

## **CHECK LIST OF ITEMS/DOCUMENTATION to SUBMIT WITH YOUR MCASF Local 725 Defined Contribution Retirement Plan Application**

Please utilize the check list below to ensure that you have all necessary documents to complete your application for benefits from the Defined Contribution Retirement Plan. Please make sure your application is complete and accurately signed prior to submission. Missing documents and an incomplete application will delay the processing of receiving your benefit.

Please Note!! Items that are in **bold** MUST be signed

- Application For Benefit Form**
- Tax Withholding Notice & Election**
- Copy of your birth certificate
- Copy of your marriage certificate *(if applicable)*
- Copy of your photo ID
- Copy of your Social Security card

Please review the forms you are submitting to make sure that you have completed all blanks, signed where necessary and answered the questions accurately and completely.

Should you have any questions regarding the forms or necessary documents, please contact the Benefit Office at (754) 777-7735.



## MCASF LOCAL 725 DEFINED CONTRIBUTION RETIREMENT PLAN

### Notice of Withholding and Other Tax Matters

Dear Applicant:

You may want to consult with your tax advisor or other financial professional, the Trustees and the Benefit Office cannot give tax advice on particular situations. Keep in mind that it is smart to be prepared for your tax obligations and you may incur tax penalties if you do not have enough withheld from your distribution.

#### **INCOME TAX WITHHOLDING**

Amounts distributed from the MCASF Local 725 Defined Contribution Retirement Plan are taxed as ordinary income, unless they represent a return on already taxed voluntary contributions.

Under certain circumstances, you may defer payment of taxes by “rolling over” all or part of a lump sum payment or certain installment payments to an IRA or qualified plan.

#### **An IRS form 1099 will be issued for all distributions, including those that are rolled over.**

All defined contribution payments and death benefits payable under the plan in excess of the minimum levels set by the IRS are subject to Federal Income Tax withholding. In some cases – for example, lump sum payments to you or your spouse and certain installments to you or your spouse – withholding is mandatory at a level of 20% unless all or part of the distribution is directly rolled over to an IRA or other qualified plan. In other cases – for example, IRS required minimum distributions you may elect income tax withholding.

Here are some general rules about income tax withholding that may apply to you: (always consult with a tax advisor)

- 20% federal tax must be withheld from all lump sum distributions. This is mandatory!
- 10% federal tax will be withheld from Required Minimum Distributions (RMD) unless you make a different election.
- 20% federal tax must be withheld from installment payments if they will be made for fewer than 10 years.
- 10% federal tax will be withheld from installment payments if they will be made for 10 or more years unless you make a different election.

If Federal withholding is optional, you, your spouse or beneficiary may elect not to have taxes withheld from monthly benefits by filing an IRS form W-4P or the Fund’s withholding election form. Your election will become effective as soon as possible after the Benefit Office receives your form. You may alter an election on a prospective basis at any time by simply filing a new form with the Benefit Office.

Attached is a Notice called – “Your Rollover Options” published by the IRS that covers the detail of the federal tax rules that may apply to your Defined Contribution Retirement Plan distribution. Again, please consult with your tax advisor or other financial professional regarding this notice.

#### **PENALTIES FOR EARLY DISTRIBUTION**

A distribution before you reach age 59 ½ may result in an extra tax equal to 10% of the amount of the distribution. This penalty is not imposed in certain circumstances, such as if: (always consult a tax advisor)

- The early distribution is made on account of your death, or
- You are totally and permanently disabled, or
- The payment is to an alternate payee as required by a QDRO.

Payments under the Joint and Survivor Annuity will not incur the penalty. Other exemptions may apply to early retirement. Consult with your tax advisor or other financial professional before applying for a distribution.

# Tax Withholding Notification and Election

## Non-Periodic Distributions

### NOTIFICATION

Your plan administrator is required to provide you with a tax notice regarding qualified plan benefit payments. It contains the important information you need to know before taking or rolling over a distribution or choosing your withholding elections. You should understand that the taxable portion of an eligible rollover distribution is subject to 20% mandatory federal income tax withholding and, if applicable, state income tax withholding, unless you elect a direct rollover of the funds to another qualified plan or an individual retirement account (IRA). You have the right to make or change your election up to the date of the benefit payment, but the election may not be made or changed after a distribution has been made.

<p><b>GENERAL INFORMATION:</b> Complete the requested information. If you are receiving this distribution on behalf of an estate, enter the Taxpayer Identification No. for the estate instead of your Social Security No.</p>	First Name	Last Name	Middle Initial	
	Address			
	City		State	ZIP Code
	Social Security/Taxpayer Identification No.		Date of Birth (mm/dd/yyyy)	
<p><b>ELECTION:</b> <input type="checkbox"/> I hereby authorize a direct rollover of \$_____ (or _____%) of the portion of this distribution which qualifies as an eligible rollover distribution.  <input type="checkbox"/> I do not authorize a direct rollover of funds, even though this distribution qualifies as an eligible rollover distribution. I understand that this will result in the deduction of 20% mandatory federal income tax withholding and, if applicable, state income tax withholding from the taxable portion of the distribution which is payable to me.</p>	As allowed under the Unemployment Compensation Amendments Act of 1992, the direct rollover should be made payable to:			
	Plan/Financial Institution Name			
	Account Number <span style="float: right;"><input type="checkbox"/> Retirement Plan <input type="checkbox"/> IRA</span>			
	Address			
City		State	ZIP Code	
<p><b>ELECTION OF NON-PERIODIC DISTRIBUTION SUBJECT TO AN ADDITIONAL WITHHOLDING OF A 10% TAX PENALTY:</b> If all or a portion of the distribution that is taxable does not constitute an eligible rollover distribution, complete this section and select the desired withholding option.</p>	<input type="checkbox"/> I do <input type="checkbox"/> I do not elect federal (and state, if applicable) withholding from the taxable portion of the distribution that is NOT an eligible rollover distribution, because the distribution is: <ul style="list-style-type: none"> <li>● a required distribution payable after I've reached age 70-1/2, or</li> <li>● a survivor benefit payable after the employee's retirement, or</li> <li>● a survivor benefit payable before the employee's retirement to a beneficiary who is not the spouse</li> </ul>			
	<p><b>CERTIFICATION:</b> Under penalty of perjury, I hereby certify that my name, resident address, Social Security No. and date of birth as shown above are correct. I have received the tax notice regarding qualified plan payments and chose the election(s) shown above.</p>			
Signature _____		Date _____		

## MCASF LOCAL 725 DEFINED CONTRIBUTION RETIREMENT PLAN

### **YOUR ROLLOVER OPTIONS**

You are receiving this notice because all or a portion of a payment you are receiving from the MCASF Local 725 Defined Contribution Retirement Plan (the "Plan") is eligible to be rolled over to an IRA or an employer plan. This notice is intended to help you decide whether to do such a rollover.

This notice describes the rollover rules that apply to payments from the Plan that are **not** from a designated Roth account (a type of account with special tax rules in some employer plans, but not *this* Plan). If you ever receive a payment from a designated Roth account in another plan, you will be provided a different notice for that payment, and the plan administrator or the payor will tell you the amount that is being paid from each account.

Rules that apply to most payments from the 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 59 ½ and do not do a rollover, you will also have to pay a 10% additional income tax on early distributions (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 59 ½ (or if an exception applies).

#### **Where may I roll over the payment?**

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

#### **How do I do a rollover?**

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

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

If you do not do a direct rollover, you may still do a rollover by making a deposit into an IRA or eligible employer plan that will accept it. 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. 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 59 ½ (unless an exception applies).

### **How much may I roll over'?**

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

- Certain payments spread over a period of at least 10 years or over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary)
- Required minimum distributions after age 70 ½ (or after death)
- Hardship distributions
- Corrective distributions of contributions that exceed tax law limitations
- Loans treated as deemed distributions (for example, loans in default due to missed payments or payments not made on a timely basis)

The Benefit Office can tell you what portion of a payment is eligible for rollover.

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

If you are under age 59 ½, 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 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 retire from the trade if you will be at least age 55 in the year you retire
- Payments that start after you retire from the trade if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary)
- Payments made if you retire due to disability
- Payments after your death
- Corrective distributions of contributions that exceed tax law limitations

- Payments made directly to the government to satisfy a federal tax levy
- Payments made under a qualified domestic relations order (QDRO)
- Payments up to the amount of your deductible medical expenses
- Certain payments made while you are on active duty if you were a member of a reserve component called to duty after September 11, 2001 for more than 179 days.

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

If you receive a payment from an IRA when you are under age 59 ½, you will have to pay the 10% additional income tax on early distributions from the IRA, 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:

- There is no exception for payments after retirement (this is sometimes referred to as a "separation from service") that are made after age 55.
- 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 retired.
- There are additional exceptions for (1) payments for qualified higher education expenses, (2) payments up to \$10,000 used in a qualified first-time home purchase, and (3) payments for health insurance premiums after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

### **Will I owe State income taxes?**

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

## **SPECIAL RULES AND OPTIONS**

### **If your payment includes after-tax contributions**

After-tax contributions included in payment are not taxed. If a payment is only part of your 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 amount 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 contribution.

If you do a 60-day rollover to an IRA of only a portion of a payment made to you, the after-tax contributions are treated as rolled over last. 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 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. To apply for a waiver, you must file a private letter ruling request with the IRS. Private letter ruling requests require the payment of a nonrefundable user fee. For more information, see IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*.

### **If you 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 the loan is in default due to missed or untimely payments or a separate distribution event. The loan offset amount is treated as a distribution to you at the time of the offset and will be taxed (including the 10% additional tax on early distributions, unless an exception applies) unless you do a 60-day rollover in the amount of the loan offset to an IRA or employer plan.

### **If you were born on or before January 1, 1936**

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



## **If you roll over your payment to a Roth IRA**

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

If you roll over the payment to a Roth IRA, later payments from the Roth IRA that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a Roth IRA is a payment made after you are age 59 ½ (or after your death or disability, or as a qualified first-time homebuyer distribution of up to \$10,000) and after you have had a Roth IRA for at least 5 years. In applying this 5-year rule, you count from January 1 of the year for which your first contribution was made to a Roth IRA. Payments from the Roth IRA that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10% additional income tax on early distributions (unless an exception applies). You do not have to take required minimum distributions from a Roth IRA during your lifetime. For more information, see IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)* and IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*.

You cannot roll over a payment from the Plan to a designated Roth account, another employer's plan, and our Plan does not contain designated Roth accounts.

## **If you are not a Plan participant**

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

**If you are a surviving Spouse.** If you receive a payment from the Plan as the surviving Spouse of a deceased participant, you have the same rollover options that the participant would have had, as described elsewhere in this notice. In addition, if you choose to 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 59 ½ 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 70 ½.

If you treat the IRA as an inherited IRA (which means an IRA you inherit as a beneficiary of a deceased participant), 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 70 ½.

**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 IRA which you establish for the purpose of receiving the rollover (and this IRA will be treated as an inherited IRA). Payments from the inherited IRA will not be subject to the 10% additional income tax on early distributions. You will have to receive required minimum distributions from the inherited IRA.

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

### **If you are a nonresident alien**

If you are a nonresident alien and you do not do a direct rollover to a U.S. IRA or U.S. employer plan, instead of withholding 20%, the Plan is generally required to withhold 30% of the payment for federal income taxes. If the amount withheld exceeds the amount of tax you owe (as may happen if you do a 60-day rollover), you may request an income tax refund by filing Form 1040NR and attaching your Form 1042-S. See Form W-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, *US. 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, the Plan is not required to allow you to do a direct rollover and is not required to withhold for federal income taxes. However, you may do a 60-day rollover.

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*.

## FOR MORE INFORMATION

You may wish to consult with 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](http://www.irs.gov), or by calling 1-800-TAX-FORM.