



DISTRIBUTION /DIRECT ROLLOVER/TRANSFER REQUEST 457(b) Plan
 Refer to the Participant Distribution Instructions while completing this form.

Commonwealth of Virginia 457 Deferred Compensation Plan

650271

If still employed, refer to Section I. If separated employment, refer to Section II.

Last Name	First Name	MI	Social Security Number
Address – Number & Street			E-Mail Address
City	State	Zip Code	Mo Day Year <input type="checkbox"/> Female <input type="checkbox"/> Male
()	()		Date of Birth <input type="checkbox"/> Married <input type="checkbox"/> Unmarried
Home Phone	Work Phone	Are you a U.S. Citizen? <input type="checkbox"/> Yes <input type="checkbox"/> No	

If you have a new address, you must notify your employer (if still employed) or submit a Personal Information Change Request (if you have terminated employment).

In-Service Distribution:

- De Minimus** (Full Distribution Only)
 The total balance is under \$5,000, no contributions have been made to the account during the two year period immediately preceding the withdrawal and you have not taken a De Minimus withdrawal previously. A De Minimus withdrawal cannot be rolled.
- Withdrawal from Rollover Account** Amount \$ _____ or % _____
- 70 1/2 Withdrawal** (complete Periodic Payments section if setting up installments) Amount \$ _____ or % _____

Distribution Method:

Last Day of Employment Date: _____

- Full Distribution**
 - Partial Distribution** Partial Amount \$ _____ or % _____
 - Partial Distribution followed by Periodic Payments** (also complete Periodic Payments below)
 Partial Amount \$ _____ or % _____
 - Periodic Payments** New Installment Change Installments Stop Installments
 Frequency: Monthly Quarterly Semi-Annually Annually
1. Payments of an Amount Certain until the account is exhausted. Specified dollar amount \$ _____
 2. Payments of a Period Certain. Specified time period of _____ years.
 3. Payments based on Life Expectancy. Joint & Survivor Life Expectancy (complete Spousal Information)
 Uniform Life Expectancy

Installments will begin as soon as administratively possible and are processed on the closest business day to the 1st and 15th of each month. Please confirm **which date** you would like your payment processed: 1st 15th

- Required Minimum Distribution***
- Annuity Purchase – Met Life**
- Annuity Purchase – Another Provider**

Name of Provider _____

Forms can be found at www.varetire.org by selecting Defined Contribution Plans.

*The amount of this distribution will be calculated by dividing your prior year's December 31st account balance by the life expectancy factor provided in the life expectancy tables contained in the applicable Treasury regulations, using your age in the current year. Please refer to the Required Minimum Distribution section for additional information.

Spousal Information — Complete only if: 1) Your spouse is your sole beneficiary, and 2) Your spouse is more than 10 years younger than you, and 3) You are choosing to use a joint and survivor life expectancy for your periodic payments. You must attach a copy of your spouse's birth certificate or a copy of your spouse's driver's license.

Name of Spouse _____

Spouse's Date of Birth (Month/Day/Year) _____

Last Name First Name MI Social Security Number

Direct Rollover/Transfer — Provide company information below. Applies to full or partial distribution options only. If a dollar amount or percentage to roll over has not been provided, a full rollover will be processed.

Amount \$ (minimum \$200.00 for rollovers/transfers) or %

- Transfer to an eligible governmental 457(b) plan
Rollover to an eligible plan
Rollover to an IRA (Traditional)
Rollover to a Roth IRA

Name of Receiving Trustee Account Number

Mailing Address

City /State /Zip Code Phone Number

Payment Delivery

Checks will be mailed to your address on file.

- Check Overnight Delivery (account will be charged a \$25.00 fee. If the address on file is a P.O. Box, the check will be sent via Express Mail through USPS. The \$25 fee will still apply.)
ACH — Only available on periodic payments Savings Checking Must attach voided check.
If you have ACH information on file, all distributions from the plan will be sent to your bank account.

Attach VOIDED check here.

Financial Institution Name Account Number ABA Number

Financial Institution Mailing Address City State / Zip Code

Federal and State Income Tax Withholding

Additional Federal — We will withhold all required federal tax withholding based on your distribution type.

If you would like additional federal tax withheld, indicate amount. \$ or %.

Additional State — If you live in a state that mandates state income tax withholding, it will be withheld.

If you would like additional state tax withheld, indicate amount. \$ or %.

- Do not withhold federal tax from my Required Minimum Distribution.
Check here if you live in a state that does not mandate state income tax withholding and would like state taxes withheld.
If you are electing a periodic payment for a period certain of 10 years or longer, you may complete and attach IRS Form W-4P.

Employment Status

The Internal Revenue Service requires a severance of employment from employers providing the plan to qualify for a distribution. There must be one full calendar month during which no compensation or active member benefits were received. VRS determines eligibility for distribution based on employer reports.

- I certify that I am terminating/have terminated employment with the Commonwealth of Virginia or the employer providing this plan and that I have no agreement to return to employment with any public employer in Virginia. I acknowledge that I am currently not working in any capacity for a public employer in Virginia and it has been at least one full calendar month since I last received compensation or active employment benefits from an employer providing this plan. Please note: The earliest distribution date is one full calendar month from the last date you were reported on payroll by your employer to VRS as having received compensation or active employment benefits.
I have an agreement to return to employment with Name of Agency or Institution on Date.
The position will be full-time (with benefits) The position will be part-time (without benefits)
I am currently employed either full-time or part-time by the following public employer in Virginia:

Name of Employer Date of Employment

Last Name

First Name

MI

Social Security Number

Required Signature

I understand if I am convicted of a felony related to my covered employment, my employer may direct any employer discretionary contributions treated as non-elective employer contributions be forfeited. Any person who knowingly presents a false or fraudulent claim is subject to criminal and civil penalties.

My signature acknowledges that I have received, read, understand and agree to all pages of the Distribution/Direct Rollover/Transfer Request Form, the Participant Distribution Instructions, and the Special Tax Notice, and affirm that all information that I have provided is true and correct. I understand that it is entirely my responsibility to ensure that this elections conforms with all applicable provisions of the Internal Revenue Code (the "Code".) I understand that I am liable for any income tax and/or penalties assessed by the IRS for any election I have chosen. I understand that I may not make changes to this request once a check has been issued. If I have elected a periodic payment, I may make changes to future payments by contacting the ING number listed below. In the event that any section of this form is incomplete or inaccurate, ING may not process the transaction requested on this form and may require that I complete a new form or provide additional or proper information before the transaction can be processed.

I certify that this request is in compliance with applicable Plan provisions and federal law and that the participant has received any required notices. I acknowledge that I am currently not working in any capacity for a public employer and it has been at least one full calendar month since I last received compensation or active employment benefits from an employer providing this plan.

Participant Signature

Date

Participant forward to:

ING Plan Administration
Attn: Virginia Retirement System
P.O. Box 56588
Jacksonville, FL 32241-6588

Phone : 1-VRS-DC-PLAN1 (1-877-327-5261)

Fax : 1-888-998-8954

Overnight address:

ING Plan Administration
Attn: Virginia Retirement System
8900 Freedom Commerce Parkway
Jacksonville, FL 32256-8264

PARTICIPANT DISTRIBUTION INSTRUCTIONS

Commonwealth of Virginia Defined Contribution Plans – Government 457(b) Plan

When you sever employment with your current employer, you need to make several choices with respect to your distribution options. You are not required to take a distribution from the Plan, other than a required minimum distribution when you reach the age of 70 1/2. If you are severing employment with your current employer, you may leave your money in the plan, begin taking distributions, or roll it over to another eligible retirement plan that accepts such rollovers. If you are 70 1/2 or older, you may be required to begin taking distributions in accordance with the minimum distribution requirements. You have different distribution methods from which to choose. Only you can make this very personal decision after careful consideration of several factors including your age, financial needs, tax implications and other sources of income.

Please study each of your options described in these instructions in order to make distribution choices that best suit your financial needs. These instructions will assist you in completing the Distribution/Direct Rollover/Transfer Request form (“Distribution Form”) for your 457 Plan. You should read all pages of these instructions before you begin to complete the Distribution Form. These instructions will assist you in completing each section of the Distribution Form and give you the information you need to make informed decisions regarding your distribution. If you need further clarification about the information discussed in these instructions, call a representative at 1-VRS-DC-PLAN1 (1-877-327-5261).

You are strongly urged to consult with an accountant, financial planner and/or tax advisor before making your final decision and in the preparation of your Distribution Form. While our representatives are able to explain the options to you, they cannot tell you which payment and tax-withholding method is best for you. Your local representative or any service center representative will not provide tax or legal advice. Additionally, neither these instructions nor the Distribution Form provides tax or legal advice relevant to your distribution.

ING cannot release your funds until the plan sponsor confirms you are entitled to take a distribution or make a transfer from the Plan.

The Distribution Form — The Distribution Form is divided into several sections, with each section requiring you to provide information or make an election regarding your distribution.

The sections of the Distribution Form are:

- Participant Information
- In-Service Withdrawal
- Distribution Method
- Direct/Rollover/Transfer
- Payment Delivery
- Federal and State Income Tax Withholding
- Employment Status
- Required Signatures

Note: If you have more than one account, you must complete a separate form for each Plan.

(i.e. if you also participate in the Virginia Cash Match Plan, you are required to complete additional paperwork to disburse that plan money).

Incomplete or Inaccurate Information — In the event any section of the Distribution Form is incomplete or inaccurate, ING may not be able to process the transaction requested on the Distribution Form. You may be required to complete a new form or provide additional or proper information before the transaction will be processed.

Changes to Your Request — If you make a change to the Distribution Form as you are completing it, you must cross out any previously elected choice(s) and initial all changes. If you do not initial all changes, the Distribution Form may be returned to you for verification.

Self-Directed Brokerage (“SDB”) Account Notice — If you have an SDB account, it is your responsibility to contact the SDB provider to transfer the funds to be distributed to the core investments (non-self-directed brokerage investments) before ING can process your payments. The funds to be distributed must be an amount in excess of the “core minimum.” The core minimum is the amount of investment funds (required by your Plan) that must be maintained in your core investment options at all times.

Virginia Retirement Investment Portfolio (VRSIP) — If you are invested in the VRSIP you must move monies out of the VRSIP prior to quarter end in order for the monies to be distributed.

The Distribution Form

Note: Please use black or blue ink when completing the Distribution Form.

Participant Information

Last Name, First Name, MI — Your full name is required in order to properly identify your account.

Address – Number & Street, City, State, Zip Code — If you fill in an address other than the address on the recordkeeping system, you will need to submit a notarized Personal Information Change Request Form if you are separated from employment. Contact your employer to update if you are still actively employed.

Home Phone, Work Phone — This information will allow ING to contact you in the event that your request is not properly completed.

Social Security Number — Your Social Security Number is required to properly identify your account and report withholding information to the Internal Revenue Service.

Female, Male — Select your gender.

E-Mail Address — Your e-mail address is optional. If you choose to provide ING with this information it will be kept confidential.

Are you a U.S. Citizen? — Your citizenship status is required to properly tax report your distribution.

Married, Unmarried — Select your appropriate current marital status.

In-Service Withdrawal

The following is a brief explanation of each of the withdrawal options available.

De Minimus Withdrawal — A De Minimus withdrawal is a withdrawal made prior to your severance from employment. This withdrawal is from an account with a balance of less than \$5,000.00 to which contributions have not been made for the 24-month period before the date of your De Minimus withdrawal request, provided that you have not previously taken a De Minimus withdrawal. A De Minimus withdrawal is available only if the distribution will fully deplete your account balance. A De Minimus withdrawal cannot be rolled.

Withdrawal from Rollover Account — A withdrawal of money that has been rolled into the plan from another trustee.

70 1/2 Withdrawal — You may take a distribution from your plan at age 70 1/2 even if you continue employment with the employer that provides this plan. Complete the Periodic Payments section if you are electing periodic payments as an option.

Distribution Method

Indicate the date of your severance of employment on the line provided. All distributions will be distributed pro rata from your investment funds unless you specify a fund specific request on a separate piece of paper and return with this form.

Full Distribution — Check this box if you want a full distribution of your account. ING will liquidate the funds from all investment options in which you have a balance.

Partial Distribution — Check this box if you want a partial distribution. Indicate the amount of the partial distribution on the line provided. If your available balance is less than the elected amount, the partial will be processed for the full amount of the remaining available balance.

Note for Self-Directed Brokerage (SDB) only: With respect to both full and partial distribution requests, in the event the transfer of funds from your SDB account has not been received by ING prior to ING's receipt of the Distribution Form, the following will occur: ING will process your request from the amount that is available in the core investment options in excess of the core minimum. For any further distributions, you must transfer the appropriate funds from the SDB account into core investment options and submit an additional Distribution Form.

Virginia Retirement Investment Portfolio (VRSIP) — If you are invested in the VRSIP you must move monies out of the VRSIP prior to quarter end in order for the monies to be distributed to you. Forms will be held until the end of the quarter for processing. If the funds do not get transferred, the forms will be rejected and a letter of explanation sent.

Partial Distribution followed by periodic payments of an Amount Certain, or periodic payments of a Period Certain — For Phase 1 of your distribution, indicate the gross amount of your initial partial distribution on the line provided. For Phase 2 of your distribution, complete the Periodic Payment section.

Periodic Payment — You must select a frequency, pay date and either specific dollar amount or specific number of years.

1. **Payment of an Amount Certain** — Indicate the gross amount you wish to have distributed on a regular installment basis (monthly, quarterly, semi-annually or annually). Your payments will continue until your account balance is depleted. The number of payments you receive will vary depending on the performance of your investments.
2. **Payment of a Period Certain (Years)** — You will receive payments on a regular basis (monthly, quarterly, semi-annually or annually). Payment amounts will depend on the length of time in years during which you elect to receive payments, the periodic basis you choose, and the performance of your investment options.

Your payment amount will be calculated by dividing your current account balance by the number of remaining payments. For example, if the payout is to be monthly for 4 years, the initial payout amount will be equal to $\frac{1}{48}$ of the account balance. The second payment will be $\frac{1}{47}$ of your balance, the third will be $\frac{1}{46}$, and so on.

Your payment is recalculated each time a payment is distributed; therefore, the amount of each payment will never be the same. The payment amount will depend on the account value, which may fluctuate depending upon your chosen investments' performance. Your balance will be depleted by the end of the term you select.

Note for SDB and VRSIP only: In the event a periodic payment option is requested and sufficient funds have not been transferred from the SDB account into core investment options prior to ING's receipt of the Distribution Form, your distribution request will not be processed. Instead, the Distribution Form will be returned to you with a letter asking that the transfer be initiated. Once the transfer has occurred, the original Distribution Form must be resubmitted to ING for processing. If you do not initiate trading instructions and transfers in time to generate the funds needed to make these payments, the periodic payment will not be processed.

Required Minimum Distribution — What are the Minimum Distribution Requirements? In general, the rules for participants are as follows:

- You are required to begin taking minimum distributions by your required beginning date. Your required beginning date is April 1 of the calendar year following the later of: (1) the calendar year in which you reach age 70 1/2 or (2) the calendar year in which you retire from the employer sponsoring your Plan.

- You may take your first minimum distribution during the year you become 70 1/2, or you may defer this first distribution to no later than April 1 of the following year.
- If you were born between January 1 and June 30, you reach age 70 1/2 in the same calendar year as your 70th birthday. If you were born between July 1 and December 31, you reach age 70 1/2 in the next calendar year, and your required beginning date is April 1 of the following calendar year.
- If you elect to defer your first distribution to April 1 of the calendar year following the calendar year in which you turn 70 1/2 or retire, **you will be required to take two payments that year:** one by April 1 following the year in which you turned 70 1/2 or retired, and one by December 31 of that same year. You must take a minimum distribution by December 31 of every calendar year thereafter.
- If you are participating in more than one type of retirement plan (i.e. 401(a), 403(b), IRA), your minimum distribution must be calculated and taken separately from each plan.

Annuity Purchase — Check this box only if you are purchasing an annuity with another provider. Indicate the name of the provider on the line provided.

Spousal Information — Provide your spouse's name and date of birth on the lines provided **ONLY** if: 1) Your spouse is your sole beneficiary, and 2) Your spouse is more than 10 years younger than you, and 3) You are choosing to use a joint and survivor life expectancy.

Direct Rollover/Transfer

Transfer to an Eligible 457(b) Plan — You must first be eligible to receive a distribution from your employer's Plan before you can request a plan to plan transfer. You must also determine whether your new employer's plan accepts eligible 457(b) plan to plan transfers. Indicate the dollar amount you want to transfer (minimum \$200.00) and provide the company name, account number, mailing address, city, state, zip code and a phone number for your transfer. Once ING has processed a transfer, it cannot be returned. A check for the amount of the transfer will be payable to the new service provider for your benefit. The rollover check will be mailed to your address on file. You are responsible to forward the funds to the new trustee.

Direct Rollover to an Eligible Plan, IRA or Roth IRA — You must first be eligible to receive a distribution from your employer's Plan before you can request a direct rollover. You must also determine whether your new employer's plan or IRA accepts eligible rollover distributions.

Beginning in the later of the year you attain age 70 1/2 or the year during which you sever employment, you may not roll over that portion of a distribution equal to your required minimum distribution amount.

If you are requesting a direct rollover, an eligible rollover distribution is paid from your Plan directly to an eligible retirement plan or to a Traditional IRA.

Indicate the dollar amount you want to roll over (minimum \$200.00) and provide the company name, account number, mailing address, city, state, zip code and a phone number for your direct rollover. Once ING has processed a direct rollover, it cannot be returned.

If you choose this Distribution Method, a Form 1099-R will be issued for reporting purposes; however, no federal income tax will be automatically withheld from amounts directly rolled over.

Direct Rollover to a Roth IRA — You are responsible for determining if you are eligible to make a rollover to a Roth IRA. If you roll your distribution directly into a Roth IRA, the entire taxable portion of the rollover (amounts other than after-tax contributions) will be taxable income to you in the year of the rollover. Subsequent distributions from the Roth IRA may qualify as tax-free distributions. You should consult with a tax advisor to determine the tax consequences of future distributions from the Roth IRA. No income tax withholding is required for any taxable portion of your payment for which you choose a Direct Rollover. However, you are responsible for paying the taxes due for the year of distribution. You must have other money from which you can pay the taxes. Generally, the 10% penalty tax for distribution prior to age 59 1/2 does not apply to the rollover. However, it may later apply if you subsequently withdraw the money from the Roth IRA under certain circumstances.

Once rolled to a Roth IRA, you **cannot** subsequently roll your distribution to an employer plan, even if the Plan accepts designated Roth contributions.

Payment Delivery

The delivery of your distribution may depend on the Distribution Method you elected on the Distribution form. Certain delivery options are not available on all types of distributions. Below is a description of each delivery option.

Check — If you elect overnight delivery, your account will be charged \$25.00 at the time the distribution is processed. If the address on file is a P.O. Box, the check will be sent via Express mail through USPS. The \$25 fee will still apply. If ACH information is on file, all distributions from the plan will be sent to the participant's bank account information on file.

Automated Clearing House (ACH) — Check this box if you want your funds to be electronically deposited into your checking or savings account. You may not designate a business account or an IRA. *You can only select this option if you selected a periodic payment as your Distribution Method.* Complete the bank name, account number, ABA routing number, bank mailing address, city, state, zip code, and attach a voided check. In the event of a change to your periodic payments, your electronic funds transfer may be subject to a delay, and a check will be sent to your financial institution.

If your financial institution rejects the ACH transfer, your checks will be mailed to you until you submit an Electronic Funds Transfer (ACH) form. As a result, it is important that you continue to notify ING in writing of any changes to your mailing address.

By choosing an ACH credit to your bank account, you are authorizing ING to initiate credit entries and, if necessary, debit entries and adjustments for any credit entries in error to your checking or savings account. You are also authorizing your financial institution, in the form of an electronic funds transfer, to credit and/or debit the same to such account. ING will make payments in accordance with the directions you have specified on the Distribution Form

until such time that you notify ING in writing that you wish to cancel the ACH agreement. You must provide notice of cancellation at least 30 days prior to a payment date for the cancellation to be effective with respect to all of your subsequent payments.

ING reserves the right to terminate the ACH transfers for any reason and will notify you in the event of such termination by sending notice to your last known address on file with ING.

It is your obligation to notify ING of any address or other changes affecting your electronic fund transfers during your lifetime. You are solely responsible for any consequences and/or liabilities that may arise out of your failure to provide such notification.

Federal and State Income Tax Withholding

Distribution withholding will vary depending on the type of distribution you are requesting on the Distribution Form. **You have received and must read the attached Special Tax Notice, which provides additional tax withholding information.** You are strongly urged to consult with your tax advisor to determine your appropriate tax withholding.

Federal Income Tax Withholding

Full Distribution — 20% mandatory federal income tax withholding will apply unless you elect a Direct Rollover of the entire amount.

Partial Distribution — 20% mandatory federal income tax withholding will apply unless you elect a Direct Rollover.

Periodic Payment — 20% mandatory federal income tax withholding will apply to all amount certain or period certain periodic payments scheduled to continue for less than 10 years.

If your periodic payments are payable over your life expectancy or are scheduled to continue for a period certain of more than 10 years, complete and attach a Form W-4P to your Distribution Form. If a W-4P is not attached, federal withholding will be made as though you are married with three allowances.

Annuity Purchase — Contact your ING registered representative or go to the www.varetire.org Defined Contributions tab for information and application.

Direct Rollover — Eligible rollover distributions that are directly rolled over are not subject to federal tax withholding.

State Income Tax Withholding

If you live in a state that mandates state income tax withholding, it will be withheld. If you wish to have additional state income tax withheld or live in a state that does not mandate state income tax withholding, you may elect to have an additional amount. Check the appropriate box on the Distribution Form. If you do not attach the appropriate state tax withholding form, if applicable, and you have elected periodic payments or annuity payments as your Distribution Method, state withholding will be made as though you are married with three allowances. If 20% federal tax is withheld, 4% Virginia tax will be withheld. If you are a resident of another state, the tax withholding rules of that state will apply.

Income Tax Withholding Applicable to Payments Delivered Outside the U.S.

If you are a U.S. citizen or a resident alien and your payment is to be delivered outside the U.S. or its possessions, you may not elect out of federal income tax withholding.

If you are a non-resident alien you must attach IRS Form W-8BEN. In general, the withholding rate applicable to your payment is 30% unless a reduced rate applies because your country of citizenship has entered into a tax treaty with the U.S. and the treaty provides for a reduced withholding rate or an exemption from withholding. To obtain the IRS Form W-8BEN, call 1-800-TAX-FORM.

Contact your tax professional for more information.

Employment Status

You must certify if you are still working or have ended employment.

Required Signatures

You must sign your Distribution Form. Read the disclosure on the Distribution Form in this section before signing. Once you sign the form, you attest to receiving, reading, understanding and agreeing to all provisions of the Distribution Form, the Special Tax Notice and these instructions.

Submitting the Distribution Form

Once you have completed the Distribution Form, you may mail/fax it to the address/fax number indicated on the last page of the Distribution Form under the Required Signatures section.

Important Note

Although every effort is made to keep the information in these instructions current, it is subject to change without notice. Federal, state, and local tax laws may be revised, and new plan provisions may be adopted by your Plan. For the most up to date version of these instructions, please visit the Web site at www.varetire.org or call 1-VRS-DC-PLAN1 (1-877-327-5261) .

*Access to phone representatives or the Web site may be limited or unavailable during periods of peak demand, market volatility, systems upgrades, maintenance or for other reasons.

Your Rollover Options for Payments Not from a Designated Roth Account

You are not required to take a distribution from your plan when you leave employment, other than the minimum amount required when you reach age 70 ½. If you decide to take a distribution of some or all of your plan account balance, you have payout choices including a rollover to another plan or IRA.

You are receiving this notice because all or a portion of a payment you are receiving from the Commonwealth of Virginia Deferred Compensation 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.

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 paid directly to you. You may delay the payment of taxes by rolling over to another plan or IRA. You will be required to start a minimum distribution when you reach age 70 ½. Payments directly to you prior to age 59 ½ may result in an additional 10% early withdrawal penalty. This penalty does apply to money you roll over or receive after you reach age 59 ½. The early withdrawal penalty does not apply to distributions from a 457(b) governmental deferred compensation plan.

If I don't roll over a plan distribution, 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) paid directly to you, 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 from a government 457(b) 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 made due to disability
- Payments after your death
- Corrective distributions of contributions that exceed tax law limitations
- Contributions made under special automatic enrollment rules that are withdrawn pursuant to your request within 90 days of your first contribution
- Payments made directly to the government to satisfy a federal tax levy
- Payments made under an approved domestic relations order (ADRO)
- 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.
- Payments from a governmental defined benefit pension plan made after you separate from service if you are a public safety employee (as defined by the IRS) and you are at least age 50 in the year of the separation

Where may I roll over the payment?

You may roll over the payment to either a traditional 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 will receive 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. You may not roll over to a Roth IRA.

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. 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).

What are the restrictions on the amount I can rollover?

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 70½ (or after death)
- Unforeseeable Emergency Withdrawals
- Corrective distributions of contributions that exceed tax law limitations
- Contributions made under special automatic enrollment rules that are withdrawn pursuant to your request within 90 days of enrollment

The Plan administrator or the payor can tell you what portion of a payment is eligible for rollover.

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 59½, 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 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 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, and (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). If you live in a state that mandates state income tax withholding, state taxes will be withheld on payments made directly to you. Refer to the instructions accompanying your plan distribution form for more information.

SPECIAL RULES AND OPTIONS

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

If you are receiving a distribution from your 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 regardless of the distribution method you choose, you will not have to pay the 10% additional income tax on early distributions from the Plan even if you are under age 59½. 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 are that you cannot roll over if the payment is due to an unforeseeable emergency, or an eligible automatic contribution arrangement (EACA) distribution related to automatic enrollment.

If your payment includes after-tax contributions:

After-tax contributions included in a payment are not taxed. If a payment is only part of your benefit, an allocable portion of your after-tax contributions is generally included in the payment. 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.

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 a portion is paid to you, each of the payments will include an allocable portion of the after-tax contributions. If you do a 60-day rollover to an IRA of only a portion of the payment made to you, the after-tax contributions are treated as rolled over last. For example, assume you are receiving a complete distribution of your benefit which totals \$12,000, of which \$2,000 is after-tax contributions. In this case, if you roll over \$10,000 to an 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, Individual Retirement Arrangements (IRAs).

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 are an eligible retired public safety officer and your pension 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 as defined by the IRS, 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.

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. 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 70½.

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 70½.

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 an approved domestic relations order (ADRO), 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 ADRO 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. If you live in a state that mandates state income tax withholding, state taxes will be withheld on payments made directly to you. Refer to the instructions accompanying your plan distribution form for more information.

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

Neither VRS, the plan sponsor, nor ING Institutional Plan Services, the plan recordkeeper, gives legal or tax advice. 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, 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**.