Systematic Payout Option (SPO) Form

TRANSAMERICA®

(Hereinafter referred to as the Company, we, our, or us)

The following Transamerica Companies utilize this form:
Transamerica Life Insurance Company   Transamerica Financial Life Insurance Company

6400 C Street SW, Cedar Rapids, IA 52499   Fax: (877) 355-4385   Website: www.transamerica.com

PLEASE NOTE: To request a withdrawal from your Income Link SM Rider, please complete the appropriate Income Link SM Rider Systematic Withdrawal form. If electing withdrawals under 72(t) or 72(q), you will also need to complete the attached "Important Notice RE: SEPP".

POLICY INFORMATION

Policy Owner: ______________________________ Policy Number: ____________________

Joint Owner (if applicable): ____

Citizenship/Jurisdiction: * ❑ U.S. Citizen ❑ U.S. Territory (______________) (Territory) ❑ Non-U.S.Citizen (______________) (Country)

❑ Resident Alien ❑ Non-Resident Alien

*** Not providing citizenship may delay processing.**

DISTRIBUTION OPTIONS (ONLY ONE option can and must be selected)

For variable or indexed annuities, distributions will be applied proportionate to current allocations. Please note that only certain products allow for non-proportionate distributions. Please refer to your policy to determine whether that option is available and if so, provide specific instruction in the Special Instruction section. A Medallion Signature Guarantee or Notary Public Stamp may be required. See the Required Acknowledgements and Signatures section for details.

Variable and Fixed Product Distribution Options

❑ Interest Only (Available only with Fixed Annuities.)

❑ Surrender Charge-Free Amount

❑ Amount Per Each Payout: $ ____________________ (Required if selected)

❑ Annualized Policy Percentage: ______________% (Required if selected)

❑ Required Minimum Distribution (RMD) - Please complete the following information:

Year for which distribution is being taken:____________

Value of IRA as of previous year end: $______________

Spouse Date of Birth: __________________

Living/Withdrawal Benefit Rider Distribution Options

❑ **Living Benefit Withdrawal Guarantee/Guaranteed Minimum Income Benefit**
Withdrawal percentage of the rider withdrawal base: ______________________% *

❑ **Greater of Living Benefit Free Percentage or RMD** (not available on Managed Annuity Program (MAP), Family Income Protection (FIP), Guaranteed Principal Solution SM (GPS), or Merrill Lynch Gold Riders)

❑ **Death Benefit Withdrawal - available % of guaranteed growth** __________ % (Please note that guaranteed growth is only available with certain death benefit options)

❑ **Principal Back Withdrawal Guarantee**
Withdrawal percentage (1-7%) of the Principal Back Total Withdrawal Base:__________ % *

Distributions will stop the growth from being credited to the withdrawal base for that rider year. Funds withdrawn could be greater than the surrender charge free amount stipulated in your policy. In this event, any applicable surrender charges will apply on lump sum distributions.

For the For Life Withdrawal Guarantee of GPS, all single life versions of the Retirement Income Choice® (RIC) Rider and the Retirement Income Max® (RIM) Rider, withdrawals cannot be elected prior to the rider anniversary following the Annuitant's 59th birthday. For all joint life versions of the RIC Rider and the RIM Rider, non-RMD withdrawals cannot be elected prior to the rider anniversary following the younger of the Annuitant's and Annuitant's spouse's 59th birthday.

For Income Select® for Life (ISFL) and the 5 for Life SM Riders, withdrawals cannot be elected prior to January 1st of the calendar year following the Annuitant's 59th birthday.

For Merrill Lynch Gold rider the amount must be specified as rider free amount is not an option.

* For GPS if no percentage is specified the default will be 5% For Life Withdrawal Guarantee.

LIVING WITHDRAWAL BENEFIT

Skip this section if you do not have a Living Benefit on your policy.

If the box below is not checked, the Company will process the distribution as requested. Withdrawals in excess of the guaranteed withdrawal amount, called "excess withdrawals", may result in a permanent reduction of future guaranteed withdrawal amounts.

❑ It is not my intention to negatively impact my benefits by requesting this withdrawal. Please modify my request and withdraw the maximum amount available which will not negatively impact my living benefit.

Please refer to your product prospectus for additional information. If you would like to make an excess withdrawal and are uncertain how an excess withdrawal will reduce your future withdrawal amounts, you may contact the Company at 1-800-PYRAMID (797-2643) prior to requesting the withdrawal to obtain a personalized, transaction-specific calculation showing the effect of the excess withdrawal.

UNDER AGE 59-1/2 (For Non-Qualified and IRA Policies ONLY)

If electing Substantially Equal Periodic Payments (SEPP) additional paperwork is required. Please contact our office or your personal representative to obtain the additional forms

❑ I am electing a Systematic Payout and I am under age 59-1/2. I understand that my distributions may be subject to a 10% penalty tax imposed by the federal government if I do not comply with the SEPP distribution requirements or some other exception.

INCOME TAX WITHHOLDING

Please check one of the boxes below. If none are checked we will assume withholding and withhold at federal and state minimums. For federal income taxes the minimum is 10%, 20% for Non-IRA Qualified Annuities - eligible rollover distributions (e.g., Tax Sheltered Annuities). **If a state does not specify a minimum or you do not provide a percentage we will default to 0%. Additional information can be found in the Notice Concerning Federal and State Income Tax Withholding section**. If you are a Non-Resident Alien, federal income tax will be withheld at a rate of 30% unless the applicable form W-8BEN is provided to determine the appropriate tax treaty benefit.

Check One:

❑ I elect to have federal income tax withheld from my distribution at a rate of 10% as well as the state minimum.

❑ I elect to have federal and state income tax withheld from my distribution as indicated below:

Federal: ________% (minimum 10%, 20% for Non-IRA Qualified Annuities - eligible rollover distributions)

State: ________% (state required minimum, if applicable)

❑ I elect **NOT** to have federal and state income tax withheld from my distribution.

Note: If none of the withholding elections above are chosen, we are required to withhold 10% (20% for Non-IRA Qualified Annuities eligible rollover distributions) of the taxable portion of annuity distributions for federal income taxes. State income tax may also be required to be withheld in certain states even if you elect out of state withholding.

SPECIAL INSTRUCTIONS

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PAYOUT INSTRUCTIONS

PLEASE NOTE: Distributions from Custodial IRAs or Custodian Roth IRAs must go to the Custodian.

Select ONE of the following SPO payout frequency options: Refer to your policy for the minimum payment amount. If a box below is not checked, the frequency of payment will be monthly.

- ☐ Monthly (Direct Deposit only)
- ☐ Quarterly (Direct Deposit only)
- ☐ Semi-Annually (Direct Deposit or Check)
- ☐ Annually (Direct Deposit or Check)

Select ONE of the following SPO process date options:

The process date for Systematic Payouts must be between the 1st and the 25th day of the month. Please allow additional time from the processing date for receipt of payment.

- ☐ Process first withdrawal upon receipt of this request in good order
- ☐ Process first withdrawal on the following date: ______________________
  Month / Day / Year

Select ONE of the following delivery options:

☐ Direct Deposit **(May not be available on all policies. Ownership on the Financial Institution account must match ownership on annuity for funds to be sent via Direct Deposit. If the Direct Deposit instructions are not valid or do not meet the company requirements, we will send a check to the address of record.)**

☐ Checking Account * (Include voided check) ☐ Savings Account * ☐ Information on File

*** If a Voided check is not available a Letter of Instruction on Financial Institution letterhead with an officer's signature and title is required.**

ATTACH VOIDED CHECK HERE

☐ Send check: ☐ To address of record. ☐ To address indicated below:

A Medallion Signature Guarantee or Notary Public Stamp may be required. See the Required Acknowledgments and Signature section for details.

☐ Check here to change address of record.

Name ______________________

Address ______________________ City, State, Zip ______________________

Telephone Number ______________________ Attention ______________________

PAYOUT INSTRUCTIONS (continued)

Distributions Will Be Subject To Identity Verification

To help ensure the security of your funds, if bank account information is provided, the Company may obtain a consumer report from a consumer reporting agency ("CRA") to help verify the validity and accuracy of the account information provided. If I have provided the Company with bank account information, I authorize the Company to obtain a consumer report from the CRA as described above, and acknowledge that I:(i) understand that in order for the CRA to verify my account information, some of my personal information will be shared with the CRA; and (ii) consent to such sharing, retention and use.

REQUIRED ACKNOWLEDGEMENTS & SIGNATURES

By signing this form I acknowledge I have read the information on this form, and I understand any distributions requested will be subject to applicable policy penalties. I understand failure to provide the Company with my correct name and Social Security Number/Taxpayer Identification Number may result in the Company having to ignore my election out of voluntary income tax withholding. I understand that a 10% federal tax penalty may be imposed on withdrawals from the annuity if I am not 59-1/2 or some other exception is not applicable. I acknowledge that I have consulted my tax advisor for details on these matters.

Unless we have been notified of a community or marital property interest in this policy, we will rely on our good faith belief that no such interest exists and will assume no responsibility for inquiry. The Policy Owner agrees to indemnify and hold the Company harmless from the consequences of accepting this transaction.

As a protection against fraud, we require a Medallion Signature Guarantee for variable annuities or a Notary Public Stamp for fixed annuities for the following transaction requests:

- Any surrenders over $250,000 unless it is a custodial owned annuity;
- any non-electronic disbursement request made on or within 15 days of a change to the address of record for a policy owner's account;
- any electronic fund transfer instruction changes on or within 15 days of an address change;
- any surrender when we have been directed to send proceeds to a different personal address from the address of record for that owner. **PLEASE NOTE:** This requirement will not apply to requests made in connection with exchanges of one annuity for another with the same owner in a "tax-free exchange";
- any surrender when we do not have an originating or guaranteed signature on file unless it is a custodial owned annuity;
- any other transaction we require.

We may change the specific requirements listed above, or add signature guarantees in other circumstances, at our discretion if we deem it necessary or appropriate to help protect against fraud. The best source of a Medallion Signature Guarantee is a bank, savings and loan association, brokerage firm, or credit union with which you do business. **A Notary Public cannot provide a Medallion Signature Guarantee. Notarization will not substitute for a Medallion Signature Guarantee.**

☞ ______________________________
Signature of Owner/Trustee/Custodian/Authorized Representative

____
Date

____
Social Security Number/Taxpayer Identification Number

____
Telephone Number

____
Email Address

Medallion Signature Guarantee for variable annuities <u>or</u> Notary Public Stamp for fixed annuities

Notary Signature: ______________________________

REQUIRED ACKNOWLEDGEMENTS & SIGNATURES (continued)

☞ ______________________________
Signature of Joint Owner/Trustee/Custodian/Authorized Representative (if applicable)

____
Date

____
Joint Owner Social Security Number/Taxpayer Identification Number

____
Joint Owner Telephone Number

____
Joint Owner Email Address

Medallion Signature Guarantee for variable annuities <u>or</u> Notary Public Stamp for fixed annuities

Notary Signature: ______________________________

Clear Form

NOTICE CONCERNING FEDERAL AND STATE INCOME TAX WITHHOLDING

Information Concerning 403(b) and other Qualified Distributions (non-IRA) - Distributions and surrenders from 403(b) Tax Sheltered Annuities and other non-IRA qualified annuities are restricted in certain circumstances, and if they represent eligible rollover distributions are subject to mandatory 20% federal (and applicable state) income tax withholding. If your annuity is issued as a 403(b)/TSA or another non-IRA qualified annuity and your distribution is eligible for rollover you will receive a separate Special Income Tax Notice (known as 402(f)). For distributions from 403(b)/TSA or other non-IRA qualified annuities that are not eligible for rollover, the taxable portion of the distribution is subject to federal (and applicable state) income tax unless you elect to not have federal and/or state taxes withheld. If no withholding election is made income tax will be withheld for federal income tax purposes at a rate of 10%.

Information Concerning Non-qualified and IRA Distributions - For distributions from non-qualified annuities and IRAs, the taxable portion of the distribution is subject to federal (and applicable state) income tax withholding unless you elect to not have federal and/or state withheld. If no withholding election is made income taxes will be withheld for federal income tax purposes at a rate of 10%.

For an IRA, withholding will apply to the full amount distributed. For non-qualified annuities withholding will apply only to the taxable portion of the distribution. For tax purposes, we treat distributions from non-qualified deferred annuities as distributions of earnings first.

For a withdrawal from a non-qualified annuity that is/was involved in a partial 1035 exchange occurring on/or after October 24, 2011: If a withdrawal is taken from either the original or the new contract within one hundred eighty (180) days after the partial exchange, the partial exchange may not qualify as a non-taxable transaction under Section 1035.

Information Concerning Distributions - Distributions from an annuity may be subject to a federal tax penalty equal to 10% of the taxable amount distributed. This tax penalty is not applicable if you are at least 59 1/2 years old or another exception applies, such as amounts invested in the annuity prior to August 14, 1982. We recommend you seek the advice of a competent tax consultant concerning any applicable tax penalties prior to taking a distribution from your annuity. If you are a resident of a state that requires income tax withholding and you fail to make a tax withholding election, we will withhold at the mandatory rate. If you elect to not withhold taxes from the annuity, you may be responsible for payment of estimated taxes and may be subject to certain penalties if your withholding and estimated tax payments are not sufficient.

Effective January 1, 2015, an individual cannot make an indirect IRA to IRA rollover if the individual has made such a rollover involving any of the individual's IRAs in the preceding one year period.

Non-Resident Alien - If you are a Non-Resident Alien, you cannot elect out of withholding and we will withhold federal income tax at the rate of 30% unless you can claim a reduced tax treaty withholding rate on a valid form W-8BEN that includes a U.S. taxpayer identification number or in certain instances a foreign taxpayer identification number. If you are a U.S. Citizen/Resident and have asked us to send your annuity proceeds outside of the U.S. or its possessions, the Company is required to ignore any election out of income tax withholding and will withhold as though you had elected to have withholding apply to your distribution.

Roth IRA Withholding - If your annuity is a Roth IRA and you would like to have taxes withheld, you must provide a specific dollar amount to withhold for federal and/or state taxes in the Special Instructions section of this form. Percentages will not be accepted.

By signing this form, I/we certify that:

1) **The SSN/TIN provided on this form is correct;**
2) **I/We have not been notified by the IRS that I/we are subject to backup withholding; and**
3) **I/We are U.S. persons, including resident aliens or domestic entities or I/we have provided the Company with the applicable form W-8BEN, if not a U.S. person.**
4) **The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.**

Please note that the IRS does not require your consent to any provision of this form other than the certification required to avoid backup withholding.

Assignee Authorization - If your non-qualified deferred annuity has been assigned, the written authorization of the Assignee will be required before any distribution can be processed. All checks will be made payable to you and the Assignee jointly.

Summary - The above information is provided as a general explanation only. The Company does not give specific tax or legal advice. We recommend you consult your representative or tax advisor concerning your specific situation. All distributions are subject to any applicable policy penalties.

AGGREGATION OF ANNUITIES AND AFFILIATED COMPANIES-All non-qualified deferred annuities that are issued by us (or our affiliates) to the same owner during any calendar year are treated as one annuity for purposes of determining the amount includable in the owner's income when a taxable distribution occurs. Our affiliates include:

- Transamerica Life Insurance Company
- Transamerica Financial Life Insurance Company

TRANSAMERICA®
(Hereafter referred to as the Company, we, our or us)

402(f) or SAFE HARBOR TAX NOTICE - Not from a Designated Roth Account

The following Transamerica Companies utilize this form:
Transamerica Life Insurance Company Transamerica Financial Life Insurance Company

6400 C Street SW, Cedar Rapids, IA 52499 Fax: (877) 355-4385 Website: www.transamerica.com

402(f) or SAFE HARBOR EXPLANATION FOR DISTRIBUTIONS FROM PLANS QUALIFIED UNDER SECTION 401(a), SECTION 403(a) ANNUITY PLANS, SECTION 403(b) TAX SHELTERED ANNUITIES OR GOVERNMENTAL SECTION 457(b) PLAN

YOUR ROLLOVER OPTIONS

You are receiving this notice because all or a portion of a payment you are receiving from one of the Qualified Plans listed above (the "Plan") is eligible to be rolled over to an IRA or an employer plan. This notice is intended to help you decide whether to do such a rollover.

This notice describes the rollover rules that apply to payments from the Plan that are not from a designated Roth account (a type of account in some employer plans that is subject to special tax rules). If you also receive a payment from a designated Roth account in the Plan, you will be provided a different notice for that payment, and the Plan administrator or the payor will tell you the amount that is being paid from each account.

Rules that apply to most payments from a plan are described in the "General Information About Rollovers" section. Special rules that only apply in certain circumstances are described in the "Special Rules and Options" section.

GENERAL INFORMATION ABOUT ROLLOVERS

How can a rollover affect my taxes?

You will be taxed on a payment from the Plan if you do not roll it over. If you are under age 59 1/2 and do not do a rollover, you will also have to pay a 10% additional income tax on early distributions (unless an exception applies). However, if you do a rollover, you will not have to pay tax until you receive payments later and the 10% additional income tax will not apply if those payments are made after you are age 59 1/2 (or if an exception to the 10% additional income tax applies).

Where may I roll over the payment?

You may roll over the payment to either an IRA (an individual retirement account or individual retirement annuity) or an employer plan (a tax-qualified plan, section 403(b) plan, or governmental section 457(b) plan) that will accept the rollover. The rules of the IRA or employer plan that holds the rollover will determine your investment options, fees, and rights to payment from the IRA or employer plan (for example, IRAs are not subject to spousal consent rules and IRAs may not provide loans). Further, the amount rolled over will become subject to the tax rules that apply to the IRA or employer plan.

How do I do a rollover?

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

If you do a direct rollover, the Plan will make the payment directly to your IRA or an employer plan. You should contact the IRA sponsor or the administrator of the employer plan for information on how to do a direct rollover.

If you do not do a direct rollover, you may still do a rollover by making a deposit into an IRA or eligible employer plan that will accept it. You will have 60 days after you receive the payment to make the deposit. If you do not do a direct rollover, the Plan is required to withhold 20% of the payment for federal income taxes (up to the amount of cash and property received other than employer stock). This means that, in order to roll over the entire payment in a 60-day rollover, you must use other funds to make up for the 20% withheld. If you do not roll over the entire amount of the payment, the portion not rolled over will be taxed and will be subject to the 10% additional income tax on early distributions if you are under age 59 1/2 (unless an exception applies).

How much may I roll over?

If you wish to do a rollover, you may roll over all or part of the amount eligible for rollover. Any payment from the Plan is eligible for rollover, except:

- Certain payments spread over a period of at least 10 years or over your life or life expectancy (or the joint lives or joint life expectancies of you and your beneficiary)
- Required minimum distributions after age 70 1/2 (if you were born before July 1, 1949), after age 72 (if you were born after June 30, 1949) or after death
- Hardship distributions
- Payment of Employee Stock Ownership Plan (ESOP) dividends
- Corrective distributions of contributions that exceed tax law limitations
- Loans treated as deemed distributions (for example, loans in default due to missed payments before your employment ends)
- Cost of life insurance paid by the Plan
- Payments of certain automatic enrollment contributions that you request to withdraw within 90 days of the first contribution;
- Amounts treated as distributed because of a prohibited allocation of S corporation stock under an ESOP (also, there generally will be adverse tax consequences if you roll over a distribution of S corporation stock to an IRA).
- Distributions of certain premiums for health and accident insurance

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

If I do not do a rollover, will I have to pay the 10% additional income tax on early distributions?

If you are under age 59 1/2, you will have to pay the 10% additional income tax on early distributions for any payment from the Plan (including amounts withheld for income tax) that you do not roll over, unless one of the exceptions listed below applies. This tax is in addition to the regular income tax on the payment not rolled over.

The 10% additional income tax does not apply to the following payments from the Plan:

- Payments made after you separate from service if you will be at least age 55 in the year of the separation
- Payments that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the joint lives or joint life expectancies of you and your beneficiary)
- Payments from a governmental defined benefit pension plan made after you separate from service if you are a public safety employee and you are at least age 50 in the year of the separation
- Payments made due to disability
- Payments after your death
- Payments of ESOP dividends
- Corrective distributions of contributions that exceed tax law limitations
- Cost of life insurance paid by the Plan
- Payments made directly to the government to satisfy a federal tax levy
- Payments made under a qualified domestic relations order (QDRO)
- Payments of up $5,000 made to you from a defined contribution plan if the payment is a qualified birth or adoption distribution
- Payments up to the amount of your deductible medical expenses
- Certain payments made while you are on active duty if you were a member of a reserve component called to duty after September 11, 2001 for more than 179 days
- Payments of certain automatic enrollment contributions that you can request to withdraw within 90 days of your first contribution
- Payments excepted from the additional income tax by federal legislation relating to certain emergencies and disasters
- Phased retirement payments made to federal employees.

If I do a rollover to an IRA, will the 10% additional income tax apply to early distributions from the IRA?

If you receive a payment from an IRA when you are under age 59 1/2, you will have to pay the 10% additional income tax on early distributions from the IRA, unless an exception applies. In general, the exceptions to the 10% additional income tax for early distributions from an IRA are the same as the exceptions listed above for early distributions from a plan. However, there are a few differences for payments from an IRA, including:

- There is no exception for payments after separation from service that are made after age 55.
- The exception for qualified domestic relations orders (QDROs) does not apply (although a special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to an IRA of a spouse or former spouse).
- The exception for payments made at least annually in equal or close to equal amounts over a specified period applies without regard to whether you have had a separation from service.
- There are additional exceptions for (1) payments for qualified higher education expenses, (2) payments up to $10,000 used in qualified first-time home purchase, and (3) payments after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

Will I owe state income taxes?

This notice does not address any state or local income tax rules (including withholding rules).

SPECIAL RULES AND OPTIONS

If your payment includes after-tax contributions

After-tax contributions included in a payment are not taxed. If you receive a partial payment of your total benefit, an allocable portion of your after-tax contributions is included in the payment, so you cannot take a payment of only after-tax contributions. However, if you have pre-1987 after-tax contributions maintained in a separate account, a special rule may apply to determine whether the after-tax contributions are included in the payment. In addition, special rules apply when you do a rollover, as described below.

You may roll over to an IRA a payment that includes after-tax contributions through either a direct rollover or a 60-day rollover. You must keep track of the aggregate amount of the after-tax contributions in all of your IRAs (in order to determine your taxable income for later payments from the IRAs). If you do a direct rollover of only a portion of the amount paid from the Plan and at the same time the rest is paid to you, the portion rolled over consists first of the amount that would be taxable if not rolled over. For example, assume you are receiving a distribution of $12,000 of which $2,000 is after-tax contributions. In this case, if you roll over $10,000 to an IRA that is not a Roth IRA, no amount is taxable because the $2,000 amount not directly rolled over is treated as being after-tax contributions. If you do a direct rollover of the entire amount paid from the Plan to two or more destinations at the same time, you can choose which destination receives the after-tax contributions.

Similarly, if you do a 60-day rollover to an IRA of only a portion of a payment made to you, the portion rolled over consists first of the amount that would be taxable if not rolled over. For example, assume you are receiving a distribution of $12,000, of which $2,000 is after-tax contributions, and no part of the distribution is directly rolled over. In this case, if you roll over $10,000 to an IRA that is not a Roth IRA in a 60-day rollover, no amount is taxable because the $2,000 amount not rolled over is treated as being after-tax contributions.

You may roll over to an employer plan all of a payment that includes after-tax contributions, but only through a direct rollover (and only if the receiving plan separately accounts for after-tax contributions and is not a governmental section 457(b) plan). You can do a 60-day rollover to an employer plan of part of a payment that includes after-tax contributions, but only up to the amount of the payment that would be taxable if not rolled over.

If you miss the 60-day rollover deadline

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

If your payment includes employer stock that you do not roll over

If you do not do a rollover, you can apply a special rule to payments of employer stock (or other employer securities) that are either attributable to after-tax contributions or paid in a lump sum after separation from service (or after age 59 1/2, disability, or the participant's death). Under the special rule, the net unrealized appreciation on the stock will not be taxed when distributed from the Plan and will be taxed at capital gain rates when you sell the stock. Net unrealized appreciation is generally the increase in the value of employer stock after it was acquired by the Plan. If you do a rollover for a payment that includes employer stock (for example, by selling the stock and rolling over the proceeds within 60 days of the payment), the special rule relating to the distributed employer stock will not apply to any subsequent payments from the IRA or employer plan, generally, the Plan. The Plan administrator can tell you the amount of any net unrealized appreciation.

If you have an outstanding loan that is being offset

If you have an outstanding loan from the Plan, your Plan benefit may be offset by the outstanding amount of the loan, typically when you employment ends. The offset amount is treated as a distribution to you at the time of the offset. Generally, you may rollover all or any portion of the offset amount. Ay offset amount that is not rolled over will be taxed (including the 10% additional income tax on early distributions, unless an exception applies). You may rollover offset amounts to an IRA or an employer plan (if the terms of the employer plan permit the plan to receive plan loan offset rollovers). How long you have to complete the rollover depends on what kind of plan loan offset you have. If you have a qualified plan loan offset, you will have until you tax return due date (including extensions) for the tax year during which the offset occurs to complete your rollover. A qualified plan loan offset occurs when a plan loan in good standing is offset because your employer plan terminates, or because you sever from employment. If your plan loan offset occurs for any other reason (such as a failure to make level loan repayments that results in a deemed distribution), then you have 60 days from the date the offset occurs to complete your rollover.

If you were born on or before January 1, 1936

If you were born on or before January 1, 1936 and receive a lump sum distribution that you do not roll over, special rules for calculating the amount of the tax on the payment might apply to you. For more information, see IRS Publication 575, *Pension and Annuity Income.*

If your payment is from a governmental section 457(b) plan

If the Plan is a governmental section 457(b) plan, the same rules described elsewhere in this notice generally apply, allowing you to roll over the payment to an IRA or an employer plan that accepts rollovers. One difference is that, if you do not do a rollover, you will not have to pay the 10% additional income tax on early distributions from the Plan even if you are under age 59 1/2 (unless the payment is from a separate account holding rollover contributions that were made to the Plan from a tax-qualified plan, a section 403(b) plan, or an IRA). However, if you do a rollover to an IRA or to an employer plan that is not a governmental section 457(b) plan, a later distribution made before age 59 1/2 will be subject to the 10% additional income tax on early distributions (unless an exception applies). Other differences are that you cannot do a rollover if the payment is due to an "unforeseeable emergency" and the special rules under "If your payment includes employer stock that you do not roll over" and "If you were born on or before January 1, 1936" do not apply.

If you are an eligible retired public safety officer and your pension payment is used to pay for health coverage or qualified long-term care insurance

If the Plan is a governmental plan, you retired as a public safety officer, and your retirement was by reason of disability or was after normal retirement age, you can exclude from your taxable income plan payments paid directly as premiums to an accident or health plan (or a qualified long-term care insurance contract) that your employer maintains for you, your spouse, or your dependents, up to a maximum of $3,000 annually. For this purpose, a public safety officer is a law enforcement officer, firefighter, chaplain, or member of a rescue squad or ambulance crew.

If you roll over your payment to a Roth IRA

If you roll over the payment to a Roth IRA, a special rule applies under which the amount of the payment rolled over (reduced by any after-tax amounts) will be taxed. In general, the 10% additional income tax on early distributions will not apply (unless you take the amount rolled over out of the Roth IRA within the 5-year period that begins on January 1 of the year of the rollover).

If you roll over the payment to a Roth IRA, later payments from the Roth IRA that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a Roth IRA is a payment made after you are age 59 1/2 (or after your death or disability, or as a qualified first-time homebuyer distribution of up to $10,000) and after you have had a Roth IRA for at least 5 years. In applying this 5-year rule, you count from January 1 of the year for which your first contribution was made to a Roth IRA. Payments from the Roth IRA that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10% additional income tax on early distributions (unless an exception applies). You do not have to take required minimum distributions from a Roth IRA during your lifetime. For more information, see IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)* and IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs).*

If you do a rollover to a designated Roth account in the Plan

You cannot roll over a distribution to a designated Roth account in another employer's plan. However, you can roll the distribution over into a designated Roth Account in the distributing Plan. If you roll over a payment from the Plan to a designated Roth account in the Plan, the amount of the payment rolled over (reduced by any after-tax amounts directly rolled over) will be taxed. In general the 10% additional tax on early distributions will not apply. However, if you take the amount rolled over out of the Roth IRA within the 5-year period that begins on January 1 of the year of the rollover, the 10% additional income tax will apply (unless an exception applies).

If you roll over the payment to a designated Roth account in the Plan, later payments from the designated Roth account that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a designated Roth account is a payment made both after you are age 59 1/2 (or after your death or disability) and after you have had a designated Roth account in the Plan for at least 5 years. In applying this 5-year rule, you count from January 1 of the year your first contributions was made to the designated Roth account. However, if you made a direct rollover to a designated Roth account in the Plan from a designated Roth account in a plan of another employer, the 5-year period begins on January 1 of the year you made the first contribution to the designated Roth account in the Plan or, if earlier, to the designated Roth account in the plan of the other employer. Payments from the designated Roth account that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10% additional income tax on early distributions (unless an exception applies).

If you are not a plan participant

Payments after death of the participant. If you receive a distribution after the participant's death that you do not roll over, the distribution will generally be taxed in the same manner described elsewhere in this notice. However, the 10% additional income tax on early distributions and the special rules for public safety officers do not apply, and the special rule described under the section "If you were born on or before January 1, 1936" applies only if the participant was born on or before January 1, 1936.

If you are a surviving spouse. If you receive a payment from the Plan as the surviving spouse of a deceased participant, you have the same rollover options that the participant would have had, as described elsewhere in this notice. In addition, if you choose to do a rollover to an IRA, you may treat the IRA as your own or as an inherited IRA.

An IRA you treat as your own is treated like any other IRA of yours, so that payments made to you before you are age 59 1/2 will be subject to the 10% additional income tax on early distributions (unless an exception applies) and required minimum distributions from your IRA must begin when you reach the required beginning date.

If you treat the IRA as an inherited IRA, payments from the IRA will not be subject to the 10% additional income tax on early distributions. However, if the participant had started taking required minimum distributions, you will have to receive required minimum distributions from the inherited IRA until the year the participant would have reached their required beginning date.

The term"required beginning date" means the first day of April following the calendar year in which the Individual for whose benefit the contract maintained attains age 72 (or attains age 70 1/2 in the case of an Individual who was born on or before June 30, 1949). However, if the owner is a 5% business sponsoring the retirement plan, the RMDs must begin once the account holder is age 72(70 1/2 if you reach 70 1/2 before January 1, 2020), regardless of whether he or she is retired.

If you are a surviving beneficiary other than a spouse. If you receive a payment from the Plan because of the participant's death and you are a designated beneficiary other than a surviving spouse, the only rollover option you have is to do a direct rollover to an inherited IRA. Payments from the inherited IRA will not be subject to the 10% additional income tax on early distributions. You will have to receive required minimum distributions from the inherited IRA.

Payments under a qualified domestic relations order. If you are the spouse or former spouse of the participant who receives a payment from the Plan under a qualified domestic relations order (QDRO), you generally have the same options the participant would have (for example, you may roll over the payment to your own IRA or an eligible employer plan that will accept it). Payments under the QDRO will not be subject to the 10% additional income tax on early distributions.

If you are a nonresident alien

If you are a nonresident alien and you do not do a direct rollover to a U.S. IRA or U.S. employer plan, instead of withholding 20%, the Plan is generally required to withhold 30% of the payment for federal income taxes. If the amount withheld exceeds the amount of tax you owe (as may happen if you do a 60-day rollover), you may request an income tax refund by filing Form 1040NR and attaching your Form 1042-S. See Form W-8BEN for claiming that you are entitled to a reduced rate of withholding under an income tax treaty. For more information, see also IRS Publication 519, U.S. Tax Guide for Aliens, and IRS Publication 515, *Withholding of Tax on Nonresident Aliens and Foreign Entities*.

Other special rules

If a payment is one in a series of payments for less than 10 years, your choice whether to do a direct rollover will apply to all later payments in the series (unless you make a different choice for later payments).

If your payments for the year are less than $200 (not including payments from a designated Roth account in the Plan), the Plan is not required to allow you to do a direct rollover and is not required to withhold for federal income taxes. However, you may do a 60-day rollover.

Unless you elect otherwise, a mandatory cashout of more than $1,000 (not including payments from a designated Roth account in the Plan) will be directly rolled over to an IRA chosen by the Plan administrator or the payor. A mandatory cashout is a payment from a plan to a participant made before age 62 (or normal retirement age, if later) and without consent, where the participant's benefit does not exceed $5,000 (not including any amounts held under the plan as a result of a prior rollover made to the plan).

You may have special rollover rights if you recently served in the U.S. Armed Forces. For more information, see IRS Publication 3, *Armed Forces' Tax Guide*.

FOR MORE INFORMATION

You may wish to consult with the Plan administrator or payor, or a professional tax advisor, before taking a payment from the Plan. Also, you can find more detailed information on the federal tax treatment of payments from employer plans in: IRS Publication 575, *Pension and Annuity Income*; IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)* and IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*; and IRS Publication 571, *Tax-Sheltered Annuity Plans (403(b) Plans)*. These publications are available from a local IRS office, on the web at www.irs.gov, or by calling 1-800-TAX-FORM.