc. (IIS) will automatically withhold this amount.** Note: The following are generally exempt from the 20% mandatory withholding: distributions for direct rollovers, transfers of assets, RMD, return of excess contributions, financial hardship and Substantially Equal Periodic Payments. Note: Indirect rollovers are subject to 20% withholding.
- Withholding may apply to gains distributed from your designated Roth contribution account.
- **If 20% mandatory withholding does not apply to your distribution, IIS will apply 10% voluntary withholding unless you provide an alternate election below.** If your only address of record is a P.O. Box or non-U.S. address, IIS is required to withhold at the rate of 10%.

Select one.

- I do not want any federal income tax withheld from my distribution. (This election does not apply if your distribution is subject to 20% mandatory withholding.)
- I want federal income tax withholding at a rate of   %. (Must be 10% or greater)

**B. State Income Tax Withholding (Applicable to California residents only.)**

If federal tax is withheld, state tax withholding is mandatory for California residents, unless you specifically elect not to have state taxes withheld or to withhold tax at different rate. If you do not select an option below, Invesco is required to withhold California state income tax equal to 10% of federal taxes withheld.

- I do not want California state income taxes withheld.
- I want California state income tax withheld at a rate of   % of the federal income tax withholding amount.

**4 | Distribution Instructions (Complete A and B.)**

**A. Amount of Distribution: (Select one.)**

- I have an outstanding loan, distribute the entire amount and offset the loan.  
Date Separated from Service (mm/dd/yyyy)\*   /   /
- I have an outstanding loan, distribute the entire amount available. I understand a sufficient amount must remain in the account to secure the loan and keep the loan active.
- Distribute the following dollar amount from the account: \$    ,    .    
I understand that the amount of the distribution that I receive will be reduced by any applicable contingent deferred sales charges and federal income tax withholding. (If you select the one-time distribution frequency below, this will be the amount of your one-time distribution. If you select the periodic distribution frequency below, this will be the amount of each installment.)
- Distribute the entire account.

**B. Frequency:**

If I do not select a distribution frequency below, I am directing IIS to process a one-time distribution from the account referenced in section 1. Furthermore, I understand and agree to the terms listed below:

- If the selected payment date for a monthly or quarterly draft has already passed, I am directing IIS to establish the plan for the next scheduled payment date.
- If the selected payment date for an annual draft has already passed, I am directing IIS to process the current year payment as of the date the request was received in good order.
- If I do not provide a payment date below, I am directing IIS to distribute on the 10th of the selected payment schedule.

(Select one.)

- I wish to take an immediate, one-time distribution.
  - I wish to establish a series of periodic distributions. (Select one option below.)
    - Monthly - One draft per month on the following date:
    - Quarterly - One draft per quarter on the following date:
    - Annually - One draft per year on the following date:
- Beginning in  (month)  (year).

**5 | Required Minimum Distributions (Complete A and either B or C.)**

I authorize IIS to distribute my RMD as indicated below. Furthermore, I understand and agree to the terms listed below.

- If I do not select a distribution frequency below, I am directing IIS to process a one time distribution.
- If the selected payment date for a monthly or quarterly draft has already passed, I am directing IIS to establish the plan for the next scheduled payment date.
- If the selected payment date for an annual draft has already passed, I am directing IIS to process the current year payment as of the date the request was received in good order.
- If I do not provide a payment date below, I am directing IIS to distribute on the 10th of the selected payment schedule.

**A. Frequency: (Select one.)**

- I wish to take an immediate, one-time distribution.
  - I wish to establish a series of periodic distributions. (Select one option below.)
    - Monthly - One draft per month on the following date:
    - Quarterly - One draft per quarter on the following date:
    - Annually - One draft per year on the following date:
- Beginning in  (month)  (year).

**B. Invesco to calculate:**

If IIS did not service your 403(b) account at the close of last year, please provide your December 31 account value of the prior year (including any transfers or rollovers received into the account in the current year that were disbursed from the resigning plan in the prior year). \$  ,  .

**Note:** If this method is selected *proportionate* is the only allocation option available.

I would like IIS to calculate my RMD as the participant each year and pay it out based on the following information: (Select one.)

- Determine my RMD amount using the IRS Uniform Lifetime Table.
- Determine my RMD amount using the IRS Joint Life Expectancy Table. (This option is only available if your spouse is and has been your sole primary beneficiary during the entire calendar year for which you are taking the distribution and he or she is more than ten years younger than you.)

My spouse's date of birth is: (mm/dd/yyyy)

/  /

**C. Participant to calculate:**

**Note:** The amount of your RMD will change each year based on your December 31 account value of the prior year. You are responsible for recalculating the amount of your RMD and providing IIS with new distribution instructions as applicable.

I have calculated the amount of my RMD and would like to distribute the following dollar amount from the account:

\$  ,  .  . I understand the amount of the distribution I receive will be reduced by any applicable contingent deferred sales charges and federal income tax withholding. (If you select the one-time distribution frequency, this will be the amount of your one-time distribution. If you select periodic distribution frequency, this will be the amount of each installment.)

**6 | Qualified Domestic Relations Order (Divorce) Information (Complete A and B.)**

**Important Note:** A signature from the alternate payee is required in section 10. An employer signature is required in section 12 for Qualified Domestic Relations Order (QDRO) transactions to an alternate payee. Additionally, IIS will not calculate amounts to be distributed based on account balances as of a specific date. Dollar amounts or percentages provided will be distributed based on the current account balance.

**A. Alternate Payee Information:**

Alternate Payee's Full Name

Alternate Payee's Social Security Number

Date of Birth (mm/dd/yyyy)

Alternate Payee's Mailing Address (Account statements and confirmations will be mailed to this address.)

City

State

ZIP

Primary Phone Number

Email Address

Alternate Payee's Residential Address (If different from mailing address or if a P.O. Box was given above.)

City

State

ZIP

**B. Alternate Payee Distribution/Transfer Options: (Select all that apply.)**

If there is an outstanding loan on the account, indicate if the loan should be transferred to the alternate payee under the terms of the QDRO:

The loan should:  remain on the participant's account OR  be transferred to the alternate payee OR  transferred to the alternate payee, entire loan amount distributed and offset.

Transfer and immediately distribute the following dollar amount \$  ,  .  or  % to alternate payee or new custodian.

Transfer the following dollar amount \$  ,  .  or  % to an Invesco 403(b)(7) Plan alternate payee account.

If the alternate payee is a spouse or former spouse, directly rollover the following dollar amount

\$  ,  .  or  % to alternate payee's own Invesco IRA. (Alternate payee must complete the Invesco Traditional or Roth IRA Application, unless the appropriate Invesco account is already established. Please provide the account number in section 10, if applicable.)

**7 | Series of Substantially Equal Periodic Payments (Complete A and B.)**

**Important Note:** IIS will report substantially equal periodic payment distributions as a code 1 (early distribution) on Form 1099-R. The participant is responsible for filing a Form 5329 with the IRS to report such distributions.

I wish to establish a series of periodic distributions. Furthermore, I understand and agree to the terms listed below.

- If I do not select a distribution frequency below, I am directing IIS to process a one time distribution.
- If the selected payment date for a monthly or quarterly draft has already passed, I am directing IIS to establish the plan for the next scheduled payment date.
- If the selected payment date for an annual draft has already passed, I am directing IIS to process the current year payment as of the date the request was received in good order.
- If I do not provide a payment date below, I am directing IIS to distribute on the 10th of the selected payment schedule.

**A. Frequency: (Select one.)**

- Monthly - One draft per month on the following date:
  - Quarterly - One draft per quarter on the following date:
  - Annually - One draft per year on the following date:
- Beginning in  (month)  (year).

**B. Calculation Method: (Select one.)**

- Invesco to recalculate annually using the RMD Method:** Select the life expectancy table below to be used for this calculation. If this method is selected, proportionate is the only allocation option available.
  - IRS Uniform Lifetime Table
  - IRS Single Life Expectancy Table
  - IRS Joint Life Expectancy Table

My beneficiary's date of birth is:  /  /  (mm/dd/yyyy) (If you have multiple beneficiaries, provide the oldest beneficiary's date of birth.)

- Participant has calculated payment amount using the Fixed Amortization Method or Fixed Annuitization Method:**

Distribute the following dollar amount from the account: \$  ,  .  . I understand the amount of the distribution I receive will be reduced by any applicable contingent deferred sales charges and federal income tax withholding. (This will be the amount of each installment.)

**8 | Allocation of Distribution (Complete A and B.)**

If I do not make a selection below, I'm directing IIS to distribute using the proportionate method. Shares will be redeemed from each fund and/or contribution type proportionate to the fund's or contribution type's value with respect to the total value of your account on the day IIS receives your request in good order.

**A. Distribute from the following types of contributions:**

- Pre-tax
- Roth
- Proportionate across all contribution types

**B. Distribute:**

- Proportionate across all funds
- From specific fund(s): Please indicate the fund(s) and redemption amount(s) below.

Fund Number	Fund Name	Percentage	Amount
<input type="text"/>	<input type="text"/>	<input type="text"/> or \$ <input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/> or \$ <input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/> or \$ <input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/> or \$ <input type="text"/>	<input type="text"/>
		<b>Total</b> <input type="text"/> or \$ <input type="text"/>	<input type="text"/>

**9 | Payment Options** (Refer to section 11 to determine if a signature guarantee is required.)

**Note:** Your distribution will be mailed to the address of record if no selection is made below or if a signature guarantee is required and not provided in section 11. U.S. Postal Service will not forward checks to a forwarding address.

Select only one payment option (A, B, or C)

**A. By Check:**

- Make check payable to the participant and mail to the participant's address of record.
- Make check payable to new custodian or plan trustee and mail to the address given below.  
(Signature guarantee is required unless a letter of acceptance is attached.)  
This is a:  Direct rollover contribution to a qualifying retirement plan or IRA.  
 Qualified rollover contribution (QRC) conversion to a Roth IRA.
- Mail check to third party (including beneficiary and alternate payee) address.

Make check payable to:

Mailing Address (Including apartment or P.O. Box number)

City

State

ZIP

**B. To Bank:** (If banking information is provided and a single delivery option is not selected, proceeds will be sent via Automated Clearing House (ACH).)

- Wire proceeds to my bank account. (Not available for periodic payments. An incoming wire fee may be assessed by your financial institution.)
- ACH Transfer to my bank account. (Allow 2–3 business days to receive your proceeds.)

**Note:** Unless instructed otherwise, IIS will replace your current bank information with the new bank information provided below.

Account Type:  Checking  Savings

Name(s) on Bank Account  
\_\_\_\_\_  
\_\_\_\_\_

Pay to the order of \_\_\_\_\_ \$

\_\_\_\_\_

**Please tape your voided check here.**

Routing Number  Account Number

**C. Deposit Into an Invesco Account:**

- Direct rollover/QRC proceeds in kind into an Invesco Traditional or Roth IRA. I understand the fund selection will remain the same and an exchange may be requested separately. (Please provide existing Invesco account number or complete and attach the Invesco Traditional or Roth IRA Application.)

Existing Invesco Traditional IRA Account Number:

Existing Invesco ROTH IRA Account Number:

PLEASE USE BLUE OR BLACK INK

PLEASE PRINT CLEARLY IN BLOCK CAPITAL LETTERS

- Deposit the proceeds into a new Invesco non-retirement account in kind. I understand the fund selection will remain the same and an exchange may be requested separately. *(Please complete and attach the appropriate Invesco account applicaton.)*
- Deposit the proceeds in kind into my brokerage account identified below. I understand the fund selection will remain the same. *(A letter of acceptance from the new custodian must be attached.)*

Type of retirement plan

Brokerage Account Number

Brokerage Firm Name

**10 | Authorization and Signature of Alternate Payee** *(Please sign and date below.)*

If you are a Non-Resident Alien you must cross out the Substitute Form W-9 section below and instead attach a completed IRS Form W-8 to this form.

**Request for Taxpayer Identification Number** (Substitute Form W-9)  
 Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number, **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 **(c)** the IRS has notified me that I am no longer subject to backup withholding, **and**
3. I am a U.S. person (including a U.S. resident alien), **and**
4. The requirement to provide FATCA exemption codes does not apply.

**Certification instructions.** You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, 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 TIN.

I certify that the information given is true and accurate, and I authorize and direct the custodian to distribute/transfer my portion of the assets according to the instructions provided on this form.

In addition, by signing this form, I understand and acknowledge that (i) the sponsoring employer may be required to execute any and all other documents, and to provide and/or share any and all other information, necessary to comply with Section 403(b) of the Code and the final regulations promulgated there under and (ii) there is the risk that if the sponsoring employer and/or the plan is not in compliance with Section 403(b) of the Code and the final regulations promulgated there under that the distribution or transfer being made by IIS under this form may be disqualified by the Internal Revenue Service and reportable by IIS.

Signature\*

Date (mm/dd/yyyy)

X



PLEASE USE BLUE OR BLACK INK

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**11 | Authorization and Signature of Participant (Please sign and date below.)**

I authorize and direct the custodian to distribute/transfer the assets according to the instructions provided on this form. I certify the information I have provided in connection with this request is true and accurate. I certify that I have read and completed the instructions on this form and that I have consulted with my tax advisor, or that I otherwise fully understand the tax and other legal consequences of this request for distribution(s) from the Invesco sponsored 403(b) account listed on this form. I understand that I am responsible for knowing whether this distribution(s) complies with applicable tax laws; and that I am responsible for reporting and paying all applicable taxes on this distribution(s).

**If your plan is subject to ERISA, spousal consent may be required prior to authorizing a distribution from the 403(b) plan.**

In addition, by signing this form, I understand and acknowledge that the sponsoring employer may be required to execute any and all other documents, and to provide and/or share any and all other information necessary to comply with Section 403(b) of the Code and the final regulations promulgated there under.

Signature\*

Date (mm/dd/yyyy)

X

/  /

**A signature guarantee is required under the following circumstances:**

- Redemption proceeds will exceed \$250,000 per fund.
- Redemption proceeds to be paid to someone other than the participant.
- Redemption proceeds to be sent somewhere other than the address of record or bank of record on the account.
- Proceeds of an unscheduled redemption will be sent to an address or bank of record that has been on your Invesco account less than 15 days.

<b>Signature Guarantee:</b> (Please place signature guarantee stamp below.)	Each signature must be guaranteed by a bank, broker-dealer, savings and loan association, credit union, national securities exchange or any other "eligible guarantor institution" as defined in rules adopted by the Securities and Exchange Commission. Signatures may also be guaranteed with a medallion stamp of the STAMP program or the NYSE Medallion Signature Program, provided that the amount of the transaction does not exceed the relevant surety coverage of the medallion. <b>A signature guarantee may NOT be obtained through a notary public.</b>
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**Note:** Endorsement guarantee is not acceptable.

**12 | Authorization and Signature of Employer or Third Party Administrator (Please sign and date below if applicable.)**

**IMPORTANT:** IIS requires the employer or authorized Third Party Administrator on file with IIS to certify factual information within its knowledge as employer prior to making any distributions to the participant from the account.

The information provided in connection with this request is true and accurate. The distribution directed is one that the participant is permitted to receive, and I certify the participant has met all requirements, including any applicable spousal consent requirements. If the request is for a distribution of rollover contributions, I certify the amount requested does not exceed the value of rollovers deposited in the plan plus earnings. If the distribution requested is due to financial hardship, I certify the requested amount does not exceed the value of salary deferrals deposited in the plan. Furthermore, the individual signing this form on behalf of the employer referenced below hereby represents and warrants that he/she is duly authorized to execute this form on behalf of the employer and to legally bind the employer to the terms and conditions stated herein.

Signature\*

Date (mm/dd/yyyy)

X

/  /

Print Name and Title of Authorized Signer



**13 | Checklist and Mailing Instructions**

Please review checklist before submitting the form.

**Important:** Please submit all pages (1 thru 8) regardless if all sections were applicable or not.

- A distribution reason was selected and additional information, as applicable, was provided in section 2.
- Reviewed and selected a federal income tax withholding option in section 3A. Applicable only if 20% mandatory withholding does not apply.
- Reviewed California state income tax withholding options in section 3B, if applicable.
- Completed all necessary information for periodic distributions, if applicable.
- If you are an alternate payee, or rolling assets into a new Invesco account, the appropriate account application is completed and attached.
- If you are an alternate payee of an account with an outstanding loan, completed Invesco Solo 401(k) and a 403(b)(7) Repayment Change Form is attached.
- Reviewed the signature guarantee requirements in section 11 as applicable.
- The employer sponsoring this plan or its authorized agent has signed in section 12, if applicable.

Please send completed and signed form to:

**(Direct Mail)**

Invesco Investment Services, Inc.  
P.O. Box 219078  
Kansas City, MO 64121-9078

**(Overnight Mail)**

Invesco Investment Services, Inc.  
c/o DST Systems, Inc.  
430 W. 7th Street  
Kansas City, MO 64105-1407

**For additional assistance please contact an Invesco Client Services representative at 800 959 4246, weekdays, 7 a.m. to 6 p.m. Central Time.**

**Visit our website at [invesco.com/us](http://invesco.com/us) to:**

- Check your account balance
- Confirm transaction history
- View account statements and tax forms
- Sign up for eDelivery of statements, daily transaction statements, tax forms, prospectuses, and reports
- Check the current fund price, yield and total return on any fund
- Process transactions
- Retrieve account forms and investor education materials

**Call the 24-Hour Automated Investor Line 800 246 5463 to:**

- Obtain fund prices
- Confirm your last three transactions
- Order a recent account statement(s)
- Check your account balance
- Process transactions

To use the system, please have your account numbers and Social Security number available.

## Additional Information

Please read the Rollover Explanation for Qualified Plans, 403(b) Plans and Governmental 457(b) Plans at the end of this form. When taking a distribution from your retirement account, consult a tax advisor for information pertaining to taxable amounts and possible penalties.

### Distribution Reasons

A distribution cannot be made from a 403(b) except for the following reasons:

**Attainment of Age 59½ (Normal):** Participant has reached age 59½.

**Severance from Employment:** Participant has had a severance from employment with the employer who sponsors the plan. **Note:** You may rollover your account to an IRA or employer-sponsored retirement plan without incurring any tax liability, provided the distribution is otherwise eligible for rollover (e.g. not an installment distribution over a period of more than ten years; not the portion representing a required minimum distribution after age 72\*.) If you are under age 55, any distributions will be taxed as ordinary income (and may incur a 10% penalty) if not rolled over to another retirement plan. If you reached age 55 at the time of severance from employment, distributions from your account, if not rolled over, will be taxed as ordinary income but should not incur an early distribution penalty.

**Required Minimum Distribution (RMD):** You must begin taking RMDs by April 1 of the calendar year following the later of the calendar year in which you attain age 72\* or the calendar year in which you retire from employment with the employer maintaining the plan.

All subsequent RMDs must be taken by December 31 each year. If you do not take your RMD for a given tax year, the IRS may assess a penalty of 50% on the difference between the amount required to be distributed and the amount actually distributed.

If you are the participant the IRS provides two life expectancy tables for calculating your RMD. The Uniform Lifetime Table is calculated without regard to your beneficiary's age. However, if your spouse has been your sole primary beneficiary during the entire calendar year for which you are taking the distribution and is more than 10 years younger, you may use the Joint Life Expectancy Table which generally results in a lower RMD amount. If you are a beneficiary the IRS provides the Single Life Expectancy Table for calculating your RMD. You may calculate your RMD each year or have IIS calculated the RMD for you annually.

**Disability:** The participant has become disabled. Disability is defined in the Internal Revenue Code, 72(m)(7) as being unable to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration. By signing this distribution form, you certify that you meet the requirements for a disability distribution.

**Plan Termination:** The employer has terminated the 403(b) Plan in accordance with the Plan's governing documents and has provided the required notice to participants. Plan terminations can be complex and must meet certain requirements to ensure that participants' benefits maintain their tax-favored status. It is the employer's and participant's responsibility to consult with a tax advisor or legal counsel familiar with qualified retirement plans for guidance regarding plan termination and related

distributions.

**Qualified Domestic Relations Order (QDRO):** A QDRO is normally issued due to divorce. The participant has been ordered by a court to transfer or distribute assets from the account to a current or former spouse or child (named as the alternate payee) of the participant pursuant to a QDRO. The employer sponsoring this 403(b) plan must certify the request is being made pursuant to a QDRO, and an employer signature is required in section 12. If the **alternate payee** is a spouse or former spouse, he or she may roll over assets directly into an IRA or other qualified plan, if eligible.

**Removal of Excess:** The participant has made a contribution in excess of allowable limits. The excess must be removed by the participant's tax filing deadline of the year following the year for which the excess contribution was applicable. The excess amount is generally includable in your income in the year it was originally deferred. The earnings are generally includable in your income the year they are distributed. The excess amount will be reportable to you on IRS Form 1099-R.

**In-Service Withdrawal** (available only for employer dollars): Employer contributions made to 403(b)(7) accounts may also be available for distribution. Please refer to your employer's written plan to determine if this is a valid distribution option. If your 403(b)(7) account was held at Invesco prior to 2018, in service distributions are not available under your custodial agreement.

**Financial Hardship Distributions (available only for salary deferral dollars):** Financial hardship distributions may only be taken after you have exhausted all other resources, including taking a loan from your account, if allowed by the plan. Your employer or authorized agent must approve any financial hardship distribution requests. If your 403(b)(7) account was held at Invesco prior to 2018, financial hardship is not available under your custodial agreement.

**Distribution of Rollover Contributions:** You may have the right to request a distribution of rollover dollars at any time, without experiencing a qualifying event listed previously. Earnings may also be distributed with rollover dollars; however, this is not required. A distribution is subject to taxes and any applicable penalties if it is a premature distribution. Premature distributions are distributions made prior to age 59½ if no qualifying event applies. Please refer to your employer's written plan to determine whether this is a valid distribution option.

**Outstanding Loan Balances:** Distributions from your retirement account may be restricted if you have an outstanding loan.

Outstanding loans must remain secure (fully collateralized by the remaining balance) when requesting a partial distribution. As a result, the distribution amount requested will be reduced by the outstanding loan amount. If you are seeking to liquidate your entire account balance, you will first need to pay off your outstanding loan balance. If you are unable to pay off your loan amount, the unpaid loan may be considered offset, at which point additional

\*The SECURE Act of 2019 changed the RMD age from 70 1/2 to 72 for taxpayers born on or after 7/1/1949. The RMD age remains 70 1/2 for taxpayers born before 7/1/1949.

taxes and penalties may apply. The outstanding balance of the loan is treated as a distribution to you at the time of the offset and will be taxable in the year of distribution (including the 10% additional income tax on early distributions, unless an exception applies), unless you are able to make a rollover contribution in the amount of the loan offset to an IRA or employer plan by the tax filing deadline (including extensions) for the year of the offset. The offset amount will be included in the total distribution reported on Form 1099-R. Additionally, the total account value (including the offset amount) may be subject to a 20% mandatory income tax withholding.

**Direct Rollover:** The participant, beneficiary or alternate payee is rolling over assets into another retirement plan. The participant must have attained a distributable event (attainment of age 59½, severance from employment, plan termination, qualified domestic relations order, death, and disability) in order to be eligible to rollover. The assets may be rolled over to an IRA or qualified retirement plan. Designated Roth contributions may rollover to another Designated Roth account or to a Roth IRA.

**Qualified Rollover Contribution (QRC):** The participant, beneficiary or alternate payee is rolling over (converting) non-designated Roth contributions to a Roth IRA. The participant must have attained a distributable event (attainment of age 59½, severance from employment, plan termination, qualified domestic relations order, death) in order to be eligible to rollover (convert).

#### **Federal Income Tax Withholding**

Please read the Rollover Explanation for Qualified Plans, 403(b) Plans and Governmental 457(b) Plans at the end of this form for additional information regarding the withholding requirements for your distribution.

**Mandatory withholding:** 20% mandatory withholding applies to any portion of your distribution that is eligible to be rolled over and you do not elect to make a direct rollover. The distributions you receive from your 403(b) are generally subject to 20% mandatory withholding except for direct rollovers, transfers of assets, required minimum distributions, return of excess contributions, and Substantially Equal Periodic Payments.

**Voluntary withholding:** 10% voluntary withholding only applies to the portion of your distribution that is not eligible to be rolled over to another employer plan or IRA, unless you provide an alternate election in section 3. If no election is made, or your only address of record is a P.O. Box or a non-U.S. address, IIS is required to withhold at the rate of 10%. If you elect not to have voluntary withholding applied to your distributions or if you do not have enough federal income tax withheld from your distributions you may be responsible for payment of estimated taxes. You may incur penalties under the estimated tax rules if your withholding and estimated tax payments are not sufficient. If you elect to receive periodic distributions, you're withholding election for this series of payments will remain on file with IIS. You may change or revoke your withholding election at any time by contacting an Invesco Client Services representative.

**Designated Roth account withholding:** 20% mandatory (or 10% voluntary) withholding may apply to gains distributed prior to attaining age 59½ (death or disability)

and having had a designated Roth account in the Plan for at least 5 years. Earnings on Designated Roth distributions are subject to the same rules as stated above.

**California State Withholding:** For California residents, IIS is required to withhold state income tax at a rate of 10% of federal taxes withheld, unless you elect not to have state taxes withheld or elect to withhold at a different rate in section 3.

#### **Series of Substantially Equal Periodic Payments (SEPPs)**

IIS will report substantially equal periodic payment distributions as a code 1 (early distribution) on Form 1099-R. The participant is responsible for filing a Form 5329 with the IRS to report such distributions. The 10% additional tax does not apply to any taxable distribution that is part of a series of substantially equal periodic payments. The distribution must be at least annually over your life expectancy or the joint life expectancy of you and your beneficiary. Your SEPP calculation must meet one of the IRS approved methods. If you modify your SEPP or distribute additional amounts prior to the later of age 59½ or five years (other than by reason of death or disability), all taxable amounts withdrawn prior to age 59½ will be retroactively subject to a 10% premature distribution tax penalty, plus interest.

**IRS approved methods: Required minimum distribution method** determines the payment by dividing your January 1 account balance by your life expectancy factor (and oldest beneficiary's when using joint life expectancy) from any of the following IRS life expectancy tables: IRS Uniform Lifetime Table, IRS Single Life Expectancy Table, or IRS Joint Life Expectancy Table. **Fixed amortization method** determines the payment for each year by amortizing in level amounts your account balance over a specified number of years utilizing one of the IRS life expectancy tables and a reasonable interest rate. **Fixed annuitization method** determines the payment for each year by dividing your account balance by an annuity factor that is the present value of an annuity of \$1 per year beginning at your age and continuing for the expectancy of your life or the joint lives of you and your oldest primary beneficiary. The annuity factor is derived using the mortality table provided in IRS Revenue Ruling 2002-62.



# Rollover Explanation for Qualified Plans, 403(b) Plans, and Governmental 457(b) Plans

## PART I: SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS

For Payments Not From a Designated Roth Account

### Your Rollover Options

You are receiving this notice because all or a portion of a payment you are receiving from your Employer's Plan (the "Plan") is 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.

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 in some employer plans that is subject to special tax rules). If you also receive a payment from a designated Roth account in the Plan, please refer to Part II of this Rollover Explanation which serves as a different notice for that payment, and the Plan administrator or the payor will tell you the amount that is being paid from each account.

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.

#### Your Right to Waive the 30-Day Notice Period

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

### 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 to the 10% additional income tax 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, IRAs are not subject to spousal consent rules 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.

Even if a plan accepts rollovers, it might not accept rollovers of certain types of distributions, such as after-tax amounts. If this is the case, and your distribution includes after-tax amounts, you may wish instead to roll your distribution over to a traditional IRA or split your rollover amount between the employer plan in which you will participate and a traditional IRA. If an employer plan accepts your rollover, the plan may restrict subsequent distributions of the rollover amount or may require your spouse's consent for any subsequent distribution. A subsequent distribution from the plan that accepts your rollover may also be subject to different tax treatment than distributions from this Plan. Check with the administrator of the plan that is to receive your rollover prior to making the rollover.

#### 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 a 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 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 joint lives or joint life expectancies 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;
- Payment of employee stock ownership plan (ESOP) dividends;
- 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;
- Payments of certain automatic enrollment contributions that you request to withdraw within 90 days of your first contribution;
- Amounts treated as distributed because of a prohibited allocation of S corporation stock under an ESOP (also, there will generally be adverse tax consequences if you roll over a distribution of S corporation stock to an IRA); and
- Distributions of certain premiums for health and accident insurance.

The Plan administrator or the payor 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 joint lives or joint life expectancies of you and your beneficiary);
- Payments from a governmental plan made after you separate from service if you are a qualified public safety employee and you will be at least age 50 in the year of the separation;
- Payments made due to disability;
- Payments after your death;
- Payments of employee stock ownership plan (ESOP) dividends;
- 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 of up to \$5,000 made to you from a defined contribution plan if the payment is a qualified birth or adoption distribution;
- 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 that you request to withdraw within 90 days of your first contribution;
- Payments excepted from the additional income tax by federal legislation relating to certain emergencies and disasters; and
- Phased retirement payments made to federal employee.

#### **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 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 employee) 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; and
- 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.

Additional exceptions apply for payments from an IRA, including:

- Payments for qualified higher education expenses;
- Payments up to \$10,000 used in a qualified first-time home purchase; and
- 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).

#### **Does Federal income tax withholding apply to my distribution?**

- **Mandatory Withholding.** If any portion of your payment can be rolled over and you do not elect to make a DIRECT ROLLOVER, the Plan is required by law to withhold 20% of the taxable amount. This amount is sent to the IRS as federal income tax withholding. For example, if you can roll over a taxable payment of \$10,000, only \$8,000 will be paid to you because the Plan must withhold \$2,000 as income tax. However, when you prepare your income tax return for the year, unless you make a rollover within 60 days (see "Sixty-Day Rollover Option" below), you must report the full \$10,000 as a taxable payment from the Plan. You must report the \$2,000 as tax withheld, and it will be credited against any income tax you owe for the year. There will be no income tax withholding if your payments for the year are less than \$200.
- **Voluntary Withholding.** If any portion of your payment is taxable but cannot be rolled over, the mandatory withholding rules described above do not apply. In this case, you may elect not to have withholding apply to that portion. If you do nothing, an amount will be taken out of this portion of your payment for federal income tax withholding. To elect out of withholding, ask the Plan Administrator for the election form and related information.
- **Sixty-Day Rollover Option.** If you receive a payment that can be rolled over, you can still decide to roll over all or part of it to an IRA or to an eligible employer plan that accepts rollovers. If you decide to roll over, you must contribute the amount of the payment you received to an IRA or eligible employer plan within 60 days after you receive the payment. The portion of your payment that is rolled over will not be taxed until you take it out of the traditional IRA or the eligible employer plan.

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

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

of the traditional IRA or an eligible employer plan. If you roll over the entire \$10,000, when you file your income tax return you may get a refund of part or all of the \$2,000 withheld.

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

#### **Will I owe State income taxes?**

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

### **Special Rules and Options**

#### **If your payment includes after-tax contributions**

After-tax contributions included in a payment are not taxed. If you receive a partial payment for your total 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 the 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 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.

Similarly, if you do a 60-day rollover to an IRA of only a portion of a payment made to you, the portion 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, 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.

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

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 a payment of a nonrefundable user fee. For more information, see IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*.

#### **If your payment includes employer stock that you do not roll over**

If you do not do a rollover, you can apply a special rule to payments of employer stock (or other employer securities) that are either attributable to after-tax contributions or paid in a lump sum after separation from service (or after age 59½, disability, or the participant's death). Under the special rule, the net unrealized appreciation on the stock will not be taxed when distributed from the Plan and will be taxed at capital gain rates when you sell the stock. Net unrealized appreciation is generally the increase in the value of employer stock after it was acquired by the Plan. If you do a rollover for a payment that includes employer stock (for example, by selling the stock and rolling over the proceeds within 60 days of the payment), the special rule relating to the distributed employer stock will not apply to any subsequent payments from the IRA or generally the Plan. The Plan administrator can tell you the amount

of any net unrealized appreciation.

#### **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 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 (such as failure to make level loan repayments that results in a deemed distribution), then you have 60 days from the date of 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 include that you cannot do a rollover if the payment is due to an "unforeseeable emergency" and the special rules under "If your payment includes employer stock that you do not roll over" and "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 dependants, 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. In general, the 10% additional income tax on early distributions will not apply. However, if you take the amount rolled over out of the Roth IRA within the 5-year period that begins on January 1 of the year of the rollover, the 10% additional income tax will apply (unless an exception applies).

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. 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. In general, the 10% additional income tax on early distributions will not apply. However, if you take the amount rolled over out of the Roth IRA within the 5-year period that begins on January 1 of the year of the rollover, the 10% additional income tax will apply (unless an exception applies).

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 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. 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 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 generally will 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 deceased 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 if you were born before July 1, 1949, or age 72 if you were 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 the participant was born before July 1, 1949, or age 72 if the participant was 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.

**Payments under a qualified domestic relations order (QDRO).** 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 Roth IRA or to a designated Roth account in an eligible employer plan that will accept it).

#### **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, and the payment is not a qualified distribution, the Plan is generally required to withhold 30% (instead of withholding 20%) of the earnings 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 whether to do 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 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 (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](http://www.irs.gov).

#### For More Information

You may wish to consult with the Plan administrator or payor, 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-A, *Contributions to Individual Retirement Arrangements (IRAs)*; Publication 590-B, *Distributions from 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](http://www.irs.gov), or by calling 1-800-TAX-FORM.

## PART II: SUPPLEMENTAL SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS

### For Payments From a Designated Roth Account

If the payment you are receiving is NOT from a designated Roth account under your Employer's Plan, this Part II of the Rollover Explanation does not apply to you and you can disregard the following section.

#### Your Rollover Options

You are receiving this notice because all or a portion of a payment you are receiving from your Employer's Plan (the "Plan") is eligible to be rolled over to a Roth IRA or designated Roth account in an employer plan. This notice is intended to help you decide whether to do a rollover.

**This notice describes the rollover rules that apply to payments from the Plan that are from a designated Roth account.** If you also receive a payment from the Plan that is not from a designated Roth account, please refer to Part I of this Rollover Explanation which serves as a different notice for that payment, and the Plan administrator or the payor will tell you the amount that is being paid from each account.

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.

#### Your Right to Waive the 30-Day Notice Period

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

## General Information about Rollovers

#### How can a rollover affect my taxes?

After-tax contributions included in a payment 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 portion of the payment that is earnings. 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). 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.

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

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 section 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, Roth IRAs are not subject to spousal consent rules, 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); and
- 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 (generally 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 the 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 at the same time, the portion directly rolled over consists first of earnings.

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 joint lives or joint life expectancies of you and your beneficiary);
- Required minimum distributions after age 70½ (or after death);
- Hardship distributions;
- Payments of employee stock ownership (ESOP) dividends;
- 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;
- Payments of certain automatic enrollment contributions that you request to withdraw within 90 days of your first contribution;
- Amounts treated as distributed because of a prohibited allocation of S corporation stock under an ESOP (also, there generally will be adverse tax consequences if S corporation stock is held by an IRA); and
- Distribution of certain premiums for health and accident insurance.

The Plan administrator or the payor 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 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 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 joint lives or joint life expectancies of you and your beneficiary);
- Payments from a governmental plan made after you separate from service if you are a qualified public safety employee and you will be at least age 50 in the year of the separation;
- Payments made due to disability;
- Payments after your death;
- Payments of employee stock ownership (ESOP) dividends;
- 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 of the \$5,000 made to you from a defined contribution plan if the payment is a qualified birth or adoption distribution;
- 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 that you request to withdraw within 90 days of your first contribution; and
- Payments excepted from the additional income tax by federal legislation relating to certain emergencies and disasters.

#### 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:

- 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 a Roth IRA of a spouse or former spouse); and
- 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.

Additional exceptions apply for payments from an IRA, including:

- Payments for qualified higher education expenses;
- Payments up to \$10,000 used in a qualified first-time home purchase; and
- 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 address any State or local income tax rules (including State/local 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. 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 your payment includes employer stock that you do not roll over

If you receive a payment that is not a qualified distribution and you do not roll it over, you can apply a special rule to payments of employer stock (or other employer securities) that are paid in a lump sum after separation from service (or after age 59½, disability, or the participant's death). Under the special rule, the net unrealized appreciation on the stock included in the earnings in the payment will not be taxed when distributed to you from the Plan and will be taxed at capital gain rates when you sell the stock. If you do a rollover to a Roth IRA for a nonqualified distribution that includes employer stock (for example, by selling the stock and rolling over the proceeds within 60 days of the distribution), you will not have any taxable income and the special rule relating to the distributed employer stock will not apply to any subsequent payments from the Roth IRA or generally, the Plan. Net unrealized appreciation is generally the increase in the value of the employer stock after it was acquired by the Plan. The Plan administrator can tell you the amount of any net unrealized appreciation.

If you receive a payment that is a qualified distribution that includes employer stock and you do not roll it over, your basis in the stock (used to determine gain or loss when you later sell the stock) will equal the fair market value of the stock at the time of the payment from the Plan.

#### 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 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. If the distribution attributable to the offset is not a qualified distribution and you do not roll over the offset amount, you will be taxed on any earnings included in the distributions (including the 10% additional income tax on early distributions, unless an exception applies). You may roll over the earnings included in the loan offset to a Roth IRA or designated Roth account in an employer plan (if the terms of the employer plan permit the plan to receive plan loan offset rollovers). You may also roll over the full amount of the offset to a Roth IRA.

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 you plan loan offset occurs for any other reason (such as a failure to make level repayments that results in a deemed distribution), then you have 60 days from the date the offset occurs to complete your rollover.

**If you receive a nonqualified distribution and 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 is not a qualified distribution and that you do not roll over, special rules for calculating the amount of the tax on the earnings in 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 receive a payment that is not a qualified distribution and you do not roll it over, you will not 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, 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 that is not a qualified distribution made before age 59½ will be subject to the 10% additional income tax on earnings allocated include that you cannot do a rollover if the payment is due to an "unforeseeable emergency" and the special rules under "If your payment includes employer stock that you do not roll over" and "If you were born on or before January 1, 1936" do not apply.

**If you receive a nonqualified distribution, 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 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 the participant.* If you receive a distribution after the participant's death that you do not roll over, the distribution generally will 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 deceased 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 the participant was born before July 1, 1949, or age 72 if the participant was 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 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 (QDRO).* 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 Roth IRA or to a designated Roth account in an eligible employer plan that will accept it).

**If you are a nonresident alien**

If you are a nonresident alien, you do not do a direct rollover to a U.S. IRA or U.S. employer plan, and the payment is not a qualified distribution, the Plan is generally required to withhold 30% (instead of withholding 20%) of the earnings 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 whether to do 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 can 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 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](http://www.irs.gov).

**For More Information**

You may wish to consult with the Plan administrator or payor, 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-A, *Contributions to Individual Retirement Arrangements (IRAs)*; IRS Publication 590-B, *Distributions from 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](http://www.irs.gov), or by calling 1-800-TAX-FORM.