

Death Benefit Distribution Claim Form

READ THE ATTACHED IRS SPECIAL TAX NOTICE BEFORE COMPLETING THIS FORM

INSTRUCTIONS FOR COMPLETING THIS FORM

THIS FORM MUST BE COMPLETED AND SIGNED BY YOU AND THE PLAN ADMINISTRATOR. If any information is missing or incomplete, you may be required to complete a new form or provide additional information before the distribution can be processed.

CLAIMANT OR BENEFICIARY INSTRUCTIONS

1. Complete Sections B-G.
2. Your signature is required in Section G
3. Submit the Form to the deceased Participant's Employer for signature and processing. **Do not mail this form directly to the Administration Office (Transamerica East) listed at the bottom of this form.**

EMPLOYER INSTRUCTIONS:

1. Complete Section A
2. Your signature is required in Section G
3. Submit the Form to the Plan Administrator

Death Benefit Claim Guidelines

Please note that if there is more than one Beneficiary, each Beneficiary must submit a Death Benefit Claim form.

1. **Death Certificate.** You must attach a certified copy of the deceased Participant's death certificate.
2. **Tax Identification Number:** Please provide us with your tax identification number. If you are an individual, provide your social security number. If the beneficiary is a trust or estate, please provide its employer identification number (EIN). In certain cases, it may be appropriate for a trust beneficiary to provide the social security number of the trust grantor if the grantor is living and is also the trustee. For distributions that are not eligible rollover distributions, failure to provide a correct tax identification number will result in mandatory withholding of income tax.
3. **Surviving Spouse/Sole Beneficiary:** If you are the Participant's surviving spouse and sole beneficiary and the Participant died prior to reaching the required beginning date (generally, the later of age 70¹/₂ or retirement), you can elect to:
 - (a) leave the funds in the Plan until distributions are required to begin;
 - (b) roll over the funds to your own eligible employer plan; or
 - (c) roll over the funds to an IRA.
4. **Non-spouse Beneficiaries:** Non-spouse beneficiaries are not entitled to execute rollovers.
5. **Income Tax Withholding:** Read the income tax withholding section and complete it if applicable.
 - a. Spousal beneficiaries – If the distribution is an eligible rollover distribution, it is subject to 20% mandatory federal income tax withholding if a Direct Rollover is not elected. If you live in a state that mandates withholding, state income tax will also be withheld.
 - b. Non-spousal beneficiaries and spousal beneficiaries who receive distributions not eligible for rollover - You may elect not to have federal income tax withheld. If such an election is not made, the withholding rate is 10% of the taxable portion of the payment

plus any additional cash amount elected to be withheld. Complete the state income tax withholding section. If you reside in a state that mandates withholding and elect to have federal tax withheld, state income tax will also be withheld. If you live in a state that does not mandate state income tax withholding, you may elect an amount or enter the percentage amount you choose to have withheld.

6. **Required Documentation:** Attach Letters of Probate or Letters of Administration if you are a personal representative of an Estate Beneficiary (see #7b below). Attach your Letters of Guardianship or Letters of Conservatorship if you are the guardian of a minor beneficiary's estate or a conservator for the minor (see #7a below).

7. **Determining How and When Payment must be made to Certain Beneficiaries:**

a. **Individual Beneficiary** – If you are an individual, such as the Participant's spouse or child, minimum required distributions for years after the Participant's death are generally based on a distribution period that can be determined using your single life expectancy. This rule applies whether or not the death occurred before the Participant's required beginning date (i.e., the later of age 70½ or retirement). If you are the surviving spouse and the sole designated beneficiary, and the Participant died before the required beginning date, and you elect not to roll over the Participant's benefit, distributions to you need not begin until the year in which the Participant would have attained age 70½ and will be based on your age each distribution year. If the designated beneficiary is an individual other than the spouse, the distribution period is based on the beneficiary's age (as of his or her birthday in the year following the year of the Participant's death), reduced by one for each elapsed year since the year following the Participant's death.

If the beneficiary is a minor, the child's natural parents serve as equal natural guardians. If a parent of the minor is filing the claim, attach a copy of the child's birth certificate or adoption papers. (If the parents are divorced, the parent having guardianship of the child's property is the parent who should file the claim.) If both parents are deceased and the minor's guardian is someone other than a parent, submit a copy of the court order that designated that person as guardian.

In lieu of the above, you may also elect to receive the entire account balance by the end of the fifth year following the year of the Participant's death. A distribution is not required to be made before the fifth year following the Participant's death.

b. **Non-individual Beneficiary** – If the Participant dies on or after the required beginning date and the designated beneficiary is not an individual, required minimum distributions are based upon the Participant's age (as of his or her birthday in the year of death), reduced by one for each elapsed year since the year of death. If the Participant died before the required beginning date, the entire account must be distributed by the end of the fifth year following the year of the Participant's death. A distribution is not required to be made before the fifth year following the Participant's death.

If the beneficiary is the Participant's estate, attach a copy of the Letters of Administration or Letters Testamentary. If an employer identification number (EIN) has been obtained from the Social Security Administration, furnish that number with the claim; otherwise, furnish the Participant's social security number. If no personal representative has been appointed because the Participant's estate was valued at less than \$25,000 and thereby qualified as a Small Estate, the estate beneficiary must furnish a copy of the Small Estate Affidavit filed with the clerk of the court.

8. **Waivers or Consents of Inheritance and Estate Taxes:** Certain states require payors to obtain tax waivers or consents from the state's Department of Revenue or Taxation before a payment can be made to the beneficiary.

SECTION A. Information Concerning the Deceased Participant — Please print

Company/Employer Name

Plan Name

Contract Number

Division Number (if applicable)

Last Name

First Name/Middle Initial

Social Security No.

Date of Birth (mmddyyyy)

Date of Death (mmddyyyy)

State of Legal Domicile at Time of Death

SECTION B. Beneficiary's Taxpayer Identification Number (TIN)

Enter an appropriate TIN in the applicable box. For individuals, including minors, this is their Social Security Number (SSN). For other entities, such as most Trusts and Estates, it is their Employer Identification Number (EIN). Ask your attorney or tax advisor for guidance.

Social Security Number

Employer Identification Number

SECTION C. Information Concerning the Beneficiary

Last Name

First Name/Middle Initial

Street Address/Apt. No.

Phone No.

() -

Work Phone No.

City

State

Zip Code

Date of Birth (mmddyyyy)

- -

IF BENEFICIARY IS A MINOR, complete the following:

Last Name

First Name/Middle Initial

Street Address/Apt. No.

Date of Birth (mmddyyyy)

- -

City

State

Zip Code

My relationship/capacity to the deceased Participant is:

Spouse Child Sister Brother Mother Father Personal Representative of Estate

Guardian or Conservator of minor beneficiary's estate Trustee of Trust Beneficiary

Custodian of minor beneficiary under Uniform Gift/Transfer to Minors Act* Successor under small estate affidavit*

Other



**not applicable in all states*

SECTION D. Type of Election

I hereby elect: A total distribution Minimum Required Distribution Option (complete Minimum Required Distribution form)

Annuity Distribution (if applicable) I understand that I must submit a request to the Participant's Plan Administrator for applicable information and Annuity request forms. *If the Participant died prior to reaching the required beginning date (the later of age 70 ½ or retirement), a Participant's surviving spouse and the sole beneficiary can leave the funds in the plan until distributions are required to begin*

Spousal Beneficiary Account (elect to leave funds in plan) When the account is set up under your name, all existing monies will remain in the same investment option(s) in effect on the date of the Participant's death. You have the option of transferring monies to other investment option(s) by calling the Plan Administrator once the account is established and you have received your Personal Identification Number.

MAIL DELIVERY

All checks will be sent via First Class Mail unless the Overnight Mail box is checked below.

Send Check Overnight Mail and deduct \$10.00 from the check for express charges. *Please note:* a street address must be provided.

SECTION E. Income Tax Withholding For Distribution

DIRECT PAYMENT TO A SPOUSAL BENEFICIARY OF ELIGIBLE ROLLOVER DISTRIBUTION

A 20% mandatory federal income tax withholding will apply to the taxable portion of distributions that are eligible for rollover. If you live in a state that mandates state income tax withholding (CA*, GA, KS, MA, ME, NC, OK, OR, VA and VT*), state income tax will also be withheld.

DIRECT ROLLOVER BY A SPOUSE

Federal/state income tax will not be withheld for Direct Rollovers.

DIRECT PAYMENT TO NON-SPOUSAL BENEFICIARY OR PAYMENT TO SPOUSE OF A NON-ELIGIBLE ROLLOVER DISTRIBUTION – Failure to make an election below will result in mandatory withholding of income tax.

- Please Do Not withhold federal income tax.
 Please withhold federal income tax – 10% PLUS Additional \$ _____

If you specify an address outside of the US in Section C, please answer the following question:

Are you a US Citizen or US Resident? Yes No

If the answer to the above question is yes, you might be subject to mandatory federal income tax withholding. If the answer to the above question is no, you must attach IRS Form W-8-BEN. If a reduced rate of withholding is available under an income tax treaty between the U.S. and your country of citizenship/residency, we will withhold at the lower treaty rate if you include a taxpayer identification number in the IRS Form W-8BEN. Otherwise, we are required to withhold 30% of the taxable portion of your distribution. Consult your Professional Tax Advisor for more information.

STATE

If you live in a state that mandates state income tax withholding (CA*, GA, IA, KS, MA, ME, NC, OK, OR, VA and VT*), and elect to have federal tax withheld, state income tax will also be withheld. As required by individual states, additional forms may be needed. *CA or VT residents only: I only want to opt out of the mandatory state withholding Yes

If you live in a state that does not mandate state income tax withholding, and you want state income tax withheld, please check the box below and specify the dollar amount or percentage you would like withheld.

Yes, please withhold \$ _____ or ____%.

Note: If this section is not completed, state income tax will not be withheld unless you reside in a state that mandates income tax withholding and you elect to have federal tax withheld.

If there is an outstanding loan, the amount of the outstanding loan will be reported as a taxable distribution to the Participant's estate.

SECTION G. Required Signatures

My signature acknowledges that I have read, understand and agree to all pages of this form. I affirm that all information I have provided is true and correct.



Signature of Beneficiary

Date

MUST BE COMPLETED BY THE PEO PLAN ADMINISTRATOR ONLY

Under the plan's document, a Participant may be 100% vested in his/her account balance upon death. If vesting applies, according to the vesting schedule, the beneficiary is entitled to a vested benefit of _____% of the employer contributions. If the claimant is one of multiple beneficiaries with respect to the deceased Participant, then the above claimant is entitled to _____% of the total benefits payable in respect of the deceased Participant.

_____ If the Spouse is not the beneficiary, the Qualified Pre-Retirement Survivor Annuity Waiver and Consent have been **(initials)** obtained (see your Plan Document for more information).

_____ The original or certified copy of the death certificate is required for processing this death benefit. I certify by **(initials)** initialing on the left, that I have viewed the certified death certificate and a copy of same is enclosed.

If this plan allows for the purchase of life insurance policies, the Plan Administrator should refer to Section 13.6 of the Volume Submitter Plan & Trust for more information.

By my signature below, I hereby authorize Transamerica to process and forward the distribution described in this form. This request is in compliance with Plan provisions.



By: Signature of Plan Administrator or Authorized Signor

Date



Print Name of Plan Administrator or Authorized Signor

Date

Once this form has been completed with all of the necessary information and required signatures, please forward to TA East for processing. This form cannot be processed without the Plan Administrator or Authorized Representative's signature.

Be sure to keep a photocopy for your records.

MAIL TO: Transamerica East: 100-G Executive Drive, Edgewood, NY 11717-8331 Fax #: (631) 243-6427

**SPECIAL TAX NOTICE
REGARDING PAYMENTS FROM QUALIFIED PLANS
Excerpted from IRS Notice 2002-3**

This notice explains how you can continue to defer federal income tax on your retirement savings in your Employer's Plan (the "Plan") and contains important information you will need before you decide how to receive your Plan benefits.

This notice is provided to you by 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).

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

If you have additional questions after reading this notice, you can contact your Plan Administrator.

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.

A. If you choose a DIRECT ROLLOVER:

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

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

- You will receive only 80% of the taxable amount of the payment, because the Plan Administrator is required to withhold 20% of that amount and send it to the IRS as income tax withholding to be credited against your taxes.
- The taxable amount of your payment will be taxed in the current year unless you roll it over. Under limited circumstances, you may be able to use special tax rules that could reduce the tax you owe. However, if you receive the payment before age 59½, you may have to pay an additional 10% tax.

- You can roll over all or part of the payment by paying it to your traditional IRA or to an eligible employer plan that accepts your rollover within 60 days after you receive the payment. The amount rolled over will not be taxed until you take it out of the traditional IRA or the eligible employer plan.
- If you want to roll over 100% of the payment to a traditional IRA or an eligible employer plan, you must find other money to replace the 20% of the taxable portion that was withheld. If you roll over only the 80% that you received, you will be taxed on the 20% that was withheld and that is not rolled over.

Your Right to Waive the 30-Day Notice Period

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

MORE INFORMATION

- I. Payments that can and cannot be rolled over
- II. Direct Rollover
- III. Payment paid to you
- IV. Surviving spouses, alternative 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 what portion of your payment is an eligible rollover distribution.

After-tax Contributions. If the Plan allowed and you made after-tax contributions, these contributions may be rolled into either a traditional IRA or to certain employer plans that accept rollovers of the after-tax contributions. The following rules apply:

- Rollover into a Traditional IRA. You can roll over your after-tax contributions to a traditional IRA either directly or indirectly. Your Plan Administrator should be able to tell you 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 a traditional IRA, it is your responsibility to keep track of, and report to the Service on the applicable forms, the amount of these after-tax contributions. This will enable the nontaxable amount of any future distributions from the traditional IRA to be determined.

Once you roll over your after-tax contributions to a traditional IRA, those amounts CANNOT later be rolled over to an employer plan.

- Rollover into an Employer Plan. You can roll over after-tax contributions from an employer plan that is qualified under Code section 401(a) or a section 403(a) annuity plan to another such plan using a Direct Rollover if the other plan provides separate accounting for amounts rolled over, including separate accounting for the after-tax employee contributions and earnings on those contributions. You can also roll over after-tax contributions from a section 403(b) tax-sheltered annuity to another section 403(b) tax-sheltered annuity using a Direct Rollover if the other tax-sheltered annuity provides separate accounting for amounts rolled over, including separate accounting for the after-tax employee contributions and earnings on those contributions. You CANNOT roll over after-tax contributions 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 of this Plan to make a Direct Rollover on your behalf. Also, you cannot first roll over after-tax contributions to a traditional IRA and then roll over that amount into an employer plan.

The following types of payments, if applicable to your Plan, 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 70½ 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. Special rules apply if you own 5% or more of your employer.

Hardship Distributions. A hardship distribution cannot be rolled over.

- ESOP Dividends. Cash dividends paid to you on employer stock held in an employee stock ownership plan cannot be rolled over.
- Corrective Distributions. A distribution that is made to correct a failed nondiscrimination test or 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. 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 have your benefit rolled over to a section 403(b) tax-sheltered annuity, a governmental 457 plan, or a traditional IRA in a DIRECT ROLLOVER, your benefit will no longer be eligible for that special treatment. See the sections below entitled "Additional 10% Tax if You Are under Age 59½" and "Special Tax Treatment if You Were Born before January 1, 1936."

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, 10% 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: The taxable portion of 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 If You Are under Age 59½. If you receive a payment before you reach age 59½ and you do not roll it over, then, in addition to the regular income tax, you may have to pay an extra tax equal to 10% of the taxable portion of the payment. The additional 10% tax generally does not apply to (1) payments that are paid after you separate from service with your employer during or after the year you reach age 55, (2) payments that are paid because you retire due to disability, (3) payments that are paid as equal (or almost equal) payments over your life or life expectancy (or your and your beneficiary's lives or life expectancies), (4) dividends paid with respect to stock by an employee stock ownership plan (ESOP) as described in Code section 404(k), (5) payments that are paid directly to the government to satisfy a federal tax levy, (6) payments that are paid to an alternate payee under a qualified domestic relations order, or (7) payments that do not exceed the amount of your deductible medical expenses. See IRS Form 5329 for more information on the additional 10% tax.

The additional 10% tax will not apply to distributions from a governmental 457 plan, except to the extent the distribution is attributable to an amount you rolled over to that plan (adjusted for investment returns) from another type of eligible employer plan or IRA. Any amount rolled over from a governmental 457 plan to another type of eligible employer plan or to a traditional IRA will become subject to the additional 10% tax if it is distributed to you before you reach age 59½, unless one of the exceptions applies.

Special Tax Treatment If You Were Born before January 1, 1936. If you receive a payment from a plan qualified under section 401(a) or a section 403(a) annuity plan that can be rolled over under Part I and you do not roll it over to a traditional IRA or an eligible employer plan, the payment will be taxed in the year you receive it. However, if the payment qualifies as a "lump sum distribution," it may be eligible for special tax treatment. (See also "Employer Stock or Securities", below.) A lump sum distribution is a payment, within one year, of your entire balance under the Plan (and certain other similar plans of the employer) that is payable to you after you have reached age 59½ or because you have separated from service with your employer (or, in the case of a self-employed individual, after you have reached age 59½ or have become disabled). For a payment to be treated as a lump sum distribution, you must have been a Participant in the plan for at least five years before the year in which you received the distribution. The special tax treatment for lump sum distributions that may be available to you is described below.

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

Capital Gain Treatment. If you receive a lump sum distribution and you were born before January 1, 1936, and you were a Participant in the Plan before 1974, you may elect to have the part of your payment that is attributable to your pre-1974 participation in the Plan taxed as long-term capital gain at a rate of 20%.

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

payments from that IRA, plan, or annuity. Also, if you roll over only a portion of your payment to a traditional IRA, governmental 457 plan, or 403(b) tax-sheltered annuity, this special tax treatment is not available for the rest of the payment. See IRS Form 4972 for additional information on lump sum distributions and how you elect the special tax treatment.

Employer Stock or Securities. There is a special rule for a payment from the Plan that includes employer stock (or other employer securities). To use this special rule, 1) the payment must qualify as a lump sum distribution, as described above, except that you do not need five years of plan participation, or 2) the employer stock included in the payment must be attributable to "after-tax" employee contributions, if any. Under this special rule, you may have the option of not paying tax on the "net unrealized appreciation" of the stock until you sell the stock. Net unrealized appreciation generally is the increase in the value of the employer stock while it was held by the Plan. For example, if employer stock was contributed to your Plan account when the stock was worth \$1,000 but the stock was worth \$1,200 when you received it, you would not have to pay tax on the \$200 increase in value until you later sold the stock.

You may instead elect not to have the special rule apply to the net unrealized appreciation. In this case, your net unrealized appreciation will be taxed in the year you receive the stock, unless you roll over the stock. The stock can be rolled over to a traditional IRA or another eligible employer plan, either in a Direct Rollover or a rollover that you make yourself. Generally, you will no longer be able to use the special rule for net unrealized appreciation if you roll the stock over to a traditional IRA or another eligible employer plan.

If you receive only employer stock in a payment that can be rolled over, no amount will be withheld from the payment. If you receive cash or property other than employer stock, as well as employer stock, in a payment that can be rolled over, the 20% withholding amount will be based on the entire taxable amount paid to you (including the value of the employer stock determined by excluding the net unrealized appreciation). However, the amount withheld will be limited to the cash or property (excluding employer stock) paid to you.

If you receive employer stock in a payment that qualifies as a lump sum distribution, the special tax treatment for lump sum distributions described above (such as 10-year averaging) also may apply. See IRS Form 4972 for additional information on these rules.

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 (other than any employer securities). 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 59½.

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

HOW TO OBTAIN ADDITIONAL INFORMATION

This notice summarizes only the federal (not state or local) tax rules that might apply to your payment. The rules described above are complex and contain many conditions and exceptions that are not included in this notice. Therefore, you may want to consult with 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.

The section below applies only if your plan provides for joint and survivor annuities. (Please ask the Plan Administrator or refer to your Summary Plan Description to determine whether your plan provides for joint and survivor annuities.)

SPOUSAL CONSENT REQUIREMENTS FOR QUALIFIED JOINT AND SURVIVOR ANNUITY (QJSA)

The law dictates that any plan Participant who is married must receive a joint and survivor benefit unless his/her spouse consents to an alternate form of payment as permitted by the plan document prior to any distribution from the retirement plan when the benefit exceeds \$5,000.

The spouse's consent must be in writing and must be witnessed by a plan representative or notary. The consent must acknowledge understanding the effect of the election if the form chosen is a single-sum cash-out. The spouse must understand that this election will cause forfeiture of any rights to a pre-retirement survivor's benefit that might have been payable under the plan in the event of the Participant's death prior to retirement, and will cause forfeiture of any survivor benefit provided by a deferred survivor annuity.

If the Participant's vested balance exceeds \$5,000, the Participant may direct the Trustee to purchase a Qualified Joint and Survivor Annuity ("QJSA"), if offered by this plan. An Annuity can give the Participant a monthly or quarterly retirement payment for the rest of his/her life. Under the QJSA, after the Participant dies, the spouse will receive a specified percentage of the retirement benefit that was paid to the Participant. The benefit paid to the spouse after the Participant dies is called the "survivor annuity." The spouse will continue to receive this survivor benefit for the rest of his/her life. The Participant **MUST** elect this form of benefit **UNLESS** his/her spouse **VOLUNTARILY** agrees, in writing, to give up the QJSA method of payment. The spouse must also agree to any alternate form of benefit payment. The plan Participant's election of an alternate form of benefit payment may give him/her larger retirement benefits while he/she is alive, but these options might not pay or leave the spouse any benefits after the Participant dies. If the QJSA is selected, the Participant and spouse will receive additional information regarding the options available under the QJSA.

CHANGING YOUR BENEFIT CHOICE

Your distribution choice may be revoked provided written notice is received within a reasonable period prior to the distribution being made. To expedite this procedure your Employer should contact Transamerica Retirement Services regarding the revocation of your choice by telephone or FAX.