

# Death benefit claim request

## Is this the correct form?

**This form can be used for death benefit claims.** You can use this form if you are a beneficiary listed on the deceased participant's account and would like to retain or distribute your portion of the participant's retirement account.

- Do not use this form to purchase an annuity; another form is required.

If you have questions or need assistance completing this form, call the Lincoln Customer Contact Center at 1-800-234-3500 or contact your retirement plan representative.



**Please use this checklist to gather and submit ALL required information. Missing information will cause a delay in processing your claim:**

- Copy of the Death Certificate showing the participant's manner of death
- For each beneficiary, a completed and signed copy of this form

## 1 Tell us about the deceased.

Name (first, MI, last, suffix)

SSN

 -  - 

Plan ID (refer to the included letter)

Date of birth (mm/dd/yyyy)

 /  / 


Date of death (mm/dd/yyyy)

 /  / 

## 2 Tell us about yourself (claimant).



**Claimant's name:** If you are acting on behalf of a Trust, Estate, or other entity as beneficiary, please print the name of the Trust, Estate, or Entity.

Name (first, MI, last, suffix) 

SSN

 -  - 

Mailing address

Mobile

 -  - 

City

State

Zip

Phone

 -  - 

Email

Date of birth (mm/dd/yyyy)

 /  / 

Relationship to the deceased




**Trustee of a Trust:** If you are a Trustee of a Trust which is a named beneficiary under this plan, a copy of the signed trust is required.




**If you are Disabled or Chronically ill:** Lincoln will rely upon your self-certification that you have met the requirements to be considered disabled or chronically ill. You will be responsible for documenting and retaining any and all information that the IRS may require to support this claim.

**You Citizenship status:** If you are a resident of a foreign country, you must complete IRS Form W-8BEN. If you are a citizen of the United States or a resident alien (with a green card) living in the United States, you must complete Form W-9.

I am a named beneficiary under this plan as a(an) (choose one)

- Individual
- Trustee of a Trust 
- Executor of an Estate
- Other, please explain:

I am Disabled as defined in Code §72(m)(7) or Chronically ill as defined in Code §7702B(c)(2). 

I am not a U.S. citizen. 

Country of citizenship:

# Death benefit claim request

**i** **If you do not want to keep your death benefit:**  
Please mail to Lincoln, at the address provided on page 5, a notarized letter disclaiming your death benefit.

**Inherited balances less than \$5,000:** The entire account must be withdrawn or rolled over.

**For partial payments:**  
Restrictions may apply to options (where noted) on this form depending on the plan. Please contact Lincoln or the plan administrator/employer to discuss what options are available.

**i** **Life Expectancy payments** are not available to all beneficiaries. Before electing you should consult with your legal or tax advisor.

## 3 What would you like to do with your benefits?

### Amount options (choose only one option from all options below) **i**

#### A. Leave assets in account

- Leave 100% in a beneficiary account established in my name. (Skip to Step 7 to set up your beneficiaries.)

#### B. Withdrawal

- CASH
  - Send me 100% of my benefit (This will close your account. Skip to Step 5.)
  - Send me part of my benefit in the amount of \$  and leave the remainder in my account. (Dollar amount must be provided. Restrictions may apply, depending on the plan.) **i**
    - This is a one-time payment. (Skip to Step 5.)
    - I would like systematic payments. (Proceed to Step 4.)
- ROLLOVER
  - Roll over 100% of my benefit to the institution listed in Step 5. (Skip to Step 5 and complete Section C.)
  - Send me part of my benefit in the amount of \$  and roll over the remainder of my benefit to the institution listed in Step 5. (Dollar amount must be provided. Skip to Step 5 and complete Section A or Section B, complete Section C.)

#### C. Life Expectancy payments **i**

- Establish Life Expectancy payments (Proceed to Step 4.)

The total amount you receive may be impacted by tax withholding.

**If applicable, your distribution will automatically include the Lincoln PathBuilder Income® investment option\* or Income America\* 5ForLife target-date funds. This may result in an excess withdrawal. An excess withdrawal may reduce your income base.** Please let us know if you want to exclude it from your distribution.

- I do not want to include the Lincoln PathBuilder Income® investment option\* nor Income America\* 5ForLife target-date funds in my distribution.

\* Not available in New York.

## 4 When and how often should we send your systematic payment?

**Complete this section only if you want systematic partial cash payments. Rollover and Life Expectancy payments are not eligible for systematic payments.**

We will change any existing payment schedule and amount to what you elect on this form.

I would like to start my payments (choose one)

- Immediately
- Scheduled to a future date within the next 30 days, on (mm/dd)  /  . **i**  
(Restrictions may apply depending on the plan.) **i**

I would like my payments sent every (choose one)

- Month  3 months  6 months  12 months

**i** **Scheduled withdrawals:** If your form is received after the date provided or you do not specify a day and month, we will change this date to the date this form is received.

# Death benefit claim request

**i Direct Deposit:** If your bank account information is illegible or incomplete, Lincoln will issue a check and mail to your address on file.

**Please note:** We cannot direct deposit to reloadable bank cards.

**i If you direct deposit to a checking account:** To ensure accuracy, please include a photo copy of a voided check.

**If you direct deposit to a savings account:** To ensure accuracy, please include a verification of deposit from your financial institution.

**i ROLLOVER INFORMATION**  
**If you have Roth and/or after tax money,** please verify that your receiving company will accept your rollover.


**When requesting a rollover of pre-tax money to a Roth IRA** you will still be liable for payment of federal and state income tax, if applicable, at the time you prepare your personal tax filing. You may wish to discuss your personal tax liability with a qualified tax advisor.

**Receiving company information:** If your receiving company information is incomplete or inaccurate, we will issue the check to the receiving company but mail it to your address. You will be responsible for mailing the check to the receiving company to complete the rollover.

**If you are not the spouse of the participant** and you want to roll over a portion or all of your benefit you must roll the funds into an Inherited IRA.

## 5 How would you like to receive your payment?

### I would like my payment to be sent as a (choose one)

A.  Direct deposit to my personal bank account as described here: **i** 

Select this box if this is a savings account:

Name as it appears on your account

Bank transit/ABA number (9-digits)

Financial institution

Account number

B.  Check, mailed to my address on file.

C.  Rollover to the institution as described here: **i**

If your beneficiary account includes after-tax contributions, Lincoln will automatically include them in this rollover unless you check this box:  Do not include after tax amounts in this rollover.

Receiving company name (payable to)

Account number

Street address

City

State

Zip

Type of receiving plan:

- 401(k)  403(b)  401(a)  457(b) governmental  
 Individual Retirement Account (IRA) (Traditional, SEP, SIMPLE, Inherited, etc.)  
 Roth IRA  Defined benefit plan

### The amount you receive:

The total amount you receive from this distribution will be reduced by the total amount of taxes withheld. Depending on your available balance, you may adjust your requested distribution amount to account for additional taxes that may be assessed as part of your tax liability.


 Continue to the next page for additional information.

# Death benefit claim request

**i Tax withholding:** Withholding will only apply to the taxable portion of any amount paid to you in cash. If you elect to rollover your entire distribution, no federal tax withholding is required.

**Important:**

- For pre-tax amounts that are directly rolled over to a Roth IRA (a Roth rollover conversion), mandatory withholding is not required, but the amounts converted from pre-tax will be included in your taxable income.
- If you have too little tax withheld, you will generally owe tax when you file your tax return and may owe a penalty unless you make timely payments of estimated tax. If too much tax is withheld, you will generally be due a refund when you file your tax return.
- The amount of your distribution that is not rolled over may be subject to an additional 10% early distribution penalty tax. This penalty tax will be assessed when you file your tax return and is not automatically included in your tax withholding for this distribution.


 **IRS Form W-4R:** This form can be found by searching on the IRS website [www.irs.gov](http://www.irs.gov) for W-4R.

**If no option is selected on this form, and you do not submit a valid IRS Form W-4R with your distribution form, Lincoln will apply the default withholding percentage from your payment.** Please consult your tax advisor with any questions on making your tax withholding election.

## 6 How do taxes impact your distribution?


No taxes will be withheld from amounts paid in a direct rollover.

Lincoln will withhold taxes from the taxable amount of the distribution that is paid to you in cash. If applicable, Lincoln will apply the rates detailed below and will automatically send the withholdings to the IRS and/or state on your behalf. For more information on federal tax withholdings, please refer to the Special Tax Notice included with this form and the IRS Form W-4R, Withholding Certificate for Nonperiodic Payments and Eligible Rollover Distributions (IRS Form W-4R).


• **Federal tax (if applicable)** 

Your withholding options are based on whether your distribution is considered an eligible rollover distribution.<sup>1</sup>

- For amounts that are eligible for rollover, the withholding options are as follows:

- Apply the mandatory federal tax withholding rate of 20%.
- I am enclosing an IRS Form W-4R to elect a federal tax withholding rate of more than 20% (you may not elect a lower rate or opt out). 

- For amounts that are not eligible for rollover, the withholding options are as follows:

- Apply the voluntary default federal tax withholding rate of 10%.
- Do not withhold federal income tax.\*
- I am enclosing an IRS Form W-4R to elect another federal tax withholding rate.\* 

\*You cannot choose less than 10% for payments to be delivered outside the United States and its possessions.

**If you have an outstanding loan** and you are electing a total distribution of your non-loan balance, your loan will offset. To the extent that the offset results in taxable income, this amount will be added to the taxable amount of your cash distribution when determining the federal income tax that is withheld.

<sup>1</sup>**Eligible rollover distribution** is a distribution other than: a hardship; a required minimum distribution (RMD); or a series of periodic payments expected to be paid over at least 10 years or over your life/life expectancy or joint life/life expectancies of you and your beneficiary.

• **State tax (if applicable)**

State tax is automatically calculated and based on your residence on file.

- Check this box if you are attaching your state's applicable withholding certificate to make an alternative election.

 **Continue to the next page for additional information.**

# Death benefit claim request

## Beneficiary information

Complete this section ONLY if you will have remaining funds in your account. If you do not elect a beneficiary, the payment will default to your estate.



### Primary beneficiary:

At least one primary beneficiary must be provided, if completing this section.

**Beneficiary percentages** must be in whole numbers only. The total percentage of all primary beneficiaries must equal 100% and the total percentage of all contingent beneficiaries must equal 100%.



**Trust as a beneficiary:** If you designate a trust as a beneficiary, a copy of the signed trust is required. If the trust is amended in the future, any amendments must be provided to Lincoln.

## 7 Designate your beneficiaries.

The following individual(s) will be my beneficiary or beneficiaries. If any primary or contingent beneficiary dies before me, their interest and the interest of their heirs will terminate completely. The percentage share of any remaining beneficiary or beneficiaries will acquire the designated share of my balance.

Primary
  Contingent
  Spouse
  Non-spouse i
 Trust 
 Other

Name (first, MI, last, suffix)			SSN
Street address			Phone
City	State	Zip	Date of birth/trust (mm/dd/yyyy)
Email			Percentage %

Primary
  Contingent
  Spouse
  Non-spouse i
 Trust 
 Other

Name (first, MI, last, suffix)			SSN
Street address			Phone
City	State	Zip	Date of birth/trust (mm/dd/yyyy)
Email			Percentage %

Primary
  Contingent
  Spouse
  Non-spouse i
 Trust 
 Other

Name (first, MI, last, suffix)			SSN
Street address			Phone
City	State	Zip	Date of birth/trust (mm/dd/yyyy)
Email			Percentage %

Primary
  Contingent
  Spouse
  Non-spouse i
 Trust 
 Other

Name (first, MI, last, suffix)			SSN
Street address			Phone
City	State	Zip	Date of birth/trust (mm/dd/yyyy)
Email			Percentage %

## Do you have additional beneficiaries?

To name more beneficiaries than this space permits, please complete and sign an additional Death Benefit Distribution Request form.

Blue text denotes required fields.

# Death benefit claim request

## 8 Sign and date this form.

### Did you know?

**If you move this year:** Please update your address to receive your tax documents for use when you file your income taxes.

**To update your address** call Lincoln.



**Backup withholding:** The Internal Revenue Service requires your certification regarding backup withholding. Only check this box if you were notified by the IRS that you are subject to backup withholding.

### By signing below, I certify that:

- I have read and understand the Important Fraud Notice and Important Information sections.
- I have received the Special Tax Notice, and if applicable, I waive the required 30-day notice period before receiving my distribution.
- My answers on this form and any documents I have attached are true and accurate.
  - i. The Social Security Number or Federal Tax Identification Number shown on this form is my correct taxpayer identification number, or I am waiting for a number to be issued to me; and
  - ii. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding and  
 Check this box if item (ii) is not applicable to you because you have been notified by the IRS that you are currently subject to backup withholding, because you failed to report all interest and dividends on your tax return. **i**
  - iii. I am a U.S. person (including a U.S. resident alien); and
  - iv. The FATCA code(s) entered on this form or the W8BEN form(s), if any, indicating that I am exempt from FATCA reporting is correct.
  - v. Exemption from FATCA reporting code (if any)
- If there are not enough funds in the retirement account for the amount requested, Lincoln will process the withdrawal from the amount available.
- If applicable to this plan, I have received the Qualified Preretirement Survivor Annuity (QPSA) notice; waive the normal QPSA form of payment; and instead, elect to receive the death benefit as detailed on this form.
- If I am a New York resident, I understand that any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime and shall also be subject to civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation.

Your signature (Please sign with a pen. We cannot accept electronic signatures.)

Today's date (mm/dd/yyyy)

 /  / 

### Did you remember to:

- Print, sign and date this form?
- Attach any necessary documents?
- If faxing, include both the front and back of ALL pages of the form?

### Questions?



**VISIT**  
LincolnFinancial.com or



**CALL**  
1-800-234-3500,  
M - F, 8 am - 8 pm ET

### Return all documents to:

#### EMAIL

DeathClaimForms@LFG.com  
(Accepted format: .pdf, .tif, .png)

#### FAX

Lincoln Retirement Services  
Company, LLC  
260-455-9975

#### MAIL

Lincoln Retirement Services  
Company, LLC  
P.O. Box 7876  
Fort Wayne, IN 46801-7876

#### EXPRESS MAIL

Lincoln Retirement Services  
Company, LLC  
1301 S. Harrison Street  
Fort Wayne, IN 46802-3506

# Death benefit claim request

**Participant information:**

If participant information is incomplete, Lincoln will use the information currently on file.

## Plan administrator/employer use only.

Complete the following participant information:

- Was the employee 100% vested at death?  Yes  No

If no, please provide the vested percentage:

- The employee's vested percentage in employer match contributions is  %.

- The employee's vested percentage in other employer contributions is  %.

I authorize Lincoln to proceed with the elections made on this form.

Plan administrator's name

Plan administrator's signature

Today's date (mm/dd/yyyy)

 /  / 

### Plan administrator return all documents to:

**• FAX**

Lincoln Retirement Services  
Company, LLC  
260-455-9975

**• EMAIL**

DeathClaimForms@LFG.com  
(Accepted format: .pdf, .tif, .png)

**• MAIL**

Lincoln Retirement Services  
Company, LLC  
P.O. Box 7876  
Fort Wayne, IN 46801-7876

**• EXPRESS MAIL**

Lincoln Retirement Services  
Company, LLC  
1301 S. Harrison Street  
Fort Wayne, IN 46802-3506

**IMPORTANT INFORMATION**

There are restrictions on the amount that can be withdrawn from the Lincoln Fixed Account/Lincoln Stable Value Account/Lincoln Stable Value Separate Account in a 12-month period. Transfers from the Lincoln Stable Value Account/Lincoln Stable Value Separate Account may be subject to a 90-day equity wash.

Lincoln Financial Group® affiliates, their distributors, and their respective employees, representatives, and/or insurance agents do not provide tax, accounting, or legal advice. Clients should consult their own independent advisor as to any tax, accounting or legal statements made herein. We recommend that you consult a tax advisor regarding the distribution rules as they pertain to your personal circumstances.

**Continue to the next page for additional information.**

This page is intentionally left blank.



# Important fraud notice

**Residents of all states except Alabama, Arkansas, California, Colorado, District of Columbia, Florida, Kansas, Kentucky, Louisiana, Maine, Maryland, New Jersey, New Mexico, New York, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, Tennessee, Vermont, Virginia and Washington, please note:** Any person who knowingly, and with intent to defraud any insurance company or other person, files or submits an application or statement of claim containing any materially false or deceptive information, or conceals, for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime and may subject such person to criminal and civil penalties.

**For Alabama residents only:** Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or who knowingly presents false information in an application for insurance is guilty of a crime and may be subject to restitution fines or confinement in prison, or any combination thereof.

**For Arkansas, Louisiana, and Rhode Island residents only:** Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

**For California residents only:** Any person who knowingly presents false or fraudulent information to obtain or amend insurance coverage or to make a claim for the payment of a loss is guilty of a crime and may be subject to fines and confinement in state prison.

**For Colorado, Kentucky, Maine, and Tennessee residents only:** Any person who, knowingly and with intent to injure, defraud or deceive any insurance company or other person, files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and may subject such person to criminal and civil penalties, fines, imprisonment, or a denial of insurance benefits.

**For District of Columbia residents only:** WARNING: it is a crime to provide false or misleading information to an insurer for the purpose of defrauding the insurer or any other person. Penalties include imprisonment and/or fines. In addition, an insurer may deny insurance benefits if false information materially related to a claim was provided by the applicant.

**For Florida residents only:** Any person who knowingly and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete, or misleading information is guilty of a felony of the third degree.

**For Kansas residents only:** Any person who knowingly, and with intent to defraud any insurance company or other person, files or submits an application or statement of claim containing any materially false or deceptive information, or conceals, for the purpose of misleading, information concerning any fact material thereto, may be guilty of fraud as determined by a court of law.

**For Maryland residents only:** Any person who knowingly or willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly or willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

**For New Jersey residents only:** Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties.

**For New Mexico residents only:** Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to civil fines and criminal penalties.

**For New York residents only:** Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime and shall also be subject to civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation.

**For Ohio residents only:** Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud.

**For Oklahoma residents only:** WARNING: Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony.

**For Oregon residents only:** Any person who knowingly, and with intent to defraud any insurance company or other person, files or submits an application or statement of claim containing any materially false or deceptive information, or conceals, for the purpose of misleading, information concerning any fact material thereto, may commit a fraudulent insurance act, which may be a crime and may be subject such person to criminal and civil penalties.

**For Pennsylvania residents only:** Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.

**For Vermont residents only:** Any person who knowingly presents a false statement in an application for insurance may be guilty of a criminal offense and subject to penalties under state law.

**For Virginia residents only:** Any person who, with the intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement may have violated the state law.

**For Washington residents only:** It is a crime to knowingly provide false, incomplete, or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines, and denial of insurance benefits.

## IMPORTANT INFORMATION

Affiliates of Lincoln National Corporation include, but are not limited to, The Lincoln National Life Insurance Company, Lincoln Life & Annuity Company of New York, Lincoln Retirement Services Company, LLC, and Lincoln Financial Group Trust Company, Inc., separately and collectively referred to as "Lincoln."

Lincoln Financial Group is the marketing name for Lincoln National Corporation and its affiliates. Affiliates are separately responsible for their own financial and contractual obligations.

This page is intentionally left blank.

# Special tax notice regarding plan payment from non-Roth and designated Roth accounts

## Your rollover options

You are receiving this notice because all or a portion of a payment you are receiving from an employer-sponsored retirement plan ("Plan") may be eligible to be rolled over to an IRA, an employer plan, or Roth IRA. This notice is intended to help you decide whether to do such a rollover.

This notice describes the rollover rules that apply to payments that are from a "designated Roth account" (an account for after-tax, Roth elective deferral contributions), and employer or matching contributions that may be treated as Roth contributions and payments from a "non-Roth account" (generally an account with pre-tax employee and employer contributions). If you are only receiving a payment from one of these types of accounts, you need only read the sections of this notice that apply to that type of account. If you are receiving payments from both types of accounts, you should read the entire notice. In addition, the Plan administrator or payor will tell you the amount that is being paid from each account if you are receiving payments from both types of accounts.

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?

#### Non-Roth account

You will be taxed on a payment from a non-Roth account under 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 to the 10% additional income tax applies).

#### Designated Roth account

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 portion of the payment that is earnings. If you are under age 59½, a 10% additional income tax on the 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?

#### Non-Roth account

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

#### Designated Roth account

You may roll over the payment from a designated Roth account 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 457(b) 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, Roth IRAs are not subject to spousal consent rules, 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 (or, beginning January 1, 2024, rollover to a designated Roth account in an employer plan), you will not be required to take a distribution from the Roth IRA (or designated Roth account in an employer plan, beginning January 1, 2024) during your lifetime and you must keep track of the aggregate amount of the after-tax contributions in all of your Roth

# Special tax notice regarding plan payment from non-Roth and designated Roth accounts

IRAs (and designated Roth account in each employer plan) in order to determine your taxable income for later Roth IRA distributions (and distributions from a designated Roth account in an employer plan) 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 either do a direct rollover or a 60-day rollover.

### Non-Roth account

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

**If you do not do a direct rollover**, you may still do a rollover by making a deposit into an IRA or eligible employer plan that will accept it. 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 account

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

**If you do not do a direct rollover**, you may still do a rollover by making a deposit (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 roll over 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 make up for the 20% withheld.

## How much may I roll over?

The following rules are the same for both non-Roth and designated Roth accounts.

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

- Certain payments spread over a period of at least 10 years or over your life or life expectancy (or the joint lives or joint life expectancies of you and your beneficiary)
- Required minimum distributions after age 70½ (if you were born before July 1, 1949), after age 72 (if you were born after June 30, 1949, and before January 1, 1951), after age 73 (if you were born after December 31, 1950) or after death
- Hardship distributions
- Payments of employee stock ownership plan (ESOP) dividends
- Corrective distributions of contributions that exceed tax law limitations
- Loans treated as deemed distributions (for example, loans in default due to missed payments before your employment ends)
- Cost of life insurance paid by the Plan
- Payments of certain automatic enrollment contributions that you request to withdraw within 90 days of your first contribution
- Amounts treated as distributed because of a prohibited allocation of S corporation stock under an ESOP (also, there generally will be adverse tax consequences if you roll over a distribution of S corporation stock to an IRA)
- Distributions of certain premiums for health and accident insurance.

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

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

### Non-Roth account

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 account

If the 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.

## Both Non-Roth accounts and designated Roth accounts

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

# Special tax notice regarding plan payment from non-Roth and designated Roth accounts

- Payments that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the joint lives or joint life expectancies of you and your beneficiary)
- Payments from a governmental retirement plan made after you separate from service if you are a qualified public safety employee and you (1) will be at least age 50 in the year of the separation or (2) have at least 25 years of service under the plan. The term "qualified public safety employee" generally means public safety employees of a state, political subdivision of a state; and specified federal law enforcement officers, federal customs and border protection officers, federal firefighters and air traffic controllers
- Payments from a tax-qualified plan or section 403(b) plan made after you separate from service if you are an employee who provides firefighting services and you (1) will be at least age 50 in the year of separation or (2) have at least 25 years of service under the plan.
- Payments made due to disability
- Payments made while you are terminally ill
- Payments after your death
- Payments of ESOP dividends
- Corrective distributions of contributions that exceed tax law limitations
- Cost of life insurance paid by the Plan
- Payments made directly to the government to satisfy a federal tax levy
- Payments made under a qualified domestic relations order (QDRO)
- Payments of up to \$5,000 made to you from a defined contribution plan if the payment is a qualified birth or adoption distribution
- Payments up to the amount of your deductible medical expenses (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 that you request to withdraw within 90 days of your first contribution
- Payments of up to \$22,000 made in connection with federally declared disasters
- Phased retirement payments made to federal employees (non-Roth)
- Certain payments if you are a domestic abuse victim (beginning January 1, 2024)
- Payments related to personal or family emergency expenses (beginning January 1, 2024)

## If I do a rollover to an IRA (or Roth IRA for payments from a designated Roth account) will the 10% additional income tax apply to early distributions from the IRA?

### Non-Roth account

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 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 exceptions for payments made after you separate from service if you will be at least age 55 in the year of separation (or age 50 or following 25 years of service for qualified public safety employees and employees providing firefighting services) do 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.

Additional exceptions apply for payments from an IRA, including:

- Payments for qualified higher education expenses
- Payments up to \$10,000 used in a qualified first-time home purchase
- 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).

### Designated Roth account

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 listed above are the same as the exceptions for early distributions from a plan. However, there are a few differences for payments from a Roth IRA, including:

- The exceptions for payments made after you separate from service if you will be at least age 55 in the year of separation (or age 50 or following 25 years of service for qualified public safety employees and employees providing firefighting services) do not apply.
- The exceptions 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.

Additional exceptions apply for payments from an IRA, including:

- Payments for qualified higher education expenses
- Payments up to \$10,000 used in a qualified first-time home purchase
- 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).
- Payments of net income attributable to an excess IRA contribution



# Special tax notice regarding plan payment from non-Roth and designated Roth accounts

made in a calendar year where such amounts are distributed by tax return deadline for the year (including extensions) and no deduction is allowed for the excess contribution.

## Will I owe State income taxes?

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

## Special rules and options

### If your payment includes after-tax contributions

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

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

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

### If you miss the 60-day rollover deadline

Generally, the 60-day rollover deadline cannot be extended. However, the IRS has the limited authority to waive the deadline under certain

extraordinary circumstances, such as when external events prevented you from completing the rollover by the 60-day rollover deadline. 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, 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

#### Non-Roth account

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

#### Designated Roth account

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, generally, the 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

#### Non-Roth account

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

# Special tax notice regarding plan payment from non-Roth and designated Roth accounts

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 (such as a failure to make level loan repayments that result in a deemed distribution), then you have 60 days from the date the offset occurs to complete your rollover.

## Designated Roth account

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. 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.

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. If the lump sum distribution is a nonqualified distribution from a designated Roth account 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 (applicable to both non-Roth and designated Roth accounts)

If the Plan is a governmental section 457(b) plan, the same rules that are

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 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 (including nonqualified distributions from a designated Roth account) paid 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 are not a Plan participant

### Non-Roth account

**Payments after death of the participant.** If you receive a distribution after the participant’s death that you do not roll over, the distribution generally will be taxed in the same manner described elsewhere in this notice (the sections applicable to payments from non-Roth accounts). 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 deceased 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

# Special tax notice regarding plan payment from non-Roth and designated Roth accounts

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 the participant was born before July 1, 1949), age 72 (if the participant was born after June 30, 1949 and before January 1, 1951), or age 73 (if the participant was born after December 30, 1950).

**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 QDRO.** If you are the spouse or a 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 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.

## Designated Roth account

**Payments after death of the participant.** If you receive a distribution after the participant's death that you do not roll over, the distribution generally will be taxed in the same manner described elsewhere in this notice (the sections applicable to payments from designated Roth accounts). However, 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. Also, 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 deceased 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 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 59½ 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 the participant was born before July 1, 1949), age 72 (if the participant was born after June 30, 1949 and before January 1, 1951), or age 73 (if the participant was born after December 31, 1950).

**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 Roth IRA. Payments 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 Roth IRA.

**Payments under a QDRO.** If you are the spouse or a former spouse of the participant who receives a payment from the Plan under a QDRO from a designated Roth account, you generally have the same options and the same tax treatment the participant would have (for example, you may roll over the payment to your own Roth IRA or a designated Roth account in an eligible employer plan that will accept it).

## If you are a nonresident alien

### Non-Roth account

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*.

### Designated Roth account

If you are a nonresident alien, you do not do a direct rollover to a U.S. IRA or U.S. employer plan, and the payment is not a qualified distribution, the Plan is generally required to withhold 30% (instead of withholding 20%) of the earnings 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*.

## If you have a non-Roth account and 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



# Special tax notice regarding plan payment from non-Roth and designated Roth accounts

by any after-tax amounts) will be taxed. In general, the 10% additional income tax on early distributions will not apply. However, if you take the amount rolled over out of the Roth IRA within the 5 year period that begins on January 1 of the year of the rollover, the 10% additional income tax will apply (unless an exception applies).

If you roll over the payment to a 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. In general, the 10% additional tax on early distributions will not apply. However, if you take the amount rolled over out of the Roth IRA within the 5-year period that begins on January 1 of the year of the rollover, the 10% additional income tax will apply (unless an exception applies).

If you roll over the payment to a designated Roth account in the Plan, later payments from the designated Roth account that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a designated Roth account is a payment made both after you are age 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). With respect to taxable years beginning after 2023, you are not required to take required minimum distributions from a designated Roth account during your lifetime.

If your Plan does not provide for designated Roth Accounts, the above rules will not apply. See the "Designated Roth account" section under "What types of retirement accounts and plans may accept my rollover"

above for the rules applicable to rollovers from a designated Roth account to a Roth IRA.

## If your payment is subject to the mandatory cashout rules

### Non-Roth account

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). For distributions after December 31, 2023, a plan may raise the \$5,000 cashout threshold to \$7,000.

Not every plan provides for mandatory cashouts. If your Plan does not provide for mandatory cashouts, the above rules will not apply. Some plans may require mandatory rollover of \$1,000 or less be directly rolled over to an IRA. For more information about the Plan's cashout rules, check with the Plan administrator and/or refer to the Plan's summary plan description (SPD).

### Designated Roth account

Unless you elect otherwise, a mandatory cashout from a 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). For distributions after December 31, 2023, a plan may raise the \$5,000 cashout threshold to \$7,000.

Not every plan provides for mandatory cashouts. If your Plan does not provide for mandatory cashouts, the above rules will not apply. Some plans may require mandatory rollover of \$1,000 or less be directly rolled over to a Roth IRA. For more information about the Plan's cashout rules, check with the Plan administrator and/or refer to the Plan's summary plan description (SPD).

## Other special rules (applicable to both non-Roth and designated Roth accounts)

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

If your payments for the year are less than \$200, 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 can do a 60-day rollover.

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

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

# Special tax notice regarding plan payment from non-Roth and designated Roth accounts

rollover rights related to disaster relief, see the IRS website at [www.irs.gov](http://www.irs.gov).

## Are there consequences of failing to defer distributions until retirement?

Saving adequately for retirement is one of the most important decisions you will make during your employment years. For participants that have recently severed employment, (1) electing to leave your account in your former employer's retirement Plan, (2) rolling the account to a Roth IRA, IRA or new employer's plan, or (3) taking the distribution in cash is a decision that should be weighed very carefully in order to meet your long-term savings goals. Factors you should consider include:

- Generally, if your vested account balance is more than \$5,000, you may leave your retirement account with your previous employer's Plan until the later of age 62 or the date you reach the plan's normal retirement age.
- As an investor, with an ultimate goal of saving the maximum for retirement while also managing investment risk, you should review the investment fees and administrative costs associated with your current Plan, any future employer's Plan and various IRAs that are available in the marketplace. Such investment fees and administrative costs may be lower in your employer's plan than you will be able to find elsewhere.
- Electing to take a distribution in cash now may cause you to have insufficient funds to retire. In addition, distributions of non-Roth and earnings from designated Roth accounts are subject to federal income tax and, based on your specific circumstance, an

additional 10% tax may apply. You should carefully consider how you will make up these contributions and accumulate adequate earnings in order to retire when you would like.

## Additional information regarding payout options

This notice summarizes the federal tax rules that may apply to your payment. You are encouraged to obtain further information from your Plan administrator describing payout alternatives and expenses specific to your Plan. A Summary Plan Description (SPD), for 401(a), including 401(k), and ERISA 403(b) plans, can also be a valuable resource as you weigh your distribution/rollover options. Investment prospectus(es) or investment profiles are also a valuable source for fee/expense comparisons. To view information regarding fees and expenses, please visit [LincolnFinancial.com](http://LincolnFinancial.com).

## 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 an employer plan 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](http://www.irs.gov), or by calling 1-800-TAX-FORM.