FORM AUTHORIZATION PROCEDURE
Please read carefully before submitting forms to prevent rejection or delay.

The OMNI Group (your districts Third Party Administrator) oversees all compliance related matters for your school's district and has specific information regarding your school district's Plan provisions regarding withdrawals, rollovers, etc...The OMNI Group may be reached at 1-877-544-6664 or you may visit their website at www.omni403b.com. Please contact them directly if you have any additional questions relating specifically to your plan and circumstances.

The OMNI Group
Ph: 877-544-6664
Forms Fax: 585-756-5557
General Fax: 585-463-3633
Watertower Office Park
1099 Jay Street, Bldg F
Rochester, NY 14611

In ***general***, depending on **your school district's *specific* plan provisions**, the below options **may** be available for 403(b) plans:

In-Service Withdrawals
Prior to age 59 1/2 a Hardship "subject to IRS Safe Harbor" may be available. You must also complete a Hardship Certification Form and enclose it with the attached distribution form @ www.omni403b.com
After age 59 1/2, withdrawals may be available.
Contract Exchanges (tax-free exchange of monies between plan **approved** providers) may be available. Additional paperwork from receiving carrier may be required. Call the H&H Service Center at 866.495.3548 for information.

Separation of Service Withdrawals
You may be able to rollover your account to your new employers plan.
You may be able to rollover your account to a separate "Rollover IRA (Roth)".
You may be able to take a lump sum payment (*which will be subject to Federal and State income taxes and may impose a 10% pre-mature distribution penalty for the year in which the account was paid out for participants under age 59 ½).*

Loans may be available if you have not previously defaulted or if you do not have any outstanding loans. Please contact H&H directly for forms and information.

Please Note: <u>If you send completed forms to Hooker & Holcombe (H&H) prior to The OMNI Group Authorization, your request will be rejected.</u>

If you would like to pursue any of the above options further and see if you qualify for any of the above in accordance with your School District's plan provisions, please contact The OMNI Group **FIRST** with the contact information above, and **then** contact H&H at 866.495.3548 to go over the H&H distribution forms.

<u>Please verify with The OMNI Group if there are any additional forms that they request be completed (available on their website)</u>, in addition to any required forms requested from the surrendering institution.

DISTRIBUTION FROM A CODE 403(b) PLAN

This form must be preceded by or accompanied by "Special Tax Notice Regarding Plan Payments"

A) Participant Information (Please complete below)

Name of School District: ____

Participant Name:____

Address:____

City:_______________________ State:_________________ Zip: ___________

Social Security Number: ______________________ *Date of Birth: __________

Date of Hire: ________________ Date of Termination: ________________

Email Address: _______________________ Phone: ___________________

***Please include copy of valid proof of Date of Birth (Drivers License, Birth Certificate, etc..).**

B) Reason for Withdrawal (Please check reason)

☐ Termination of Employment/Retired (separation from service)

☐ In-Service Withdrawal at Age 59 ½ (only if age 59 ½ or older)

☐ In-Service Withdrawal Other: __________________.
(indicate reason above as; service credits, rollover source only, etc…)

☐ Hardship (complete hardship certification form via www.omni403b.com)

☐ Disability (provide appropriate documentation)

☐ Contract Exchange/Plan to Plan Transfer (complete section E of this form)

☐ Required Minimum Distribution (age 70 ½ or older)

☐ QDRO to Alternate Payee
(provide appropriate documentation & complete section F of this form)

☐ Payment to Beneficiary upon Participant's Death
(provide appropriate documentation & complete section F of this form)

C) Withdrawal Amount (Check applicable money type i.e. Pre-Tax or Roth)

☐ *Withdraw 100% of my account (Select this option to liquidate 100% of your account balance/source of funds)

☐ *Partial Withdrawal – Amount $ or % _________ (Roth ☐, Pre-Tax ☐, Rollover ☐)

(must be less than 90% of account value and NET of *$50.00 fee)

Note: If your account contains both **Pre-Tax and Roth After-Tax source monies**, then both sources will be liquidated if you select Withdraw 100% of my account. You must specify 100% and check the source (Roth or Pre-Tax) to be liquidated under Partial Withdrawal, if you do not want both sources to be liquidated. Please indicate whole percentages where applicable.

☐ Cost Basis – Non Roth After-Tax Contributions – Amount $______________

(Please indicate any applicable Cost Basis information such as previous After-Tax monies rolled over that was not reported, Loan Repayments made after a Deemed Distribution etc…).

Date of Final Payroll Deduction into this account: ______________________

(*Please See below)

***Please Note: A $50.00 Check/Processing fee will be deducted from your account at time of distribution. If you DO NOT discontinue your Salary Reduction Agreement monies into this account, this account will continue to be funded. If you request to distribute any residual monies in this account after this request has been processed, then an additional $50.00 fee will apply. The fee is deducted each time a distribution request is processed and is non-negotiable. Your partial distribution will be NET of the $50.00 fee.**

D) Payment Election (Select payment method below. Assets will be sold and forwarded as soon as administratively feasible under the terms of the Plan).

☐ Cash paid to me: I elect to have all of my distribution paid directly to me. If I elect this option and my total distribution for the year is more than $200 and eligible for rollover, only 80% of the total distribution will be paid directly to me and 20% will be sent to the IRS as income tax withholding to be credited against my taxes.

Withholding Notice Form W-4P OMB # 1545-0415: This Withholding Election section only applies (for Federal withholding purposes) to distributions that are NOT eligible rollover distributions see the Withholding Notice and Instructions attached. Additional state and local taxes may also apply.

☐ Do not withhold Federal Income Tax

☐ Withhold Federal Income at 10%

☐ Withhold Federal Income percentage at __________ % or fixed amount at __________$

☐ NOTE: **To request State Taxes withheld**, please attach appropriate State Tax Withholding forms/information with this form.

☐ Direct transfer of funds due to Contract Exchange/Plan to Plan Transfer or Rollover: I elect to have my distribution paid in a direct rollover to my IRA or to another eligible employer plan. **If I elect this option, I have provided all of the information requested in section C & E.** If I have not provided the requested information, my selection of this option is invalid and will not be processed.

E) Contract Exchange/Plan to Plan Transfer or Rollover Information. (Select how the transfer should be processed. Please select one.)

Contract Exchange/Plan to Plan Transfer

☐ **Intra-plan Contract Exchange:** I am currently still employed with my Employer or otherwise qualify under the terms of the plan and want to **Contract Exchange** my assets into another approved provider under my Employer's *403(b) Plan*.

☐ **Plan to Plan Transfer:** I am no longer employed with my Employer or otherwise qualify under the terms of the plan to **Plan to Plan Transfer** my assets into my Employer's *403(b) or other eligible Plan (select this option for Purchase of Service Credits)*.

Rollover

☐ **Rollover to my IRA or to another eligible employer plan:** I am at least age 59 ½ **OR** I am no longer employed with my employer, or qualify otherwise and want to rollover my assets to my IRA or to another eligible employer plan.

Note: You may accompany this form with receiving company's transfer instructions (Letter of Acceptance) and be sure that all paperwork and accounts have been properly established to accept funds.

Source (Complete this section if you are transferring **Roth After-Tax Monies**).

It is the participant's responsibility to ensure that the receiving institution is aware that your account contains Roth After-Tax Monies and is able to accept and properly recordkeep these types of monies. Failure to properly account for Roth After-Tax Monies may adversely affect the participant's tax consequences of any future distribution from these monies.

☐ Yes, please transfer my Roth After-Tax Monies and the receiving institution is aware and will accept these types of monies.

Instructions for: Contract Exchange/Plan to Plan Transfer or Rollover

Name & Type of Eligible Plan to which the Transfer/Rollover is to be made:

(Once you have selected the type, please also input the name of the plan or institution)

Type	Name
☐ IRA	______________________________
☐ Employer's Qualified Plan	______________________________
☐ Employer's 403(b) Plan	______________________________
☐ Employer's Governmental 457(b) Plan	______________________________

Note: It is your obligation to insure that the Employer Plan named above will accept the transfer of your distribution. Please ensure all accounts and paperwork has been properly established at receiving institution before completing this form. You may make a transfer to only one of the above types of plan or IRA on this form. If you wish to direct a transfer to more than one plan type/carrier, a separate form is required for each separate transaction or attach clear written instruction. If you are requesting multiple distributions, please be sure all paperwork and instruction are received together to be considered one request, otherwise a $50.00 feel will occur per request.

E) Contract Exchange/Plan to Plan Transfer or Rollover (Continued)

Payee: (Trustee/Custodian): ____
To whom should the check be made payable to.

For the benefit of/Account Number: FBO: _____________________________

Account Number: ________________________

Mailing Address: ____

____

____

F). Alternate Payee/Beneficiary Information (Complete if payment is not issued to Participant and payable to alternate payee or beneficiary pursuant to QDRO or Death Claim.)

Name: ____

Address: ____

City: ________________________ State: _________________ Zip: ______________

Social Security Number: _______________________ *Date of Birth: _____________

Relationship to Participant:____

***Please provide appropriate documentation**

G). Participant Certification/Authorization (Please complete below)

Important information regarding Outstanding Loans and Taxable Transactions

PLEASE NOTE: Please carefully consider before completing your request for distribution, that upon liquidating your account, any outstanding loan will need to be paid off in full, or outstanding loan balances will default and be considered a "Deemed Distribution" thus resulting in a "Taxable Event".
To avoid adverse Tax Consequences resulting from failure to repay any outstanding loan balance, you may submit a lump sum payment of principal and any applicable interest to payoff any loan "in current good standing" prior to requesting full liquidation. Please consult with a qualified tax advisor regarding this and any taxability questions you may have regarding this transaction.

I have read and understand the "important information regarding Outstanding Loans and Taxable Transactions".

I certify that there is no pending court judgment, Qualified Domestic Relations Order (QDRO) or Domestic Relations Order (DRO), decree or order relating to the provision of child support, alimony, or marital property rights to a spouse, former spouse, child or other dependent with respect to requested withdrawal.

I have received and understand the "Special Tax Notice Regarding Plan Payments". I hereby request payment from the Plan in the manner indicated and, if applicable, wave the thirty day notice requirement.

I certify under penalties of perjury to the above and that all information provided by me is true and accurate, and that no tax advice has been given to me by the Plan Provider and/or Plan Representative and that all decisions regarding this withdrawal are my own. I expressly assume the responsibility for any adverse consequences which may arise from this withdrawal and I agree that the Plan Provider and/or Plan Representative shall in no way be responsible for those consequences.

PARTICIPANT'S SIGNATURE: ______________________________________

Date: ________________________

PLEASE NOTE: **You MUST receive approval for your request to be processed. To prevent delay, please contact The Omni Group for Certification/Authorization.**

Please contact The OMNI Group for authorization:	**Mail the completed form to:**
The OMNI Group Watertower Office Park 1099 Jay Street; Bldg F Rochester, NY 14611 Ph: 1-877-544-6664	Hooker & Holcombe 1300 Hall Boulevard Suite 1C Bloomfield, CT 06002 Attn: Carline St. Vil

INSTRUCTIONS FOR DIRECT ROLLOVER OF ELIGIBLE ROLLOVER DISTRIBUTIONS
Payments from the Plan that are **Eligible Rollover Distributions** can be taken in two ways. You may have all or any portion of your Eligible Rollover Distribution either (1) paid in a **Direct Rollover** to an IRA or another employer plan or (2) paid to you. If you chose to have your Plan benefit paid to you, you will receive only 80% of the payment, because the Plan Administrator is required to withhold 20% of the payment and send it to the IRS as income tax withholding to be credited against your taxes. You cannot waive that withholding.
Eligible Rollover Distributions are all distributions from the Plan *except* the following:
• Required minimum distributions; • Certain distributions that are part of a series of equal (or almost equal) periodic payments that will last for your lifetime (or joint lives of you and your Beneficiary) or for a specified period of 10 years or more; and • Hardship distributions.
Attached is a notice which describes your options in greater detail.
If you want your Plan Administrator to make a **Direct Rollover** of your plan payment to an IRA or another employer plan, you must provide certain information about that IRA or plan. Your Plan Administrator will specify that information. The Plan Administrator may ask you to complete and attach a Direct Rollover Request or similar form.

WITHHOLDING NOTICE AND INSTRUCTIONS SUBSTITUTE FORM W-4P OMB #1545-0415	
	Distributions from your Qualified Retirement Plan are subject to Federal (and in some cases, State) income tax withholding. For some distributions, you can elect no to have withholding apply. **However, you cannot waive withholding on any Eligible Rollover Distribution that is paid to you.** See the information above for the definition of Eligible Rollover Distribution and a description of the mandatory 20% withholding.
Election of No Withholding	**DISTRIBUTIONS THAT ARE NOT ELIGIBLE ROLLOVER DISTRIBUTIONS** If your distribution is not an Eligible Rollover Distribution (see the definition of Eligible Rollover Distribution above) you may elect not to have withholding apply. Check the no withholding box if you do not want any Federal income tax withheld from your distribution. Even if you do not have income tax withheld, you are liable for payments of income tax on the taxable portion of your distribution. You may also be subject to tax penalties under the estimated tax payment rules if your payments of estimated tax and withholding, if any, are not adequate. In addition, state and local taxes may apply to your distribution.
Periodic Distributions	For purposes of the withholding rules on distributions that are not Eligible Rollover Distributions, a periodic distribution is one that is includible in your income for tax purposes and that you receive in installments at regular intervals (e.g., annually, quarterly, monthly, etc.) over a period of time (generally, at least 10 years). Periodic distributions are treated as wages for purposes of withholding. If you do not waive withholding on your periodic distributions, Federal income tax will be withheld unless you check off "do not withhold".
Non-periodic Distributions	Unless withholding is waived on any non-periodic distribution (i.e. one that is not an Eligible Rollover Distribution), Federal income tax will be withheld at the rate of 10%, unless you specified a greater withholding percentage rate.
	CAUTION: Remember that there are penalties for not paying enough tax during the year, either through withholding or estimated tax payments. See IRS Publication 505 for an explanation of the estimated tax requirements and penalties in detail. You may be able to avoid quarterly estimated tax payments by having enough tax withheld from your pension or annuity using Form W-4P.

YOUR ROLLOVER OPTIONS

You are receiving this notice because all or a portion of a payment you are receiving from your Public Schools 403(b) Plan (the "Plan") is eligible to be rolled over to an IRA or an employer plan. This notice is intended to help you decide whether to do such a rollover.

This notice describes the rollover rules that apply to payments from the Plan that are not from a designated Roth account (a type of account with special tax rules in some employer plans). If you also receive a payment from a designated Roth account in the Plan, you will be provided a different notice for that payment, and the Plan administrator or the payor will tell you the amount that is being paid from each account.

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

GENERAL INFORMATION ABOUT ROLLOVERS

How can a rollover affect my taxes?

You will be taxed on a payment from the Plan if you do not roll it over. If you are under age 59½ and do not do a rollover, you will also have to pay a 10% additional income tax on early distributions (unless an exception applies). However, if you do a rollover, you will not have to pay tax until you receive payments later and the 10% additional income tax will not apply if those payments are made after you are age 59½ (or if an exception applies).

Where may I roll over the payment?

You may roll over the payment to either an IRA (an individual retirement account or individual retirement annuity) or an employer plan (a tax-qualified plan, section 403(b) plan, or governmental section 457(b) plan) that will accept the rollover. The rules of the IRA or employer plan that holds the rollover will determine your investment options, fees, and rights to payment from the IRA or employer plan (for example, no spousal consent rules apply to IRAs and IRAs may not provide loans). Further, the amount rolled over will become subject to the tax rules that apply to the IRA or employer plan.

How do I do a rollover?

There are two ways to do a rollover. You can do either a direct rollover or a 60-day rollover.

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. You will have 60 days after you receive the payment to make the deposit. If you do not do a direct rollover, the Plan is required to withhold 20% of the payment for federal income taxes (up to the amount of cash and property received other than employer stock). This means that, in order to roll over the entire payment in a 60-day rollover, you must use other funds to make up for the 20% withheld. If you do not roll over the entire amount of the payment, the portion not rolled over will be taxed and will be subject to the 10% additional income tax on early distributions if you are under age 59½ (unless an exception applies).

How much may I roll over?

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

- Certain payments spread over a period of at least 10 years or over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary)
- Required minimum distributions after age 70½ (or after death)
- Hardship distributions
- ESOP dividends
- Corrective distributions of contributions that exceed tax law limitations
- Loans treated as deemed distributions (for example, loans in default due to missed payments before your employment ends)
- Cost of life insurance paid by the Plan
- Contributions made under special automatic enrollment rules that are withdrawn pursuant to your request within 90 days of enrollment
- Amounts treated as distributed because of a prohibited allocation of S corporation stock under an ESOP (also, there will generally be adverse tax consequences if you roll over a distribution of S corporation stock to an IRA).

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

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

If you are under age 59½, you will have to pay the 10% additional income tax on early distributions for any payment from the Plan (including amounts withheld for income tax) that you do not roll over, unless one of the exceptions listed below applies. This tax is in addition to the regular income tax on the payment not rolled over.

The 10% additional income tax does not apply to the following payments from the Plan:

- Payments made after you separate from service if you will be at least age 55 in the year of the separation
- Payments that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary)
- Payments from a governmental defined benefit pension plan made after you separate from service if you are a public safety employee and you are at least age 50 in the year of the separation
- Payments made due to disability
- Payments after your death
- Payments of ESOP dividends
- Corrective distributions of contributions that exceed tax law limitations
- Cost of life insurance paid by the Plan
- Contributions made under special automatic enrollment rules that are withdrawn pursuant to your request within 90 days of enrollment
- Payments made directly to the government to satisfy a federal tax levy
- Payments made under a qualified domestic relations order (QDRO)
- Payments up to the amount of your deductible medical expenses
- Certain payments made while you are on active duty if you were a member of a reserve component called to duty after September 11, 2001 for more than 179 days
- Payments of certain automatic enrollment contributions requested to be withdrawn within 90 days of the first contribution.

If I do a rollover to an IRA, will the 10% additional income tax apply to early distributions from the IRA?

If you receive a payment from an IRA when you are under age 59½, you will have to pay the 10% additional income tax on early distributions from the IRA, 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:

- There is no exception for payments after separation from service that are made after age 55.
- The exception for qualified domestic relations orders (QDROs) does not apply (although a special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to an IRA of a spouse or former spouse).
- The exception for payments made at least annually in equal or close to equal amounts over a specified period applies without regard to whether you have had a separation from service.

- There are additional exceptions for (1) payments for qualified higher education expenses, (2) payments up to $10,000 used in a qualified first-time home purchase, and (3) payments after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

Will I owe State income taxes?

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

SPECIAL RULES AND OPTIONS

If your payment includes after-tax contributions

After-tax contributions included in a payment are not taxed. If a payment is only part of your benefit, an allocable portion of your after-tax contributions is generally included in the payment. 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.

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 a portion is paid to you, each of the payments will include an allocable portion of the after-tax contributions. If you do a 60-day rollover to an IRA of only a portion of the payment made to you, the after-tax contributions are treated as rolled over last. For example, assume you are receiving a complete distribution of your benefit which totals $12,000, of which $2,000 is after-tax contributions. In this case, if you roll over $10,000 to an 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. 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, Individual Retirement Arrangements (IRAs).

If your payment includes employer stock that you do not roll over

If you do not do a rollover, you can apply a special rule to payments of employer stock (or other employer securities) that are either attributable to after-tax contributions or paid in a lump sum after separation from service (or after age 59½, disability, or the participant's death). Under the special rule, the net unrealized appreciation on the stock will not be taxed when distributed from the Plan and will be taxed at capital gain rates when you sell the stock. Net unrealized appreciation is generally the increase in the value of employer stock after it was acquired by the Plan. If you do a rollover for a payment that includes employer stock (for example, by selling the stock and rolling over the proceeds within 60 days of the payment), the special rule relating to the distributed employer stock will not apply to any subsequent payments from the IRA or employer plan. The Plan administrator can tell you the amount of any net unrealized appreciation.

If you have an outstanding loan that is being offset

If you have an outstanding loan from the Plan, your Plan benefit may be offset by the amount of the loan, typically when your employment ends. The loan offset amount is treated as a distribution to you at the time of the offset and will be taxed (including the 10% additional income tax on early distributions, unless an exception applies) unless you do a 60-day rollover in the amount of the loan offset to an IRA or employer plan.

If you were born on or before January 1, 1936

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

If your payment is from a governmental section 457(b) plan

If the Plan is a governmental section 457(b) plan, the same rules 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 are 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 pension payment is used to pay for health coverage or qualified long-term care insurance

If the Plan is a governmental plan, you retired as a public safety officer, and your retirement was by reason of disability or was after normal retirement age, you can exclude from your taxable income plan payments paid directly as premiums to an accident or health plan (or a qualified long-term care insurance contract) that your employer maintains for you, your spouse, or your dependents, up to a maximum of $3,000 annually. For this purpose, a public safety officer is a law enforcement officer, firefighter, chaplain, or member of a rescue squad or ambulance crew.

If you roll over your payment to a Roth IRA

You can roll over a payment from the Plan made before January 1, 2010 to a Roth IRA only if your modified adjusted gross income is not more than $100,000 for the year the payment is made to you and, if married, you file a joint return. These limitations do not apply to payments made to you from the Plan after 2009. If you wish to roll over the payment to a Roth IRA, but you are not eligible to do a rollover to a Roth IRA until after 2009, you can do a rollover to a traditional IRA and then, after 2009, elect to convert the traditional IRA into a Roth IRA.

If you roll over the payment to a Roth IRA, a special rule applies under which the amount of the payment rolled over (reduced by any after-tax amounts) will be taxed. However, the 10% additional income tax on early distributions will not apply (unless you take the amount rolled over out of the Roth IRA within 5 years, counting from January 1 of the year of the rollover). For payments from the Plan during 2010 that are rolled over to a Roth IRA, the taxable amount can be spread over a 2-year period starting in 2011.

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, Individual Retirement Arrangements (IRAs).

You cannot roll over a payment from the Plan to a designated Roth account in an employer plan.

If you are not a plan participant

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

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

An IRA you treat as your own is treated like any other IRA of yours, so that payments made to you before you are age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies) and required minimum distributions from your IRA do not have to start until after you are age 70½.

If you treat the IRA as an inherited IRA, payments from the IRA will not be subject to the 10% additional income tax on early distributions. However, if the participant had started taking required minimum distributions, you will have to receive required minimum distributions from the inherited IRA. If the participant had not started taking required minimum distributions from the Plan, you will not have to start receiving required minimum distributions from the inherited IRA until the year the participant would have been age 70½.

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

Payments under a qualified domestic relations order. If you are the spouse or former spouse of the participant who receives a payment from the Plan under a qualified domestic relations order (QDRO), you generally have the same options 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). Payments under the QDRO will not be subject to the 10% additional income tax on early distributions.

If you are a nonresident alien

If you are a nonresident alien and you do not do a direct rollover to a U.S. IRA or U.S. employer plan, instead of withholding 20%, the Plan is generally required to withhold 30% of the payment for federal income taxes. If the amount withheld exceeds the amount of tax you owe (as may happen if you do a 60-day rollover), you may request an income tax refund by filing Form 1040NR and attaching your Form 1042-S. See Form W-8BEN for claiming that you are entitled to a reduced rate of withholding under an income tax treaty. For more information, see also IRS Publication 519, U.S. Tax Guide for Aliens, and IRS Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities.

Other special rules

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

If your payments for the year are less than $200 (not including payments from a designated Roth account in the Plan), the Plan is not required to allow you to do a direct rollover and is not required to withhold for federal income taxes. However, you may do a 60-day rollover.

Small Account Balances- Not Including payments from a designated Roth account in the Plan, Involuntary cash-out distributions shall be made only for Account Balances that do not exceed $1,000 (including any separate account that holds rollover contributions).

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.

FOR MORE INFORMATION

You may wish to consult with the Plan administrator or payor, or a professional tax advisor, before taking a payment from the Plan. Also, you can find more detailed information on the federal tax treatment of payments from employer plans in: IRS Publication 575, Pension and Annuity Income; IRS Publication 590, Individual Retirement Arrangements (IRAs); and IRS Publication 571, Tax-Sheltered Annuity Plans (403(b) Plans). These publications are available from a local IRS office, on the web at www.irs.gov, or by calling 1-800-TAX-FORM.

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Schedule A

Administration Fees Charged to Accounts Remaining in the Plan

If you do not take a distribution of your account from the Plan or fail to respond to this Notice, the following is a summary of the expenses and fees that currently apply to your account under the Plan:

You will be assessed an annual fee of .60% of any balance(s) you have in Vanguard and/or Dodge & Cox Funds. Any such fees will be prorated and deducted from your accounts monthly.

There may be investment fund transaction fees or expenses (e.g., commissions, front-end or back-end loads) associated with the investments that will affect your account. Prior to making any investment, you should obtain and read all available information concerning that particular investment, including financial statements, prospectuses, if applicable, reports or other offering documents, where available. This information will provide the specific fees or expenses charged against your account by the investment fund.

Depending on the transaction there may be a payment of fees involved as a condition to receipt of benefits under the Plan. If applicable, the Plan Administrator/Provider will provide you with written information at the time of the transaction.

The costs of administering the Plan are shared between you and/or your Provider/Employer. In addition to any self-directed brokerage account charges (if applicable under the Plan), other administrative costs may be deducted from your contributions or accounts. These additional costs may include, but are not limited to, distribution charges for benefits that are distributed to you and fees associated with the qualification of a domestic relations order. The Plan Administrator/Provider will notify you of any costs that are charged to your account in the operation of the Plan.

Listed below are the charges your Retirement Plan Account may incur as a condition of the receipt of a benefit under the Plan:

- A $50.00 Check/Processing fee will be accessed per distribution occurrence.
- Certain fees or expenses associated with investment transfers and withdrawals, as determined by the fund company.

If you have any questions relating to these fees and how they affect your account, please contact the Plan Administrator/Provider.

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POLICY REGARDING EXCESSIVE TRADING IN RETIREMENT PLAN ACCOUNTS

A description of what investment vehicles are available to you and the procedures for making investment selections and changes in investment selections may be obtained from the Plan Administrator/Provider.

The Plan permits Participants the right to reallocate their contributions to a different fund and to transfer contributions into and out of investments provided under the Plan, subject to possible restrictions on these types of transactions. The Plan Administrator/Provider may decline to implement investment directives where it in its sole discretion deems it appropriate (for example, directive may be declined for excessive trading, market timing, or for any other legitimate reason where the Plan Administrator/Provider, in fulfilling its fiduciary role under ERISA, believes that it would be imprudent to implement the directive). The Plan Administrator/Provider has the power to adopt such rules and procedures to govern all Participant elections and directions under the terms of the Plan.

If the Plan invests or permits investments in mutual funds, Plan Participants are advised to consult the mutual fund prospectus, which may contain restrictions on the frequent trading of shares in response to short-term market fluctuations, a practice known as "market timing." The prospectus may provide that the manager of the fund reserves the right to refuse purchase orders and fund exchanges if the fund manager believes the transaction would have a disruptive effect on the portfolio of the mutual fund.

If you have any questions concerning administrative expenses and fees, or investment and transaction-related fees, please refer to your Summary Plan Description or contact your Plan Administrator/Provider.

YOUR ROLLOVER OPTIONS

You are receiving this notice because all or a portion of a payment you are receiving from your Public Schools 403(b) Plan (the "Plan") is eligible to be rolled over to a Roth IRA or designated Roth account in an employer plan. This notice is intended to help you decide whether to do a rollover.

This notice describes the rollover rules that apply to payments from the Plan that are from a designated Roth account. If you also receive a payment from the Plan that is not from a designated Roth account, you will be provided a different notice for that payment, and the Plan administrator or the payor will tell you the amount that is being paid from each account.

Rules that apply to most payments from a designated Roth account 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?

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 earnings in the payment. If you are under age 59½, a 10% additional income tax on early distributions 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.

Where may I roll over the payment?

You may roll over the payment 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 or section 403(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, no spousal consent rules apply to Roth IRAs 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, you will not be required to take a distribution from the Roth IRA during your lifetime and you must keep track of the aggregate amount of the after-tax contributions in all of your Roth IRAs (in order to determine your taxable income for later Roth IRA payments 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.

<u>If you do a direct rollover</u>, 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.

<u>If you do not do a direct rollover</u>, you may still do a rollover by making a deposit 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, each of the payments will include an allocable portion of the earnings in your designated Roth account.

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?

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

- Certain payments spread over a period of at least 10 years or over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary)
- Required minimum distributions after age 70½ (or after death)
- Hardship distributions
- ESOP dividends
- Corrective distributions of contributions that exceed tax law limitations
- Loans treated as deemed distributions (for example, loans in default due to missed payments before your employment ends)
- Cost of life insurance paid by the Plan
- Contributions made under special automatic enrollment rules that are withdrawn pursuant to your request within 90 days of enrollment
- Amounts treated as distributed because of a prohibited allocation of S corporation stock under an ESOP (also, there will generally be adverse tax consequences if S corporation stock is held by an IRA).

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

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

If a 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.

The 10% additional income tax does not apply to the following payments from the Plan:

- Payments made after you separate from service if you will be at least age 55 in the year of the separation
- Payments that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary)
- Payments made due to disability
- Payments after your death
- Payments of ESOP dividends
- Corrective distributions of contributions that exceed tax law limitations
- Cost of life insurance paid by the Plan
- Contributions made under special automatic enrollment rules that are withdrawn pursuant to your request within 90 days of enrollment
- Payments made directly to the government to satisfy a federal tax levy
- Payments made under a qualified domestic relations order (QDRO)
- Payments up to the amount of your deductible medical expenses
- Certain payments made while you are on active duty if you were a member of a reserve component called to duty after September 11, 2001 for more than 179 days
- Payments of certain automatic enrollment contributions requested to be withdrawn within 90 days of the first contribution.

If I do a rollover to a Roth IRA, will the 10% additional income tax apply to early distributions from the IRA?

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:

- There is no special exception for payments after separation from service.
- 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 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.
- There are additional exceptions for (1) payments for qualified higher education expenses, (2) payments up to $10,000 used in a qualified first-time home purchase, and (3) payments after you have received unemployment

compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

Will I owe State income taxes?

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

SPECIAL RULES AND OPTIONS

If 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. 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, Individual Retirement Arrangements (IRAs).

If your payment includes employer stock that you do not roll over

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 employer 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

If you have an outstanding loan from the Plan, your Plan benefit may be offset by the amount of the loan, typically when your employment ends. The loan offset amount is treated as a distribution to you at the time of the offset and, if the distribution is a nonqualified distribution, the earnings in the loan offset will be taxed (including the 10% additional income tax on early distributions, unless an exception applies) unless you do a 60-day rollover in the amount of the earnings in the loan offset to a Roth IRA or designated Roth account in an employer plan.

If you receive a nonqualified distribution and 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 is not a qualified distribution and 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 you receive a nonqualified distribution, are an eligible retired public safety officer, and your pension payment is used to pay for health coverage or qualified long-term care insurance

If the Plan is a governmental plan, you retired as a public safety officer, and your retirement was by reason of disability or was after normal retirement age, you can exclude from your taxable income nonqualified distributions paid directly as premiums to an accident or health plan (or a qualified long-term care insurance contract) that your employer maintains for you, your spouse, or your dependents, up to a maximum of $3,000 annually. For this purpose, a public safety officer is a law enforcement officer, firefighter, chaplain, or member of a rescue squad or ambulance crew.

If you are not a plan participant

Payments after death of the participant. If you receive a distribution after the participant's death that you do not roll over, the distribution will generally be taxed in the same manner described elsewhere in this notice. However, 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 receive a nonqualified distribution and you were born on or before January 1, 1936" applies only if the participant was born on or before January 1, 1936.

If you are a surviving spouse. If you receive a payment from the Plan as the surviving spouse of a deceased participant, you have the same rollover options that the participant would have had, as described elsewhere in this notice. In addition, if you choose to do a rollover to 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 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 qualified domestic relations order. 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 the participant would have (for example, you may roll over the payment as described in this notice).

If you are a nonresident alien

If you are a nonresident alien and you do not do a direct rollover to a U.S. IRA or U.S. employer plan, instead of withholding 20%, the Plan is generally required to withhold 30% of the payment for federal income taxes. If the amount withheld exceeds the amount of tax you owe (as may happen if you do a 60-day rollover), you may request an income tax refund by filing Form 1040NR and attaching your Form 1042-S. See Form W-8BEN for claiming that you are entitled to a reduced rate of withholding under an income tax treaty. For more information, see also IRS Publication 519, U.S. Tax Guide for Aliens, and IRS Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities.

Other special rules

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

If your payments for the year (only including payments from the designated Roth account in the Plan) 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.

Small Account Balances- Involuntary cash-out distributions shall be made only for Account Balances that do not exceed $1,000.

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.

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Schedule A

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Listed below are the charges your Retirement Plan Account may incur as a condition of the receipt of a benefit under the Plan:

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If you have any questions relating to these fees and how they affect your account, please contact the Plan Administrator/Provider.

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POLICY REGARDING EXCESSIVE TRADING IN RETIREMENT PLAN ACCOUNTS

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If you have any questions concerning administrative expenses and fees, or investment and transaction-related fees, please refer to your Summary Plan Description or contact your Plan Administrator/Provider.