Alaska Supplemental Annuity Plan
Benefit Payment Election

FOR OFFICE USE ONLY

STATE OF
ALASKA

Toll-Free: 1-800-821-2251
www.state.ak.us/drb

Division of Retirement and Benefits
PO Box 110203
Juneau, Alaska 99811-0203

Juneau: 465-1600
TDD: (907) 465-2805

SECTION A. PARTICIPANT INFORMATION / TAX REPORTING INFORMATION

Your Name ______________________________ SSN (Mandatory) ____________

Mailing Address ______________________________ Birthdate ______/______/______

______________________________ Home Phone (______) ____________

City ______________ State _______ ZIP _________ Work Phone (______) ____________

Marital Status: ❐ Single ❐ Married ❐ Divorced *(provide divorce documentation)*

Deceased Participant Name and SSN if this is a payment to a Beneficiary:

Name ______________________ SSN (Mandatory) ______________ Percent (Office Use) ______

SECTION B. FORM OF PAYMENT REQUESTED

I elect the following benefit payment option(s) — multiple options may be selected. (If you elect a partial payment or annuity option 3A or 3C you may want to update your beneficiary designation form.)

1. Lump Sum/Paid to Participant: Dollar Amount or Percentage ($____________ or ________%) 20% of the amount requested will be withheld for federal tax withholding.

2. Direct Transfer/Rollover: ($____________ or ________%) **A direct transfer/rollover can not be made to a ROTH IRA.**

   Rollover Plan Name ______________________ Account Number (Mandatory) ______________

   Plan Mailing Address ____

   City ______________________ State ______________ ZIP ______________

   Rollover Plan Contact Name ______________________ Telephone Number ______________

3. Monthly Annuity Contracts: ($____________ or ________%)

   A. Certain Annuity, payable monthly: ❐ 5-year or ❐ 10-year or ❐ 15-year
   (You MUST provide a copy of the Participant's birth certificate if B-D are selected below and your survivor's birth certificate if D is selected.)

   B. Single Life Annuity, payable monthly.

   C. Single Life Annuity, with a ❐ 10 or ❐ 15-year period certain, payable monthly.

   D. Joint and Survivor Annuity, payable monthly: ❐ 50% or ❐ 100% (For this option, complete Survivor information.)

   Survivor Name ______________________________ SSN ______________

   Mailing Address ______________________________ Relationship ______________

   City ______________ State _______ ZIP _________ Birthdate _____/_____/_____

SECTION C. TAX WITHHOLDING INFORMATION

For annuity options having a duration of 10 years or more, the W-4P withholding form on page 8 must be completed. All other payment options except a direct rollover/transfer will have a mandatory 20% federal tax withheld. If you wish to have more than 20% withheld, indicate the additional dollar amount here $______________. State tax will be withheld from your payment if the address in Section A is for a State with mandatory withholding. You may be subject to a 10% tax penalty at tax time if you receive a payment before age 59-1/2 and do not roll it over to an IRA or qualified plan, see page 6 for exceptions.

FOR OFFICE USE ONLY:

SECTION D. ELECTRONIC FUND TRANSFERS OR SINGLE WIRE TRANSFER (Optional)

❒ I have attached the "Authorization Agreement for Electronic Fund Transfers and Single Wire Transfers" form. (For one-time lump sum payments, a $40 charge will be taken from the payment. For monthly annuities, the first payment will be mailed with subsequent payments sent electronically. There is no charge for monthly annuities when sent electronically.)

SECTION E. DEFERRAL OF BENEFITS (Optional unless deferring beyond age 65—cannot defer beyond April 1 of the year after turning age 70½.)

I elect to defer my Benefit Commencement Date until: Date ________/________/__________

SECTION F. SPOUSE WAIVER (Required if married and account balance is greater than $5,000. Signature must be witnessed.)

I agree to the elections of the form of payment made on this form and the survivor designation, if applicable:

Spouse Signature ____ Date ________/________/________

Signature witnessed by one of the following: DRB Representative, Division of Personnel Staff, or Postmaster:

Signature __________________________________ Title ____________________________ Date _______/_______/______

***OR*, SIGNATURE WITNESSED BY A NOTARY**

On this______day of_______________ 20____, personally appeared before me __________________________ whose identity I proved on the basis of satisfactory evidence to be the signer of the spouse's signature above, and he/she acknowledged that he/she executed it.

SEAL OR STAMP REQUIRED

Notary Public ____

State of _________________________ and Borough/County of __________________

Residing at ______________________ Commission Expires _____________________

SECTION G. PAYMENT AUTHORIZATION APPROVAL (Witness required if your account balance is greater than $5,000.)

I have read all of the instructions and the Special Tax Notice Regarding Plan Payments attached to this form, and the provisions of the Alaska Supplemental Annuity Plan Document. I understand the implications of my selections. I further understand that in order to be valid, elections must conform to the Plan requirements. I understand that it is my duty to inform you of any Qualified Domestic Relations Order, Property Settlement, Child Support Enforcement Order, or Internal Revenue Service Order that entitles another person to a portion of my account payment. It is my responsibility to designate beneficiaries. I also understand that I must make all changes prior to the Benefit Commencement Date, and I can not make changes after that date.

I understand that I have the opportunity to consider whether or not to make a direct rollover for at least 30 days from the time I received this form and accompanying instructions but by signing and submitting this form for payment, I waive the 30-day minimum decision period.

By signing below, I hereby give Alaska Supplemental Annuity Plan (SBS-AP) Representatives permission to provide SBS-AP payment information to representatives of financial institutions to which I have instructed my payment be direct transferred via mail or electronically. These financial institution representatives include Individual Retirement Account/Arrangement (IRA) providers and representatives of other qualified plans.

I hereby certify that the information that I have supplied is true and correct and that making a false or fraudulent statement(s) for the purpose of obtaining benefit is a criminal and civil offense punishable by law.

Participant Signature ____

SSN Number _____________________________________ Date ________/________/_______

Signature witnessed by one of the following: DRB Representative, Division of Personnel Staff, or Postmaster:

Signature __________________________________ Title ____________________________ Date _______/_______/______

***OR*, SIGNATURE WITNESSED BY A NOTARY**

On this______day of_______________ 20____, personally appeared before me __________________________ whose identity I proved on the basis of satisfactory evidence to be the signer of the participant's signature above, and he/she acknowledged that he/she executed it.

SEAL OR STAMP REQUIRED

Notary Public ____

State of _________________________ and Borough/County of __________________

Residing at ______________________ Commission Expires _____________________

GENERAL INFORMATION

To receive payment, you must submit a complete Annuity Benefit Election form. You will be first eligible for payment after you have been terminated from employment 60 days. **With processing and mailing time included, your actual payment will take MORE THAN 60 days.** Partial account balance payments of at least $1,000 can be made up to twice a calendar year. Re-employment with the Supplemental Annuity Plan employer voids payment eligibility.

SECTION A: PARTICIPANT INFORMATION / TAX REPORTING INFORMATION

The address you supply in SECTION A is what will be used for reporting tax information and determining if a state tax applies. For more information on taxes, see Section C. Please inform us of any address changes prior to December 31 of the year you receive your refund so this information is available for mailing your federal 1099-R tax reporting form.

If you checked divorced for marital status, you are required to provide us with the following documentation: **FAILURE TO PROVIDE THIS DOCUMENTATION WILL PREVENT YOUR ACCOUNT FROM BEING PROCESSED FOR PAYMENT.**

1. If you were divorced prior to participating in the Supplemental Annuity Plan (SBS-AP) and the marital status with your SBS-AP employer has always been reported as single, please check single on this form. Otherwise, please provide a copy of your divorce decree to verify the divorce date.

2. If you have a divorce or dissolution document that indicates that you are solely entitled to the entire account balance, you must supply us a court certified copy of both the divorce or dissolution document and the property settlement that has been approved by the court that indicates you are entitled to the entire account.

3. If your property settlement or dissolution settlement is completely silent on rights to the SBS annuity account, your ex-spouse will need to complete section F. You must also supply us a court certified copy of both the divorce or dissolution document and the property settlement that has been approved by the court.

4. You are REQUIRED to inform us if there is a **Qualified Domestic Relations Order** (QDRO) or other restriction that is a result of a divorce or dissolution that allocates a portion of your account to an alternate payee. Your account will not be paid until the plan has received a **court certified copy** of your QDRO **and** the plan has specifically approved the QDRO as complete, proper and valid within the requirements of the Alaska Supplemental Annuity Plan Document. Without this approval or documentation, the account will NOT be paid.

   If a QDRO exists, the spouse waiver can NOT be used to nullify the requirements of the QDRO. You must go back to court and have the Order itself changed, released, etc., as appropriate before the Plan can proceed with a form of payment or amount other than as specified in the Order.

SECTION B: FORM OF PAYMENT REQUESTED

More than one payment option may be selected. If more than one payment option is selected you must indicate next to the payment option either the dollar amount of the account, the percentage of the account, or “remainder of account” to be used with each payment option selected. Accounts of $5,000 or less are paid by lump sum only, and do not require a participant’s signature to be witnessed. Partial payments from accounts greater than $5,000, regardless of dollar amount, require that the participant’s signature be witnessed.

For all payment options lasting 10 years or longer, the W-4P tax withholding form on page 8 must be completed. For lump sum payments and others lasting less than 10 years made direct to participants there is a mandatory 20% federal tax withholding. For certain states there is additional state tax withholding. (Note: Special rules apply to nonspouse beneficiaries. See beneficiary section on page 7 of these instructions.)

If you receive payment before you reach age 59-1/2 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 when you file your taxes. See Section C for more information on taxes and the 10% early withdrawal penalty.

The following is a description of the benefit payment options offered:

1. **LUMP SUM/PAID TO PARTICIPANT —** the entire benefit balance at one time (100%) or a portion of the balance. Partial lump sum payments can be made up to twice a calendar year. Payment amounts must be a minimum of $1,000 or the balance of the account, whichever is less. Keep in mind that 20% of the amount requested will be will be withheld for Federal Withholding, and a State tax may apply along with a 10% early withdrawal tax penalty.

2. **DIRECT TRANSFER/ROLLOVER —** lump sum/paid to participant rules in (1) above apply. No tax withholding will occur for transfers/rollovers to individual retirement accounts (IRAs) or qualified plans and direct transfers/rollovers are not subject to taxation or the 10% early withdrawal tax penalty. Direct Transfers/Rollovers can not be made to Roth IRAs and will only be allowed if the amount is over $200.

3. **MONTHLY ANNUITY PAYMENTS:** The following continuing annuity options are available for annuity account balances greater than $5,000. Monthly annuity payments are paid directly by a carrier that is under contract to the Plan. **ANNUITY PAYMENTS CANNOT BE STOPPED OR CHANGED ONCE STARTED**.

   The Single Life Annuity, the Single Life with Ten or Fifteen Years Certain Annuities, and the 50% or 100% Joint and Survivor Annuities are not subject to the 10% early withdrawal tax penalty. For these annuity options, you must supply evidence of your birth date such as a copy of your birth certificate, military records, passport, etc. For Joint and Survivor Annuities you must also submit acceptable evidence of your designated survivors date of birth.

   Annuity payment options include:

   (A) **FIVE-YEAR CERTAIN**-equal monthly payments for five years (60 payments). If you die before receiving 60 payments, your beneficiary will receive the balance of the benefit payments. Unlike the rest of the annuities, individual payments are IRA rollover eligible. For this reason, this annuity has a mandatory 20% federal tax withholding as provided for by law, or
   TEN-YEAR CERTAIN-similar to the five-year certain but for ten years (120 payments), **OR**
   FIFTEEN-YEAR CERTAIN-similar to the five-year certain but for fifteen years (180 payments), **OR**

   (B) **SINGLE LIFE ANNUITY**-monthly payments for your life. No payments are made after your death. Birth certificate is required, **OR**

   (C) **SINGLE LIFE WITH TEN-YEAR CERTAIN**-monthly payments for the rest of your life. If you die before 120 payments have been made, your beneficiary will receive the balance of the 120 payments not made on a monthly basis. Birth certificate is required, **OR**
   SINGLE LIFE WITH FIFTEEN-YEAR CERTAIN-monthly payments for the rest of your life. If you die before 180 payments have been made, your beneficiary will receive the balance of the 180 payments not made on a monthly basis. Birth certificate is required, **OR**

   (D) **50% JOINT AND SURVIVOR ANNUITY**-monthly payments for your lifetime. After your death, your survivor will receive 50% of the monthly amount you were receiving for his or her lifetime You must submit a birth certificate for yourself and for the survivor you elect, **OR**
   100% JOINT AND SURVIVOR ANNUITY-monthly payments for your lifetime. After your death, your survivor will receive 100% of the monthly amount you were receiving for his or her lifetime. You must submit a birth certificate for yourself and for the survivor you elect.

SECTION C: INCOME TAX AND PENALTY INFORMATION

The State of Alaska and the Alaska Supplemental Annuity Plan do not give tax advice. You are solely responsible to determine how federal tax law affects your particular situation. You should contact the Internal Revenue Service or your tax advisor as necessary.

The address you supply in SECTION A is what determines whether a state tax also applies. "Under the State Taxation of Pension Income Act of 1995, monies from plans such as SBS Annuity are also taxed using the State of the recipient's residence. States with mandatory tax withholding, at varying rates include: California, Delaware, Georgia, Hawaii, Iowa, Kansas, Maine, Massachusetts, North Carolina, Oklahoma, Oregon, Vermont, and Virginia.

If you receive a payment before you reach age 59-1/2 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 when you file your taxes. Some exemptions to the additional 10% tax include: 1) distributions directly rolled or transferred to another type of eligible employer plan or to a traditional IRA; 2) payments that are paid to you if your separation from service with your employer is during or after the year you reach age 55; 3) payments made to you from a life time annuity or Joint & Survivor annuity. See page 6 of these instructions and IRS Form 5329 for more information on the additional 10% tax.

SECTION D: ELECTRONIC FUND TRANSFERS OR SINGLE WIRE TRANSFER OPTION

If you'd like to receive payment as a wire transfer (for single lump sum payments) or as electronic fund transfers (for periodic payments and monthly annuities) to your financial institution, the Authorization Agreement for Electronic Fund Transfers and Single Wire Transfers" form must be completed. For single lump sum wire transfers there is a $40 charge which is deducted from your payment. For monthly annuities the first payment is mailed with subsequent payments sent electronically. There is no charge for monthly annuities when sent electronically.

SECTION E: DEFERRAL OF BENEFITS

If you do not wish to receive your money at this time, you may defer your benefit commencement date. If you wish to defer and do not have a date certain in mind, you can simply not submit this form at this time. However, you MUST file a deferral at age 65, the date selected must be no later than April 1 of the year after you turn age 70-1/2 and may be changed any time before payment begins. Your account continues to fluctuate with the change-in-value until paid to you.

IF, at age 65, YOU DO NOT ELECT TO DEFER COMMENCEMENT OF YOUR BENEFITS, PAYMENT WILL COMMENCE IN ACCORDANCE WITH THE PROVISIONS OF THE PLAN DOCUMENT.

SECTION F: SPOUSE WAIVER

Your spouse MUST complete a waiver if your account balance is greater than $5,000 and:

1. You are MARRIED and have chosen a Joint and Survivor Annuity and you wish to name an individual OTHER THAN your spouse as survivor **OR**

2. You are MARRIED, have an account balance greater than $5,000, and you select a payment option OTHER THAN a Joint and Survivor Annuity

3. You are DIVORCED, have an account greater than $5,000, and your property settlement or dissolution settlement is completely silent on rights to the SBS-AP account. You are also required to submit a court certified copy of your divorce or dissolution documents and property settlement.

This waiver must be completed by the spouse to whom you were married during the time period any contributions were made to your account. **THIS WAIVER CANNOT BE USED TO NULLIFY AN EXISTING QUALIFIED DOMESTIC RELATIONS ORDER.** The spousal waiver must be completed for partial account payments for all accounts greater than $5,000 even if the partial account payment amount is less than $5,000.

SECTION G: PAYMENT AUTHORIZATION APPROVAL

Your signature is required, it must also be witnessed if your account balance is greater than $5,000. Partial account payments from accounts greater than $5,000 require your signature to be witnessed even if your payment is less than $5,000.

ROLLOVER RULES

Federal Law requires this plan to provide recipients of eligible rollover distributions a written explanation of the rollover rules, the withholding requirements, and the tax treatment of amounts not rolled over. The following information through the bottom of page 7, is the notice as required by the Internal Revenue Service.

SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS FOR PLAN QUALIFIED UNDER SECTION 401(a) - ALASKA SUPPLEMENTAL ANNUITY PLAN

This notice explains how you can continue to defer federal income tax on your retirement savings in the State of Alaska Supplemental Annuity 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 the Alaska Division of Retirement & Benefits (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.

The State of Alaska Supplemental Annuity Plan (a 401(a) Plan) does NOT accept rollover distributions from any plans.

The State of Alaska Deferred Compensation Plan (a 457 Plan) does NOT accept rollover distributions other than a Direct Transfer from another eligible 457 Governmental Plan; and then only if the other Plan fulfills certain specific requirements.

The Public Employees’ Retirement System and the Teacher’s Retirement System accept only those Direct Transfers from other plans specifically provided for by law that are used to purchase service credits. The Plans do NOT accept rollover distributions from any plans.

If you have additional questions after reading this notice, you can contact your plan administrator indicated on the front of the form.

SUMMARY

There are two ways you may be able to receive a Plan payment that is eligible for rollover:
1. Certain payments can be made directly to a traditional IRA that you establish or to an eligible employer plan that will accept it and hold it for your benefit ("DIRECT ROLLOVER"); or
2. The payment can be PAID TO YOU.

If you choose a DIRECT ROLLOVER:
- Your payment will not be taxed in the current year and no income tax will be withheld.
- 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.

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 59«, 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. By signing the participant's portion of the SBS-AP payment election form you are waiving the 30-day notice period and your withdrawal will then be processed in accordance with your election as soon as practical after it is received by the Plan Administrator. If you wish to wait to receive payment until after the 30-day notice period has expired, you must make an affirmative election to do so by indicating on the SBS-AP payment election form that you do not want to receive your payment until the 30-day direct rollover notice period has expired.

MORE INFORMATION

I. PAYMENTS THAT CAN AND CANNOT BE ROLLED OVER
II. DIRECT ROLLOVER
III. PAYMENT PAID TO YOU
IV. SURVIVING SPOUSES, ALTERNATE PAYEES, AND OTHER BENEFICIARIES

I. PAYMENTS THAT CAN AND CANNOT BE ROLLED OVER

Payments from the Plan may be "eligible rollover distributions." This means that they can be rolled over to a traditional IRA or to an eligible employer plan that accepts rollovers. Payments from a plan cannot be rolled over to a Roth IRA, a SIMPLE IRA, or a Coverdell Education Savings Account. Your Plan administrator should be able to tell you what portion of your payment is an eligible rollover distribution.

The following types of payments cannot be rolled over:

Payments Spread over Long Periods. You cannot roll over a payment if it is part of a series of equal (or almost equal) payments that are made at least once a year and that will last for:
- your lifetime (or a period measured by your life expectancy), or
- your lifetime and your beneficiary's lifetime (or a period measured by your joint life expectancies), or
- a period of 10 years or more.

Required Minimum Payments. Beginning when you reach age 70-1/2 or retire, whichever is later, a certain portion of your payment cannot be rolled over because it is a “required minimum payment” that must be paid to you. Special rules apply if you own more than 5% of your employer.

Hardship Distributions. A hardship distribution 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.

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 does 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.

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 59-1/2” 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, an amount will be taken out of this portion of your payment for federal income tax withholding. To elect out of withholding, ask the Plan Administrator for the election form and related information.

Sixty-Day Rollover Option. If you receive a payment that can be rolled over under Part I above, you can still decide to roll over all or part of it to a traditional IRA or to an eligible employer plan that accepts rollovers. If you decide to roll over, you must contribute the amount of the payment you received to a traditional IRA or eligible employer plan within 60 days after you receive the payment. The portion of your payment that is rolled over will not be taxed until you take it out of the traditional IRA or the eligible employer plan. You can roll over up to 100% of your payment that can be rolled over under Part I above, including an amount equal to the 20% of the taxable portion that was withheld. If you choose to roll over 100%, you must find other money within the 60-day period to contribute to the traditional IRA or the eligible employer plan, to replace the 20% that was withheld. On the other hand, if you roll over only the 80% of the taxable portion that you received, you will be taxed on the 20% that was withheld.

> Example: 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 59-1/2. If you receive a payment before you reach age 59-1/2 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 59 1/2, 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. 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 59-1/2 or because you have separated from service with your employer (or, in the case of a self-employed individual, after you have reached age 59-1/2 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, a governmental 457 plan, 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.

IV. SURVIVING SPOUSES, ALTERNATE PAYEES, AND OTHER BENEFICIARIES

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

If you are a surviving spouse or an alternate payee, you may choose to have a payment that can be rolled over, as described in Part I above, paid in a DIRECT ROLLOVER to a traditional IRA or to an eligible employer plan or paid to you. If you have the payment paid to you, you can keep it or roll it over yourself to a traditional IRA or to an eligible employer plan. Thus, you have the same choices as the employee.

If you are a beneficiary other than a surviving spouse or an alternate payee, you cannot choose a direct rollover, and you cannot roll over the payment yourself.

If you are a surviving spouse, an alternate payee, or another beneficiary, your payment is generally not subject to the additional 10% tax described in Part III above, even if you are younger than age 59-1/2.

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.

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.

Alaska Supplemental Annuity plan W-4P to be used for monthly annuities having a term of ten years or greater. All other nondirect transfer/rollover payment options have mandatory 20% tax withholding.

Form **W-4P**
Department of the Treasury
Internal Revenue Service

Withholding Certificate for Pension or Annuity Payments

OMB No. 1545-0415
20

Purpose. This form is for U.S. citizens, resident aliens, or their estates who are recipients of pensions, annuities, including commercial annuities, and certain other deferred compensation. Use this form to tell payers the correct amount of Federal income tax to withhold from your payment(s). You also may use this form to choose **(a)** not to have any income tax withheld from the payment (except for eligible rollover distributions or payments to U.S. citizens delivered outside the United States or its possessions) or **(b)** to have an additional amount of tax withheld.

Your options depend on whether the payment is periodic, nonperiodic, or an eligible rollover distribution as explained on page 3. **Your previously filed Form W-4P will remain in effect if you do not file a Form W-4P for 2001.**

What do I need to do? Complete lines A through G of the **Personal Allowances Worksheet.** Use the additional worksheets on page 2 to adjust your withholding allowances for itemized deductions, adjustments to income, or multiple pensions/more-than-one-income situations. If you do not want any income tax withheld, you can skip the worksheets and go directly to the Form W-4P below.

Sign this form. Form W-4P is not valid unless you sign it.

Personal Allowances Worksheet (Keep for your records.)

A Enter "1" for **yourself** if no one else can claim you as a dependent . . . . **A** ______

B Enter "1" if:
- You are single and have only one pension; or
- You are married, have only one pension, and your spouse has no income subject to withholding; or
- Your income from a second pension or a job, or your spouse's pension or wages (or the total of all) is $1,000 or less.

. . . . **B** ______

C Enter "1" for your **spouse**. But, you may choose to enter -0- if you are married and have either a spouse who has income subject to withholding or you have more than one source of income subject to withholding. (This may help you avoid having too little tax withheld.) . . . . **C** ______

D Enter number of **dependents** (other than your spouse or yourself) you will claim on your tax return . . . . . **D** ______

E Enter "1" if you will file as **head of household** on your tax return. . . . . **E** ______

F **Child Tax Credit** (including additional child tax credit):
- If your total income will be between $18,000 and $50,000 ($23,000 and $63,000 if married), enter "1" for each eligible child.
- If your total income will be between $50,000 and $80,000 ($63,000 and $115,000 if married), enter "1" if you have two eligible children, enter "2" if you have three or four eligible children, or enter "3" if you have five or more eligible children . . . **F** ______

G Add lines A through F and enter total here. **Note:** *This may be different from the number of exemptions you claim on your tax return*. . . . . ► **G** ______

For accuracy, complete all worksheets that apply.
- If you plan to **itemize or claim adjustments to income** and want to reduce your withholding, see the **Deductions and Adjustments Worksheet** on page 2.
- If you have more than one source of income subject to withholding or a spouse with income subject to withholding **and** your combined income from all sources exceeds $35,000 ($60,000 if married filing jointly), see the **Multiple Pensions/More-Than-One-Income Worksheet** on page 2 to avoid having too little tax withheld.
- If **neither** of the above situations applies, **stop here** and enter the number from line G on line 2 of Form W-4P below.

Cut here and give the certificate to the payer of your pension or annuity. Keep the top part for your records.

Form **W-4P**
Department of the Treasury
Internal Revenue Service

Withholding Certificate for Pension or Annuity Payments

► **For Privacy Act and Paperwork Reduction Act Notice, see page 4.**

OMB No. 1545-0415
20

Type or print your full name	Your social security number
Home address (number and street or rural route)	Claim or identification number (if any) of your pension or annuity contract
City or town, state, and ZIP code	

Complete the following applicable lines:

1 Check here if you **do not want any** Federal income tax withheld from your pension or annuity. (Do not complete line 2 or 3.) ► ☐

2 Total number of allowances and marital status you are claiming for withholding from each **periodic** pension or annuity payment. (You may also designate an additional dollar amount on line 3.) . . . . ► ______ (Enter number of allowances.)

Marital status: ☐ Single ☐ Married ☐ Married, but withhold at higher Single rate

3 Additional amount, if any, you want withheld from each pension or annuity payment. **Note:** *For periodic payments, you cannot enter an amount here without entering the number (including zero) of allowances on line 2* . . . ► $

Your signature ► **Date** ►

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