



# Request for Systematic Disbursement

NC 401(k) PLAN

**Instructions** Please print using blue or black ink. Please send completed form to the following address or fax it to 1-866-439-8602.

NC Plans Processing Center  
PO Box 5340  
Scranton, PA 18505

**Questions?**  
Call 1-866-627-5267  
for assistance.

**About You**

Plan number <u>0   0   2   0   0   3  </u>	Who is your employer? _____ (Please print entire employer name)	What Department do you work in? _____ (Please print entire department name)
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Are you still employed by the employer sponsoring the plan?  Yes  No

Social Security number ____-____-____	Daytime telephone number ____-____-____
<small>area code</small>	

First name _____	MI _____	Last name _____
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Address  
\_\_\_\_\_

City _____	State _____	ZIP code ____-____
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Date of birth ____/____/____ <small>month day year</small>	Email address: _____
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**Systematic Election**  
(Choose One)

- New systematic \_\_\_\_\_
- Cancel current systematic and use the information on this form to establish a new systematic.  
(Entire form must be completed)

**Payment Method**

(Choose One)

- Dollar Amount: Please issue \$ \_\_\_\_\_, \_\_\_\_\_ per payment.
- Number of Payments: Please issue \_\_\_\_\_ number of payments.
- I am under age 59 1/2 and would like to receive payments over my life expectancy using the method indicated below. **NOTE: If you choose this option, please complete and return the attached NC 401(k) Substantially Equal Payment Statement of Agreement and Disclaimer with this form.**
  - Amortization Method
  - Annuity Factor Method
  - Minimum Distribution Method

**Payment Frequency and Start Date**

I elect to receive payments:  Monthly  Quarterly  Semi-annually  Annually

I wish my payments to begin:  (Please select the month). Processing of your payment begins on the 10<sup>th</sup> day of the month you select and will be issued within 7 business days.

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

**Fund Specific**

Fund Specific: *(only elect if you wish to have your installments paid from a specific fund)*

Fund Name: \_\_\_\_\_

Please note that by electing to receive your systematic withdrawal from a specific fund, your distribution options, tax election, and projected payment duration will be based on the balance of that fund alone, and not the entire available account balance. Once that fund has been depleted, your installments will cease. If you wish to have your payment taken from a different fund, you must cancel your current installment option and request a new systematic withdrawal from that specific fund.

**Election for Withholding of Federal Income Taxes**

*(Do not use this section for systematic 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** before making your selection. 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:
  - \* If number of exemptions is not complete, default is zero.*
- 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 of State Income Taxes**

NC State Income Tax withholding generally does not apply to payees of a Bailey vested account.

**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 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 systematic 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.

**Electronic Funds Transfer (EFT)**

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

If you would like your disbursement sent to you via Electronic Funds Transfer (EFT), please check the following box and complete the information below. You must also attach a voided check verifying your account number and routing number. If all of the necessary information is not provided or if this section does not apply to your disbursement request, a check may be made payable to you.

I would like my payment(s) sent by EFT.

Financial Institution name

\_\_\_\_\_

Account number

\_\_\_\_\_

Please verify the entire account number with your financial institution to ensure acceptance of payments.

Type of Account:  Checking  Savings

Financial Institution Routing/Transit/ABA Number

\_\_\_\_\_

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.

**Certification**

I certify the date of birth on page one of this request is correct for purposes of calculating my payment amount over my Life Expectancy.

Important information continued and signature required on the following page

**Your  
Authorization**

I understand that Prudential will rely on the information I have provided in processing my request. 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*

**Your  
Plan  
Authorization**

This section must be completed and signed by your employer.

*If termination information has previously been submitted to Prudential, this section does not need to be completed.*

Date of Separation from Service: 

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*month      day      year*

Please indicate type of separation:  Termination       Retirement

  X   \_\_\_\_\_ Date \_\_\_\_\_

*Authorized employer's signature*

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

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**Prudential Retirement**

## **NC 401(k) SUBSTANTIALLY EQUAL PAYMENT STATEMENT OF AGREEMENT AND DISCLAIMER**

By signing and dating this form in the space below, I, the undersigned, certify that:

- All information I provided is correct and accurate.
- I agree with all information provided. I understand that the information provided regarding the amount that must be paid in order to qualify as a substantially equal periodic payment is based upon Prudential Retirement's understanding of the applicable tax law. I also understand that I am responsible for consulting with my own tax adviser regarding whether this amount satisfies the substantially equal periodic payment rules in Internal Revenue Code Section 72(t), for which the 10 percent federal income tax penalty exception applies for certain premature distributions from a qualified retirement plan.
- I intend to use this information to receive substantially equal periodic payments from this NC 401(k) account.
- I have separated from service from the NC State employer who sponsored my participation in the 401(k) program.
- I understand that the substantially equal periodic payment amounts may not be varied, and that once such payments commence, the only permitted changes that I may make are to:
  - Change or correct my address,
  - Adjust my income tax withholding, or
  - Change the date(s) on which the distributions are made, provided that the total number of payments for the year and the total annual payment amount does not change.
- Prudential Retirement will only report payments to the IRS as accepted from the 10 percent federal income tax penalty if no changes other than the ones described above are made. I agree to hold Prudential Retirement harmless in the event that I choose to initiate a transaction other than those specified above.
- I agree to hold Prudential Retirement harmless in the event that an Internal Revenue Service (IRS) or other third-party inquiry should result in the determination that I am not eligible to receive substantially equal periodic payments.
- I have completed and enclosed a separate Systematic Disbursement Form to authorize withdrawals to begin.
- I understand that Prudential Retirement does not provide tax or legal advice, and has provided me with a calculation of a substantially equal periodic payment amount based on their understanding of tax law.
- I understand that Prudential Retirement expressly disclaims responsibility for the accuracy of the substantially equal periodic payment amount provided.
- By signing below, I acknowledge that, to the extent desired, I have consulted with my accountant, tax adviser, and/or legal adviser regarding the substantially equal periodic payment amount applicable to me.

Signature of Member

\_\_\_\_\_

Date: \_\_\_\_\_

# **Systematic Disbursement General Provisions**

Retain For Your Records

**Distributions to Persons Under Age 59 1/2** - If you are under age 59 1/2, a 10% federal income tax penalty may apply to your systematic distribution. Consult your legal or tax counsel prior to making this request.

**Minimum Disbursement** - You may elect to receive payments monthly, quarterly, semi-annually or annually. 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.

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

**Death Benefit** - Your beneficiary will be able to receive systematic disbursements, 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.

**Processing** - Processing of your payment generally begins on the 10<sup>th</sup> day of the month you select and will be issued within 7 business days. If the 10<sup>th</sup> day falls on a holiday or weekend, processing will occur on the next business day.

# 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.

## 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 From a Designated Roth Account

This notice describes the rollover rules that apply to payments from your employer's plan (the “Plan”) that are from a designated Roth account. A different notice is provided for payments not 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 a designated Roth account in the Plan may be eligible for rollover to a Roth IRA or designated Roth account in 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 designated Roth account are described in the “General Information About Rollovers” section. Special rules that only apply in certain circumstances are described in the “Special Rules and Options” section.

#### GENERAL INFORMATION ABOUT ROLLOVERS

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

After-tax contributions included in a payment from a designated Roth account are not taxed, but earnings might be taxed. The tax treatment of earnings included in the payment depends on whether the payment is a qualified distribution. If a payment is only part of your designated Roth account, the payment will include an allocable portion of the earnings in your designated Roth account.

If the payment from the Plan is not a qualified distribution and you do not do a rollover to a Roth IRA or a designated Roth account in an employer plan, you will be taxed on the earnings in the payment. If you are under age 59½, a 10% additional income tax on early distributions will also apply to the earnings (unless an exception applies). However, if you do a rollover, you will not have to pay taxes currently on the earnings and you will not have to pay taxes later on payments that are qualified distributions.

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

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

### Where may I roll over the payment?

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 either do a direct rollover or a 60-day rollover.

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

If you do not do a direct rollover, you may still do a rollover by making a deposit 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
- 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 S corporation stock is held by 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 a payment is not a qualified distribution and you are under age 59½, you will have to pay the 10% additional income tax on early distributions with respect to the earnings allocated to the payment that you do not roll over (including amounts withheld for income tax), unless one of the exceptions listed below applies. This tax is in addition to the regular income tax on the earnings not rolled over.

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

Payments made after you separate from service if you will be at least age 55 in the year of the separation

Payments that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the 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 90 days of the first contribution.

If I do a rollover to a Roth IRA, will the **10% additional income tax apply to early distributions from the IRA?**

**If you receive a payment from a Roth IRA** when you are under age 59½, you will have to pay the 10% additional income tax on early distributions on the earnings paid from the Roth IRA, unless an exception applies or the payment is a qualified distribution. In general, the exceptions to the 10% additional income tax for early distributions from a Roth IRA listed above are the same as the exceptions for early distributions from a plan. However, there are a few differences for payments from a Roth IRA, including:

There is no special exception for payments after separation from service.

The exception for qualified domestic relations orders (QDROs) does not apply (although a special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to a Roth IRA of a spouse or former spouse).

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

If you have an outstanding loan that is being offset

If you have an outstanding loan from the Plan, your Plan benefit may be offset by the 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, 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 earnings in the loan offset to a Roth IRA or designated Roth account in an employer plan.

**If you receive a nonqualified distribution and you were born on or before January 1, 1936**

**If you were born** on or before January 1, 1936, and receive a lump sum distribution that is not a qualified distribution and that you do not roll over, special rules for calculating the amount of the tax on the earnings in the payment might apply to you. For more information, see IRS Publication 575, *Pension and Annuity Income*.

If you receive a nonqualified distribution, 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 nonqualified distributions paid directly as premiums to an accident or health plan (or a qualified long-term care insurance contract) that your employer maintains for you, your spouse, or your dependents, up to a maximum of \$3,000 annually. For this purpose, a public safety officer is a law enforcement officer, firefighter, chaplain, or member of a rescue squad or ambulance crew.

If you are not a plan participant

Payments after death of the participant. If you receive a distribution after the participant's death that you do not roll over, the distribution will generally be taxed in the same manner described elsewhere in this notice. However, whether the payment is a qualified distribution generally depends on when the participant first made a contribution to the designated Roth account in the Plan. Also, the 10% additional income tax on early distributions and the special rules for public safety officers do not apply, and the special rule described under the section "If you receive a nonqualified distribution and you were born on or before January 1, 1936" applies only if the participant was born on or before January 1, 1936.

- If you are a surviving spouse. If you receive a payment from the Plan as the surviving spouse of a deceased participant, you have the same rollover options that the participant would have had, as described elsewhere in this notice. In addition, if you choose to do a rollover to a Roth IRA, you may treat the Roth IRA as your own or as an inherited Roth IRA.
- A Roth IRA you treat as your own is treated like any other Roth IRA of yours, so that you will not have to receive any required minimum distributions during your lifetime and earnings paid to you in a nonqualified distribution before you are age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies).
- If you treat the Roth IRA as an inherited Roth IRA, payments from the Roth IRA will not be subject to the 10% additional income tax on early distributions. An inherited Roth IRA is subject to required minimum distributions. If the participant had started taking required minimum distributions from the Plan, you will have to receive required minimum distributions from the inherited Roth IRA. If the participant had not started taking required minimum distributions, you will not have to start receiving required minimum distributions from the inherited Roth IRA until the year the participant would have been age 70½.
- If you are a surviving **beneficiary other than a spouse**. If you receive a payment from the Plan because of the participant's death and you are a designated beneficiary other than a surviving spouse, the only rollover option you have is to do a direct rollover to an inherited Roth IRA. Payments from the inherited Roth IRA, even if made in a nonqualified distribution, will not be subject to the 10% additional income tax on early distributions. You will have to receive required minimum distributions from the inherited Roth IRA.
- Payments under a qualified domestic relations order. If you are the spouse or a 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 as described in this notice).
- 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 (only including payments from the designated Roth account in the Plan) are less than \$200, the Plan is not required to allow you to do a direct rollover and is not required to withhold for federal income taxes. However, you can do a 60-day rollover.
- Unless you elect otherwise, a mandatory cashout from the designated Roth account in the Plan of more than \$1,000 will be directly rolled over to a Roth IRA chosen by the Plan Administrator or the payor. A mandatory cashout is a payment from a plan to a participant made before age 62 (or normal retirement age, if later) and without consent, where the participant's benefit does not exceed \$5,000, 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.