



# Instructions for Requesting an In-Service Withdrawal

## Diocese of Metuchen 403(b) Plan

Enclosed are the following items needed to request an In-Service Withdrawal from your retirement plan. Please review and complete each of the items as described in the procedures below. Mail the required documents for approval and processing to The Hartford using the following addresses unless otherwise specified on any form. You may also fax completed forms to 1-800-452-6416.

**Regular Mail**  
 The Hartford  
 Qualified Plan Services  
 PO Box 55274  
 Boston, MA 02205-5274

Item	Procedure	Return to The Hartford?
<b>Special Tax Notice Regarding Plan Payments</b>	This document contains important information regarding your distribution options and the related restrictions and tax consequences. <b>Read this information carefully before requesting your distribution.</b>	<b>No</b> – this document is for your records
<b>In-Service Withdrawal Form</b>	<ul style="list-style-type: none"> <li>▪ Complete all relevant sections after reading all the information in the package indicating the type of in-service withdrawal under reason for distribution. If you are interested in a hardship withdrawal, please request a hardship withdrawal package.</li> <li>▪ Sign and date the form.</li> <li>▪ Include all other forms and applications per instructions as applicable.</li> <li>▪ Return this form to the above address for review, approval and processing.</li> </ul>	<b>Yes</b>
<b>Direct Rollover Options</b>	<p>If you are interested in establishing an IRA to roll over your account balance, please complete the appropriate materials or application with your IRA provider.</p> <p>If you are interested in establishing an IRA or have investment questions, you may call the Plan's investment Advisor William Ard or Roxanne Ricca of UBS Financial Services at 800-233-1003 or 800-352-7937 for additional assistances. Please provide IRA information as required in the beneficiary distribution form</p>	<b>No</b> – for IRA Applications

**Participant Service Center Representatives are available by calling the Retirement Plan Information Line at 1-800-854-0647** between the hours of 8AM and 8PM Eastern Time. Representatives are available to help you complete the forms, or answer general questions you may have about your distribution or about the plan.

# SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS

This notice applies to you if you are eligible to receive benefit payments under your employer's retirement plan

This notice explains how you can continue to defer federal (not state or local) income tax on your retirement savings and contains important information you will need before you decide how to receive your Plan benefits.

This notice is provided to you by your Employer and/or Plan Administrator because all or part of the payment that you will soon receive from the Plan may be eligible for rollover by you or your Plan Administrator to a traditional IRA, Roth IRA, or an eligible employer plan. A rollover is a payment by you or the Plan Administrator of all or part of your benefit to another plan or IRA that allows you to continue to postpone taxation of that benefit until it is paid to you. Your payment cannot be rolled over to a Roth IRA unless it is from a Designated Roth account. Your payment cannot be rolled over to a SIMPLE IRA, or a Coverdell Education Savings Account (formerly known as an education IRA). An eligible employer plan includes a plan qualified under Section 401(a) of the Internal Revenue Code, including a 401(k) plan, profit-sharing plan, defined benefit plan, stock bonus plan, and money purchase plan; a section 403(a) annuity plan; a section 403(b) tax sheltered annuity; and an eligible section 457(b) plan maintained by a government employer (government 457 plan).

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

If you have additional questions after reading this notice, you can contact your Employer and/or Plan Administrator.

## Summary

There are two ways you may be able to receive a Plan payment that is eligible for rollover. Please note that the rules are different for the portion of your account (if any) that represents Roth contributions or Roth rollovers. These differences are pointed out in each section.

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

### *If you choose a DIRECT ROLLOVER:*

- Your payment will not be taxed in the current year and no income tax will be withheld. However, remember that Roth rollovers can only be made to Roth IRAs or employer plans that have designated Roth accounts.
- You choose whether your payment will be made directly to your traditional IRA, Roth IRA or to an eligible employer plan that accepts your rollover. Your payment cannot be rolled over to a Roth IRA (unless it is from the Roth portion of your account), a SIMPLE IRA or a Coverdell Education Savings Account because these are not traditional IRAs.
- The taxable portion of your payment will be taxed later when you take it out of the traditional IRA, Roth IRA or the eligible employer plan. Depending on the type of plan, the later distribution may be subject to different tax treatment than it would be if you received a taxable distribution from this Plan. Also, distributions from your Roth IRA may qualify for tax-free treatment if certain rules are met.

### *If you choose to have a Plan payment that is eligible for rollover paid to you:*

- You will receive only 80% of the taxable amount of the payment, because the Plan Administrator is required to withhold 20% of that amount and send it to the IRS as income tax withholding to be credited against your taxes.
- The taxable amount of your payment will be taxed in the current year unless you roll it over. However, see the special rules for Roth contributions, below, if you have made Roth contributions to your employer's plan. Under limited circumstances, you may be able to use special tax rules that would reduce the tax you owe. However, if you receive the payment before age 59- 1/2, you may have to pay an additional 10% tax on the taxable portion of your distribution.
- You can roll over all or part of the payment by paying it to your traditional IRA or Roth IRA (if the amount comes from the Roth portion of your account) or to an eligible employer plan that accepts your rollover within 60 days after you receive the payment. The amount rolled over will not be taxed until you take it out of the IRA or the eligible employer plan. If you make a rollover of the amount distributed from your Roth account to an eligible employer plan, the non-taxable portion of your Roth account cannot be rolled over in this '60 day' rollover; only the taxable earnings can be rolled over this way. However, your entire Roth account may be rolled over in a '60 day' rollover to a Roth IRA.
- If you want to roll over 100% of the taxable amount of your payment to a traditional IRA or an eligible employer plan, you must find other money to replace the 20% of the taxable portion that was withheld. If you roll over only the 80% that you received, you will be taxed on the 20% that was withheld and that is not rolled over. Remember that only the taxable earnings portion of a Roth distribution can be rolled over in a 60 day rollover made to an eligible employer plan, and since it is subject to 20% tax withholding, you will need to find other money to replace the 20% of the taxable portion that was withheld, or else you will be taxed on it.

Your right to waive the 30 - Day Notice Period. Generally, neither a DIRECT ROLLOVER nor a payment can be made from the plan until at least 30 days after your receipt of this notice, and (effective after December 31, 2006) no later than 180 days after receipt. Thus, after receiving this notice, you have at least 30 days to consider whether or not to have your withdrawal directly rolled over. If you do not wish to wait until this 30 - day notice period ends before your election is processed, you may waive the notice period by making an affirmative election indicating whether or not you wish to make a DIRECT ROLLOVER. Your withdrawal will then be processed in accordance with your election as soon as practical after it is received by the Plan Administrator.

## More Information

- I. Payments That Can and Cannot Be Rolled Over
- II. Direct Rollover
- III. Payment Paid To You
- IV. Surviving Spouses, Alternate Payees, and Other Beneficiaries
- V. How to Obtain Additional Information

### I. Payments That Can and Cannot Be Rolled Over

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

#### *After Tax Contributions*

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

- (1) **Roll over into a Traditional IRA.** You can roll over your after - tax contributions to a traditional IRA either directly or indirectly. Your plan administrator should be able to tell you how much of your payment is the taxable portion and how much is the after-tax portion. If you roll over after-tax contributions to a traditional IRA, it is your responsibility to keep track of, and report to the Service on the applicable forms, the amount of these after-tax contributions. This will enable the nontaxable amount of any future distributions from the traditional IRA to be determined. Once you roll over your after-tax contributions to a traditional IRA, those amounts cannot later be rolled over to an employer plan, but you may roll over your after-tax contributions to another IRA.
- (2) **Rollover into an Employer Plan.** You can roll over after-tax contributions from an employer plan that is qualified under Code Section 401(a) or a Section 403(a) annuity plan to another such plan using a DIRECT ROLLOVER if the other plan provides separate accounting for amounts rolled over, including separate accounting for the after-tax employee contributions and earnings on those contributions. You can also rollover after-tax contributions from a Section 403(b) tax-sheltered annuity to another section 403(b) tax-sheltered annuity using a DIRECT ROLLOVER if the other tax - sheltered annuity provides separate accounting for amounts rolled over, including separate accounting for the after-tax employee contributions and earnings on those contributions. You cannot roll over after-tax contributions to a governmental 457 plan. If you want to roll over your after-tax contributions to an employer plan that accepts these rollovers, you cannot have the after-tax contributions paid to you first. You must instruct the Plan Administrator of this Plan to make a DIRECT ROLLOVER on your behalf. Also, you cannot first roll over after-tax contributions to a traditional IRA and then roll over that amount into an employer plan. After December 31, 2006, after-tax contributions will also be allowed to be rolled over between 'unlike' plans, such as from a 403(b) plan to a 401(k) plan.

#### *Roth Contributions*

If you made Roth contributions to the Plan, these contributions may be rolled into either a Roth IRA or to certain employer plans that accept rollovers of Roth contributions. The following rules apply:

- (1) **Roll over into a Roth IRA.** You can roll over amounts consisting of your Roth contributions and earnings (regardless of whether or not it is a Qualified Distribution) to a Roth IRA either directly or indirectly. Your plan administrator should be able to tell you how much of your payment is the taxable portion and how much is the basis ('after-tax' portion). If you roll over Roth contributions to a Roth IRA, it is your responsibility to keep track of, and report to the Service on the applicable forms, the amount of these Roth contributions. This will enable the nontaxable amount of any future distributions from the Roth IRA to be determined. Once you roll over your Roth contributions to a Roth IRA, those amounts cannot later be rolled over to an employer plan.

**NOTE:** The Roth regulations provide that if a rollover from a designated Roth account in an employer plan is made to a Roth IRA, the period that the rolled-over funds were in the designated Roth account does not count towards the 5-taxable-year period for determining qualified distributions from the Roth IRA. (see Note below). However, if a rollover from a designated Roth account is made to Roth IRA that you had established in a prior year, the 5-year period for determining qualified distributions from the Roth IRA that began as a result of that earlier Roth IRA contribution applies to any distributions from the Roth IRA (including a distribution of an amount attributable to a rollover contribution from a designated Roth account).

- (2) **Rollover into a Roth Employer Plan.** You can roll over Roth contributions from an employer plan that is qualified under Code Section 401(a) or a Section 403(a) annuity plan to another such plan using a DIRECT ROLLOVER if the other plan provides separate accounting for amounts rolled over, including separate accounting for the Roth contributions and earnings on those contributions. You can also rollover Roth contributions from a Section 403(b) tax-sheltered annuity to another section 403(b) tax-sheltered annuity using a DIRECT ROLLOVER if the other tax - sheltered annuity provides separate accounting for amounts rolled over, including separate accounting for the Roth employee contributions and earnings on those contributions. Finally, beginning in 2007, you can rollover Roth contributions from or to a Section 403(b) plan to or from a Section 401(a) plan. You cannot roll over Roth contributions to a governmental 457 plan. If you want to roll over your Roth contributions to an employer plan that accepts these rollovers, you cannot have the Roth contributions paid to you first. If you have the Roth contributions paid to you first, only the earnings on those contributions can be rolled over. You must instruct the Plan Administrator of this Plan to make a

DIRECT ROLLOVER on your behalf. Also, you cannot first roll over Roth contributions to a Roth IRA and then roll over that amount into an employer plan.

**NOTE:** If your distribution includes Roth 401(k) plan deferrals, the taxation of the Roth deferrals depends on whether or not the distribution is a Qualified Distribution. A Roth Qualified Distribution is a distribution made from the Roth portion of an employer plan account that is made on or after the date on which the employee attains age 59 ½, or is made to a beneficiary after the death of the employee, or is attributable to disability. Also, the distribution cannot occur before the end of the 5 taxable year period that begins with the earlier of the following: (1) the first taxable (generally, calendar) year for which the participant made a designated Roth contribution to the plan or (2) (if the Roth Account that is being distributed received a Roth Rollover from a plan for which the participant made a designated Roth contribution) the first taxable year the Roth contribution was made to the Roth Account that was rolled over.

If the distribution of Roth deferrals is a Qualified Distribution, then neither the deferrals nor the earnings distributed on the deferrals will be taxable to you. If the distribution is not a qualified distribution, then the portion of the distribution representing your Roth deferrals will not be taxable to you, but the portion of the distribution representing earnings on the Roth deferrals will be taxable to you in the year you receive the distribution, unless you elect a DIRECT ROLLOVER, or within 60 days following receipt, you roll over the distribution to a Roth IRA, or you roll over the earnings on the Roth deferrals to a qualified plan or to a 403(b) plan.

*The following types of payments CANNOT be rolled over:*

- **Payments Spread over Long Periods.** You cannot roll over a payment if it is part of a series of equal (or almost equal) payments that are made at least once a year and that will last for:
  - i. Your lifetime (or a period measured by your life expectancy), or
  - ii. Your lifetime and your beneficiary's lifetime (or a period measured by your joint life expectancies), or
  - iii. A period of ten years or more.
- **Required Minimum Payments.** Beginning when you reach age 70-1/2 or retire, whichever is later, a certain portion of your payment cannot be rolled over because it is a "required minimum payment" that must be paid to you. Special rules apply if you own more than 5% of your employer.
- **Hardship Distributions.** A hardship distribution cannot be rolled over.
- **ESOP Dividends.** Cash dividends paid to you on employer stock held in an employee stock ownership plan cannot be rolled over.
- **Corrective Distributions.** A distribution that is made to correct a failed nondiscrimination test or because legal limits on certain contributions were exceeded cannot be rolled over.
- **Loans Treated as Distributions.** The amount of a plan loan that becomes a taxable deemed distribution because of a default cannot be rolled over. However, a loan offset amount is eligible for rollover, as discussed in Part III below. Ask the Plan Administrator of the Plan if distribution of your loan qualifies for rollover treatment.

The Plan Administrator of this Plan should be able to tell you if your payment includes amounts which cannot be rolled over.

## II. Direct Rollover

A DIRECT ROLLOVER is a direct payment of the amount of your Plan benefits to a traditional IRA, Roth IRA, or an eligible employer plan that will accept it. You can choose a DIRECT ROLLOVER of all or any portion of your payment that is an eligible rollover distribution, as described in Part I above. You are not taxed on any taxable portion of your payment for which you choose a DIRECT ROLLOVER until you later take it out of the IRA or eligible employer plan, unless you choose a Non-Roth Direct Rollover to a Roth IRA (see below for more specific information). The tax treatment of any payment from the eligible employer plan or IRA receiving your DIRECT ROLLOVER might be different than if you received your benefit in a taxable distribution directly from the Plan. In addition, no income tax withholding is required for any taxable portion of your Plan benefits for which you choose a DIRECT ROLLOVER. This Plan might not let you choose a DIRECT ROLLOVER if your distributions for the year are less than \$200 for either the non-Roth or Roth portion of your employer plan account.

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

**NON-ROTH DIRECT ROLLOVER to a Roth IRA.** You can open a Roth IRA to receive the DIRECT ROLLOVER of Non-Roth Plan benefits. Unlike the Non-Roth Direct Rollover to a Traditional (Non-Roth) IRA described above, the rollover is taxable in the year of the distribution (except that a special taxation rule applies to such distributions during 2010 under which the distribution can be subject to taxation ratably during 2011 and 2012). In addition, your ability to roll over such a distribution to a Roth IRA depends upon your adjusted gross income, which cannot exceed \$100,000 for the taxable year of the distribution. This adjusted gross income limit, however, does not apply to distributions after December 31, 2009.

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

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

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

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

**Change in Tax Treatment Resulting from a DIRECT ROLLOVER.** The tax treatment of any payment from the eligible employer plan, traditional IRA or Roth IRA receiving your DIRECT ROLLOVER might be different than if you received your benefit in a taxable distribution directly from the Plan. For example, if you were born before January 1, 1936, you might be entitled to ten-year averaging or capital gain treatment, as explained below. However, if you have your benefit rolled over to a section 403(b) tax-sheltered annuity, a governmental 457 plan, or a traditional IRA or Roth IRA in a DIRECT ROLLOVER, your benefit will no longer be eligible for that special treatment. See the sections below entitled *Additional 10% Tax if You Are Under Age 59 1/2* and *Special Tax Treatment If You Were Born before January 1, 1936*.

### III. Payment Paid to You

If your payment can be rolled over (see Part I above) and the payment is made to you in cash, it is subject to 20% federal income tax withholding on the taxable portion (state tax withholding may also apply). The payment is taxed in the year you receive it unless, within 60 days, you roll it over to an IRA or an eligible employer plan that accepts rollovers. If you do not roll it over, special tax rules may apply.

#### INCOME TAX WITHHOLDING

**Mandatory Withholding.** If any portion of your payment (including earnings on Roth deferrals that do not represent a Qualified Distribution as explained above) can be rolled over under Part I above and you do not elect to make a DIRECT ROLLOVER, the Plan is required by law to withhold 20% of the taxable amount. This amount is sent to the IRS as federal income tax withholding. For example, if you can roll over a taxable payment of \$10,000, only \$8,000 will be paid to you because the Plan must withhold \$2,000 as income tax. However, when you prepare your income tax return for the year, unless you make a rollover within 60 days (see 60 Day Rollover Option below), you must report the full \$10,000 as a taxable payment from the Plan. You must report the \$2,000 as tax withheld, and it will be credited against any income tax you owe for the year. There will be no income tax withholding if your payments for the year are less than \$200.

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

**Sixty-Day Rollover Option.** If you receive a payment that can be rolled over under Part I above, you can still decide to roll over all or part of it to a traditional IRA or Roth IRA or to an eligible employer plan that accepts rollovers. However, if the rollover is from the Roth portion of your account to an eligible employer plan, only the earnings that would be taxable (and not the basis or contributions themselves) can be rolled over this way. If you decide to roll over, you must contribute the amount of the payment you received to a traditional IRA or Roth IRA or eligible employer plan within 60 days after you receive the payment. The portion of your payment that is rolled over will not be taxed until you take it out of the IRA or the eligible employer plan. You can roll over up to 100% of your payment that can be rolled over under Part I above, including an amount equal to the 20% of the taxable portion that was withheld. If you choose to roll over 100%, you must find other money within the 60-day period to contribute to the IRA or the eligible employer plan, to replace the 20% that was withheld. On the other hand, if you roll over only the 80% of the taxable portion that you received, you will be taxed on the 20% that was withheld.

*Example:* The taxable portion of your payment that can be rolled over under Part I above is \$10,000, and you choose to have it paid to you. You will receive \$8,000, and \$2,000 will be sent to the IRS as income tax withholding. Within 60 days after receiving the \$8,000, you may roll over the entire \$10,000 to an IRA or an eligible employer plan. To do this, you roll over the \$8,000 you received from the Plan, and you will have to find \$2,000 from other sources (your savings, a loan, etc.). In this case, the entire \$10,000 is not taxed until you take it out of the IRA or an eligible employer plan. If you roll over the entire \$10,000, when you file your income tax return you may get a refund of part or all of the \$2,000 withheld. If, on the other hand, you roll over only \$8,000, the \$2,000 you did not roll over is taxed in the year it was withheld. When you file your income tax return you may get a refund of part of the \$2,000 withheld. However, any refund is likely to be larger if you roll over the entire \$10,000. Keep in mind that there are special rules if your distribution is a Roth Qualified Distribution. See the definition above.

**Additional 10% Tax If You Are under Age 59-1/2.** If you receive a payment before you reach age 59-1/2 and you do not roll it over, then, in addition to the regular income tax, you may have to pay an extra tax equal to 10% of the taxable portion of the payment, unless an exception applies. The additional 10% tax generally does not apply to:

- (1) Payments that are paid after you separate from service with your employer during or after the year you reach age 55,
- (2) Payments that are paid because you retire due to disability,
- (3) Payments that are paid as equal (or almost equal) payments over your life or life expectancy (or your and your beneficiary's lives or life expectancies),
- (4) Dividends paid with respect to stock by an employee stock ownership plan (ESOP) as described in Code section 404(k),
- (5) Payments that are paid directly to the government to satisfy a federal tax levy,
- (6) Payments that are paid to an alternate payee under a qualified domestic relations order,
- (7) Payments that do not exceed the amount of your deductible medical expenses.

See IRS Form 5329 for more information on the additional 10% tax.

The additional 10% tax on the taxable amount of the distribution will not apply to distributions from a governmental 457 plan, except to the extent the distribution is attributable to an amount you rolled over to that plan (adjusted for investment returns) from another type of eligible employer plan or IRA. Any amount rolled over from a governmental 457 plan to another type of eligible employer plan or to a traditional IRA will become subject to the additional 10% tax if it is distributed to you before you reach age 59 1/2, unless one of the exceptions applies.

**Special Tax Treatment If You Were Born before January 1, 1936.** If you receive a payment from a plan qualified under Section 401(a) or a Section 403(a) annuity plan that can be rolled over under Part I and you do not roll it over to an IRA or an eligible employer plan, the taxable portion of the payment will be taxed in the year

you receive it (there is an exception for a Roth Qualified Distribution, defined above). However, if the payment qualifies as a "lump sum distribution", it may be eligible for special tax treatment. (See also *Employer Stock or Securities* below). A lump sum distribution is a payment, within one year, of your entire balance under the Plan (and certain other similar plans of the employer) that is payable to you after you have reached age 59-1/2 or because you have separated from service with your employer (or, in the case of a self-employed individual, after you have reached age 59-1/2 or have become disabled). For a payment to be treated as a lump sum distribution, you must have been a participant in the plan for at least five years before the year in which you received the distribution. The special tax treatment for lump sum distributions that may be available to you is described below.

**Ten-Year Averaging.** If you receive a lump sum distribution and you were born before January 1, 1936, you can make a one-time election to figure the tax on the payment by using 10-year averaging (using 1986 tax rates). Ten-year averaging often reduces the tax you owe.

**Capital Gain Treatment.** If you receive a lump sum distribution and you were born before January 1, 1936 and if you were a participant in the Plan before 1974, you may elect to have the part of your payment that is attributable to your pre-1974 participation in the Plan taxed as long-term capital gain at a rate of 20%.

There are other limits on the special tax treatment for lump sum distributions. For example, you can generally elect this special tax treatment only once in your lifetime, and the election applies to all lump sum distributions that you receive in that same year. You may not elect this special tax treatment if you rolled amounts into this Plan from a 403(b) tax sheltered annuity contract, a governmental 457 plan, or from an IRA not originally attributable to a qualified employer plan. If you have previously rolled over a distribution from the Plan (or certain other similar plans of the employer), you cannot use this special averaging treatment for later payments from the Plan. If you roll over your payment to an IRA, governmental 457 plan, or 403(b) tax-sheltered annuity, you will not be able to use special tax treatment for later payments from that IRA, plan, or annuity. Also, if you roll over only a portion of your payment to an IRA, governmental 457 plan, or 403(b) tax sheltered annuity, this special tax treatment is not available for the rest of the payment. See IRS Form 4972 for additional information on lump sum distributions and how you can elect the special tax treatment.

**Employer Stock or Securities.** There is a special rule for a payment from the Plan that includes employer stock (or other employer securities). To use this special rule, (1) the payment must qualify as a lump sum distribution, as described above, except that you do not need five years of plan participation, or (2) the employer stock included in the payment must be attributable to after-tax employee contributions, if any. Under this special rule, you may have the option of not paying tax on the net unrealized appreciation of the stock until you sell the stock. Net unrealized appreciation generally is the increase in the value of the employer stock while it was held by the Plan. For example, if employer stock was contributed to your Plan account when the stock was worth \$1,000 but the stock was worth \$1,200 when you received it, you would not have to pay tax on the \$200 increase in value until you later sold the stock. You may instead elect not to have the special rule apply to the net unrealized appreciation. In this case, your net unrealized appreciation will be taxed in the year you receive the stock, unless you roll over the stock. The stock can be rolled over to an IRA or another eligible employer plan, either in a DIRECT ROLLOVER or a rollover that you make yourself. Generally, you will no longer be able to use the special rule for net unrealized appreciation if you roll the stock over to a traditional IRA or another eligible employer plan. If you receive only employer stock in a payment that can be rolled over, no amount will be withheld from the payment. If you receive cash or property other than employer stock, as well as employer stock, in a payment that can be rolled over, the 20% withholding amount will be based on the entire taxable amount paid to you (including the value of the employer stock determined by excluding the net unrealized appreciation). However, the amount withheld will be limited to the cash or property (excluding employer stock) paid to you. If you receive employer stock in a payment that qualifies as a lump sum distribution, the special tax treatment for lump sum distributions described above (such as 10-year averaging) also may apply. See IRS Form 4972 for additional information on these rules. If the employer stock or securities were purchased with funds from the Roth portion of your employer plan account, there are special rules that apply, depending upon whether the stock is distributed in a Roth Qualified Distribution or not. In a Roth Qualified Distribution, the basis of the employer securities will be set to the fair market value of the securities on the date of distribution. Only post-distribution appreciation will be treated as capital gain at the time the securities are sold or otherwise disposed of. In a nonqualified Roth distribution, the rules excluding appreciation earned in the retirement plan trust (net unrealized appreciation) from taxes in a lump sum distribution apply. The net unrealized appreciation will be taxed as capital gain in a subsequent realization transaction, such as a sale of the securities.

**Repayment of Plan Loans.** If your employment ends and you have an outstanding loan from your Plan, your employer may reduce (or offset) your balance in the Plan by the amount of the loan you have not repaid. The amount of your loan offset is treated as a distribution to you at the time of the offset and will be taxed (except if it is sourced from after-tax or Roth contributions) unless you roll over an amount equal to the amount of your loan offset to another eligible employer plan or a traditional IRA within 60 days of the date of the offset. If the amount of your loan offset is the only amount you receive or are treated as having received, no amount will be withheld from it. If you receive other payments of cash or property from the Plan, the 20% withholding amount will be based on the entire taxable amount paid to you, including the taxable amount of the loan offset. The amount withheld will be limited to the amount of other cash or property paid to you (other than any employer securities). The amount of a defaulted loan that is a deemed distribution cannot be rolled over.

#### IV. Surviving Spouses, Alternate Payees, and Other Beneficiaries

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

If you are a surviving spouse or an alternate payee who is a spouse or former spouse of the employee, you may choose to have a payment that can be rolled over, as described in Part I above, paid in a DIRECT ROLLOVER to a traditional IRA or Roth IRA, paid to an eligible employer plan, or paid to you. If you have the payment paid to you, you can keep it or roll it over yourself to a traditional IRA or Roth IRA or to an eligible employer plan. Thus, you have similar choices as the employee.

For distributions occurring after December 31, 2006, nonspouse beneficiaries will also be able to rollover their benefits to an "inherited" IRA (i.e., an IRA set up in the name of the decedent), if the plan allows for such distributions. Beneficiaries should look to the plan's Summary Plan Description for additional information on available distribution options. You cannot make additional contributions to this IRA or consolidate it with any of your other IRAs, but you can set up one of the periodic distribution options, such as the five-year cash-out or life expectancy payments. Beneficiaries should ask the IRA institution for more information about inherited IRAs before opening the account and initiating a distribution.

If you are a surviving spouse or other beneficiary, or an alternate payee, your payment is generally not subject to the additional 10% tax described in Part III above, even if you are younger than age 59-1/2.

If you are a surviving spouse, an alternate payee, or another beneficiary, you may be able to use the special tax treatment for lump sum distributions and the special rule for payments that include employer stock, as described in Part III above. If you receive a payment because of the employee's death, you may be able to treat the payment as a lump sum distribution if the employee met the appropriate age requirements, whether or not the employee had 5 years of participation in the Plan.

## V. How to Obtain Additional Information

This notice summarizes only the federal (not state or local) tax rules that might apply to your payment. The rules described above are complex and contain many conditions and exceptions that are not included in this notice. Therefore, you may want to consult with the Plan Administrator or a professional tax advisor before you take a payment of your benefits from your Plan. Also, you can find more specific information on the tax treatment of payments from qualified employer plans in IRS Publication 575, *Pension and Annuity Income*, and IRS Publication 590, *Individual Retirement Arrangements*. These publications are available from your local IRS office, on the IRS's Internet Web Site at [www.irs.gov](http://www.irs.gov), or by calling 1-800-TAX FORMS.



# In-Service Withdrawal Form

Plan ID: 990500136

## Diocese of Metuchen 403(b) Plan

### 1. Participant Information

Social Security Number		Birth Date
Name		Hire Date
Address		
City	State	ZIP
Daytime Phone	E-mail Address	
Evening Phone	Employer / Location	

\*\*\*\* Please review all the enclosed information before proceeding \*\*\*\*

### 2. Distribution Information

Reason for Distribution

- Age 59 ½ Withdrawal

Distribution Amount (select one)

- A. I am requesting a Withdrawal for the maximum amount available.
- B. I am requesting a Withdrawal in the amount of: \$ \_\_\_\_\_

### 3. Payment Election (select one)

- A. **Lump-Sum Payment:** I elect to have the entire distribution paid directly to me. I understand this payment will be subject to 20% mandatory federal withholding and any applicable state withholding. *(Please read Cash Payment Section of Important In-Service Withdrawal Information).*
- B. **Direct Rollover:** I elect to have the entire distribution paid as a Direct Rollover. I have indicated in Section 4 detailed instructions for the processing of this rollover distribution.
- C. **Combination Lump-Sum Payment & Direct Rollover:** I elect to have a portion of this distribution paid directly to me and the remaining balance paid as a Direct Rollover. I understand payment made directly to me will be subject to 20% mandatory federal withholding and any applicable state withholding. *(Please read Cash Payment Section of Important In-Service Withdrawal Information).* I have indicated in Section 4 detailed instructions for the processing of rollover portion of this distribution. Indicated below is the Lump Sum Amount I would like paid directly to me:  
**Lump-Sum Amount:** \$ \_\_\_\_\_ will be paid to me with the remainder to be paid as a Direct Rollover. Any portion of this remaining balance that is not an eligible rollover distribution will also be paid directly to me.
- D. **Periodic / Installment Payment:** I elect to have my distribution paid in installments. Please complete Section 5 Periodic / Installment Payment Election of this form.

### 4. Rollover Information (if B. or C. elected in Section 3)

**Direct Rollover Information:** If you elected option B. or C. in Section 3, your payment includes a Direct Rollover. Please complete the information below: Rollover checks will be mailed directly to my address of record and made payable to the financial institution or trust named below. *(Please read Direct Rollover Section of Important In-Service Withdrawal Information).*

Direct Rollover to:

- Traditional IRA Make rollover check payable to: \_\_\_\_\_
- Roth IRA Make rollover check payable to: \_\_\_\_\_
- Eligible Retirement Plan - Make rollover check payable to: \_\_\_\_\_

If your Roth contributions or Roth rollovers will be paid to a different rollover account, please indicate below:

- Roth IRA Make rollover check payable to: \_\_\_\_\_
- Eligible Retirement Plan - Make rollover check payable to: \_\_\_\_\_

If your account includes after-tax contributions, Roth contributions or rollovers, please determine whether your IRA or Plan will accept these contributions and check the appropriate box:

- Please include after-tax contributions in my rollover check. The check will indicate the after-tax distribution amount.
- Please issue a separate check directly to me representing the Roth contribution/rollover portion of the distribution
- Please issue a separate check directly to me representing the after-tax portion of the distribution.



**5. Periodic / Installment Payment Election (if D. elected in Section 3)**

**Periodic Distribution Information:** Installment payments will be paid in accordance with the information and schedules you indicate below:

- A. Fixed Period Election:** I elect to receive my installment payments over a fixed number of years as indicated below
  1.  \_\_\_\_\_ Years (not to exceed life expectancy).
  2.  If (1) Single or (2) Married with non-Spouse Primary Beneficiary or (3) Married with Spouse as Primary Beneficiary up to 10 years younger than participant, then pay in accordance with Uniform Lifetime Table.
    - Optional:** Distribute \$ \_\_\_\_\_ in addition to the amount computed in accordance with the Uniform Lifetime Distribution Table.
  3.  If Married with Primary Beneficiary Spouse more than 10 years younger than participant, then pay in accordance with Joint & Survivor Table.
    - Optional:** Distribute \$ \_\_\_\_\_ in addition to the amount computed in accordance with the Joint & Survivor Table.

If Option A.2. or A.3. selected, please provide the following information:  
 Primary Beneficiary Date of Birth \_\_\_\_\_  
 Primary Beneficiary Relationship  Spouse  Other (please specify) \_\_\_\_\_
- B. Fixed Amount Election:** I elect to receive my installment payments in a fixed amount of \$ \_\_\_\_\_ until my account is depleted

For option A. and B. above please indicate the payment frequency and months of distribution as follows:

**Distribution Schedule:**

Select frequency:  Monthly (12x)  Quarterly (4x)  Semi-annually (2x)  Annually (1x)  Other (please specify) \_\_\_\_\_

Select month(s) of distribution:  Jan  Feb  Mar  Apr  May  Jun  Jul  Aug  Sep  Oct  Nov  Dec

**Payment Method:**

- Check – mailed to participant address of record.
- Direct Deposit to:  Bank Checking Account  Bank Savings Account. *(Please attach voided check or preprinted deposit slip)*

**Special Tax Withholding Elections for installment payments paid over a period of 10 or more years.** (If installments are paid over a period of less than 10 years each payment will be subject to 20% mandatory federal tax withholding and any applicable state tax withholding, and this section can be left blank). If no election is made, then 20% federal withholding and any applicable state tax will be withheld See the information on federal tax withholding for periodic payments and state tax withholding in the Important In – Service Withdrawal Information section.

- Do **not** withhold federal or any applicable state tax from the installment payments.
- Withhold** federal tax at the rate of \_\_\_\_\_% on the installment payments and withhold any applicable state tax.

**6. Participant Request & Signature**

As a Participant of the above - named plan, I hereby request a distribution in the form indicated above, subject to the terms of the plan and the approval of my Employer. I confirm that (1) I have verified that the IRA will accept the direct rollover and is an eligible retirement plan if I have chosen this option; (2) I have received and read the Special Tax Notice Regarding Plan Payments and understand that if I do not elect a direct rollover, the taxable portion of my eligible rollover distribution will be subject to 20% federal and applicable state tax withholding; (3) I understand that I have at least 30 days from the receipt of the Special Tax Notice Regarding Plan Payments to decide whether to make or not to make a rollover of the portion of my account that is an eligible rollover distribution; and (4) by signing and returning this form before the end of the 30 day period, I have waived the right to any further time to consider this decision and I am requesting a distribution of the account in accordance with the above elections as soon as possible.

\_\_\_\_\_  
**Signature**

\_\_\_\_\_  
**Date**

**SIGNATURE GUARANTEE (if applicable)**

If you request the check to be mailed to an address other than the address of record we have on file, OR your request for distribution is for more than \$100,000, then your signature must be guaranteed. Signature(s) must be guaranteed by an eligible bank, broker, dealer, credit union, national securities exchange, registered securities association, clearing agency or savings association. Signature guarantees will be accepted in accordance with policies established by Hartford Retirement Services, LLC ("HRS").

Please note that the proper form for execution is:

Signature(s) guaranteed: \_\_\_\_\_

Name of eligible institution: \_\_\_\_\_

By (Signature of authorized person): \_\_\_\_\_

\*\*\*\*\* Return form as indicated on Instruction Page \*\*\*\*\*

## Important In-Service Withdrawal Information

### Address Changes

Please note that if your address has been changed less than 30 days ago, the distribution cannot be processed without your Employer's approval. If you would like your check mailed to an alternate address, please see Signature Guarantee instructions on the form.

### Cash Payments and Tax Withholding

If you choose to have any portion of your distribution paid directly to you, in a lump sum, mandatory 20% federal tax withholding will be applied to the taxable amount of the distribution. If you are a resident of Arkansas, California, Delaware, Iowa, Kansas, Maine, Maryland, Massachusetts, Mississippi, Nebraska, North Carolina, Oklahoma, Oregon, Vermont, and Virginia applicable state taxes will also be withheld if federal taxes are withheld. This list may change based on changing state tax withholding requirements.

### Direct Rollover

Rollover checks are mailed to your home address on file, but are made payable to the financial institution named on this form. If you choose to have any portion of your distribution amount paid as a direct rollover, that amount will be exempt from mandatory federal and state withholding. You should contact your IRA provider or a representative of your new retirement plan to obtain exact payee instructions.

Payments made as periodic installments over a period of 10 years or more are not eligible for direct rollover. Therefore, the mandatory 20% withholding does not apply. In this case, you must complete Section 5 of the form to indicate your voluntary withholding election.

**If you are required to receive a required minimum distribution (RMD),** then the entire minimum distribution must be paid to you **BEFORE** you authorize a direct rollover. RMD may be required **because you are age 70 ½ or older this calendar year and have (i) separated from service or (ii) you are a 5% owner.** If you authorize a direct rollover to an IRA or eligible employer-sponsored retirement plan before you have taken the entire required minimum distribution for the year, this will result in an excess rollover contribution to your IRA or retirement plan. You will need to correct this excess rollover contribution by contacting the trustee or custodian of your IRA or retirement plan. This excess rollover contribution may also be subject to tax penalties. Please contact your Employer or HRS if you are not sure whether you have received your required minimum distribution for the current calendar year.

### Withholding on Periodic Payments

Payments made as periodic installments over a period of 10 years or more are not subject to mandatory 20% federal withholding. You may elect not to have withholding apply to your periodic payments. Your election will remain in effect until you revoke it. You may revoke your election at any time by returning the revised Section 5 Special Tax Withholding Election completed, signed, and dated. Any election or revocation will be effective no later than 30 days after receipt of your election. You may make and revoke elections not to have withholding apply as often as you wish.

If you do not make a withholding election for periodic payments in Section 5 Special Tax Withholding Election by the date your form is submitted, federal income tax will be withheld from the taxable portion of your pension payments as if you were a married individual claiming three withholding allowances. As a result, no federal income tax will be withheld if the taxable portion of your annual pension payments is less than a certain threshold amount.

If you elect not have withholding apply to your retirement plan payments, or if you do not have enough federal income tax withheld from your retirement plan payments, you may be responsible for payment of estimated tax. You may incur penalties under the estimated tax rules if your withholding and estimated tax payments are not sufficient. Note that a voluntary withholding election cannot be made involving accounts for which a name and/ or tax identification number (TIN) is incorrect or missing. See IRS Publication 1586 for information about mandatory withholding when a participant's or beneficiary's TIN is missing or incorrect.

### Joint & Survivor Information

Please refer to **Important Qualified Joint and Survivor Annuity Notice, Waiver, and Spousal Consent Information**

### Payment Policies

All distributions will be made payable to the participant or to the trustee/custodian of an IRA or qualified plan and will be mailed to the Participant's address we have on file, or to the address indicated by the Plan Sponsor.

If you elect a partial distribution, your distribution amount will be prorated across all available funds and contribution types unless you request otherwise. You may request a partial distribution to be made from specific funds or if permitted by the plan, contribution types by attaching specific instructions, in writing, to this distribution form. However, your remaining balance in the Plan must be \$5,000 or more, not including any rollover money.

### Acknowledgement

The IRS requires that you receive a written Special Tax Notice Regarding Plan Payments prior to receiving such payment. Please read it carefully to understand the rollover rules and the special tax treatment regarding the mandatory income tax withholding rules on lump sum and installment distributions not directly rolled over to another qualified retirement plan or IRA that accepts rollover distributions. You should receive this notice between 180 and 30 days before the time for your distribution. You are entitled to have at least 30 days to consider your distribution option. However, you may affirmatively elect to waive the 30-day period and request a distribution or direct rollover as soon as possible by completing and signing this form.