

# Outgoing Annuity Tax-Qualified Transfer, Exchange, Conversion or Direct Rollover from RiverSource Life Insurance Company



- Use this form to move assets from RiverSource Life Insurance Company to another Company.
- Use one form for each transfer, exchange, conversion or rollover requested.
- Submit original to: RiverSource Life Insurance Company, 70100 Ameriprise Financial Center, Minneapolis, MN 55474

RiverSource Life Contract Number

- The distribution options available to you may be restricted by your employer's 403(b) plan provisions. See your Plan Administrator or Summary Plan Description for further information.

- Consult your tax advisor regarding possible tax consequences as a result of this transaction.
- Client Disclosure Pages 1-3, "Special Tax Notice Regarding 403(b) Payments" must be retained by the client. Do not submit to RiverSource Life Insurance Company.

- To transfer or rollover a 401(a) plan, use Form 4292.
- To exchange non-qualified contracts, use Form 30481.

## Part 1 RiverSource Life Account You Are Moving Assets From

Owner Name

Plan Type:

- Traditional IRA (including Rollover and SEP)   
  Roth Contributory IRA   
  Simple IRA  
 Tax-Sheltered Annuity (TSA)   
  Roth Conversion IRA   
  Inherited (Beneficial) IRA

Amount to be moved:

- Full (100%)   
  Specific Amount \$

## Part 2 Account You Are Moving Assets To

Company Name

Advisor/Agent Name

Owner Name

Product Name

Product Type

- Fixed Annuity   
  Variable Annuity   
  Market Value Annuity   
  Equity Index Annuity   
  Immediate Annuity  
 Mutual Fund   
  CD   
  Brokerage   
  Other

If product is an annuity (Select One):

- New Contract   
  Existing Contract   
 Account Number

Plan Type:

- Traditional IRA (including Rollover and SEP)   
  Inherited (Beneficial) IRA   
  Tax-Sheltered Annuity (TSA)  
 Roth IRA   
  457   
  Tax-Sheltered Custodial Account (TSCA)  
 Simple IRA   
  401(a)   
  Other

**Account You Are Moving Assets To** continued on next page..



**Account You Are Moving Assets To** continued

**Delivery Instructions**

Make check payable to:

Mail check to:

Address

City

State

ZIP code

**Part 3 Plan Sponsor Information**

**i** Please complete the Plan Sponsor section below. If you are currently retired, unemployed, or working for an employer who does not sponsor a 403(b) program, your 403(b) account is deemed associated with your most recent employer who sponsored the 403(b) arrangement.

Name of Plan Sponsor (Required)

Employer Identification Number (EIN) (Required)

Phone Number

Mailing Address (Required)

City

State

ZIP code

**Part 4 Withholding Instructions (Required)**

**Direct Conversion from TSA to a Roth IRA**

A direct conversion from a TSA to a Roth IRA results in income tax being due on the taxable portion of the transaction. Please see the Special Tax Notice Regarding 403(b) Plan Payments. You should consult with a tax advisor prior to requesting this transaction. There will be no withholding on this request unless you elect withholding below.

**Direct Conversion from a Traditional, SEP or SIMPLE IRA to a Roth IRA**

10% federal income tax will be withheld from the conversion amount unless you make a different withholding election below.

**Any amount withheld may result in a 10% IRS Premature Penalty Tax.** Consult with a tax advisor if you elect to withhold.

Do not withhold       Withhold 10%       Withhold more than 10%       %

- If taxes are withheld from this distribution, the net conversion amount will be the gross amount requested - (minus) the tax withholding.
- If your annuity contract is subject to contractual surrender charges and you elect withholding, surrender charges will apply to the amount withheld.
- You are liable for income tax on the taxable portion of your distribution. If total withholding is not adequate, you may be subject to estimated tax payments and/or tax penalties.
- Different withholding rules apply if we do not have a valid Taxpayer Identification Number on the account, if payment is delivered outside the United States, and/or if you are a non-resident alien.
- Depending on the withholding provisions of the state in which you live, when we withhold federal income taxes from your annuity distribution we may also withhold for state income taxes.

**Part 5 Acknowledgements and Signatures**

By signing below, I acknowledge and accept the following conditions:

**General**

- I am the owner of the listed RiverSource Life Insurance Company contract and I authorize RiverSource Life Insurance Company to process this transaction.
- I acknowledge that appropriate state replacement forms have been sent or are attached to this form, if applicable.
- I hold RiverSource Life Insurance Company harmless from any income or excise tax liability, including penalties and interest, as a result of this transaction.
- RiverSource Life Insurance Company does not transfer outstanding loans.
- I have taken the required minimum distribution, if any, pursuant to Internal Revenue Code Section 401(a)(9) and related federal tax rules.
- I am not rolling over any after-tax contributions.

**Funds**

- I acknowledge that the expenses of the underlying funds may be different.
- I acknowledge that past performance history used in sales literature does not necessarily reflect future performance.

**Charges**

- I acknowledge that surrender charges may be imposed on the account value of my annuity contract prior to this transaction and that it may not be in my best interest to begin a new surrender charge schedule.

**Expenses**

- I understand that the ongoing mortality expense, administrative and annual contract charges under a new contract may differ.
- I understand that the fees for the contract features such as guarantees, death benefits and partial withdrawal may differ.

**Roth Conversion Only**

- I understand that by converting my account to a Roth IRA, I will owe income tax on all pre-tax assets converted. The decision of whether to convert my account to a Roth IRA was made in light of all relevant financial information and in conjunction with my professional tax advisors.

**TSA Contracts Only**

- RiverSource Life Insurance Company does not transfer, exchange or rollover outstanding TSA loan balances. If there is an outstanding TSA loan balance, the loan will be surrendered; then any remaining funds will be transferred/rolled over to the Company named in Part 2. The surrender of the loan could create adverse tax consequences.
- RiverSource Life Insurance Company requires full loan repayments to be at least 10 days old prior to a transfer or a rollover of the full account value. If this request is received within 10 days of a full loan repayment, the request will be processed on the date the loan repayment is 10 days old.
- Distribution options available may be restricted by the applicable employer's 403(b) plan provisions. The Plan Administrator or Summary Plan Description are sources for further information.
  - **Contract Exchanges:** This transaction is intended to qualify as a contract exchange. A contract exchange occurs when an employee changes from one 403(b) investment option allowed under the plan to another investment option in the same plan.
  - **Plan to Plan Transfers:** This transaction is intended to qualify as a plan to plan transfer. A plan to plan transfer occurs when an employee moves all or a portion of their 403(b) account from one employer's plan into investment products offered by a different employer's 403(b) plan. No tax reporting is required on a Contract Transfer.
  - **Information Sharing Agreement:** An agreement between the employer and the vendor allowing the exchange of information to ensure compliance with 403(b) including, but not limited to information regarding the participant's employment status, hardship withdrawals, and plan loans.
- Direct Rollover or Conversion
  - I have read the "Special Tax Notice Regarding 403(b) Payments" and I understand that I have the right to consider the decision of whether or not to consent to a distribution and/or to elect a direct rollover for at least 30 days. I further understand that if I submit a completed distribution form before this 30 day period expires, I will have waived these rights and my distribution request will begin processing upon receipt. I met the following triggering events as specified in the Technical and Miscellaneous Revenue Act of 1988 (check all that apply):

I have attained age 59½ by the date of this request.

I am the surviving spouse beneficiary of the deceased annuitant and the Successor Fiduciary account is a Traditional IRA.

I have severed employment (including retirement) with the employer who purchased the contract.

Severance Date (MMDDYYYY)

Were you or will you be age 55 in the calendar year you severed employment?

Yes  No

I certify that I am aware of the rules and requirements regarding 403(b) account transfers and exchanges, and have had the opportunity to consult with my personal tax Advisor regarding this transaction. I further acknowledge that I may need to request that my employer enter into an information sharing agreement or other necessary documentation with the Company named in Part 2 in order to maintain the tax-qualified status of my 403(b) account.

Owner Name

Owner Phone Number

Owner Signature

**X**

Date (MMDDYYYY)

Requested transaction has been approved and acknowledged by

Plan Sponsor/Third Party Administrator Name (If applicable)

Plan Sponsor/Third Party Administrator Entity Name

Plan Sponsor/Third Party Administrator Signature (If applicable)

**X**

Date (MMDDYYYY)

**Part 6**

**Letter of Acceptance and Surrender Request** (Completed by representative of Company referenced in Part 2)

By signature of an authorized officer below, the company named in Part 2 accepts assignment of the above-referenced policy for the purpose of complying with the client's intention of effecting either an IRA rollover of qualified funds, direct conversion of qualified funds to a Roth IRA, or a direct transfer of qualified funds.

**For 403(b) Exchanges or Transfers**

By signature below, I acknowledge that the Company named in Part 2 is (i) an approved investment provider for the 403(b) plan sponsored by the Plan Sponsor identified in Part 3 or (ii) has entered into an information sharing agreement with the named Plan Sponsor.

Corporate Officer Signature

Date (MMDDYYYY)

**X**

Title

## **SPECIAL TAX NOTICE REGARDING 403(b) PAYMENTS - RETAIN WITH YOUR RECORDS**

This notice explains how you can continue to defer federal income tax on your retirement savings in the 403(b) Tax Sheltered Arrangement (the "TSA") you maintain with RiverSource Life Insurance Company/Ameriprise Trust Company and contains important information you will need before you decide how to receive your TSA benefits.

This notice is provided to you by RiverSource Life Insurance Company/Ameriprise Trust Company (your "Payor") because all or part of the payment that you will soon receive from the TSA may be eligible for rollover by you or your Payor to a traditional IRA, Roth IRA or an eligible employer plan. A rollover payment by you or the Payor of all or part of your benefit to another plan or IRA allows you to continue to postpone taxation of that benefit until it is paid to you. A rollover payment by you or the Payor of all or part of your benefit to a Roth IRA will be subject to taxation, to the extent that amount represents earnings and pre-tax contributions. Your payment cannot be rolled over to a SIMPLE IRA or a Coverdell Education Savings Account (formerly known as an education IRA). An "eligible employer plan" includes a plan qualified under section 401(a) of the Internal Revenue Code, including a 401(k) plan, profit-sharing plan, defined benefit plan, stock bonus plan, and money purchase plan, a section 403(a) annuity plan, a section 403(b) tax-sheltered annuity; and an eligible section 457(b) plan maintained by a governmental employer (governmental 457 plan).

An eligible employer plan is not legally required to accept a rollover. Before you decide to roll over your payment to another employer plan, you should find out whether the plan accepts rollovers and, if so, the types of distributions it accepts as a rollover. You should also find out about any documents that are required to be completed before the receiving plan will accept a rollover. Even if a plan accepts rollovers, it might not accept rollovers of certain types of distributions, such as after-tax amounts. If this is the case, and your distribution includes after-tax amounts, you may wish instead to roll your distribution over to a traditional IRA or Roth IRA, or split your rollover amount between the employer plan in which you will participate and a traditional IRA or Roth IRA. If an employer plan accepts your rollover, the plan may restrict subsequent distributions of the rollover amount or may require your spouse's consent for any subsequent distribution. A subsequent distribution from the plan that accepts your rollover may also be subject to different tax treatment than distributions from this TSA. Check with the administrator of the plan that is to receive your rollover prior to making the rollover.

New rules for rollover to Roth IRAs: After December 31, 2007, participants and their beneficiaries will have the ability to rollover their TSA to a Roth IRA if their modified adjusted gross income does not exceed \$100,000. However, in 2010 two important changes takes place: 1, the income limits for a Roth IRA rollover will no longer be in effect, 2; for a rollover to a Roth IRA that occurs in 2010 only, the taxable income associated with the rollover may be spread in equal amounts in tax years 2011 and 2012.

Certain qualified distributions from Roth IRAs may be taken tax-free. With the exception of beneficiaries, Roth IRAs do not have annual required minimum distributions upon reaching age 70 1/2. Refer to IRS Publication 590 Individual Retirement Arrangements for more information.

If you have additional questions after reading this notice, you can contact your Payor at 70100 Ameriprise Financial Center, Minneapolis, MN 55474.

There are two ways you may be able to receive a TSA payment that is eligible for rollover:

- (1) Certain payments can be made directly to a traditional IRA or Roth IRA that you establish or to an eligible employer plan that will accept it and hold it for your benefit ("DIRECT ROLLOVER"); or
- (2) The payment can be PAID TO YOU.

If you choose a DIRECT ROLLOVER to a Traditional IRA or eligible employer plan:

- 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 cannot be rolled over to a SIMPLE IRA, or a Coverdell Education Savings Account because these are not traditional IRAs.
- The taxable portion of your payment will be taxed later when you take it out of the traditional IRA or the eligible employer plan. Depending on the type of plan, the later distribution may be subject to different tax treatment than it would be if you received a taxable distribution from this TSA.

If you choose a DIRECT ROLLOVER to a Roth IRA.

- Your payment will be reported as taxable in the year of the distribution and no income tax will be withheld.
- Distributions from your Roth IRA, including earnings, may be tax free if they meet certain requirements. To qualify for a tax-free distribution you must hold the Roth IRA for no less than five years beginning with the first taxable year for which the contribution was made to the Roth IRA AND you are at least age 59 1/2, disabled, the distribution is paid to a beneficiary or your estate after your death or used to pay for a qualified first home purchase.
- If you rollover to a Roth IRA you cannot later rollover the Roth IRA to another eligible employer retirement plan. If you elect to recharacterize your Roth IRA, you may do so to a Traditional IRA no later than six months after your tax filing deadline in the year following the year of the rollover to the Roth IRA, assuming you timely filed or requested an extension. Timely recharacterizing your Roth IRA to a Traditional IRA will treat the original rollover to the Roth IRA as if it was made to the Traditional IRA and otherwise not includible in income.

If you choose to have a TSA payment that is eligible for rollover PAID TO YOU:

- You will receive only 80% of the taxable amount of the payment, because the Payor is required to withhold 20% of that amount and send it to the IRS as income tax withholding to be credited against your taxes.
- The taxable amount of your payment will be taxed in the current year unless you roll it over. Under limited circumstances, you may be able to use special tax rules that could reduce the tax you owe. However, if you receive the payment before age 59½ you may have to pay an additional 10% tax.
- You can roll over all or part of the payment by paying it to your traditional IRA or to an eligible employer plan that accepts your rollover within 60 days after you receive the payment. The amount rolled over will not be taxed until you take it out of the traditional IRA or the eligible employer plan.
- If you want to roll over 100% of the payment to a traditional IRA or an eligible employer plan, you must find other money to replace the 20% of the taxable portion that was withheld. If you roll over only the 80% that you received, you will be taxed on the 20% that was withheld and that is not rolled over in the year of the distribution.
- You can roll over all or part of the payment by paying it to your Roth IRA within 60 days after you receive the payment. The amount rolled over will be reported as taxable in the year of the distribution.
- If you want to roll over 100% of the payment to a Roth IRA, you must find other money to replace the 20% of the taxable portion that was withheld.

### Your Right to Waive the 30-Day Notice Period.

Generally, neither a direct rollover nor a payment can be made from the TSA 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 Payor.

### **MORE INFORMATION**

- I. PAYMENTS THAT CAN AND CANNOT BE ROLLED OVER
- II. DIRECT ROLLOVER
- III. PAYMENT PAID TO YOU
- IV. SURVIVING SPOUSES, ALTERNATE PAYEES, AND OTHER BENEFICIARIES

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#### I. PAYMENTS THAT CAN AND CANNOT BE ROLLED OVER

Payments from the TSA may be "eligible rollover distributions." This means that they can be rolled over to a traditional IRA, Roth IRA or to an eligible employer plan that accepts rollovers. Payments from a TSA cannot be rolled over to a SIMPLE IRA, or a Coverdell Education Savings Account. Your Payor should be able to tell you what portion of your payment is an eligible rollover distribution.

After-tax Contributions. If you made after-tax contributions to the TSA, these contributions may be rolled into either a traditional IRA, Roth IRA or to certain employer plans that accept rollovers of the after-tax contributions. The following rules apply:

- a. Rollover into a Traditional IRA or Roth IRA. You can roll over your after-tax contributions to a traditional IRA or Roth IRA either directly or indirectly. Your Payor should be able to tell you how much of your payment is the taxable portion and how much is the after-tax portion. If you 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 non-taxable amount of any future distributions from the traditional IRA to be determined. Once you roll over your after-tax contributions to a traditional IRA, those amounts CANNOT later be rolled over to an employer plan. A Roth IRA cannot be rolled into an employer plan.
- b. Rollover into an Employer Plan. You can roll over after-tax contributions from a section 403(b) tax-sheltered annuity to another section 403(b) tax-sheltered annuity using a direct rollover if the other tax-sheltered annuity 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 Payor of this TSA to make a direct rollover on your behalf. Also, you cannot first roll over after-tax contributions to a traditional IRA and then roll over that amount into an employer plan.

The following types of payments cannot be rolled over:

Payments Spread over Long Periods. You cannot roll over a payment if it is part of a series of equal (or almost equal) payments that are made at least once a year and that will last for:

- your lifetime (or a period measured by your life expectancy), or
- your lifetime and your beneficiary's lifetime (or a period measured by your joint life expectancies), or
- a period of 10 years or more.

Required Minimum Payments. Beginning when you reach age 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.

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 Part III below. Ask the Payor of this TSA if distribution of your loan qualifies for rollover treatment. The Payor of this TSA should be able to tell you if your payment includes amounts which cannot be rolled over.

#### II. DIRECT ROLLOVER

A DIRECT ROLLOVER is a direct payment of the amount of your TSA benefits to a traditional IRA, Roth IRA or an eligible employer plan that will accept it. You can choose a DIRECT ROLLOVER of all or any portion of your payment that is an eligible rollover distribution, as described in Part I above. You are not taxed on any taxable portion of your payment for which you choose a DIRECT ROLLOVER until you later take it out of the traditional IRA or eligible employer plan. A DIRECT ROLLOVER to a Roth IRA is taxed at the time of the rollover. No income tax withholding is required for any taxable portion of your TSA benefits for which you choose a DIRECT ROLLOVER to a traditional IRA, Roth IRA or eligible employer plan. **[This TSA might not let you choose a DIRECT ROLLOVER if your distributions for the year are less than \$200.]**

DIRECT ROLLOVER to a Traditional IRA or Roth IRA. You can open a traditional IRA or Roth IRA to receive the direct rollover. If you choose to have your payment made directly to a traditional IRA or Roth IRA, contact an IRA sponsor (usually a financial institution) to find out how to have your payment made in a direct rollover to a traditional IRA or Roth IRA at that institution. If you are unsure of how to invest your money, you can temporarily establish a traditional IRA or Roth IRA to receive the payment. However, in choosing a traditional IRA or Roth IRA, you may wish to make sure that the traditional IRA or Roth IRA you choose will allow you to move all or a part of your payment to another traditional IRA or Roth IRA at a later date, without penalties or other limitations. See IRS Publication 590, Individual Retirement Arrangements, for more information on traditional IRAs or Roth IRAs (including limits on how often you can roll over between IRAs or Roth IRAs).

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

DIRECT ROLLOVER of a Series of Payments. If you receive a payment that can be rolled over to a traditional IRA, Roth IRA or an eligible employer plan that will accept it, and it is paid in a series of payments for less than 10 years, your choice to make or not make a DIRECT ROLLOVER for a payment will apply to all later payments in the series until you change your election. You are free to change your election for any later payment in the series.

Change in Tax Treatment Resulting from a DIRECT ROLLOVER . The tax treatment of any payment from the eligible employer plan, traditional IRA or Roth IRA receiving your DIRECT ROLLOVER might be different than if you received your benefit in a taxable distribution directly from the TSA. See the section below entitled "Additional 10% Tax if You Are under Age 59½ "

### III. PAYMENT PAID TO YOU

If your payment can be rolled over (see Part I above) and the payment is made to you in cash, it is subject to 20% federal income tax withholding on the taxable portion (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 a traditional IRA or an eligible employer plan that accepts rollovers. If you do not roll it over, special tax rules may apply.

#### Income Tax Withholding:

Mandatory Withholding. If any portion of your payment can be rolled over under Part I above and you do not elect to make a DIRECT ROLLOVER, the Payor is required by law to withhold 20% of the taxable amount. This amount is sent to the IRS as federal income tax withholding. For example, if you can roll over a taxable payment of \$10,000, only \$8,000 will be paid to you because the Payor 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 taxable payment from the TSA. You must report the \$2,000 as tax withheld, and it will be credited against any income tax you owe for the year. There will be no income tax withholding if your payments for the year are less than \$200.

Voluntary Withholding. If any portion of your payment is taxable but cannot be rolled over under Part I above, the mandatory withholding rules described above do not apply. In this case, you may elect not to have withholding apply to that portion. If you do nothing, an amount will be taken out of this portion of your payment for federal income tax withholding. To elect out of withholding, ask the Payor for the election form and related information.

Sixty-Day Rollover Option. If you receive a payment that can be rolled over under Part I above, you can still decide to roll over all or part of it to a traditional IRA, Roth IRA or to an eligible employer plan that accepts rollovers. If you decide to roll over, you must contribute the amount of the payment you received to a traditional IRA, Roth IRA or eligible employer plan within 60 days after you receive the payment. The portion of your payment that is rolled over will not be taxed until you take it out of the traditional IRA or the eligible employer plan. For a Roth IRA, the portion of your payment that is rolled over will be taxed in the year of the distribution.

You can roll over up to 100% of your payment that can be rolled over under Part I above, including an amount equal to the 20% of the taxable portion that was withheld. If you choose to roll over 100%, you must find other money within the 60-day period to contribute to the traditional IRA, Roth IRA or the eligible employer plan, to replace the 20% that was withheld. On the other hand, if you roll over only the 80% of the taxable portion that you received, you will be taxed on the 20% that was withheld.

*Example:* The taxable portion of your payment that can be rolled over under Part I above 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 a traditional IRA, Roth IRA or an eligible employer plan. To do this, you roll over the \$8,000 you received from the TSA, and you will have to find \$2,000 from other sources (your savings, a loan, etc.). In this case, the entire \$10,000 is not taxed until you take it out of the traditional IRA or an eligible employer plan. If you roll over the entire \$10,000, when you file your income tax return you may get a refund of part or all of the \$2,000 withheld. For a rollover to a Roth IRA, the entire amount will be taxed in the year of the distribution.

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

Additional 10% Tax If You Are under Age 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% tax generally does not apply to (1) payments that are paid after you separate from service with your employer during or after the year you reach age 55, (2) payments that are paid because you retire due to disability, (3) payments that are paid as equal (or almost equal) payments over your life or life expectancy (or your and your beneficiary's lives or life expectancies), (4) payments that are paid directly to the government to satisfy a federal tax levy, (5) payments that are paid to an alternate payee under a qualified domestic relations order, or (6) payments that do not exceed the amount of your deductible medical expenses. See IRS Form 5329 for more information on the additional 10% tax.

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

### IV. SURVIVING SPOUSES, ALTERNATE PAYEES, AND OTHER BENEFICIARIES

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

If you are an alternate payee, you may choose to have a payment that can be rolled over, as described in Part I above, paid in a DIRECT ROLLOVER to a traditional IRA, Roth IRA or to an eligible employer plan or paid to you. If you have the payment paid to you, you can keep it or roll it over yourself to a traditional IRA or to an eligible employer plan. If you are a surviving spouse you may rollover the payment to a traditional IRA, Roth IRA or eligible employer plan, or to an inherited traditional IRA or inherited Roth IRA. Thus, you have the same choices as the employee. If you are a surviving non-spouse beneficiary you may choose to have your payment rolled over to an inherited traditional IRA or inherited Roth IRA. If you are a surviving spouse, an alternate payee, or another beneficiary, your payment is generally not subject to the additional 10% tax described in Part III above, even if you are younger than age 59½. Rollovers by a beneficiary to a Roth IRA or inherited Roth IRA will be taxed in the year of the distribution.

### HOW TO OBTAIN ADDITIONAL INFORMATION

This notice summarizes only the federal (not state or local) tax rules that might apply to your payment. The rules described above are complex and contain many conditions and exceptions that are not included in this notice. Therefore, you may want to consult with the Payor and a professional tax advisor before you take a payment of your benefits from your TSA. Also, you can find more specific information on the tax treatment of payments from qualified employer plans in IRS Publication 575, Pension and Annuity Income, and IRS Publication 590, Individual Retirement Arrangements. These publications are available from your local IRS office, on the IRS's Internet Web Site at [irs.gov](http://irs.gov) or by calling (800) TAX FORMS