Death benefit claim form defined contribution plans

Principal Life Insurance Company
PO Box 9394
Des Moines, IA 50306-9394
Fax 1-866-704-3481
www.principal.com
A member of Principal Financial Group®

This form is to be completed by the beneficiary who is claiming death benefits within a qualified retirement plan. If there is more than one beneficiary, each must complete a separate Death Benefit Claim Form.

Note: If the participant left a surviving spouse, federal law requires qualified retirement plan death benefits be paid to the spouse unless the spouse previously made a valid election to waive the right to the death benefit.

Please read this form in its entirety and then complete the information beginning on page 12.

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Section 1 – Benefit timing

Failure to start payment by the IRS deadlines described below could subject you to a 25% federal excise tax. This can be decreased to 10% if the failure is corrected timely.

Date of death prior to January 1, 2020

You can receive benefit payments immediately. Internal Revenue Service (IRS) regulations require you to start receiving benefit payments by a certain date*, determined by answering this question: **Had the plan participant begun receiving required minimum distributions before death? Required minimum distributions deadlines are based on the participant's age and is age 73 (72 if participant turned 72 before January 1, 2023; or 70 ½ if attained age 70 ½ before January 1, 2020).**

- If **Yes**, you must receive a payment of at least a minimum amount based on your life expectancy by December 31 each year.
- If **No**, you must comply with one of the following rules:
  1. You must receive an annual payment of at least a minimum amount based on your life expectancy. Payments must generally begin by December 31 of the calendar year following the year of the participant's death. Spouses may postpone payment until December 31 of the year in which the participant would have attained age 73 (**72 if participant turned 72 before January 1, 2023; or 70 ½ if attained age 70 ½ before January 1, 2020**), if later. This exception applies to spouse beneficiaries, even if the spouse is not the sole beneficiary, as long as the death benefit is maintained in separate accounts for the spouse and non-spouse beneficiaries.
  2. Payment of the entire death benefit must be made no later than December 31 of the 5th calendar year that begins after the participant's death. No prior payment is required as long as the entire death benefit is paid by this date.

Collectively bargained plans may continue to use these rules for deaths up to December 31, 2021, unless the bargaining agreement expired earlier.

Date of death on or after January 1, 2020

If the plan participant began receiving minimum distribution payments before death, payment must continue to the beneficiary. If the participant had not begun receiving minimum distribution payments prior to death, you can receive benefit payments immediately. IRS regulations generally require that you receive the entire death benefit by a certain date*, determined by answering this question:

Are you an Eligible Designated Beneficiary?

An Eligible Designated Beneficiary, is defined as a beneficiary who, as of the date of the participant's death, is one of the following:

- the surviving spouse of the participant
- a child of the participant who has not reached the age of majority**
- disabled as defined within IRC section 72(m)(7)
- chronically ill, as defined within IRC section 7702B(c)(2)
- an individual not more than 10 years younger than the participant

- If **No**, you must comply with the 10-year distribution rule:

  Payment of the entire death benefit must be made no later than December 31 of the 10th calendar year that begins after the participant's death. No prior payment is required as long as the entire death benefit is paid by this date and the participant had not begun receiving required minimum distributions before death.

- If **Yes**, you have an option to elect the 10-year distribution rule described above or you may receive payments of at least a minimum amount based on your life expectancy.

  If electing the life expectancy option:

  - A Spouse must begin receiving payments by December 31 of the later of:
    - the calendar year immediately following the year of the participant's death, or
    - the calendar year in which the participant would have attained age 73 (72 if the participant turned 72 before January 1, 2023)
  - A Non-Spouse must begin receiving payments by December 31 of the calendar year immediately following the year of the participant's death.

Death of a Beneficiary**:** If an Eligible Designated Beneficiary dies before the entire interest is distributed. The 10-year rule may apply as of the date of death of the Eligible Designated Beneficiary. If the beneficiary was not an Eligible Designated Beneficiary, the original 10-year period that commenced on the participant's death continues to apply. A beneficiary of a participant that died before the effective date of the new rules is treated as an Eligible Designated Beneficiary (meaning the 10-year rule applies to their beneficiary).

Non-person beneficiaries regardless of date of death

For non-person beneficiaries such as an estate, church, charity or certain trusts, payment of the entire death benefit must be made no later than December 31 of the 5th calendar year that begins after the participant's death. No prior payment is required as long as the entire death benefit is paid by this date. This rule applies only if the participant had not begun receiving required minimum distributions before death. If the participant had begun receiving required minimum distributions, non-person beneficiaries may continue to receive minimum distributions based on the participant's remaining life expectancy using the age the participant attained (or would have attained) in the calendar year of the participant's death.

Note:
**The plan may require distribution prior to IRS deadlines.*
***A child of the participant is no longer an Eligible Designated Beneficiary upon reaching the age of majority. The 10-year distribution rule starts after reaching such date.*

Section 2 – Benefit options

This information describes the options available for the death benefit. You may choose one or a combination of options on the Death Benefit Claim form later in this packet.

I. Leave the death benefit in the plan*. You can leave the death benefit in the former employer's retirement plan (subject to the plan's small amounts provision which is generally $7,000 or less and the IRS timing rules described above), and postpone paying income tax until you receive payment.

You can maintain or make changes to the investment allocation, subject to plan provisions and investment restrictions on certain investment options. Please call 1-800-547-7754 7 a.m. - 9 p.m. Monday - Friday (Central Time) for more information.

Please complete Sections A, B, C, G, H (if applicable) and I on the Death Benefit Claim Form.

II. Direct Rollover (generally not available to non-person beneficiaries such as estates, trusts, or charities and not available for the portion of the distribution, if any, that is deemed a required minimum distribution)

a. **to another eligible retirement plan.** (Available to spouse beneficiaries only.) You can choose to have the death benefit directly rolled over to an IRA (see tax advisor for rollover exceptions of after-tax contributions) or to another eligible retirement plan. By selecting this option, the benefit will not be subject to taxation until you take a distribution(s) from the IRA or the qualified retirement plan.

b. **to an Inherited IRA.** (Available to both spouse and non-spouse beneficiaries). You may choose to have the death benefit directly rolled to an Inherited IRA. The Inherited IRA must be established and titled in the name of the deceased participant as well as your name – for example, "Tom Smith as beneficiary of John Smith". Federal tax regulations require you to receive minimum distributions from the Inherited IRA. Consult with your tax advisor for more information.

You can request to roll over the death benefit to an Inherited IRA with the Principal Financial Group®. If you are not working with an agent or broker, please call 1-800-547-7754 7 a.m. - 9 p.m. Monday - Friday (Central Time). If you choose any of these options, please complete Sections A, B, D, H (if applicable) and I on the Death Benefit Claim Form.

III. Cash Distribution – Paid To You. You may choose a lump sum cash distribution paid to you. Federal law requires payors like Principal Life Insurance Company [Principal Life] to withhold federal taxes on cash distributions. Twenty percent (20%) of the taxable portion of the distribution that is eligible for rollover is withheld as a pre-payment toward your federal income taxes. Ten percent (10%) withholding may apply to distributions to a non-person beneficiary. Please complete sections A, B, E, H (if applicable) and I on the Death Benefit Claim Form.

IV. Annuity Options*. By selecting an annuity, you will receive regular income for life or a specified number of years. NOTE: Annuities are only available if the plan allows Life Annuity benefits. Life Annuity options and quotes can be discussed by calling 1-800-547-7754 7 a.m. – 9 p.m. Monday – Friday (Central Time). Federal taxes will be withheld according to the default withholding instructions on Form W-4Punless you choose another withholding amount by completing Form W-4P. This form is available on the Internal Revenue Service Website at www.irs.gov, or you can call us at 1-800-547-7754. If the annuity chosen is not based on your life, and will be paid over a period of less than 10 years, the withholding rules described under III above will be applied.

To select an annuity option, please complete sections A, B, F, G, H (if applicable) and I along with the Options corresponding to your annuity selection (Options 1-3)

Reminder: If an annuity is selected, non-spouse beneficiaries must begin receiving payments prior to December 31st following the first anniversary of the participant's death.

U. **Installments*.** The retirement plan may offer Installment payments.

This option allows you to receive the benefit through a series of scheduled payments. Your payment amount may be re-determined each year. You pay taxes on the benefit you receive each year. If you are a spouse beneficiary, you must begin receiving the benefit by the date your spouse would have been age 73 (72 for a participant who would have attained age 70½ on or after January 1, 2020). Please call **1-800-547-7754** 7 a.m. – 9 p.m. Monday – Friday (Central Time) to see if these options are available and to request additional information/forms to complete. In some cases, these options may only be available to spouse beneficiaries.

Section 3 – Automatic forms of payment and benefit option comparison

If you do not make an election for a specific type of benefit option within the time prescribed by law (see Benefit Timing, Section 1), this death benefit will be paid as follows:

Spouse beneficiary – a life annuity with installment refund feature or a single sum payment depending on plan provisions.

Non-spouse beneficiary – a single sum payment

(Refer to the chart below for a description of these options.) However, you may choose any of the other benefit payment forms described in Section 2.

Following is a summary of annuity options that may be available under the retirement plan and the monthly benefit amounts you could receive beginning at the stated ages. This illustration assumes a $25,000 benefit, and annuity purchase rates that were effective on the date this illustration was prepared.

Benefit option type	Description	Age 65	Age 55	Age 45
Single Life Annuity*	You receive regular income for life. Payments stop when you die. No benefits are paid to a beneficiary.	$160.63	$135.49	$121.99
Life Annuity with 10 Year Certain Period (Other certain periods may be available)	You receive regular income for life. If you die before ten years, your beneficiary will receive the remaining payments equal to the certain period, or may choose a single payment.	$155.33	$134.31	$121.68
5 Year Fixed Period Annuity (Other fixed periods may be available)	You receive regular income for five years (the period cannot exceed your life expectancy). If you die before five years, your beneficiary will receive the remaining payments equal to the fixed period, or may choose a single payment.	$434.32	$434.32	$434.32
Single Sum Payment of $25,000	You receive the entire account balance in one single payment.	$0.00	$0.00	$0.00

* An installment refund feature may be available under this option. Installment refund means that if the benefits you receive during your lifetime do not equal the cost of purchasing the annuity, a payment will be made to your designated beneficiary for the difference between the cost of the annuity and the amount actually paid to you in annuity payments.

Note: This chart is for illustration only. It is not intended to project exact monthly benefits. All amounts are calculated assuming no commissions payable. Income could vary depending on state of residence at the time of purchase to reflect premium tax.

Please call **1-800-547-7754** 7 a.m. – 9 p.m. Monday – Friday (Central Time) if you'd like a personalized benefit illustration or if you have any questions about the benefit options available to you.

Section – 4 Sample beneficiary designations

If you decide to leave any portion of the death benefit in the retirement plan or receive annuity payments, you must complete the Beneficiary Designation (Section G).

Beneficiary designations are legal documents stating who should receive the death benefits and how benefits should be paid. Without designations, benefits usually will be paid to the plan participant's estate.

When making a designation, use complete given names such as Mary M. Doe not Mrs. John Doe. Include the address and relationship of the beneficiaries to the plan participant. You may name one or more primary beneficiaries and one or more contingent beneficiaries. Contingent beneficiaries will receive benefits only if all primary beneficiaries die before you, unless you specifically indicate otherwise.

IMPORTANT: Be sure to include the percentage of benefits you want to go to each beneficiary. Combined percentages must equal 100%.

The table below shows some of the more common beneficiary designations. You may use other designations. Consult your legal advisor if you have questions about choosing a beneficiary.

Number and Type of Beneficiary	Name	Relationship	Beneficiary Phone No.	Percent
One Beneficiary	Mary M. Doe	Sister	(123) 123-1234	100%
Two Beneficiaries	Jane J. Doe John J. Doe or to the Survivor	Mother Father	(123) 123-1234 (123) 123-1234	50% 50%
Estate	My Estate			100%
Children and Grandchildren	John J. Doe Jane J. Doe William X. Doe	Son Daughter Son	(123) 123-1234 (123) 123-1234 (123) 123-1234	33.3% 33.3% 33.4%

Provided that if any of my children predeceases me, the surviving children of any such child shall receive in equal portions the share their parent would have received, if living. If no child of a deceased child survives, the share of that child of mine shall go to the survivor or survivors of my children, equally.

Section 5 – Rollover options

You are receiving this notice because all or a portion of a payment you are receiving from the plan may be eligible to be rolled over to an IRA or an employer plan. This notice is intended to help you decide whether to do such a rollover.

If you received this notice electronically, you may request a paper copy at no additional charge by calling us at 1-800-547-7754, 7 a.m. – 9 p.m. Monday – Friday (Central Time).

This notice describes the rollover rules that apply to any payments from the plan that are <u>not</u> from a designated Roth account (a type of account with special rules in some employer plans). If you also receive a payment from a designated Roth account in the plan, please refer to that section later in this document.

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

General information about rollovers

How can a rollover affect my taxes?

You will be taxed on a payment from the plan if you do not roll it over. If you are under age 59½ and do not do a rollover, you will also have to pay a 10% additional income tax on early distributions (generally, distributions made before age 59 ½) unless an exception applies.

However, if you do a rollover, you will not have to pay tax until you receive payments later and the 10% additional income tax will not apply if those payments are made after you are age 59½ (or if an exception applies).

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

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

How do I do a rollover?

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

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

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

How much may I roll over?

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

- Certain payments spread over a period of at least 10 years or over your life or life expectancy (or the joint lives or joint life expectancies of you and your beneficiary);
- Required minimum distributions after age 73 (72 if you attained age 72 before January 1, 2023; or 70 ½ if you attained age 70 ½ before January 1, 2020) or after death;
- Hardship distributions;
- Payments of employer stock ownership plan (ESOP) dividends;
- Corrective distributions of contributions that exceed tax law limitations;
- Loans treated as deemed distributions (for example, loans in default due to missed payments before your employment ends);
- Cost of life insurance paid by the plan;
- Payments of certain automatic enrollment contributions that you request to be withdraw within 90 days of the first contribution;
- Amounts treated as distributed because of a prohibited allocation of S corporation stock under an ESOP (also, there will generally be adverse tax consequences if you roll over a distribution of S corporation stock to an IRA); and
- Distributions of certain premiums for health and accident insurance.

Call 1-800-547-7754, 7 a.m. - 9 p.m. Monday - Friday (Central Time) to find out what portion of a payment is eligible for rollover.

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

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

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

- Payments made after you separate from service if you will be at least age 55 in the year of the separation;
- Payments that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary);
- Payments from a governmental plan made after you separate from service if you are a qualified public safety employee and you are at least age 50 in the year of the separation or have at least 25 years of service under the plan;
- Payments from a plan made after you separate from service if you are a private sector firefighter, and you will be at least 50 in the year of separation or have at least 25 years of service under the plan;
- Payments made due to disability;
- Payments to a terminally ill individual;
- Payments after your death;
- Payments of ESOP dividends;
- Corrective distributions of contributions (and the corresponding earnings) that exceed tax law limitations;
- Cost of life insurance paid by the plan;

- Payments made directly to the government to satisfy a federal tax levy;
- Payments made under a qualified domestic relations order (QDRO);
- Payments of up to $5,000 made to you from a defined contribution plan if the payment is a qualified birth or adoption distribution;
- Payments up to the amount of your deductible medical expenses (without regard to whether you itemize deductions for the taxable year);
- Certain payments made while you are on active duty if you were a member of a reserve component called to active duty after September 11, 2001 for more than 179 days;
- Payments of certain automatic enrollment contributions requested to be withdrawn within 90 days of your first contribution;
- Payments excepted from the additional income tax as qualified disaster recovery distributions; and
- Phased retirement payments made to federal employees.

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

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

- The exception for payments made after you separate from service if you will be at least age 55 in the year of separation (or for qualified public safety employees or private sector firefighters who are age 50 or have at least 25 years of service under the plan) does not apply;
- The exception for qualified domestic relations orders (QDROs) does not apply (although a special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to an IRA of a spouse or former spouse).
- The exception for payments made at least annually in equal or close to equal amounts over a specified period applies without regard to whether you have had a separation from service.

Additional exceptions apply for payments from an IRA, including:

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

Will I owe state income taxes? This notice does not describe any State or local income tax rules (including withholding rules).

Special rules and options

If your payment includes after-tax contributions

After-tax contributions included in a payment are not taxed. If you receive a partial payment of your total benefit, an allocable portion of your after- tax contributions is included in the payment, so you cannot take a payment of only after-tax contributions. However, if you have pre-1987 after-tax contributions maintained in a separate account, a special rule may apply to determine whether the after-tax contributions are included in a payment. In addition, special rules apply when you do a rollover, as described below.

You may roll over to an IRA a payment that includes after-tax contributions through either a direct rollover or a 60-day rollover. You must keep track of the aggregate amount of the after-tax contributions in all of your IRAs (in order to determine your taxable income for later payments from the IRAs). If you do a direct rollover of only a portion of the amounts paid from the plan, and at the same time the rest is paid to you, the portion directly rolled over consists first of the amount that would be taxable if not rolled over. For example, assume you are receiving a distribution of $12,000, of which $2,000 is after-tax contributions. In this case, if you directly roll over $10,000 to an IRA that is not a Roth IRA, no amount is taxable because the $2,000 amount not directly rolled over is treated as being after-tax contributions. If you do a direct rollover of the entire amount paid from the plan to two or more destinations at the same time, you can choose which destination receives the after-tax contributions.

Similarly, if you do a 60-day rollover to an IRA of only a portion of a payment made to you, the portion rolled over consists first of the amount that would be taxable if not rolled over. For example, assume you are receiving a distribution of $12,000, of which $2,000 is after-tax contributions, and no part of the distribution is directly rolled over. In this case, if you roll over $10,000 to an IRA that is not a Roth IRA in a 60-day rollover, no amount is taxable because the $2,000 amount not rolled over is treated as being after-tax contributions.

You may roll over to an employer plan all of a payment that includes after-tax contributions, but only through a direct rollover (and only if the receiving plan separately accounts for the after-tax contributions and is not a governmental section 457(b) plan). You can do a 60-day rollover to an employer plan of part of a payment that includes after- tax contributions, but only up to the amount of the payment that would be taxable if not rolled over.

If you miss the 60-day rollover deadline

Generally, the 60-day rollover deadline cannot be extended. However, the IRS has the limited authority to waive the deadline under certain extraordinary circumstances, such as when external events prevented you from completing the rollover by the 60-day rollover deadline.

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

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

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

Call 1-800-547-7754, 7 a.m. - 9 p.m. Monday - Friday (Central Time) to find out the amount of any net unrealized appreciation.

If you have an outstanding loan that is being offset

If you have an outstanding loan from the plan, your plan benefit may be offset by the amount of the loan, typically when your employment ends. The loan offset amount is treated as a distribution to you at the time of the offset. Generally, you may roll over all or any portion of the offset amount. Any offset amount that is not rolled over will be taxed (including the 10% additional income tax on early distributions, unless an exception applies). You may roll over offset amounts to an IRA or an employer plan (if the terms of the employer plan permit the plan to receive plan loan offset rollovers).

How long you have to complete the rollover depends on what kind of plan loan offset you have. If you have a qualified plan loan offset, you will have until your tax return due date (including extensions) for the tax year during which the offset occurs to complete your rollover. A qualified plan loan offset occurs when a plan loan in good standing is offset because your employer plan terminates, or because you sever from employment. If your plan loan offset occurs for any other reason, then you have 60 days from the date the offset occurs to complete your rollover.

If you were born on or before January 1, 1936

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

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

If the plan is a governmental section 457(b) plan, the same rules described elsewhere in this notice generally apply, allowing you to roll over the payment to an IRA or an employer plan that accepts rollovers. One difference is that, if you do not do a rollover, you will not have to pay the 10% additional income tax on early distributions from the plan even if you are under age 59½ (unless the payment is from a separate account holding rollover contributions that were made to the plan from a tax-qualified plan, a section 403(b) plan, or an IRA). However, if you do a rollover to an IRA or to an employer plan that is not a governmental section 457(b) plan, a later distribution made before age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies). Other differences include that you cannot do a rollover if the payment is due to an "unforeseeable emergency" and the special rules under "If your payment includes employer stock that you do not roll over" and "If you were born on or before January 1, 1936" do not apply.

If you are an eligible retired public safety officer and your payment is used to pay for health coverage or qualified long-term care insurance

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

If you roll over your payment to a Roth IRA

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

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

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

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

If you roll over the payment to a designated Roth account in the plan, later payments from the designated Roth account that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a designated Roth account is a payment made both after you are age 59½ (or after your death or disability) and after you have had a designated Roth account in the plan for at least 5 years. In applying this 5-year rule, you count from January 1 of the year your first contribution was made to the designated Roth account. However, if you made a direct rollover to a designated Roth account in the plan from a designated Roth account in a plan of another employer, the 5-year period begins on January 1 of the year you made the first contribution to the designated Roth account in the distributing plan or, if earlier, to the designated Roth account in the plan of the other employer. Payments from the designated Roth account that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10% additional income tax on early distributions (unless an exception applies).

If you are not a plan participant

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

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

An IRA you treat as your own is treated like any other IRA of yours, so that payments made to you before you are age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies) and required minimum distributions from your IRA do not have to start until after you are age 73 (72 if you attained age 72 before January 1, 2023; or 70½ if you attained age 70 ½ before January 1, 2020).

If you treat the IRA as an inherited IRA, payments from the IRA will not be subject to the 10% additional income tax on early distributions. However, if the participant had started taking required minimum distributions, you will have to receive required minimum distributions from the inherited IRA. If the participant had not started taking required minimum distributions from the plan, you will not have to start receiving required minimum distributions from the inherited IRA until the year the participant would have been age 73 (72 if you attained age 72 before January 1, 2023; or 70½ if you attained age 70 ½ before January 1, 2020).

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

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

If you are a nonresident alien

If you are a nonresident alien and you do not do a direct rollover to a

U.S. IRA or U.S. employer plan, instead of withholding 20%, the plan is generally required to withhold 30% of the payment for federal income taxes. If the amount withheld exceeds the amount of tax you owe (as may happen if you do a 60-day rollover) you may request an income tax refund by filing Form 1040NR and attaching your Form 1042-S. See Form W-8BEN for claiming that you are entitled to a reduced rate of withholding under an income tax treaty. For more information see also IRS Publication 519, *U.S. Tax Guide for Aliens,* and IRS Publication 515, *Withholding of Tax on Nonresident Aliens and Foreign Entities.*

Other special rules

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

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

Unless you elect otherwise, mandatory cash out of more than $1,000 (not including payments from a designated Roth account in the plan) will be directly rolled over to an IRA chosen by the plan administrator. A mandatory cash out is a payment from the plan to a participant made before age 62 (or normal retirement age, if later) and without consent, where the participant's benefit does not exceed $7,000 (or such lower amount stated in the plan) not including any amounts held under the plan as a result of a prior rollover made to the plan.

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

For more information

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

This notice describes the rollover rules that apply to any payments from the plan that are from a designated Roth account, if such account is available in your employer's plan. If you also receive a payment from the plan that is not from a designated Roth account, refer to the earlier Your Rollover Options notice in this document.

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

General information about rollovers

How can a rollover affect my taxes?

After-tax contributions included in a payment from a designated Roth account are not taxed, but earnings might be taxed. The tax treatment of earnings included in the payment depends on whether the payment is a qualified distribution. If a payment is only part of your designated Roth account, the payment will include an allocable portion of the earnings in your designated Roth account, including amounts as a result of an in-plan Roth rollover (this is an election to convert your non-Roth accounts to Roth accounts in the same plan).

If the payment from the plan is not a qualified distribution and you do not do a rollover to a Roth IRA or a designated Roth account in an employer plan, you will be taxed on the earnings in the payment. If you are under age 59½, a 10% additional income tax on early distributions (generally distributions made before age 59 ½) will also apply to the earnings (unless an exception applies). However, if you do a rollover, you will not have to pay taxes currently on the earnings and you will not have to pay taxes later on payments that are qualified distributions.

If the payment from the plan is a qualified distribution, you will not be taxed on any part of the payment even if you do not do a rollover. If you do a rollover, you will not be taxed on the amount you roll over and any earnings on the amount you roll over will not be taxed if paid later in a qualified distribution.

A qualified distribution from a designated Roth account in the plan is a payment made after you are age 59½ (or after your death or disability) and after you have had a designated Roth account in the plan for at least 5 years. In applying the 5-year rule, you count from January 1 of the year your first contribution was made to the designated Roth account. However, if you did a direct rollover to a designated Roth account in the plan from a designated Roth account in another employer plan, your participation will count from January 1 of the year your first contribution was made to the designated Roth account in the plan, or, if earlier, to the designated Roth account in the other employer plan.

For distributions from in-plan Roth rollovers, there may be a 10% Roth recapture tax if a distribution from the allocable portion of the in-plan Roth rollover is made within the 5-year period beginning with the taxable year in which an in-plan Roth rollover is made. If you elect a partial distribution and the Roth recapture rule applies, you can direct contributions by calling us at 1-800-547-7754 7 a.m. – 9 p.m. Monday-Friday (Central Time). The Roth recapture rules are complex and you may wish to consult with a professional tax advisor before taking a payment from your designated Roth account.

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

You may roll over the payment to either a Roth IRA (a Roth individual retirement account or Roth individual retirement annuity) or a designated Roth account in an employer plan (a tax-qualified plan, a section 403(b) plan, or a governmental section 457(b) plan) that will accept the rollover. The rules of the Roth IRA or employer plan that holds the rollover will determine your investment options, fees, and rights to payment from the Roth IRA or employer plan (for example, no spousal consent rules apply to Roth IRAs and Roth IRAs may not provide loans). Further, the amount rolled over will become subject to the tax rules that apply to the Roth IRA or the designated Roth account in the employer plan. In general, these tax rules are similar to those described elsewhere in this notice, but differences include:

- If you do a rollover to a Roth IRA, all of your Roth IRAs will be considered for purposes of determining whether you have satisfied the 5-year rule (counting from January 1 of the year for which your first contribution was made to any of your Roth IRAs).
- If you do a rollover to a Roth IRA, you will not be required to take a distribution from the Roth IRA during your lifetime and you must keep track of the aggregate amount of the after-tax contributions in all of your Roth IRAs (in order to determine your taxable income for later Roth IRA payments that are not qualified distributions).
- Eligible rollover distributions from a Roth IRA can only be rolled over to another Roth IRA.

How do I do a rollover?

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

<u>If you do a direct rollover</u>, the plan will make the payment directly to your Roth IRA or designated Roth account in an employer plan. You should contact the Roth IRA sponsor or the administrator of the employer plan for information on how to do a direct rollover.

<u>If you do not do a direct rollover</u>, you may still do a rollover by making a deposit (generally within 60 days) into a Roth IRA, whether the payment is a qualified or nonqualified distribution. In addition, you can do a rollover by making a deposit within 60 days into a designated Roth account in an employer plan if the payment is a nonqualified distribution and the rollover does not exceed the amount of earnings in the payment. You cannot do a 60-day rollover to an employer plan of any part of a qualified distribution. If you receive a distribution that is a nonqualified distribution and you do not roll over an amount at least equal to the earnings allocable to the distribution, you will be taxed on the amount of those earnings not rolled over, including the 10% additional income tax on early distributions if you are under age 59½ (unless an exception applies).

If you do a direct rollover of only a portion of the amount paid from the plan and a portion is paid to you at the same time, the portion directly rolled over consists first of earnings.

If you do not do a direct rollover and the payment is not a qualified distribution, the plan is required to withhold 20% of the earnings for federal income taxes (up to the amount of cash and property received other than employer stock). This means that, in order to roll over the entire payment in a 60-day rollover to a Roth IRA, you must use other funds to make up for the 20% withheld.

How much may I roll over?

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

- Certain payments spread over a period of at least 10 years or over your life or life expectancy (or the joint lives or joint life expectancies of you and your beneficiary);
- Required minimum distributions after age 73 (72 if you attained age 72 before January 1, 2023; or 70 ½ if you attained age 70 ½ before January 1, 2020) or after death;
- Hardship distributions;
- Payments of employer stock ownership plan (ESOP) dividends;Corrective distributions of contributions that exceed tax law limitations;
- Loans treated as deemed distributions (for example, loans in default due to missed payments before your employment ends);
- Cost of life insurance paid by the plan;
- Payments of certain automatic enrollment contributions that you request to be withdrawn within 90 days of the first contribution;
- Amounts treated as distributed because of a prohibited allocation of S corporation stock under an ESOP (also, there will generally be adverse tax consequences if you roll over a distribution of S corporation stock to an IRA), and
- Distributions of certain premiums for health and accident insurance.

Call 1-800-547-7754, 7 a.m. - 9 p.m. Monday - Friday (Central Time) to find out what portion of a payment is eligible for rollover.

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

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

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

- Payments made after you separate from service if you will be at least age 55 in the year of the separation;
- Payments that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary);
- Payments from a governmental plan made after you separate from service if you are a qualified public safety employee and you are at least age 50 in the year of the separation or have at least 25 years of service under the plan;
- Payments made due to disability;
- Payment to a terminally ill individual;
- Payments after your death;
- Payments of ESOP dividends;
- Corrective distributions of contributions (and the corresponding earnings) that exceed tax law limitations;
- Cost of life insurance paid by the plan;
- Payments made directly to the government to satisfy a federal tax levy;
- Payments made under a qualified domestic relations order (QDRO);
- Payments up to $5,000 made to you from a defined contribution plan if the payment is a qualified birth or adoption distribution:
- Payments up to the amount of your deductible medical expenses (without regard to whether you itemize deductions for the taxable year);
- Certain payments made while you are on active duty if you were a member of a reserve component called to active duty after September 11, 2001 for more than 179 days;
- Payments of certain automatic enrollment contributions requested to be withdrawn within 90 days of your first contribution; and
- Payments excepted from the additional income tax as qualified disaster recovery distributions.

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

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

- The exception for payments after you separate from service if you will be at least age 55 in the year of the separation (or for qualified public safety employees or private sector firefighters who are age 50 or have at least 25 years of service under the plan) does not apply.
- The exception for qualified domestic relations orders (QDROs) does not apply (although a special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to a Roth IRA of a spouse or former spouse).
- The exception for payments made at least annually in equal or close to equal amounts over a specified period applies without regard to whether you have had a separation from service
- There are additional exceptions for (1) payments for qualified higher education expenses, (2) payments up to $10,000 used in a qualified first-time home purchase, (3) payments after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

Will I owe state income taxes?

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

Special rules and options

If you miss the 60-day rollover deadline

Generally, the 60-day rollover deadline cannot be extended. However, the IRS has the limited authority to waive the deadline under certain extraordinary circumstances, such as when external events prevented you from completing the rollover by the 60-day rollover deadline.

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

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

If you receive a payment that is not a qualified distribution and you do not roll it over, you can apply a special rule to payments of employer stock (or other employer securities) that are paid in a lump sum after separation from service (or after age 59½, disability or the participant's death). Under the special rule, the net unrealized appreciation on the stock included in the earnings in the payment will not be taxed when distributed to you from the plan and will be taxed at capital gain rates when you sell the stock. If you do a rollover to a Roth IRA of a nonqualified distribution that includes employer stock (for example by selling the stock and rolling over the proceeds within 60 days of the distribution), you will not have any taxable income and the special rule relating to the distributed employer stock will not apply to any subsequent payments from the Roth IRA or employer plan. Net unrealized appreciation is generally the increase in the value of the employer stock after it was acquired by the plan.

Call 1-800-547-7754, 7 a.m. - 9 p.m. Monday - Friday (Central Time) to find out the amount of any net unrealized appreciation.

If you receive a payment that is a qualified distribution that includes employer stock and you do not roll it over, your basis in the stock (used to determine gain or loss when you later sell the stock) will equal the fair market value of the stock at the time of the payment from the plan.

If you have an outstanding loan that is being offset

If you have an outstanding loan from the plan, your plan benefits may be offset by the amount of the loan, typically when your employment ends. The loan offset amount is treated as a distribution to you at the time of the offset. Generally, you may roll over all or any portion of the offset amount. If the distribution attributable to the offset is not a qualified distribution and you do not roll over the offset amount, you will be taxed on earnings included in the distribution (including the 10% additional income tax on early distributions, unless an exception applies). You may roll over the earnings included in the loan offset to a Roth IRA or designated Roth Account in an employer plan (if the terms of the employer plan permit the plan to receive plan loan offset rollovers). You may also roll over the full amount of the offset to a Roth IRA.

How long you have to complete the rollover depends on what kind of plan loan offset you have. If you have a qualified plan loan offset, you will have until your tax return due date (including extensions) for the tax year during which the offset occurs to complete your rollover. A qualified plan loan offset occurs when a plan loan in good standing is offset because your employer plan terminates, or because you sever from employment. If your plan loan offset occurs for any other reason,then you have 60 days from the date the offset occurs to complete your rollover.

If you receive a nonqualified distribution and you were born on or before January 1, 1936

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

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

If the plan is a governmental section 457(b) plan, the same rules described elsewhere in this notice generally apply, allowing you to roll over the payment to an IRA or an employer plan that accepts rollovers. One difference is that, if you receive a payment that is not a qualified distribution and you do not roll it over, you will not have to pay the 10% additional income tax on early distributions with respect to the earnings allocated to the payment that you do not roll over, even if you are under age 59½ (unless the payment is from a separate account holding rollover contributions that were made to the plan from a tax- qualified plan, a section 403(b) plan, or an IRA). However, if you do a rollover to an IRA or to an employer plan that is not a governmental section 457(b) plan, a later distribution that is not a qualified distribution made before age 59½ will be subject to the 10% additional income tax on earnings allocated to the payment (unless an exception applies). Other differences include that you cannot do a rollover if the payment is due to an “unforeseeable emergency” and the special rules under “If your payment includes employer stock that you do not roll over” and “If you were born on or before January 1, 1936” do not apply.

If you receive a nonqualified distribution, are an eligible retired public safety officer, and your payment is used to pay for health coverage or qualified long-term care insurance

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

If you are not a plan participant

<u>Payments after death of participant</u>. If you receive a distribution after the participant’s death that you do not roll over, the distribution will generally be taxed in the same manner described elsewhere in this notice. However, whether the payment is a qualified distribution generally depends on when the participant first made a contribution to the designated Roth account in the plan. Also, the 10% additional income tax on early distributions and the special rules for public safety officers do not apply, and the special rule described under the section “If you receive a nonqualified distribution and you were born on or before January 1, 1936” applies only if the deceased participant was born on or before January 1, 1936.

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

A Roth IRA you treat as your own is treated like any other Roth IRA of yours, so that you will not have to receive any required minimum distributions during your lifetime and earnings paid to you in a nonqualified distribution before you are age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies).

If you treat the Roth IRA as an inherited Roth IRA, payments from the Roth IRA will not be subject to the 10% additional income tax on early distributions. An inherited Roth IRA is subject to required minimum distributions. If the participant had started taking required minimum distributions from the plan, you will have to receive required minimum distributions from the inherited Roth IRA. If the participant had not started taking required minimum distributions, you will not have to start receiving required minimum distributions from the inherited Roth IRA until the year the participant would have been age 73 (72 if you attained age 72 before January 1, 2023; or 70½ if you attained age 70 ½ before January 1, 2020).

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

<u>Payments under a qualified domestic relations order</u>. If you are the spouse or a former spouse of the participant who receives a payment from the plan under a qualified domestic relations order (QDRO), you generally have the same options the participant would have (for example, you may roll over the payment as described in this notice).

If you are a nonresident alien

If you are a nonresident alien and you do not do a direct rollover to a

U.S. IRA or U.S. employer plan, instead of withholding 20%, the plan is generally required to withhold 30% of the payment for federal income taxes. If the amount withheld exceeds the amount of the tax you owe (as may happen if you do a 60-day rollover), you may request an income tax refund by filing Form 1040NR and attaching your Form 1042-S. See Form W-8BEN for claiming that you are entitled to a reduced rate of withholding under an income tax treaty. For more information, see also IRS Publication 519, *U.S. Tax Guide for Aliens*, and IRS Publication 515, *Withholding of Tax on Nonresident Aliens and Foreign Entities*.

Other special rules

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

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

Unless you elect otherwise, a mandatory cashout from the designated Roth account in the plan of more than $1,000 will be directly rolled over to a Roth IRA chosen by the plan administrator. A mandatory cashout is a payment from the plan to a participant made before age 62 (or normal retirement age, if later) and without consent, where the participant’s benefit does not exceed $7,000 (or such lower amount stated in the plan) not including any amounts held under the plan as a result of a prior rollover made to the plan.

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

For more information

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

Death benefit claim form
defined contribution plans

Principal Life Insurance Company
PO Box 9394
Des Moines, IA 50306-9394
Fax 1-866-704-3481
www.principal.com
A member of Principal Financial Group®

Section A – Plan information

Company name ____________________ Contract/Plan ID number ____________________

Deceased participant name ____________________ Deceased participant I.D. number/Social Security number ____________________

Section B – Beneficiary information

Name (first) (middle initial) (last) ____________________ Relationship to participant ____________________ Social Security number/ITIN ____________________

Address (street) (city) (state) (Zip code plus 4-digit) ____________________

Daytime phone number ____________________ Evening phone number ____________________ Date of birth ____________________ State of legal residence for tax purposes ____________________

☐ I am a U.S. Person. (This includes a resident alien of the United States.)
☐ I am not a U.S. Person (Note: Please complete and submit the appropriate version of IRS Form W-8 when returning this form.

To learn more about how a U.S. Person is defined, please refer to Internal Revenue Service Publications 515 and 519, available on their website at *www.irs.gov*, or you may request a copy by calling 1-800-829-3676. Your tax advisor can also provide assistance.

Section C – Leave the death benefit in the retirement plan

Note: This option is available only if the death benefit remaining exceeds the retirement plan's small amounts payment provision (generally $7,000) and you're within the IRS timing rules described earlier. Please call 1-800-547-7754 with questions.

I want to leave _____% (designate a percentage) **OR** $_________ (indicate a dollar amount) of the death benefit in the retirement plan, and choose the option below to comply with IRS timing rules described on page 1.

☐ I am an Eligible Designated Beneficiary or a beneficiary of a participant who died prior to January 1, 2020 and elect to receive annual payments based on my life expectancy* and begin them by the deadline imposed by the IRS and explained on page 1. (Must also complete Section G and H)

* Payment amounts are generally determined using your date of birth and IRS life expectancy tables. In certain situations, the deceased participant's date of birth may be used, if later. For more information about payments based on life expectancy, please call 1-800-547-7754 7 a.m. - 9 p.m. Monday - Friday (Central Time).

What type of Eligible Designated Beneficiary are you? (Leave blank if participant died prior to January 1, 2020)

Select only one - **Additional documentation may be required**:

☐ the surviving spouse of the participant
☐ a child of the participant who has not reached the age of majority
☐ disabled as defined within IRC section 72(m)(7)
☐ chronically ill, as defined within IRC section 7702B(c)(2)
☐ an individual not more than 10 years younger than the participant

☐ I elect to receive payment of the entire amount by December 31 of the 10th calendar year that begins after the participant's death. (Must also complete Section G and H) **I will contact Principal Life Insurance Company (Principal Life) to request any remaining payment at that time.** Note: As explained on page 1, this option is only available to beneficiaries of a participant who died after December 31, 2019.

☐ I elect to receive payment of the entire amount by December 31 of the 5th calendar year that begins after the participant's death. (Must also complete Section G and H) **I will contact Principal Life to request any remaining payment at that time.** Note: As explained on page 1, this option is available only if the participant had not begun receiving required minimum distributions before death for beneficiaries of a participant who died prior to January 1, 2020 or non-person beneficiaries.

Failure to start payment by the IRS deadline could subject you to a 25% federal excise tax.

* Limitations may apply. Refer to Benefit Timing, Section 1, for rules around when a benefit must be fully distributed.

Proceed to Section G ⇨

Section D – Direct rollover to an inherited IRA or another eligible retirement plan*

NOTE: Rollover options are generally not available to non-person beneficiaries such as estates, trusts, or charities.

Not all financial institutions or eligible retirement plans* will accept all types of rollovers. Please check with the receiving financial institution or plan sponsor to see if your retirement funds can be rolled over before completing and submitting this form. ***Any checks that are returned or rejected by the receiving institution will be held by Principal Life until we receive further direction from you. Please note the retirement funds will not be invested during this timeframe.***

*Direct Rollovers to another eligible retirement plan are only available to spouse beneficiaries

You must complete D-1 **OR** D-2. **DO NOT** complete both sections.

☐ **D-1. Roll 100% of my balance to a new account** *(all of the contribution types within my plan will be rolled to a new account.)*

Distribute to:

☐ Pre-Tax IRA

☐ Roth IRA (Taxes will only be withheld on pre-tax contributions rolling to a Roth IRA if a W-4R is included.)

☐ Eligible employer sponsored retirement plan* with Principal Life

Plan/Contract No. ___________

☐ Eligible employer sponsored retirement plan* outside of Principal Life

If you completed Section D1, please proceed to Section D3. ➩

☐ **D-2. Split pre-tax, Roth, and/or after-tax contributions to different accounts** *(complete the section for each money type that you want distributed. Any remaining retirement funds below the small amounts provision of the plan will be issued to you as a taxable cash distribution. Any remaining retirement funds above the small amounts provision will stay in the plan but must meet benefit timing outlined in Section 1.)*

☐ **Pre-tax portion** - I would like a direct rollover of my pre-tax portion to (Represents pre-tax contributions plus earnings (non-Roth elective deferrals, matching contributions, discretionary contributions, e.g.) Please see pages 5-8 for additional information.):

Distribute to:

☐ Pre-Tax IRA

______ % or $ ________________

☐ Roth IRA (Taxes will only be withheld on pre-tax contributions rolling to a Roth IRA if a W-4R is included.)

______ % or $ ___________________

☐ Eligible employer sponsored retirement plan* with Principal Life

Plan/Contract No. ___________

% or $

☐ Eligible employer sponsored retirement plan* outside Principal Life

% or $

☐ **Roth portion** -I would like a direct rollover of my Roth portion to (Represents elective deferrals which are treated as Designated Roth Contributions plus earnings on those contributions. Please see pages 9-12 for additional information.):

Distribute to:

☐ Roth IRA

______ % or $ ________________

☐ Eligible employer sponsored retirement plan* outside Principal Life

______ % or $ ________________

☐ Eligible employer sponsored retirement plan* with Principal Life

Plan/Contract No. ___________

______ % or $ ____________________

☐ **After-tax portion -** I would like a direct rollover of my after-tax portion to *(Represents any contributions which were contributed to the plan on an after-tax basis as well as any earnings on this amount. Please see pages 5-8 for additional information.)*:

Distribute to:

☐ After-Tax IRA

______ % or $ ________________

☐ Roth IRA (Taxes will only be withheld on pre-tax earnings rolling to a Roth IRA if a W-4R is included.)

______ % or $ ________________

☐ Eligible employer sponsored retirement plan* with Principal Life Plan/Contract No. ___________

______ % or $ ________________

☐ Eligible employer sponsored retirement plan* outside Principal Life

______ % or $ ________________

Section D3 – Receiving Financial Institution information

Name of financial institution, trust account or trustee | Account number or identification number (optional)

Mailing address of financial institution (Street or PO box) | Name of agent/broker or contact at financial institution (optional)

City of financial institution | State of financial institution | Zip code plus 4-digit

Additional financial institution information - (**ONLY** fill out if Roth Portion and/or After Tax are being distributed to a different account)

Name of financial institution, trust account or trustee | Account number or identification number (optional)

Mailing address of financial institution (Street or PO box) | Name of agent/broker or contact at financial institution (optional)

City of financial institution | State of financial institution | Zip code plus 4-digit

NOTE: Principal Life will mail only the check(s) to the designated individual or financial institution. If additional documents must accompany a check to a financial institution, then have the check mailed to you so you can include the additional documents that are required.

Mail check(s) to:

☐ The financial institution(s) listed above in Section D3.
☐ To me at the address provided in Section B.
☐ Other – address listed below:

Name | Name of agent/broker or contact at financial institution (optional)

Mailing Address

City | State | Zip code plus 4-digit

Proceed to Section H⇨

Section E – Cash distribution

I would like a cash distribution of ________% (designate a percentage from 1% to 100%) **OR** ____________ (indicate a specific dollar amount) of the death benefit in the retirement plan. I would like this amount to be:

☐ 100% of the benefit in the retirement plan

☐ *I would like a partial payment of $ ______________________ or __________%

- ☐ Net of taxes (check amount equals amount specified)
- ☐ Gross Distribution (check amount equals specified amount less required withholding)

*Partial payments will be treated as a gross distribution unless otherwise elected above. Any remaining retirement funds below the small amounts provision of the plan will be issued to you as a taxable cash distribution. Any remaining retirement funds above the small amounts provision will stay in the plan, but must meet benefit timing outlined in Section 1.

Withholding

Principal Life is required to withhold 20% for federal taxes on person beneficiaries or 10% for federal taxes on non-person beneficiaries for the taxable portion of distributions that are eligible for rollover but paid in cash from a qualified retirement plan.

Additional (select if you wish to have additional withholding) You can choose a rate greater than 20% by completing Form W-4R, but you may not choose a lower rate unless you are a non-person beneficiary. You can also go to the Form W-4R, found online at www.irs.gov for further instructions and a rate table that helps you choose a rate that is appropriate for your tax situation. If you do not return Form W-4R, taxes will be withheld at the default withholding rate.

☐ I have attached form W-4R for additional withholdings.

State income tax withholding may apply to the cash distribution. If the state of legal residence box is not completed in Section B, the state given in your address is used to determine whether state taxes apply. If applicable, the state withholding tax will automatically be withheld. Refer to your state income tax authority to see if your state of residence is a required withholding state.

☐ In addition to the required state withholding above (if applicable), I would like to withhold **additional** state taxes of ______% for the state of ____________ *(insert proper state abbreviation or clearly print the state name)*

Please send my benefit payment via:

Direct Deposit

Financial institution information: Please enclose a voided check (if applicable) and complete the following information:

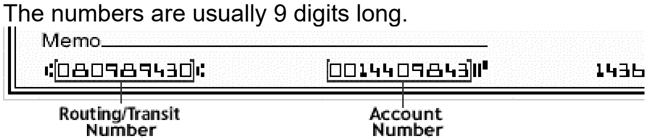
Financial institution name	Your name as shown on the account (Your name must be on the account indicated)

Financial institution address (street number & name, must be located in the U.S.)	City	State	Zip code

Routing/transit number (9 digits)	Your account number (up to 21 digits)	Account type: ☐ Savings ☐ Checking

How to find the routing/transit number:

You can usually find the routing/transit number at the bottom left-hand corner of the checks issued to you by your financial institution. The numbers are usually 9 digits long.



Proceed to Section H⇨

Section F – Receive annuity payments* (select Option 1, 2 or 3 below)

Note: This option is available only if the retirement plan allows life annuity benefits. Please call 1-800-547-7754 with questions.

The annuity start date should be ______________________. My payments thereafter will be made on the same day of the month.

Financial institution information: Please enclose a voided check (if applicable) and complete the following information*:*

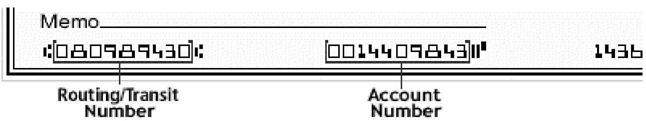
Financial institution name ____________________ Your name as shown on the account (Your name must be on the account indicated) ____________________

Financial institution address (street number & name, must be located in the U.S.) ____________________ City ____________ State ______ Zip code ____________

Routing/transit number (9 digits) ____________________ Your account number (up to 21 digits) ____________________

Account type:
☐ Savings ☐ Checking

How to find the routing/transit number:
You can usually find the routing/transit number at the bottom left-hand corner of the checks issued to you by your financial institution. The numbers are usually 9 digits long.



If you would like your payment issued in check form, please call 1-800-547-7754.

☐ **Option 1 – Single life annuity**

I would like to purchase an Annuity with ________% (designate a percentage from 1% to 100% or _________ (indicate a specific dollar amount) of the death benefit in the retirement plan.

☐ Single Life Installment Refund (must complete Section G)

☐ Single Life Annuity (skip Section G)

☐ **Option 2 – Life annuity with certain period (also complete Section G)**

I would like to purchase an Annuity with ________% (designate a percentage from 1% to 100% or ________ (indicate a specific dollar amount) of the death benefit in the retirement plan.

I elect a life annuity with a certain period as my form of benefit from the retirement plan. I understand payments will be made during my lifetime. If I die before the end of the period I have chosen, payments will continue to my beneficiary until that period ends.

I want to receive payments during my lifetime. I also want payments to be made for at least the following number of years)
☐ 5 Years ☐ 10 Years ☐ 15 Years* ☐ Other* ______Years (Please specify number of years)

If I don't live to the end of the period I have chosen, pay any remaining benefits to my beneficiary by:
☐ Continuing payments* ☐ A single payment

☐ **Option 3 – Fixed period annuity (also complete Section G)**

I would like to purchase an Annuity with ________% (designate a percentage from 1% to 100% or ________ (indicate a specific dollar amount) of the death benefit in the retirement plan.

I want payments to be made for:
☐ 5 Years ☐ 10 Years ☐ 15 Years* ☐ Other* ______ Years (Please specify number of years)

If I don't live to receive all my payments, pay any remaining benefits to my beneficiary by:
☐ Continuing payments* ☐ A single payment

* Limitations may apply. Refer to Benefit Timing, Section 1, for rules around when a benefit must be fully distributed.

Withholding

You pay taxes each year on the taxable portion you receive. Taxes are withheld according to default instructions on Form W-4P, unless you return Form W-4P and elect different withholding. The form is available on the Internal Revenue Service website at www.irs.gov, or you can call us at 1-800-547-7754. The 20% federal tax withholding doesn't apply. The 10% additional income tax doesn't apply. See Section 2 for withholding requirements. If you want additional amounts withheld from any payment, complete Form W-4P.

Section G – Beneficiary designation (Complete this section only if you decided to leave the death benefit in the retirement plan or receive certain annuity payments. See page 4 for sample beneficiary designations)

Pay any amounts payable after my death to the following primary beneficiary(ies) (Unless otherwise provided, if two or more beneficiaries are named, the proceeds shall be paid to the named beneficiaries, or to the survivor or survivors, in equal shares.):

Full name	Date of birth	Relationship to me	Social Security no.	Address	Phone no.	Percent

If no primary beneficiary is alive at the time of my death, pay any amounts payable after my death to the following contingent beneficiary(ies):

Full name	Date of birth	Relationship to me	Social Security no.	Address	Phone no.	Percent

☐ My selection of a beneficiary appears on a separate sheet of paper. I understand if my designation requires more space, I must check the box and staple additional paper to this form. I also understand any additional page(s) must be signed and dated by me.

Section H – Spousal Beneficiary Election *(Only complete this section if you are a spouse beneficiary)*

With the signing into law of SECURE 2.0 legislation on December 29, 2022, Spouse beneficiaries are now afforded the choice to have their account be treated like that of an employee for the basis of calculating their required minimum distributions. As the Spouse beneficiary, this would allow you to utilize the life expectancy factor from the Uniform Life Table, rather than the Single Life Expectancy Table[1] and you may elect to defer your first RMD from your spouse's retirement plan until December 31 of the year in which your spouse would have attained their required beginning date.

Select only one*:

☐ I elect to have my beneficiary account treated like that of an employee. For the purpose of calculating my required minimum distribution, the Uniform Lifetime Table will be used. I understand the need to take an RMD can be delayed until no earlier than 12/31 of the year the participant would have attained their RMD age and will need to continue each year after for as long as a balance remains.

☐ I elect not to have my beneficiary account treated like that of an employee. For the purpose of calculating my required minimum distribution, the Single Life Expectancy Table will be used. I understand an RMD must begin by 12/31 of the calendar year following the year the participant passed away and will need to continue each year after for as long as a balance remains.

I understand that if I do not mark one of the boxes above at this time, my election* will be to have my beneficiary account treated like that of an employee. This election will be effective the earlier of the date I elect to take any portion of the benefit or by 10/15 of the year following the year the participant passed away.

[1] Uniform and Single Life Expectancy tables referenced on this form can be found within IRS Publication 590-B.

* Please note that once this election has been made, it is irrevocable and cannot be changed under any circumstance. To determine which method for calculating RMDs is best for you, please consult with a tax professional.

Section I - Beneficiary's signature

Legal requirement*

This is an important decision. Before signing, be sure you understand what retirement benefits you'll receive and what benefits you'll no longer be eligible to receive.

I reviewed the *Death Benefit Claim Form* and understand my benefit choices.

I understand the relationship between my benefit election(s) and income tax withholding and have consulted a tax advisor, if necessary. I certify the information I provided on this form is accurate and complete. This election cancels any prior election I made under this plan.

If using Direct Deposit:

I authorize Principal Life to initiate credit entries to my checking or savings account at the financial institution named above, and if necessary, to initiate debit entries and adjustments to correct any credit entries made in error. I authorize the financial institution to credit and/or debit entries to my checking or savings account. This authorization applies to any payments that hereafter become due and payable to me under the provisions of the plan(s) identified by the Social Security Number identified within this distribution form.

The authorization is to remain in full force until I notify Principal Life in writing at its Corporate Office that the agreement is no longer effective. This election will update any Direct Deposit authorization agreement on file.

CERTIFICATION UNDER THE PENALTIES OF PERJURY, I certify by my signature below that all information on this Death Benefit Claim Form is true, current and complete.

X ____ ___/___/______

Beneficiary signature — Date

Notary public: The person signing as beneficiary appeared before me and signed the above consent.

Sworn to and subscribed before me ______ day of ______________, 20 ____,

in the State of __________, County of _____________.

Notary signature

X ____

Notary expires on ___/___/______.

____

Type or print name of Notary

☐ The person who signed is personally known to me, or

☐ The person who signed produced identification.

____

Type of identification

If your state has specific notary acknowledgment requirements, then the notary will need to include any additional acknowledgement and attach it to this distribution form.

* The information and signatures in these sections are required by Internal Revenue Code §402(f), and §417.

Your balance, and thus the amount of your final payout, changes daily due to a number of factors, including the current market value of your investments.

Redemption fees may apply on certain transactions. For further information on redemption fees, please login to your account at *principal.com*.

Revocability of Benefit Election: If you have elected to receive an annuity as your form of payment, your election becomes irrevocable on the selected annuity start date. If you have elected to receive a cash distribution or a rollover as your form of payment, your election becomes irrevocable once the request has been processed.