



Employee # \_\_\_\_\_

Part 1 EMPLOYEE DATA					
Participant Name			Social Security No.		Date of Birth
Street		Maiden or Other Names Used		Date of Hire	Date of Termination
City	State	Zip	Daytime Phone		Date of Last Paycheck
Check One: <input type="checkbox"/> County Dept: _____ <input type="checkbox"/> Schools Dept: _____					
Part 2 NOTICE OF WITHHOLDING					
All distributions issued directly to former members of KCRS are subject to federal income tax withholding at a rate of 20% of the taxable portion of the distribution. However, the taxable portion of the distribution may be transferred directly from KCRS to an IRA or a new Employer's Plan, with the non-taxable portion (if any) being distributed directly to you. The non-taxable portion is also eligible for rollover to an IRA or Employer's Plan upon consent of the Plan Administrator or IRA Custodian. If you choose to have the taxable portion transferred directly to an IRA or an Employer's Plan, the distribution will not be taxable and federal income tax will not be withheld.					
Part 3 TYPE OF ACCOUNT (Select all that apply) (Complete two forms if electing different payment authorization for each Plan)					
<input type="checkbox"/> <b>Asset Accumulation 401A Plan (Mandatory)</b>		<input type="checkbox"/> <b>Deferred Compensation 457 Plan-USI (Voluntary)</b>			
<i>If you have invested with another 457 provider (other than USI), you must apply for a distribution directly with the specific provider.</i>					
Part 4 PAYMENT AUTHORIZATION					
Check One:					
<input type="checkbox"/> Lump Sum Distribution, payable to me. 20% of the taxable portion will be withheld for federal income tax.					
<input type="checkbox"/> Direct Deposit (complete attached Direct Deposit form) <input type="checkbox"/> Check (Do you want to pick up your check) <input type="checkbox"/> Yes <input type="checkbox"/> No					
<input type="checkbox"/> I elect to have the non-taxable amount distributed to me and the taxable amount transferred directly to the IRA or Employer's Plan listed below. (Complete IRA Direct Transfer Information or Employer's Plan Information and obtain consent of Plan Administrator or IRA Custodian).					
<input type="checkbox"/> I elect to have the non-taxable amount and the taxable amount transferred directly to the IRA or Employer's Plan listed below. (Complete IRA Direct Transfer Information or Employer's Plan Information and obtain consent of Plan Administrator or IRA Custodian).					
<input type="checkbox"/> I want \$ _____ or _____ % of my distribution issued to me and the remainder transferred directly to the IRA or Employer's Plan listed below. (Complete IRA Direct Transfer Information or Employer's Plan Information and obtain consent of Plan Administrator or IRA Custodian).					
<input type="checkbox"/> I want to withdraw my contributions and earnings, leaving the balance of my account at the County until retirement age. (You must have at least 5 years of service to exercise this option).					
Part 5 IRA DIRECT TRANSFER INFORMATION					
Name of IRA Trustee			Make Check Payable To		
Address			Contact Person		
City	State	Zip Code	Phone No.	Account No.	
The IRA will accept the following type of contributions: <input type="checkbox"/> Pre-tax funds only <input type="checkbox"/> Pre-tax and *Post-tax funds					
I hereby acknowledge that pursuant to the terms of the above-named plan, such plan will accept the transfer of the above-named participant's account.					
Date: _____ Name: _____ Title: _____ Phone Number: _____					
<b>*SIGNATURE IS REQUIRED WHEN ACCEPTING POST-TAX FUNDS</b>					
Part 6 EMPLOYER'S PLAN TRANSFER INFORMATION					
Upon your termination of employment for any reason, you may elect to transfer you entire vested Individual Account balance to a plan maintained by a subsequent employer provided the following conditions are met:					
1) The plan that you transfer your account to must be qualified under section 401(a) or 457(b) of the Internal Revenue Code. (It may <u>not</u> be an Individual Retirement Account),					
2) The plan must accept direct transfers from other plans, 401(a) and 457(b)					
3) You must transfer and/or withdraw your entire vested Individual Account to the new plan based on above Payment Authorization election.					
Once your account is transferred it will be subject only to the provisions of the new plan; the provisions of the Knox County Employee Retirement and Asset Accumulation Plan will no longer apply. By transferring your account, you will defer payment of income tax until you withdraw the funds from the new plan.					
If you wish to transfer your account, the employer maintaining the plan to which you are transferring your account must complete the information below.					
<b>Information Regarding Transferee Plan</b>					
<b>(TO BE COMPLETED BY PLAN ADMINISTRATOR FOR NEW EMPLOYER'S PLAN)</b>					
Name of Plan: _____		Plan Identification Number: _____			
The Plan will accept the following type of contributions: <input type="checkbox"/> Pre-tax funds only <input type="checkbox"/> Pre-tax and *Post-tax funds					
Make Check Payable To: _____					
Mail Check To: _____					
Special Instructions Regarding Transfer (if any): _____					
I hereby acknowledge that pursuant to the terms of the above-named plan, such plan will accept the transfer of the above-named participant's account.					
Date: _____ Name: _____ Title: _____ Phone Number: _____					
<b>*SIGNATURE IS REQUIRED WHEN ACCEPTING POST-TAX FUNDS</b>					
Part 7 PARTICIPANT'S SIGNATURE					
I hereby authorize the County to take such actions as are necessary to effectuate my election in Part 4 above. I further understand that my election, once made, is irrevocable. I have read the above Notice of Withholding (Part 2) regarding Plan Payments (if applicable), and hereby represent that I understand the notice.					
<b>I UNDERSTAND MY DISTRIBUTION MAY TAKE *4-6 WEEKS FOR PROCESSING</b>					
<b>*4-6 weeks after I have received my final paycheck</b>					
Signature			Date		
TO BE COMPLETED BY RETIREMENT DEPARTMENT					
Plan Administrator Authorization		Date	Credited Service: ____ year(s) ____ month(s)	401(a) Asset Accumulation Post Tax Amount \$ _____	

**Knox County Retirement & Pension Board**



**Acknowledgement & Release**

**MUST COMPLETE IF \*FULLY VESTED  
\* (5 OR MORE YEARS OF SERVICE)**

**Employee # \_\_\_\_\_**

I, \_\_\_\_\_, acknowledge that by withdrawing all the funds in my account in the Knox County Retirement and Pension System in a "lump sum" I will no longer be a participant or member in the System, and I will not be eligible to receive or enjoy any benefit or opportunity available to Plan Participants. I waive any claim for benefits or investment opportunities I might have received if I decided to keep my account in the System. In return for the payment to me of all of my account in the System, the receipt and the amount of which I acknowledge, for myself and my heirs, successors, and assigns, I release and hold harmless the Knox County Retirement and Pension Board, its Directors, Employees, heirs successors and assigns, from any claims, lawsuits, or damages which could be asserted against any of them arising out of this distribution of my account, or any future benefits or amendments to the Plan. I agree I will not institute or maintain any claim or lawsuit against the Board or its Directors, Employees, heirs, successors, or assigns regarding my decision.

I intend for the Board, its Directors and Employees, and the Knox County Retirement and Pension System to be release from any liability regarding my decision to receive this "lump sum" distribution.

I also certify that choosing this distribution is my sole decision, made freely and without any duress, and after I carefully considered the investments, benefits, and options available under the Knox County Retirement and Pension Board Plan. I have read this **Acknowledgement and Release** before signing it.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

Employee Signature: \_\_\_\_\_

TO BE COMPLETED BY A NOTARY PUBLIC:

Sworn to and subscribed before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

Notary Public Signature: \_\_\_\_\_

(Seal)

My commission expires: \_\_\_\_\_

## SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS

### Defined Contribution Plans

This notice explains how you can continue to defer federal income tax on your retirement savings in the **Knox County Asset Accumulation Program**, the **Medical Expense Reimbursement Plan**, and the **Knox County Deferred Compensation Plan**, which is a governmental 457 plan, (the "Plan") and contains important information you will need before you decide how to receive your Plan benefits.

This notice is provided to you by the Knox County Retirement & Pension Board (your "Plan Administrator") because all or part of the payment that you will soon receive from the Plan may be eligible for rollover by you or your Plan Administrator to a traditional IRA or an eligible employer plan. A rollover is a payment by you or the Plan Administrator of all or part of your benefit to another plan or IRA that allows you to continue to postpone taxation of that benefit until it is paid to you. Your payment cannot be rolled over to a SIMPLE IRA, or a Coverdell Education Savings Account (formerly known as an education IRA). An "eligible employer plan" includes a plan qualified under section 401(a) of the Internal Revenue Code, including a 401(k) plan, profit-sharing plan, defined benefit plan, stock bonus plan, and money purchase plan; a section 403(a) annuity plan; a section 403(b) tax-sheltered annuity; and an eligible section 457(b) plan maintained by a governmental employer (governmental 457 plan).

An eligible employer plan is not legally required to accept a rollover. Before you decide to roll over your payment to another employer plan, you should find out whether the plan accepts rollovers and, if so, the types of distributions it accepts as a rollover. You should also find out about any documents that are required to be completed before the receiving plan will accept a rollover. Even if a plan accepts rollovers, it might not accept rollovers of certain types of distributions, such as after-tax amounts. If this is the case, and your distribution includes after-tax amounts, you may wish instead to roll your distribution over to a traditional IRA or split your rollover amount between the employer plan in which you will participate and a traditional IRA. If an employer plan accepts your rollover, the plan may restrict subsequent distributions of the rollover amount or may require your spouse's consent for any subsequent distribution. A subsequent distribution from the plan that accepts your rollover may also be subject to different tax treatment than distributions from this Plan. Check with the administrator of the plan that is to receive your rollover prior to making the rollover.

If you have additional questions after reading this notice, you can contact your Plan Administrator at 865 215-2323.

#### SUMMARY

There are two ways you may be able to receive a Plan payment that is eligible for rollover:

- (1) Certain payments can be made directly to a traditional IRA that you establish or to an eligible employer plan that will accept it and hold it for your benefit ("DIRECT ROLLOVER"); or
- (2) The payment can be PAID TO YOU.

If you choose a DIRECT ROLLOVER:

- Your payment will not be taxed in the current year and no income tax will be withheld.
- You choose whether your payment will be made directly to your traditional IRA or to an eligible employer plan that accepts your rollover. Your payment cannot be rolled over to a SIMPLE IRA, or a Coverdell Education Savings Account because these are not traditional IRAs.
- The taxable portion of your payment will be taxed later when you take it out of the traditional IRA or the eligible employer plan. Depending on the type of plan, the later distribution may be subject to different tax treatment than it would be if you received a taxable distribution from this Plan.

If you choose to have a Plan payment that is eligible for rollover PAID TO YOU:

- You will receive only 80% of the taxable amount of the payment, because the Plan Administrator is required to withhold 20% of that amount and send it to the IRS as income tax withholding to be credited against your taxes.
- The taxable amount of your payment will be taxed in the current year it is paid to you unless you roll it over. Under limited circumstances, if you are receiving a distribution from the Asset Accumulation Program or Medical Expense Reimbursement Plan, you may be able to use special tax rules that could reduce the tax you owe. However, if you receive the payment before age 59 1/2, you may have to pay an additional 10% tax.
- You can roll over all or part of the payment by paying it to your traditional IRA or to an eligible employer plan that accepts your rollover within 60 days after you receive the payment. The amount rolled over will not be taxed until you take it out of the traditional IRA or the eligible employer plan.

If you want to roll over 100% of the payment to a traditional IRA or an eligible employer plan, **you must find other money to replace the 20% of the taxable portion that was withheld**. If you roll over only the 80% that you received, you will be taxed on the 20% that was withheld and that is not rolled over. **Your Right to Waive the 30-Day Notice Period.**

Generally, neither a direct rollover nor a payment can be made from the Plan until at least 30 days after your receipt of this notice. Thus, after receiving this notice, you have at least 30 days to consider whether or not to have your withdrawal directly rolled over. If you do not wish to wait until this 30-day notice period ends before your election is processed, you may waive the notice period by making an affirmative election indicating whether or not you wish to make a direct rollover. Your withdrawal will then be processed in accordance with your election as soon as practical after it is received by the Plan Administrator.

#### MORE INFORMATION

##### I. PAYMENTS THAT CAN AND CANNOT BE ROLLED OVER

Payments from the Plan may be "eligible rollover distributions." This means that they can be rolled over to a traditional IRA or to an eligible employer plan that accepts rollovers. Payments from a Plan cannot be rolled over to a SIMPLE IRA, or a Coverdell Education Savings Account. Your Plan Administrator should be able to tell you what portion of your payment is an eligible rollover distribution.

The following types of payments **cannot** be rolled over:

**Payments Spread over Long Periods.** You cannot roll over a payment if it is part of a series of equal (or almost equal) payments that are made at least once a year and that will last for:

- your lifetime (or a period measured by your life expectancy)
- your lifetime and your beneficiary's lifetime (or a period measured by your joint life expectancies)
- a period of 10 years or more.

**Required Minimum Payments.** Beginning when you reach age 70 1/2 or retire, whichever is later, a certain portion of your payment cannot be rolled over because it is a "required minimum payment" that must be paid to you.

**Hardship or Unforeseeable Emergency Distributions.** A hardship or unforeseeable emergency distribution cannot be rolled over.

**Distributions of Excess Contributions.** A distribution that is made from the Deferred Compensation Plan (457 Plan) because legal limits on certain contributions were exceeded cannot be rolled over.

The Plan Administrator should be able to tell you if your payment includes amounts which cannot be rolled over.

## II. DIRECT ROLLOVER

A DIRECT ROLLOVER is a direct payment of the amount of your Plan benefits to a traditional IRA or an eligible employer plan that will accept it. You can choose a DIRECT ROLLOVER of all or any portion of your payment that is an eligible rollover distribution, as described in Part I. You are not taxed on any taxable portion of your payment for which you choose a DIRECT ROLLOVER until you later take it out of the traditional IRA or eligible employer plan. In addition, no income tax withholding is required for any taxable portion of your Plan benefits for which you choose a DIRECT ROLLOVER. This Plan might not let you choose a DIRECT ROLLOVER if your distributions for the year are less than \$200.

**DIRECT ROLLOVER to a Traditional IRA.** You can open a traditional IRA to receive the direct rollover. If you choose to have your payment made directly to a traditional IRA, contact an IRA sponsor (usually a financial institution) to find out how to have your payment made in a direct rollover to a traditional IRA at that institution. If you are unsure of how to invest your money, you can temporarily establish a traditional IRA to receive the payment. However, in choosing a traditional IRA, you may wish to make sure that the traditional IRA you choose will allow you to move all or a part of your payment to another traditional IRA at a later date, without penalties or other limitations. See IRS Publication 590, Individual Retirement Arrangements, for more information on traditional IRAs (including limits on how often you can roll over between IRAs).

**DIRECT ROLLOVER to a Plan.** If you are employed by a new employer that has an eligible employer plan, and you want a direct rollover to that plan, ask the plan administrator of that plan whether it will accept your rollover. An eligible employer plan is not legally required to accept a rollover. Even if your new employer's plan does not accept a rollover, you can choose a DIRECT ROLLOVER to a traditional IRA. If the employer plan accepts your rollover, the plan may provide restrictions on the circumstances under which you may later receive a distribution of the rollover amount or may require spousal consent to any subsequent distribution. Check with the plan administrator of that plan before making your decision.

**DIRECT ROLLOVER of a Series of Payments.** If you receive a payment that can be rolled over to a traditional IRA or an eligible employer plan that will accept it, and it is paid in a series of payments for less than 10 years, your choice to make or not make a DIRECT ROLLOVER for a payment will apply to all later payments in the series until you change your election. You are free to change your election for any later payment in the series.

**Change in Tax Treatment Resulting from a DIRECT ROLLOVER.** The tax treatment of any payment from the eligible employer plan or traditional IRA receiving your DIRECT ROLLOVER might be different than if you received your benefit in a taxable distribution directly from the Plan. For example, if you were born before January 1, 1936, and are receiving a distribution from the Asset Accumulation Program or Medical Expense Reimbursement Plan, you might be entitled to ten-year averaging or capital gain treatment, as explained below. However, if you have your benefit rolled over to a section 403(b) tax-sheltered annuity, a governmental 457 plan, or a traditional IRA in a DIRECT ROLLOVER, your benefit will no longer be eligible for that special treatment. See the sections below entitled "Additional 10% Tax if You Are under Age 59 1/2," "Special Tax Treatment if You Were Born before January 1, 1936," and "Additional 10% Tax May Apply to Certain Distributions."

## III. PAYMENT PAID TO YOU

If your payment can be rolled over (see Part I) and the payment is made to you in cash, it is subject to 20% federal income tax withholding on the taxable portion (state tax withholding may also apply). The payment is taxed in the year you receive it unless, within 60 days, you roll it over to a traditional IRA or an eligible employer plan that accepts rollovers. If you do not roll it over, special tax rules may apply.

### Income Tax Withholding:

**Mandatory Withholding.** If any portion of your payment can be rolled over under Part I and you do not elect to make a DIRECT ROLLOVER, the Plan is required by law to withhold 20% of the taxable amount. This amount is sent to the IRS as federal income tax withholding. For example, if you can roll over a taxable payment of \$10,000, only \$8,000 will be paid to you because the Plan must withhold \$2,000 as income tax. However, when you prepare your income tax return for the year, unless you make a rollover within 60 days (see "Sixty-Day Rollover Option" below), you must report the full \$10,000 as a taxable payment from the Plan. You must report the \$2,000 as tax withheld, and it will be credited against any income tax you owe for the year. There will be no income tax withholding if your payments for the year are less than \$200.

**Voluntary Withholding.** If any portion of your payment is taxable but cannot be rolled over under Part I, the mandatory withholding rules described above do not apply. In this case, you may elect not to have withholding apply to that portion. If you do nothing, an amount will be taken out of this portion of your payment for federal income tax withholding. To elect out of withholding, ask the Plan Administrator for the election form and related information.

**Sixty-Day Rollover Option.** If you receive a payment that can be rolled over under Part I, you can still decide to roll over all or part of it to a traditional IRA or to an eligible employer plan that accepts rollovers. If you decide to roll over, you must contribute all or part of the amount of the payment you received to a traditional IRA or eligible employer plan within 60 days after you receive the payment. The portion of your payment that is rolled over will not be taxed until you take it out of the traditional IRA or the eligible employer plan.

You can roll over up to 100% of your payment that can be rolled over under Part I, including an amount equal to the 20% of the taxable portion that was withheld. If you choose to roll over 100%, you must find other money within the 60-day period to contribute to the traditional IRA or the eligible employer plan, to replace the 20% that was withheld. On the other hand, if you roll over only the 80% of the taxable portion that you received, you will be taxed on the 20% that was withheld.

Example: The taxable portion of your payment that can be rolled over under Part I is \$10,000, and you choose to have it paid to you. You will receive \$8,000, and \$2,000 will be sent to the IRS as income tax withholding. Within 60 days after receiving the \$8,000, you may roll over the entire \$10,000 to a traditional IRA or an eligible employer plan. To do this, you roll over the \$8,000 you received from the Plan, and you will have to find \$2,000 from other sources (your savings, a loan, etc.). In this case, the entire \$10,000 is not taxed until you take it out of the traditional IRA or an eligible employer plan. If you roll over the entire \$10,000, when you file your income tax return you may get a refund of part or all of the \$2,000 withheld.

If, on the other hand, you roll over only \$8,000, the \$2,000 you did not roll over is taxed in the year it was withheld. When you file your income tax return, you may get a refund of part of the \$2,000 withheld. (However, any refund is likely to be larger if you roll over the entire \$10,000.)

**Additional 10% Tax If You Are under Age 59 1/2.** If you receive a payment from the Asset Accumulation Program or Medical Expense Reimbursement Plan before you reach age 59 1/2 and you do not roll it over, then, in addition to the regular income tax, you may have to pay an extra tax equal to 10% of the taxable portion of the payment. The additional 10% tax generally does not apply to (1) payments that are paid after you separate from service with your employer during or after the year you reach age 55 (age 50 for qualified public safety employees), (2) payments that are paid because you retire due to disability, (3) payments that are paid as equal (or almost equal) payments over your life or life expectancy (or your and your beneficiary's lives or life expectancies), (4) payments that are paid directly to the government to satisfy a federal tax levy, or (5) payments that do not exceed the amount of your deductible medical expenses. See IRS Form 5329 for more information on the additional 10% tax.

The additional 10% tax will not apply to distributions from a governmental 457 plan, except to the extent the distribution is attributable to an amount you rolled over to that plan (adjusted for investment returns) from another type of eligible employer plan or IRA. Any amount rolled over from a governmental 457 plan to another type of eligible employer plan or to a traditional IRA will become subject to the additional 10% tax if it is distributed to you before you reach age 59 1/2, unless one of the exceptions applies.

**Special Tax Treatment If You Were Born before January 1, 1936.** If you receive a payment from the Asset Accumulation Program or Medical Expense Reimbursement Plan that can be rolled over under Part I and you do not roll it over to a traditional IRA or an eligible employer plan, the payment will be taxed in the year you receive it. However, if the payment qualifies as a "lump sum distribution," it may be eligible for special tax treatment. A lump sum distribution is a payment, within one year, of your entire balance under the Plan (and certain other similar plans of the employer) that is payable to you after you have reached age 59 1/2 or because you have separated from service with your employer (or, in the case of a self-employed individual, after you have reached age 59 1/2 or have become disabled). For a payment to be treated as a lump sum distribution, you must have been a participant in the plan for at least five years before the year in which you received the distribution. The special tax treatment for lump sum distributions that may be available to you is described below.

**Ten-Year Averaging.** If you receive a lump sum distribution and you were born before January 1, 1936, you can make a one-time election to figure the tax on the payment by using "10-year averaging" (using 1986 tax rates). Ten-year averaging often reduces the tax you owe.

There are other limits on the special tax treatment for lump sum distributions. For example, you can generally elect this special tax treatment only once in your lifetime, and the election applies to all lump sum distributions that you receive in that same year. You may not elect this special tax treatment if you rolled amounts into this Plan from a 403(b) tax-sheltered annuity contract, a governmental 457 plan, or from an IRA not originally attributable to a qualified employer plan. If you have previously rolled over a distribution from this Plan (or certain other similar plans of the employer), you cannot use this special averaging treatment for later payments from the Plan. If you roll over your payment to a traditional IRA, governmental 457 plan, or 403(b) tax-sheltered annuity, you will not be able to use special tax treatment for later payments from that IRA, plan, or annuity. Also, if you roll over only a portion of your payment to a traditional IRA, governmental 457 plan, or 403(b) tax-sheltered annuity, this special tax treatment is not available for the rest of the payment. See IRS Form 4972 for additional information on lump sum distributions and how you elect the special tax treatment.

**Additional 10% Tax May Apply to Certain Distributions.** Distributions from the Knox County Deferred Compensation Plan (457 Plan) are generally not subject to the additional 10% tax that applies to pre-age-59 1/2 distributions from the Asset Accumulation Plan and the Medical Expense Retirement Plan. However, any distribution from the Knox County Deferred Compensation Plan (457 Plan) that is attributable to an amount you rolled over to the Plan (adjusted for investment returns) from another type of eligible employer plan or IRA amount is subject to the additional 10% tax if it is distributed to you before you reach age 59 1/2, unless an exception applies.

Exceptions to the additional 10% tax generally include (1) payments that are paid as equal (or almost equal) payments over your life or life expectancy (or your and your beneficiary's lives or life expectancies), (2) payments that are paid from an eligible employer plan after you separate from service with your employer during or after the year you reach age 55 (age 50 for qualified public safety employees), (3) payments that are paid because you retire due to disability, (4) payments that are paid directly to the government to satisfy a federal tax levy, (5) payments that are paid to an alternate payee under a qualified domestic relations order, or (6) payments that do not exceed the amount of your deductible medical expenses. These exceptions may be different for distributions from a traditional IRA. See IRS Form 5329 for more information on the additional 10% tax.

The additional 10% tax does not apply to distributions from the Plan or any other governmental 457 plan, except to the extent the distribution is attributable to an amount you rolled over to the governmental 457 plan (adjusted for investment returns) from another type of eligible employer plan or IRA.

In addition, any amount rolled over from the Plan to another type of eligible employer plan or to a traditional IRA will be subject to the additional 10% tax if it is distributed to you before you reach age 59 1/2, unless an exception applies.

#### **IV. SURVIVING SPOUSES AND OTHER BENEFICIARIES**

In general, the rules summarized above that apply to payments to employees also apply to payments to surviving spouses of employees.

If you are a surviving spouse, you may choose to have a payment that can be rolled over, as described in Part I, paid in a DIRECT ROLLOVER to a traditional IRA or to an eligible employer plan or paid to you. If you have the payment paid to you, you can keep it or roll it over yourself to a traditional IRA or to an eligible employer plan. Thus, you have the same choices as the employee.

If you are a beneficiary other than a surviving spouse, you can choose a direct rollover from the Plan to an IRA. If you want to rollover a benefit you are receiving as a non-spouse beneficiary, IRS rules do not allow you to receive the distribution yourself and later deposit it in an IRA.

If you are a surviving spouse or another beneficiary, your payment is generally not subject to the additional 10% tax described in Part III above, even if you are younger than age 59 1/2.

If you are a surviving spouse or another beneficiary, you may be able to use the special tax treatment for lump sum distributions, as described in Part III above. If you receive a payment because of the employee's death, you may be able to treat the payment as a lump sum distribution if the employee met the appropriate age requirements, whether or not the employee had 5 years of participation in the Plan.

#### **HOW TO OBTAIN ADDITIONAL INFORMATION**

This notice summarizes only the federal (not state or local) tax rules that might apply to your payment. The rules described above are complex and contain many conditions and exceptions that are not included in this notice. Therefore, you may want to consult with a professional tax advisor before you take a payment of your benefits from your Plan. Also, you can find more specific information on the tax treatment of payments from governmental 457 and qualified employer plans in IRS Publication 575, Pension and Annuity Income, and IRS Publication 590, Individual Retirement Arrangements. These publications are available from your local IRS office, on the IRS's Internet Web Site at [www.irs.gov](http://www.irs.gov), or by calling 1-800-TAX-FORMS.