# 401 PLAN LOAN/REFINANCE FORM PACKET

For Section 401 Qualified Plans

ICMA-RC
Building Retirement Security

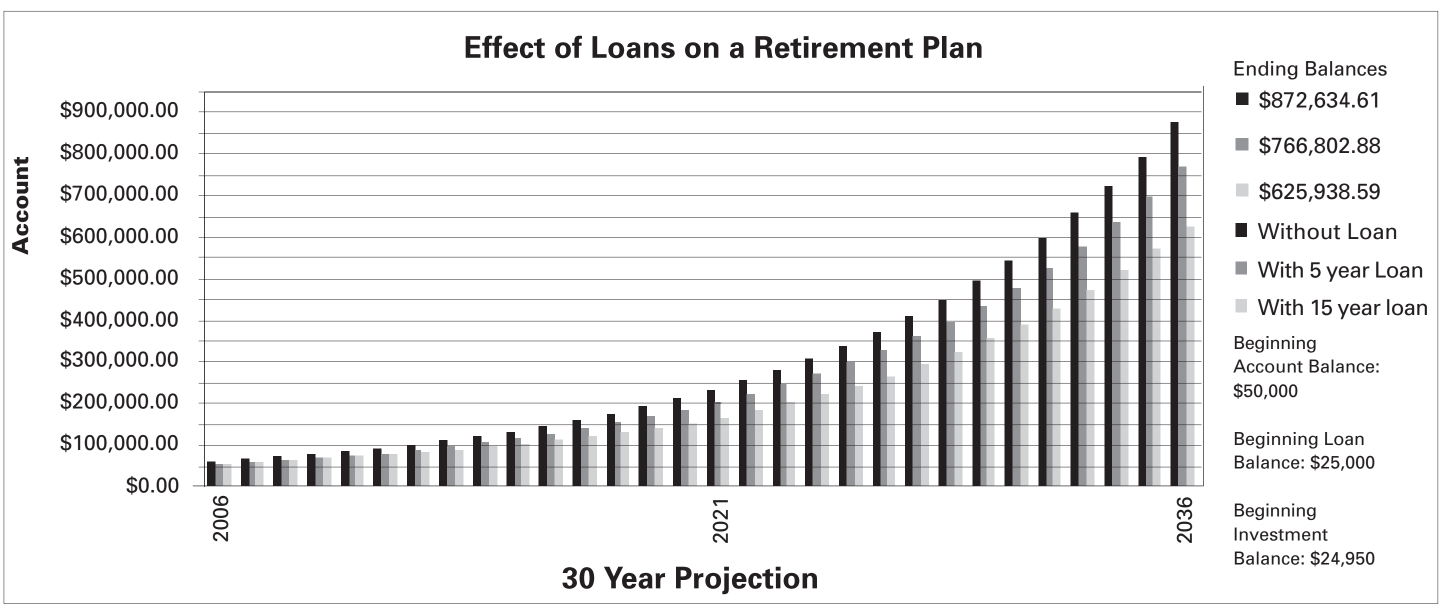
# BEFORE YOU BORROW . . .

Did you know that borrowing from your retirement plan account may have a major impact on your ability to retire with sufficient funds? Before you decide to borrow against your account, you should consider the following:

1. While a loan meeting the Internal Revenue Code requirements is not treated as a taxable plan distribution, in the event you default on the loan, it will be treated as ordinary taxable income to you. For those nearing retirement, this increase in income for the tax year resulting from a loan default may influence decisions concerning Social Security and Medicare benefits. Additionally, you may be subject to a 10% penalty if you are under the age of 59-1/2. This penalty further reduces the funds you have available to apply toward retirement.

2. Loan payments are made from your after-tax proceeds, unlike retirement plan contributions, which may be made on a pre-tax basis. While pre-tax contributions may help reduce your taxable income for a given year, loan repayments are, in fact, taxed twice – the second time being when the account is finally distributed. The loan is also not tax deductible and does not offer any tax advantages.

3. The money you borrow – or take out of – your retirement plan account no longer appreciates in value. Therefore, you have less money available to invest and you may have less market value appreciation over time. While the interest repaid to the plan through loan repayments may seem substantial when compared to the rates offered for savings and/or money market accounts, it may actually provide less potential return than the equity markets. The example below perhaps best demonstrates the impact of taking a loan from your retirement plan. The amount that has been borrowed from the retirement plan account – $25,000 – is not available to generate tax-deferred earnings. The decrease in the account balance significantly reduces these tax-deferred earnings, even though the loan is being repaid. Upon closer examination, you will see that, over time, the ending value without the impact of the loan is over $110,000 more than the account with a loan balance over five years. Further, the cost of having a loan balance over 15 years results in a $250,000 difference when compared to the ending balance of the account without a loan.



Given the expenses and opportunity costs associated with borrowing against your retirement plan, you may want to consider other sources of funds to meet any current needs.

4. Repayment delinquency can have serious consequences. A loan typically is deemed a distribution when scheduled repayments are not made and are outstanding at the end of the calendar quarter following the calendar quarter in which the payment was due. For example, if a loan repayment is due February 1 and is not remitted, the loan is considered delinquent. If the total amount of all delinquent payments is not received by the end of the calendar quarter following the calendar quarter in which the payment was due (June 30 in the February 1 example), the loan is deemed a distribution.

   In a deemed distribution, the principal balance, in addition to any accrued interest, is reported as a distribution to the IRS. However, the taxable distribution is not the only event in conjunction with a deemed distribution. The following negative consequences occur as a result of a deemed distribution:

   - The deemed distribution is a taxable event. However, it is not an actual distribution and therefore remains an asset of the participant's account. The outstanding loan balance and accrued interest are reported on the participant's statement.

   - Repayment of a deemed distribution will not change or reverse the taxable event.

   - The loan continues to be considered outstanding until it is repaid or "offset" using the participant's account balance. An offset can occur only if the participant is eligible to receive a distribution from the plan as outlined in the employer's plan document.

   - ICMA-RC requires participants to repay any outstanding deemed distribution of the loan before they can become eligible for a new loan. The deemed distribution of the loan and any interest accrued since the date it became a taxable event is taken into account when determining the maximum amount available for a new loan.

*Your employer has chosen to make loans available from your qualified plan, administered by ICMA-RC. The loan provision is a valuable feature, giving you the opportunity to borrow from your vested account balance and repay the loan through payroll deduction or direct (ACH) debit, if applicable to your employer's plan. The loan is actually an investment of a portion of your vested account balance in a promissory note which you will sign upon receiving the loan funds. All loans bear interest that you pay and is credited to your account. Loan modeling is available online at www.icmarc.org.*

*The amount you receive as a loan is not treated as a taxable plan distribution unless you default on the loan or if the loan fails to conform with the Loan Guidelines or with Internal Revenue Code Section 72(p), at any time. You may wish to consider other sources for small loans, as the expense of record keeping loans in a qualified plan results in fees which may be significant in relation to the size of the loan.*

## Steps to Follow

**1. Obtain Loan Guidelines from your employer.** The Loan Guidelines contain the specific provisions adopted by your employer relating to permissible loans, such as:

**Eligibility.** Loans are available to active employees. Your employer may permit you to borrow from the participant contributions and/or the vested portion of the employer contributions in your account. Your employer may limit the purpose for which loans are available, including only in the event of hardship.

**Loan Frequency.** Generally, loans may be taken only once per calendar year; your employer may restrict the total number of loans you can have outstanding at any time.

**Loan Amount**. Generally, the minimum permitted loan amount is $1,000. The maximum loan amount is set by the Internal Revenue Code.

The regulations state that, at the time the loan is made, the principal amount of the loan cannot exceed the lesser of:

(1) $50,000, reduced by the *highest outstanding loan balance during the previous 12 months* of all 401 and 457 loans from all plans,

or

(2) 50% of the value of your vested account balance, reduced by the *current outstanding loan balance* of all 401 and 457 loans from all plans.

A worksheet for calculating this amount is included on page 7 of this brochure.

**Length of Loan**. Loans must be repaid in substantially equal installments of principal and interest, at least monthly, over a period that does not exceed five years. The only exception that your employer may permit is a longer repayment period for a loan used to acquire a primary residence.

**Separation from Service**. Although some employers' loan guidelines allow participants to continue loan repayments after separation from service, this is rare. More often, the plan will require that the loan be paid in full before separation. Outstanding loan balances are usually considered to be in default after separation from service and are treated as a taxable distribution at that time. In these cases, ICMA-RC issues tax reporting on a Form 1099 for the tax year in which the default occured. You may owe additional taxes on this amount as a result.

**Loan Repayment Process** - You begin repaying your loan as soon as administratively practical. Repayment methods include payroll deduction; some employers offer (or require) the method of direct (ACH) debit from your bank account. You may continue to repay the loan while on leave of absence. Some employers' Loan Guidelines permit participants to continue loan repayments after separation from service. Your loan repayment is prorated according to your most recent election of investment option(s) and to the contribution type(s) from which the loan was withdrawn.

You may pay all or a portion of the principal and interest obligation early without penalty or additional fee. However, extra payments do not allow you to "pay ahead" or skip repayments. You are still required to make a payment every scheduled period that is at least equal to the repayment amount stated in the promissory note.

**Loan Interest Rate** - The loan interest rates are set for regular loans at the prime rate (the often quoted rate that banks charge their best customers) plus 0.5%, and for principal residence loans at the FHA/VA rate. The method for setting these rates is established in the Loan Guidelines. Loan interest rates are locked in at the time of approval and remain fixed throughout the life of the loan. The total finance charge consists of the interest rate. There is also a standard loan maintenance fee, deducted annually from your account. The charges are detailed on the Disclosure Statement of your loan documents.

**2. Determine whether the amount you wish to borrow is within federal tax code requirements.** You may calculate the maximum amount available to you by using the Maximum Loan Worksheet on page 7. ICMA-RC cannot issue a loan for more than allowed by the Internal Revenue Code. Your requested loan amount is subject to downward adjustment without notice due to changes in your account balance between the time of application and the time the loan is made.

**3. Complete the attached form – *401 Loan/Refinance Form*.** This form is used to apply for a new loan or to refinance an existing loan (increase the amount of the outstanding loan balance). You may apply for a new loan if (1) your employer permits only one loan and you have no loans outstanding or (2) your employer permits up to five loans and you have fewer than five loans outstanding. You may apply to refinance a current loan if you *only have one outstanding loan* and wish to borrow additional funds. In refinancing a loan, you are not permitted to extend the loan repayment period beyond the length of the payment period permitted for the original loan.

**4. Submit the completed form, with spousal consent if applicable, to your employer.** You must complete the form according to the instructions provided and obtain your spouse's consent to the loan if you are a participant in a plan which provides full spousal rights (most money purchase plans and some profit-sharing plans). Your employer's benefit office should be able to supply you with information on this requirement. Any required signature of your spouse must be witnessed by either a notary public or your employer's plan representative authorized to approve withdrawals.

Please do not submit your application directly to ICMA-RC as this will delay processing. Your employer will review and approve the application. If your application is denied, your employer will provide the denial in writing. If approved, your employer will send the completed, approved application to ICMA-RC.

**5. Receive loan documents and check from ICMA-RC through your employer.** After reviewing the loan for conformance with the Internal Revenue Code, Plan Document and Loan Guidelines, ICMA-RC will send the loan documents listed below and a check to your employer, who will notify you that you may execute the documents and receive the check. ICMA-RC sends out loan documents and checks within three business days after receipt of complete and approved applications. Executed loan documents must be returned by your employer to ICMA-RC within ten days of issuance. Loan documents include:

**Disclosure Statement and Amortization Schedule.** The Disclosure Statement contains all of the terms of your loan, including the annual percentage rate (cost of loan as yearly rate), finance charge (total interest paid over life of loan), amount financed (loan amount), total repayments (principal plus interest) and frequency of repayment. The Disclosure Statement also covers some additional provisions, such as default, prepayment, non-assignment and arrearages. An Amortization Schedule, listing each payment date and the amount of principal and interest due on that date, is part of the Disclosure Statement. You must sign the Disclosure Statement; your employer will return the original to ICMA-RC, and you should keep a copy. This is a legal document and your signing of the Promissory Note indicates your agreement to these terms.

**Promissory Note.** This document pledges your vested account balance in your employer's plan as security for the loan you are receiving. You must sign the Promissory Note in order to receive the check. If you have any concerns or questions, do not sign the Promissory Note until they are resolved.

**Truth-in-Lending Rescission Notice.** You may cancel your loan obligation in writing within three business days of receipt of the loan documents and check. The loan check should be returned with the Truth-in-Lending Rescission Notice.

**6. Begin loan repayments.** Your employer will begin to make payroll deductions for your loan repayments in accordance with the Amortization Schedule provided to you. If you are eligible to repay through direct (ACH) debit, and you have elected this method, these payments will begin following acceptance of your bank information and your presentment of the loan check for payment. Debits will occur on a monthly basis.

## Important Additional Information

*How much will I be charged for the loan?*

A standard, nonrefundable loan application fee is due when your loan application for a new, refinanced or reamortized loan is received by ICMA-RC. It will be deducted from your account, if applicable to your employer's plan. In addition, a standard annual maintenance fee is deducted from your account (on the first day of the quarter containing the anniversary of the loan issuance) after each year the loan is outstanding. Please call ICMA-RC toll free at 1-800-669-7400 for the most current information about loan fees.

*What happens if I die before the loan is paid off?*

If you die prior to full repayment of your outstanding loan(s), the outstanding loan balance(s) will be deducted from your account prior to distribution to your beneficiary(ies). The unpaid loan amount is a taxable distribution and may also be subject to early withdrawal penalties. Your estate is responsible for taxes or penalties on the unpaid loan amount, if any. Your beneficiary is responsible for taxes due on the amount he/she actually receives. A Form 1099 will be issued to both your beneficiary and your estate for these purposes.

*What happens if I separate from service before my loan is paid off?*

Your employer's Loan Guidelines specify whether loans are due and payable when: (1) you separate from service (not permitting you to continue repaying the loan), (2) you separate from service and receive a distribution of all of your vested account balance or (3) you separate from service and receive a distribution of any part of your account balance.

*My loan is for a primary residence purchase. Can I deduct the interest on my federal tax return?*

While ICMA-RC does not provide tax advice, you should be aware that the instructions for completion of Schedule A, Form 1040 require that a condition of deductibility of home mortgage interest is that the loan is secured by the property. The security of your qualified plan loan for a residence is your vested account balance, rather than the property itself.

*How are my loan repayments treated for tax purposes?*

Your loan repayments will be made on an after-tax basis. At the time that funds were transferred from Employer and/or Employee Contribution Accounts to the investment in the Promissory Note, no taxable income was reported. When you repay your loan, the repayments are credited back to the contribution type from which funds were transferred when the loan was made. Because the amounts credited replace amounts already identified as to taxability, the repayment is made on an after-tax basis. A second tax deduction for replacing the funds, which will retain their pre-tax status, would amount to the same funds in the account having resulted in a tax deferral twice.

*How does this appear on my statement?*

Your quarterly statement will include a loan summary report, detailing the crediting of repayments to your account and presenting the outstanding loan balance amount.

*Whom can I call for assistance?*

Assistance is available from ICMA-RC's Investor Services staff from 8:30 a.m. to 9:00 p.m. Eastern Time. Please call toll-free at 1-800-669-7400. Para asistencia en Español llame al 1-800-669-8216.

## **Maximum Loan Amount Worksheet** (Required under the Internal Revenue Code)

To estimate the maximum amount of a loan for which you may be eligible, calculate each step and select the ***lesser*** of the total of Step 1 or Step 2. If you have had no outstanding 401 or 457 plan loans in the last 12 months, you may enter $50,000 as the total in Step 1 and proceed to Step 2.

| | | |
|---|---|---|
| **Step 1.** | **$50,000** | A. $50,000 is the maximum. |
| | ____________ | B. Enter your highest outstanding loan balance during the previous 12 months from 457 and 401 plan loans. |
| ***Step 1 Total*** | ____________ | **Subtract Line B from Line A.** |
| **Step 2.** | ____________ | C. Enter 50% of the present value of your total account balance in the 401 plan including any outstanding loan balance. |
| | ____________ | D. Enter your current outstanding 401 and/or 457 plan loan balance(s). |
| ***Step 2 Total*** | ____________ | **Subtract Line D from Line C.** |
| **Step 3.** | ____________ | E. Enter the lesser of Step 1 and Step 2 totals. |
| | | **Maximum Loan Amount = Line E** |

***The actual amount you may borrow will be calculated using your account balance on the day the loan is made.***

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# 401 LOAN/REFINANCE FORM - Page 1 of 2

- Use this form to apply for a new loan or to refinance an existing loan.
- Please carefully read the instructions before completing this form. Missing information will result in a delay in processing.
- **IMPORTANT-REMEMBER TO PRINT LEGIBLY IN BLACK OR BLUE INK**

## 1 Participant Information

Employer Plan Number 1 0 ___ ___ ___ ___    Employer Plan Name ______________________________

Social Security Number ___ ___ ___ - ___ ___ - ___ ___ ___ ___

Daytime Phone Number: (___ ___ ___) - ___ ___ ___ - ___ ___ ___ ___
Area Code

Marital Status ☐ Married ☐ Single

Name of Participant

______________________________
Last Name    First Name    M.I.

Mailing Address ______________________________

City ______________________________ State ___ ___ Zip Code ___ ___ ___ ___ ___

## 2 New Loan/ Refinance Information

A. Check one:

(1) ☐ **New Loan:** Loan Amount: $______________ *OR* ☐ maximum dollar amount available

(2) ☐ **Loan Refinance:** Additional Amount: $______________ *OR* ☐ maximum dollar amount available

For Refinance, please indicate Loan Number of the loan you wish to refinance: ______________________
Loan #

B. Loan Term Requested (specify number of MONTHS per instructions): ______________________

*OR* ☐ maximum term available

C. Loan Type: ☐ Conventional ☐ Primary Residence Loan (attach signed Buyer/Seller agreement)

D. Purpose of Loan: ______________________________

## 3 Participant Signature

I hereby apply for a loan, subject to and in accordance with the terms and provisions of my employer's plan. I understand that this application will result in a loan origination fee being deducted from my account balance, if such fee is applicable to my employer's plan. I also understand that any amortization schedule or loan data received prior to receipt of the actual loan documents was for illustrative purposes only. As required by law and under penalty or perjury, I certify that the Social Security Number (Taxpayer Identification Number) I provided is correct and that I have read the instructions before completing this form.

______________________________    ____________________
Participant Signature    Date

## 4 Spousal Consent

*(Spousal consent is required for most married money purchase plan participants. Participants in a profit-sharing/ 401(k) plan should check with their employer to determine if spousal consent is required.)*

I, ______________________________, am the spouse of ______________________________ (insert participant's name), and I voluntarily consent to my spouse taking a loan from the plan. I have read the *401 Notice, Explanation, and Waiver of Qualified Joint and Survivor Annuity*, and I agree to the terms therein. I understand that no benefits will be distributed under the plan to my spouse or to myself, as beneficiary, until the loan has been repaid, or until the outstanding balance, plus interest, has been deducted from my spouse's account balance according to the provisions of the plan.

______________________________    ____________________
Spouse's Signature    Date

SPOUSAL CONSENT IS REQUIRED TO BE WITNESSED BY:

Employer's Plan Representative

Signature of Spouse witnessed this __________ day

of ________________________ (month), 20________

______________________________
Employer Representative's Signature

______________________________
Print Name of Employer Representative

**OR**

Notary Public

Subscribed and sworn before me this __________ day

of ________________________ (month), 20__________

My commission

expires ______________

____________________
Notary Public SEAL

# 401 LOAN/REFINANCE FORM - Page 2 of 2

ICMA-RC
*Building Retirement Security*

Employer Plan Number

1 0 __ __ __ __

Social Security Number

__ __ __ - __ __ - __ __ __ __

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|---|---|
| **5** **Repayment Method** | Method of Payment: ☐ Payroll Deduction ☐ ACH Debit (monthly) (Note: If repayment method will be through ACH debit, your employer's loan guidelines agreement should include this feature. Also, you must complete and attach an *ACH Debit Authorization Form*.) |
| **6** **Employer's Authorization** | **Note: This section should be completed and signed by the Employer.**<br><br>A. Payroll Frequency - ☐ Monthly (12) ☐ Bi-weekly (26) ☐ Semi-monthly (24) ☐ Weekly (52)<br><br>B. In order for ICMA-RC to synchronize the participant's amortization schedule with your payroll cycle, we need to know the first pay date available for this loan. **Next Payroll Date:** ____ ____/____ ____ /____ ____ ____ ____<br><br>C. ________________________________ Signature of Employer Authorized Official    ________________ Date<br><br>________________________________ Name of Employer Authorized Official (please print)    ________________ Employer Phone Number |

# 401 LOAN/REFINANCE FORM INSTRUCTIONS

**1. Participant Information**

You must currently be an active employee in this employer's plan to request a new loan or refinance an existing loan. Please complete all participant information to avoid a delay in processing.

**2. New Loan/Refinance Information**

A.) Select either a new loan or loan refinance by checking the appropriate box. Availability is subject to the frequency restrictions stated in your plan's Loan Guidelines. The loan amount requested cannot exceed the dollar amount restrictions contained in the Loan Guidelines. The amount you actually receive may be adjusted due to changes in your account balance on the day the loan is made.

An application for a loan refinance is allowed if you have only one outstanding loan and you wish to borrow an additional amount. If you are selecting a loan refinance, the loan amount requested refers to the additional loan amount desired.

B.) The loan term requested is the number of months over which you wish to repay the loan. This period of time may not exceed the maximum allowable term according to your employer's Loan Guidelines. A loan refinance is subject to the same restrictions as a new loan. For example, you want to refinance a two-year, nonresidential loan you were issued on January 1, 2004. You may extend the loan term repayment period, but not beyond January 1, 2009, the maximum allowable term of the original loan. If you do not wish to borrow an additional amount, use the *401 Loan Reamortization Form*. A loan for a primary residence cannot be refinanced, but may be reamortized.

The loan term requested is the time period, expressed in months, of the life of the loan. To assist you:

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| 12 months = 1 year | 60 months = 5 years |
| 24 months = 2 years | 120 months = 10 years |
| 36 months = 3 years | 240 months = 20 years |
| 48 months = 4 years | 360 months = 30 years |

The maximum allowable term for a nonresidential loan is five years and the maximum allowable term for a primary residence loan is variable by plan, but may not exceed 30 years. Check with your employer for the maximum loan term for primary residence loans for your plan. If you are repaying through payroll deduction, ICMA-RC will convert the term of your loan to the number of required payments based upon the frequency of your employer's payroll.

C.) Loan Type: This information is needed since some employers allow loans only for specific purposes. A primary residence loan is allowed only for a purchase of a primary residence. Proof of intent to purchase a primary residence must be attached to the loan application. Proof of intent includes a contract to buy/sell real estate including signatures of BOTH buyer and seller.

D.) Purpose of Loan: Your employer may limit the purpose for which loans are available, including only in the event of hardship.

**3. Participant Signature**

Sign and date this application.

**4. Spousal Consent**

Have your spouse complete this section if required by your plan. Spousal consent is required for married participants in most money purchase plans. Participants in profit-sharing/ 401(k) plans should check with their employer to determine if spousal consent is required. Spousal consent signatures must be either (1) authorized by your employer or (2) witnessed and notarized by a notary public.

**5. Repayment Method**

Indicate payroll deduction if this is the only option available in your plan. If your plan includes an ACH option, and you choose this method, please complete an *ACH Debit Authorization Form*.

**6. Authorized Signature**

Once you have completed and signed this form, please submit it to your employer. Your employer will:

A. Provide the payroll frequency.
B. Provide the first available payroll date for your loan payments to begin.
C. Have an authorized signer approve the loan request.

**Additional Information**

The interest rate on new and refinanced loans is determined by using the prevailing rate as specified in the Loan Guidelines. Loan Guidelines are available from your employer. Loan documents and checks will be mailed daily to your employer for signature and distribution. Repayments will be scheduled to begin following the issuance of the loan.

# 401 NOTICE, EXPLANATION AND WAIVER OF QUALIFIED JOINT AND SURVIVOR ANNUITY

- This provision applies to all married participants in Money Purchase Plans, and to married participants in Profit Sharing Plans with Full Spousal Rights.
- Sign the waiver section on the application form within 90 days prior to the beginning payment date of the participant's initial distribution or loan request. This is an IRS requirement.

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|---|---|
| **General Instructions** | **IF YOU ARE MARRIED ON THE DATE A DISTRIBUTION OCCURS:** Federal law stipulates that the distribution you receive must be in the form of a Qualified Joint and Survivor Annuity. With your spouse's consent, you may choose a different distribution of benefits. You and your spouse must complete the ***Waiver of Qualified Joint and Survivor Annuity*** and send it in with your distribution request.<br><br>**IF YOU ARE NOT MARRIED:** Federal law provides that your distribution be in the form of a life annuity. You may elect an alternate form of payment. You do not need to complete the waiver or read its provisions unless you are interested in information on annuities.<br><br>**SPOUSE:**<br>*This is a very important decision. You should think very carefully about whether you want to sign this waiver. Before signing the waiver, be sure that you understand the retirement benefits to which you will no longer be entitled. Your spouse should have received information on the types of retirement benefits available from the plan. If you have not seen this information, you should obtain it and read it before you sign this waiver.*<br><br>**PARTICIPANT:**<br>For further information or assistance, please contact ICMA-RC's Investor Services associates toll-free at 1-800-669-7400. |
| **Qualified Joint and Survivor Annuity** | **IF YOU ARE MARRIED:** Under this form of payment, you will receive an annuity in the form of a guaranteed level monthly payment for as long as you live. If your spouse survives you, he or she will receive monthly payments equal to at least 50 percent of the payments you received. After both you and your spouse die, all payments cease. No further payments from this annuity will be made to any other beneficiaries of your estate.<br><br>**IF YOU ARE NOT MARRIED:** A lifetime annuity will provide equal monthly payments as long as you live. Payments will cease with your death.<br><br>The plan will purchase, with your account balance, a Joint and Survivor Annuity or life annuity from an insurance company. The ICMA Retirement Corporation makes available annuities from two leading insurance companies. The amount of your monthly payment will depend on factors including: the ages of you and your spouse at the time the distribution begins; the amount of your vested account balance (which will be used to purchase the annuity); the underlying interest rate assumed for the annuity by the insurance company; and the state in which the purchase will be made. Any insurance company charges incurred for the purchase of the annuity will be deducted from your account.<br><br>You are advised to obtain the annuity payment estimate prior to executing this waiver. |
| **Waiver Election for Married Participants** | If you are married, you may waive the Joint and Survivor Annuity form of payment by executing the ***Waiver of Qualified Joint and Survivor Annuity*** included on the application form. Your spouse *must* consent to the waiver and selection of payment method by signing the Spousal Consent section of the waiver. Your spouse's signature must be witnessed by a notary public or your employer's plan representative.<br><br>**The waiver is valid only if executed within the 90-day period ending on the proposed payment date. The waiver election may be revoked or changed during this period.**<br><br>Legal separation or divorce may end your right to survivor benefits from the plan even if you do not sign this agreement. However, if you become legally separated or divorced, you might be able to obtain a special court order (called a qualified domestic relations order or QDRO) that would give you rights to receive retirement benefits even if you sign this agreement. If you are thinking about separating or getting a divorce, you should obtain legal advice on your rights to benefits from the plan. |

# 401 NOTICE, EXPLANATION AND WAIVER OF QUALIFIED JOINT AND SURVIVOR ANNUITY

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|---|---|
| **Financial Effect of Waiver Election** | You and your spouse (if applicable) may select alternative payment forms which include: a loan; a one-time lump-sum payment; periodic payments from your account balance; or an alternative annuity form (for example, a lifetime benefit with a minimum payout of 10 years).<br><br>Certain distributions may be eligible for favorable tax treatment including a rollover to another eligible retirement plan or Individual Retirement Account (IRA). Please see the Special Tax Notice Regarding Plan Payments for additional information. You may obtain this Notice by contacting ICMA-RC at 1-800-669-7400.<br><br>Periodic payments may be scheduled on a monthly, quarterly, semi-annual or annual basis and continue until the account is exhausted. You may vary the schedule according to your changing needs, within certain Internal Revenue Code constraints. You will not pay taxes on the money until it is paid to you. Earnings continue to accrue in the account, tax-deferred. If there is a remaining account balance at the time of your death, the balance will be paid to your designated beneficiary(ies) (unless you have chosen a lifetime annuity).<br><br>You may also choose to take a portion of your account value in a loan, a lump sum or an annuity with the balance paid out in periodic payments.<br><br>**TO THE PARTICIPANT'S SPOUSE:** *If you do sign this waiver, you agree that the Participant (your spouse) can request a loan or choose the form of benefit payments that he or she will receive from the plan without telling you and without getting your agreement. Your spouse does not need to tell you or get your agreement to any future changes in the form of payments. If you wish to revoke your consent at a future date, you must call ICMA-RC at 1-800-669-7400.*<br><br>*You may limit your agreement to a particular payment form. If you want to allow the Participant to select only a particular payment form, do not sign this waiver. In that case, contact ICMA-RC for more information.* |
| **Normal Beginning Distribution Date** | If the account balance is $1,000 or more, ICMA-RC will not commence distribution without the Participant's consent, unless an IRS minimum withdrawal is required (e.g., when the Participant reaches age 70 1/2 and separates from service). |
| **Deferral of Distribution** | The plan allows you to begin payments as late as April 1 of the year following the year in which you reach age 70 1/2, or, if later, the year in which you actually retire. If you wish to delay payments, you may name a beginning distribution payment date later than normal retirement age, but no later than the time frame descriped in this paragraph. |

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