



# Request for Systematic Disbursement

## ALAMEDA COUNTY DEFERRED COMPENSATION PLAN

**Instructions** Please print using blue or black ink. Return this form to: Alameda County Treasurer's Office, Attn: DC Administration, 1221 Oak Street, 1<sup>st</sup> Floor, Room 131, Oakland CA, 94612 or interoffice mail QIC 20114 or fax to 510-268-5377.

Attention Deferred Compensation Administration: Please send completed form to the following address:

**Prudential**  
PO Box 5410  
Scranton, PA 18505

### Questions?

Call 1-800-833-5761  
for assistance.

### About You

Plan Number

0 0 6 8 0 9

Sub Plan Number

0 0 1 8 8 1

Are you still employed by the employer sponsoring the plan?

☐ Yes ☐ No

Social Security Number

Daytime Telephone Number

\_\_\_\_ - \_\_\_\_ - \_\_\_\_\_

\_\_\_\_ - \_\_\_\_ - \_\_\_\_  
area code

First Name

MI

Last Name

\_\_\_\_\_

Address

\_\_\_\_\_

City

State

Zip Code

\_\_\_\_\_

Date of Birth

Gender

Date Employment Ended (if applicable)

\_\_\_\_/\_\_\_\_/\_\_\_\_  
month day year

☐ M ☐ F

\_\_\_\_/\_\_\_\_/\_\_\_\_

### Payment Method

(Choose One)

☐

Dollar Amount:

Please issue \$ \_\_\_\_\_, \_\_\_\_\_ per payment.

☐

Number of Payments:

Please issue \_\_\_\_\_ number of payments.

*The funds will be taken in a specific sequence (salary deferral, Roth contribution, employer contribution, Roth rollover, pre-tax rollover).*



**Prudential**

**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 15<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.

**Note:** If you are currently receiving a systematic payment, please check the applicable box:

- ☐ Replace my current systematic. (This will be considered a change.)  
☐ This is in addition to my current systematic. (Some plans may not allow more than one systematic.)

**Election for  
Withholding  
of Federal  
Income  
Taxes For  
Systematic  
Option Only**  
*(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 for Periodic Pension Payments** before making your selection. If you elect a systematic of less than 120 months, each payment may be eligible for rollover and subject to mandatory 20% federal income tax withholding. Please read the attached **Special Tax Notice Regarding Plan Payments** for additional information. Do not complete this Tax Election section if your distribution is eligible for rollover.

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

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

Additional flat dollar amount to be withheld \$ , .

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

**Election For  
Withholding  
of State  
Income Taxes**  
(For Periodic  
Payments)

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

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

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

a. Marital Status (Circle one): Single                      Married

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

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

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

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

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

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

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

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

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

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

- ☐ I reside in one of the following voluntary withholding states: **AL, AZ, CO, CT, DC** (voluntary for partial and 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.

**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  

*Participant's signature*

*Date* \_\_\_\_\_

**Your  
Plan  
Authorization**

This section must be completed by your employer and signed by an authorized plan representative.

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

Vesting Percentage:     % (if applicable)

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

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

  X   \_\_\_\_\_ Date     
*Authorized plan representative's signature (if two signatures are required)*

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

Prudential fax number: 1-866-439-8602

# Systematic Disbursement General Provisions

Retain For Your Records

**Eligibility** - If you are eligible to receive a distribution of funds under the Plan or Program, you may elect a systematic disbursement, subject to any restrictions in your Employer's Plan. If you are under age 59 1/2, you must be separated from service in order to elect systematic disbursements.

**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.

**Distribution Order** - Disbursements will be taken first from your Guaranteed Interest Account (if you have one) until exhausted, then from your funds invested in the Variable Accounts. Depending on the terms of your plan, this disbursement will either be prorated across all available contribution types or taken in a specific sequence.

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

**Additional Disbursement** - You may request one additional distribution each year up to 10% of your remaining account balance (if your plan allows partial disbursements), to cover any unforeseen needs. An additional disbursement could result in smaller payments or a shorter payment period of the systematic disbursement.

**Changes** - You may request a change in the payment basis, dollar amount or number of payments once each year. Please allow 30 days for processing. You may make one change each year, provided that you do not receive less than the minimum required annually by law. If you are under age 59 1/2, please consult your own legal or tax counsel prior to requesting any changes in your payments.

**Cancellation** - You may request that payments cease as your one change for a year under the change provision above. Cancellation of your systematic payments will be considered a change for this year. Therefore, if you wish to participate in the systematic payment plan again, it cannot be effective until the next calendar year. You may also cancel this option to purchase an annuity from Prudential.

**Conversion to Annuity** - If your Employer's Plan so provides, your remaining balance may be converted to a Prudential guaranteed annuity (with 30 days notice) at the annuity purchase rates in effect at the time of the conversion.

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

**Processing** - Your payment will be processed on the 15<sup>th</sup> day of the month you select and will be issued within 7 business days. If the 15th day falls on a holiday or weekend, processing will occur on the next business day. You may elect to have a systematic disbursement processed on a date other than the 15th, but you must submit a written request to do so.

# 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 Section 457(b) Governmental Plans Only**

### **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, separate accounts) 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 you may receive from the employer's plan (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. In addition, distributions from this Plan are generally not subject to the 10% additional income tax that applies to pre-59½ distributions from other types of plans. However, any distribution from this Plan that is attributable to an amount you roll over to the Plan from another type of eligible employer plan or IRA amount is subject to the 10% additional income tax if it is distributed to you before you reach age 59½ (unless an exception applies, see "What are the exceptions to the 10% additional income tax that applies to early distributions" below).

##### **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. 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.



## 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 70 ½ (or after death)
- Unforeseeable emergency distributions
- Corrective distributions of contributions that exceed tax law limitations
- Loans treated as deemed distributions (for example, loans in default due to missed payments before your employment ends)
- 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.

The Plan Administrator or the payor can tell you what portion of a payment is eligible for rollover.

## 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.

## What are the exceptions to the 10% additional income tax that applies to early distributions?

In general, the exceptions to the 10% additional income tax for early distributions from an IRA are the same as the exceptions applicable to Section 401 and 403 employer plans for early distributions from a plan, which are as follows:

- 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.

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 you miss the 60-day rollover deadline

Generally, the 60-day rollover deadline cannot be extended. However, the IRS has the limited authority to waive the deadline under certain extraordinary circumstances, such as when external events prevented you from completing the rollover by the 60-day rollover deadline. To apply for a waiver, you must file a private letter ruling request with the IRS. Private letter ruling requests require the payment of a nonrefundable user fee. For more information, see IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*.

### If you have an outstanding loan that is being offset

If you have an outstanding loan from the Plan, your Plan benefit may be offset by the amount of the loan, typically when your employment ends. The loan offset amount is treated as a distribution to you at the time of the offset and will be taxed unless you do a 60-day rollover in the amount of the loan offset to an IRA or employer plan.

**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 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 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 will be taxed. If 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, the 10% additional tax on early distributions may apply to amounts you had previously rolled over from another type of eligible employer plan (unless an exception applies).

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

**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 Section 457(b) Governmental Plans Only**

### **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, separate accounts) 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 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 the 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 designated Roth account in an employer plan, you will be taxed on the earnings in the payment. In addition, distributions from this Plan are generally not subject to the 10% additional income tax that applies to pre-59½ distributions from other types of plans. However, the taxable amount of any distribution from this Plan that is attributable to an amount you rolled over to the Plan from another type of eligible employer plan is subject to the 10% additional income tax if it is distributed to you before you reach age 59½ (unless an exception applies, see "What are the exceptions to the 10% additional income tax that applies to early distributions" below). 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, section 403(b) plan, or governmental section 457(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 designated Roth account in the employer plan. In general, these tax rules are similar to those described elsewhere in this notice, but differences include:

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

## How do I do a rollover?

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

If you do a direct rollover, the Plan will make the payment directly to your 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 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 (and if you are under age 59½, including the 10% additional income tax on early distributions attributable to any amount you had rolled over to the Plan from a designated Roth account in another type of eligible employer plan, 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). This means that, in order to rollover 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)
- Unforeseeable emergency distributions
- Corrective distributions of contributions that exceed tax law limitations
- Loans treated as deemed distributions (for example, loans in default due to missed payments before your employment ends)
- 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.

The Plan Administrator or the payor can tell you what portion of a payment is eligible for rollover.

## If I do a rollover to a Roth IRA, will the 10% additional income tax apply to early distributions from the Roth 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 from the Roth IRA on the earnings paid from the Roth IRA, unless an exception applies or the payment is a qualified distribution.

## What are the exceptions to the 10% additional income tax that applies to early distributions?

In general, the exceptions to the 10% additional income tax for early distributions from a Roth IRA are the same as the exceptions applicable to Section 401 and 403 employer plans for early distributions from a plan, which are as follows:

- 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.

However, there are a few differences for payments from a Roth IRA, including:

- There is no exception for payments after separation from service that are made after age 55.
- The exception for qualified domestic relations orders (QDROs) does not apply (although a special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to 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 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 if the amount is attributable to an amount rolled over from another type of eligible employer plan, 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 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 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 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. However, the special rules for public safety officers do not apply.

**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 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).

#### **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 (only 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 from a designated Roth account in the Plan 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.

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