AGFinancial

# 403(b) ROLLOVER/TRANSFER DISTRIBUTION REQUEST

For participants in the MBA 403(b) Retirement Plan only.

## 1. General Information

Last Name *(Please use full legal name)* First Name Middle Initial

Mailing Address City State Zip

☐ Check if this is an address change

Social Security Number Date of Birth

Email Address Phone

**Marital Status:** ☐ Married ☐ Single ☐ Widowed ☐ Divorced / Separated

**Employment Status:**

☐ Current or former Assemblies of God (AG) credentialed minister, Credential # ____________________

☐ Current or former minister credentialed by another organization (attach proof to this form)

☐ Current or former AG employee

## 2. Reason for Distribution

*Distribution Disclosure: Contributions are intended to stay in the plan until death, disability, or retirement. The IRS and the MBA Plan place restrictions on when distributions can be taken. To receive a distribution from your elective deferrals and employer contributions, you must meet a distributable event as defined by the IRS and the MBA Plan and listed below.*

*NOTE: A $250.00 fee will be assessed for distributions from traditional after-tax contributions, rollover and transferred funds from other institutions that have been in your account for less than one year.*

☐ **Over age 59½** (if you are a minister and have not retired your full distribution could be subject to SECA tax and you may not be able to declare ministers housing allowance on your distributions through MBA. Consult your tax advisor.)

☐ **Disability** (a physician certification that meets plan definitions or letter from the Social Security Administration is required)

☐ **Beneficiary** of a former participant

☐ **Former AG minister**
AG credential status must be lapsed, resigned, or terminated as indicated by the General Council's records; district action is not final. If you are still employed by an AG institution you remain eligible to participate in the MBA Retirement Plan. Lapse, resignation, or other termination of credentials alone does not automatically constitute eligibility to withdraw funds.

☐ **Former AG employee who does not hold ministerial credentials & has terminated *all* AG employment**
Your former AG employer (identified below) must provide a completed Termination Notice form (preferred) or letter of termination. It must be received prior to distribution verifying your date of termination, confirming that all contributions have been delivered to MBA, and indicating your vested status (if your employer has a vesting plan). Distributions will not be made until all contributions have been received.

☐ **Transfer (Exchange)** to an employer-approved service provider*. You must identify your employer.

Employer's Name City State

## 3. Direct Rollover or Transfer Exchange

MBA must receive the consent form from the company to which you wish to transfer your funds. A check will be sent to the receiving company.

Express mail and wires are available at an additional charge. Contact Client Services for additional information and requirements.

**Select Rollover OR Transfer:**

☐ **Rollover**

☐ Partial distribution of $_______________ OR ☐ Close Account

☐ **Transfer (Exchange)** to an employer-approved service provider.*****

☐ Partial transfer of $_______________ OR ☐ Close Account

***** Your employer must have on file with MBA either an Information Sharing Agreement or a 403(b) Written Plan allowing for multiple service providers, and identify the receiving company as an approved vendor.

## 4. Credential Ministers Housing Acknowledgement

***Credentialed ministers only:***
As a credentialed AG minister, you are eligible for the housing allowance income exclusion in retirement. IRS Revenue Ruling 75-22 recognizes the authority of a denominational retirement plan (*e.g.*, MBA), to declare a clergy housing allowance in the case of a retired minister. Therefore, amounts distributed to you from the MBA Retirement Plan may be excluded from income as a housing allowance subject to IRS rules and regulations. Properly managed, this provision may provide significant tax savings to you in retirement. However, this benefit may be forfeited if you transfer your retirement assets to a bank, brokerage firm, insurance agent, or other financial service provider. Contact MBA for additional information.

EXAMPLE: A minister in the 25% tax bracket with a $20,000 annual housing allowance would save $116,380** in income tax over a 15-year span in retirement. The tax savings would increase for ministers in a higher tax bracket or for those with a larger housing allowance. Often ministers are persuaded to move their assets by financial advisors and other planners who are not aware of this unique feature of denominational retirement plans or its implications. As a service to our ministers, we are making you aware of this tremendous financial benefit in retirement. Contact MBA for additional information or questions regarding the minister's housing allowance.

**For illustration purposes only assuming a 6% rate of return. Returns are not guaranteed.

## *5.* COMPANY LETTER OF ACCEPTANCE *(To be completed by receiving company)*

*We agree to receive the direct rollover/transfer from MBA and deposit the funds in an account set up for the individual.*

__________________________________________ __________________________________________
**Company Authorized Signature** **Date** **Printed Name of Authorized Signor**

**RECEIVING COMPANY INFORMATION** *(To be completed by receiving company)*

______________________________________________________________________
Company Name

______________________________________________________________________
Check Mailing Street Address City State Zip

__________________________________________ __________________________________________
Company Phone Account Number

**Type of Account:** ☐ IRA ☐ Roth IRA ☐ Governmental 457

☐ 401(a) / 401(k) Plan ☐ 403(b) Plan ☐ Other______________________________

## 6. General Information

1. If you are married, spousal consent is required.

2. If you were married at the time of enrollment and are now divorced or legally separated, a copy of your divorce decree or separation agreement will be required prior to distribution to avoid the spousal signature requirement.

3. Distributions are normally processed twice weekly, except during holiday weeks. Allow 6 to 10 business days from receipt of your properly completed Distribution Request form for processing. Contact Client Services for the approximate distribution date.

4. For former ministers and employees, a close-out distribution will not be completed until all contributions from your former employer have been received and processed by MBA.

5. All rollover forms will be reviewed for accuracy and completeness. If a form is found to be incomplete, the distribution will be delayed. To avoid delay of your distribution, contact our office for assistance in completing the form.

6. To take distributions from a specific contribution type (such as Roth deferrals, rollover amounts ineligible for housing allowance, etc.), contact our office. Requests for distributions from specific contribution types must be in writing and must accompany the Distribution Request Form. Some requests may not be able to be honored. Consult your own tax advisor regarding the tax implications of your distributions.

7. Proceeds will be sent by TD Ameritrade Trust Company, our third-party service provider, for all distribution methods.

8. You are allowed one non-recurring distribution request per calendar year at no charge. Each additional distribution request will incur a $50 fee charged to your retirement plan account balance. Rollover distributions to different financial institutions, to different accounts at the same financial institution, or by different methods (*e.g.*, check or EFT) are considered separate requests even when requested on the same distribution form.

## 7. Signatures & Certifications

I have read and understand this document and the Special Tax Notice provided. I hereby request payment from the 403(b) Retirement Plan designated in the manner indicated above. In addition, if I am eligible to waive the notice requirements under Sections 402(f) and 411(a)(11) of the Internal Revenue Code, I hereby waive the 30-day notice period. I certify that all information provided to me is true and accurate, and I agree to submit additional information if requested. I also certify that I am not subject to QDRO at this time. Neither MBA nor my employer has given tax advice to me. All decisions regarding this distribution are my own. I expressly assume the responsibility for any consequences which may arise from this distribution and agree that MBA and my employer shall in no way be responsible for those consequences. I further understand that the IRS and the MBA Plan rules restrict when amounts contributed to a 403(b) plan may be distributed.

________________________________________ ________________________________________

**Participant's Signature** **Date** **Spouse Signature (required if married)** **Date**

***Note: For protection of your account, notarization may be required if we are unable to verify your signature from our records.***

**FOR MBA USE ONLY:**

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

# SPECIAL TAX NOTICE

## YOUR ROLLOVER OPTIONS

You are receiving this notice because all or a portion of a payment you are receiving from the MBA 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).

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

*For distributions which are from a designated Roth account.*
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?

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

*For distributions which are from a designated Roth account*.
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 (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

## IF I DON'T DO A ROLL OVER, 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 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 by you to be withdrawn within 90 days of the first contribution

## IF I DO A ROLL OVER, WILL THE 10% ADDITIONAL INCOME TAX APPLY TOO EARLY DISTRIBUTIONS?

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. 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 ROLL OVER 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.

*For distributions from a designated Roth account*. 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. 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. 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 for 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*.

## 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.