



# Application for Distribution

## Plumbers Local Union No. 1 Employee 401(k) Savings Plan

### Instructions

Please print using blue or black ink. Send completed form to the following address or fax it to 1-866-439-8602. If faxing, please keep original for your records.

Prudential  
30 Scranton Office Park  
Scranton, PA 18507

**Questions?**  
Call 1-877-778-2100  
for assistance.

### About You

Plan number 9 2 0 0 1 0 Sub plan number 0 0 0 0 0 1

Social Security number \_\_\_\_\_ Daytime telephone number \_\_\_\_\_  
\_\_\_\_\_ *area code* \_\_\_\_\_

First name \_\_\_\_\_ MI \_\_\_\_\_ Last name \_\_\_\_\_

Address \_\_\_\_\_  
\_\_\_\_\_

Address 2 (apt #) \_\_\_\_\_  
\_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ ZIP code \_\_\_\_\_  
\_\_\_\_\_

Date of birth \_\_\_\_\_ Gender \_\_\_\_\_  
*month day year* \_\_\_\_\_ M \_\_\_\_\_ F

I hereby apply for distribution on my Account under the Plan for ONE of the following reasons:

Industry Withdrawal – Terminated Employment in the Plumbing Industry must sign both sections on page 8 (you must have ceased to work in covered employment for at least six months)

\_\_\_\_\_ *month day year*

Termination Benefit / Expelled from Union (must sign both sections on page 8) \_\_\_\_\_  
*month day year*

Retired at at 55 or Older (have separated from service and have reached age 55) must sign both sections on page 8.  
\_\_\_\_\_ *Month day year*

Reached the age 59 ½ (eligible to receive when you reach age 59 ½ In-service withdrawal)

Disability (Attach Social Security Award) \_\_\_\_\_ must sign both sections on page 8.  
*month day year*



**Options**

Please select from the following option(s): (May be continued on next page.)

(73)

Direct Rollover-Please complete applicable sections below.

1. Types of money in your account.	2. What do you want to roll over?	3. What type of account are you rolling to?	4. Please choose a specific product/plan below.
Tax-Deferred and After-Tax Account. (May include one or more of the following: Your own pre-tax contributions, contributions made by an Employer, money you've rolled over from another plan.)	<input type="checkbox"/> The entire Account. <input type="checkbox"/> A portion of the Account: \$ _____ OR _____ % Percentage of after-tax contributions (if any) to be rolled _____ % (If no percentage is indicated, after-tax contributions will be included in the direct rollover. It is your responsibility to confirm that the receiving plan accepts rollovers, including after-tax, if applicable.)	<input type="checkbox"/> Another eligible employer-based plan. <input type="checkbox"/> A Traditional IRA. <input type="checkbox"/> A Roth IRA. <sup>1</sup>	<input type="checkbox"/> Prudential SmartSolution IRA <sup>2</sup> <input type="checkbox"/> Other <sup>3</sup> Financial Institution _____ _____ Address _____ _____ Account number: _____

<sup>1</sup>This type of rollover is subject to current taxes. Please complete the section called "Election for Withholding Federal Income Taxes When Rolling Non-Roth Money to a Roth IRA" below.

<sup>2</sup>Your SmartSolution IRA must be opened before the distribution can be processed. If you have not already opened an account please call our toll-free number shown at the top of page 1 of this form. The money will be directly deposited into your account.

<sup>3</sup>If the address of the institution is not given, your direct rollover check will be sent to you. You are responsible for completing the direct rollover to your financial institution in a timely manner in accordance with applicable law. If rolling over to multiple institutions, please list additional institutions or IRA (note if Traditional or Roth) on a separate page.

**Options**  
**(20)** *(continued)*

- Total Single Sum Disbursement – To receive my total vested account balance in a check made payable to me.
- Partial Single Sum Prorated Disbursement – To receive \$ \_\_\_\_\_ of my account in a check made payable to me. The funds will be prorated across all available contribution types and investments unless otherwise noted.
- Partial Single Sum Specific Disbursement Option – Select this option to receive \$ \_\_\_\_\_ of my account in a check made payable to me. The funds will be withdrawn from available contribution types and investments as selected below:

**(20)**

Sources & Investment Option Election (please select below to choose a certain contribution source or investment option for your partial disbursement).

Employee Contributions (A)                       Employer Contributions (W)  
 Rollover (Z)     QNEC (T)

	<b>Percent</b>	<b>or</b>	<b>Dollar Amount</b>	<b>Investment Option</b>
Withdraw	_____ %	or \$	_____, _____	. from my _____
Withdraw	_____ %	or \$	_____, _____	. from my _____
Withdraw	_____ %	or \$	_____, _____	. from my _____

If you need additional investment options to withdrawal from, please include on a separate sheet of paper.

- Monthly Installment Option – (Complete the following sections: monthly installment payment method and monthly)

**Monthly Installment Payment Duration**

*Note to Prudential Processor please follow monthly installment instructions for 920010 monthly installments*

**(21)**

To be eligible for a monthly installment payment you must have a minimum account balance of \$5,000.00 and are requesting a distribution due to retirement, or due to termination. You may select between 24 and 120 monthly payments for your monthly installment payments.

Your request for a monthly installment payment is irrevocable, please carefully consider your request.

- Number of monthly installment payments: Please issue \_\_\_\_\_ number of payments.

If you choose to receive your Individual Account in Installment Payments, you may elect to receive monthly installments over a period of time that you choose that may not be less than two years or more than ten years. The installment payments will be paid in equal monthly amounts calculated by dividing the balance of your Individual Account at the time of the first installment payment by the number of installments requested. Any increase or decrease in your Individual Account during the payment period as a result of investment gains, investment losses or fees will be reflected in the distribution of the final installment payment; it is possible that your account balance will not support the total number of monthly payments you selected.

**Monthly Installment Payment Start Date**

I wish my payments to begin: \_\_\_\_\_ (Please select the month). Processing of your payment begins on the 15<sup>th</sup> day of the month you select and will be issued within 7 business days.

The period which you receive payments is determined by the value of your account balance. For payments of less than 120 months, Prudential will withhold 20% for federal withholding purposes.

**Election for Withholding of Federal Income Taxes For Monthly Installment Option Only**  
*(Do not use this section for monthly installment options of less than 120 months -- please see attached Special Tax Notice)*

Please read the attached Notice of Withholding of Federal and State Income Tax for Periodic Pension Payments before making your selection. If you elect a monthly installment of less than 120 months, each payment may be eligible for rollover and subject to mandatory 20% federal income tax withholding. Please read the attached Special Tax Notice Regarding Plan Payments for additional information. Do not complete this Tax Election section if your distribution is eligible for rollover. This election applies until revoked.

Prudential updates withholding tables periodically to ensure that the correct federal and state deductions are withheld from payments. These updates could result in a change to the amount of federal and state withholding deducted from your payment. You can make or change your withholding election at any time by contacting Prudential.

- 1. I elect not to have federal income tax withheld.
- 2. I elect to have federal income tax withheld. Please complete the information on marital status and number of exemptions below. You may also designate an additional dollar amount under Number 3 below.
  - Single     Married     Married withholding at a higher single rate    Number of Exemptions Claimed:
- 3. I elect to have an additional flat amount withheld each month. Indicate the additional amount to be withheld from each payment. NOTE: For periodic payments, you cannot enter an additional amount here without entering a marital status and number (including zero) of allowances under Number 2 above.

Additional flat dollar amount to be withheld \$ , .

You may claim one allowance for yourself. You may be able to claim your spouse and each dependent. Your most recent tax return may help you in deciding the number of exemptions to claim. You are not required to claim all of the exemptions to which you are entitled. If you expect to itemize deductions, and if they exceed the standard deduction, you may claim additional withholding exemption for certain tax credits to which you may be entitled. You should consult your tax advisor with any questions on exemptions, deductions, or tax credits that may apply.

**Election for Withholding Federal Income Taxes When Rolling Non-Roth Money to a Roth IRA**

Only complete this section if you elected to roll non-Roth money to a Roth IRA above. If you do not complete this section, no federal income tax will be withheld if you elect to rollover non-Roth money to a Roth IRA.

A rollover of non-Roth money to a Roth IRA is generally taxable. However, this distribution is not subject to 20% mandatory federal withholding. You may elect withholding by making an election below.

- Please withhold \_\_\_\_\_% (percent) or \$\_\_\_\_\_ (amount)
- Please do not withhold federal income taxes

(Note: If you elect federal income tax withholding for this type of rollover, you will receive a second 1099-R for the withholding amount. If you are under age 59.5 and you elect withholding, the withholding amount may be subject to a 10% early distribution penalty.) Consult with your tax advisor to understand the tax implications for you.

**Election for Withholding of Federal Income Taxes**  
*(For Single Sum Payments)*

We will automatically withhold 20% federal income tax from the taxable portion of your distribution. Only complete this section if you elected a total or partial single sum distribution made payable to you and you wish to have an additional amount withheld from your distribution.

In addition to the 20%, I want % or \$ ,  federal income tax withheld from my distribution.

Important information and signatures required on the following pages

**Election For Withholding of State Income Taxes**  
*(For Single Sum Payments and Rollovers of non-Roth money to a Roth IRA)*

A. **Mandatory State Withholding:** If you reside in a state where state income tax withholding is mandatory AR, CA\*, DC (mandatory for total single sum distributions only), DE, IA, KS, MA, MD (mandatory for eligible rollover distributions only, subject to 20% mandatory federal withholding), ME, MI (see below), NC, NE, OK\*, OR\*, VA or VT\* applicable withholding will be deducted automatically, unless an election out is applicable (see below). Note: Some states require withholding if federal income tax is withheld from the distribution.

If you are a resident of IA, have federal income taxes withheld, and receive one or more distributions totaling more than \$6,000 in the calendar year, IA income taxes are required to be deducted for the amount over \$6,000.

My resident state is AR, DE, KS, ME, NC, NE, or VA (for NE and VA, election out is allowed for payments from IRA's only) and I do not want state income tax withholding deducted from my distribution. (An election out of AR, DE, KS, ME, NC, or VA state tax is not allowed for eligible rollover distributions, subject to 20% mandatory federal withholding.) *Important note to Maine (ME) residents. If you elect out of ME withholding, you must either have elected out of federal withholding, or have no Maine State tax liability in the prior or current years.*

\*My resident state is one of the following: CA, OK, OR, \*\*VT and withholding is required if federal income tax is withheld, unless I elect out of state withholding. By checking this box I am electing out of state withholding. \*\*An election out is not allowed for eligible rollover distributions, subject to 20% mandatory federal withholding.

My resident state is MI and withholding of 4.25% is required, unless my payments are not taxable and I opt out.

My resident state is MI and I would like to opt out of MI withholding. Note: Opting out may result in a balance due on your MI 1040 as well as penalty and/or interest.

My resident state is MI and if my payments are taxable, I wish to have MI state withholding based on the number of exemptions selected. I have entered the number of exemptions below:

\_\_\_\_\_ Enter the number of personal exemptions allowed on your Michigan Income Tax Return (MI-1040). The total number of exemptions you claim may not exceed the number of exemptions you are entitled to claim when you file your MI-1040. Withholding will be computed at the percentage determined by the state after subtracting your personal exemption allowances.

My resident state is MI and I am requesting \_\_\_\_\_% additional MI state tax withheld from my payment. This amount must be a whole percentage.

B. **Voluntary State Withholding:** Please check the appropriate box below. If state income tax withholding is not mandatory in your state, you may be allowed to request state tax withholding. If your state of residence is not listed, or if you choose a method of withholding that is not offered for your state, we cannot withhold state income tax.

I reside in one of the following voluntary withholding states: AL, CO, CT, DC (voluntary for partial and monthly installment distributions), GA, ID, IA (voluntary if no federal tax withheld) IL, IN, KY, LA, MD (non-eligible rollover distributions only), MA (voluntary if no federal income tax withheld), MN, MO, MS, MT, ND, NE, NJ, NM, NY, OH, PA, RI, SC, UT, VA, WI, WV (NE and VA state withholding is voluntary for payments from IRA's only) and would like state income tax withheld. (Specify a percentage or dollar amount to be withheld.)

\_\_\_\_\_ % or \$ \_\_\_\_\_

I reside in one of the voluntary withholding states listed above and I do not want state income tax withholding deducted from my distribution.

C. **No State Withholding:** Some states do not have state income tax withholding.

My resident state is one of the following: AK, FL, HI, NV, NH, SD, TN, TX, WA, WY and there is no state income tax withholding.

My resident state is AZ and there is no state income tax withholding on non-periodic (single sum) payments.

Important information and signatures required on the following page

**Monthly  
Installment  
Election For  
Withholding  
of State  
Income Taxes**  
*(For Monthly  
Installment  
Payments only)*

A. **Mandatory State Withholding:** If you reside in a state where state income tax withholding is mandatory AR, CA, DC (mandatory for total single sum distributions only), DE, GA, IA, KS, MA, MD (mandatory for eligible rollover distributions only), ME, MI (see below), NC, NE, OK, OR, VA, VT (NE and VA not mandatory for payments from IRAs) applicable withholding will be deducted automatically from the distribution, unless an election out is applicable (see below). Note: Some states require withholding if federal income tax is withheld from the distribution. If state income tax withholding is not mandatory in your state, you may be allowed to request state tax withholding. If your state of residence is not listed, or if you choose a method of withholding that is not offered for your state, we cannot withhold state income tax.

If you are a resident of IA, have federal income taxes withheld, and receive one or more distributions totaling more than \$6,000 in the calendar year, IA income taxes are required to be deducted for the amount over \$6,000.

My resident state is DE, GA, KS, ME, NC, NE, OK, OR, VA, or VT and I want state income tax withholding applied to my distribution in accordance with the applicable withholding tables and the marital status/exemption information provided here:

a. Marital Status (Circle one): Single                      Married

b. Number of Exemptions: \_\_\_\_\_

c. Additional Flat Amount: \$ \_\_\_\_\_

Note: A marital status must be circled on Line a. and the number of exemptions must be entered on Line b. to withhold an additional flat amount, entered on Line c.

My resident state is MI and withholding of 4.25% is required, unless my payments are not taxable and I opt out.

My resident state is MI and I would like to opt out of MI withholding. Note: Opting out may result in a balance due on your MI 1040 as well as penalty and/or interest.

My resident state is MI and if my payments are taxable, I wish to have MI state withholding based on the number of exceptions selected. I have entered the number of exemptions below:

\_\_\_\_\_ Enter the number of personal exemptions allowed on your Michigan Income Tax Return (MI-1040). The total number of exemptions you claim may not exceed the number of exemptions you are entitled to claim when you file your MI-1040. Withholding will be computed at the percentage determined by the state after subtracting your personal exemption allowances.

My resident state is MI and I am requesting \_\_\_\_\_% additional MI state tax withheld from my payment. This amount must be a whole percentage.

B. **Voluntary State Withholding:** Please check the appropriate box below. If state income tax withholding is not mandatory in your state, you may be allowed to request state tax withholding. If your state of residence is not listed, or if you choose a method of withholding that is not offered for your state, we cannot withhold state income tax.

My resident state is AR, CA, DE, GA, KS, \*ME, NE, NC, OK, OR, \*VA, VT (for NE, election out is allowed for payments from IRAs only) or one of the voluntary withholding states listed below and I do not want state income tax withheld from my distribution. (An election out of state income tax withholding is not allowed for AR, DE, KS, ME, NC, OK, VA, VT residents receiving qualified plan installment payments with a duration of less than 10 years, as these payments are eligible rollover distributions and withholding is mandatory, subject to 20% mandatory federal withholding.) *\*Important note to Maine (ME) and Virginia (VA) residents, If you elect out of state withholding, you must either have elected out of federal withholding, or have no state tax liability in the prior or current years, or for Virginia (VA) residents only, expect to satisfy minimum adjusted gross income requirements (see Form VA-4P) or your payments are from an IRA.*

I reside in one of the following voluntary withholding states: AL, AZ, CO, CT, DC (voluntary for partial and monthly installment distributions), ID., IA (voluntary if no federal tax withheld), IL, IN, KY, LA, MD (non-eligible rollover distributions only), MA (voluntary if no federal income tax withheld), MN, MO, MS, MT, NE, ND, NJ, NM, NY, OH, PA, RI, SC, UT, VA, WI, WV (for NE and VA, election allowed for payments from IRAs only) and would like state income tax withheld. (Specify a percentage or dollar amount to be withheld.)

\_\_\_\_\_ %                      or                      \$ \_\_\_\_\_

C. **No State Withholding:** Some states do not have state income tax withholding.

My resident state is one of the following: AK, FL, HI, NV, NH, SD, TN, TX, WA, WY and there is no state income tax withholding.

Important information continued and signature required on the following pages

**Monthly  
Installment  
Electronic  
Funds  
Transfer  
(EFT)**

*(Complete this section only if you choose to have your payment(s) sent by EFT)*

Complete this section only if you have requested a monthly installment payment and you want your payments sent by EFT.

If you would like your disbursement sent to you via EFT, please provide the information below.

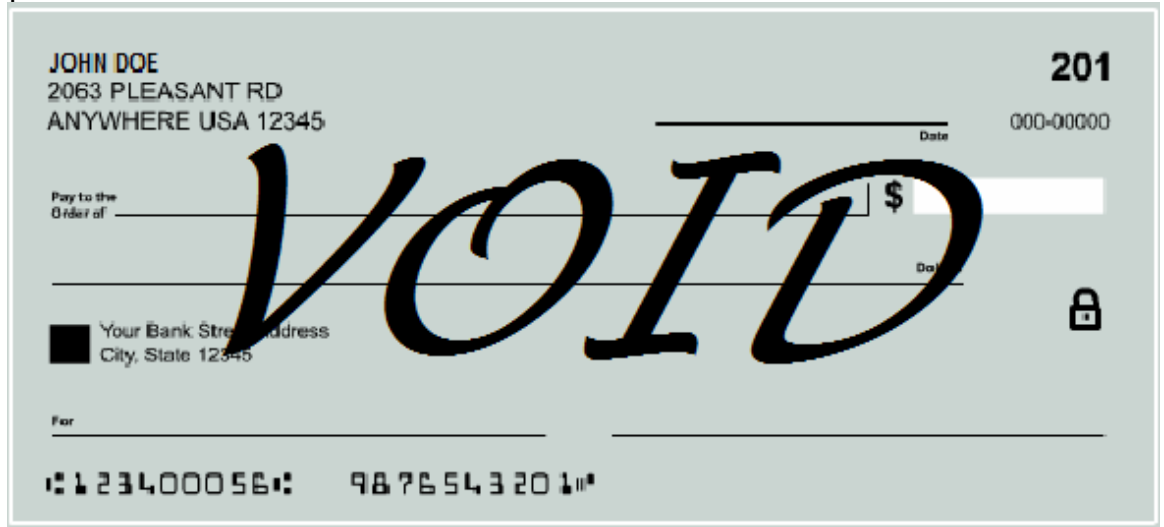
Type of Account (please choose one):

- Checking (Must attach a voided check below, or include a letter from your financial institution, with participant's name, checking account number, and ABA routing number)
- Savings (Must include a letter from your financial institution with participant's name, savings account number, and ABA routing number)

**IMPORTANT:** Your EFT payment may result in a check payable to you if:

- Your voided check or financial institution letter is not included
- All of the necessary information is not provided
- If this section does not apply to your disbursement request

Please Tape Voided Check Here:



I have carefully read this form and I hereby authorize Prudential to make this Plan payment(s) to the financial institution listed above in the form of Electronic Fund Transfer (EFT). I understand Prudential is not responsible for any losses associated with incorrect information provided (e.g. wrong banking instructions). The credit will typically be applied to your account within 2 business days of being processed.

In the event that an overpayment is credited to the financial institution account listed above, I hereby authorize and direct the financial institution designated above to debit my account and refund any overpayment to Prudential. This authorization will remain in effect until Prudential receives a written notice from me stating otherwise and until Prudential has had a reasonable chance to act upon it.

**Your  
Authorization**

I understand that Prudential will rely on the information I have provided in processing my request. I understand that my request must be reviewed to confirm eligibility under applicable Internal Revenue Code requirements and plan rules and will be processed upon confirmation. I further understand that I am responsible for its accuracy in the event any dispute arises with respect to the transaction. I acknowledge that I have read the attached **Special Tax Notice Regarding Plan Payments**. I understand the tax implications regarding this disbursement, including that if I am entitled to an eligible rollover distribution, I have the right to consider whether or not to elect a direct rollover for at least 30 days after this special tax notice is provided. By signing this form, I am waiving this notice period. The taxable portion of any distribution that is eligible for "rollover" is subject to a *mandatory 20% federal income tax withholding*, unless that amount is directly rolled to an Individual Retirement Account (IRA) or to another plan in which I am a participant.

If there are investment options available through your retirement account that are subject to the fund's market timing policies, you may be subject to restrictions or incur fees if you engage in excessive trading activity in those investments. You may wish to review the fund prospectus or your retirement account's market timing policy prior to submitting this transaction request. If a fee applies to the transaction, you will be able to view the details after the transaction is processed by logging on to the retirement internet site at [www.prudential.com/online/retirement](http://www.prudential.com/online/retirement).

  X   \_\_\_\_\_ Date \_\_\_\_\_

*Participant's signature*

**Complete this  
section for all  
distribution  
requests  
except  
Reached age  
59 ½  
withdrawals)**

I declare under penalty of perjury that the effective date I indicated on the first page of this disbursement request, I have terminated or will terminate my common law employee status with all employers who contribute to the Plumbers Local Union No. 1 Employee 401K Savings Plan. This means that I will not work for an employer who contributes to this Plan in any job classification.

I understand that the Plan is prohibited by the Internal Revenue Service from distributing benefits until after I have terminated from employment.

I certify that I have applied for benefits from the Plumbers Local Union No. 1 401K Plan. I hereby authorize my employer(s) to provide any information deemed necessary by the Trustees for the Plan to confirm that I have terminated my common law employee status with all employers who contribute to this Pension Plan in accordance with IRS guidelines.

Executed on : \_\_\_\_\_, 20\_\_\_\_\_

  X   \_\_\_\_\_ Date \_\_\_\_\_

*Participant's signature*



**Your  
Plan**

This section must be completed by the Fund Office and signed by an authorized plan representative if the distribution request is not approved via the web portal.

**Authorization**

If an authorized plan representative previously submitted termination information to Prudential and a change in employee status did not take place since then, this section does not need to be completed.

I certify, as plan sponsor and authorized representative of the plan, I understand it is my responsibility to confirm employee status (i.e., Industry Withdrawal Eligible - Terminate Employment in the Plumbing Industry, Termination Benefit Eligible, Reach age 59 ½ Eligible, Retirement Eligible, Disability Eligible) and date of termination/retirement, and submit such information to Prudential.

If the distribution request is for a monthly installment payment, this form must be approved by the Fund Office and faxed back to Prudential, these requests are not entered on the website portal. All other requests should be approved via the website portal.

Date of termination:    (if applicable)  
*month day year*

**X** \_\_\_\_\_ Date     
*Authorized plan representative's signature*

\_\_\_\_\_  
*Print name and title*

**Fund Office  
use only**

Date received:     
*month day year*

Date entered:     
*month day year*

Entered by: \_\_\_\_\_

Type of coverage: \_\_\_\_\_

Date faxed back to Prudential, if monthly installment:     
*month day year*

Prudential fax number: 1-866-439-8602

# Monthly Installment Payment General Provisions

Retain For Your Records

Please refer to the attached Special Tax Notice Regarding Plan Payments document for information regarding tax implications to your monthly installment payments. Consult your legal or tax counsel prior to making this request.

**Eligibility** - If you are eligible to receive a distribution of funds under the Plan or Program, you may make an irrevocable election to receive a monthly installment payment, subject to any restrictions in your Employer's Plan

**Minimum Disbursement** - You may elect to receive payments monthly. If you have attained age 70 1/2, your payment amount must be at least equal to the minimum amount required by the IRS. Prudential will assist you in determining this amount at your request.

**Monthly Administration Charge** - Remains the same as that prior to commencement of distributions.

**Additional Disbursement** - If your Employer's Plan so provides, you may request one additional distribution each year up to

**Flexibility** - You may continue to make exchanges among investment accounts, as permitted by your plan.

**Death Benefit** - Your beneficiary will be able to receive monthly installment payments, an annuity, a single sum of the remaining account balance or any combination of the above. These options give your beneficiary flexibility to accommodate his or her financial needs. The duration of your beneficiary's payout period may be limited by the tax law.

Ed. 2/2018

# Notice of Withholding of Federal and State Income Tax for Periodic Pension Payments

## Retain For Your Records

Generally, periodic pension distributions anticipated to be paid either: (1) over your lifetime or (2) over a period of 10 years or longer are not eligible for rollover. Internal Revenue Code Section 3405(a) requires federal income tax withholding from such periodic payments unless you elect not to have withholding apply. Withholding will only apply to the portion of your pension payment that is included in your income and subject to federal income tax, and will follow the rules for the withholding of tax from wages. Therefore, there will be no withholding on the return of your own nondeductible contributions to the plan.

If your payments are anticipated to be paid over a period of less than 10 years, some or all of your distribution may be eligible for rollover and subject to mandatory 20% federal withholding. Please read the Special Tax Notice regarding eligible rollover distributions.

In the event that we are unable to determine the portion of your payment that is includible in gross income, tax will be withheld on the gross amount of the payment, even though you may be receiving amounts that are not subject to withholding (because they are excludable from gross income). This withholding procedure may result in excess withholding on the payment. You may, however, provide us with the information necessary to calculate the taxable portion of each payment, or you may adjust your allowances claimed on the election notice if you want a lesser amount withheld from each payment.

The amount of federal income tax withheld will change if the periodic amount of your pension changes or if the tax rates change.

You may elect not to have withholding apply to your pension payments by checking Box 1 in the Election for Withholding of Federal Income Taxes section of this form (unless you are a U.S. citizen or resident alien and your payment is to be delivered outside of the United States or its possessions).

If you elect to have withholding, please check Box 2 in the Election for Withholding of Federal Income Taxes section of this form and supply the additional information indicated below the box. Withholding will be calculated on the basis of whether you are married or single and the number of withholding allowances which you claim.

You may also elect to have an additional flat amount withheld from each periodic payment; please check Box 3 in the Election for Withholding of Federal Income Taxes section of this form and enter the additional amount to withhold below the box.

After completing the form, please sign and date in the **Your Authorization** section and return it as directed in the **Instructions** section of the form. Your election choice will become effective no later than with the payment that is due at least one month after our receipt of the election. Your election will remain in effect until you change or revoke it. You may make and revoke elections not to have withholding apply as often as you wish. Additional election forms may be obtained by calling your Customer Service Representative.

If you do not return this signed and completed form, or if your election is not received prior to the processing of your initial retirement check, we will be required by law to withhold federal income tax from your pension payments as if you were a married person and entitled to three withholding allowances. As a result, no federal income tax will be withheld if the taxable portion of your periodic payment is below the threshold for the current tax year.

*Caution: If you elect not to have withholding apply to your pension payments, or if you do not have enough federal income tax withheld from your pension payments, you may be responsible for payment of estimated tax. You may incur penalties under the estimated tax rules if your withholding and estimated tax payment are not sufficient. This information is not intended as legal or tax advice. You should consult your tax advisor with any questions regarding your federal income tax withholding.*

### STATE WITHHOLDING

If you live in a state that requires withholding of state income taxes, withholding will be deducted automatically at the applicable state default rate.

*Ed. 6/2003*

## Applies to Sections 401 and 403

### SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS

#### Retain For Your Records

This notice is provided to you by Prudential Financial, Inc., on behalf of the plan administrator (“Plan Administrator”).

#### Right to Defer Distributions from Defined Contribution Plans

You may be eligible to receive a distribution from your employer's retirement plan now. Instead of taking a distribution now, you may elect to defer receiving a distribution until a later date -- typically as late as age 70½. (If your account balance does not exceed \$5,000 (or the amount of your plan's cashout threshold), you may not have a right to defer payment.) If you defer receiving a distribution, the plan investment options available to you thereafter (including related fees) generally will be the same as those available to active employees. However, certain plan features, such as the right to repay or take a loan from the plan, may not be available if you have terminated employment. Please refer to your summary plan description and fund fact sheets for more information about plan investment options, investment related expenses, any plan restrictions or charges applicable to terminated employees, payment options, and any other special rules that may impact your distribution decision. If you elect to receive a distribution that you roll over to another eligible retirement plan such as an IRA, the investment options offered under your current employer's plan (e.g., mutual funds, employer stock) may not be available to you or, if available, are likely to carry higher expenses if transferred to an IRA. If you elect to receive a distribution but do not roll it over to another eligible retirement plan, such action triggers taxation (possibly including a 10% penalty), results in loss of future tax-deferred earnings (if any), and may diminish the funds available to you for retirement purposes. For additional information about plan investment options (and related fees), plan restrictions or charges applicable to terminated employees who defer receiving a distribution, or if you have other questions regarding your right to defer a distribution, and the consequences of failing to defer, please contact Prudential at the number provided on your benefit statement.

### For Payments Not From a Designated Roth Account

This notice describes the rollover rules that apply to payments from your employer's plan (the “Plan”) that are not from a designated Roth account (a type of account with special tax rules in some employer plans). A different notice is provided for payments from a designated Roth account.

#### YOUR ROLLOVER OPTIONS

This notice is provided to you because all or part of the payments that you may receive from the Plan may be eligible for rollover to an IRA or an eligible employer plan. This notice is intended to help you decide whether to do such a rollover. If you have additional questions after reading this notice, you can contact your Plan Administrator.

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

#### GENERAL INFORMATION ABOUT ROLLOVERS

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

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

##### Where may I roll over the payment?

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

##### How do I do a rollover?

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

If you do a direct rollover, the Plan will make the payment directly to your IRA or an employer plan. You should contact the IRA sponsor or the administrator of the employer plan for information on how to do a direct rollover.

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

## How much may I roll over?

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

- Certain payments spread over a period of at least 10 years or over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary)
- Required minimum distributions after age 70½ (or after death)
- Hardship distributions
- 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 requested to be withdrawn within 90 days of the 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).

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 is in addition to the regular income tax on the payment not rolled over.

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

- Payments made after you separate from service if you will be at least age 55 in the year of the separation
- Payments that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary)
- Payments made due to disability
- Payments after your death
- Payments of 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 up to the amount of your deductible medical expenses
- Certain payments made while you are on active duty if you were a member of a reserve component called to duty after September 11, 2001 for more than 179 days
- Payments of certain automatic enrollment contributions requested to be withdrawn within 90 days of the first contribution.

## If I do a rollover to an IRA, will the 10% additional income tax apply to early distributions from 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 from the IRA, unless an exception applies. In general, the exceptions to the 10% additional income tax for early distributions from an IRA are the same as the exceptions listed above for early distributions from a plan. However, there are a few differences for payments from an IRA, including:

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

## Will I owe State income taxes?

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

## SPECIAL RULES AND OPTIONS

### If your payment includes after-tax contributions

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

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

which destination receives the after-tax contributions.

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

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

#### **If you miss the 60-day rollover deadline**

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

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

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

#### **If you roll over your payment to a Roth IRA**

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

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

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

You cannot roll over a distribution to a designated Roth account in another employer's plan. However, you may be able to 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. However, the 10% additional tax on early distributions will not apply (unless you take the amount rolled over out of the designated Roth account within the 5-year period that begins on January 1 of the year of the rollover).

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

#### **If you are not a plan participant**

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

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

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

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

#### **If you are a nonresident alien**

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

#### **Other special rules**

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

If your payments for the year are less than \$200 (not including payments from a designated Roth account in the Plan), the Plan is not required to allow you to do a direct rollover and is not required to withhold for federal income taxes. 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, or the amount of your plan's cashout threshold (not including any amounts held under the plan as a result of a prior rollover made to the plan).

You may have special rollover rights if you recently served in the U.S. Armed Forces. For more information, see IRS Publication 3, *Armed Forces' Tax Guide*.

If you expatriate from the U.S., you may be subject to special rules, and should consult with your personal tax advisor to determine if you are required to provide Prudential with IRS Form W-8CE.

### **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.