Housing Agency Retirement Trust	FORM #150 - Revised June 2012 **REQUEST FOR BENEFIT PAYMENT ***
NOTE: ***Any person completing this form must also receive:*** ▪ ***Options Available Upon Termination or Retirement*** ▪ ***Special Tax Notice Regarding Plan Payments***	**THIS FORM IS **NOT** TO BE USED FOR REQUESTING AN IN-SERVICE WITHDRAWAL OF VOLUNTARY CONTRIBUTIONS. ACCESS THE VOICE RESPONSE SYSTEM (1-888-801-3534) OR THE WEB (WWW. HART-RETIRE.COM) TO REQUEST PAPERWORK FOR A VOLUNTARY ACCOUNT WITHDRAWAL REQUEST FORM #170.*

1. REASON FOR DISTRIBUTION (CHECK ONLY ONE BOX BELOW)

☐ Retirement -or- Termination of Employment for any reason
☐ Total and Permanent Disability
☐ QDRO (Qualified Domestic Relations Order)
☐ Death *(Attach a copy of the Death Certificate. If your agency has Supplemental Death Benefit Insurance, this must be a **certified** copy, not a photocopy.)*

2. PARTICIPANT INFORMATION (HOUSING AUTHORITY MUST COMPLETE ALL ITEMS AND SIGN)

Exception: If you, the participant, left the agency more than a year ago, this information should already be on file with the Plan. To request your distribution you may leave this Section 2 blank.

- Name of Participant ______________________ Social Security Number ____-____-____
- Name of Housing Agency where Participant was employed Housing Authority of the City of Asheville
- Plan Number (if known) 598 362
- Last day worked by Participant ____________________
- If the participant received pay for either "current year" vacation days or "current year" sick days, and if those days extended beyond their last physical day worked, please enter the later date here ________________.

  (For example, this could include current year vacation pay, but prior years' accumulated leave time is not applicable.)
- **Final** Retirement Plan contributions will be reported on the billing spreadsheet that reflects activity for___________________***(month/year)***.
- Supplemental Death Benefit Insurance (check one) ________***(does)*** _______***(does not)*** apply to this Agency.

Note**: This Section **must be signed by an authorized official of the agency when an employee leaves.** The information in this Section must be reported to the Retirement Plan Administrator in a timely manner even if the participant elects to leave the funds in the Plan. **Therefore, please fax this completed page 1 to 973-712-7489 before giving the entire form to the participant.

I certify the information in the above two sections is correct.

Signature of Authorized Official of the Agency ______________________________ Date Signed___________________

3. IMPORTANT INSURANCE CONVERSION INFORMATION

To the Participant:** If your Agency has **Supplemental Death Benefit Insurance** (as indicated in Section 2 above), you have **31 days after your date of severance of employment** to elect to convert all or a part of your coverage to your own individual "whole life" insurance policy. Otherwise, your coverage will end. Additionally, **if you are age 55 or older and have 10 years of service with your employer**, you would be eligible for the **Retiree Life Insurance** coverage. If you are eligible and interested in purchasing either of these types of post-employment insurance, contact your Plan Administrator at **1-800-798-2044 within 31 days of your severance date.

4. RECIPIENT INFORMATION

Social Security Number

____

Name of Recipient (person requesting funds)

____
Last Name ***First Name*** ***Middle Initial***

Daytime Phone Number

(______)______________________

Current Mailing Address

____
Street or P.O. Box

Plan Number

598 362

____
City ***State*** ***Zip Code***

DEPT = RKOPSHART
TASK = TERMNF

5. PAYMENT OPTIONS

Please check ***only one*** box to indicate the type of payment you would like to receive.

(A) ☐ I elect to leave my entire account balance in the Plan for now. I understand that I will have to complete a new Form #150 for any future distribution, and ***I have taken a duplicate form with me***.

(B) ☐ I elect to have my entire account balance paid directly to me in one lump sum payment. ***(See Section 7 on Page 3.)***

(C) ☐ I certify that I will have attained at least age 55 this year, and I elect to take my distribution in one-time payments, in whatever amounts I choose, and whenever I need them, but not more often than monthly. I am requesting that my first payment be $ _____________ with the distribution processed ________________________ *(month/day/year)*. I understand that I must submit ***my next request in writing*** on a special form supplied by the Plan Administrator. I understand that I may select one-time or recurring payments on that form.

(D) ☐ I elect to receive regular payments of (complete one) $_____________ per month (minimum $300) ~ or ~ $____________ per quarter (minimum $900) until my account balance is exhausted, with the first such payment made on the **15th** day of ________________, _________. If applicable, the Plan Administrator will provide a form for me to elect out of tax withholding.
Month *Year*

(E) ☐ My total vested account balance is at least $50,000, and I elect to receive (check one) ☐ monthly ~ or ~ ☐ quarterly payments for exactly ten (10) years with the first such payment made on the **15th** day of _____________, ______ *(month/year)*. If I select monthly payments, my first payment will be 1/120th of my vested account balance, the next will be 1/119th, then 1/118th, etc., until all 120 payments have been made. If I select quarterly payments, my first payment will be 1/40th of my vested account balance, the next 1/39th, then 1/38th, etc., until all 40 payments have been made. If applicable, the Plan Administrator will provide a form for me to elect out of tax withholding.

(F) ☐ I elect to purchase an annuity through an insurance company. I elect to have the annuity paid according to the following option beginning _________________________, _________: *(Check only One Type of Annuity)*
Month *Year*

________	(a)	Life Only	________	(e)	20 Years Certain & Continuous
_______	(b)	5 Years Certain & Continuous	________	(f)	Joint & Survivor
_______	(c)	10 Years Certain & Continuous	________	(g)	Cash Refund Annuity
_______	(d)	15 Years Certain & Continuous	________	(h)	Variable Annuity

*** *ROLLOVER SECTION* ***

(G) ☐ I elect to rollover the ***entire taxable amount*** of my distribution to the Traditional IRA, Roth IRA or Eligible Retirement Plan ***indicated below***, with any ***non-taxable*** amount paid directly to me.

(H) ☐ I elect to rollover ***only $*** _______________ of the ***taxable amount*** of my distribution to the Traditional IRA, Roth IRA, or Eligible Retirement Plan ***indicated below***, with the remainder paid directly to me.

Circle One: ***Traditional IRA***, ***Roth IRA**** ***or*** ***Eligible Retirement Plan:*** *for this option you must attach written proof the receiving Plan is a 401(a), 401(k), 403(b), or 457(b)).*

Name of Rollover Company or Eligible Retirement Plan:____

Account Number ____________________________________ ***and/or Contact Person*** _______________________

Address for mailing rollover check ____

City, State, Zip ____

**** For Roth IRA's please call the Plan Administrator at 1-800-798-2044, before completing this section.***

6. RECIPIENT'S SIGNATURE

I certify that the above information and any elections I have made are accurate. If I elected a rollover, I certify that I have directed the rollover either to a Traditional IRA, Roth IRA or to an Eligible Retirement Plan. ***I have read and understand the "Options Available Upon Termination or Retirement" and "Special Tax Notice Regarding Plan Payments."*** I further understand that the program, as described in the official plan documents, will govern in all cases.

______________________________	______________________________	____________
Name (Please Print)	***Signature***	***Date***

For the timing of distributions and mailing instructions, see **Page 3**. ***Please keep a copy*** of this completed paperwork for your records.

Housing Agency Retirement Trust
c/o ADP Retirement Services
4801 Olympia Park Plaza Drive, Suite 2000
Louisville, Kentucky 40241

DEPT = RKOPSHART
TASK = TERMNF

7. TAX WITHHOLDING AND PENALTY INFORMATION

BEFORE YOU MAKE A DECISION ABOUT THE PAYMENT OPTION YOU CHOOSE IN SECTION 5 OF THIS FORM, YOU SHOULD CAREFULLY CONSIDER THE TAX CONSEQUENCES OF EACH OPTION. FOR TAX WITHHOLDING AND PENALTY INFORMATION, READ CAREFULLY THE "OPTIONS AVAILABLE UPON TERMINATION OR RETIREMENT" ~ AND ~ "SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS."

8. SPECIAL INSTRUCTIONS AND TIMING OF DISTRIBUTIONS

Questions?

If you have any questions or need additional assistance while completing this form, please contact the ***Plan Administrator by calling*** ***1-800-798-2044, extension 3.*** Plan representatives are available to assist you ***Monday through Friday from 9:00 a.m. until 5:00 p.m. EST***.

Timing of Distributions

You must complete and sign Form #150 – Request for Benefit Payment to receive a distribution from this plan.

Distributions are processed **after** final plan contributions and loan payments are received by the Plan Administrator from your agency. Since final contributions and loan payments are usually received from your agency during the month which follows your termination month, **you will typically receive your distribution at the end of the month following the month in which your termination date occurs.**

Once final contributions are received, distributions are processed within 2-3 business days.

Checks are mailed within 2 business days from **ADP Retirement Services** in Salem, New Hampshire. Please allow adequate time (an additional 3 to 5 business days) for mail delivery.

Sending In Forms

PAGES 1 and 2 of this form **may be** ***FAXED 1-973-712-7489*** **or mailed** to the address listed at the bottom of this page. **(No need for a cover sheet). Please keep a copy of the completed paperwork for your records.**

IMPORTANT

Please consult with your tax advisor regarding federal and state reporting of your distribution. Each distribution issued on your behalf from this Plan (including rollovers) must be reported on your Federal Tax Return 1040. Premature distributions require Form 5329. Please keep your address up to date with us so that you will receive Form 1099R for filing your tax forms.

Housing Agency Retirement Trust
c/o ADP Retirement Services
4801 Olympia Park Plaza Drive, Suite 2000
Louisville, Kentucky 40241

Housing Agency Retirement Trust

OPTIONS AVAILABLE UPON TERMINATION OR RETIREMENT

The following will summarize these options for you.

LEAVING YOUR ACCOUNT BALANCE IN THE PLAN

- You may leave your account balance in the Retirement Plan. However, you must comply with the Federal minimum distribution rule. Simply stated, this means that if you have not yet begun to take distributions, you must do so by April 1st following the year in which you turn age 70½. If this applies to your situation, we will notify you of the minimum amounts you must receive each year.

- There will be no further contributions allowed to your account. However, your account will continue to be credited with any investment gains or losses. You will continue to have the privilege of using the Investment Advisory services offered by Guided Choice, as well as transferring balances among the different investment funds. You may do this by accessing either your personal account at the HART website www.hart-retire.com or by calling a Customer Service Representative at 1-888-801-3534 between the hours of 9:00 a.m. – 5:00 p.m. EST. If calling the Customer Service Representative you will need your Social Security Number. If this is your first time to access the website, type in your Social Security Number as your User ID, and click on "Forgot Your Password". This will allow you to setup your personal User ID and Password.

- If you elect to keep your money in the Plan, the only Administrative expense charge is a $2 per month fee which is assessed quarterly and deducted directly from your account, unless your agency has chosen to pay the fee for all participating members.

- You may request a distribution at any time from any of the available options under this Plan.*

*Exception: If you leave your balance in the Plan and are later rehired by the **same** agency, you will not be able to take a distribution from that balance while you are **actively employed** by that same agency.

LUMP SUM DISTRIBUTION

- You may take out your entire balance in a single lump sum cash distribution.

- The IRS requires a flat 20% Federal income tax withholding on the ***taxable*** portion of a lump sum cash distribution. If applicable, any mandatory state tax will also be withheld. If you choose instead to rollover the taxable portion of your distribution to a Traditional IRA or to another Eligible Retirement Plan, taxation will be deferred until you take a distribution from wherever you rolled your funds. For information about **Rollovers**, see the next section.

- The Internal Revenue Service also imposes a ***10% penalty tax*** on cash distributions from retirement plans prior to the time you reach age 59½. However, there are exceptions to the penalty. Some of these exceptions are: a distribution made as a result of your disability or death; a Qualified Domestic Relations Order (QDRO, which applies to divorce or other circumstances); or, if you are age 55 or older in the year in which you terminate. If you terminate employment prior to the year in which you attain age 55, you will not be exempt from the 10% penalty until you reach age 59½. Federal Form 5329 should be furnished to you by your tax preparer when filing your Federal Tax Return 1040.

ROLLOVERS

- You are permitted to request that a total or partial rollover be directed to a Traditional IRA (Individual Retirement Account) or to an Eligible Retirement Plan that will accept the rollover. Eligible Retirement Plans include: Qualified Plans, such as 401(a) or 401(k); 403(b) Tax-Sheltered Annuity Plans; and 457(b) Plans.

- Most participants elect to rollover only the taxable portion of a distribution to a Traditional IRA or to an Eligible Retirement Plan. Since there is no tax liability or penalty associated with receiving a non-taxable distribution, they elect to have the non-taxable portion paid directly to them in cash.

- However, now that certain Traditional IRA's, Roth IRA's and certain Eligible Retirement Plans do accept non-taxable rollovers, that option is available to you. Be sure to check with your rollover company to see who is responsible for keeping records of your non-taxable funds for future tax purposes.

- In addition you are permitted to request that all or a portion of your rollover be directed to a Roth IRA (See note below). Please read the "Special Tax Notice" and consult with your tax advisor for further details about Roth IRA's. If you wish to roll to a Roth IRA, please call the Plan Administrator at 1-800-798-2044 before completing Form #150.

***Special note regarding direct transfers to a Roth IRA:** Taxable amounts transferred to a Roth IRA must be included in the participant's gross income, but are not subject to the 10% penalty tax for premature distributions. No amount will be withheld from a direct transfer to a Roth IRA for federal income tax purposes. **CAUTION: This means that you will be responsible for making sure you are able to pay the full amount of all required income taxes in connection with such a rollover. Participants considering a direct transfer to a Roth IRA are strongly encouraged to consult their tax advisor before making their election.**

AGE 55 OR OLDER PROVISION

- After you terminate employment, you may want to leave your money in the plan until you reach age 55 in order to take advantage of this special provision. When you are age 55 or older, you may elect to receive your distribution in partial payments, in whatever amount you choose, and you may elect to receive them as often as monthly. You are not required to take a payment every month, nor do the payments always have to be in the same amount. Since the amount and frequency of your payments can vary, the Plan Administrator will provide you with special forms for making your selection(s). Once you start receiving payments, you are still entitled to take out your entire balance at any time, or elect another optional form of payment under the Plan.

- The mandatory 20% tax withholding rules apply to these distributions. If you terminate employment prior to the year you attain age 55, any payments you receive before age 59½ may be subject to the 10% tax penalty.

REGULAR MONTHLY OR QUARTERLY PAYMENTS

- Regardless of your age, you may elect to receive one of the following **two** options**. Once you begin receiving payments under either option (1) or (2) below, you may not switch to another option unless you are age 55 or older and elect the "Age 55 or Older Provision" above. Making a change may cancel your current tax-withholding election and require the Plan Administrator to withhold 20% federal income tax from each future payment. Once you have made this change, you may not revert back to your initial election.**

  (1) If your total vested account balance is at least $50,000, you may elect to receive either monthly or quarterly payments that will continue for exactly 10 years. If you select **monthly** payments, your first payment will be 1/120th of your balance, the next will be 1/119th of your balance, then 1/118th, etc., until all 120 payments have been made. If you select **quarterly** payments, your first payment will be 1/40th of your balance, the next 1/39th then 1/38th, etc., until all 40 payments have been made.

(2) You may elect to receive regular monthly payments of at least $300 (or regular quarterly payments of at least $900) until your account balance is exhausted. Initially, you may specify the dollar amount of each payment (subject to the above minimums), **<u>but the dollar amount cannot be changed once payments begin unless you are 55 or older.</u>**

- Under IRS regulations, equal (or almost equal) payments that continue for a period of at least 10 years are not subject to mandatory 20% tax withholding. Therefore, if you elect option (1) above (or if you elect option (2) and your payments are expected to last at least 10 years), your tax withholding rate will only be 10%, unless you wish to have no taxes withheld. To elect out of tax-withholding, ask the Plan Administrator for the election form and related information. Please be advised that the 10% penalty tax (described on page 1) may still apply to your particular situation under these options.

ANNUITY PURCHASES

- Depending on which monthly annuity option you choose, purchasing an annuity provides you with a **lifetime** of monthly income payments and the option of providing an income (or lump sum) to your beneficiary after your death. You may purchase an annuity with all or a portion of your account balance.

- If you elect to purchase a monthly annuity benefit, bid quotes will be taken from several insurance companies (currently Metropolitan Life and Principal Life Insurance Companies) so that you may choose the best offer. You may purchase your benefit from any one of these companies. Neither the mandatory 20% tax withholding nor the 10% penalty tax applies to annuities. You will arrange with the insurance company whether to have taxes withheld from your monthly payments.

- Upon your selection, a check will be disbursed from your retirement account and mailed directly to the chosen insurance company. You will receive your monthly check directly from the insurance company and, at the end of the year, you will receive from the insurance company a Form 1099R showing the total benefit paid you, any Federal income tax withheld, and any non-taxable portion, if applicable.

- All annuities will provide a lifetime monthly benefit for you, the purchaser of the annuity. There are several types of annuities from which to choose.

  Monthly annuity options are:

  - Life Only
  - 5 Year Certain & Continuous
  - 10 Year Certain & Continuous
  - 15 Year Certain & Continuous
  - 20 Year Certain & Continuous
  - Joint & Survivor
  - Cash Refund
  - Variable Annuity

✓ ***The Life Only Annuity*** provides lifetime annuity payments for the participant who purchases the annuity, with no benefit payable to a beneficiary after the participant's death.

✓ ***The 5, 10, 15 & 20 Year Certain and Continuous Annuities*** provide the participant who purchases the annuity with a lifetime benefit. If the payments made have not already exceeded the guaranteed period, the beneficiary will be entitled to receive the same monthly benefit to complete the guarantee period. For example, if a participant selects the 20 Year Certain and Continuous Annuity and dies after 12 years, the beneficiary would receive the same monthly payments for the next 8 years to complete the guarantee period. If the participant chooses this same 20 Year Certain and Continuous Annuity and lives for 20 or more years, there would be no benefit payable to the designated beneficiary.

- ✓ ***A Joint & Survivor Annuity*** will provide a lifetime benefit for the participant who purchases the annuity. If the purchaser should die, a percentage of that lifetime benefit will continue to the designated Joint Annuitant. There is no benefit payable after the death of both parties. The participant selects the percentage: For example, if a participant selects a "Joint and 50% to Survivor" annuity that provides $500 a month to the participant for life, after the death of the participant, the Joint Annuitant, if living, would receive 50% of the $500, or $250 a month, for his or her lifetime. Had the participant selected a "Joint and 100% to the Survivor" annuity, the Joint Annuitant would receive the full 100%, or $500 per month for life.

- ✓ ***A Cash Refund Annuity*** provides lifetime annuity payments for the participant. If the participant should die before having received total annuity payments equal to the amount of money used to purchase the annuity, the excess will be paid to the designated beneficiary in a lump sum.

- ✓ ***A Variable Annuity*** is invested primarily in a portfolio of equity securities and, therefore, provides lifetime annuity payments for the participant which fluctuates with the value of those securities. The participant may select from several types of variable annuities with "certain and continuous" or "joint and survivor" features for the designated beneficiary.

A NOTE ABOUT OUTSTANDING LOANS (IF APPLICABLE TO YOUR AGENCY)

If you terminate employment and have an outstanding loan balance, the balance of the loan becomes immediately due and payable. Unless the loan is repaid in full prior to termination, the remaining loan amount is treated as a distribution from the Plan and is subject to taxation. This will occur whether or not you request a distribution of your vested retirement account balance. The Form 1099R will be forwarded to you and the taxable information will be reported to the Internal Revenue Service. Also, you should be aware that unpaid loans may not be eligible for rollover (refer to the Special Tax Notice for details). However, if you do not withdraw your account balance from this plan, you may be able to make arrangements to continue making loan payments. Please contact the Plan Administrator (1-800-798-2044) for special instructions or a loan payoff quote. For tax implications, you should consult your tax advisor.

TIMING OF DISTRIBUTIONS

- Distributions are processed **after** final plan contributions and loan payments are received by the Plan Administrator from your agency. Since final contributions and loan payments are usually received from your agency during the month which follows your termination month, **you will typically receive your distribution at the end of the month following the month in which your termination date occurs.**

  Once final contributions are received, distributions are processed within 2-3 business days.

  Checks are mailed within 2 business days from **ADP Retirement Services** in Salem, New Hampshire. Please allow adequate time (an additional 3 to 5 business days) for mail delivery.

- To initiate a distribution, or for additional information about these opportunities/options, please consult with the appropriate person at your agency. To receive any type of distribution from the Plan, you must sign and complete Form #150 which is available at your agency or on the HART Website: www.hart-retire.com.

Housing Agency Retirement Trust c/o ADP Retirement Services
4801 Olympia Park Plaza Drive, Suite 2000
Louisville, Kentucky 40241

SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS

HOUSING AGENCY RETIREMENT TRUST

This notice contains important information you will need before you decide how to receive your Plan benefits. In some cases you may be able to continue to defer federal taxation of payments you receive from the Housing Agency Retirement Trust.

This notice is provided to you by your Plan Administrator because all or part of the payment that you will soon receive from the Plan may be eligible for rollover. A rollover is payment by you or the Plan Administrator of all or part of your benefit to a **Traditional IRA, Roth IRA** or an **eligible employer plan**. Generally, this notice describes the federal tax rules for individuals who receive benefits as participants. If you are receiving this payment because you are an alternate payee under a domestic relations order or a beneficiary of a participant, you will want to review Section V carefully, as some of the rules described below are modified for beneficiaries. Terms that appear in **boldface** are defined at the end of this notice.

SUMMARY

YOUR CHOICE: DIRECT ROLLOVER OR PAYMENT TO YOU

If your benefits under the Plan are eligible for rollover, you may choose to have the Plan Administrator process a **Direct Rollover** of all or part of your benefit to an **eligible employer plan**, **Traditional IRA** or **Roth IRA**. Your payment cannot be rolled over to a SIMPLE IRA or to a Coverdell Education Savings Account.

Instead of a **Direct Rollover**, you may choose to have the Plan Administrator make the benefit payment to you. After receiving the payment, you have 60 days to decide whether to keep the payment or rollover all or part of it to an **eligible employer plan, Traditional IRA** or **Roth IRA**.

IF YOU CHOOSE A DIRECT ROLLOVER

If your Plan benefit is eligible for rollover and you choose a **Direct Rollover**:

- The payment of your benefit to a **Traditional IRA** or an **eligible employer plan** will not be taxed in the current year. No income tax will be withheld. The taxable portion of your payment will be taxed later when you take it out of the **Traditional IRA** or the **eligible employer plan.** Depending on the type of plan, the later distribution may be subject to different tax treatment than it would be if you received a taxable distribution from this Plan.

- The payment of your benefit to a **Roth IRA** will be taxable in the current year, but the Plan Administrator is not required to withhold income tax. If certain conditions are met, later withdrawals from a **Roth IRA**, unlike a **Traditional IRA**, may be made tax-free.

NOTE: Not all eligible employer plans accept rollovers. An **eligible employer plan** is not legally required to accept a rollover. Before you decide to rollover your payment to an **eligible employer plan**, you should find out whether the plan accepts rollovers and, if so, the types of payments it will accept. Even if a plan accepts rollovers, it might not accept certain types of payments, such as after-tax contributions. If this is the case, you may wish instead to rollover your distribution to an **IRA** or split your rollover amount between the employer plan in which you will participate and an **IRA**. If an **eligible employer plan** accepts your rollover, that 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. Before requesting the rollover, be sure to check with the administrator of the receiving plan and also find out about any documents that are required to be completed before the receiving plan will accept a rollover.

IF YOU CHOOSE A PAYMENT TO YOU

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. The Plan Administrator is required by federal tax law to withhold 20% of that amount and send it to the IRS as income tax withholding to be credited against your federal taxes.
- The taxable amount of your payment will be taxed in the current year unless you roll it over to an **eligible employer plan** or to a **Traditional IRA**. Under limited circumstances, you may be able to use special tax rules that could reduce the tax you owe. However, if you receive the payment before age 59½, you may have to pay an additional 10% tax.
- You can rollover all or part of the payment by paying it to an **IRA** or to an **eligible employer plan** that accepts your rollover within 60 days after you receive the payment. The amount rolled over to a **Traditional IRA** or to an **eligible employer plan** will not be taxed until you take it out of the **Traditional IRA** or the **eligible employer plan**.
- Any taxable amount you rollover into a **Roth IRA** will be taxed in the current year; however, if certain conditions are met, later withdrawals from a **Roth IRA** may be made tax-free.
- If you want to rollover 100% of the payment to an **IRA** or an **eligible employer plan**, you must find

other money to replace the 20% of the taxable portion that was withheld. If you rollover only the 80% that you received to a **Traditional IRA** or an **eligible employer plan**, you will be taxed on the 20% that was withheld and that is not rolled over.

MORE INFORMATION

I. *PAYMENTS THAT CANNOT BE ROLLED OVER*

II. *AFTER-TAX CONTRIBUTIONS*

III. *DIRECT ROLLOVER*

IV. *PAYMENT PAID TO YOU*

V. *SURVIVING SPOUSES, ALTERNATE PAYEES, AND OTHER BENEFICIARIES*

I. PAYMENTS THAT CANNOT BE ROLLED OVER

Your Plan Administrator should be able to tell you what portion of your payment is an **eligible rollover distribution**. Generally, unless it is described below, your payment is an **eligible rollover distribution.**

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

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

Required Minimum Payments. Beginning when you reach age 70½ or retire, whichever is later, a part of your payment cannot be rolled over because it is a "required minimum payment" that must be paid to you.

Corrective Distributions. A distribution that is made because legal limits on certain contributions were exceeded cannot be rolled over.

Loans Treated as Distributions. The amount of a plan loan that becomes a taxable deemed distribution because of a default cannot be rolled over. However, a loan offset amount is eligible for rollover, as discussed in Section IV below. Ask the Plan Administrator of this Plan if distribution of your loan qualifies for rollover treatment.

II. AFTER-TAX CONTRIBUTIONS

If you made after-tax contributions to the Plan, these contributions may be rolled over to either a **Traditional IRA, Roth IRA** or an **eligible employer plan** that accepts rollovers of after-tax contributions. The following rules apply:

If you choose a rollover to an IRA

You can rollover your after-tax contributions to an **IRA** either directly or indirectly within 60 days. The 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. Once you rollover your after-tax contributions to an **IRA**, those amounts CANNOT later be rolled over to an employer plan.

If you rollover after-tax contributions to a **Traditional IRA**, a portion of each future distribution from the **Traditional IRA** will be considered to be a nontaxable return of those contributions. Any investment earnings will be taxable. It is your responsibility to keep track of the amount of these after-tax contributions and properly report your income for any future distributions from the **Traditional IRA**.

If you rollover your after-tax contributions to a **Roth IRA**, and later take a distribution that is a **qualified distribution**, that distribution will be tax-free. If the distribution is not a **qualified distribution**, the amount treated as a return of contributions will be nontaxable.

If you choose a rollover to an eligible employer plan

You can make a **Direct Rollover** of after-tax contributions from an employer plan that is qualified under Code section 401(a), a section 403(a) annuity plan, or a section 403(b) tax-sheltered annuity to another such plan 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. <u>You *cannot* rollover after-tax contributions to a governmental 457 plan</u>.

If you want to rollover 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 rollover after-tax contributions to an **IRA** and then rollover that amount into an employer plan.

III. DIRECT ROLLOVER

A **Direct Rollover** is a direct payment of the amount of your Plan benefits to an **IRA** or an **eligible employer plan** that will accept it. You can choose a **Direct Rollover** of all or a portion of your payment that is an **eligible rollover distribution**.

Direct Rollover to an eligible employer 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. 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. You are not taxed on any taxable portion of your payment for which you choose a **Direct Rollover** to your new employer's plan until you later take it out of that plan. In addition, when you have elected a **Direct Rollover**, no income tax withholding is required for any taxable portion of your Plan benefits.

Direct Rollover to a Traditional IRA

You can choose a **Direct Rollover** to a **Traditional IRA.** If so, you are not taxed on any taxable portion of your payment until you later take it out of the **Traditional IRA**. In addition, no income tax withholding is required for any taxable portion of your Plan benefits. If you choose to have your payment made directly to a **Traditional IRA**, contact the 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.

Direct Rollover to a Roth IRA

You can choose a **Direct Rollover** to a **Roth IRA**. The entire amount of the rollover (other than any after-tax contributions) is includable in income at the time of the rollover. The Plan Administrator is not required to withhold income taxes. The additional 10% tax for early distributions does not apply at the time of the rollover, but may apply later if the taxable amount rolled over is withdrawn from the **Roth IRA** within five tax years after the year in which the rollover occurred.

The taxability of a later withdrawal from the **Roth IRA** generally depends on whether the withdrawal is a **qualified distribution**. A **qualified distribution** is not included in your gross income. If you do not meet the requirements for a **qualified distribution**, generally you will be taxed on the withdrawal from the **Roth IRA** to the extent it exceeds your contributions (including rollovers) to all **Roth IRAs**.

If you choose to have your payment made directly to a **Roth IRA**, contact the IRA sponsor to find out how to have your payment made in a Direct Rollover to a **Roth IRA** at that institution.

Direct Rollover of a series of payments

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

Change in tax treatment resulting from a Direct Rollover

The tax treatment of any payment from an **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. 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 choose a **Direct Rollover** to a section 403(b) tax-sheltered annuity, a governmental 457 plan, or an **IRA**, your benefit will no longer be eligible for that special treatment. See Section IV below under the headings "Additional 10% tax if you are under age 59½" and "Special tax treatment if you were born before January 1, 1936."

See IRS Publication 590, Individual Retirement Arrangements, for more information on IRAs (including limits on how often you can rollover between **IRAs** and restrictions regarding **Roth IRAs**).

IV. PAYMENT PAID TO YOU

If a payment that can be rolled over is made to you in cash, it is taxed in the year you receive it unless, within 60 days, you roll it over to a **Traditional IRA** or an **eligible employer plan** that accepts rollovers. If you do not roll it over, special tax rules may apply, as described below. Federal income tax withholding rules are also described below. State tax withholding also may apply.

Mandatory income withholding for eligible rollover distributions

If any portion of your payment is an **eligible rollover distribution**, the Plan generally is required by law to withhold 20% of any taxable amount that you elect to receive in cash. This amount is sent to the IRS as federal income tax withholding.

Example: *You elect to receive a taxable payment of $10,000 in a single lump sum. 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 for payments ineligible for rollover

If any portion of a payment made to you is taxable but is not an **eligible rollover distribution** (as described in Section I), 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.

60-day rollover option

If you receive a payment that is an **eligible rollover distribution** you can still decide to rollover all or part of it to an **IRA** or to an **eligible employer plan** that accepts rollovers. If you decide to rollover, you must contribute the amount of the payment you received to an **IRA** or **eligible employer plan** within 60 days after you receive the payment.

You can rollover up to 100% of your total **eligible rollover distribution.** If you choose to rollover 100% of your **eligible rollover distribution**, you must find money from other sources within the 60-day period to contribute to replace the 20% of the taxable portion that was withheld.

If you choose a **Traditional IRA** or **eligible employer plan** for your 60-day rollover, and if you rollover only the 80% of the taxable portion that you received, you will be taxed on the 20% that was withheld.

*Example: You elect to receive a taxable payment of $10,000 in a single lump sum. 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 rollover the entire $10,000 to an **IRA** or an **eligible employer plan**. To do this, you rollover the $8,000 you received from the Plan, and you will have to find $2,000 from other sources (your savings, a loan, etc.).*

*If you elect to rollover to a **Traditional IRA** or an **eligible employer plan**, the entire $10,000 is not taxed until you take it out of that arrangement. In that case, 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 rollover only $8,000, the $2,000 you did not rollover 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 rollover the entire $10,000.)*

If you choose a **Roth IRA** for your 60-day rollover**,** the amount includable in your gross income will be the same amount that would be included if the distribution were not rolled over**.** In the example above, if you elected to rollover all or any part of your Plan distribution to a **Roth IRA**, the entire $10,000 would still be taxable in the year it is distributed from the Plan.

Additional 10% tax if you are under age 59½

If you receive a payment before you reach age 59½ and you do not roll it over, then, in addition to the regular income tax, you may have to pay an extra tax equal to 10% of the taxable portion of the payment. The additional 10% tax generally does not apply to (1) payments that are paid after you separate from service with your employer during or after the year you reach age 55, (2) payments that are paid because you retire due to disability, (3) payments that are paid as equal (or almost equal) payments over your life or life expectancy (or your and your beneficiary's lives or life expectancies), (4) payments that are paid directly to the government to satisfy a federal tax levy, (5) payments that are paid to an alternate payee under a qualified domestic relations order, or (6) payments that do not exceed the amount of your deductible medical expenses. (See IRS Form 5329 for more information on the additional 10% tax.)

Any amount rolled over from a governmental 457 plan to another type of **eligible employer plan** (such as this plan) or to **a Traditional IRA** will become subject to the additional 10% tax if it is distributed to you before you reach age 59½, unless one of the exceptions applies.

If you rollover your Plan distribution to a **Roth IRA**, the additional 10% tax will not apply at the time of the rollover, but may apply later (subject to the exceptions listed above) if the taxable amount rolled over is withdrawn from the **Roth IRA** within five tax years after the year in which the rollover occurred.

Special tax treatment If you were born before January 1, 1936

If you receive an **eligible rollover distribution** from a plan qualified under section 401(a) or a section 403(a) annuity plan and you do not roll it over to a **Traditional IRA** or an **eligible employer plan**, the payment will be taxed in the year you receive it. However, if the payment qualifies as a **lump sum distribution** it may be eligible for special tax treatment.

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 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%.

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.

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 an **IRA** not originally attributable to a qualified employer plan. If you have previously rolled over a distribution from this Plan (or certain other similar plans of the employer), you cannot use this special averaging treatment for later payments from the Plan.

If you rollover 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 rollover 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 elect the special tax treatment.

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 payment to you at the time of the offset and will be taxed unless you roll over an amount equal to the amount of your loan offset to an **eligible employer plan** or **a Traditional IRA** within 60 days of the date of the offset. If 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 from the Plan, the mandatory 20% withholding amount will be based on the entire amount paid to you, *including* the amount of the loan offset. The amount withheld will be limited to the amount of other cash paid to you.

If you took a loan that you fail to repay on time, your loan would be in "default" and is treated as a taxable distribution. The amount of a defaulted plan loan that is treated as a taxable distribution cannot be rolled over.

V. *SURVIVING SPOUSES, ALTERNATE PAYEES, AND OTHER BENEFICIARIES*

In general, the rules summarized above that apply to payments to participants also apply to payments to surviving spouses of participants 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" or "QDRO," which is an order issued by a court, usually in connection with a divorce or legal separation.

If you are a surviving spouse, an alternate payee, or another beneficiary, your payment is generally not subject to the additional 10% tax described in Section IV above, even if you are younger than age 59½. You may be able to use the special tax treatment for lump sum distributions, as described in Section IV above. If you receive a payment because of the participant's death, you may be able to treat the payment as a lump sum distribution if the participant met the appropriate age requirements, whether or not the participant had 5 years of participation in the Plan.

Spouse rollover rules

If you are a surviving spouse, or an **alternate payee** who is the spouse or former spouse of a participant, you may choose to have an **eligible rollover distribution** either paid to you or paid in a **Direct Rollover** to an **IRA** or an **eligible employer plan.** If paid to you, the payment will be subject to mandatory 20% federal tax withholding (as described in Section IV above). Once paid, you can keep the money or roll it over yourself within 60 days to an **IRA** or to an **eligible employer plan**. If you roll over the payment to an **IRA**, you may elect to treat the **IRA** as your own. Thus, you have the same choices as the participant.

NOTE: Any taxable amounts rolled over to a **Roth IRA** will be taxable in the current year, but the Plan Administrator is not required to withhold income taxes when you request a **Direct Rollover**.

Non-spouse rollover rules

If you are a non-spouse beneficiary or alternate payee (such as a child or domestic partner), you may choose to have an **eligible rollover distribution** either paid to you or paid in a **Direct Rollover** to an **IRA**, which is treated as a non-spouse inherited **IRA** (but not to an **eligible employer plan)**. If paid to you, the payment will be subject to mandatory 20% federal tax withholding (as described in Section IV above). Once payment is made to you, you may *not* roll it over yourself to an **IRA** or an **eligible employer plan**. If you elect a **Direct Rollover** to an **IRA**, the **IRA** will be treated as a non-spouse inherited **IRA**, under which benefits must be distributed in accordance with the applicable required minimum payment rules.

NOTE: Any taxable amounts paid to a **Roth IRA** in a **Direct Rollover** will be taxable in the current year, but the Plan Administrator is not required to withhold income taxes.

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*, or by calling 1-800-TAX-FORMS.

DEFINED TERMS

Alternate payee. A spouse, former spouse, child or dependent of a participant in the Plan who receives payments as a result of a "qualified domestic relations order" or "QDRO" issued by a court, usually in connection with a divorce or legal separation.

Direct Rollover. A payment made by your Plan Administrator of all or part of your benefit directly to an **IRA** or **eligible employer plan** that will accept and hold it for your benefit.

Eligible employer plan. A plan qualified under section 401(a) of the Internal Revenue Code, including a 401(k) plan, profit-sharing plan, defined benefit plan, stock bonus plan, and money purchase plan; a section 403(a) annuity plan; a section 403(b) tax-sheltered annuity; and an eligible section 457(b) plan maintained by a governmental employer (governmental 457 plan).

Eligible rollover distribution. The portion of a payment from a plan qualified under Internal Revenue Code section 401(a); a section 403(a) annuity plan; a section 403(b) tax-sheltered annuity; and an eligible section 457(b) plan maintained by a governmental employer (governmental 457 plan) that is eligible for rollover directly to an **IRA** or **eligible employer plan**. Payments *not* eligible for rollover are described in Section I of this Notice.

IRA. When used in this notice, IRA refers to both a **Traditional IRA** and a **Roth IRA**.

Lump sum distribution. 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 59½ or because you have separated from service with your employer (or, in the case of a self-employed individual, after you have reached age 59½ or have become disabled).

Qualified distribution. A distribution from a **Roth IRA** that is fully excludable from gross income. To qualify as such, the distribution must be made (1) after the account owner has attained 59½, become disabled or died, or on account of the first-time purchase of a home; and (2) after the five taxable year period beginning with the first tax year for which you first contributed to any **Roth IRA**.

Roth IRA. An individual retirement account established under section 408A of the Internal Revenue Code.

Traditional IRA. An individual retirement account established under section 408(a) of the Internal Revenue Code. This term does *not* include a SIMPLE IRA or a Coverdell Education Savings Account (formerly known as an education IRA).

QUESTIONS

If you have additional questions after reading this notice, you can contact your Plan Administrator at:

Housing Agency Retirement Trust
c/o ADP Retirement Services
4801 Olympia Park Plaza Drive
Suite 2000
Louisville, KY 40241
1-800-798-2044