PAYOUT INSTRUCTIONS PRE-TAX 401(k)

Instructions for completing a 401(k) PRE-TAX DISTRIBUTION/ROLLOVER REQUEST FORM

Section I: Please complete all personal information.

Section II: Please indicate Eligibility for Withdrawal by checking the appropriate box.

Section III: Please choose one distribution method (option A, B, C, D or E see 457/401(k) Pre-Tax Payout Options) to indicate how to pay your benefits. If you choose a periodic payment, you must check the appropriate boxes and list the effective date. If you choose a Direct Rollover, you must check the appropriate boxes indicating the rollover amount and plan to receive the direct rollover. You must also provide the name of the Receiving Trustee/Custodian and account number if applicable.

Section IV: You have the option to request additional Federal and State income tax withholding. The Authority will withhold all required federal tax from the payment you choose. See Special Tax Notice Regarding Plan Payments for specific tax information and IRS required withholding before completing. If you live in a state that mandates state income tax withholding, it will be withheld (Kentucky does not require state tax withholding). You may elect additional state tax withholding above what is required.

Section V: You must elect your payment delivery method. If you do not choose an option a check will be mailed to your address on file. You cannot elect an ACH Direct Deposit for a Direct Rollover. For Direct Rollovers a check payable to the receiving trustee/custodian will be mailed to your address on file.

Section VI: Sign, date, and provide your social security number on the lines provided to authorize your payout.

BEFORE RETURNING A 401(k) PRE-TAX DISTRIBUTION/ROLLOVER REQUEST FORM PLEASE READ INFORMATION BELOW

You ne**ed to fully complete, sign, and return** the 401(k) PRE-TAX DISTRIBUTION/ROLLOVER REQUEST FORM in order to ensure that you obtain the payout you want. Please note that if your request for payout is due to separation from employment, Deferred Compensation must obtain verification from your employer prior to the payout.

Be sure to read the "Special Tax Notice Regarding Plan Payments" for various tax information.
It is important to note if you are **under the age of 59 1/2** and receiving part or all of your payout from a **401(k) Plan (our Plan II)**, this portion of your payout may be subject to a **10%** Federal Excise Tax (in addition to regular taxation). There are several exceptions to the Federal Excise Tax. You should consult a tax advisor for more information regarding the Federal Excise Tax and Rollovers.

The IRS requires us to withhold a minimum of 20% for payouts eligible for rollover. This includes most payouts of less than a ten-year duration. For a complete list of eligible rollover distribution payouts please see the Special Tax Notice Regarding Plan Payments. The default federal income tax withholding for a direct rollover distribution is 0%. However, you may elect federal tax withholding for a direct rollover to a Roth IRA by completing Section IV of the 401(k) PRE-TAX DISTRIBUTION/ROLLOVER REQUEST FORM.

If you have questions or need assistance, please contact a Payout Counselor at 1-800-542-2667.

457/401(k) PRE-TAX PAYOUT OPTIONS:

A. **TOTAL DISTRIBUTION -** The entire account balance will be paid to you.

B. **PARTIAL DISTRIBUTION –** The specified amount of your account will be paid to you in a one-time payment. You may take several partial distribution payments from your account.

C. **PERIODIC PAYMENTS**

1. **FIXED PERIOD PAYMENT** – Your account is paid to you on a periodic basis (monthly, quarterly, semi-annually, or annually) for a specific number of years. Your payout amount is recalculated after each payment by dividing your account balance by the number of payments remaining.

2. **FIXED DOLLAR PAYMENT -** A specific amount is selected to be paid to you monthly, quarterly, semi-annually, or annually. Payments will continue until account depleted.

D. **REQUIRED MINIMUM DISTRIBUTION (RMD) –** This option provides for the IRS required minimum to be paid to you in a one-time payment. The amount of your RMD payment is recalculated each year by dividing your account balance by your single life expectancy. Your life expectancy will be recalculated each calendar year per IRS tables.

E. **ROLLOVER -** This option provides for the direct rollover of money to a qualified plan, 403(B) plan, 457 plan, traditional IRA or Roth IRA. The check must be made payable to the rollover institution.

***Please Note**:* You are limited to 4 payouts (excluding periodic payouts) per plan each calendar year**.**

Kentucky Deferred Comp Bridging Your Retirement Gap
Kentucky Public Employees' Deferred Compensation Authority
Phone (502) 573-7925 or (800) 542-2667 Fax (502) 573-4494 Web: www.kentuckydcp.com
101 Sea Hero Road, Suite 110 Frankfort KY 40601-5404

401(k) PRE-TAX DISTRIBUTION/ROLLOVER REQUEST FORM

Please read PAYOUT INSTRUCTIONS sheet before completing this form

Section I: *Personal Information* (PLEASE PRINT)

Last Name ______ First Name ______ MI ______

Social Security Number ______ Date of Birth ___|___|___

Mailing Address ______

Home Phone (____) ______

City ______ State ______ Zip Code ______

Alternate Phone (____) ______

Section II: *Eligibility for Withdrawal* (Choose ONE)

❒ Distribution Due to Termination/Retirement

❒ In-Service Distribution (currently working for a Participating Employer* **AND** age 59.5 or older)
* An employer whose employees are eligible to make deferrals into the Plan.

Section III: *Distribution Method* (Choose ONE): See 457/401(k) Pre-Tax Payout Options Page

(**Select only ONE option: A, B, C, or D for distributions paid to you, or E for direct rollovers)**

A. ❒ Total Distribution of the Entire Value

B. ❒ Partial Distribution Payment of $____________________

C. ❒ Periodic Payments: ❒ New Installments ❒ Change Installments ❒ Stop Installments

Effective Date: ________________ (month/year)

Frequency: ❒ Monthly ❒ Quarterly ❒ Semi-Annually ❒ Annually

1. ❒ Fixed Period Payment of __________ years.

OR

2. ❒ Fixed Dollar Payment of $_______________.

D. ❒ Required Minimum Distribution (RMD): Age 70.5+

E. ❒ Direct Rollover to: ________________________________ ________________________
Name of Receiving Trustee/Custodian* Account Number

1. Rollover Amount: ❒ Roll Entire Value ❒ Partial Roll of $ ______________

2. Receiving Plan type: ❒ Traditional IRA ❒ Roth IRA ❒ Qualified Plan ❒ 403(b) Plan ❒ 457 Plan

***Please Note:** The rollover check will be mailed to your address of record.

Last Name	First Name	MI	Social Security Number

Section IV: *Federal and State Income Tax Withholding*

<u>Federal Tax</u>- The Authority will withhold federal tax as required by the IRS from the payment you choose. See Special Tax Notice Regarding Plan Payments for specific tax information and IRS required withholding before completing. You may elect below to have no withholding from your required minimum distribution.

If you would like additional federal tax withheld above what is required indicate dollar amount $ ____________

❒ Do Not withhold Federal Tax from my Required Minimum Distribution (Age 70.5+)

<u>State Tax</u> - If you live in a state that mandates state income tax withholding, it will be withheld (Kentucky does not require state tax withholding).

If you would like additional state tax withheld above what is required indicate dollar amount $ ______________

Section V: *Payment Delivery*

A. ❒ Check mailed to your address on file (Default payment delivery if no option is chosen)

B. ❒ Direct Deposit by ACH
I authorize the Kentucky Public Employees' Deferred Compensation Authority to directly deposit my benefit payment to my account indicated below.

1. ❒ Add Initial Bank Information ❒ Update Bank Information on file ❒ Use Information on File
2. ❒ Checking - Attach Voided Check ❒ Savings

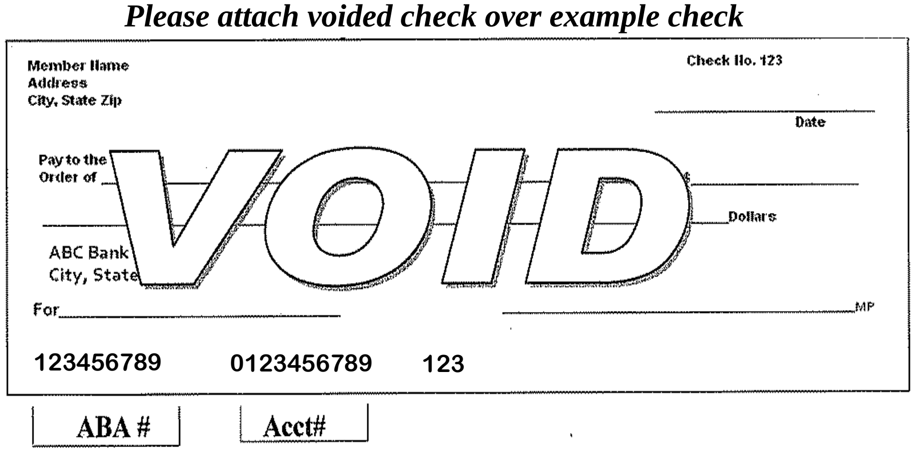
____
Financial Institution Name

____
Bank Routing Number (ABA#)
(Please contact your financial institution for the correct routing number)

____
Bank Account Number

NOTE: Failure to properly complete the above information may result in a paper check being sent to you by mail for the benefit payment. The direct deposit will be sent to your financial institution by ACH. ***The deposit of funds into your bank account could take up to 3 business days from the payout date.***

Please attach voided check over example check



Section VI. *Authorization of Payout:*

I certify that my statements made above are true, complete and accurate and that I am the proper party to receive Pre-Tax 401(k) Account funds. I have read and understand the payout instructions and option descriptions pages. In accordance with the terms of the Plan Agreement, I hereby agree to the elections as specified above. I have received no tax advice from the Authority. I indemnify and hold harmless the Authority, its employees and agents from any liability or claim resulting from reliance on my statements or selections on this form or in connection with processing my request. I have had the opportunity to consult with a professional tax advisor before I selected my payout option from the Plan. I understand I will be asked to provide documentation if my signature cannot be verified through documents on file with Kentucky Public Employees' Deferred Compensation Authority (KPEDCA). **I certify that if taking a distribution due to separation from service that I am no longer working in any capacity with an employer participating with KPEDCA.** I understand that my funds will remain in my plan investments until payment is made and that my payout will be taken pro-rata from all my plan investments unless I indicate in writing to the Authority to take my payout from the Fixed Contract Fund 3 first.

I hereby waive the 30-day notice period and elect to receive my payout as soon as administratively practicable.
Within the past 180 days I have received, read and understood the Kentucky Public Employees' Deferred Compensation Authority Special Tax Notice Regarding Plan Payments. I understand I am limited to 4 payouts (excluding periodic payouts) per plan each calendar year.

By signing below I confirm I understand I may be contacted before this form is processed by a Kentucky Deferred Comp (KDC) Representative as part of the KDC Participant Counseling Initiative.

Signature ____ **Date**_____/_____/_______

Printed Name ____ **SS #** ____________________

Please Note: this payout form in its entirety is 3 pages. Periodic payments are made on or about the 3rd business day of each month. All other payouts are generally processed within 10 days of receipt of all needed paperwork. Failure to return a properly completed form may delay your payout and result in the form being returned to you for corrections.

Return form by fax to (502) 573-4494 or by mail to:
Kentucky Public Employees' Deferred Compensation Authority
101 Sea Hero Rd Suite 110 Frankfort KY 40601

Revision 8/17/12

(FOR AUTHORITY USE ONLY)

❒ SIG V APPROVED BY: _________ DATE: ___________

❒ A ❒ D ❒ 9 ❒ V ❒ P QC BY: ________________ DATE: ___________

_______________ (Term/Retire Date)

KENTUCKY PUBLIC EMPLOYEES' DEFERRED COMPENSATION AUTHORITY

SPECIAL TAX NOTICE

YOUR ROLLOVER OPTIONS

(Do not use for Roth 401(k) account – see separate form for Roth 401(k) accounts)

You are receiving this notice because all or a portion of a payment you are receiving from the Kentucky Public Employees' 401(k) Deferred Compensation Plan and/or the Kentucky Employees' 457 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. You may request a paper copy of this Notice from the Plan Administrator at no charge.

This notice describes the rollover rules that apply to payments from the Plan that are not from a designated Roth 401(k) account (a type of account with special tax rules in some employer plans). If you also receive a payment from a designated Roth 401(k) account in the 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 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 (unless an exception applies). Distributions from the 457 Plan are not subject to 10% additional income tax. 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).

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, 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 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 lives or joint life expectancy of you and your beneficiary)
- Required minimum distributions after age 70½ (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 before your employment ends).

The Plan administrator or the payor 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 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 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 made 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 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).

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. 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 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 in accordance with Plan loan procedures. 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 income 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 receive a benefit distribution in cash on termination of employment, then 20% mandatory withholding will be based on the entire amount paid to you, including the amount of the loan offset.

If you were born before January 1, 1936

If you were born 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 are that you cannot do a rollover if the payment is due to an "unforeseeable emergency" and the special rules under "If you were born before January 1, 1936" do not apply.

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, 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 the payment 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). For payments from the Plan during 2010 that are rolled over to a Roth IRA, the taxable amount can be spread equally over a 2-year period starting in 2011.

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 distributions 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, Individual Retirement Arrangements (IRAs).

You cannot roll over a payment from the Plan to a designated Roth account in an employer plan.

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 before January 1, 1936" applies only if the participant was born 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 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, 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).

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 the Plan administrator or payor, 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, 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.

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12/2010

NOTICE OF WITHHOLDING ON <u>NON-PERIODIC</u> DISTRIBUTIONS OR WITHDRAWALS FROM THE KENTUCKY PUBLIC EMPLOYEES' DEFERRED COMPENSATION AUTHORITY PLANS

The distributions or withdrawals you receive from your Kentucky Public Employees' Deferred Compensation Authority (KPEDCA) Plan are subject to Federal income tax withholding unless you elect not to have withholding apply.

You may elect not to have withholding apply to your distribution or withdrawal payments that are **<u>not</u>** eligible for rollover by completing and returning the appropriate KPEDCA tax withholding form to the KPEDCA.

If you do not respond **before** the date your distribution is scheduled to begin, federal income tax will be withheld from the taxable portion of your distribution or withdrawal.

If you elect not to have withholding apply to your distribution or withdrawal payments, or if you do not have enough federal income tax withheld from your distribution or withdrawal payments, you may be responsible for payment of estimated tax. You may also incur penalties under the estimated tax rules if your withholding and estimated tax payments are not sufficient.

ELECTION FOR PAYEES OF NON-PERIODIC PAYMENTS

If you do not want any federal income tax withheld from your payment, complete and return the appropriate KPEDCA tax withholding form.

NOTICE OF WITHHOLDING ON <u>PERIODIC</u> PAYMENTS FROM THE KENTUCKY PUBLIC EMPLOYEES' DEFERRED COMPENSATION AUTHORITY PLANS

The distribution or withdrawal payments you receive from your Kentucky Public Employees' Deferred Compensation Authority (KPEDCA) Plan will be subject to federal income tax withholding unless you elect not to have withholding apply.

You may elect not to have withholding apply to your distribution or withdrawal payments that are **<u>not</u>** eligible for rollover by completing and returning the appropriate KPEDCA tax withholding form to the KPEDCA. Your election will remain in effect until you revoke it. You may revoke your election at any time by completing and returning the appropriate KPEDCA tax withholding form. Any election or revocation will be effective as soon as administratively possible, generally within two weeks of receipt. You may make and revoke elections to not have withholding apply as often as you wish. Additional elections may be obtained from the Payout Branch at KPEDCA.

If you do not return the election form before your payout, federal income tax will be withheld from the taxable portion of your distribution or withdrawal payments as if you were a married individual claiming three withholding allowances OR if you do not return the election form and you have a current election on file, your current election will remain in place. If you elect not to have withholding apply to your distribution or withdrawal payments, or if you do not have enough federal income tax withheld from your distribution or withdrawal payments, you may be responsible for payment of estimated tax. You may also incur penalties under the estimated tax rules if your withholding and estimated tax payments are not sufficient.

ELECTION FOR RECIPIENTS OF PERIODIC PAYMENTS THAT ARE NOT ELIGIBLE FOR ROLLOVER

If you do not want any federal income tax withheld from your payments or if you wish to change your current election, complete and return the appropriate KPEDCA tax withholding form.