

GUARDIAN

PARTICIPANT TERMINATION PROCEDURES

Dear PLAN ADMINISTRATOR:

Use these procedures as a guide to assist you in completing and processing any participant terminations. If you have any questions, please contact the distribution coordinator at (401) 942-4900 x 111.

1. **Send the terminated participant(s) the following:**
 - a. **Benefit Election Form**
 - b. **Special Tax Notice**

2. Once the Benefit Election Form has been returned to you, review the form for completeness. **Complete the vested percentage** in the first line of the Benefit Election Form. Please refer to the Administrative Analysis section of the Annual Report for terminated participants vested percentages or contact the distribution coordinator at Abacus.

3. Return the completed Abacus Benefit Election Form and the Spousal Consent Form and Direct Rollover Election Form (if applicable) to Abacus Benefit Consultants, 55 Stamp Farm Road, Cranston, RI 02921. Retain a copy for your records.

4. Abacus Benefit Consultants will verify the vesting, complete the Guardian Advantage recordkeeping contract withdrawal report and sign the form as the Authorized Representative. Abacus will then send the form to The Guardian for processing.



Guardian Retirement Solutions
RECORDKEEPING CONTRACT WITHDRAWAL REQUEST
*(Termination of Employment/Retirement/After Tax Withdrawal/
 Disability/In-Service Distribution/Plan Termination)*

Regular Mail:
 The Guardian Insurance & Annuity Company, Inc.
 Group Pensions Service Center
 P.O. Box 26280
 Lehigh Valley, PA 18002-6280

Express Mail:
 The Guardian Insurance & Annuity Company, Inc.
 Group Pensions Service Center
 1560 Valley Center Parkway, Suite 100
 Bethlehem, PA 18017-2289

Telephone: 1-877-500-2380
Facsimile: 1-610-807-6900

Plan Name		Contract Number	
Participant Name		Date of Hire	Social Security Number
Participant Street Address*		Date of Termination	E-mail Address
City	State	Zip Code	Date of Birth

* The address provided will become the permanent address on file for this participant. Address and Date of Birth are required for processing.

IF THE FORM IS NOT COMPLETED IN ITS ENTIRETY, THE REQUEST WILL NOT BE PROCESSED.

This portion of the form to be completed by the participant

1. REPORTABLE DISTRIBUTION

Choose only one.

- Termination of Employment** - a \$25 fee will be charged to the contract owner for the return of every employee deferral remittance received after completion of termination request.
- After Tax Withdrawal**
- Plan Termination** - Due to employer's bankruptcy, merger or acquisition by a successor company, or any other employer-initiated event resulting in a reduction of participants by more than 15% of the number of participants at the time of inception.
- Retirement** - as defined by the plan
- Disability**
- In-Service Distribution**

If Retirement, Disability, or In-Service Distribution, Choose One:

- Non-Periodic Pay**
- Periodic Pay:** Start Date: _____ End Date: _____
Frequency: Monthly Quarterly Semi-annually Annually
** More than 10 years; not eligible for a rollover*
** One periodic payments per participant*
** Subsequent payments will be made on the close of business day based on the frequency elected.*

Distribution Options (Choose One.)

- Gross Amount:** Withdrawal \$ _____ from my vested account balance. I understand that any income tax withholding will be deducted from this amount. If the amount available is less than requested, I want to withdraw the amount available: Yes No
- Net Amount:** Withdrawal \$ _____ from my vested account balance plus withdrawal any income tax withholding. If the amount available is less than requested, I want to withdraw the amount available: Yes No
- Percent:** Withdrawal _____% from my vested account balance. I understand that any income tax withholding will be deducted from this amount.

.....
 Life Insurance Premium - Life Insurance Premiums not made payable to GLIC will be assessed a CDC.

Make Check Payable to:

_____ (must complete delivery instructions)

Withdrawals may be assessed a CDC. The CDC amount, if applicable, will be deducted from the requested withdrawal amount. (Contract Section 8.31 and 8.32) A Market Value Adjustment may be assessed for withdrawals from the Fixed Rate Investment Option. (Contract Section 8.3)

2. FEDERAL TAX WITHHOLDING (Election required unless the distribution is to be made payable to the plan.)

IRS Regulations require withholding of 20% on Eligible Rollover Distributions that are not paid as a direct rollover to an IRA or Qualified Plan. Non-periodic payments that are not Eligible Rollover Distributions are subject to 10% withholding unless the payee elects either another amount or no withholding.

Choose only one.

- Withhold the required percentage per IRS regulations
- Withhold a fixed amount: \$ _____ or _____%
 To be applied to the **Eligible** Rollover portion of the distribution
 To be applied to the **Non-Eligible** Rollover portion of the distribution
- Do NOT withhold

(Over)



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3. OUTSTANDING LOAN BALANCE

Are there any outstanding loans on the account?

- Yes No

If "yes," complete below. (If no item is elected, the defaulted loan will be treated as a distribution.)

- I elect to send a check to my Employer to pay off my outstanding balance. The loan payment will be processed with the next available payroll. Distributions will be processed 10 days after the payroll that includes the loan payment has been received and processed.
- I elect to have the outstanding portion of the loan defaulted and treated as a distribution.

Shaded area to be completed by the TPA only.

If the participant has an outstanding loan balance and Guardian should include the amount for tax reporting, please enter the outstanding loan amount: \$ _____. Guardian will withhold 20% on any outstanding loan amount provided in this section unless an amount greater than 20% is provided here: \$ _____ or _____%

4. STATE TAX WITHHOLDING (Complete if applicable; this section does not pertain to distributions made payable to the Plan.)

If state tax withholding should be taken for a state other than the one indicated in the permanent address (above), enter the tax withholding state: _____. **NOTE: If this field is not completed, it will default to state listed in permanent address (above).**

Mandatory State

- Withhold only the amount mandated by the above-mentioned state.
- Withhold an additional elective amount: \$ _____ or _____%.
- Do NOT withhold

Voluntary State

- Withhold an amount: \$ _____ or _____%.
- Do NOT withhold

5. ROLLOVER INFORMATION (Complete this section only if rolling

over all or a portion of your disbursement. If there is more than one receiving financial institution, attach information on a separate page.)

Note: If the money is rolling into another Guardian Advantage contract, a completed Rollover Authorization form must accompany the withdrawal request.

Receiving Financial Institution/Qualified Plan Delivery Information:

Wire to Financial Institution? Yes No

(Minimum wire amount is \$5000. See Wire Information on Page 3.)

Account Number

Payee Name

5. ROLLOVER INFORMATION (Continued)

FBO

Address 1

Address 2

City, State, Zip

Shaded area to be completed by the TPA only.

6. DISTRIBUTION SOURCE Please provide all sources from which there is a balance being distributed.

(For the Amount you may provide \$, %, units or remainder.)

Fund

Source

Amount

Vested%

Fund

Source

Amount

Vested%

Fund

Source

Amount

Vested%

Fund

Source

Amount

Vested%

After Tax Distributions: (Must be completed if there is any after tax money in account.)

Pre-87 Contribution Amount: \$ _____

Post-86 Contribution Amount: \$ _____

(Continued on the following page)



Shaded area to be completed by the TPA only.

7. DISTRIBUTION FROM FORFEITURE AND COMMUNITY ACCOUNTS (If Applicable, complete necessary information.)

Forfeiture Account (For the amount select \$, %, units or remainder.)

Fund

Source

Amount

Community Account (For the amount select \$, %, units or remainder.)

Fund

Source

Amount

8. DELIVERY INSTRUCTIONS (Must choose one. Excludes any fees.)

- Mail to Participant
- Mail to TPA
- Mail to Plan Sponsor
- Mail to Financial Institution Receiving the Rollover
- Wire Funds - Complete Wire Information Section Below.
- Other - Complete Address

Shaded area to be completed by the TPA only.

- PRIORITY DELIVERY:** (No Post Office Boxes)
 - DHL
 - Federal Express (TPA established account numbers only)

Account Number (Must Complete. No Credit Cards will be accepted.)

9. WIRING INFORMATION (Complete this section if wiring funds. A copy of a check or deposit slip is required.)

Minimum wire amount is \$5,000.

ABA Number

Bank Name

Bank City, State

9. WIRING INFORMATION (Continued)

Account Number

Account Name

Participant Name

Reference Number

Memo

Shaded area to be completed by the TPA only.

10. ADDITIONAL INFORMATION

Should the check be made payable to the Plan?

Yes No

If Yes, check will be mailed to the Contractowner at the company. The Plan is responsible for tax withholding and tax reporting.

If the Federal/State Tax Withholding and/or the IRS Distribution Code sections are completed, the information will be disregarded.

Should the participant's remaining balance be forfeited to the Forfeiture Account?

Yes No

Does any TPA Withdrawal Fee apply? (Fee will be mailed to the TPA Office)

Yes No

If Yes: \$ _____ TPA Number _____

11. SIGNATURES

In the event the form must be returned for additional information, GIAC accepts no responsibility for any market value fluctuations as a result of the delay. GIAC does not agree to pay any costs incurred for special handling.

By signing the request, you understand:

- partial distributions of funds will only be made from the Advantage core fund options and no funds will be distributed from the SDB Option.
- participant terminations with remaining funds in the SDB option at the time of termination will be liquidated and moved to an Advantage core fund.
- residual dividends posted to SDB accounts will be distributed using the original termination instructions, for both participant and plan terminations
- and accepts full responsibility for the completeness and accuracy of the information presented.

Participant Signature

Date

Plan Sponsor Signature

Date

Authorized Representative (TPA) Signature

Date





BENEFIT ELECTION FORM

Please complete all three pages

I. PARTICIPANT INFORMATION: *(To be completed by Employer):*

Employer Name: _____ Current Date: _____

Plan Name: _____ SSN: _____

Participant Name: _____ Vested Percentage: _____

Address: _____ Date of Birth: _____

_____ Termination Date: _____

Hours Worked: _____
Current plan year

You are eligible to receive your vested account balance from the above-named plan. Your distribution may be subject to any gain/loss accumulated through the date of distribution.

MINIMUM NOTICE PERIOD: For at least 30 days after you receive this notice, you have the right to consider your decision whether to consent to a distribution of your vested account balance and whether to elect a direct rollover of any portion of your eligible rollover distribution. If you sign and return the Benefit Election Form less than 30 days after you receive this notice, the receipt of your signed form is your affirmative waiver of any unexpired portion of the minimum 30-day period and your affirmative election of a distribution or a direct rollover.

Reason for Distribution: Termination Retirement Disability Death QDRO

II. SELECT ONE OF THE FOLLOWING PAYMENT OPTIONS *(To be completed by Participant):*

- 1. **Direct rollover election.** Send my payment directly to an IRA, or another employer plan that accepts rollovers, as I have instructed on the attached Direct Rollover Election Form.
- 2. **Lump sum distribution election.** Pay me in a single sum, less taxes, as I have indicated in the withholding election section below.
- 3. **Postponed payment election.** (This is only available for amounts larger than \$5,000.00.) Don't start payments until _____ (not later than the April 1st following age 70-1/2). I'll elect my payment option at that time. I understand that amounts will remain invested in the plan, subject to investment gains or losses of the trust fund.
IF AVAILABLE (Please discuss availability with the Plan Sponsor before selecting this option.)
- 4. **Installment / annuity election.** (This is only available for amounts larger than \$5,000.00.) Keep my money invested in the plan, subject to investment gains or losses of the trust fund. Pay me \$ _____ each year until there is less than \$5,000.00 in my account when a final payment will be made. (This may be subject to certain IRS minimum distribution rules. In general, payments may not extend beyond the life expectancy of you and your spouse, and we reserve the right to make any IRS required payment).

III. WITHHOLDING ELECTION *(To be completed by Participant):*

NOTE: If a lump sum election is made, the mandatory minimum federal tax withholding is 20% of the distribution. State tax will be withheld at the State mandatory tax withholding rate based on the participant's state of residence.

- A. Instead of withholding at the 20% rate, please increase the withholding to _____ % for purposes of federal tax.
- B. Withhold _____ % for purposes of state tax.
- C. Do not withhold taxes. I have elected a "Direct Rollover" of my payment or distribution is less than \$200.00.



Plan Name: _____

Participant Name: _____

V. SPOUSAL CONSENT (To be completed by Participant):

I am an Unmarried Participant

My vested balance is less than \$5,000

I hereby consent to the distribution of benefits to my spouse, a former participant under the plan. I understand that in consenting to this distribution, I will be waiving rights to a survivor benefit that I would be legally entitled to at a later date.

Signature of Spouse: _____

Name of Spouse: _____

Signature of Participant: _____

Signature of Witness: _____

Plan Administrator or Notary Public

TO THE PLAN ADMINISTRATOR:

SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS

If the amount to be distributed from the Plan exceeds \$200, you are required to provide this notice during the 30 to 180 day period preceding the distribution date. For this purpose, the Roth deferral account is treated separately. This notice explains the potential tax treatment of a distribution, of the direct rollover option and of required withholding with respect to certain distributions.

The Plan generally may not make a distribution earlier than 30 days after you give the SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS. However, the 30-day minimum notice period may be waived by an affirmative election. You may treat an affirmative election before the end of the 30-day notice period as a waiver of the remaining notice period and may make distribution (by payment or direct rollover, as elected) before the notice period ends. However, if the Participant's interest in the Plan exceeds \$5,000 then the distribution following the Participant's affirmative election may not begin earlier than the later of the "annuity starting date" or the eighth day after the Plan Administrator provides the PARTICIPANT DISTRIBUTION NOTICE. Until the "later date," the Participant may revoke a waiver of the qualified annuity benefit. The "annuity starting date" is the actual distribution date if the Participant elects a lump-sum distribution. If the Participant elects to receive installment payments or an annuity, the annuity starting date may be before the date the Participant receives the first installment or the first annuity payment. The Plan may not make a distribution before the end of the 30-day notice period unless waived by an affirmative election.

The SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS explains the mandatory 20% withholding tax on an "eligible rollover distribution" and the right to elect a direct rollover of the distribution to avoid the withholding. If a distribution is made (other than an "eligible rollover distribution"), you must provide a Form W-4P (not part of this package) no later than the date of the first payment. Form W-4P allows an election out of withholding for a distribution other than an "eligible rollover distribution." We recommend providing Form W-4P only after an election is made to receive a distribution that is not an "eligible rollover distribution." This approach will avoid confusion between the use of Form W-4P and the 20% withholding explained in the SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS.

**SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS
(FOR PARTICIPANT)**

This notice explains how you can continue to defer federal income tax on your retirement plan savings in the Plan and contains important information you will need before you decide how to receive your Plan benefits. All references to "the Code" are references to the Internal Revenue Code of 1986, as amended. This notice summarizes only the federal (not state or local) tax rules which apply to your distribution. Because these rules are complex and contain many conditions and exceptions which we do not discuss in this notice, you may need to consult with a professional tax advisor before you receive your distribution from the Plan.

A. TYPES OF PLAN DISTRIBUTIONS

Eligibility for rollover. The Code classifies distributions into two types: (1) distributions you may roll over ("eligible rollover distributions") and (2) distributions you may not roll over. (See "Distributions not eligible for rollover." below.) You may also receive a distribution where part of the distribution is an eligible rollover distribution and part is not eligible for rollover. An eligible rollover distribution 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. The Plan Administrator will assist you in identifying which portion of your distribution is an eligible rollover distribution and which portion is not eligible for rollover.

Plans that may accept a rollover. You may roll over an eligible rollover distribution (other than Roth deferrals and earnings) to a Roth IRA (provided that for distributions before January 1, 2010, your adjusted gross income for the taxable year of the distribution does not exceed \$100,000), a traditional IRA or an eligible employer plan that accepts rollovers. An "eligible employer plan" includes a plan qualified under Code Section 401(a), including a 401(k) plan, profit sharing plan, defined benefit plan, stock bonus plan (including an ESOP), and money purchase plan; a Section 403(a) annuity plan; a 403(b) plan; and an eligible Section 457(b) plan maintained by a governmental employer (governmental 457 plan). Special rules apply to the rollover of after-tax contributions and Roth deferrals. See "After-tax contributions" and "Roth deferrals" below. **YOU MAY NOT ROLL OVER ANY DISTRIBUTION TO A SIMPLE IRA OR A COVERDELL EDUCATION SAVINGS ACCOUNT (FORMERLY KNOWN AS AN EDUCATIONAL IRA).**

Deciding where to roll over a distribution. 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. Even if a plan accepts rollovers, it might not accept rollovers of certain types of distributions, such as after-tax amounts. If this is the case, and your distribution includes after-tax amounts, you may wish instead to roll over your distribution to an IRA or to split your rollover amount between the employer plan in which you will participate and an IRA. You should also find out about any documents you must complete before a "receiving" plan or IRA sponsor will accept a rollover. 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, regarding subsequent distributions and taxation of the amount you will roll over, prior to making the rollover.

Distributions not eligible for rollover. An eligible rollover distribution means any distribution to you of all or any portion of your account balance under the Plan except the following:

Required minimum distributions. Beginning in the year in which you retire or reach age 70 1/2 (whichever is later), the Code may require the Plan to make "required minimum distributions" to you. You may not roll over the required minimum distributions. Special rules apply if you own more than 5% of the Employer.

Corrective distributions. You may not roll over a distribution from the Plan to correct a failed nondiscrimination test or because legal limits on certain contributions were exceeded.

Substantially equal periodic payments. You may not roll over a distribution if it is part of a series of substantially equal payments made at least once a year and which will last for: (1) your lifetime (or your life expectancy), (2) your lifetime and your beneficiary's lifetime (or life expectancies), or (3) a period of 10 years or more.

Hardship distributions. A hardship distribution is not eligible for rollover.

Loans treated as taxable "deemed" distributions. You may not roll over the amount of a plan loan that becomes a taxable deemed distribution because of a default. However, a loan offset amount is eligible for rollover, as discussed in Part C. below. Ask the Plan Administrator if distribution of your loan qualifies for rollover treatment.

After-tax contributions (other than Roth deferrals).

After-tax/rollover into an IRA. You may roll over after-tax contributions, if any, to an IRA either directly or indirectly. For distributions before January 1, 2010, you may roll over your after-tax contributions to a Roth IRA, provided your adjusted gross income for the taxable year of the distribution does not exceed \$100,000. The Plan Administrator will assist you in identifying how much of your payment is the taxable portion and how much is the after-tax portion. If you roll over after-tax contributions to an IRA, it is your responsibility to keep track of, and report to the IRS on the applicable forms, the amount of these after-tax contributions. This will enable you to determine the nontaxable amount of any future distributions from the IRA. Once you roll over your after-tax contributions

to an IRA, you may NOT later roll over those amounts to an employer plan, but may roll over your after-tax contributions to another IRA.

After-tax/rollover into an employer plan. You may DIRECTLY roll over after-tax contributions, if any, from the Plan to another qualified plan (including a defined benefit plan) or to a 403(b) plan if the other plan will accept the rollover and provides separate accounting for amounts rolled over, including separate accounting for the after-tax employee contributions and earnings on those contributions. You may NOT roll over after-tax contributions from the Plan to a Section 403(a) annuity plan, or to a governmental 457 plan. If you want to roll over your after-tax contributions to an employer plan that accepts these rollovers, you cannot have the after-tax contributions paid to you first. You must instruct the Plan Administrator to make a direct rollover on your behalf. Also, you may not first roll over after-tax contributions to an IRA and then roll over that amount into an employer plan.

Roth deferrals. You may roll over an eligible rollover distribution that consists of Roth deferrals (and earnings) ONLY to another Roth 401(k) plan (by a direct rollover), to a Roth 403(b) plan (by a direct rollover), provided the Roth 401(k) plan or the Roth 403(b) plan will accept the rollover, or to a Roth IRA (either by a direct rollover or by a 60-day rollover). In any of these direct rollovers, the distribution may be a "qualified Roth distribution" or may be a Roth distribution that is not qualified. See Section C. "Taxation of Roth deferrals." below. If you are completing a 60-day rollover to a qualified plan or to a 403(b) plan, you only may roll over the taxable portion of a non-qualified Roth distribution. See Section C. "Taxation of Roth deferrals" and "60-day rollover option" below.

30-Day Notice Period/Waiver. After receiving this notice, you have at least 30 days to consider whether to receive your distribution or have the distribution 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 distribution then will be processed in accordance with your election as soon as practical after the Plan Administrator receives your election.

B. DIRECT ROLLOVER

Direct rollover process. You may elect a direct rollover of all or any portion of an eligible rollover distribution. If you elect a direct rollover, the Plan Administrator will pay the eligible rollover distribution directly to your IRA or to another eligible employer plan (to a Roth IRA or to a qualified plan in the case of a distribution of Roth deferrals) which you have designated. For the cash portion of your distribution, if any, the Plan Administrator may give you a check negotiable by the trustee or custodian of the recipient eligible employer plan or IRA. You must deliver the check to that trustee/custodian. A direct rollover amount is not subject to taxation at the time of the rollover, unless the direct rollover is from a pre-tax account to a Roth IRA. Except for a direct rollover of a pre-tax amount to a Roth IRA, the taxable portion of your direct rollover will be taxed later when you take it out of the 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 elect a direct rollover, your election form must include identifying information about the recipient IRA or plan.

Treatment of periodic distributions. If your Plan distribution is a series of payments over a period of less than ten years, each payment is an eligible rollover distribution. Your election to make a direct rollover will apply to all payments unless you advise the Plan Administrator of a change in your election. The Plan might not let you choose a direct rollover if your distributions for the year are less than \$200.

Splitting a distribution/small distributions. If your distribution exceeds \$500, you may elect a direct rollover of only a part of your distribution, provided the portion directly rolled over is at least \$500. If your distribution is \$500 or less, you must elect either a direct rollover of the entire amount or payment of the entire amount. The Plan might not let you choose a direct rollover if your distributions for the year are less than \$200.

Change in tax treatment resulting from a direct rollover. The tax treatment of any payment from the eligible employer plan or IRA receiving your direct rollover might be different than if you received your benefit in a taxable distribution directly from the Plan. For example, if you were born before January 1, 1936, you might be entitled to ten-year averaging or capital gain treatment, as explained below. However, if you roll over your benefit to a Section 403(b) plan, a governmental 457 plan, or an IRA, your benefit will no longer be eligible for that special treatment. See the sections below entitled "10% penalty tax if you are under age 59 1/2" and "Special tax treatment if you were born before 1936."

Taxation of direct rollover of pre-tax distribution to Roth IRA. If you directly roll over a pre-tax distribution to a Roth IRA, the taxable portion of the distribution is subject to taxation for the taxable year in which the distribution occurs (except that a special taxation rule applies to distributions during 2010 that you roll over to a Roth IRA, under which the distribution is subject to taxation ratably during 2011 and 2012). For distributions before January 1, 2010, you may not roll over a distribution from a pre-tax account to a Roth IRA if your adjusted gross income for the taxable year exceeds \$100,000. However, the adjusted gross income limit on direct rollovers from a pre-tax account to a Roth IRA does not apply to distributions you roll over after December 31, 2009.

C. DISTRIBUTIONS YOU RECEIVE

Taxation of eligible rollover distributions. The taxable portion of an eligible rollover distribution which you elect to receive is taxable to you in the year you receive it unless, within 60 days following receipt, you roll over the distribution to an IRA or to another eligible employer plan.

Taxation of Roth deferrals. If your distribution includes Roth deferrals, the taxation of the Roth deferrals depends on whether or not the distribution is a qualified distribution. For a distribution of Roth deferrals to be a qualified distribution, you must have satisfied two requirements: (1) the distribution must occur on or after the date you attain age 59 1/2, on or after the date of your death, or on account of your being disabled; and (2) the distribution must occur after the end of the 5th calendar year beginning with the first calendar year for which you made Roth deferrals to the Roth 401(k) plan. If the distribution of Roth deferrals is a qualified distribution, then neither the deferrals nor

the earnings distributed on the deferrals will be taxable to you. If the distribution is not a qualified distribution, then the portion of the distribution representing your Roth deferrals will not be taxable to you, but the portion of the distribution representing earnings on the Roth deferrals will be taxable to you in the year you receive the distribution, unless within 60 days following receipt, you roll over the distribution to a Roth IRA, or you roll over the earnings on the Roth deferrals to a qualified plan or to a 403(b) plan, as explained under "60-day rollover option" below.

Withholding on eligible rollover distributions. The taxable portion of your eligible rollover distribution is subject to 20% federal income tax withholding. You may not waive this withholding. For example, if you elect to receive a taxable eligible rollover distribution of \$5,000, the Plan will pay you only \$4,000 and will send to the IRS \$1,000 as income tax withholding. You will receive a Form 1099-R from the Plan reporting the full \$5,000 as a distribution from the Plan. The \$1,000 withholding amount applies against any federal income tax you may owe for the year. The direct rollover is the *only* means of avoiding this 20% withholding.

60-day rollover option. The direct rollover explained in Section B above is not the only way to make a rollover. If you receive payment of an eligible rollover distribution, you may still roll over all or any portion of the distribution to an IRA or to another eligible employer plan that accepts rollovers, except that to the extent the distribution consists of Roth deferrals and earnings on the Roth deferrals. You may roll over the Roth deferrals and earnings on the Roth deferrals to a Roth IRA, or you may roll over only the taxable earnings (if any) on the Roth deferrals (but not the Roth deferrals) to a Roth 401(k) plan or to a Roth 403(b) plan. If you decide to roll over the distribution, you must make the rollover within 60 days of your receipt of the payment. The portion of your distribution which you elect to roll over is not subject to taxation until you receive distributions from the IRA or eligible employer plan, except that a rollover of a distribution from a pre-tax account to a Roth IRA is subject to taxation in the taxable year in which the distribution occurs.

You may roll over 100% of your eligible rollover distribution even though the Plan Administrator has withheld 20% of the distribution for income tax withholding. If you elect to roll over 100% of the distribution, you must obtain *other money* within the 60-day period to contribute to the IRA or eligible employer plan to replace the 20% withheld. If you elect to roll over only the 80% which you receive, the 20% withheld will be subject to taxation.

Example. Assume the taxable portion of your eligible rollover distribution is \$5,000, and you do not elect a direct rollover. The Plan pays you \$4,000, withholding \$1,000 for income taxes. However, assume within 60 days after receiving the \$4,000 payment, you decide to roll over the entire \$5,000 distribution. To make the rollover, you will roll over the \$4,000 you received from the Plan and you will contribute \$1,000 from other sources (your savings, a loan, etc.). In this case, you will not have any tax liability with respect to the Plan distribution. The Plan will report a \$5,000 distribution for the year and you will report a \$5,000 rollover. When you file your income tax return, you may receive a refund of the \$1,000 withheld. If you roll over only the \$4,000 paid from the Plan, the \$1,000 you do not roll over is taxable. In addition, the \$1,000 you do not roll over may be subject to a 10% penalty tax. See "10% penalty tax if you are under age 59 1/2" below. When you file your income tax return, you still may receive an income tax refund, but the refund likely will be smaller because \$1,000 of the distribution is taxable.

Withholding on distributions not eligible for rollover. The 20% withholding described above does not apply to any taxable portion of your distribution that is *not* an eligible rollover distribution. You may elect whether to have federal income tax withholding apply to that portion. If you do not wish to have any income taxes withheld on that portion of your distribution, or if you wish to have an amount other than 10% withheld, you will need to sign and date IRS Form W-4P, checking the box opposite line 1. The Plan Administrator will provide you with Form W-4P if your distribution includes an amount that does not constitute an eligible rollover distribution. If you do *not* return the Form W-4P to the Plan Administrator prior to the distribution, the Plan Administrator will treat the failure to return the form as an *affirmative election* to have 10% withholding apply.

10% penalty tax if you are under age 59 1/2. If you receive a distribution from the Plan before you reach age 59 1/2 and you do not roll over the distribution, the taxable portion of your distribution is subject to a 10% penalty tax in addition to any federal income taxes unless an exception applies. For example, the 10% penalty tax does not apply if you separate from service with the Employer during or after the year in which you attain age 55, and then receive a distribution. See IRS Form 5329 for more information on the 10% penalty tax.

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

Special tax treatment if you were born before 1936. If your distribution is a "lump-sum distribution," and you were born before 1936, you may elect special tax treatment, but only if you do not roll over any part of the lump-sum distribution. If you roll over only a portion of your distribution to an IRA, a governmental 457 plan, or a Section 403(b) plan, this special tax treatment is not available for the rest of the payment. A lump-sum distribution is payment of your entire vested account balance (including any nontaxable portion of your distribution) under the Plan (and certain similar plans maintained by the Employer) that is made within one calendar year. If you are not a self-employed individual, the distribution must occur after you attain age 59 1/2 or after you have separated from service with the Employer. For a self-employed individual, a lump-sum distribution must occur after the self-employed individual attains age 59 1/2 or becomes disabled.

Ten-year averaging. If you receive a lump-sum distribution and you were born before 1936, you can make a one-time election to figure the tax on the lump-sum distribution under "10-year averaging" using 1986 tax rates. Ten-year averaging often reduces the tax you owe.

Capital gain treatment. If you receive a lump-sum distribution, you were born before 1936 *and* you were a participant in the Plan before 1974, you may elect to have the part of your lump-sum distribution attributable to your pre-1974 participation taxed as long-term capital gain at a rate of 20%.

Income averaging election and limitations. You must have completed at least five years of active participation in the Plan for special tax treatment to apply to the lump-sum distribution election. You may elect special tax treatment, known as income averaging, by filing IRS Form 4972 with your income tax return. The instructions to Form 4972 provide further details regarding the reporting of your lump-sum distribution and describe the rules for determining whether a distribution qualifies as a lump-sum distribution. As a general rule, you may not elect income averaging for a lump-sum distribution if you elected income averaging with respect to a prior lump-sum distribution you received after December 31, 1986, or after you had attained age 59 1/2. You may not elect this special tax treatment if you rolled amounts into this Plan from a Section 403(b) plan, from a governmental 457 plan or from an IRA not originally attributable to a qualified employer plan. You also may not elect income averaging if you previously rolled over another distribution from the Plan. Finally, you may not elect income averaging if you roll over your distribution to an IRA, a governmental 457 plan or a 403(b) plan, and then take a distribution from the IRA, plan or annuity.

Repayment of participant loans. If you have an outstanding participant loan when you separate from service with the Employer, the Employer may reduce ("offset") your account balance by the outstanding loan balance. The loan offset is a distribution and is taxable to you unless you roll over the amount of the offset within 60 days of the date of the offset. Withholding does not apply if the loan offset is your only distribution. If you receive a distribution of cash or property in addition to the offset, withholding will apply to the entire distribution, but the withholding amount will not exceed the amount of cash or property (other than employer securities) you receive in addition to the offset. You may not roll over the amount of a defaulted plan loan that is a taxable *deemed* distribution.

Government publications. IRS Publication 575 and IRS Publication 590 provide additional information about the tax treatment of plan distributions and rollovers. These publications are available from your local IRS office, on the IRS's Internet Website at www.irs.gov, or by calling 1-800-TAX-FORMS.

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.

Rules for Surviving Spouse. You may choose to have a payment that can be rolled over, as described above, paid in a DIRECT ROLLOVER to an traditional IRA, Roth 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, Roth IRA or to an eligible employer plan. Thus, you have the same choices as the employee.

Your payment is generally not subject to the additional 10% tax described above, even if you are younger than age 59-1/2. You may also be able to use the special tax treatment for lump sum distributions and the special rule for payments that include employer stock, as described above. If you receive a payment because of the employee's death, you may be able to treat the payment as a lump sum distribution if the employee met the appropriate age requirements, whether or not the employee had 5 years of participation in the Plan.

Rules for Alternate Payee/QDRO. You may choose to have a payment that can be rolled over, as described above, paid in a DIRECT ROLLOVER to a traditional IRA, Roth 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, Roth IRA or to an eligible plan. Thus, you have the same choices as the employee.

Your payment is generally not subject to the additional 10% tax described above, even if you are younger than age 59-1/2. You may also be able to use the special tax treatment for lump sum distributions and the special rule for payments that include employer stock, as described above. If you receive a payment because of the employee's death, you may be able to treat the payment as a lump sum distribution if the employee met the appropriate age requirements, whether or not the employee had 5 years of participation in the Plan.

Rules for Non-Spouse Beneficiary. You may choose to have a payment that can be rolled over to an IRA (including a Roth IRA if the deceased participant account balance consisted of Roth Deferral contributions) or paid to you as a death benefit. If you have the payment paid directly to you as a death benefit you cannot later roll it over to an IRA or to an eligible employer plan. Once the distribution has been rolled over to an IRA you cannot later roll it over to another IRA or to an eligible employer plan. Your rollover to an IRA is now considered an "inherited" IRA and must follow those rules.

The Plan Administrator will make a direct Participant transfer to an IRA in your name and the deceased participant's name. The IRA will be registered as Deceased Beneficiary name FBO non-spouse beneficiary name. If the deceased participant was due a required minimum distribution in the year of death this amount cannot be rolled over and must be taken as a direct payment to you. Each year you will receive a minimum distribution from your "inherited" IRA based on the provisions set forth in the deceased participant's plan. This minimum distribution is taxable to you in the year of distribution. In addition, based on the provisions of the deceased participant's plan, distributions from your inherited IRA must be paid to you in full in within 5 years of the deceased participants death or must commence within 12 months of the participant's death and be paid over your life expectancy.

Your payment is generally not subject to the additional 10% tax described above, even if you are younger than age 59-1/2. Any amounts rolled over are not taxable until they are withdrawn from the IRA.