PlanMember SERVICES Planning your future…today.®

403(b)(7) Account Distribution Form

Send completed form to: PlanMember Services Corporation • 6187 Carpinteria Ave • Carpinteria, CA 93013 • (800) 874-6910

Section One
Participant Information

Name: First____________________________ MI___________ Last____

Address ____City_____________________State _______Zip___________

Name of Employer ________________________ Home Phone ____________________ Work Phone ______________________

Birthdate ___________ Social Security Number _________________________ Account Number___________________________

❑ Do you currently have an outstanding 403(b) loan? ____

Section Two
Distribution Type

See Summary of Distribution Types (page 3) for further information

❑ Normal Distribution (Age 59½ or older)

❑ Required Minimum Distribution (RMD), age 70½ or older (complete Section Four).

❑ Separated from Service Date _____________ (Employer verification required, see Section Nine)

❑ Separated from Service at age 55 or older Date__________ (Employer verification required, see Section Nine)

❑ Financial Hardship—**Employer must complete Section Eight and sign Section Nine** (If you have not obtained a TSA loan or exhausted all loan privileges, this distribution is not an option)

❑ Disability—*By checking this box, I certify that this distribution meets the disability requirements of the Internal Revenue Code Section 72(m)(7).* Date of Initial Determination of Disability _____________________

❑ Substantially equal periodic payments under Section 72(t) requires that you be previously separated from service.

❑ Divorce—Please attach certified copy of divorce decree.

Section Three
Federal Income Tax Withholding Election

NOTE: We do not withhold for any applicable penalties. Please review the IRS notifications on withholding requirements for your distribution. If no election is made, we are **required** to withhold Federal Income Tax at the rate of 20%.

❑ *I want the Federal Income Tax withheld from my retirement account distribution at the required rates.*

❑ *Please withhold State Income Tax at the rate of_________% from my distribution. (optional)*

❑ *I do not want Federal Income Tax withheld from that portion, if any, of my distribution that is NOT subject to mandatory 20% withholding. (see Instructions, Section Three)*

Important: If the address for the distribution check is a P.O. box, we are required by law to withhold Federal Income Tax at the required rates unless we are provided with the physical address of the recipient. See Section Six.

Section Four
Amount and Method of Distribution

A. ❑ **All** of my account (the maximum amount eligible for distribution)
❑ Close my account (contributions received after distribution will be returned to the payor)

B. ❑ A specific dollar amount $ _______________ ❑ Net ❑ Gross (including taxes)* (Distribution will be processed as per the allocations on your account)
*You will receive an amount equal to the amount requested less any withholding and applicable fees. If the amount indicated is greater than the total account value on the date your request is received, your account will be closed.

C. ❑ Systematic withdrawals: Amount $________ ❑ Gross amount before taxes $________ ❑ Net amount after taxes
❑ Monthly ❑ Quarterly (Jan., April, July, Oct.) ❑ Semi-Annually (Jan. and July) ❑ Annually *Starting month/year* ________

D. ❑ RMD amount to be calculated by PlanMember
❑ One time request ❑ Monthly ❑ Quarterly (Jan., April, July, Oct.) ❑ Semi-Annually (Jan. and July) ❑ Annually

Transactions will be processed on the first business day of the month(s) indicated (or the 15th or next business day following the 15th for Preference® NAV accounts). Your initial transaction may take up to thirty days to process after the receipt of a properly completed application. The ACH credit to your bank account may take three to four days.

Section Five
Recipient/Method of Distribution

Please allow 10 business days for your check to be issued.

❑ The participant. (We will send the check to the address on our records, unless you complete the following.)

❑ Direct rollover into an existing PlanMember Services Traditional IRA or qualified plan account #_______________________ or into a new PlanMember Services Traditional IRA or qualified plan account (Application attached)

❑ Direct rollover into a Traditional IRA or qualified plan Custodian with another firm (custodial acceptance letter attached)

❑ Invest proceeds into an existing non-retirement account #_______________, or into a new non-retirement account (application attached)

❑ Direct Deposit* into an account at: Name of Institution ___________________________
Account number ___________________ ABA routing number_____________ Name of depositor_______________________
*Attach a voided check from your bank account. Check with your bank for any wire fees you may incur.

Roth 403(b) only:

❑ Direct rollover to another Roth 403(b) plan or Roth IRA ❑ Direct rollover to Roth IRA at PlanMember

Per the terms of the Custodial Agreement, your account will be charged a distribution processing fee for wire and draft issues for the above authorized transaction.

Section Six
Your Signature

I have read and understand the IRS notices on income tax withholding and rollover options. I have been informed of my right to receive a minimum of 30 days to decide whether or not to elect a direct rollover, and hereby affirmatively elect to make or not to make a direct rollover. If this election has been made prior to 30 days after receipt of the special tax notice, I hereby waive my rights to the 30-day minimum decision period. I hereby authorize and request the Custodian to make distribution(s) according to the instructions given in Section One through Nine of this form.

Your Signature____ Date__________________________

IMPORTANT: Review the instructions in Section Seven to determine if this signature must be guaranteed. PlanMember Services Corp. cannot process your distribution if a signature guarantee is required but not obtained.

Section Seven
Signature Guarantee

Be sure to stamp Signature Guarantee

IMPORTANT: Signature guarantee is required if amount to be distributed is any dollar amount $100,000 or more, if the payee is other than the shareholder on this account, or if this distribution is to be sent to any address other than the address we have had on our records for the past 30 days or this distribution is being wired (i.e., direct deposit) according to instructions on this form. Signature guarantee must be by a member firm of any national securities exchange, a commercial bank or trust company, a credit union, a registered securities association or clearing agency, a federal savings bank, or a savings and loan association. **A notary is not valid.**

Name of Bank or Firm Providing Signature Guarantee ______________________________

Signature of Officer and Title ______________________________
(Be sure to stamp Signature Guarantee)

Section Eight
Certification of Financial Hardship Statement

The Employer hereby certifies that:

1. The distribution is on account of an immediate and heavy financial need of the Employee, as follows (check one):
- ❑ A. Expenses for medical care described in Code Section 213(d) previously incurred by the Employee, Employee's spouse or any dependents of the Employee, or necessary for those persons to obtain medical care described in Section 213(d).
- ❑ B. Costs directly related to the purchase of a principal residence for the Employee (other than mortgage payments).
- ❑ C. Payment of tuition and related educational fees for the next 12 months of post-secondary education for the Employee or the Employee's spouse, children or dependents.
- ❑ D. Payments necessary to prevent the eviction of the Employee from the Employee's principal residence or foreclosure on the mortgage on that residence.

2. The amount of the distribution includes only amounts that are eligible for financial hardship distribution (of up to the value of the account as of 12/31/88 plus any salary reduction contributions made after 12/31/88, but not the income thereon).
- ❑ I would like the Custodian to determine the amount eligible based upon the available account history, which does not include rollovers.
- ❑ I certify, under penalty of perjury, that $________________ is eligible for financial hardship distribution.

3. The distribution is not in excess of the amount of the immediate and heavy financial need of the Employee (which amount may include any amounts necessary to pay any federal, state or local income taxes or penalties reasonably anticipated as a result of the distribution).

4. The immediate and heavy financial need of the Employee cannot reasonably be relieved through reimbursement or compensation through insurance or otherwise, by liquidation of the Employee's assets, by cessation of elective contributions to, or by borrowing from, any plan maintained by the employer or any other employer, or by borrowing from commercial sources on reasonable commercial terms.

5. The Employee has obtained all distributions, other than hardship distributions, and all nontaxable loans (at the time of the loan) currently available under this plan and all plans maintained by the employer.
- ❑ I currently have a loan in my TSA account and would like to default on my loan. I understand that penalties will be assessed as a result of the default

By submitting this application, the Employer agrees, as a condition of employee receiving any hardship distribution:

1. The Employee's elective contributions to all accounts maintained under Code Section 403(b) and all other plans maintained by the employer will be limited to the applicable limit under Code Section 402(g) for that year minus the Employee's elective contributions for the year of the hardship distribution; and

2. The Employee is prohibited from making elective contributions of Employee contributions to the the Custodian 403(b)(7) Account and all other qualified or nonqualified plans of deferred compensation maintained by the employer for at least six months after receipt of the hardship distribution.

Employer verification required, see Section NIne.

Section Nine
Employer Certification

Employer's Signature ______________________________

Name/Title (Please Print) ______________________________ Date ____________________

MAIL TO: PlanMember Services Corporation, 6187 Carpinteria Ave, Carpinteria CA 93013.
For assistance in completing this form, contact Client Services at (800) 874-6910.

Instructions for Completing the 403(b)(7) Account Distribution Form

Most distributions from your plan will be subject to a mandatory 20% withholding *unless you elect a direct rollover.* Refer to the Special Tax Notice Regarding Plan Payments for detailed information on the withholding and rollover rules. You have the right to review this special tax notice and consider the decision of whether or not to elect a direct rollover for at least 30 days after this notice is provided to you.

Section One

Please print clearly the requested information about the owner of this account.

Section Two

- Select **one** of the types of distributions listed.
- For detailed information on each distribution type, refer to the Summary of Distribution Types (below).

Section Three

You have the option to receive your distribution LESS 20% MANDATORY WITHHOLDING or directly roll over your distribution to a Traditional IRA or another employer-sponsored plan that accepts rollovers. There are a few types of distributions that are not eligible to roll over AND are not subject to 20% mandatory withholding.

They are: An age 70½ required minimum distribution; Periodic distributions of equal size distributed at least annually over at least a 5-year period; or Salary deferral portion of a financial hardship distribution.

If you have one of these distributions, you may complete this section and elect out of withholding; otherwise, we will withhold Federal Income Tax at the required rate.
FOR ALL OTHER DISTRIBUTIONS, WE WILL WITHHOLD 20% AS REQUIRED BY THE IRS.

Section Four

If you select a periodic distribution, Plan*Member* Services needs to know whether you want monthly, quarterly or semi-annual distributions, what month your distributions should begin, and what amount each distribution should be. You can have your age 70½ required minimum distribution set up to be withdrawn each year based on the IRS regulations by selecting periodic distributions.

Section Five

- Choose a PlanMember Services direct rollover Traditional IRA, and we will roll over your account without the 20% withholding or any redemption or set-up fees.
- Before you select a direct rollover distribution, refer to Special Tax Notice Regarding Plan Payments.
- Roth 403(b) account may only roll over to a Roth 403(b) plan or to a Roth IRA, if a 60 day rollover is made, the entire amount may be rolled over into a Roth IRA but only the taxable portion of the distribution (i.e. earning) may be rolled over to a qualified plan or 403(b) plan.

Section Six

You must sign this distribution form before any distribution can be made from your account.

Section Seven

Review the Signature Guarantee requirements in this section, and obtain a Signature Guarantee if necessary.

Section Eight

- Before obtaining a financial hardship distribution, employee must have exhausted all loan privileges allowed by this plan and any other plans maintained by the employer.
- If you are requesting a distribution due to financial hardship, your employer must certify that the distribution is one that meets the financial hardship requirements in your plan before obtaining a financial hardship distribution.

Section Nine

Refer to your employer. Some employers may require sign off prior to distribution.

Summary of Distribution Types

All distributions are subject to ordinary income tax unless rolled over

Normal Distribution–Age 59½ or Older Your distribution is **not** subject to the additional 10% premature distribution tax.

Separated from Service Your distribution is subject to the additional 10% premature distribution tax unless you separate from service during or after the calendar year in which you attain age 55 or are taking your distributions as periodic distributions over your life expectancy.

Financial Hardship Distributions made after December 31, 1988, are limited to contributions made pursuant to a salary reduction agreement, but not the income thereon. Distributions on account of financial hardship prior to age 59½ will be subject to the additional 10% premature distribution tax. Your employer (or you) must sign the certification in Section Nine of this form before distribution may be made.

Mandatory Distribution–Age 70½ You are generally required to take a minimum distribution from your TSA beginning April 1 following the later of the calendar year in which you attain age 70½ or the calendar year in which you retire, provided that if you are a five-percent owner, "required beginning date" shall mean April 1 following the calendar year in which you attain age 70½ Failure to meet such minimum distribution requirements will subject you to a 50% excise tax on the amount which should have been distributed. Subsequent minimum distributions must be made by December 31 of each year.

You must calculate the required minimum distribution separately for each plan you adopt. Additionally, you must meet minimum distribution requirements prior to any transfers or rollovers after age 70½.

The IRS announced new required minimum distribution (RMD) regulation that became effective January 1, 2002. The Uniform Lifetime Distribution Table will be used to determine your RMD, which in most cases will reduce the amount of your distribution. Under the new regulations, your life expectancy will be calculated without regard to your beneficiary's age unless your spouse is your sole primary beneficiary and is more than ten years younger than you.

Disability You may receive a distribution due to disability if you meet the requirements of Internal Revenue Code 72(m)(7). An individual may be considered disabled if *he is unable to engage in any substantial, gainful activity by reason of a medically determinable physical or mental impairment that can be expected to result in death or to be of long-continued and indefinite duration.* Please be aware that such proof of the existence thereof may be required in a form and manner acceptable to the Department of the Treasury. (If you are totally and permanently disabled, you are not subject to the additional 10% premature distribution tax.)

Divorce–Qualified Domestic Relations Order In order to distribute all or a portion of an account due to a Qualified Domestic Relations Order, you will need to follow the steps outlined below:

1. Submit a Domestic Relations Order so that the Custodian can determine if it is qualified.
2. If the Domestic Relations Order is qualified, the account will be separated according to the instructions of the Domestic Relations Order.
3. If the alternate payee wishes to redeem the account, then a Tax Sheltered Custodial Account Distribution form should be submitted. This distribution will be subject to the 20% mandatory withholding.
4. If the distribution pursuant to the Domestic Relations Order is to a spouse, he/she has the option to roll over the account into a Traditional IRA, thus avoiding the 20% mandatory withholding. A completed Traditional IRA Application would be required if he/she wanted to establish the rollover account with PlanMember Services. If the assets are going into a Traditional IRA, this will be coded as a direct rollover.

To find out more about the procedures and regulations relating to Qualified Domestic Relations Order, contact the PlanMember Service Center at (800) 874-6910.

Death If the owner dies, the entire interest must be distributed within five years after the owner's death, unless the owner has named a beneficiary. In such a case, the interest payable to the beneficiary may be distributed over the life of the beneficiary (or a period not extending beyond the beneficiary's life expectancy), as long as distributions begin not later December 31 of the year after the owner's death. If the beneficiary is the owner's surviving spouse, distributions are not required to be distributed until the date the owner would have attained age 70½; if the surviving spouse dies before distributions begin, the rules discussed in this paragraph will apply as if the surviving spouse were the owner.

Roth 403(b) In order to make a qualified distribution out of your Roth 403(b), you may not distribute prior to the end of the five-year period beginning with the calendar year in which the participant first made a Roth deferral contribution to the 403(b) plan or prior plan if there is a rollover of Roth contributions from another 403(b). Any nonqualified distribution lose their nontaxable character. In addition, the taxable portion of a non-qualified distribution may be subject to a 10% premature distribution penalty tax.

Tax Sheltered Custodial Accounts Notice to Recipients

Notice of Federal Income Tax Withholding (THIS NOTICE APPLIES ONLY TO DISTRIBUTIONS THAT ARE NOT SUBJECT TO THE 20% MANDATORY FEDERAL INCOME TAX WITHHOLDING.) The Tax Equity and Fiscal Responsibility Act of 1982 requires withholding of Federal Income Taxes from retirement plan distributions, unless the recipient elects not to have withholding apply. You may elect out of this withholding by checking the appropriate box in Section Three of this form. You do not have to give a reason for claiming the exemption from withholding. IF NO ELECTION IS MADE, THE CUSTODIAN MUST WITHHOLD TAXES AT THE REQUIRED RATE. According to the IRS regulations, penalties may be incurred under the estimated tax rules if your withholding and/or estimated tax payments are not sufficient. Even if you elect not to have the income tax withheld, you are liable for payment of income tax on the taxable portion of your distribution. If the recipient's RESIDENCE address is not supplied or if the recipient's residence address is outside of the United States, the Custodian is required to withhold from the distribution regardless of the election made. An election not to have withholding made remains effective until revoked. You may revoke such election at any time by sending written notice of such revocation to the Custodian (c/o PlanMember Securities Corp.). The Custodian will withhold taxes on the gross amount of the distribution, which may result in excess withholding if part of the distribution is not taxable. If you provide the Custodian with the amount of the distribution that is not taxable, the Custodian will not make withholding on such portion.

Special Tax Notice Regarding Plan Payments

Always consult your tax advisor prior to moving a distribution

This notice contains important information you will need before you decide how to receive your benefits from your 403(b)(7) Custodial Account (the "Plan") and contains important information you will need before you decide how to receive your Plan benefits. This notice is provided to you by the Custodian (your "Plan Administrator" solely for the purpose of this Notice) because all or part of the payment that you will soon receive from the Plan may be eligible for a rollover by you or your Plan Administrator to a traditional IRA or an eligible employer plan. A rollover is a payment by you or the Plan Administrator of all or part of your benefit to another plan or IRA that allows you to continue to postpone taxation of that benefit until it is paid to you. Your payment cannot be rolled over to a Roth IRA, a SIMPLE IRA, or a Coverdell Education Savings Account (formerly known as an education IRA), an "eligible employer plan" qualified under Section 401 (a) of the Internal Revenue Code, including a 401(k) plan, profit sharing plan, defined benefit plan, stock bonus plan, and money purchase plan; a Section 403 (a) annuity plan; a Section 457 (b) plan maintained by a governmental employer (governmental 457 plan). An eligible employer plan is not legally required to accept a rollover. Before you decide to rollover your payment to another employer plan, you should find out whether the plan excepts rollovers and, if so, the types of distributions it accepts as a rollover. You should also find out about any documents that are required to be completed before the receiving plan will accept a rollover. Even if a plan accepts rollovers, it might not accept rollovers of certain types of distributions, such as after-tax amounts. If this is the case, and your distribution includes after tax amounts, you may wish 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.

SUMMARY

A payment from the Plan that is eligible for "rollover" can be taken in two ways. You may have all or any portion of your payment either (1) PAID IN A "DIRECT ROLLOVER" or (2) PAID TO YOU. A rollover is a payment of your Plan benefits to your individual retirement arrangement (IRA) or to another employer plan. This choice will affect the tax you owe.

If you choose a DIRECT ROLLOVER:

- Your payment will not be taxed in the current year and no income tax will be withheld.
- Your payment will be made directly to your IRA or, if you choose, to another employer plan that accepts your rollover. Your payment cannot be rolled over to a Roth IRA, a simple IRA, or a Coverdell Education Savings account because they are not traditional IRAs.
- Your payment will be taxed later when you take it out of the Traditional IRA or the employer plan.
- Roth 403(b)s may only be rolled over to a Roth 403(b) or a Roth IRA.

If you choose to have your Plan benefits PAID TO YOU:

- The entire amount may be rolled over into a Roth IRA but only the taxable portion of the distribution (i.e. earning) may be rolled over to a qualified plan or 403(b).
- You will receive only 80% of the payment, because the Plan administrator is required to withhold 20% of the payment and send it to the IRS as income tax withholding to be credited against your taxes. Except in cases of a Roth 403(b).
- Your payment will be taxed in the current year unless you roll it over. You may be able to use special tax rules that could reduce the tax you owe. However, if you receive the payment before age 59½, you also may have to pay an additional 10% tax.
- You can roll over the payment to your IRA or to another employer plan that accepts your rollover within 60 days of receiving the payment. The amount rolled over will not be taxed until you take it out of the Traditional IRA or employer plan.
- If you want to roll over 100% of the payment to a Traditional IRA or an employer plan, you must find other money to replace the 20% that was withheld. If you only roll over the 80% that you received, you will be taxed on the 20% that was withheld and that was not rolled over.

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 thirty days after your receipt of this notice. Thus, after receiving this notice, you have at least thirty days to consider whether or not to have your withdrawal directly rolled over. If you don not wish to wait until this thirty-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 with then be processed in accordance with your election as soon as practical after it is received by the Plan Administrator.

I. PAYMENTS THAT CAN AND CANNOT BE ROLLED OVER

Payments from the Plan may be "eligible rollover distributions." This means that they can be rolled over to a Traditional IRA or to another employer plan that accepts rollovers.

Payments from a plan cannot be rolled over to a Roth IRA, a simple IRA or a Coverdell Education Savings Account. Your Plan Administration should be able to tell you what portion of your payment is an eligible rollover distribution. The following types of your payment is an eligible rollover distribution. The following types of distributions cannot be rolled over:

Payments Spread Over Long Periods You cannot roll over a payment if it is part of a series of equal (or almost equal) payments that are made at least once a year and that will last for: your lifetime (or your life expectancy); your lifetime and your beneficiary's lifetime (or life expectancies); or a period of ten years or more.

Required Minimum Payments Beginning the year you reach age 70½ or actually retire (see "Mandatory Distribution" under "Summary of Distribution Types" on page 3), a certain portion of your payment cannot be rolled over because it is a "required minimum payment" that must be paid to you.

Hardship Distributions A hardship distribution cannot be rolled over.

Corrective Distributions. A distribution that is made because legal limits on certain contributions were exceeded cannot be rolled over.

Loans Treated as Distributions The amount of a plan loan that becomes a taxable deemed distribution because of adefault cannot be rolled over. However, a loan offset amount is eligible for a rollover, as discussed in Part III below. Ask the Plan Administrator of this Plan if distribution of your loan qualifies for rollover treatment. The Plan Administrator of this Plan should be able to tell you if your payment includes amounts which cannot be rolled over.

Roth 403(b) distributions may rollover into a Roth IRA. Roth IRAs are not required to take an RMD.

II. DIRECT ROLLOVER

You can choose a direct rollover of all or any portion of your payment that is an "eligible rollover distribution," as described above. In a direct rollover, the eligible rollover distribution is paid directly from the Plan to a Traditional IRA or another employer plan that accepts rollovers. If you choose a direct rollover, you are not taxed on a payment until you later take it out of the Traditional IRA or the employer plan.

Direct Rollover to an IRA You can open a Traditional IRA to receive the direct rollover. (The term *Traditional IRA,* as used in this notice, includes individual retirement accounts and individual retirement annuities.) If you choose to have your payment made directly to a Traditional IRA, contact an IRA sponsor (usually a financial institution) to find out how to have your payment made in a direct rollover to a Traditional IRA at that institution. If you are unsure how to invest your money, you can temporarily establish a Traditional IRA to receive the payment. However, in choosing a Traditional IRA, you may wish to consider whether the Traditional IRA you choose will allow you to move all or a part of your payment to another Traditional IRA at a later date, without penalties or other limitations. See IRS Publication 590, Individual Retirement Arrangements, for more information on IRAs (including limits on how often you can roll over between Traditional IRAs).

Direct Rollover to a Plan If you are employed by a new employer that has a TSA plan, and you want a direct rollover to that plan, ask the administrator of that plan whether it will accept your rollover. If your new employer's plan does not accept a rollover, you can choose a direct rollover to a Traditional IRA. If the employer plan accepts your rollover, the plan may provide restrictions on the circumstances under which you may later receive a distribution of the rollover amount or may require spousal consent to any subsequent distribution. Check with the Plan Administrator of that plan before making your decision.

Direct Rollover of a Series of Payments If you receive eligible rollover distributions that are paid in a series for less than ten years, your choice to make or not to make a direct rollover for a payment will apply to all later payments in the series until you change your election. You are free to change your election for any later payment in the series.

III. PAYMENT TO YOU

If you have the payment made to you, it is subject to 20% income tax withholding. The payment is taxed in the year you receive it unless, within 60 days, you roll it over to a Traditional IRA or another plan that accepts rollovers. If you do not roll it over, special tax rules may apply.

INCOME TAX WITHHOLDING:

Mandatory Withholding If any portion of the payment to you is an eligible rollover distribution, the Plan is required by law to withhold 20% of that amount. This amount is sent to the IRS as income tax withholding. For example, if your eligible rollover distribution is $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, you will report the full $10,000 as a payment from the Plan. You will report the $2,000 as tax withheld, and it will be credited against any income tax you owe for the year.

Voluntary Withholding If any portion of your payment is not an eligible rollover distribution but is taxable, 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, 10% will be taken out of this portion of your payment for Federal income tax withholding.

Sixty-Day Rollover Option If you have an eligible rollover distribution paid to you, you can still decide to roll over all or part of it to a Traditional IRA or another employer plan that accepts rollovers. If you decide to roll over, you must make the rollover 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 employer plan. You can roll over up to 100% of the eligible rollover distribution, including an amount equal to the 20% that was withheld. If you choose to roll over 100%, you must find other money within a 60-day period to contribute to the Traditional IRA or to the employer plan to replace the 20% that was withheld.

Example: Your eligible rollover distribution is $10,000, and you choose to have it paid to you. You will receive $8,000, and $2,000 will be sent to the IRS as income tax withholding. Within 60 days after receiving the $8,000, you may roll over the entire $10,000 to a Traditional IRA or 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 employer plan. If you roll over the entire $10,000, when you file your income tax return you may get a refund 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.)

Additional 10% Tax If You Are Under Age 59½ If you receive a payment before you reach age 59½ and you do not roll it over, then, in addition to the regular income tax, you may have to pay an extra tax equal to 10% of the taxable portion of the payment. The additional 10% tax does not apply to your payment if it is: (1) paid to you because you separate from service with your employer during or after the year you reach age 55, (2) paid because you retire due to disability, (3) paid to you as equal (or almost equal) payments over your life or life expectancy (or you and your beneficiary's lives or life expectancies), (4) used to pay certain medical expenses. (See IRS Form 5329 for more information on the additional 10% tax), (5) dividends paid with respect to stock by an employee stock ownership plan (ESOP) as described in Code Section 404 (k), (6) payments that are paid directly to the government to satisfy a federal tax levy, or (7) payments that are paid to an alternate payee under a qualified domestic relations order. The additional 10% tax will not apply to distributions to attribute to an amount rolled over to a plan (adjusted for investment returns) from another type of eligible employer planer IRA. Any amount rolled over from a governmental 457 plan to another type of eligible employer plan or to a traditional IRA will become subject to the additional 10% if it is distributed to you before you reach the age of fifty nine and a half years old, unless one of the exceptions applies.

Special Tax Treatment If You Were Born before January 1,1936. If you received a payment from a plan qualified under Section 401 (a) or a Section 403 (a) annuity plan that can be rolled over to a traditional IRA or an eligible employer plan, the payment will be taxed in every year that you receive it. However if the payment qualifies as a "lump sum distribution," it may be eligible for special tax treatment. A lump sum distribution is a payment within one year, of your entire balance under the Plan (and certain other similar plans of the employer) that is payable to you after you have reached the age of fifty nine and a half or because you have separated from service from your employer (or in the case of a self employed individual, after you have reached the age of fifty nine and a half or have become disabled). For a payment to be treated as a lump sum distribution, you must have been a participant in the plan for at least five years before the year in which you received distribution. The special tax treatment for lump sum distributions that may be available to you is described below. Ten Year Averaging. If you receive a lump sum distribution and you were born before January 1, 1936, you can make a one-time election to figure the tax on the payment by using "ten-year averaging" (using 1986 tax rates). Ten-year averaging often reduces the tax you owe.

Capital Gain Treatment. If you receive a lump sum distribution and you were born before January 1, 1936, and you were a participant in the Plan before 1974; you may elect to have the part of your payment that is attributable to your pre 1974 participation in the Plan taxed as long-term capital gain at a rate of 20%. There are other limits on the special tax treatment for lump sum distributions. For example, you can generally elect this special tax treatment only once in your lifetime, and the election applies to all lump sum distributions that you receive in that same year. You may not elect this special tax treatment if you rolled amounts into this Plan from a 403(b) tax sheltered annuity contract or from an IRA not originally attributed to a qualified employer plan. If you previously rolled over a distribution from this Plan (or certain other similar plans of the employer), you cannot use this special averaging treatment for later payments form the Plan. If you rolled over your payment to a traditional IRA, governmental 457 plan, or 403(b) tax sheltered annuity, you will not be able to use this special tax treatment for later payments form that IRA, plan, or annuity. Also, if you roll over only a portion of your payment to a traditional IRA, governmental 457 plan, or 403(b) tax-sheltered annuity, this special tax treatment is not available for the rest of the payment. See IRS Form 4972 for additional information on lump sum distributions and how you elect the special tax treatment.

Repayment of Plan Loans. If your employment ends and you have an outstanding loan from you Plan, your employer may reduce (or "offset") your balance in the Plan by the amount of the loan you have not repaid. The amount of your loan offset is treated as a distribution to you at the time of the offset and will be taxed unless you rollover an amount equal to the amount of your loan offset to another qualified employer plan or a traditional IRA within sixty days of the date of the offset. If the amount of your loan offset is the only amount you receive or are treated as having received, no amount will be withheld from it. Id you receive other payments of cash or property from the Plan, the 20% withholding amount will be based on the entire amount paid to you, including the amount of the loan offset. The amount withheld will be limited to the amount of other cash or properties paid to you (other than any employer securities). The amount of a defaulted plan loan that is a taxable deemed distribution cannot be rolled over.

Roth 403(b) In order to make a qualified distribution out of your Roth 403(b), you may not distribute prior to the end of the five-year period beginning with the calendar year in which the participant first made a Roth deferral contribution to the 403(b) plan or a prior plan if there is a rollover of Roth contributions from another 403(b). Any nonqualified distribution lose their non-taxable character. In addition, the taxable portion of a nonqualified distribution may be subject to a 10% premature distribution penalty tax.

IV. SURVIVING SPOUSES, ALTERNATIVE PAYEES, AND OTHER BENEFICIARIES

In general, the rules summarized above that apply to payments to employees also apply to payments to surviving spouses of employees and to spouses or former spouses who are "alternate payees." You are an alternate payee if your interest in the Plan, results from a "qualified domestic relations order," which is an order issued by a court, usually in connection with a divorce or legal separation. Some of the rules summarized above also apply to a deceased employee's beneficiary who is not a spouse.

However, there are some exceptions for payments to surviving spouses, alternate payees and other beneficiaries that should be mentioned.

- If you are a surviving spouse, you may choose to have an eligible rollover distribution paid in a direct rollover to any eligible retirement plan or paid to you. If you have the payment paid to you, you can keep it or roll it over yourself to an eligible retirement plan, but you cannot roll it over to an employer plan. If you are an alternate payee, you have the same choices as the employee. Thus, you can have the payment paid as a direct rollover or paid to you. If you have it paid to you, you can keep it or roll it over yourself to a Traditional IRA or to another employer plan that accepts rollovers. If you are a beneficiary other than the surviving spouse, you cannot choose a direct rollover, and you cannot roll over the payment yourself.
- If you are a surviving spouse, an alternate payee or another beneficiary, your payment is not subject to the additional 10% tax described in Section III above, even if you are younger than age 59½.

How to Obtain Additional Information

This notice summarizes only the federal (not state or local) tax rules that might apply to your payment. The rules described above are complex and contain many conditions and exceptions that are not included in this notice. Therefore, you may want to consult with a professional tax advisor before you take a payment of your benefits from the Plan. Also, you can find more specific information on the tax treatment of payments from qualified retirement plans in IRS Publication 575, Pension and Annuity Income, and IRS Publication 590, Individual Retirement Arrangements. These publications are available at www.irs.gov, from your local IRS office or by calling 1-800-TAXFORM.