AAAA Retirement Fund for Member Agencies

PARTICIPANT DISTRIBUTION NOTICE

MINIMUM NOTICE PERIOD. ***For at least 30 days after you receive this notice***, you have the right to consider your decision whether to consent to a distribution of your Vested Account Balance and whether to elect a direct rollover of any portion of your eligible rollover distribution. If you sign and return the attached Participant Distribution Election Form to the plan administrator less than 30 days after you receive this notice, the plan administrator's receipt of your signed form is *your affirmative waiver* of any unexpired portion of the minimum 30-day period and your affirmative election of a distribution or a direct rollover.

Individual participant account administrative services fees for withdrawals from the plan will apply. Distribution and Loan Processing Fee is $35 per check or ACH issued. Recurring benefits are based on frequency of withdrawals: $6 monthly, $12 quarterly, $20 twice a year, and $35 yearly. Standard mail and ACH costs are included in the fee, additional charge for certified mail $15, wire $30, and overnight mail $40.

Enclosed are the following forms:

- **Participant Distribution Election.** Use this form to elect payment of your benefits.
- **Special Tax Notice Regarding Plan Payments.** This notice explains your right to elect a direct rollover of your Vested Account Balance to another plan or to an IRA. This notice also explains the income tax withholding rules if you elect to receive a direct payment from the Plan.

If you do not wish to receive payment or elect a direct rollover at this time, request and complete an **Election to Postpone Distribution of Benefits** form. You cannot use this form if you have reached the latest time under the Plan for commencing distribution.

Benefit payment options. The Plan permits you to elect distribution in the following forms:

(a) Direct rollover.
(b) Lump sum payment
(c) Installments over a specified period of time

You also may elect one form of payment for one part of your Vested Account Balance and another form of payment for another part of your Vested Account Balance. For example, you may elect direct rollover for part of your Vested Account Balance and a lump sum payment or installments for the other part. See the "Special Tax Notice Regarding Plan Payments" for rules on splitting your distribution.

If you are less than 100% vested in your Account Balance, and you elect distribution before you have incurred five consecutive breaks in service, you must elect a lump sum payment or direct rollover of your Vested Account Balance, known under the Plan as a "cash-out distribution". A cash-out distribution results in the forfeiture of the nonvested portion of your Account Balance. Your election of a cash-out distribution is a consent to this forfeiture. If you return to employment with the Employer before your fifth consecutive break in service, the Plan provides you a 5-year period during which you may repay the entire amount of your cash-out distribution and restore your forfeited nonvested Account Balance.

Postponement of Distribution. You do not have to commence distribution if you have not attained normal retirement age under the Plan (or age 62, if later). If you do not wish to commence distribution at this time, you must complete the **Election to Postpone Distribution of Benefits** form. This form allows you to elect a delayed distribution date. You will receive a notice from the Plan shortly before that delayed distribution date explaining your distribution rights. Under a postponement election, your Vested Account Balance will be subject to adjustment for investment earnings, gains or losses. Because of the investment performance of the trust fund, the amount the Trustee ultimately pays you at your postponed distribution date could be more or less than the value of your Vested Account Balance described in this notice. Attached as an Addendum to this form is a description of the Plan investment options available to you (and the fees associated with those investments), if you elect to defer your distribution to a later date. The Plan pools the assets from all participant accounts and the trustee invests those assets for the plan as a whole. If you choose to defer distribution of your account, the account will remain part of this investment pool, and will be credited and charged with gains, losses, expenses and fees in the same manner as the accounts of all other participants. The Plan Administrator may elect to allocate administrative fees to terminated participant accounts. ***If you fail to complete and return the Participant Distribution Election form or if you fail to specify a later distribution date in the Postponement of Distribution Election form, the Plan Administrator will treat your failure as an election to defer your distribution until the later of age 62 or normal retirement age.*** However, unless the plan imposes a restriction on the timing of your distribution, you may revoke your election to defer distribution and receive a distribution in accordance with the Plan.

If you elect to receive your Plan distribution rather than postpone the distribution, you will be subject to immediate federal and the 10% premature distribution taxation (unless you are 59½ or qualify for an exception) and you will lose the opportunity to accumulate earnings on your retirement account on a tax-deferred basis (tax-free for Roth contributions) for retirement unless you roll over the distribution to an IRA or other retirement plan. This means by taking the distribution now, you could end up with a much lower retirement income, that if you leave the assets in the plan to build (tax-deferred or tax-free) for your retirement. This could be the result even if you invest (instead of spend) the amount of your distribution that you have left after payment of taxes.

Financial Effect of Distribution Options. A direct rollover means the Plan pays the distribution amount directly to another plan or to an IRA. See "Special Tax Notice Regarding Plan Payments", included with your package. A lump sum payment means you receive a single payment of the distribution amount. Under an installment distribution, the Plan makes periodic payment of your Vested Account Balance over a specified period of time. You may elect to take the installment distributions directly from the trust or you may elect to have the Plan buy a nontransferable annuity contract which will provide the installment distributions. If you elect installment payments directly from the Plan, your Vested Account Balance will be subject to gain or loss in the same manner as other trust fund assets. The total amount the Trustee ultimately pays you could be more or less than the value of your Vested Account Balance as of the proposed distribution date or as of the date of the termination of your employment with the Employer. If you are married, your spouse must consent to the beneficiary designation unless your spouse is the only designated beneficiary.

If you elect installment payments directly from the Plan, the Plan will calculate each annual installment payment by dividing your latest Vested Account Balance by the remaining installment period. After commencing an installment distribution, you may accelerate the payment of all or any portion, or your unpaid Vested Account Balance at any time. Under a nontransferable annuity contact, the Plan will apply your entire Vested Account Balance to the purchase of the contract and the contract will provide payments over the elected installment term. The level of payments provided under the contract will depend on the terms of the contact you choose.

Further information. If you have any questions regarding the information provided in this notice or any form included with your distribution package, please contact the plan administrator of the Plan.

ADDENDUM TO DISTRIBUTION NOTICE
INVESTMENTS AVAILABLE
AAAA RETIREMENT FUND

The following investments are available under the Plan as of the date of this Distribution Notice. The fees applicable to the investments are as indicated. The available investments and fees may change over time. We will not update this Addendum unless you receive a subsequent Distribution Notice under the Plan.

AVAILABLE INVESMENTS	APPLICABLE FEES
Morley Stable Value	This mutual fund's expense ratio is .70% of assets. The fund's investment performance shown is net of this expense.
Vanguard Total Bond Mkt Index (VBTLX)	This mutual fund's expense ratio is .05% of assets. The fund's investment performance shown is net of this expense.
Dodge & Cox income Fund – Inter Term Bond (DODIX)	This mutual fund's expense ratio is .41% of assets. The fund's investment performance shown is net of this expense.
PIMCO Income Fund Institutional (PIMIX)	This mutual fund's expense ratio is .62% of assets. The fund's investment performance shown is net of this expense.
Vanguard Wellington Admiral Fund (VWENX)	This mutual fund's expense ratio is .17% of assets. The fund's investment performance shown is net of this expense.
MFS Value Fund R3 (MEIHX)	This mutual fund's expense ratio is .79% of assets. The fund's investment performance shown is net of this expense.
Vanguard Institutional Index 500 (VINIX)	This mutual fund's expense ratio is .035% of assets. The fund's investment performance shown is net of this expense.
Fidelity Contrafund (FCNTX)	This mutual fund's expense ratio is .39% of assets. The fund's investment performance shown is net of this expense.
JPMorgan Large Cap Growth R5 Fund (JLGRX)	This mutual fund's expense ratio is .54% of assets. The fund's investment performance shown is net of this expense.
JPMorgan Mid Cap Value Fund Class R5 (JMVRX)	This mutual fund's expense ratio is .75% of assets. The fund's investment performance shown is net of this expense.
BlackRock Mid-Cap Growth Equity (BMRRX)	This mutual fund's expense ratio is 1.30% of assets. The fund's investment performance shown is net of this expense.
Dodge & Cox International Stock (DODFX)	This mutual fund's expense ratio is .62% of assets. The fund's investment performance shown is net of this expense.
American Funds Euro Pacific Growth R-5 (RERFX)	This mutual fund's expense ratio is .52% of assets. The fund's investment performance shown is net of this expense.
T. Rowe Price Small-Cap Stock (OTCFX)	This mutual fund's expense ratio is .91% of assets. The fund's investment performance shown is net of this expense.
Vanguard Extended Market Index Fund Admiral (VEXAX)	This mutual fund's expense ratio is .06% of assets. The fund's investment performance shown is net of this expense.
Vanguard Total International Stock Index Fund Admiral (VTIAX)	This mutual fund's expense ratio is .12% of assets. The fund's investment performance shown is net of this expense.
Income Portfolio	The approximate expense ratio for this portfolio fund is .60% of assets. The fund's investment performance shown is net of this expense.
Conservative Portfolio	The approximate expense ratio for this portfolio fund is .60% of assets. The fund's investment performance shown is net of this expense.
Moderate Portfolio	The approximate expense ratio for this portfolio fund is .63% of assets. The fund's investment performance shown is net of this expense.
Growth Portfolio	The approximate expense ratio for this portfolio fund is .67% of assets. The fund's investment performance shown is net of this expense.
Aggressive Portfolio	The approximate expense ratio for this portfolio fund is .73% of assets. The fund's investment performance shown is net of this expense.

SPECIAL TAX NOTICE

YOUR ROLLOVER OPTIONS

You are receiving this notice because all or a portion of a payment you are receiving from the Plan is eligible to be rolled over to either an IRA or an employer plan; or if your payment is from a designated Roth account, to a Roth IRA or designated Roth account in 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. To the extent that the rules differ based on whether the payment is from a Designated Roth Account or from an account that is not a Designated Roth Account, these differences will be identified in each section of this notice.

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?

Traditional / Pre-Tax Accounts:

You will be taxed on a payment from the Plan if you do not roll it over. If you are under age 59½ and do not do a rollover, you will also have to pay a 10% additional income tax on early distributions (generally, distributions made before age 59½), 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 59½, or if an exception applies. If you do a rollover to a Roth IRA, any amounts not previously included in your income will be taxed currently (see the section below titled "If you roll over your payment to a Roth IRA (Not a Designated Roth Account)").

Designated Roth Accounts:

After-tax contributions included in a payment from a designated Roth account are not taxed, but earnings might be taxed. The tax treatment of earnings included in the payment depends on whether the payment is a qualified distribution. If a payment is only part of your designated Roth account, the payment will include an allocable portion of the earnings in your designated Roth account.

If the payment from the Plan is not a qualified distribution and you do not do a rollover to a Roth IRA or a designated Roth account in an employer plan, you will be taxed on the earnings in the payment. If you are under age 59 ½, a 10% additional income tax on early distributions (generally, distributions made before age 59½) will also apply to the earnings (unless an exception applies). However, if you do a rollover, you will not have to pay taxes currently on the earnings and you will not have to pay taxes later on payments that are qualified distributions.

If the payment from the Plan is a qualified distribution, you will not be taxed on any part of the payment even if you do not do a rollover. If you do a rollover, you will not be taxed on the amount you roll over and any earnings on the amount you roll over will not be taxed if paid later in a qualified distribution.

A qualified distribution from a designated Roth account in the Plan is a payment made after you are age 59½ (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 the 5-year rule, you count from January 1 of the year your first contribution was made to the designated Roth account. However, if you did a direct rollover to a designated Roth account in the Plan from a designated Roth account in another employer plan, your participation will count from January 1 of the year your first contribution was made to the designated Roth account in the Plan or, if earlier, to the designated Roth account in the other employer plan.

What types of retirement accounts and plans may accept my rollover?

Traditional / Pre-Tax Accounts:

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, no spousal consent rules apply to IRAs 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.

Designated Roth Accounts:

You may roll over the payment to either a Roth IRA (a Roth individual retirement account or Roth individual retirement annuity) or a designated Roth Account in an employer plan (a tax-qualified plan, section 403(b) plan, or governmental section 457 plan) that will accept the rollover. The rules of the Roth IRA or employer plan that holds the rollover will determine your investment options, fees, and rights to payment from the Roth IRA or employer plan (for example, no spousal consent rules apply to Roth IRAs and Roth IRAs may not provide loans). Further, the amount rolled over will become subject to the tax rules that apply to the Roth IRA or the designated Roth Account in the employer plan. In general, these tax rules are similar to those described elsewhere in this notice, but differences include:

- If you do a rollover to a Roth IRA, all of your Roth IRAs will be considered for purposes of determining whether you have satisfied the 5-year rule (counting from January 1 of the year for which your first contribution was made to any of your Roth IRAs).
- If you do a rollover to a Roth IRA, you will not be required to take a distribution from the Roth IRA during your lifetime and you must keep track of the aggregate amount of the after-tax contributions in all of your Roth IRAs (in order to determine your taxable income for later Roth IRA payments that are not qualified distributions).
- Eligible rollover distributions from a Roth IRA can only be rolled over to another Roth IRA.

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.

<u>If you do a direct rollover</u>, the Plan will make the payment directly to your IRA or an employer plan or if your payment is from a designated Roth Account, to your Roth IRA or designated Roth Account in an employer plan. You should contact the IRA or Roth IRA sponsor or the administrator of the employer plan for information on how to do a direct rollover.

<u>If you do not do a direct rollover</u>, you may still do a rollover by making a deposit within 60 days according to the rules below:

Traditional / Pre-Tax Accounts:

You may still do a rollover by making a deposit into an IRA or eligible employer plan that will accept it. Generally, 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 59½ (unless an exception applies).

Designated Roth Accounts:

You may still do a rollover by making a deposit (generally within 60 days) into a Roth IRA, whether the payment is a qualified or nonqualified distribution. In addition, you can do a rollover by making a deposit within 60 days into a designated Roth account in an employer plan if the payment is a nonqualified distribution and the rollover does not exceed the amount of the earnings in the payment. You cannot do a 60-day rollover to an employer plan of any part of a qualified distribution. If you receive a distribution that is a nonqualified distribution and you do not rollover an amount at least equal to the earnings allocable to the distribution, you will be taxed on the amount of those earnings not rolled over, including the 10% additional income tax on early distributions if you are under age 59½ (unless an exception applies).

If you do a direct rollover of only a portion of the amount paid from the Plan and a portion is paid to you at the same time, the portion directly rolled over consists first of earnings.

If you do not do a direct rollover and the payment is not a qualified distribution, the Plan is required to withhold 20% of the earnings 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 to a Roth IRA, you must use other funds to makeup the 20% withheld.

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 lives or joint life expectancy of you and your beneficiary);
- Required minimum distributions after age 70½ (if you were born before July 1, 1949) or age 72 (if you were born after June 30, 1949) or after death;
- Hardship distributions;
- 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 requested to be withdrawn within 90 days of the first contribution; and
- Amounts treated as distributed because of a prohibited allocation of S corporation stock under an ESOP (also, there will generally be adverse tax consequences if you roll over a distribution of S corporation stock to an IRA).

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

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

Traditional / Pre-Tax Accounts:

If you are under age 59½, 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 applies to the part of the distribution that you must include in income and is in addition to the regular income tax on the payment not rolled over.

Designated Roth Accounts:

If a payment is not a qualified distribution and you are under age 59½, you will have to pay the 10% additional income tax on early distributions with respect to the earnings allocated to the payment that you do not roll over (including amounts withheld for income tax), unless one of the exceptions listed below applies. This tax is in addition to the regular income tax on the earnings 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 lives or joint life expectancy of you and your beneficiary);
- Payments from a governmental plan made after you separate from service if you are a qualified public safety employee and you will be at least age 50 in the year of the separation;
- Payments of up to $5,000 made to you from a defined contribution plan within one year after the birth or adoption of a child;
- 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 up to the amount of your deductible medical expenses (without regard to whether you itemize deductions for the taxable year);
- 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 requested to be withdrawn within 90 days of the first contribution;
- Payments for certain distribution relating to certain federally declared disasters; and
- 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 59½, you will have to pay the 10% additional income tax on early distributions on the part of the distribution that you must include in income, 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:

- The exception for payments made after you separate from service if you will be at least age 55 in the year of separation (or age 50 for qualified public safety employees) does not apply.
- 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 a qualified first time home purchase, and (3) payments for health insurance premiums after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

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

If you receive a payment from a Roth IRA when you are under age 59½, you will have to pay the 10% additional income tax on early distributions on the earnings paid from the Roth IRA, unless an exception applies or the payment is a qualified distribution. In general, the exceptions to the 10% additional income tax for early distributions from a Roth IRA are the same as the exceptions listed above for early distributions from a plan. However, there are a few differences for payments from a Roth IRA, including:

- The exception for payments made after you separate from service if you will be at least age 55 in the year of separation (or age 50 for qualified public safety employees) does not apply.
- 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 a Roth 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 a qualified first time home purchase, and (3) payments for health insurance premiums 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 describe any State or local income tax rules (including withholding rules).

SPECIAL RULES AND OPTIONS

If your payment includes after-tax contributions (not a designated Roth Account)

After-tax contributions included in a payment are not taxed. If a payment is only part of your 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 a 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 directly 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 directly 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.

If you do a 60-day rollover to an IRA of only a portion of a payment made to you, the after-tax contributions are treated as rolled over last. 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 do a rollover of only a portion of the payment made to you, the nontaxable amounts are treated as being rolled over last.

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. Under certain circumstances, you may claim eligibility for a waiver of the 60-day rollover deadline by making a written self-certification. Otherwise, to apply for a waiver from the IRS, 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

Traditional / Pre-Tax Accounts:

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 59½, 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. The Plan administrator can tell you the amount of any net unrealized appreciation.

Designated Roth Accounts:

If you receive a payment that is not a qualified distribution and you do not roll it over, you can apply a special rule to payments of employer stock (or other employer securities) that are paid in a lump sum after separation from service (or after age 59½, disability, or the participant's death). Under the special rule, the net unrealized appreciation on the stock included in the earnings in the payment will not be taxed when distributed to you from the Plan and will be taxed at capital gain rates when you sell the stock. If you do a rollover to a Roth IRA for a nonqualified distribution that includes employer stock (for example, by selling the stock and rolling over the proceeds within 60 days of the distribution), you will not have any taxable income and the special rule relating to the distributed employer stock will not apply to any subsequent payments from the Roth IRA or employer plan. Net unrealized appreciation is generally the increase in the value of the employer stock after it was acquired by the Plan. The Plan administrator can tell you the amount of any net unrealized appreciation.

If you receive a payment that is a qualified distribution that includes employer stock and you do not roll it over, your basis in the stock (used to determine gain or loss when you later sell the stock) will equal the fair market value of the stock at the time of the payment from the Plan.

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 your employment ends. The offset amount is treated as a distribution to you at the time of the offset. Generally, you may roll over all or any portion of the offset amount.

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 your 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 you plan loan offset occurs for any other reason, then you have 60 days from the date the offset occurs to complete your rollover.

Traditional / Pre-Tax Accounts:

Any 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 roll over 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).

Designated Roth Accounts:

If the distribution attributable to the offset is not a qualified distribution and you do not roll over the offset amount, you will be taxed on any earnings included in the distribution (including the 10% additional income tax on early distributions, unless an exception applies). You may roll over the earnings included in the loan offset to a Roth IRA or designated Roth account in an employer plan (if the terms of the employer plan permit the plan to receive plan loan offset rollovers). You may also roll over the full amount of the offset to a Roth IRA.

If you were born on or before January 1, 1936

Traditional / Pre-Tax Accounts:

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.*

Designated Roth Accounts:

If you were born on or before January 1, 1936, and receive a lump sum distribution that is not a qualified distribution and that you do not roll over, special rules for calculating the amount of the tax on the earnings in 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 59½ (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 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies). Other differences include 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 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 or, in the case of a payment from a designated Roth Account, nonqualified distributions, 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 (not a Designated Roth Account)

If you roll over a payment from the Plan 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. However, the 10% additional income tax on early distributions will not apply (unless you take the amount rolled over out of the Roth IRA within 5 years, counting from 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 59½ (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. However, the 10% additional tax on early distributions will not apply (unless you take the amount rolled over out of the designated Roth account within the 5-year period that begins on January 1 of the year of the rollover).

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 59½ (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 contribution 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 the payment is from a designated Roth Account, whether the payment is a qualified distribution generally depends on when the participant first made a contribution to the designated Roth account in the Plan.

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.

Traditional / Pre-Tax Accounts:

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 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies) and required minimum distributions from your IRA do not have to start until after you are age 70½ (if you were born before July 1, 1949) or age 72 (if you were born after June 30, 1949). 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. If the participant had not started taking required minimum distributions from the Plan, you will not have to start receiving required minimum distributions from the inherited IRA until the year the participant would have been age 70½ (if born before July 1, 1949) or age 72 (if born after June 30, 1949).

Designated Roth Account:

If you choose to do a rollover to a Roth IRA, you may treat the Roth IRA as your own or as an inherited Roth IRA.

A Roth IRA you treat as your own is treated like any other Roth IRA of yours, so that you will not have to receive any required minimum distributions during your lifetime and earnings paid to you in a nonqualified distribution before you are age 59 ½ will be subject to the 10% additional income tax on early distributions (unless an exception applies).

If you treat the Roth IRA as an inherited Roth IRA, payments from the Roth IRA will not be subject to the 10% additional income tax on early distributions. An inherited Roth IRA is subject to required minimum distributions. If the participant had started taking required minimum distributions from the Plan, you will have to receive required minimum distributions from the inherited Roth IRA. If the participant had not started taking required minimum distributions, you will not have to start receiving required minimum distributions from the inherited Roth IRA until the year the participant would have been age 70½ (if born before July 1, 1949) or age 72 (if born after June 30, 1949).

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 or, if the payment is from a designated Roth Account, the only rollover option you have is to do a direct rollover to an inherited Roth IRA. Payments from the inherited IRA or from the inherited Roth IRA (even if made in a nonqualified distribution) 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 and/or inherited Roth 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 and the same tax treatment that the participant would have (for example, you may roll over the payment as described in this notice). However, 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 make 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 (payments from designated Roth Accounts and from accounts that are not designated Roth Accounts are not aggregated for purposes of the $200 limit), 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.

Mandatory Cashout

Traditional / Pre-Tax Accounts: 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).

Designated Roth Account: Unless you elect otherwise, a mandatory cashout from the designated Roth account in the Plan of more than $1,000 will be directly rolled over to a Roth 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 on special rollover rights related to the U.S. Armed Forces, see IRS Publication 3, Armed Forces' Tax Guide. You also may have special rollover rights if you were affected by a federally declared disaster (or similar event), or if you received a distribution on account of a disaster. For more information on special rollover rights related to disaster relief, see the IRS website at www.irs.gov.

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)*; 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.

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4As | BENEFITS

PARTICIPANT DISTRIBUTION ELECTION FORM

AAAA Retirement Fund for Member Agencies

PLAN PARTICIPANT INFORMATION

Employer/Plan Name: ______________________ Termination Date: ______________

Participant Name: ______________________ Social Security #: ______________

Address/City/State/Zip: ______________________________________

e-mail address: ______________________ Phone Number: ______________

DISTRIBUTION ELECTION

After reading the "Special Tax Notice Regarding Plan Payments", I, the undersigned Participant in the above referenced retirement plan, make the following distribution election: (choose one of the following)

☐ (a) A **direct rollover** of my entire vested account balance to the IRA or plan designated in the **INFORMATION FOR DIRECT ROLLOVER** section below.

☐ (b) A **lump sum payment** of my entire vested account balance, less income tax withholding. Complete the **PAYMENT METHOD INFORMATION** section below.

☐ (c) A **partial payment** of $ ______________________ of my ☐ traditional (pre-tax) or ☐ Roth (if applicable) vested account balance with the remainder of my account balance to remain in the plan until further distribution options are elected. Complete the **INFORMATION FOR DIRECT ROLLOVER** section or **PAYMENT METHOD INFORMATION** section below, whichever is applicable.

☐ (d) A **pre-tax conversion** of my entire vested account balance to a **Roth IRA** as designated in the **INFORMATION FOR DIRECT ROLLOVER** section below. Withholding is optional; I would like ________ % in income tax withholding.

☐ (e) **Other -** please specify: ______________________________________

INFORMATION FOR DIRECT ROLLOVER – the rollover check will be mailed to your home address

A. Traditional/Employer (pre-tax) Contributions - The IRA or plan designated below is a proper recipient for a direct rollover:

Check payable to: ______________________ Account #: ______________

Name of IRA or Qualified Plan: ______________________________________

B. Roth (after-tax) Contributions (if applicable) – The Roth IRA or plan designated below is a proper recipient for a direct rollover of Roth contributions:

Check payable to: ______________________ Account #: ______________

Name of Roth IRA or Qualified Plan: ______________________________________

PAYMENT METHOD INFORMATION – A $35.00 FEE PER CHECK OR ACH WILL BE DEDUCTED FROM YOUR ACCT

☐ **Check – the Direct Rollover check will be mailed to your home address.**

☐ **ACH direct deposit to checking account (for lump sum payments only) -** Please attach a copy of a voided check for account verification purposes or letter from your banking institution.

Note: The ACH payment option is not available for any type of rollover distribution.

EXECUTION

WAIVER OF MINIMUM NOTICE PERIOD - I consent to an immediate distribution of my Vested Account Balance. I affirmatively waive any non-expired portion of the minimum 30-day notice period during which I may consent to a distribution from the Plan.

SIGNATURES

Participant Signature	Date	Plan Sponsor / Administrator	Date

The distribution of your vested account balance will be made as soon as administratively possible after the form has been received by 4A's Benefits, Inc.

PARTICIPANT DISTRIBUTION FORM INSTRUCTIONS

Under **PLAN PARTICIPANT INFORMATION**, complete the information as requested. All the information is important, especially your email address and phone number so we can contact you if there are any questions we need answered. For your Social Security number please only show the last 4 numbers (i.e. xxx-xx-1234)

IMPORTANT: Please read the Distribution Notice and the Special Tax Notice regarding your distribution.

If you wish to distribute all or part of your account, please follow the instructions below. A $35.00 processing fee will be deducted from your account for each check or ACH needed for the distribution.

Under **DISTRIBUTION ELECTION**, review each option and check the box for the one that applies to how you want to have your 401(k) funds distributed.

If you opt for a (a) **Direct Rollover Distribution:**

- Complete **INFORMATION FOR DIRECT ROLLOVER**
- Your vested account balance will be distributed **by check**, it will be made payable to the IRA or Plan you designate and the check will be mailed to your home address.
- If any of your vested account funds are Roth (after-tax), check to make sure the Qualified Plan you are rolling those funds to accepts Roth or you have a Roth IRA.

If you opt for (b) **Lump Sum Payment or (c) Partial payment:**

- Complete the Payment Method Information (you will leave the Direct Rollover section blank).
- If you want your lump sum or partial distribution deposited directly to your checking or savings account, you must include a copy of a voided check or letter from your banking institution.
- All lump sum/partial payments are subject to a 20% federal withholding and a possible 10% early withdrawal penalty if you are under age 59 1/2.

Under **EXECUTION,** sign and date on the Participant Signature line. If a partial payment is being requested, return the form to your current/former employer so they can sign as the Agency/Plan Administrator. If this is a Direct Rollover or a Lump Sum Payment, you can contact your former employer to determine the best way to get your form to them for signature.

We will be unable to process your Distribution form if it is not signed by your former employer. Your current/former employer will forward your signed distribution form to 4A's Benefits, Inc. for processing.

If you have any questions, please do not hesitate to contact 4A's Benefits, Inc. Customer Service at: 704- 501-4411 or email your questions to comments@4Asbenefits.com.