State of California

M E M O R A N D U M

DATE: July 30, 2002

TO: PERSONNEL MANAGEMENT LIAISONS **REFERENCE CODE:** 2002-044

THIS MEMORANDUM SHOULD BE DISTRIBUTED TO:

Employee Benefit Officers
Personnel Officers
Personnel Transactions Supervisors
Personnel Transactions Staff

FROM: **Department of Personnel Administration**
Savings Plus Program

SUBJECT: Part-time, Seasonal, and Temporary (PST) Retirement Plan Benefit Payment Application and Fact Sheet

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The following memo provides information regarding plan material revisions to the PST Retirement Plan Benefit Payment Application (BPA) (DC-3500) and the new PST Fact Sheet (DC-3756)

PST Retirement Plan Benefit Payment Application

Attached is the revised PST BPA (DC-3500, revised 06/02) form including the Special Tax Notice Regarding Plan Payments 402(f). The 402(f) must be attached to each application. All previous revisions of the PST BPA are no longer valid and should be destroyed. In the event that the Savings Plus Program (SPP) receives an obsolete form, it will be returned to the employee unprocessed, which will result in a delay in processing.

When an employee separates from employment or becomes eligible for the California Public Employees' Retirement System (CalPERS), they meet the eligibility requirements to receive a refund or to rollover/transfer PST Plan assets. The following options are available:

Separated From Employment	Eligible for CalPERS
• A refund of PST Plan assets. • If employed by another governmental agency that offers a 457 DCP, a direct transfer to the new employers' 457 DCP. • **NEW** - A rollover of assets to an IRA, 401(k), or a 403(b).	• A refund of PST Plan assets or rollover to SPP's 457 DCP. • **NEW** - A rollover to an IRA, 403(b) or an outside 401(k). • **NEW** - Purchase service credit. Employee should contact CalPERS at (800) 352-2238 or CalSTRS at (800) 228-5453 to request information regarding this option. Then complete the 457 Deferred Compensation or Part-time, Seasonal, Temporary Plan Purchase of Service Credit Form available on the SPP Web site or by calling the automated Voice Response System. The form provides information and instructions on how to complete the process.

PST Fact Sheet

Attached is a PST Fact Sheet (DC-3756, revised 07/02). The Fact Sheet replaces PST Retirement Plan Booklet (STD 950) and the PST Retirement Plan Brochure (SPP 2009). Destroy any copies you may have of these obsolete documents. The PST Fact Sheet should be provided to each new PST hire.

You may make copies of the attached documents or they can be requested by having the employee call the Savings Plus Program Voice Response System (VRS) toll-free at 866-566-7777. To obtain a PST Benefit Payment Application (BPA) using the telephone, they must do the following: Call the VRS, press 3 for PST, enter their 9-digit SSN and a Personal Identification Number (PIN) which they will choose themselves. After entering the PIN, choose option 4, then option 5. Enter VRS order number 8026 to order the PST Benefit Payment Application. Enter VRS order number 8035 to order the PST Fact Sheet.

To download the PST BPA or Fact Sheet from the SPP Web site (www.sppforu.com), do the following: From the Welcome page, click EMPLOYER, then "Plan Info & Forms", then "Forms and Publications".

Additional information about the PST Plan is available on the SPP Web site under "Contact Us". Select the "Contact Us" tab, click the link under Contact SPP (maximize the screen for better viewing), Select PST Retirement Plan from the list of topics provided and then Submit, to read the most frequently asked questions. To print this information use Ctrl+P on your keyboard, or click File/Print, or the print icon.

Lura Franzella
for

Karen Alejo, Administrator
Savings Plus Program

Attachment(s)
PST BPA
402(f)
PST Fact Sheet

STATE OF CALIFORNIA - SAVINGS PLUS PROGRAM
Part-time, Seasonal, Temporary (PST) Retirement Plan
Fact Sheet

The PST Plan

The PST Plan is a savings plan created by federal law for employees who are not members of a retirement system. The PST Plan provides an opportunity for employees not covered by Social Security or by the California Public Employees' Retirement System (CalPERS) to save for retirement.

The Department of Personnel Administration's Savings Plus Program (SPP) administers the PST Plan for employees hired as part-time, seasonal, or temporary. The PST Plan is an eligible deferred compensation plan under Internal Revenue Code Section 457.

Employees Who Must Participate In The PST Plan

Employees not covered by Social Security and excluded from participation in CalPERS must participate in the PST Plan. Typically, this includes the following:

- Part-time employees who work less than one-half time.
- Seasonal employees.
- Temporary and permanent-intermittent employees, excluding members of boards or commissions, who work less than six months, or 125 days if employed on a daily basis, or less than 1,000 hours in a given fiscal year (July 1st through June 30th), if employed on an hourly basis.
- Half-time California State University (CSU) employees who have less than one academic year of credited service.

Your Personnel Office can provide you with information on your eligibility for the PST Plan.

As a PST employee, you are automatically enrolled in this federally mandated PST Retirement Plan. While you are a PST employee, 7.5% of your gross pay will be withheld from each of your paychecks and deposited into your PST account.

Employees Who Are Excluded From Mandatory Participation In The PST Plan

Some PST employees do not participate in the PST Plan. The following employees are **NOT** eligible to participate in the plan:

- Full-time students regularly attending classes in the institution in which they are working.
- Employees hired temporarily to handle disaster emergencies such as fires, floods, storms, and earthquakes.
- Election officials and election workers paid less than $100 in a calendar year.
- Persons hired through programs to relieve unemployment such as summer youth programs.
- Persons who have retired from the State of California or other public employment covered by CalPERS.
- Authorized non-resident aliens with F or J visas or M teaching visas.
- Individuals paid for services performed in a hospital, home, or another institution in which they live.
- Persons who have CalPERS coverage through concurrent public agency employment.
- Persons who are employed in multiple positions with the State. However, one position must be covered by Social Security, CalPERS, the California State Teachers' Retirement System (CalSTRS), the Judges' Retirement System (JRS), or the Legislators' Retirement System (LRS). As a reminder, CSU employees are not considered State employees.
- "Casual" employees who are provided health and welfare benefits. Generally, these individuals are employed more than 60 days but less than 90 days in a calendar year.
- CSU employees who are required to participate in an alternative retirement plan.
- Self-employed individuals rendering services to the State who make Social Security payments on wages earned from their State contract. To request this exemption, you must submit a Letter of Intent Earnings to your Personnel Office indicating that you will pay Social Security taxes on the earnings along with a copy of your Self-Employment Tax form from the prior year.

Maintaining Your PST Account

- Since statements are mailed only once a year, it is very important that the SPP has your correct address. While you are employed, you must change your address with your Personnel Office. When you separate from service, you must notify the SPP of any address change.

- In the event of death, your survivor must notify SPP and complete the required documents that will allow for payment. Your benefits will be paid in the following order, unless you designate otherwise:
  1. Your surviving spouse; or, if none,
  2. Natural and adopted children, share and share alike; or, if none,
  3. Parents, share and share alike; or, if none,
  4. Brothers and sisters, share and share alike; or, if none,
  5. Your estate (if probated, or subject to probate), or, if not,
  6. Your trust (if one exists), or, if not,
  7. Stepchildren, share and share alike; or, if none,
  8. Grandchildren, share and share alike; or, if none,
  9. Nieces and nephews, share and share alike; or, if none,
  10. Great-grandchildren, share and share alike; or, if none,
  11. Cousins, share and share alike.

- You can designate a beneficiary(ies) different than those indicated above for your PST account by completing a *Savings Plus 457 Beneficiary Designation Form* (DC-3496). Contact SPP for this form.

Rolling Over Or Withdrawing Money From Your PST Account

- If you become CalPERS eligible, contributions to your PST Retirement Plan automatically stop. You may request your PST assets to be rolled over into the SPP 457 Deferred Compensation Plan or request a refund of your assets. You may also be eligible to use your PST account to purchase service credit. Contact the SPP for appropriate forms.

- If you separate from employment, you can request a refund of your account or you can rollover the assets to another employer-sponsored 457 Deferred Compensation Plan, 401(k) Plan, or 403(b) Plan. You can also rollover your PST assets to an Individual Retirement Account (IRA). You must contact the new custodian and the SPP for the appropriate form. Certification from the receiving entity must be obtained prior to submitting a request for rollover of your PST funds.

- If you request and are eligible for a refund of your PST assets, your refund will be issued as a lump sum payment. If your account balance is $200 or greater, federal taxes will be withheld at a rate of 20% and state taxes will be withheld at a rate of single and (0) zero allowances. If your account balance is less than $200, taxes will not be withheld. You will be issued a 1099-R form in January of the following year for tax reporting purposes.

Facts About The PST Retirement Plan

- As an eligible PST employee, you are not covered by Social Security. Moreover, you are presently excluded from a pension through CalPERS, based on your length of employment or time base. From each paycheck that you receive, 7.5% of your gross wages are withheld pretax, deposited in your name, and invested for you.
- Your automatic payroll deductions are deposited in a PST account. PST assets are invested in the Vanguard Total Bond Market Index Fund. You can obtain more information about this fund by contacting the SPP.
- There are no employer contributions or matching funds in the PST Plan. Your PST contributions plus any earned interest constitute your entire account balance.
- There are no fees charged to you for your PST account.
- SPP maintains your PST account until you request to withdraw it.
- SPP issues annual statements each August reflecting your PST contributions, earnings, and current balance.
- You are fully "vested" (eligible for benefits) as soon as you are enrolled in the PST Retirement Plan.
- Your assets will remain in your PST account until you reach age 70 ½ unless you request and are eligible to have your assets rolled over or refunded to you.
- Your participation in the PST Plan does not limit your contributions to an Individual Retirement Account (IRA).
- If you contribute to a 457 Deferred Compensation Plan in the same year in which you contributed to the PST Retirement Plan, your PST contributions will be included in determining your total annual contributions to the 457 plan.

How To Reach The SPP:

	Savings Plus Program PST Retirement Plan 1800 15th Street Sacramento, CA 95814
Voice Response System (VRS):	(866) 566-4777 24 hours a day, 7 days a week
Customer Service:	8:30 a.m.- 4:00 p.m. (PT), Monday - Friday. To speak with a customer service representative, press *0.
SPP Office:	Open 8:00 a.m.- 5:00 p.m. (PT), Monday - Friday
TDD:	(916) 327-4266
Fax:	(916) 327-1885
SPP Web site:	www.sppforu.com

STATE OF CALIFORNIA
SAVINGS PLUS PROGRAM

PART-TIME, SEASONAL, TEMPORARY, RETIREMENT PLAN

Benefit Payment Application

This package contains information for your use. Use the applicable information to create the payment method that best meets your needs. Enclosed are the following:

- PST Payment Application
- Special Tax Notice Regarding Plan Payments 402(f)

These instructions summarize the major provisions of federal and State of California tax rules that may apply to your payment. The tax rules are complex and contain many conditions and exceptions that are not included in these instructions. You can find more specific information on the tax treatment of payments from eligible retirement plans in Internal Revenue Service (IRS) Publication 575, *Pension and Annuity Income*, and IRS Publication 590, *Individual Retirement Arrangements*. These publications are available from your local IRS office or by calling 1-800-TAX-FORM (1-800-829-3676).

All information is current as of the date this application was printed. The Plan Administrator reserves the right to amend any of the procedures or plan provisions as outlined in this application or the official Plan Document to conform with governing laws or Internal Revenue Code regulations issued subsequent to the publication of this application. Such changes may be enacted without prior announcement or the expressed consent or agreement of plan participants. If there is any contradiction between the terms of the official Plan Document and this application, the official Plan Document will govern.

INSTRUCTIONS

Section I - Participant Information
Complete the information requested. Provide either your separation date *or* your CalPERS eligible date. Print clearly.

Section II - Payment Methods - Check one box only.

Direct Payment
This option allows you to receive your entire account balance. This payment will be reported to the Internal Revenue Service (IRS) as ordinary income. If your account balance is less than $200, Federal and State income taxes will **NOT** be withheld. There will be a **mandatory** 20% withholding for Federal income taxes on amounts of $200 or more. State income taxes will be withheld at a rate of single with 0 (zero) allowances. A 1099-R will be issued by January 31st of the following year for tax reporting purposes.

Direct Rollover to SPP 457 DCP
As a member of CalPERS, this option will rollover the Part-Time, Seasonal, Temporary (PST) Retirement Plan funds to the Savings Plus Program (SPP) 457 Deferred Compensation Plan's (DCP) Vanguard Total Bond Market Index Fund. Upon posting to the 457 DCP you may exchange all or a portion of the funds to any of the other investments offered through SPP. Exchanges are done via the Voice Response System (VRS) or the SPP Web site. To initiate a salary deferral and select an investment option(s), you will use the VRS or the SPP Web site. You agree to establish a Personal Identification Number (PIN) and be responsible for safeguarding the PIN. The electronic systems will require you to furnish information confirming your identity as the sole person authorized to access the account.

This option will initiate the process of enrolling in a 457 DCP and/or a 401(k) Thrift Plan with the SPP. It authorizes the SPP to establish an account for you, but it does not authorize the amount of your paycheck deductions to go into the account nor set up investment options. To begin paycheck deductions ("salary deferrals") and select your investment option(s), you will be sent an information kit with instructions for completing this process after we receive your signed application. This kit will be sent within 10 business days.

By selecting this option, you agree to read the Summary Plan Description (*Getting Started in Savings Plus* handbook) and to all other terms and conditions of the plan(s). It is your responsibility to obtain and read a copy of the prospectus or disclosure documents pertaining to the investment option(s) you select. You authorize your payroll office to deduct and transmit any deferral amount you may subsequently elect.

If your application is processed on or before the 15th day of any month, you will have an account established by the 25th day of that month. You have until 1:00 p.m. (PT) on the last business day of that month to access the VRS or SPP Web site to start the payroll deduction and choose your investment option(s). For example, if your initial deferral and investment selection is completed by 1:00 p.m. (PT) on September 30th (the last business day of the month), your deferrals will begin with the October pay period (the check you receive in early November).

Direct Rollover to Another Entity
A Rollover from the PST Plan account to an Individual Retirement Account, 401(k), or 403(b) Tax Sheltered Annuity is permitted as a result of the federal Economic Growth and Tax Relief Reconciliation Act (EGTRRA) of 2001 as long as the entity sponsoring the plan accepts 457 funds. The certification must be received and attached to the PST Benefit Payment Application. Check the Direct Rollover to Another Entity box and complete Section III of the application.

If you wish to transfer your PST account to purchase California Public Employees' Retirement System (CalPERS) or California State Teachers' Retirement System (CalSTRS) Service Credit, do not use this form. You must first contact CalPERS at (800) 352-2238 or CalSTRS at (800) 228-5453.

If you are age 70½ or older and elect to rollover your funds, the Required Minimum Distribution will be processed and paid directly to you before the funds are rolled over to the provider. Please refer to the enclosed 402(f) Notice for information regarding Required Minimum Distributions.

Section III – Entity Information and Certification
Obtain accepting entity's certification that they will accept 457 Plan funds. This can be done by attaching the other entity's certification form or by having an authorized agent of the accepting entity sign the certification on this form. Check the type of plan that will receive the funds. Specify the amount that will be rolled over to that entity. Provide the name of the accepting entity, their address, and your account number with that plan.

Section IV – Participant Certification
Read the Special Tax Notice Regarding Plan Payments 402(f), sign, and date the application.

STATE OF CALIFORNIA—SAVINGS PLUS PROGRAM
Part-Time, Seasonal, and Temporary Retirement Plan
Benefit Payment Application

SECTION I – PARTICIPANT INFORMATION

Last Name First Name MI	Social Security Number
Street Address	Date of Birth (mmddyyyy)
City, State, Zip Code Telephone Number with Area Code	Retirement/Separation Date (mmddyyyy) **OR** CalPERS Eligible Date

Privacy Statement: The Information Practices Act of 1977 (Civil Code Section 1798.17) and the Federal Privacy Act (Public Law 93-579) require that this notice be provided when collecting personal information from individuals. Information requested on this form is used by the Savings Plus Program (SPP) for purposes of identification and account processing. It is mandatory that you furnish all information requested on this form. Failure to provide the information may result in the action requested not being processed.

SECTION II - PAYMENT METHODS (CHECK ONE BOX ONLY)

☐ Direct Payment	100% of account balance to be distributed to you. Payment will be reported to the IRS as ordinary income. A 1099-R will be issued by January 31st of the following year for tax reporting purposes. (Skip to Section IV).
☐ Direct Rollover to SPP 457 DCP	**I elect to enroll in:** ☐ 401(k) Thrift Plan ☐ 457 Deferred Compensation Plan **Pay Frequency:** ☐ Monthly ☐ Semi-Monthly **Payroll Warrant/Check Issued By:** ☐ State Controller's Office ☐ Senate Rules Committee ☐ CDFA/Marketing Council ☐ Assembly Rules Committee ☐ California Exposition ☐ Joint Legislative Budget Committee ☐ District Agricultural Assoc. (Fairs) **Note:** Check only one box, incorrect payroll office may delay processing
☐ Direct Rollover to Another Entity	100% of the account balance to be transferred to another entity. Complete Section III below.

SECTION III – ENTITY INFORMATION AND CERTIFICATION

Certification of Authorized Agent of Eligible Plan Accepting Funds	Attach a certification form from the receiving entity agreeing to accept 457 funds or have entity sign the certification below. "This is to certify that we agree to accept a transfer of funds from the State of California Savings Plus Program 457 Deferred Compensation Plan." ________________________ ____________ Accepting Entity Authorized Agent Date	
Check the type of plan where your funds will be rolled over to (choose only one)	☐ Direct Rollover to IRA (above certification **not** required) ☐ Direct Rollover to IRC Section 457 Plan ☐ Direct Rollover to IRC Section 401(k) Plan ☐ Direct Rollover to IRC Section 403(b) Plan	If you are age 70 ½ or older and elect to roll over your funds, the annual required minimum distribution will be paid directly to you ***before*** the funds are rolled over to the other entity.
The rollover check will be made payable to the Trustee/Custodian for your benefit. The check will be mailed directly to the Trustee/Custodian	Name of Trustee/Custodian Mailing Address City, State, Zip Code Account Number	

SECTION IV - PARTICIPANT CERTIFICATION

"I request distribution to be made in accordance with the Plan regulations and my election above. I understand it is within the authority of the State of California to approve or disapprove this request. I hereby certify under penalty of perjury that this information is true and accurate to the best of my knowledge. I certify that I have received and read the *"Special Tax Notice Regarding Plan Payments, 402(f)."*

________________________   ____________
Signature   Date

INFORMATION

The Economic Growth and Tax Relief Reconciliation Act of 2001 allows for rollovers from PST Plans to 401(k) Plans, 403(b) Plans, and Individual Retirement Accounts, so long as the receiving entities will accept 457 funds. Before the SPP can process a roll over, certification by the receiving entity must be attained. The certification must be received and attached to the PST Benefit Payment Application.

You are eligible for a distribution after you retire or separate from all state employment, or have attained CalPERS eligibility. Eligibility will be verified before payment is issued. Payments will be issued 90-120 days after your last contribution posts. Your payment will be mailed to the address you provide on this application.

Distributions from your PST Plan paid directly to you will be reported as a taxable event to the IRS. Distributions for a direct roll over will be reported as a non-taxable event to the IRS. The recordkeeper will mail you a 1099-R by January 31st of the year following distribution.

If you wish to transfer your PST account to purchase CalPERS or CalSTRS Service Credit, do not use this application. You must first, contact CalPERS at (800) 352-2238 or CalSTRS at (800) 228-5453 to request information regarding the purchase of service credit and for the dollar amount of your service credit purchase. Second, complete the *457 Deferred Compensation or Part-Time, Seasonal, Temporary Plan Purchase of Service Credit Form*. This form is available on the SPP Web site or by calling our automated Voice Response System. This form will also provide additional information and instruction on how to complete the process.

RETURN THIS APPLICATION TO:

SAVINGS PLUS PROGRAM
PST RETIREMENT PLAN
1800 15TH STREET
SACRAMENTO, CA 95814-6614

CONTACT INFORMATION

Voice Response System (VRS):	(866) 566-4777 24 hours a day, 7 days a week
Customer Service:	8:30 a.m. - 4:00 p.m. (PT), Monday - Friday. To speak with a customer service representative, press *0.
SPP Office:	Open 8:00 a.m. - 5:00 p.m. (PT), Monday - Friday
TDD:	(916) 327-4266
Fax:	(916) 327-1885
SPP Web site:	www.sppforu.com

SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS, 402(f)
457 DEFERRED COMPENSATION PLAN

This notice explains how you can continue to defer federal income tax on your retirement savings in the 457 Deferred Compensation (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 Savings Plus Program (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 Roth IRA, 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). The Plan is a 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. If this is the case, you may wish instead to roll your distribution over to a traditional IRA or to 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 866-566-4777.

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.

    1. 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 Roth IRA, a SIMPLE IRA, or a Coverdell Education Savings Account because these are not traditional IRAs.

    2. 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.

    1. The taxable amount of your payment will be taxed in the current year unless you roll it over.

    2. 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.

    3. If you want to roll over 100% of the payment to a traditional IRA or an eligible employer plan, <u>you must find other money to replace the 20% of the taxable portion that was withheld</u>. 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.

<u>Your Right to Waive the 30-Day Notice Period.</u>

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
II. DIRECT ROLLOVER
III. PAYMENT PAID TO YOU
IV. SURVIVING SPOUSES, ALTERNATE PAYEES, AND OTHER BENEFICIARIES

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 Roth IRA, a SIMPLE IRA, or a Coverdell Education Savings Account. Your Plan administrator should be able to tell you whether 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), or
- your lifetime and your beneficiary's lifetime (or a period measured by your joint life expectancies), or
- 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.

Unforeseeable Emergency Distributions. A distribution on account of an unforeseeable emergency cannot be rolled over.

Distributions of Excess Contributions. A distribution that is made because legal limits on certain contributions were exceeded cannot be rolled over.

Loans Treated as Distributions. The amount of a plan loan that becomes a taxable deemed distribution because of a default cannot be rolled over. However, a loan offset amount is eligible for rollover, as discussed in Part III below. Ask the Plan Administrator of this Plan if distribution of your loan qualifies for rollover treatment.

The Plan Administrator of this Plan 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 above. 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. See the sections below entitled "Additional 10% Tax May Apply to Certain Distributions."

III. PAYMENT PAID TO YOU

If your payment can be rolled over (see Part I above) 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 above 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 above, 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 above, 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 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 above, 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: Your payment that can be rolled over under Part I above 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 May Apply to Certain Distributions. Distributions from this Plan are generally not subject to the additional 10% tax that applies to pre-age-59 1/2 distributions from other types of plans. However, any distribution from the 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, (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.

Repayment of Plan Loans. If your employment ends and you have an outstanding loan from your Plan, your employer may reduce (or "offset") your balance in the Plan by the amount of the loan you have not repaid. The amount of your loan offset is treated as a distribution to you at the time of the offset and will be taxed unless you roll over an amount equal to the amount of your loan offset to another qualified employer plan or a traditional IRA within 60 days of the date of the offset. If the amount of your loan offset is the only amount you receive or are treated as having received, no amount will be withheld from it. If you receive other payments of cash or property from the Plan, the 20% withholding amount will be based on the entire amount paid to you, including the amount of the loan offset. The amount withheld will be limited to the amount of other cash or property paid to you. The amount of a defaulted plan loan that is a taxable deemed distribution cannot be rolled over.

IV. SURVIVING SPOUSES, ALTERNATE PAYEES, AND OTHER BENEFICIARIES

In general, the rules summarized above that apply to payments to employees also apply to payments to surviving spouses of employees and to spouses or former spouses who are "alternate payees." You are an alternate payee if your interest in the Plan results from a "qualified domestic relations order," which is an order issued by a court, usually in connection with a divorce or legal separation.

- If you are a surviving spouse or an alternate payee, you may choose to have a payment that can be rolled over, as described in Part I above, 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 or an alternate payee, you cannot choose a direct rollover, and you cannot roll over the payment yourself.

- If you are a surviving spouse, an alternate payee, 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.

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 the Plan Administrator or 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 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*, or by calling 1-800-TAX-FORMS.