Prudential

Prudential Retirement
The Prudential Insurance Company of America
30 Scranton Office Park
Scranton, PA 18507-1755
1-877-778-2100
www.retirement.prudential.com

Quick Start Guide

Please use this *Beneficiary Claim for Estate* to request a distribution from a retirement plan if you are the Executor or Executrix of the Estate. Do NOT use this form if you are claiming a death benefit on behalf of a Trust.

What you will find in this package

- *Beneficiary Claim Form* – You will need to complete, sign and return this form to the address below.
- *Required Minimum Distribution: An Important Notice to Beneficiaries* – Please read and follow instructions.
- *Special Tax Notice(s)* – Please read and retain for your records.

What to do to submit your claim

1. Decide

Please use this form to direct Prudential to do one of the following:

- Keep the Estate's share in the plan in a separate account under the Estate's name until you either elect a distribution or Required Minimum Distributions are necessary.
- Distribute the Estate's share of the participant's account (paid to the Estate).
- Elect to receive Required Minimum Distribution Payments.

2. Complete

Complete the enclosed *Beneficiary Claim Form for Estate* that starts on the next page. Please provide all requested information so that we can process the Estate's claim in a timely manner.

3. Return

Please return the attached form, and any other forms that are included and applicable. You must also submit an original or certified copy of the death certificate with a raised seal before the death claim is processed.

Return form to:

IBEW Local Union No. 716 Retirement Plan
C/O BENEFIT RESOURCES
8441 GULF FREEWAY
SUITE 304
HOUSTON,TX 77017

Prudential

IBEW Local Union No. 716 Retirement Plan
11 Plan Name

010018
Plan Number

Beneficiary Claim Form for Estate

GETTING STARTED: If you have any questions when completing this form, please contact us at **1-877-778-2100** for assistance.
REMEMBER: Keep a copy of this form for your records and return the completed form along with an original or certified copy of the death certificate with a raised seal.

1. About the Estate

Provide information about the Estate and about you as the Executor/Executrix.

Estate name

Street address | Apt/Suite (optional)

City | State | ZIP Code

Home phone | Mobile phone | Best time to call

Email address (how Prudential may contact you, if needed)

Executor/Executrix Name | Name of Co- Executor/Co-Executrix (if applicable)

Estate EIN (Estate's Taxpayer Identification Number) | Estate Administered under State of

2. About the Deceased

Provide information about the participant in the retirement plan.

First name | Middle name | Last name

Social Security number | Date of Birth (mm/dd/yyyy) | Date of death (mm/dd/yyyy)

Gender ☐ Female ☐ Male

State of Participant's Residence prior to death

☐ No ☐ Yes
Was the Participant still active employee at the date of death.

3. About the Plan

Please leave blank if you do not have the plan information.

010018
Plan number

IBEW Local Union No. 716 Retirement Plan, 000001
Plan Name, Sub Plan Number, Account Suffix

Beneficiary Claim Form for Estate

4. How to Receive Your Funds

There are several payment options to meet the Estate's specific needs.

Note: For more information regarding each payment option below, please read the descriptions in detail and see the additional documents included with this form.

Estate Payment Options

Choose **ONE** of the following options:

☐ **A.** **Transfer**[1] the Estate's portion to a separate account in the plan under the Estate's name and its EIN. You must complete the *Election for Required Minimum Distribution (RMD)* section of this form on behalf of the Estate.

☐ Check here to also take a partial distribution from the non-Roth balance, if the plan allows. 10% federal income tax will be automatically withheld from the taxable portion of the payment to the Estate.

Partial Distribution Amount: $______________________________

☐ **B.** **Lump Sum** Lump Sum distribution to the Estate. 10% federal income tax and any applicable state tax will automatically be withheld from the taxable portion of the distribution to the Estate.

☐ Withhold 10% federal income taxes on the taxable distribution

☐ Withhold_______________ % or $_____________
(Federal income tax withheld must be at least 10% of the taxable distribution.)

☐ Do NOT withhold federal income tax. (If the Estate elects out of withholding, the Estate is still responsible for payment of any tax due, and the Estate may incur penalties/interest if the Estate's withholding and/or estimated tax are not sufficient.)

[1]**Transfer** – If you choose this option on behalf of the Estate, a beneficiary account will be established for the Estate, if the plan allows. Federal tax laws require the Estate to begin withdrawing funds at a certain time from the Estate's account. See the enclosed *Required Minimum Distribution: An Important Notice to Beneficiaries.*

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Beneficiary Claim Form for Estate

5. Election for Required Minimum Distribution (RMD)

Complete 5A **AND** 5B (if applicable) below. Please see the enclosed *Required Minimum Distribution: An Important Notice to Beneficiaries* for additional information.

5 A. Beneficiary Elections

Choose ONE:

☐ The Estate elects to receive the Estate's entire benefit by December 31 of the year that includes the 5th anniversary of the participant's death.[1]

☐ The Estate elects to receive annual required minimum distribution payments beginning no later than December 31 of the year following the year of the participant's death. [2] Please complete 5B below.

☐ This account is a 403(b) plan and the Estate will aggregate and take this RMD from another 403(b) plan that the Estate holds as beneficiary of the same decedent. RMD payments will not be paid from this account until the Estate notifies Prudential.

☐ This account is an IRA and the Estate will aggregate and take this RMD from another IRA that the Estate holds as beneficiary of the same decedent. RMD payments will not be paid from this account until the Estate notifies Prudential.

5 B. Required Minimum Distribution (RMD)

Some states also require withholding from the taxable portion of distribution to the Estate if federal income tax is withheld. RMDs are not eligible for rollover, and subject to 10% federal income tax withholding, unless the Estate elects otherwise.

1. Process the RMD payment each year on 20th of _________________(Month)[2] starting __________(Year).

2. Specify the amount of federal income tax the Estate wants withheld on RMD payments.

   ☐ Withhold 10% federal income tax

   ☐ Withhold __________% or $ ______________
   (federal income tax withheld must be at least 10% of the taxable distribution.)

   ☐ Do NOT withhold federal income tax. (If the Estate elects out of withholding, the Estate is still responsible for payment of any tax due, and the Estate may incur penalties/interest if the Estate's withholding and/or estimated tax are not sufficient.)

[1] Only available if the participant died prior to his/her required beginning date and this election is allowed by the plan. A letter will be sent in the calendar in which the Estate is required to receive the remaining account balance by the end of that same calendar year. If no action is taken by the deadline indicated on the letter, Prudential will automatically issue the remaining account balance, less 10% federal income tax withholding and state tax withholding, if applicable.

[2] The Estate can elect to have the RMD automatically paid in a month between January through November. December is not an option for an automated RMD payment. If the Estate wants to receive a payment this year and if the Estate properly completed request is received by Prudential on or before the 15th day of the month, the Estate' s distribution will be processed on or about the 20th day of that month. If the 20th day falls request is received after the 15th day, the distribution may be processed on or about the 20th day of the following month. If the 20th day falls on a holiday or weekend, processing will occur on the next business day. It may take up to three days to produce the check. Allow additional time for mailing.

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Beneficiary Claim Form for Estate

6. Election for Withholding State Income Tax

All beneficiaries must complete this section. Please choose only ONE option from A through C:

A. Voluntary State Withholding: Please check the appropriate box below. If state income tax withholding is not mandatory in your state, you may be allowed to request state tax withholding. If your state of residence is not listed, or if you choose a method of withholding that is not offered for your state, we cannot withhold state income tax.

☐ I reside in one of the following voluntary withholding states: **AL, CO, DC (voluntary for partial and systematic distributions), GA, ID, IA (voluntary if no federal tax withheld) IL, IN, KY, LA, MD (non-eligible rollover distributions only), MA (voluntary if no federal income tax withheld), MN, MO, MS (voluntary except for early distributions), MT, ND, NE, NJ, NM, NY, OH, PA, RI, SC, UT, VA, WI, WV (NE and VA state withholding is voluntary for payments from IRA's only)** and would like state income tax withheld. (Specify a percentage or dollar amount to be withheld.)

______________% or $___________________

☐ I reside in one of the voluntary withholding states listed above and I do not want state income tax withholding deducted from my distribution.

B. **No State Withholding:** Some states do not have state income tax withholding.

☐ My resident state is one of the following: **AK, FL, HI, NV, NH, SD, TN, TX, WA, WY** and there is no state income tax withholding.

☐ My resident state is **AZ** and there is no state income tax withholding on non-periodic (single sum) payments

C. Mandatory State Withholding: If you reside in a state where state income tax withholding is mandatory **AR, CA*, DC (mandatory for total single sum distributions only), DE, IA, KS, MA, MD (mandatory for eligible rollover distributions only, subject to 20% mandatory federal withholding), CT, ME, MI (see below), NC, NE, OK*, OR*, VA** or **VT*** applicable withholding will be deducted automatically, unless an election out is applicable (see below). Note: Some states require withholding if federal income tax is withheld from the distribution.

If you are a resident of **IA**, have federal income taxes withheld, and receive one or more distributions totaling more than $6,000 in the calendar year, **IA** income taxes are required to be deducted for the amount over $6,000.

☐ My resident state is **AR, DE, KS, ME, NC, NE, or VA (for NE and VA, election out is allowed for payments from IRA's only)** and I do not want state income tax withholding deducted from my distribution. (An election out of **AR, DE, KS, ME, NC, or VA** state tax is not allowed for eligible rollover distributions, subject to 20% mandatory federal withholding.) ***Important note to Maine (ME) residents. If you elect out of ME withholding, you must either have elected out of federal withholding, or have no Maine State tax liability in the prior or current years.***

☐ *My resident state is one of the following: **CA, OK, OR, **VT** and withholding is required if federal income tax is withheld, unless I elect out of state withholding. By checking this box I am electing out of state withholding. **An election out is not allowed for eligible rollover distributions, subject to 20% mandatory federal withholding.

☐ My resident state is **CT** and Prudential will withhold 6.99% on your taxable distribution. Please note that if you are not requesting a distribution of your entire account balance and if Form CT-W4P, *Withholding Certificate for Pension or Annuity Payments*, applies to you, please return Form CT-W4P as part of this distribution form. Form CT-W4P is available on the Department of Revenue Services (DRS) website, at *www.ct.gov/*DRS.

My resident state is **MI** and withholding of 4.25% is required, unless my payments are not taxable and I opt out.

☐ My resident state is **MI** and I would like to opt out of **MI** withholding. Note: Opting out may result in a balance due on your MI 1040 as well as penalty and/or interest.

☐ My resident state is **MI** and if my payments are taxable, I wish to have **MI** state withholding based on the number of exceptions selected. I have entered the number of exemptions below:

________Enter the number of personal exemptions allowed on your Michigan Income Tax Return (MI-1040). The total number of exemptions you claim may not exceed the number of exemptions you are entitled to claim when you file your **MI-1040**. Withholding will be computed at the percentage determined by the state after subtracting your personal exemption allowances.

☐ My resident state is **MI** and I am requesting ________% additional **MI** state tax withheld from my payment. This amount must be a whole percentage.

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IBEW Local Union No. 716 Retirement Plan
Plan Name

010018
Plan Number

Beneficiary Claim Form for Estate

7. Electronic Funds Transfer (EFT)

If you, as Executor/Executix of the Estate, would like the disbursement sent to the Estate via EFT, please provide information about the Estate's financial institution. **The Estate must also attach a voided check showing Name of the Estate, Estate's bank account number and routing number.**

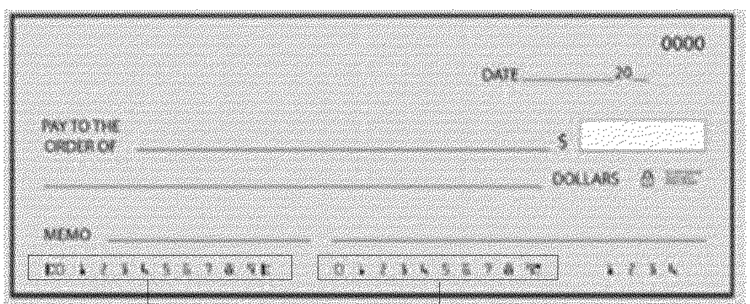
Account Type (choose one): ☐ Checking ☐ Savings Account

Name on the Estate's bank account

Estate's bank name

Estate's bank account number

Estate's ABA routing number



ABA number (9 digits)

Bank account number

Important – The Estate's EFT payment may result in a check payable to the Estate if:

- Estate's voided check or financial institution letter is not included.
- All of the necessary information is not provided.
- If this section does not apply to Estate's disbursement request.
- If the name of the Estate is not on the check copy.

☐ I, as Executor/Executrix of the Estate, have carefully read this form and I hereby authorize Prudential to make this plan payment(s) to the financial institution listed above in the form of Electronic Funds Transfer (EFT). I understand Prudential is not responsible for any losses associated with incorrect information provided (e.g. wrong banking instructions). The credit will typically be applied to the Estate's account within 2 business days of being processed.

In the event an overpayment is credited to the financial institution account listed above, I as Executor/Executrix of the Estate, hereby authorize and direct the financial institution designated above to debit my account and refund any overpayment to Prudential. This authorization will remain in effect until Prudential receives a written notice from me stating otherwise and until Prudential has had a reasonable chance to act upon it.

8. Express Mail

☐ I, as Executor/Executrix of the Estate, want to have the estate's disbursement check sent by express mail. Therefore, please deduct $25.00 per check from the estate's account prior to the distribution.

Note: Express mail is not available for delivery to post office boxes.

Beneficiary Claim Form for Estate

9. Tax Certification

Please certify below. Make sure you have included the estate's EIN in Section 1: About You.

BENEFICIARY'S TAX CERTIFICATION (SUBSTITUTE W-9) – To be completed only by U.S. persons (including U.S. citizens and resident aliens). If not a U.S. person, you are required to submit the applicable IRS *Form W-8* series (BEN, BEN-E, ECI, EXP, or IMY).

Social Security Number or Employer Identification Number ____________________

Under penalties of perjury, I, as executor/executrix of the estate, certify that the taxpayer identification number listed above and provided in Section 1: About the estate on this form is the correct EIN and the estate is a U.S. person. I further certify that the estate is exempt from backup withholding and/or FATCA reporting unless I check the applicable box(es) below:

☐ The estate has been notified by the Internal Revenue Service that the estate is subject to backup withholding due to the failure to report all interest or dividends. Prudential is required to withhold income tax on any payments which include interest and dividends when the beneficiary is subject to back up withholding.

☐ The estate is subject to the reporting requirements of the Foreign Account Tax Compliance Act (FATCA).

The Internal Revenue Service does not require your consent to any provision of this document other than the certification required to avoid backup withholding.

10. Executor, Executrix Authorization

I hereby certify that I am the executor/executrix of the decedent's estate, and hereby submit the above information to identify the estate claim for any benefit which may be payable under the provisions of the Plan with respect to the deceased participant. I attest that I have read the Payment Options available to the estate and the attached Special Tax Notices Regarding Plan Payments.

If I elected to delay distribution, the election authorizes Prudential to establish an account in the Plan on behalf of the estate. It further instructs Prudential to transfer the assets from the participant's account to an account established on behalf of the estate within the Plan. I realize that if I choose this option, I may request a disbursement at a future date. I further understand that if I elected to delay distribution, the estate will be required by law to begin and complete all withdrawals within a certain time period.

For the purpose of processing and payment of claims in an efficient and prompt manner, I authorize Prudential to consolidate and disclose completed claims forms and documents to appropriate associates for each and every one of Prudential Financial, Inc.'s affiliates or business units for which a claim for payment or distribution is made.

______________________________ ______________________________
Executor/Executix signature Date (mm/dd/yyyy)

______________________________ ______________________________
Co- Executor/Executix signature (if applicable) Date (mm/dd/yyyy)

Beneficiary Claim Form for Estate

Plan Authorization

This section must be completed and signed by an authorized plan representative, and faxed back to Prudential 1-(866)-439-8602. Please contact the plan's benefits office.

____
Participant's vesting percentage

____
Participant's date employment ended (mm/dd/yyyy)

The beneficiary completing this request is 1 of ________________ (enter number) beneficiaries and is approved to receive _____________ % of the decedent's account.

______________________________ ______________
Authorized plan representative's signature Date (mm/dd/yyyy)

____
Print name and title

______________________________ ______________
Authorized plan representative's signature (if two signature is required) Date (mm/dd/yyyy)

____
Print name and title

Required Minimum Distribution: An Important Notice to Beneficiaries

Please read this notice carefully and follow the instructions below.

Question	Answer
What is a required minimum distribution (RMD)?	Generally, a required minimum distribution (RMD) is a distribution from a retirement plan of at least a portion of a participant's account balance that must begin when the participant meets certain age and employment conditions and continue every year until the account balance is depleted. Legislation effective January 1, 2020 changes the age at which RMDs must begin. Please see Q&As below for more information about this change.
Who must take an RMD?	Generally, any retirement plan participant with an account balance as of December 31 of a prior year, who has attained required minimum distribution age, and has retired* from the employer maintaining the plan must take an RMD each year by December 31 of that year until the account balance is depleted. However, beneficiaries must also take RMDs. Payment deadlines and distribution options available to a beneficiary usually depend on the deceased participant's required beginning date, the beneficiary's relation to the participant (e.g., the surviving spouse or a non-spouse) and what the terms of that retirement plan allow. *Some plans require RMDs to begin at age 70 ½ regardless of employment status.
When is the required beginning date of the participant?	Generally, the required beginning date is April 1 of the calendar year following the later of: The year the participant attains age 72* (70½ if the participant attained age 70 ½ before January 1, 2020), or the year the individual retires. If the participant was a 5% owner of the company, his/her required beginning date is April 1 of the year following the year the participant attains age 72* (70½ if the participant attained age 70 ½ before January 1, 2020). * The Setting Every Community Up for Retirement Enhancement Act of 2019 (SECURE Act) was signed into law on December 20, 2019. Effective January 1, 2020, the age at which an individual must begin taking RMDs increased from age 70 ½ to 72. *Individuals who turned age 70 ½ before January 1, 2020 (i.e., were born on or before June 30, 1949) must receive their first RMD by April 1 of the year after the first year they have retired and are at least age 70 ½. For example, if the participant reached age 70 ½ in 2019 but was still working, RMDs are not necessary until April 1 of the year following the year of retirement.*** *Individuals who turn age 70 ½ after January 1, 2020 (i.e., were born after June 30, 1949), are not required to begin RMDs until April 1 of the year after the year they have retired and are at least age 72.* *Note: If you own at least 5% of the employer sponsoring your plan, you generally need to take an RMD when you reach the applicable age requirement, regardless of whether you are retired.* ****A retirement plan may be more restrictive and require that distributions begin sooner than described here. For example, some plans require distributions to begin when an individual reaches the applicable age requirement, regardless of whether he/she is still working. Please refer to the plan's Summary Plan Description to determine when it requires distributions to begin.*

Instructions & Disclosures (continued)

Required Minimum Distribution: An Important Notice to Beneficiaries

Question	Answer
How does the SECURE Act affect beneficiaries?	The SECURE Act creates a new category of beneficiaries resulting in three categories with each category having specific distribution rules. 1. **Eligible designated beneficiary (EDB)** Any of the following individuals are considered an EDB: a surviving spouse, a minor child of a participant, or an individual who is not more than 10 years younger than the participant. Additionally, certain trusts named as beneficiary may be considered EDBs. Payment period: In addition to electing a lump sum or other permissible options under the plan, an EDB can choose to receive distributions based on life expectancy. Spouse beneficiaries may wait until the participant would have attained RMD age to begin receiving annual required minimum distribution payments if this date is later than the end of the year following the participant's death. Non-spouse EDBs must begin such distributions by December 31 following the year of the participant's death. 2. **Designated beneficiary** A designated beneficiary is a non-spouse individual who does not meet the requirements to be an EDB. Certain trusts named as beneficiary may be considered a designated beneficiary. Payment period: A designated beneficiary must deplete the entire inherited account balance within 10 years following the calendar year of the participant's death. A designated beneficiary cannot receive payments over his/her life expectancy. 3. **Non-designated beneficiary** A beneficiary that does not have life expectancy is generally considered a non-designated beneficiary. A beneficiary that is not an individual (e.g., estate, charitable organizations, trusts that do not meet certain requirements) is considered a non-designated beneficiary. Payment period: The SECURE Act did not change the distribution rules for a non-designated beneficiary. If the participant passes away before his or her required beginning date (RBD), the non-designated beneficiary must deplete the entire account balance by the end of the 5th year following the year in which the participant passed away. If the participant passes away after his or her RBD, the non-designated beneficiary must continue distributions using the decedent's single life expectancy.

Instructions & Disclosures (continued)

Required Minimum Distribution: An Important Notice to Beneficiaries

Question	Answer
What distribution options are available to an Estate?	If the participant died prior to attainment of his/her required beginning date: 1. The Estate may choose to begin to receive RMD payments no later than December 31 of the year the participant would have attained required minimum distribution age. 2. The Estate may choose to withdraw the entire amount as a lump sum distribution. If the participant died after attainment of his/her required beginning date: 1. The Estate may choose to continue to receive RMD payments, with the first payment beginning no later than December 31 of the year following the participant's death. 2. The Estate may choose to withdraw the entire amount as a lump sum distribution. Note: The options vary depending upon the plan. Please contact the Administrator or Prudential regarding options available to you.
What if the Estate must receive an RMD but fails to do so?	If the Estate fails to take a required minimum distribution by the applicable deadline the Estate becomes subject to a 50 percent excise tax on the difference between the appropriate RMD amount and the actual amount distributed.
If this account is an IRA or 403(b) account, may the Estate aggregate this account with like accounts for RMD purposes?	Yes, if this account is an IRA or 403(b) account the Estate may take the required minimum distribution for this account from another IRA or 403(b) that it holds as a beneficiary of the same decedent.
How does the Estate request an RMD?	To request an RMD, please: 1. Complete the enclosed *Beneficiary Claim Form*; and 2. Return the completed form to: Prudential Retirement 30 Scranton Office Park Scranton, PA 18507-1789 or by fax to 1-866-439-8602.
May the Estate rollover its RMD payment into an Individual Retirement Account (IRA) or another retirement plan?	No, by law, RMD payments may not be rolled over into an IRA or another eligible employer plan.
Are RMD payments subject to federal income tax withholding?	Yes, RMD payments are subject to federal income tax withholding at a rate of 10% unless you elect not to have federal income tax withheld on the *Beneficiary Claim Form*.

Required Minimum Distribution: An Important Notice to Beneficiaries

Question	Answer
What tax reporting will the Estate receive regarding the RMD?	*A copy of IRS Form 1099-R* reporting this distribution to the IRS will be sent to you in January of the year after you receive an RMD.

The information contained in this notice is general and should not be considered legal or tax advice.

If you have general questions or require additional information or instructions, please call 1-877-778-2100, Monday through Friday, 8:00 a.m. to 9:00 p.m. est. to speak with a Prudential Participant Service Representative.

For advice on how these rules apply to your specific situation, we suggest you contact your own legal or tax advisor.

Applies to Sections 401 and 403

SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS

Retain for Your Records

This notice is provided to you by Prudential Financial, Inc., on behalf of the plan administrator ("Plan Administrator").

Right to Defer Distributions from Defined Contribution Plans

You may be eligible to receive a distribution from your employer's retirement plan now. Instead of taking a distribution now, you may elect to defer receiving a distribution until a later date -- typically as late as age 70½. (If your account balance does not exceed $5,000 (or the amount of your plan's cashout threshold), you may not have a right to defer payment.) If you defer receiving a distribution, the plan investment options available to you thereafter (including related fees) generally will be the same as those available to active employees. However, certain plan features, such as the right to repay or take a loan from the plan, may not be available if you have terminated employment. Please refer to your summary plan description and fund fact sheets for more information about plan investment options, investment related expenses, any plan restrictions or charges applicable to terminated employees, payment options, and any other special rules that may impact your distribution decision. If you elect to receive a distribution that you roll over to another eligible retirement plan such as an IRA, the investment options offered under your current employer's plan (e.g., mutual funds, employer stock) may not be available to you or, if available, are likely to carry higher expenses if transferred to an IRA. If you elect to receive a distribution but do not roll it over to another eligible retirement plan, such action triggers taxation (possibly including a 10% penalty), results in loss of future tax-deferred earnings (if any) and may diminish the funds available to you for retirement purposes. For additional information about plan investment options (and related fees), plan restrictions or charges applicable to terminated employees who defer receiving a distribution, or if you have other questions regarding your right to defer a distribution, and the consequences of failing to defer, please contact Prudential at the number provided on your benefit statement.

For Payments Not From a Designated Roth Account

This notice describes the rollover rules that apply to payments from your employer's plan (the "Plan") that are not from a designated Roth account (a type of account with special tax rules in some employer plans). A different notice is provided for payments from a designated Roth account.

YOUR ROLLOVER OPTIONS

This notice is provided to you because all or part of the payments that you may receive from the Plan may be eligible for rollover to an IRA or an eligible employer plan. This notice is intended to help you decide whether to do such a rollover. If you have additional questions after reading this notice, you can contact your Plan Administrator.

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

GENERAL INFORMATION ABOUT ROLLOVERS

How can a rollover affect my taxes?

You will be taxed on a payment from the Plan if you do not roll it over. If you are under age 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).

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

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.

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. You should contact the 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 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).

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?

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.

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 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;
- 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 distributions 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 the 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).

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

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 the 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 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

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.

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. 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).

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

If you were born on or before January 1, 1936

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

If 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 paid directly as premiums to an accident or health plan (or a qualified long-term care insurance contract) that your employer maintains for you, your spouse, or your dependents, up to a maximum of $3,000 annually. For this purpose, a public safety officer is a law enforcement officer, firefighter, chaplain, or member of a rescue squad or ambulance crew.

If you roll over your payment to a Roth IRA

If you roll over 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 may be able to 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. However, if you made a direct rollover to a designated Roth account in the Plan from a designated Roth account in a plan of another employer, the 5-year period begins on January 1 of the year you made the first contribution to the designated Roth account in the Plan or, if earlier, to the designated Roth account in the plan of the other employer. Payments from the designated Roth account that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10% additional income tax on early distributions (unless an exception applies).

If you are not a Plan participant

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

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

An IRA you treat as your own is treated like any other IRA of yours, so that payments made to you before you are age 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).

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

Payments under a qualified domestic relations order. If you are the spouse or former spouse of the participant who receives a payment from the Plan under a qualified domestic relations order (QDRO), you generally have the same options and the same tax treatment that the participant would have (for example, you may roll over the payment to your own IRA or an eligible employer plan that will accept it). 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 (not including payments from a designated Roth account in the Plan), the Plan is not required to allow you to do a direct rollover and is not required to withhold federal income taxes. However, you may do a 60-day rollover.

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

If you expatriate from the U.S., you may be subject to special rules, and should consult with your personal tax advisor to determine if you are required to provide Prudential with IRS Form W-8CE.

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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