

Instructions: Use this form to request a withdrawal from an LPL-sponsored 403(b)(7) custodial account. Automated Clearing House (ACH) requests must be **original** and mailed to LPL. **Mail or fax the completed form to Retirement Accounts, P.O. Box 509045, San Diego, CA 92150-9045, fax (858) 550-8071.**

1.	LPL Account Number <input style="width: 95%;" type="text"/>	Rep ID <input style="width: 95%;" type="text"/>
	Client Name <input style="width: 95%;" type="text"/>	Date of Birth <input style="width: 95%;" type="text"/>

2.	<p>Reason for Withdrawal</p> <p>A. These types of withdrawals are eligible for rollover and therefore subject to mandatory 20% withholding for amounts that are not rolled over.</p> <p>Please complete both the Direct Rollover Option and Triggering Event sections below.</p> <p>Direct Rollover Option:</p> <p><input type="radio"/> This will be a rollover to another qualified plan, 403(b) or governmental 457</p> <p><input type="radio"/> This will be a rollover to an IRA</p> <p><input type="radio"/> These assets will not be rolled over to another retirement plan</p> <p>Triggering Event:</p> <p><input type="radio"/> Distribution after normal retirement age</p> <p><input type="radio"/> Separation from service</p> <p style="padding-left: 20px;">Did you separate from service during the year in which you obtained age 55 or older? <input type="radio"/> Yes <input type="radio"/> No</p> <p><input type="radio"/> Disability distribution—Attach disability award letter or signed physician letter</p> <p>B. These types of withdrawals are not eligible to be rolled over and therefore are not subject to the mandatory 20% withholding.</p> <p><input type="radio"/> Required minimum distribution after age 70½</p> <p><input type="radio"/> Hardship withdrawal</p> <p><input type="radio"/> Distribution from a beneficiary 403(b)(7)</p> <p><input type="radio"/> Death of account holder—Attach a certified copy of the death certificate to transfer the original account to an LPL beneficiary account</p> <p><input type="radio"/> Substantially equal series distribution / 72(t), under age 59½ and separated from service</p> <p><input type="radio"/> Qualified domestic relations transfer—Attach official court documents</p> <p><input type="radio"/> Loan withdrawal—A \$50 one-time fee will be assessed to the account</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%;">Beginning Date</td> <td style="width: 50%;">Frequency of payments</td> </tr> <tr> <td><input style="width: 95%;" type="text"/></td> <td><input style="width: 95%;" type="text"/></td> </tr> <tr> <td>Maturity Date (not to exceed 5 years unless primary residence)</td> <td>Annual Percentage Rate (usually prime rate + one)</td> </tr> <tr> <td><input style="width: 95%;" type="text"/></td> <td><input style="width: 95%;" type="text"/></td> </tr> </table>	Beginning Date	Frequency of payments	<input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>	Maturity Date (not to exceed 5 years unless primary residence)	Annual Percentage Rate (usually prime rate + one)	<input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>
Beginning Date	Frequency of payments								
<input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>								
Maturity Date (not to exceed 5 years unless primary residence)	Annual Percentage Rate (usually prime rate + one)								
<input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>								

3.	<p>Distribution Options</p> <p><input type="radio"/> Total Distribution (Account will be closed and applicable fees assessed):</p> <p style="padding-left: 20px;"><input type="radio"/> Liquidation of assets (coordinate with your financial advisor prior to submitting this request)</p> <p style="padding-left: 20px;"><input type="radio"/> In-kind distribution of the entire account</p> <p><input type="radio"/> One Time Distribution (Brokerage account must maintain a value of at least \$125)</p> <p style="padding-left: 20px;"><input type="radio"/> Payment in the amount of (gross amount before tax withholding)</p> <p style="padding-left: 40px;">\$ <input style="width: 100px;" type="text"/> (Cash and/or cash equivalents must be available in the account prior to submitting this request. For Optimum Market Portfolios and Personal Wealth Portfolios accounts, necessary cash will be made available after submitting the request.)</p> <p style="padding-left: 20px;"><input type="radio"/> In-kind distribution (specify the share quantity and the symbol or description, cannot request in dollars.)</p> <table style="width: 100%; border: none;"> <thead> <tr> <th style="width: 30%;">NUMBER OF SHARES</th> <th style="width: 20%;">SYMBOL</th> <th style="width: 50%;">DESCRIPTION OF ASSET</th> </tr> </thead> <tbody> <tr> <td><input style="width: 95%;" type="text"/></td> <td><input style="width: 95%;" type="text"/></td> <td><input style="width: 95%;" type="text"/></td> </tr> <tr> <td><input style="width: 95%;" type="text"/></td> <td><input style="width: 95%;" type="text"/></td> <td><input style="width: 95%;" type="text"/></td> </tr> <tr> <td><input style="width: 95%;" type="text"/></td> <td><input style="width: 95%;" type="text"/></td> <td><input style="width: 95%;" type="text"/></td> </tr> <tr> <td><input style="width: 95%;" type="text"/></td> <td><input style="width: 95%;" type="text"/></td> <td><input style="width: 95%;" type="text"/></td> </tr> </tbody> </table>	NUMBER OF SHARES	SYMBOL	DESCRIPTION OF ASSET	<input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>
NUMBER OF SHARES	SYMBOL	DESCRIPTION OF ASSET														
<input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>														
<input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>														
<input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>														
<input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>														

3. Distribution Options (continued)

Periodic Distribution (If the distribution day falls on a non-business day, distribution will be paid on the first business day thereafter. Distributions from Optimum Market Portfolios accounts must be in amounts of at least \$500. Distributions occur on the 1st and 15th of the month and take place monthly, quarterly, or semi-annually.)

This is a New Request Change of Instruction

Payment in the amount of (gross amount **before** tax withholding)

\$

Income (dividends, capital gains and fixed income interest)

Frequency Instructions: (if no frequency is selected, monthly distributions will be set up. If no start date is indicated, the first day of the next month will be selected.)

Weekly Monthly Quarterly Semi-annually Annually

First Payment Date: Last Payment Date* (optional):

MM/DD/YYYY MM/DD/YYYY

*Please insure this date falls on a business day.

4. Method of Distribution
(If no election is made, the distribution will be mailed to the address of record via 1st class mail.)

Check or Certificate

1st class mail Federal Express**† Express Mail* Saturday Overnight**† *Additional fee will apply

Send to the Address of Record †Street address only (no P.O. Box)

Send to an alternate name and/or address (validation of client signature in Section 7 is required for 3rd party distribution.)

Check Payable to:

Address:

Optional Special Instructions: (i.e. FBO, mail instructions)

Journal of Assets to LPL Account Number: (validation of client signature in Section 9 is required for 3rd party distribution.)

Fed Fund Wire (Validation of Client Signature in Section 9 is required and an additional fee will apply. Available for one-time distributions over \$5,000.00 only.)

Bank Name	Bank Phone
<input type="text"/>	<input type="text"/>
Bank Address	ABA Number
<input type="text"/>	<input type="text"/>
Bank Account Name	Bank Account Number
<input type="text"/>	<input type="text"/>
Further Credit Name	Further Credit Number
<input type="text"/>	<input type="text"/>

4. Method of Distribution (continued)

ACH Electronic Funds Transfer (Please allow five business days to establish. Validation of client signature in Section 9 is required. Distribution request and voided check must be **original**.)

Bank Name	ABA Number
<input type="text"/>	<input type="text"/>
Bank Account Name	Bank Account Number
<input type="text"/>	<input type="text"/>

Select One

Checking Account—Attach an original pre-printed voided check

Savings Account—Attach a non electronic monthly bank statement including account number, registration, Bank name and logo.

Please note: An acceptable substitution is letter on bank letterhead signed by an officer of the bank verifying ABA number, bank account title, and bank account number.

5. Tax Withholding

By signing this form, I acknowledge that I have read and understand the “Special Tax Notice Regarding Plan Payments” that accompanies this form at least 30 days before requesting this distribution, or by submitting this request before such time, I waive my right to the thirty-day notice. I understand that this tax notice explains the tax options for plan distribution.

Federal Tax Withholding

Under federal law, the custodian is required to withhold federal income tax from distributions that are not direct transfers or direct rollovers. The required tax withholding percentage is based on the reason for the distribution and the method of distribution selected above. You can only elect out of tax withholding if your distribution is not eligible for rollover. You may change your election for future distributions at any time by sending a written request. Whether or not you elect to have taxes withheld from your distribution, you are responsible for the full amount of income tax and any related penalties. If you do not withhold enough tax or make appropriate estimated tax payments, you may be subject to additional penalties.

- Once taxes are withheld from the account and paid to the IRS, they cannot be reversed.
- If withholding is selected the amount withheld must be 10% or greater of the gross distribution amount.

Please do not withhold any federal income taxes.

Please withhold % or \$ on my gross distribution of monies for federal income taxes (at least 10%).

Please withhold \$ from available cash and/or equivalent on my gross distribution of shares/units.

State Tax Withholding

Check one of the following to indicate whether you wish to have state taxes withheld. **State tax withholding may be mandatory regardless of your election below.** Also, state tax withholding is not available for some states and therefore state taxes will not be withheld.

- State tax withholding will be based on your account registration and the table below.
- Periodic distributions will continue at this rate until LPL is notified of a change.

Please do not withhold any state taxes.

Please withhold % or \$ on my gross distribution of monies for state taxes.

Please withhold \$ from available cash and/or equivalent on my gross distribution of shares/units.

5.

Tax Withholding (continued)

State Income Tax Withholding Guidelines

State	Federal Income Tax Withholding Election	State Income Tax Withholding Election and Requirements
CA	Yes	Must withhold 10.00% of federal income tax withheld, unless you specify a state income tax withholding amount
	No	No withholding
	No Instructions	Must withhold 10.00% of federal income tax withholding amount
DE, IA, KS, ME, NE, OK	Yes	Must withhold at least 5.00% of gross distribution
	No	No withholding
	No Instructions	Must withhold 5.00% of gross distribution
GA	Yes	Must withhold at least 6.00% of gross distribution
	No	No withholding
	No Instructions	Must withhold 6.00% of gross distribution
MD	Yes	Must withhold at least 7.75% of gross distribution
	No	No withholding
	No Instructions	Must withhold 7.75% of gross distribution
MA	Yes	Must withhold at least 5.30% of gross distribution
	No	No withholding
	No Instructions	Must withhold 5.30% of gross distribution
NC, VA	Yes	Must withhold at least 4.00% of gross distribution
	No	No withholding
	No Instructions	Must withhold 4.00% of gross distribution
ND	Yes	Must withhold at least 21% of federal income tax withholding amount
	No	No withholding
	No Instructions	Must withhold 21% of federal income tax withholding amount
OR	Yes	Must withhold at least 8.00% of gross distribution, unless you elect no state income tax withholding
	No	No withholding
	No Instructions	Must withhold 8.00% of gross distribution
VT	Yes	Must withhold at least 27% of federal income tax withholding amount
	No	No withholding
	No Instructions	Must withhold 27% of federal income tax withholding amount
AL, CO, CT, DC, ID, IL, IN, KY, LA, MN, NJ, OH, RI, SC, UT, WI, WV	Yes	Voluntary withholding of gross distribution permitted
	No	No withholding
	No Instructions	No withholding
All other states		State income tax withholding is not an available service even if your state has state income taxes

This information is provided as a guideline only, and is not a direction or advise regarding withholding. LPL Financial Corporation advises you to contact your tax professional before making any election regarding state withholding. State law is subject to change and LPL Financial Corporation is not responsible for changes in state law that may affect the accuracy of this guideline.

6.

Client Signature & Certification

I certify that I am the proper party to receive payment(s) from this account and the information provided is true and accurate. I further certify that no tax advice has been given to me by LPL Financial Corporation (LPL), unless my LPL Financial Advisor is employed, as an outside activity, as a duly qualified tax adviser for which separate and distinct consideration has been paid and is unrelated in any way to LPL. All decisions regarding withdrawal(s) are my own. I expressly assume responsibility for tax implications and adverse consequences, which may arise from withdrawal(s), and I agree that LPL shall in no way be held responsible. I understand the tax implications of distribution(s) and understand that it is my responsibility to determine the taxable amount of distribution(s). I certify that if distributions are taken for hardship that I meet the requirements for hardship distributions.

For ACH Requests:

I (we) hereby authorize LPL Financial Corporation (LPL) to initiate credit entries and to initiate, if necessary, debit entries and adjustments for any credit entries in error to the bank indicated, and to credit and/or debit the same such checking account indicated above. This authority is to remain in full force and effect until LPL has received written notification from me of its termination in such time and in such manner as to afford LPL and the bank reasonable opportunity to act on it.

Account Owner Signature

Account Owner Name (print)

Date

Special Tax Notice Regarding 403(b)(7) Plan Payments

This notice contains important information describing how to receive your benefits from your 403(b)(7) Custodial Account. This notice summarizes only the federal (not state or local) tax rules that might apply to your payment. The rules are complex and contain many conditions and exceptions that are not included in this notice. Therefore, you may want to consult with a professional tax advisor before you take a payment of your benefits.

Summary

A payment from your 403(b)(7) Custodial Account that is eligible for "rollover" can be taken in two ways. You can have all or any portion of your payment either 1) PAID IN A "DIRECT ROLLOVER" or 2) PAID TO YOU. A rollover is a payment of your benefits to your traditional individual retirement arrangement (IRA) or to an eligible employer plan that will accept it and hold it for your benefit which you have designated. This choice will affect the tax you owe.

If You Choose a Direct Rollover

- Your payment will not be taxed in the current year and no income tax will be withheld.
- You choose whether your payment will be made directly to your traditional IRA or to an eligible employer plan that accepts your rollover.
- Your payment will be taxed later when you take it out of the traditional IRA or the eligible employer plan.
- Your payment cannot be rolled over to a Roth IRA, SIMPLE IRA, or a Coverdell Education Savings Account. Therefore, for purposes of this Notice, traditional IRA will be referred to as IRA.

If You Choose to Have Your Plan Benefits Paid to You

- You will receive only 80% of the payment, because your 403(b) Custodian is required to withhold 20% of the payment and send it to the IRS as income tax withholding to be credited against your taxes.
- Your payment will be taxed in the current year unless you roll it over. If you receive payment before age 59½, you may also have to pay an additional 10% penalty.
- You can roll over the payment by paying it to your IRA or to an eligible employer plan that accepts your rollover within 60 days of receiving the payment. The amount rolled over will not be taxed until you take it out of the IRA or the eligible employer plan.
- If you want to roll over 100% of the payment to an IRA or an eligible employer plan, you must find other money to replace the 20% that was withheld. If you roll over only the 80% that you received, you will be taxed on the 20% that was withheld and that is not rolled over.

Your Right to Waive the 30-Day Notice Period

Generally, neither a direct rollover nor a payment can be made from the plan until at least 30 days after your receipt of this notice. Thus, after receiving this notice, you have at least 30 days to consider whether or not to have your withdrawal directly rolled over. If you do not wish to wait until this 30-day notice period ends before your election is processed, you may waive the notice period by making an affirmative election indicating whether or not you wish to make a direct rollover. Your withdrawal will then be processed in accordance with your election as soon as practical after it is received by the 403(b)(7) Custodian.

More Information

1. PAYMENTS THAT CAN AND CANNOT BE ROLLED OVER
2. DIRECT ROLLOVER
3. PAYMENT PAID TO YOU
4. SURVIVING SPOUSES, ALTERNATE PAYEES AND OTHER BENEFICIARIES

1. PAYMENTS THAT CAN AND CANNOT BE ROLLED OVER

Payments from your 403(b)(7) Custodial Account may be "eligible rollover distributions." This means that they can be rolled over to a traditional IRA or to an eligible employer plan that accepts rollovers. Payments may not be rolled over to a Roth IRA, SIMPLE IRA or a Coverdell Education Savings Account.

After-tax Contributions

If you made after-tax contributions to your 403(b)(7) Custodial Account, these contributions may be rolled into either a traditional IRA or to certain employer plans that accept rollovers of the after-tax contributions. The following rules apply:

a. Rollover into a Traditional IRA. You can roll over your after-tax contributions to a traditional IRA either directly or indirectly. If you roll over after-tax contributions to a traditional IRA, it is your responsibility to keep track of, and report to the IRS on the applicable forms, the amount of these after-tax contributions. This will enable the nontaxable amount of any future distributions from the traditional IRA to be determined. Once you roll over your after-tax contribution to a Traditional IRA, those amounts cannot later be rolled over to an employer plan.

b. Rollover into an Employer Plan. You can roll over after-tax contribution from your 403(b)(7) Custodial Account to another employer plan using a direct rollover if the other employer plan provides separate accounting for amounts rolled over, including separate accounting for the after-tax employee contributions and earnings on those contributions. You cannot roll over after-tax contributions to a governmental 457 plan. If you want to roll over your after-tax contributions to an employer plan that accepts these rollovers, you cannot have the after-tax contributions paid to you first. You must instruct the 403(b)(7) Custodian to make a direct rollover on your behalf. Also, you cannot first roll over after-tax contribution to an IRA and then roll over that amount into an employer plan.

The following types of payments cannot be rolled over:

- Payments Spread Over Long Periods - You cannot rollover a payment if it is part of a series of equal (or almost equal) payments that are made at least once a year and that will last for:
 - Your lifetime (or your life expectancy), or
 - Your lifetime and your beneficiary's life time (or joint life expectancies), or
 - A period of 10 years or more.
- Required Minimum Payments - Beginning when you reach age 70½ or retire, whichever is later, a certain portion of your payment cannot be rolled over because it is a "required minimum payment" that must be paid to you. If you own more than 5% of your employer that sponsors the 403(b)(7) plan, you must receive your "required minimum payment" when you reach age 70½ even though you may still be working. Separate rules may apply if you have pre-1987 benefits that have been distinctly accounted for and maintained to preserve their identity as such. Another exception may be applicable to post-1986 benefits of government or church employees. Check with your employer if you feel either of these situations might apply to you.
- Hardship Distributions - A hardship distribution cannot be rolled over.
- Corrective Distributions - A distribution that is made to correct a failed nondiscrimination test or because legal limits on certain contributions were exceeded cannot be rolled over.
- Loans Treated as Distributions - The amount of a plan loan that becomes a taxable deemed distribution because of a default cannot be rolled over. However, a loan-offset amount is eligible for rollover, as discussed in Section 3 below.

2. DIRECT ROLLOVER

You can choose a direct rollover of all or any portion of your payment that is an "eligible rollover distribution," as described above. If you elect a direct rollover and you do not provide a complete address for the custodian or trustee of the IRA or eligible employer plan, the Custodian will give you a check made payable to the new custodian or trustee of the IRA or eligible employer plan. You must then deliver the check to that custodian or trustee. A direct rollover amount is not subject to taxation until you later receive a distribution from the IRA or eligible plan that received the rollover. In addition, no income tax withholding is required for any taxable portion of your 403(b)(7) benefits for which you choose a direct rollover. Your 403(b)(7) plan might not let you choose a direct rollover if your distributions for the year are less than \$200.

• Direct Rollover to an IRA

You can open an IRA to receive the direct rollover. (The term "IRA," as used in this Notice, includes individual retirement accounts and individual retirement annuities.) If you choose to have your payment made directly to an IRA, contact an IRA sponsor (usually a financial institution) to find out how to have your payment made in a direct rollover to an IRA at that institution.

If you are unsure of how to invest your money, you can temporarily establish an IRA to receive the payment. However, in choosing an IRA, you may wish to consider whether the IRA you choose will allow you to move all or part of your payment to another IRA at a later date, without penalties or other limitations. See IRS Publication 590, Individual Retirement Arrangements, for more information on IRAs (including limits on how often you can roll over between IRAs).

• Direct Rollover to an Eligible Employer Plan

If you are employed by a new employer that has an eligible plan, and you want a direct rollover to that plan, ask the employer whether the plan will accept your rollover. A plan is not legally required to accept a rollover. If your new employer's plan does not accept a rollover, you can choose a direct rollover to an IRA. If the employer plan accepts your rollover, the plan may provide restrictions on the circumstances under which you may later receive a distribution of the rollover amount or may require spousal consent to any subsequent distribution. Check with the employer of that plan before making your decision.

• Direct Rollover of a Series of Payments

If you receive a series of payments over a period of less than ten years, each payment is an eligible rollover distribution. Your choice to make a direct rollover will apply to all payments until you change your election. You are free to change your election for any later payments in the series.

• Change in Tax Treatment Resulting from a Direct Rollover

The tax treatment of any payment from the eligible employer plan or IRA receiving your direct rollover might be different than if you received your benefit in a taxable distribution directly from the plan.

3. PAYMENT PAID TO YOU

If your payment can be rolled over under Section 2 above and the payment is made to you, it is subject to 20% federal income tax withholding (state tax withholding may also apply). The payment is taxed in the year you receive it unless, within 60 days you roll it over to an IRA or an eligible employer plan that accepts rollovers. If you do not roll it over, special tax rules may apply. Following is general information about income tax withholding.

• Mandatory Withholding

If any portion of your payment can be rolled over and you do not elect to make a direct rollover, the Custodian is required by law to withhold 20% of that amount and send it to the IRS.

For example, if your eligible rollover distribution is \$10,000, only \$8,000 will be paid to you because the Custodian must withhold \$2,000 as income tax. However, when you prepare your income tax return for the year, unless you make a rollover within 60 days (see "Sixty-Day Rollover Option" below), you must report the full \$10,000 as a payment from the plan. You must report \$2,000 as tax withheld, and it will be credited against any income tax you owe for the year. There may not be income tax withholding if your payments for the year are less than \$200.

- **Voluntary Withholding**

If any portion of your payment is not an eligible rollover distribution but is taxable, the mandatory withholding rules described above do not apply. In this case, you may elect not to have withholding apply to that portion. If you do nothing, an amount will be taken out of this portion of your payment for federal income tax withholding. The Custodian of your LPL 403(b)(7) account has provided the opportunity to elect out of withholding on the Distribution Request - 403(b)(7) form.

- **Sixty-day Rollover Option**

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

For example: Your eligible rollover distribution is \$10,000, and you choose to have it paid to you. You will receive \$8,000, and \$2,000 will be sent to the IRS as income tax withholding. Within 60 days after receiving the \$8,000, you may roll over the entire \$10,000 to an IRA or an eligible employer plan. To do this, you roll over the \$8,000 you received from the Plan, and you will have to find \$2,000 from other sources (your savings, a loan, etc.). In this case, the entire \$10,000 is not taxed until you take it out of the IRA or eligible employer plan. If you roll over the entire \$10,000, you may get a refund of the mandatory \$2,000 that was withheld when you file your income tax return.

If, on the other hand, you roll over only \$8,000, the \$2,000 you did not roll over is taxed in the year it was withheld. When you file your income tax return you may get a refund of part of the \$2,000 withheld. However, any refund is likely to be larger if you roll over the entire \$10,000.

- **Additional 10% Penalty If You Are Under Age 59½**

If you receive a payment before you reach age 59½ and you do not roll it over, then, in addition to the regular income tax, you may have to pay an extra tax equal to 10% of the taxable portion of the payment. The additional 10% penalty does not apply to your payment if it is:

- Paid to you because you separate from service with your employer during or after the year you reach age 55,
- Paid because you retire due to disability,
- Paid to you as equal (or almost equal) payments over your life or life expectancy (or your and your beneficiary's lives or life expectancies),
- A payment that is paid directly to the government to satisfy a federal tax levy made after December 31, 1999,
- A payment that is paid to alternate payee under a qualified domestic relations order, or
- A payment that does not exceed the amount of your deductible medical expense.

See IRS Form 5329 for more information on the additional 10% penalty. The additional 10% penalty will not apply to distributions from a governmental 457 plan, except to the extent the distribution is attributable to an amount you rolled over to that plan (adjusted for investment returns) from another type of eligible employer plan or IRA. Any amount rolled over from a governmental 457 plan to another type of eligible employer plan or to a traditional IRA will become subject to the additional 10% penalty if it is distributed to you before you reach age 59½, unless one of the exceptions applies.

- **Loan Repayment and Offset**

If you end your employment with your employer and have an outstanding loan from your 403(b)(7) Custodial Account, your 403(b)(7) account balance may be reduced (or "offset") by the amount of the loan you have not repaid. The amount of your loan offset is treated as a distribution to you at the time of the offset and will be taxed unless you roll over an amount equal to the amount of your loan offset to an IRA or another qualified employer plan within 60 days of the date of the offset. If the amount of your loan offset is the only amount you receive or are treated as having received, no tax withholding will be taken. If you receive other payment from your 403(b)(7) account, the 20% withholding amount will be based on the entire amount paid to you, including the amount of the outstanding loan balance, but the amount withheld will not exceed the amount of the distribution made to you. A taxable distribution may also occur if you default on a loan under the 403(b) plan and the plan considers the default a "deemed distribution."

4. SURVIVING SPOUSES, ALTERNATE PAYEES, AND OTHER BENEFICIARIES

In general, the rules summarized above that apply to payments to employees also apply to payments to surviving spouses of employees and to spouses or former spouses who are "alternate payees." You are an alternate payee if your interest in the Plan results from a "qualified domestic relations order," which is an order issued by a court, usually in connection with a divorce or legal separation. Some of the rules summarized above also apply to a deceased employee's beneficiary who is not a spouse. However, there are some exceptions for payments to surviving spouses, alternate payees, and other beneficiaries that should be mentioned.

If you are a surviving spouse, you may choose to have an eligible rollover distribution paid in a direct rollover to an IRA or to an eligible employer plan or paid to you. If you have the payment paid to you, you can keep it or roll it over yourself to an IRA or to an eligible employer plan. Thus, you have the same choices as the employee. If you are an alternate payee who is the spouse or former spouse, you have the same choices as the employee. Thus, you can have the payment paid as a direct rollover or paid to you. If you have it paid to you, you can keep it or roll it over yourself to an IRA or to an eligible employer plan that accepts rollovers.

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

If you are a surviving spouse, an alternate payee, or another beneficiary, your payment is generally not subject to the additional 10% penalty described in Section 3 above, even if you are younger than age 59½.

How to Obtain Additional Information

This notice summarizes only the federal (not state or local) tax rules that might apply to your payment. The rules described above are complex and contain many conditions and exceptions that are not included in this notice. Therefore, you may want to consult with a professional tax advisor before you take a payment of your benefits from the Plan. Also, you can find more specific information on the tax treatment of payments from qualified employer plans in IRS Publication 571, Tax Sheltered Annuity Plans, IRS Publication 575, Pension and Annuity Income, and IRS Publication 590, Individual Retirement Arrangements. These publications are available from your local IRS office, by calling (800) TAX-FORM or through the IRS Internet site at www.irs.gov.