403(b) IN-PLAN ROTH CONVERSION

For current participants only

1 PARTICIPANT INFORMATION

Full Legal Name | Date of Birth | Social Security Number

Employer Name | Employer Phone Number

Employer Address

2 CONVERSION INSTRUCTIONS

Select contribution type(s) and amount to convert to a Roth 403(b). See conditions of eligibility on next page. Distribution restrictions that applied before the conversion will continue to apply after the conversion. Source of funds includes those transferred from another service provider under your employer's plan. If your balance is less than the amount you have specified, the entire balance will be converted. If your RMD is due in the current year, it will be paid at the time of conversion. (See Important Information on page 3.)

☐ All Eligible Funds OR ☐ Selection(s):

Pre-Tax Elective Deferrals	☐ All Eligible Funds	OR	☐ $__________
Employer Contributions	☐ All Eligible Funds	OR	☐ $__________
Traditional After-Tax	☐ All Eligible Funds	OR	☐ $__________
Rollover Funds	☐ All Eligible Funds	OR	☐ $__________

3 INCOME TAX WITHHOLDING

This section is only applicable if RMD is due.

FEDERAL WITHHOLDING

The Internal Revenue Service (IRS) requires AGFinancial to withhold appropriate federal income tax on all taxable distributions. If you are a current or former credentialed minister over 59½ or disabled, we will not automatically withhold federal tax on most distributions unless you voluntarily choose withholding.

Complete the included Form W-4R to have the correct amount of federal income tax withheld for a one-time distribution. ***If Form W-4R is left blank or not returned and you are not a current or former credentialed minister over 59½ or disabled, AGFinancial is required to withhold taxes as specified on Form W-4R on the taxable portion of your distribution.*** *The required withholding rate for taxable distributions delivered outside the United States may be higher.*

If you have any questions, consult with your tax advisor before completing any tax withholding form. See the Special Tax Notice for additional information.

STATE WITHHOLDING

Mandatory state income tax withholding may be required as determined by the state taxing authority when federal income tax is withheld. Some states allow voluntary withholding, and we will accommodate those requests in accordance with applicable law. Complete the withholding percentage below, or if left blank, mandatory state withholding will be determined and applied to your distribution. If your state has restrictions on withholding, we may apply or adjust any elected withholding as required. Contact your own tax advisor or state taxing authority for your state specific withholding information.

☐ Withhold state income tax at_______%   ☐ My taxable state of residence is:_______________

4 RMD DISTRIBUTION METHOD

This section is only applicable if RMD is due.

☐ Electronic Transfer *(Complete EFT Authorization below.)* ☐ Transfer to AGFinancial Demand Certificate # ______________

EFT AUTHORIZATION

I hereby authorize AGFinancial and any of its contracted third-party administrators or service providers ("AGFinancial") to initiate credit entries and to initiate, if necessary, debit entries and adjustments for any credit entries in error to the bank account indicated below for any payments, interest, withdrawals, redemptions, or otherwise, due to you or requested by you on the account and/or investment. I further authorize AGFinancial to initiate credit entries and to initiate, if necessary, debit entries and adjustments for any credit entries made in error to the bank account indicated below. Furthermore, I authorize the indicated bank to debit and/or credit the same to said account. If new banking information is provided, you understand and agree that any banking information currently on file will be replaced and all future distributions will utilize the new information provided, until such time as you either provide subsequent banking information via a future distribution or complete and submit an EFT Instructions form.

☐ Use existing EFT instructions on file.

Name(s) As On Your Bank Account ☐ Checking ☐ Savings

Bank Name (Please print) Routing Number (Must be 9-digits.) Account Number

5 SIGNATURE AND CERTIFICATIONS

I certify that the information contained in this form is true and accurate to the best of my knowledge.

If I am an evangelist, independent contractor minister, or chaplain, I further certify and agree to the following:

- I am an Assemblies of God credentialed minister who is an independent contractor performing services in the exercise of ministry, that I have ministry related income, and I qualify to file a Schedule C for my federal income tax on my ministry income, OR
- I am an Assemblies of God credentialed minister employed by an organization not related to the Assemblies of God and performing services in the exercise of ministry.

Participant Signature Printed Name Date

FOR INTERNAL USE ONLY:

Gross Amt	Fed WH	State WH	Net Amt	Fee	Date	Type	Freq	Method	Tax Code	Indicator

Age	Eligibility	Emp Plan	Credential #	Housing	Initials

(continued from previous page)

CONDITIONS FOR ELIGIBILITY

- Your ministry employer's 403(b) written plan must allow for Roth contributions.
- The AGFinancial 403(b) Retirement Plan (Plan) document allows evangelists and chaplains to participate in the Roth 403(b).
- Only the original participant may convert funds.
- Only balances that are eligible rollover amounts may be rolled over (*e.g.,* you may not convert required minimum distributions and certain other amounts).

CONTRIBUTION TYPE	IN-PLAN ROTH ROLLOVER ELIGIBILITY
Employee Elective Deferrals (monies deferred from employee's pay)	Any time
Employer Contributions (match/discretionary)	Balance must be 100% vested
Rollover Funds (monies rolled into the Plan from another plan)	Any time
Employee Traditional After-Tax Contributions	Any time

IMPORTANT INFORMATION

- There is no tax penalty for an in-plan Roth 403(b) conversion, but it is a taxable event. Any tax liability from this conversion must be paid from assets outside the Plan.
- Distribution restrictions that applied before the conversion will continue to apply after the conversion.
- The conversion is irrevocable and cannot be recharacterized once it is complete.
- If your required minimum distribution (RMD) is due in the current year and you are not eligible to delay, it will be paid at the time of conversion, even for partial conversions.
- *Note that the actual amount of the RMD is the sole responsibility of the taxpayer. AGFinancial provides the calculation of the RMD as a service of convenience only. Additionally, the timing of the withdrawal, changes in marital status, beneficiary age, and the death of an account owner may also factor into your required minimum distribution. Because of these factors, your RMD may be higher or lower than the amount shown. The information is from sources deemed reliable, but we cannot and do not make any guarantees as to the accuracy of any calculation regarding your individual circumstances.*
- Clergy housing allowance will not be applied at the time of the conversion.
- Effective January 1, 2024, Roth 403(b) funds are no longer subject to required minimum distributions for participants. To be a qualified Roth distribution, the Roth must be open for five (5) consecutive tax years and have a distributable event. The 5-year clock begins January 1 of the taxable year in which the conversion is completed. Multiple in-plan conversions may be subject to separate five- year clocks.
- Funds converted to an in-plan Roth 403(b) will not be eligible for distribution until there is a distributable event of age 59½, death, or disability.
- This conversion applies only to current balances and not future contributions.
- After an in-plan Roth conversion, trailing interest may be posted to the original contribution source type and will remain part of that original source balance.
- A minimum balance of $1,000 is required to keep your account open. You may need to pay estimated taxes on the taxable portion of the amount converted for the year it is included in gross income or you may incur an underpayment penalty.
- The additional 10% early withdrawal tax penalty does not apply to an in-plan Roth conversion. The conversion could become subject to this penalty if it is withdrawn within the 5-year clock timeframe (*see "IF YOU DO A ROLLOVER TO A DESIGNATED ROTH ACCOUNT IN THE PLAN" in the Special Tax Notice*).
- Due to year-end processing time, this form must be received in our office by December 20 to be processed in the current year.
- AGFinancial reserves the right to limit the frequency of in-plan Roth conversions.

This information is not legal or tax advice. Information is from sources deemed reliable. Information is subject to error, omission, withdrawal, or change. Contact your own tax advisor before taking any action that would have a legal or tax consequence.

Form **W-4R**

Department of the Treasury
Internal Revenue Service

Withholding Certificate for Nonperiodic Payments and Eligible Rollover Distributions

Give Form W-4R to the payer of your retirement payments.

OMB No. 1545-0074

2024

1a First name and middle initial	Last name	**1b Social security number**
Address		
City or town, state, and ZIP code		

Your withholding rate is determined by the type of payment you will receive.

- For nonperiodic payments, the default withholding rate is 10%. You can choose to have a different rate by entering a rate between 0% and 100% on line 2. Generally, you can't choose less than 10% for payments to be delivered outside the United States and its territories.
- For an eligible rollover distribution, the default withholding rate is 20%. You can choose a rate greater than 20% by entering the rate on line 2. You may not choose a rate less than 20%.

See page 2 for more information.

2 Complete this line if you would like a rate of withholding that is different from the default withholding rate. See the instructions on page 2 and the Marginal Rate Tables below for additional information. Enter the rate as a whole number (no decimals) . . . . **2** ______ %

Sign Here

Your signature (This form is not valid unless you sign it.) **Date**

General Instructions

Section references are to the Internal Revenue Code.

Future developments. For the latest information about any future developments related to Form W-4R, such as legislation enacted after it was published, go to *www.irs.gov/FormW4R*.

Purpose of form. Complete Form W-4R to have payers withhold the correct amount of federal income tax from your nonperiodic payment or eligible rollover distribution from an employer retirement plan, annuity (including a commercial annuity), or individual retirement arrangement (IRA). See page 2 for the rules and options that are available for each type of payment. Don't use Form W-4R for periodic payments (payments made in installments at regular intervals over a period of more than 1 year) from these plans or arrangements. Instead, use Form W-4P, Withholding Certificate for Periodic Pension or Annuity Payments. For more information on withholding, see Pub. 505, Tax Withholding and Estimated Tax.

Caution: If you have too little tax withheld, you will generally owe tax when you file your tax return and may owe a penalty unless you make timely payments of estimated tax. If too much tax is withheld, you will generally be due a refund when you file your tax return. Your withholding choice (or an election not to have withholding on a nonperiodic payment) will generally apply to any future payment from the same plan or IRA. Submit a new Form W-4R if you want to change your election.

2024 Marginal Rate Tables

You may use these tables to help you select the appropriate withholding rate for this payment or distribution. Add your income from all sources and use the column that matches your filing status to find the corresponding rate of withholding. See page 2 for more information on how to use this table.

Single or Married filing separately		**Married filing jointly or Qualifying surviving spouse**		**Head of household**	
Total income over—	**Tax rate for every dollar more**	*Total income over—*	**Tax rate for every dollar more**	*Total income over—*	**Tax rate for every dollar more**
$0	**0%**	$0	**0%**	$0	**0%**
14,600	**10%**	29,200	**10%**	21,900	**10%**
26,200	**12%**	52,400	**12%**	38,450	**12%**
61,750	**22%**	123,500	**22%**	85,000	**22%**
115,125	**24%**	230,250	**24%**	122,400	**24%**
206,550	**32%**	413,100	**32%**	213,850	**32%**
258,325	**35%**	516,650	**35%**	265,600	**35%**
623,950*	**37%**	760,400	**37%**	631,250	**37%**

* If married filing separately, use $380,200 instead for this 37% rate.

General Instructions *(continued)*

Nonperiodic payments—10% withholding. Your payer must withhold at a default 10% rate from the taxable amount of nonperiodic payments **unless** you enter a different rate on line 2. Distributions from an IRA that are payable on demand are treated as nonperiodic payments. Note that the default rate of withholding may not be appropriate for your tax situation. You may choose to have no federal income tax withheld by entering "-0-" on line 2. See the specific instructions below for more information. Generally, you are not permitted to elect to have federal income tax withheld at a rate of less than 10% (including "-0-") on any payments to be delivered outside the United States and its territories.

Note: If you don't give Form W-4R to your payer, you don't provide an SSN, or the IRS notifies the payer that you gave an incorrect SSN, then the payer must withhold 10% of the payment for federal income tax and can't honor requests to have a lower (or no) amount withheld. Generally, for payments that began before 2024, your current withholding election (or your default rate) remains in effect unless you submit a Form W-4R.

Eligible rollover distributions—20% withholding. Distributions you receive from qualified retirement plans (for example, 401(k) plans and section 457(b) plans maintained by a governmental employer) or tax-sheltered annuities that are eligible to be rolled over to an IRA or qualified plan are subject to a 20% default rate of withholding on the taxable amount of the distribution. You can't choose withholding at a rate of less than 20% (including "-0-"). Note that the default rate of withholding may be too low for your tax situation. You may choose to enter a rate higher than 20% on line 2. Don't give Form W-4R to your payer unless you want more than 20% withheld.

Note that the following payments are **not** eligible rollover distributions for purposes of these withholding rules:

- Qualifying "hardship" distributions;
- Distributions required by federal law, such as required minimum distributions;
- Generally, distributions from a pension-linked emergency savings account;
- Eligible distributions to a domestic abuse victim;
- Qualified disaster recovery distributions;
- Qualified birth or adoption distributions; and
- Emergency personal expense distributions.

See Pub. 505 for details. See also *Nonperiodic payments—10% withholding* above.

Payments to nonresident aliens and foreign estates. Do not use Form W-4R. See Pub. 515, Withholding of Tax on Nonresident Aliens and Foreign Entities, and Pub. 519, U.S. Tax Guide for Aliens, for more information.

Tax relief for victims of terrorist attacks. If your disability payments for injuries incurred as a direct result of a terrorist attack are not taxable, enter "-0-" on line 2. See Pub. 3920, Tax Relief for Victims of Terrorist Attacks, for more details.

Specific Instructions

Line 1b

For an estate, enter the estate's employer identification number (EIN) in the area reserved for "Social security number."

Line 2

More withholding. If you want more than the default rate withheld from your payment, you may enter a higher rate on line 2.

Less withholding (nonperiodic payments only). If permitted, you may enter a lower rate on line 2 (including "-0-") if you want less than the 10% default rate withheld from your payment. If you have already paid, or plan to pay, your tax on this payment through other withholding or estimated tax payments, you may want to enter "-0-".

Suggestion for determining withholding. Consider using the Marginal Rate Tables on page 1 to help you select the appropriate withholding rate for this payment or distribution. The tables are most accurate if the appropriate amount of tax on all other sources of income, deductions, and credits has been paid through other withholding or estimated tax payments. If the appropriate amount of tax on those sources of income has not been paid through other withholding or estimated tax payments, you can pay that tax through withholding on this payment by entering a rate that is greater than the rate in the Marginal Rate Tables.

The marginal tax rate is the rate of tax on each additional dollar of income you receive above a particular amount of income. You can use the table for your filing status as a guide to find a rate of withholding for amounts above the total income level in the table.

To determine the appropriate rate of withholding from the table, do the following. Step 1: Find the rate that corresponds with your total income not including the payment. Step 2: Add your total income and the taxable amount of the payment and find the corresponding rate.

If these two rates are the same, enter that rate on line 2. (See *Example 1* below.)

If the two rates differ, multiply (a) the amount in the lower rate bracket by the rate for that bracket, and (b) the amount in the higher rate bracket by the rate for that bracket. Add these two numbers; this is the expected tax for this payment. To get the rate to have withheld, divide this amount by the taxable amount of the payment. Round up to the next whole number and enter that rate on line 2. (See *Example 2* below.)

If you prefer a simpler approach (but one that may lead to overwithholding), find the rate that corresponds to your total income including the payment and enter that rate on line 2.

Examples. Assume the following facts for *Examples 1* and *2*. Your filing status is single. You expect the taxable amount of your payment to be $20,000. Appropriate amounts have been withheld for all other sources of income and any deductions or credits.

Example 1. You expect your total income to be $62,000 without the payment. Step 1: Because your total income without the payment, $62,000, is greater than $61,750 but less than $115,125, the corresponding rate is 22%. Step 2: Because your total income with the payment, $82,000, is greater than $61,750 but less than $115,125, the corresponding rate is 22%. Because these two rates are the same, enter "22" on line 2.

Example 2. You expect your total income to be $43,700 without the payment. Step 1: Because your total income without the payment, $43,700, is greater than $26,200 but less than $61,750, the corresponding rate is 12%. Step 2: Because your total income with the payment, $63,700, is greater than $61,750 but less than $115,125, the corresponding rate is 22%. The two rates differ. $18,050 of the $20,000 payment is in the lower bracket ($61,750 less your total income of $43,700 without the payment), and $1,950 is in the higher bracket ($20,000 less the $18,050 that is in the lower bracket). Multiply $18,050 by 12% to get $2,166. Multiply $1,950 by 22% to get $429. The sum of these two amounts is $2,595. This is the estimated tax on your payment. This amount corresponds to 13% of the $20,000 payment ($2,595 divided by $20,000). Enter “13” on line 2.

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to provide this information only if you want to (a) request additional federal income tax withholding from your nonperiodic payment(s) or eligible rollover distribution(s); (b) choose not to have federal income tax withheld from your nonperiodic payment(s), when permitted; or (c) change a previous Form W-4R (or a previous Form W-4P that you completed with respect to your nonperiodic payments or eligible rollover distributions). To do any of the aforementioned, you are required by sections 3405(e) and 6109 and their regulations to provide the information requested on this form. Failure to provide this information may result in inaccurate withholding on your payment(s). Failure to provide a properly completed form will result in your payment(s) being subject to the default rate; providing fraudulent information may subject you to penalties.

Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation, and to cities, states, the District of Columbia, and U.S. commonwealths and territories for use in administering their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The average time and expenses required to complete and file this form will vary depending on individual circumstances. For estimated averages, see the instructions for your income tax return.

If you have suggestions for making this form simpler, we would be happy to hear from you. See the instructions for your income tax return.

SPECIAL TAX NOTICE

YOUR ROLLOVER OPTIONS

You are receiving this notice because all or a portion of a payment you are receiving from the AGFinancial 403(b) Retirement Plan ("Plan") is eligible to be rolled over to an IRA or an employer plan or, in the case of a distribution from the Plan's designated Roth account, to a Roth IRA or a designated Roth account in an employer plan. This notice is intended to help you decide whether to do such a rollover. The Assemblies of God Ministers Benefit Association (MBA) through its board of directors is the administrator of the Plan. When MBA is referenced below it refers to MBA as the Plan administrator. The Plan is a 403(b)(9) retirement income account under the Internal Revenue Code.

This notice describes the rollover rules that apply to payments from the Plan. The payments may be either from an account which is a designated Roth account (a type of account with special tax rules in some employer plans) or from an account which is not a designated Roth account. When you receive a payment from the Plan, MBA will tell you the amount that is being paid from each type of account.

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

IMPORTANT INFORMATION
Unless specifically stated at the beginning of a section or in another statement, the information below will apply to payments from both designated Roth accounts and to non-Roth accounts.

When the term "IRA/Roth IRA" is used below, "IRA" refers only to funds which are being distributed from a non-Roth account while "Roth IRA" relates only to distributions from designated Roth accounts. Similarly, when the term "employer plan/designated Roth account" is used, "employer plan" refers only to payments which are being distributed from non-Roth accounts while "designated Roth account" refers only to payments being distributed from designated Roth accounts.

GENERAL INFORMATION ABOUT ROLLOVERS

HOW CAN A ROLLOVER AFFECT MY TAXES?

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 (earnings only on a designated Roth account which are not a qualified distribution—see below for definition of a qualified distribution) 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).

<u>For distributions which are from a non-Roth account</u>.
You will be taxed on your distribution if it is not rolled into another qualified plan except to the extent that ministers' housing allowance applies to a distribution and/or if a distribution contains traditional after-tax contributions. The earnings on traditional after-tax contributions are subject to taxation.

<u>For distributions which are from a designated Roth account</u>.
After-tax contributions included in a payment from a designated Roth account are not taxed, but earnings might be taxed. The tax treatment of earnings included in the payment depends on whether the payment is a qualified distribution, or if a ministers' housing allowance designation applies to the earnings. If a payment is only part of your designated Roth account, the payment will include an allocable portion of the earnings in your designated Roth account.

If the payment from the Plan is not a qualified distribution and you do not do a rollover to a Roth IRA or a designated Roth account in an employer plan, you will be taxed on the earnings in the payment, except to the extent that ministers' housing allowance applies to a distribution, and/or if a distribution contains traditional after-tax contributions. The earnings on traditional after-tax contributions are subject to taxation.

If the payment from the Plan is a qualified distribution, you will not be taxed on any part of the payment even if you do not do a rollover. If you do a rollover, you will not be taxed on the amount you roll over and any earnings on the amount you roll over will not be taxed if paid later in a qualified distribution.

A qualified distribution from a designated Roth account in the Plan is a payment made after you are age 59½ (or after your death or disability) and after you have had a designated Roth account in the Plan for at least 5 years. In applying the 5-year rule, you count from January 1 of the year your first contribution was made to the designated Roth account. However, if you did a direct rollover to a designated Roth account in the Plan from a designated Roth account in another employer plan, your participation will count from January 1 of the year your first contribution was made to the designated Roth account in the Plan or, if earlier, to the designated Roth account in the other employer plan.

WHERE MAY I ROLL OVER THE PAYMENT?

<u>For distributions which are from a non-Roth account</u>.
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.

<u>For distributions which are from a designated Roth account</u>.
You may roll over the payment to either a Roth IRA (a Roth individual retirement account or Roth individual retirement annuity) or a designated Roth account in an employer plan (a tax-qualified plan or section 403(b) plan) that will accept the rollover. The rules of the Roth IRA or employer plan that holds the rollover will determine your investment options, fees, and rights to payment from the Roth IRA or employer plan (for example, no spousal consent rules apply to Roth IRAs and Roth IRAs may not provide loans). Further, the amount rolled over will become subject to the tax rules that apply to the Roth IRA or the designated Roth account in the employer plan. In general, these tax rules are similar to those described elsewhere in this notice, but differences include:

- If you do a rollover to a Roth IRA, all of your Roth IRAs will be considered for purposes of determining whether you have satisfied the 5 year rule (counting from January 1 of the year for which your first contribution was made to any of your Roth IRAs).
- If you do a rollover to a Roth IRA, you will not be required to take a distribution from the Roth IRA during your lifetime and you must keep track of the aggregate amount of the after-tax contributions in all of your Roth IRAs (in order to determine your taxable income for later Roth IRA payments that are not qualified distributions).
- Eligible rollover distributions from a Roth IRA can only be rolled over to another Roth IRA.

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/Roth IRA or an employer plan/designated Roth account in an employer plan. You should contact the IRA/Roth IRA sponsor or the administrator of the employer plan for information on how to do a direct rollover.

For distributions which are from a non-Roth account.
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).

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

If you do a direct rollover of only a portion of the amount paid from the Plan and a portion is paid to you at the same time, the portion directly rolled over consists first of earnings.

If you do not do a direct rollover and the payment is not a qualified distribution, the Plan is required to withhold 20% of the earnings for federal income taxes (up to the amount of cash and property received other than employer stock). This means that, in order to roll over the entire payment in a 60-day rollover to a Roth IRA, you must use other funds to make up for the 20% withheld.

HOW MUCH MAY I ROLL OVER?

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

- Certain payments spread over a period of at least 10 years or over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary)
- Required minimum distributions after age 70½ (if you were born before July 1, 1949), after age 72 (if you were born after June 30, 1949 and before January 1, 1951), after age 73 (if you were born after December 31, 1950), or after death
- Hardship distributions
- Corrective distributions of contributions that exceed tax law limitations
- Loans treated as deemed distributions (for example, loans in default due to missed payments before your employment ends)
- Payments of certain automatic enrollment contributions requested to be withdrawn within 90 days of the first contribution

The Plan administrator or the payor can tell you what portion of a payment is eligible for a 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) which is not from a designated Roth account, or on early distributions with respect to the earnings allocated to the payment (including amounts withheld for income tax) from a designated Roth account 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 (earnings only of a designated Roth account) 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
- Corrective distributions of contributions that exceed tax law limitations
- Payments made directly to the government to satisfy a federal tax levy
- Payments made under a qualified domestic relations order (QDRO)
- Payments of up to $5,000 made to you from a defined contribution plan if the payment is a qualified birth or adoption distribution
- Payments up to the amount of your deductible medical expenses (without regard to whether you itemize deductions for the taxable year)
- Certain payments made while you are on active duty if you were a member of a reserve component called to duty after September 11, 2001 for more than 179 days
- Payments of certain automatic enrollment contributions requested by you to be withdrawn within 90 days of the first contribution
- Payments excepted from the additional income tax by federal legislation relating to certain emergencies and disasters.

IF I DO A ROLLOVER TO AN IRA/ROTH IRA, WILL THE 10% ADDITIONAL INCOME TAX APPLY TO EARLY DISTRIBUTIONS FROM THE IRA/ROTH IRA?

If you receive a payment when you are under age 59½, you will have to pay the 10% additional income tax on early distributions (earnings only on a designated Roth account), unless an exception applies or if it is a qualified distribution from a designated Roth account. In general, the exceptions to the 10% additional income tax for early distributions 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/Roth IRA, including:

- There is no exception for payments after separation from service that are made after age 55.
- The exception for qualified domestic relations orders (QDROs) does not apply (although a special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to an IRA/Roth IRA of a spouse or former spouse).

- The exception for payments made at least annually in equal or close to equal amounts over a specified period applies without regard to whether you have had a separation from service.
- There are additional exceptions for (1) payments for qualified higher education expenses, (2) payments up to $10,000 used in a qualified first-time home purchase, and (3) payments for health insurance premiums after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

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

For distributions which are from a non-Roth account.
IF YOUR PAYMENT INCLUDES TRADITIONAL AFTER-TAX CONTRIBUTIONS

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

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

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

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

For distributions which are from either type of account.
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 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. For non-Roth accounts, 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/Roth IRA or employer plan (if the terms of the employer plan permit the plan to receive plan loan offset rollovers).

How long you have to complete the rollover depends on what kind of plan loan offset you have. If you have a qualified plan loan offset, you will have until your tax return due date (including extensions) for the tax year during which the offset occurs to complete your rollover. A qualified plan loan offset occurs when a plan loan in good standing is offset because your employer plan terminates, or because you sever from employment. If your plan loan offset occurs for any other reason (such as a failure to make level loan repayments that results in a deemed distribution), then you have 60 days from the date the offset occurs to complete your rollover.

For designated Roth accounts, the loan offset amount is treated as a distribution to you at the time of the offset and, if the distribution is a nonqualified distribution, the earnings in the loan offset will be taxed (including the 10% additional income tax on early distributions, unless an exception applies) unless you do a 60-day rollover in the amount of the loan offset to a Roth IRA or designated Roth account in an employer plan.

For distributions which are from a non-Roth account.
IF YOU DO AN IN-PLAN ROLLOVER TO A DESIGNATED ROTH ACCOUNT

You may roll over most vested funds, including earnings, from an account that is not a designated Roth account to a designated Roth account within the Plan. Employer-contributed funds are eligible for the in-plan conversion rollover if you are age 25 or older. You do not qualify for other types of distribution alternatives (such as a rollover to other plans or a distribution by check) until you have another type of distributable event as defined by the Plan.

- If you roll over the payment to a designated Roth account in the Plan, the amount of the payment rolled over (reduced by any after-tax amounts directly rolled over) will be taxed. However, the 10% additional tax on early distributions will not apply (unless you take the amount rolled over out of the designated Roth account within the 5-year period that begins on January 1 of the year of the rollover).

- If you roll over the payment to a designated Roth account in the plan, later payments from the designated Roth account that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a designated Roth account is a payment made both after you attain age 59½ (or after your death or disability) and after you have had a designated Roth account in the Plan for a period of at least 5 years. The 5-year period described in the preceding sentence begins on January 1 of the year your first contribution was made to the designated Roth account. However, if you made a direct rollover to a designated Roth account in the plan from a designated Roth account in a plan of another employer, the 5-

year period begins on January 1 of the year your first contribution was made to the designated Roth account in the plan or, if earlier, to the designated Roth account in the plan of the other employer. Payments from the designated Roth account that are not qualified distributions will be taxed to the extent allocable to earnings after the rollover, including the 10% additional tax on early distributions (unless an exception applies).

IF YOU 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, *Individual Retirement Arrangements (IRAs)*.

IF YOU DO A ROLLOVER TO A DESIGNATED ROTH ACCOUNT IN THE PLAN

You cannot roll over a distribution to a designated Roth account in another employer's plan. However, you can roll the distribution over into a designated Roth account in the distributing Plan. If you roll over a payment from the Plan to a designated Roth account in the Plan, the amount of the payment rolled over (reduced by any after-tax amounts directly rolled over) will be taxed. However, the 10% additional tax on early distributions will not apply (unless you take the amount rolled over out of the designated Roth account within the 5-year period that begins on January 1 of the year of the rollover).

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

IF YOU ARE NOT A PLAN PARTICIPANT

PAYMENTS AFTER DEATH OF THE PARTICIPANT. If you receive a distribution after the participant's death that you do not roll over, the distribution will generally be taxed in the same manner described elsewhere in this notice.

<u>*For distributions from a designated Roth account*</u>. Whether the payment is a qualified distribution generally depends on when the participant first made a contribution to the designated Roth account in the Plan.

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/Roth IRA, you may treat the IRA/Roth IRA as your own or as an inherited IRA/Roth IRA.

An IRA/Roth IRA you treat as your own is treated like any other IRA/Roth 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). Required minimum distributions from your IRA do not have to start until after you are age 70½ (if you were born before July 1, 1949), age 72 (if you were born after June 30, 1949 and before January 1, 1951), or age 73 (if you were born after December 31, 1950). Roth IRAs that you treat as your own do not have to receive any required minimum distributions during your lifetime.

If you treat the IRA/Roth IRA as an inherited IRA/Roth IRA, payments from the IRA/Roth IRA will not be subject to the 10% additional income tax on early distributions even if the Roth IRA payment is a nonqualified distribution. However, if the participant had started taking required minimum distributions, you will have to receive required minimum distributions from the inherited IRA/Roth 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/Roth IRA until the year the participant would have been age 70½ (if you were born before July 1, 1949), age 72 (if you were born after June 30, 1949 and before January 1, 1951), or age 73 (if you were born after December 31, 1950). Unlike a Roth IRA that you treat as your own, you will have to receive required minimum distributions from an inherited Roth IRA.

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/Roth IRA. Payments from the inherited IRA/Roth IRA will not be subject to the 10% additional income tax on early distributions even if the Roth IRA payment is a nonqualified distribution. You will have to receive required minimum distributions from the inherited IRA/Roth 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 federal income taxes. However, you may do a 60-day rollover.

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*. You also may have special rollover rights if you were affected by a federally declared disaster (or similar event), or if you received a distribution on account of a disaster. For more information on special rollover rights related to disaster relief, see the IRS website at www.irs.gov.

RIGHT TO WAIVE 30-DAY NOTICE PERIOD

Generally, neither a direct rollover nor a payment to you can be made until at least 30 days after your receipt of this notice. Thus, after 30 days of receiving this notice, you have up to 30 days to determine whether or not to have your distribution rolled over.

FOR MORE INFORMATION

You may wish to consult with MBA 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)*; IRA 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, or by calling 1-800-TAX-FORM.