SAFE HARBOR EXPLANATION FOR
PLANS QUALIFIED UNDER SECTION 401(a) OR
SECTION 403(b) TAX SHELTERED ANNUITIES

SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS

This notice explains how you can continue to defer federal income tax on your retirement savings that have accumulated in your employer-sponsored retirement plan (“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 Plan Administrator because all or part of the payment that you soon will receive from the Plan may be eligible for rollover, either by you or by your Plan Administrator, to either an IRA or to another employer plan. A “rollover” is a payment by you or the Plan Administrator of all or part of your benefit from the Plan to an IRA or another employer plan that allows you to continue to postpone taxation of that benefit until it actually is paid to you. For this purpose, the rollover must be made to a so-called “traditional” IRA; your Plan benefit cannot be rolled over to a Roth IRA, a SIMPLE IRA, or a Coverdell Education Savings Account (formerly known as an education IRA). For a rollover to another employer plan, that plan must be an “eligible employer plan,” which includes: a plan qualified under section 401(a) of the Internal Revenue Code (such as a 401(k) plan, profit-sharing plan, defined benefit plan, stock bonus plan or 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 rollovers. You also should 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 be subject to different tax treatment than distributions from this Plan. Check these details with the administrator of the plan that is to receive your rollover prior to making the rollover.

If you have additional questions after reading this notice, you can contact your Plan Administrator at (888) ALT-FICA or (888) 258-3422.

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 as a DIRECT ROLLOVER, which is paid directly from the Plan to a traditional IRA that you establish or to an eligible employer plan that will accept the rollover and hold it for your benefit; or

2. The payment from the Plan can be PAID TO YOU and you then can roll over money to a traditional IRA that you establish or to an eligible employer plan that will accept the rollover and hold it for your benefit.

There are important differences between these two methods of electing a rollover.

If you choose a DIRECT ROLLOVER of the Plan payment:

- Your payment from the Plan will not be taxed to you in the current year, and no income tax will be withheld from your payment.
- You decide whether your payment will be made directly to your traditional IRA or directly to an eligible employer plan that accepts your rollover.
- 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 had 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 ½, 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 remaining 20% that was withheld for taxes and that is not rolled over.

Your Right to Waive 30-Day Advance Notice.

This notice contains important tax information, and so generally you have 30 days after receiving this notice to make a decision regarding payment of your benefit from the Plan. In other words, neither a direct rollover nor a payment to you typically can be made from the Plan until at least 30 days have elapsed since the date you received this notice. Thus, after receiving this notice, you have at least 30 days to consider whether or not to have your withdrawal directly rolled over. If you do not wish to wait until this 30-day notice period ends before your election is processed, you may waive the notice period by making an affirmative election indicating whether or not you wish to make a direct rollover. Your withdrawal then will be processed in accordance with your election as soon as practical after it is received by the Plan Administrator.

MORE INFORMATION

I. PAYMENTS THAT CAN AND CANNOT BE ROLLED OVER

II. DIRECT ROLLOVER

III. PAYMENT PAID TO YOU

IV. SURVIVING SPOUSES, ALTERNATE PAYEES, AND OTHER BENEFICIARIES

V. MANDATORY CASH-OUT PAYMENTS

VI. TIMING OF PAYMENTS AND CONSEQUENCES OF ELECTING NOT TO DEFER

VII. HOW TO OBTAIN ADDITIONAL INFORMATION

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 the Plan cannot be rolled over to a Roth IRA, a SIMPLE IRA, or a Coverdell Education Savings Account. Your Plan Administrator should be able to tell you what portion of your payment is an eligible rollover distribution.

After-tax Contributions. The Plan does not permit voluntary after-tax contributions, so you will not have to be concerned about the special rules in this section unless you made a previous rollover into the Plan, a portion of which represented after-tax contributions made to another plan; any such after-tax contributions rolled over to this Plan, and subsequently becoming distributable from this Plan, may be rolled into either a traditional IRA or a Code section 401(a), 403(a) or 403(b) plan that accepts rollovers of after-tax contributions. The following rules apply:

(a) Rollover into a Traditional IRA. You can roll over any after-tax contributions to a traditional IRA either directly or indirectly. Your Plan Administrator should be able to tell you how much of your payment is the taxable portion and how much is the after-tax portion.

If you rollover after-tax contributions to a traditional IRA, it is your responsibility to keep track of, and report to the Service, on the applicable forms, the amount of these after-tax contributions. This will enable the nontaxable amount of any future distributions from the traditional IRA to be determined.

Once you roll over your after-tax contributions to a traditional IRA, those amounts CANNOT later be rolled over to an employer plan.
(b) **Rollover into an Employer Plan.** You can roll over after-tax contributions from an employer plan that is qualified under Code section 401 (a), a section 403 (a) annuity plan or a section 403(b) annuity plan to another such plan using a direct rollover if the other plan provides separate accounting for amounts rolled over, including separate accounting for the after-tax employee contributions and earnings on those contributions. You CANNOT roll over after-tax contributions to a governmental section 457 plan. If you want to roll over your after-tax contributions to an employer plan that accepts these rollovers, you cannot have the after-tax contributions paid to you first. You must instruct the Plan Administrator of this Plan to make a direct rollover on your behalf. Also, you cannot first roll over after-tax contributions to a traditional IRA and then roll over that amount into an employer plan.

The following types of payments 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);
  - 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 ½ or retire, whichever is later, a certain portion of your payment from the Plan cannot be rolled over because it is a “required minimum payment” that, according to federal tax law rules, must be paid to you and included in your income subject to tax.

- **Hardship Distributions.** A hardship distribution cannot be rolled over.

- **Loans Treated as Distributions.** The amount of a Plan loan that becomes a taxable “deemed distribution” because of a default in your repayment obligation cannot be rolled over. However, a loan-offset amount is eligible for rollover, as discussed in Part III below. Ask the Plan Administrator of this Plan if distribution of your loan qualifies for rollover treatment.

The Plan Administrator of this Plan should be able to tell you if your payment includes amounts which cannot be rolled over.

**II. DIRECT ROLLOVER**

A DIRECT ROLLOVER is a direct payment of the amount of your Plan benefit 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 the Plan 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 benefit for which you choose a DIRECT ROLLOVER. You may not choose a DIRECT ROLLOVER if your Plan benefit is less than $200.

- **DIRECT ROLLOVER to a Traditional IRA.** You can open a traditional IRA to receive a 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 establish a traditional IRA temporarily to receive the payment. However, in choosing a traditional IRA, you may wish to make sure that the traditional IRA you select 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 another Plan.** If you are employed by a new employer that has an eligible employer plan, and you want a direct rollover to that plan, ask the plan administrator of that plan whether it will accept your rollover. An eligible employer plan is not legally required to accept a rollover. Even if your new employer’s plan does not accept a rollover, you can choose a DIRECT ROLLOVER to a traditional IRA. If the employer plan accepts your rollover, the plan may provide restrictions on the circumstances under which you may later receive a distribution of the rollover amount or may require spousal consent to any subsequent distribution. Check with the plan administrator of that plan before making your decision.

- **DIRECT ROLLOVER of a Series of Payments.** If you receive a series of payments from the Plan over a period of less than 10 years, and the payments otherwise are eligible for rollover, your choice to make or not make a DIRECT ROLLOVER for the first payment will apply to all later payments in the series until you change your election. You are free to change your election for any later payment in the series.
III. PAYMENT PAID TO YOU

If your payment can be rolled over (see Part I above), but instead you elect to have the payment made to you in cash, it is subject to 20% federal income tax withholding on the taxable portion as explained below. State tax withholding also may apply. The payment is taxed in the year you receive it unless, within 60 days, you roll over the entire amount of the payment (including an amount equal to the tax withheld). On the other hand, if you roll over only the 80% of the taxable payment 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 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 (as described in 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 on your behalf. For example, if you can roll over a taxable payment of $10,000, only $8,000 actually will be paid to you because the Plan must withhold and remit to the IRS $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 from the Plan for the year total less than $200.

Voluntary Withholding. If any portion of your payment is taxable but cannot be rolled over (as described in 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 an election form and related information.

Sixty-Day Rollover Option:

If you receive a payment that can be rolled over (as described in Part I above), you still may 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 (as described in 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 (as described in Part I above) is $10,000, and you choose to have payment made 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 amount 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 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 from the Plan 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) payments that are paid directly to the government to satisfy a federal tax levy, (5) payments that are paid to an alternate payee under a qualified domestic relations order, (6) payments to reservists who
perform more than 179 days of active duty between September 11, 2001 and the end of 2007, 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 ½, unless one of the exceptions applies.

Special Ten-Year Averaging Tax Treatment If You Were Born before January 1, 1936:

If you receive a payment from the Plan that can be rolled over (as described in Part I), and if 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 you were born before January 1, 1936 and the payment qualifies as a “lump sum distribution,” it may be eligible for special tax treatment. Under the special tax treatment, 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. 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 ½ 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 ½ 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.

There are other limits on the special tax treatment for lump sum distributions. For example, you generally can 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.

Repayment of Plan Loans:

If your employment ends and you have an outstanding loan from your Plan, your employer may reduce (or “offset”) your balance in the Plan by the amount of the loan you have not repaid. The amount of your loan offset is treated as a distribution to you at the time of the offset and will be taxed unless you roll over an amount equal to the amount of your loan offset to another qualified employer plan or a traditional IRA within 60 days of the date of the offset. If the amount of your loan offset is the only amount you receive or are treated as having received, no amount will be withheld from it. If you receive other payments of cash or property from the Plan, the 20% withholding amount will be based on the entire amount paid to you, including the amount of the loan offset. The amount withheld will be limited to the amount of other cash or property paid to you (other than any employer securities). The amount of a defaulted plan loan that is a taxable deemed distribution cannot be rolled over.

IV. SURVIVING SPOUSES, ALTERNATE PAYEES, AND OTHER BENEFICIARIES

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

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

If you are a beneficiary other than the surviving spouse or alternate payee, you may choose a direct rollover to a traditional IRA, but you cannot have a direct rollover to an employer’s eligible retirement plan, and you cannot roll over the payment yourself.

If you are a surviving spouse, an alternate payee, or another beneficiary of a participant in the Plan, your payment from the Plan generally is not subject to the additional 10% tax described in Part III above, even if you are younger than age 59 ½.

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, as described in Part III above. If you receive a payment because of the employee’s death, you may be able to treat the payment as a lump sum distribution if the employee met the appropriate age requirements, whether or not the employee had 5 years of participation in the Plan.
V. MANDATORY CASH-OUT PAYMENTS

If your benefit under the Plan is not more than $1,000, you are subject to the mandatory cash-out of your benefit following your termination of employment. There will be no direct IRA or eligible employer plan rollover. Instead, the Plan will withhold federal income tax at the rate of 20% and distribute the balance directly to you. You may owe additional income tax and be subject to an early distribution penalty tax unless you roll over the full amount of your vested account (including the amount of withheld taxes) within the time and in the manner described earlier in this Special Tax Notice Regarding Plan Payments.

VI. TIMING OF BENEFIT PAYMENT AND CONSEQUENCES OF ELECTING NOT TO DEFER

If your benefit under the Plan exceeds $1,000, you may elect to have your benefit paid now or you may elect to defer receipt. You may defer receipt for any length of time, but not beyond April 1 of the calendar year following the year in which you reach age 70 ½ (or the year you retire, if later), which is called the “required beginning date” under applicable federal tax law.

If you elect to have your benefit paid now, you will have to pay federal (and any applicable state and local) income taxes on the benefit for the year of receipt, unless you elect a rollover to a traditional IRA or other eligible retirement plan as explained above. Also, absent a rollover, federal income tax will be withheld automatically at the rate of 20% of the benefit, but this may not cover your total tax obligation. You may be required to make quarterly estimated tax payments. If you are under age 59 ½, you also may owe the additional 10% federal tax on any amount not rolled over that is explained above.

Another consequence of electing immediate payment of your benefit is that you give up any tax deferred growth of your benefit. A deferred benefit is credited earnings, gains and losses each year based on the investment option you have selected, and you pay no tax on any growth in your benefit until you actually receive payment from the Plan. You are eligible to invest a deferred benefit in any of the investment options that are available to active employees who participate in the Plan, and you may make changes in your elected investments in the same manner as active employees. For a description of the available investment options under the Plan, contact the Plan Administrator.

VII. 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 this 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 Internet Web Site at www.irs.gov, or by calling 1-800-TAX-FORMS.

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