

**PLUMBERS & STEAMFITTERS LOCAL 434 AND MCA SUPPLEMENTAL/ 401(k)
RETIREMENT PLAN
2002 London Rd., Ste. 300
Duluth, MN 55812
Phone 218-728-4231 or 1-800-570-1012**

Notice Regarding Application for Distribution
Plumbers & Steamfitters Local 434 and MCA Supplemental/401(k) Retirement
Plan

Dear Participant:

Following please find an application and related forms for distribution of your Individual Account under the Plumbers & Steamfitters Local 434 and MCA Supplemental/401(k) Retirement Plan. Make sure you answer all questions, and sign and date the application.

When completed, please return the application and related forms to the Fund Office. You must provide a copy of your **birth certificate**. If you are divorced or have been divorced, please provide a certified copy of your **divorce decree(s)** including the **property settlement agreement(s)**.

It takes time to process your application. If you would like help in preparing your application or have any questions, please call the Fund Office for assistance.

We have included the following forms for your review and completion, where applicable:

1. Application for Distribution & QJSA Explanation;
2. Affidavit of Marital Status;
3. Election to Waive QJSA & Spouse's Consent (if married);
4. Waiver of 30 Day Waiting Period;
5. Request for Income Tax Withholding;
6. Direct Deposit Authorization;
7. Special Tax Notice Regarding Plan Payments

If you have any questions, please contact the Fund Office.

Sincerely,

Wilson-McShane Corporation
Fund Administrators

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APPLICATION FOR DISTRIBUTION

You can help speed up the processing of this application by:

1. Answering each question completely;
2. Printing or typing your answers to the questions in ink;
3. Attaching all additional requested information, if necessary, to the application.

Please complete fully – Print or type answers. Sign, date, and return this form to the Fund Office.

I. Participant Information

1. Name: _____
2. Address: _____
_____ Phone _____
3. Social Security Number: _____
4. Date of Birth: _____ (*Submit copy of birth certificate*)
5. Are you married? Yes No
Your spouse's name: _____
Your date of marriage: _____
6. Were you ever divorced? No Yes
(*Submit original divorce decree and the settlement agreement*)
Date(s) of Divorce: _____
If yes is a QDRO involved? ___ Yes ___ No

II. Reason for Distribution:

- Termination of Employment or Retirement
Last Date Worked: _____
Name of Employer: _____
- In-Service Withdrawal (*must have attained age 59½*).
- Disability Retirement
Disability Date ____/____/____ (*Submit Social Security Award Letter*)
- Death Benefit
Participant's Name _____ SSN ____-____-____
Date of Death: ____/____/____ (*Submit copy of Death Certificate*)

III. Form of Payment Options:

Under the terms of the Plan, the normal form of benefit is a Qualified Joint and Survivor Annuity (“QJSA”). If you are married, the QJSA is a Joint and 50% Survivor Annuity. Under this form of payment, your account balance is used to purchase an annuity from a legal reserve life insurance company. The annuity will provide a monthly benefit for the remainder of your life. Following your death, the annuity will pay your spouse a monthly benefit equal to 50% of your monthly benefit.

If you are not married, the QJSA is a single life annuity. Under this form of payment, your account balance is used to purchase an annuity from a legal reserve life insurance company. The annuity will provide a monthly benefit for the remainder of your life. Under a single life annuity, no benefits are payable following your death.

You may also elect to waive the QJSA and receive your benefits in one of the optional forms of payment described below. **If you are married, your spouse must provide consent to waive the QJSA and authorize your election to receive payment in an optional form of benefit.** This consent must be provided on the attached Member’s Election to Waive Joint & Survivor Benefit and Spouse’s Consent to Waive. If you are not currently legally married, you must complete the attached Affidavit of Marital Status to certify your marital status.

Please contact the Fund Office for an estimate of benefits payable to you.

Please mark the appropriate box(es) below to make your choice.

Single Lump Sum Benefit

Under the Single Lump Sum Benefit form of benefit, payment is made to you in one lump sum equal to the amount you request, not to exceed to your Individual Account balance in the Plan. Any amount remaining balance in your Individual Account will remain in the Plan and be payable to you upon the earlier of your subsequent application for distribution, subject to eligibility requirements, or your Required Beginning Date (generally, the April 1 following your attainment of age 73).

Upon your death, any balance remaining in your Individual Account will be payable to your surviving Spouse or Beneficiary under the Pre-Retirement Survivor or Death Benefit provisions of the Plan. If you choose a complete distribution of your entire Individual Account balance, no further benefits are payable upon your death.

If you are married, the Single Lump Sum Benefit is available to you only if you and your spouse waive the Qualified Joint & Survivor Benefit.

Amount Requested:

Total Distribution (Entire Account Balance)

Partial Distribution \$ _____ (Enter Gross Amount of Distribution) **(Limit of one partial distribution per calendar year)**

Regular Installment Payments

Under the Regular Installment Payment form of benefit, your account balance is paid in equal monthly, quarterly or annual installments until you have withdrawn the full balance of your Individual Account. Upon your death, any balance remaining in your Individual Account will be payable to your Spouse or Beneficiary under the Pre-Retirement Survivor or Death Benefit provisions of the Plan. No further benefits are payable once you have withdrawn the full balance of your Individual Account.

If you are married, the Recurring Monthly Benefit is only available if you waive the Qualified

Joint & Survivor Benefit and your spouse consents to such waiver.

- Installment payment of \$ _____ per **Month / Quarter / Year**; or
 Equal monthly payments paid over ___ years (not to exceed life expectancy)

Nontransferable Annuity Contract

As noted above, if you do not make an election to receive your benefit in an optional form or your spouse does not provide consent to your election to waive the normal form of payment, your benefit will be paid in the applicable qualified joint and survivor annuity. Under this form of payment, your Individual Account will be used to purchase an annuity contract from a legal reserve life insurance company.

- Single Life Annuity (*unmarried participants only*); or
 Joint and 50% Survivor Annuity (*married participants only*).

IV. Participant Signature

I hereby apply my benefit from the Plumbers & Steamfitters Local 434 and MCA Supplemental/401(k) Retirement Plan. I understand that the Plan will rely on the information I have provided in processing my request. I further understand that I am responsible for its accuracy in the event any dispute arises with respect to the transaction. I acknowledge that I have read the attached **Special Tax Notice Regarding Plan Payments**. I understand the tax implications regarding his disbursement, including that if I am entitled to an eligible rollover distribution, I have the right to consider whether or not to elect a direct rollover for at least 30 days after this special tax notice is provided. By signing this form, I am waiving this notice period. The taxable portion of any distribution that is eligible for "rollover" is subject to a *mandatory 20% federal income tax withholding*, unless that amount is directly rolled to an Individual Retirement Account (IRA) or to another plan in which I am a participant.

Current federal tax rules require your plan sponsor to notify you, in writing, of certain requirements you must meet to receive a cash distribution from your retirement plan. By signing the approval section below, you waive the required 30-day notice and you will receive a distribution from your retirement plan without delay, but no sooner than 8 days from your receipt of this form, under the terms of your retirement plan. Also, by signing below, you affirm that you will have received a general description and explanation of the optional forms of benefits, if any, available to you and a written notice describing the general tax rules applicable to this distribution.

I have read the explanation of the Qualified Joint and Survivor Annuity ("QJSA") and other payment options that was provided and i know that I have the right to receive my benefits as a joint and survivor annuity if I am married or a life annuity if I am not married. I also know I can waive the right to annuity payments, with the consent of my spouse if I am married. I understand that if I waive those rights I can change my mind and revoke the waiver at any time before my payments begin. I have at least 30 days to decide whether or not to waive the annuity payments. By consenting to this distribution, I understand I am waiving my right to a life annuity.

Signature of Participant or Beneficiary

Date

RETIREMENT DECLARATION

By completing this form, I declare my intent to retire and sever employment with all Employers that participate in and contribute to the Plumbers & Steamfitters Local 434 and MCA Supplemental/401(k) Retirement Plan (the "Plan"). By retiring, I declare that at this time, I do not intend to return to work, in any capacity, for my Employer or any other Employer contributing to the Plan. I further declare that I will be bound by all the rules and regulations of the Plan. To that end, I will contact the Plan Office in writing and in advance if I intend to engage in employment with my Employer or any other Employer participating in the Plan or Prohibited Employment, which is defined as follows:

Work for 40 hours or more or for eight days or more in a month (*i.e.*, a calendar month or an employer's four- or five-week payroll period) in employment or self-employment of the type described below after a Participant or former Participant attains age early retirement age or normal retirement age:

- In the same industry in which the Employee was employed and accruing benefits under the Plan at the time pension benefits commenced or would have commenced if the Participant or former Participant had not remained in or returned to such work;
- In the same "trade or craft" in which the Participant or former Participant was employed at any time while covered by the Plan or supervisory activities relating to such trade or craft (trade or craft extends to any job or occupation using the same skill or skills); and
- In the State of Wisconsin.

Please contact the Plan at the address above to provide notice regarding work in Prohibited Employment or if you have any questions regarding Prohibited Employment:

Additionally, I understand the following:

1. If I have misrepresented my retirement status, my retirement status will be revoked, my benefits will be terminated and I will be required to repay any benefits that I have received to the Plan, plus interest. I also understand that the Plan may also reduce future benefit payments to recover overpayments that I received, plus interest.
2. I am not entitled to receive my benefit payment for any month during which I am engaged in Prohibited Employment in any month in which I am credited with at least 40 hours of service.
3. I must notify the Board of Trustees in writing within 30 days of my return to any type of employment. In my notice to the Trustees, I will provide the date and nature of my re-employment. If I do not provide proper notice to the Trustees, there is a presumption that I am engaged in Prohibited Employment and, accordingly, my benefit payments may be suspended. In addition, my benefit payments may be subject to a delay when they later resume.
4. My benefit payments will recommence only after I have notified the Trustees in writing and completed any requisite forms acknowledging that I am no longer engaged in Prohibited Employment. No benefit will be payable for those months following cessation of Prohibited Employment and prior to the Trustees' receipt of such notification and any required forms.

Signature of Participant or Beneficiary

Date

DIRECT ROLLOVER INSTRUCTIONS

If you elect to rollover all or a portion of your account balance into an eligible retirement plan or IRA, then no amount will be withheld for payment of federal or state income taxes. This option is only available if you elected a lump sum distribution or series of installment payments paid over a period of less than 10 years. Before the Plan is able to process your rollover election, you must provide all of the following information.

I elect to have my distribution directly rolled over as follows:

- Rollover to another qualified employer retirement plan pursuant to Code Sections 401(a), 403(b) or 457 or an IRA pursuant to Code section 408;
- A cash payment to me of \$ _____ (of which 20% will be withheld for federal taxes) and a direct rollover of \$ _____ (at least \$500) to the following IRA custodian or eligible retirement plan, qualified pursuant to Code sections 408 or 401(a);
- A Rollover to a Roth IRA (please indicate below whether or not you want to have federal income tax withheld from our Plan benefit). If you elect not to have federal income tax withheld, or if you do not have enough federal income tax withheld, you may be responsible for payment of estimated federal income tax on the taxable portion of your distribution (IRS Form 1040ES) and state income tax. You also may be subject to tax penalties under the estimated tax payment rules if your payments of estimated tax and withholding, if any, are not adequate.
 - I do not want federal income taxes withheld from my rollover to my Roth IRA.
 - Withhold a total of ___% of this rollover for federal income tax purposes.

Please make payment of my benefits on my behalf to:

Name of receiving Employer Plan/IRA Trustee: _____

Name of trustee/custodian (*for employer sponsored retirement plans*): _____

Account number or identifier (*for IRA*): _____

Street Address or P.O. Box, City, State & Zip: _____

CERTIFICATION: If you have elected a direct rollover of all or part of you benefit, please read and sign the following statement:

I certify that the recipient of a direct rollover that I have named above is an Individual Retirement Account, an Individual Retirement Annuity, or a qualified retirement plan that accepts rollovers. I understand that payment of my benefits to the trustees of the IRA or qualified retirement plan will release the Trustees of the Plumbers & Steamfitters Local 434 and MCA Supplemental/401(k) Retirement Plan from any further obligations or responsibilities with respect to the benefits so paid.

Participant or Beneficiary Signature

Date

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**AFFIDAVIT ON MARITAL STATUS AND
WAIVER OF JOINT AND SURVIVOR FORM OF BENEFIT**

Marital Status:

- I am married, and I hereby swear that the person co-signing the attached waiver form is my current legal spouse.
- I hereby swear that I am not legally married at this time or subject to a judgment by reason of divorce or separation.
- I hereby swear that I am unable to locate my spouse.¹

(Participant's Name - PLEASE PRINT)

(Date)

(Signature of Participant)

Acknowledgement Before Notary Public:

State of: _____

County of: _____

Before me, a Notary Public in and for said County and State, personally appeared _____ who acknowledged the execution of the above Spouse's Consent to Participant's Election, and who, having been duly sworn, stated that any representations contained therein are true and that he (or she) executed such Consent as his (or her) free and voluntary act.

Witness my hand and Notary Seal this _____ day of _____, 20____

Signature: _____

Name (Please Print): _____

My Commission expires: _____ Resident of: _____ County, _____

¹ Additional proof or information is needed if you check this box.

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WAIVER OF JOINT AND SURVIVOR FORM OF BENEFIT

I _____ (*name of Participant's spouse*), am the spouse of _____ (*name of Participant*). I understand that I am entitled to a spousal death benefit under the Plan based on the participant's account balance at the time of his or her death. I understand that if this spousal benefit is in the form of a "qualified joint and survivor annuity" or QJSA, an explanation of the QJSA and other payment options was provided to the participant with this waiver form. I realize that the participant cannot waive this spousal benefit and obtain a distribution in the form requested unless I consent. I acknowledge that the transaction requested by the participant may reduce or eliminate any benefit otherwise payable to me following the participant's death.

I understand that my spouse has requested payment of retirement benefits from the Plumbers & Steamfitters Local 434 and MCA Supplemental/401(k) Retirement Plan in a form other than the QJSA. I understand that the form of payment selected by my spouse is different from the benefit for me I am legally entitled to require and that I may receive no benefits following my spouse's death. With that understanding, I agree that my spouse can receive retirement benefits in the form of a lump sum / installment (circle the form your spouse has elected *and you agree to*) instead of the Qualified Joint and Survivor Annuity. (*Complete the following if the participant elected to designate or change his or her designated beneficiaries*) I also agree to my spouse's choice of _____ (*insert beneficiary name*) as the beneficiary who will receive ___% of the survivor benefits from the plan after my spouse dies. I understand my spouse cannot choose a different form of benefits or a different beneficiary unless I agree to the change.

Current federal tax rules require your plan sponsor to notify you, in writing, of certain requirements you must meet to receive a cash distribution from your retirement plan. By signing the approval section below, you waive the required 30-day notice and you will receive a distribution from your retirement plan without delay, but no sooner than 8 days from your receipt of this form, under the terms of your retirement plan. Also, by signing below, you affirm that you will have received a general description and explanation of the optional forms of benefits, if any, available to you and a written notice describing the general tax rules applicable to this distribution.

[Signature page to follow]

(Spouse's Name - Please Print)

(Date)

(Signature of Spouse*)

(Spouse's Address - if Different)

Acknowledgement Before Notary Public:

State of: _____

County of: _____

Before me, a Notary Public in and for said County and State, personally appeared _____ who acknowledged the execution of the above Spouse's Consent to Participant's Election, and who, having been duly sworn, stated that any representations contained therein are true and that he (or she) executed such Consent as his (or her) free and voluntary act.

Witness my hand and Notary Seal this _____ day of _____, 20____

Signature: _____

Name (Please Print): _____

My Commission expires: _____ Resident of: _____ County, _____

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PARTICIPANT'S REQUEST FOR INCOME TAX WITHHOLDING

Federal Tax Withholding: The attached *Special Tax Notice Regarding Plan Payments* describes the federal income tax withholding rules in great detail, as well as other special tax rules that may apply to your benefit.

Lump Sum Distributions and Installment Payments Paid Over Less Than Ten Years. If you elect to receive a lump sum distribution or a series of installment payments paid over a period of less than ten years, the Plan will automatically withhold 20% for payment of federal income taxes. You can elect to have more than 20% withheld from your payment, but you cannot elect to have less than 20% withheld from your payment.

Annuities and Installment Payments Paid Over More Than Ten Years. If you elect to receive your benefit in the form of an annuity or in a series of installment payments made over a period of ten years or more, the Plan will withhold 10% of your payment for federal income taxes unless you make a different election.

To make an alternate tax election, please complete the enclosed Form W-4R.

State Tax Withholding: Additionally, your distribution may be subject to state income taxes. Each state differs as to whether a portion of your benefit must be withheld for payment of state income taxes and, if so, the portion that must be withheld. Unless your state requires otherwise, you may elect to have state income taxes withheld. In addition to the Federal Tax Withholding indicated above, please withhold the following amounts from distributions paid directly to me:

- I do not want state income taxes withheld from my benefit payments.
- Withhold a total of ___% of this distribution for state income tax purposes.

NAME _____ XXX-XX-_____
SSN (Last Four)

PARTICIPANT'S SIGNATURE _____ Date _____

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Staple Voided Check Here →

DIRECT DEPOSIT AUTHORIZATION

Participant's Authorization – Please fill out and return to the Fund Office.

I authorize you and the financial institution below to initiate electronic credit entries and, if necessary, debit entries and adjustments for any credit entries in error to my:

Checking Account Savings Account

This authority will remain in effect until I have cancelled it in writing.

Name (Please Print) _____

Social Security Number (Last 4) XXX-XX-_____

Phone Number _____

Financial Institution _____

Transit Routing Number (ABA)

--	--	--	--	--	--	--	--	--

Account Number _____

Participant's Signature _____ Date _____

Return to:
Plumber & Steamfitters Local 434 and MCA
Supplemental/401(k) Retirement Plan
2002 London Rd, Suite 300
Duluth, MN 55812

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YOUR ROLLOVER OPTIONS

You are receiving this notice because all or a portion of a payment you are receiving from the Plumbers & Steamfitters Local 434 and MCA of Northwest Wisconsin Supplemental/401(k) Retirement 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 in some employer plans that is subject to special rules). 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 (generally, distributions made before age 59 ½), unless an exception applies. However, if you do a rollover, you will not have to pay tax until you receive payments later and the 10% additional income tax will not apply if those payments are made after you are age 59½ (or if an exception to the 10% additional tax applies).

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

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

How do I do a rollover?

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

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

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

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 73 (70½ if you were born before July 1, 1949 and 72 if you were born before January 1, 1951), or after death;
- Hardship distributions; and
- Corrective distributions of contributions that exceed tax law limitations.

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

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

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

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

- Payments made after you separate from service if you will be at least age 55 in the year of the separation;
- Payments that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary);
- Payments made due to disability;
- Payments after your death;
- Corrective distributions of contributions that exceed tax law limitations;
- 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 (without regard to whether you itemize deductions for the taxable year);
- Certain payments made while you are on active duty if you were a member of a reserve component called to duty after September 11, 2001 for more than 179 days; and
- Payments excepted from the additional income tax by federal legislation relating to certain emergencies and disasters.

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

If you receive a payment from an IRA when you are under age 59½, you will have to pay the 10% additional income tax on early distributions on the part of the distribution that you must include in income, unless an exception applies. In general, the exceptions to the 10% additional income tax for early distributions from an IRA are the same as the exceptions listed above for early distributions from a plan. However, there are a few differences for payments from an IRA, including:

- The exception for payments made after you separate from service if you will be at least 55 in the year of the separation (or age 50 for qualified public safety employees) does not apply.
- The exception for qualified domestic relations orders (QDROs) does not apply (although a special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to an IRA of a spouse or former spouse).
- The exception for payments made at least annually in equal or close to equal amounts over a specified period applies without regard to whether you have had a separation from service.

Additional exceptions apply for payments from an IRA, including:

- Payments for qualified higher education expenses;
- Payments up to \$10,000 used in a qualified first-time home purchase;
- Payments for health insurance premiums after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

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. Under certain circumstances, you may claim eligibility for a waiver of the 60-day rollover deadline by making a written self-certification. Otherwise, to apply for a waiver from the IRS, you must file a private letter ruling request with the IRS. Private letter ruling requests require the payment of a nonrefundable user fee. For more information, see IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*.

If 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* (available at <http://www.irs.gov/>).

If you roll over your payment to 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. In general, the 10%

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

If you roll over the payment to a Roth IRA, later payments from the Roth IRA that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a Roth IRA is a payment made after you are age 59 ½ (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)* (available at <http://www.irs.gov/>).

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

If you do a rollover to a designated Roth account in the Plan

You cannot roll over a distribution to a designated Roth account in another employer's plan. However, you can roll the distribution over into a designated Roth account in the distributing Plan. If you roll over a payment from the Plan to a designated Roth account in the Plan, the amount of the payment rolled over (reduced by any after-tax amounts directly rolled over) will be taxed. In general, the 10% additional income tax on early distributions will not apply. However, if you take the amount rolled over out of the Roth IRA within the 5-year period that begins on January 1 of the year of the rollover, the 10% additional income tax will apply (unless an exception applies).

If you roll over the payment to a designated Roth account in the Plan, later payments from the designated Roth account that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a designated Roth account is a payment made both after you are age 59 ½ (or after your death or disability) and after you have had a designated Roth account in the Plan for at least 5 years. In applying this 5-year rule, you count the January 1 of the year of your first contribution was made to the designated Roth account. However, if you made a direct rollover to a designated Roth account in the Plan from a designated Roth account in a plan of another employer, the 5-year period begins on January 1 of the year you made the first contribution to the designated Roth account in the Plan or, if earlier, to the designated Roth account in the plan of the other employer. Payments from the designated Roth account that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10% additional income tax on early distributions (unless an exception applies).

If you are not a plan participant

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

If you are a surviving spouse. If you receive a payment from the Plan as the surviving spouse of a deceased participant, you have the same rollover options that the participant

would have had, as described elsewhere in this notice. In addition, if you choose to do a rollover to an IRA, you may treat the IRA as your own or as an inherited IRA.

An IRA you treat as your own is treated like any other IRA of yours, so that payments made to you before you are age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies) and required minimum distributions from your IRA do not have to start until after you are age 70½ (if you were born before July 1, 1949) or age 72 (if you were born after June 30, 1949).

If you treat the IRA as an inherited IRA, payments from the IRA will not be subject to the 10% additional income tax on early distributions. However, if the participant had started taking required minimum distributions, you will have to receive required minimum distributions from the inherited IRA. If the participant had not started taking required minimum distributions from the Plan, you will not have to start receiving required minimum distributions from the inherited IRA until the year the participant would have been age 70½ (if the participant was born before July 1, 1949) or age 72 (if the participant was born after June 30, 1949).

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

Payments under a qualified domestic relations order. If you are the spouse or former spouse of the participant who receives a payment from the Plan under a qualified domestic relations order (QDRO), you generally have the same options 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-BBEN 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* (available at <http://www.irs.gov>).

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.

Unless you elect otherwise, a mandatory cash-out of more than \$1,000 (not including payments from a designated Roth account in the Plan) will be directly rolled over to an IRA chosen by the Plan administrator or the payor. A mandatory cash-out is a payment from a plan to a participant made before age 62 (or normal retirement age, if later) and without consent, where the participant's benefit does not exceed \$5,000 (not including any amounts held under the plan as a result of a prior rollover made to the plan).

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* (available at <http://www.irs.gov/>).

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. You may contact the Plan Administrator at 952-854-0795 or 800-535-6373. Also, you can find more detailed information on the federal tax treatment of payments from employer plans in: IRS Publication 575, *Pension and Annuity Income*; IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*; IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*; and IRS Publication 571, *Tax-Sheltered Annuity Plans (403(b) Plans)*. These publications are available from a local IRS office, on the web at www.irs.gov, or by calling 1-800-TAX-FORM.

**PLUMBERS & STEAMFITTERS LOCAL 434 AND MCA SUPPLEMENTAL/
401(k) RETIREMENT PLAN
2002 London Rd., Ste. 300
Duluth, MN 55812
Phone 218-728-4231 or 1-800-570-1012**

YOUR ROLLOVER OPTIONS

You are receiving this notice because all or a portion of a payment you are receiving from the Plumbers and Steamfitters Local 434 and MCA Supplemental/401(k) Retirement 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 pursue such a rollover.

This notice describes the rollover rules that apply to payments from the Plan that are from a designated Roth account (a type of account with special tax rules in some employer plans). If you also receive a payment that is not from a designated Roth account in the Plan, you will be provided a different notice for that payment, and the Plan Administrative Manager 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?

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 roll over your payment, you will also have to pay a 10% additional income tax on early distributions (generally, distributions made before age 59½), unless an exception applies. However, if you roll over your payment, you will not have to pay tax until you receive payments later and the 10% additional income tax will not apply if those payments are made after you are age 59½ (or if an exception applies).

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

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

How do I roll over my payment?

There are two ways to roll over your payment. You can elect either a direct rollover or a 60-day rollover.

If you elect 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 make a direct rollover.

If you do not elect a direct rollover, you may still roll over your payment by making a deposit into an IRA or eligible employer plan that will accept it. Generally you will have 60 days after you receive the payment to make the deposit. If you do not elect a direct rollover, the Plan is required to withhold 20% of the payment for federal income taxes (up to the amount of cash received). 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 roll over your payment, 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 73 (72 if you were born before January 1, 1951 and 70½ if you were born before to July 1, 1949) (or after death);
- Hardship distributions;
- Corrective distributions of contributions that exceed tax law limitations; and
- Payments of certain automatic enrollment contributions requested to be withdrawn within 90 days of the first contribution.

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

If I don't roll over my payment, will I have to pay the 10% additional income tax on early distributions?

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

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

- Payments made after you separate from service if you will be at least age 55 in the year of the separation;
- Payments that start after you separate from service if paid at least annually in

equal or close to equal amounts over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary);

- Payments made due to disability;
- Payments after your death;
- Corrective distributions of contributions that exceed tax law limitations;
- 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 (without regard to whether you itemize deductions for the taxable year);
- Certain payments made while you are on active duty if you were a member of a reserve component called to duty after September 11, 2001 for more than 179 days;
- Payments of certain automatic enrollment contributions requested to be withdrawn within 90 days of the first contribution; and
- Payments for certain distributions relating to certain federally declared disasters.

If I roll over my payment to an IRA, will the 10% additional income tax apply to early distributions from the IRA?

If you receive a payment from an IRA when you are under age 59½, you will have to pay the 10% additional income tax on early distributions on the part of the distribution that you must include in income, unless an exception applies. In general, the exceptions to the 10% additional income tax for early distributions from an IRA are the same as the exceptions listed above for early distributions from a plan. However, there are a few differences for payments from an IRA, including:

- The exception for payments made after you separate from service if you will be at least age 55 in the year of the separation does not apply.
- The exception for qualified domestic relations orders (QDROs) does not apply (although a special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to an IRA of a spouse or former spouse).
- The exception for payments made at least annually in equal or close to equal amounts over a specified period applies without regard to whether you have had a separation from service.
- There are additional exceptions for (1) payments for qualified higher education expenses, (2) payments up to \$10,000 used in a qualified first-time home purchase, and (3) payments for health insurance premiums after you have received unemployment compensation for 12-consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

Will I owe State income taxes?

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

SPECIAL RULES AND OPTIONS

If you miss the 60-day rollover deadline

Generally, the 60-day rollover deadline cannot be extended. However, the IRS has the limited authority to waive the deadline under certain extraordinary circumstances, such as when external events prevented you from completing the rollover by the 60-day rollover deadline. Under certain circumstances, you may claim eligibility for a waiver of the 60-day rollover deadline by making a written self-certification. Otherwise, to apply for a waiver from the IRS, you must file a private letter ruling request with the IRS. Private letter ruling requests require the payment of a nonrefundable user fee. For more information, see IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*.

If you were born on or before January 1, 1936

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

If you roll over your payment to a Roth IRA

If you roll over a payment from the Plan to a Roth IRA, a special rule applies under which the amount of the payment rolled over (reduced by any after-tax amounts) will be taxed. However, the 10% additional income tax on early distributions will not apply (unless you take the amount rolled over out of the Roth IRA within 5 years, counting from January 1 of the year of the rollover).

If you roll over the payment to a Roth IRA, later payments from the Roth IRA that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a Roth IRA is a payment made after you are age 59½ (or after your death or disability, or as a qualified first-time homebuyer distribution of up to \$10,000) and after you have had a Roth IRA for at least 5 years. In applying this 5-year rule, you count from January 1 of the year for which your first contribution was made to a Roth IRA. Payments from the Roth IRA that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10% additional income tax on early distributions (unless an exception applies). You do not have to take required minimum distributions from a Roth IRA during your lifetime. For more information, see IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*, and IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*.

If you 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 does 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 roll over your payment 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 elect a direct rollover to an inherited IRA. Payments from the inherited IRA will not be subject to the 10% additional income tax on early distributions. You will have to receive required minimum distributions from the inherited IRA.

Payments under a qualified domestic relations order. If you are the spouse or former spouse of the participant who receives a payment from the Plan under a qualified domestic relations order (QDRO), you generally have the same options and the same tax treatment that the participant would have (for example, you may roll over the payment to your own IRA or an eligible employer plan that will accept it). However, payments under the QDRO will not be subject to the 10% additional income tax on early distributions.

If you are a nonresident alien

If you are a nonresident alien and you do not elect 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 make 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 make a direct rollover and is not required to withhold federal income taxes. However, you may make a 60-day rollover.

Unless you elect otherwise, a mandatory cashout of more than \$1,000 (not including payments from a designated Roth account in the Plan) will be directly rolled over to an IRA chosen by the Plan's Board of Trustees. A mandatory cashout is a payment from the Plan to a participant made before age 62 (i.e., normal retirement age) and without consent, where the participant's benefit does not exceed \$5,000 (not including any amounts held under the plan as a result of a prior rollover made to the Plan).

You may have special rollover rights if you recently served in the U.S. Armed Forces. For more information on special rollover rights related to the U.S. Armed Forces, see IRS Publication 3, *Armed Forces' Tax Guide*. You also may have special rollover rights if you were affected by a federally declared disaster (or similar event), or if you received a distribution on account of a disaster. For more information on special rollover rights related to disaster relief, see the IRS website at www.irs.gov.

FOR MORE INFORMATION

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

You may contact your Plan Administrative Manager at (866) 562-4004.