Take the Time to Decide

What will you do with your retirement savings?

Life is full of changes. We retire. We change jobs. We get laid off. And sometimes, we experience the death of a loved one. As a recipient of this brochure, it's likely you're experiencing one such life-changing event right now.

And change requires decisions. How will you react? What will you do next?

In this case, it means you need to decide what to do with the money you've accumulated in your employer-sponsored retirement plan. But you need to make this choice carefully, because the decision you make will affect not only how much you pay in taxes today but the way you manage your money in the future.

This brochure provides you with information about the options available for your retirement plan distributions. Sit down and read it thoroughly, so you can make a well-informed decision about your future.

Before you make your selection: The law requires that you receive the Special Tax Notice Regarding Plan Payments and Rollover Options, included in this booklet. The Notice describes the tax consequences of your benefit decision and your options for rolling over your distribution.

You have the right to take at least 30 days to select your option. If you return your completed form in less than 30 days, you are requesting that the distribution be made as soon as possible. If you ended your employment recently, you should wait to request a distribution until your employer has deposited your final contribution.

Normal plan fees will be deducted from your account before your benefit is paid. If the fees are more than your vested account balance, no check will be issued.

Consider the Options

The distribution choices available to you depend on the balance in your account and your plan's cashout amount for small account balances (maximum $5,000). For your plan's cashout amount, please contact your plan administrator.

- If your vested account balance does not exceed your plan's cashout amount, your benefit must be distributed as a lump sum or a rollover. If you do not provide instructions, your vested balance will remain in the plan until your plan's next cashout date and then be paid as follows. If your vested balance is $1,000 or less on the cashout date, a check will automatically be sent to your last known address. If your vested balance is over $1,000, but not over your plan's cashout amount on the cashout date, federal law requires that your benefit be rolled over to an individual retirement account set up in your name. Cashout dates are scheduled at least once per year. Prior to the cashout date, a letter describing your options will be sent to your last known address.
- If your vested account balance exceeds your plan's cashout amount, you can choose any of the benefit options your plan provides. If you do not provide instructions, your money will remain in the plan until you are required to begin taking distributions.

You have a number of options if your account balance exceeds the cashout amount.

1. **Leave money in the plan.** If you leave money in the plan, you will continue to enjoy the same investment options you had as an employee. You can review those options on Personal Savings Center on The Standard's website (www.standard.com/retirement), or by calling 800.858.5420. The same type of fees that have been applicable to your investments while you were an active participant will continue to apply if you leave your funds in the plan, and there may be an additional fee charged for the administration of your account. The types of fees that are charged are shown in the plan expenses section of the plan's summary plan description. If you choose this option, your money will remain invested until you request a distribution. When you reach the later of your plan's Normal Retirement Age or the tenth anniversary of your participation in the plan, payments must begin unless you elect in writing to leave your money in the plan until age 70½.
2. **Rollover.** You can choose to have your distribution rolled over directly to an IRA, another qualified plan, a tax-sheltered 403(b) annuity or a governmental 457 plan. For a detailed description of rollover options and the tax consequences of rolling over your distribution, see the Special Tax Notice.

   If you are rolling over to another qualified plan, you should obtain a letter from the new plan administrator stating that the plan is qualified under Code Section 401(a), and that the rollover will be accepted.
3. **Lump sum.** You may have all or part of your benefit paid directly to you in cash. However, this may adversely affect the accumulation of your retirement benefits. If you have all or part of the benefit paid to you in cash, the law requires that 20 percent of the distribution's taxable portion be withheld for federal income taxes. If required, state taxes also will be withheld. Within 60 days of receiving a lump sum payment, you can choose to roll it over into a traditional IRA, another qualified plan, a tax-sheltered 403(b) annuity or a governmental 457 plan. If you do not roll it over, you will be subject to an additional 10 percent penalty, unless you are age 59½ or you terminated service after reaching age 55. Please consider carefully all the information provided in the Special Tax Notice.
4. **Payments from account.** If your plan allows, you may specify an amount you would like to receive on a monthly basis. See page 5 for a description of this option.
5. **Required Minimum Distribution.** If you have terminated service (or are still employed and own more than 5 percent of the company), federal law requires that you begin taking distributions from the plan at age 70½. If you select this option, The Standard will calculate the amount of your required minimum distribution based on your account total that we administer and send you a check each year. The balance of your account will remain invested in the plan. See page 5 for more information about required minimum distributions.

Frequently Asked Questions

If you have questions about your benefits, you're not alone. The following section may provide answers to your questions. If you still have questions after reading this section, you can call a customer service representative at 800.858.5420 or email savings@standard.com.

Q. Can I request my distribution online?

A. You may request your distribution online if your plan allows. Login to the Personal Savings Center at www.standard.com/retirement. You must submit the paper distribution request form if your request is due to death or a Qualified Domestic Relations Order or if you are requesting that your benefit be paid as an annuity or mailed to a foreign address.

Q. How much do I have in my account?

A. Before making choices about your retirement account, you may have questions or want to find out your account balance. You can call a customer service representative at 800.858.5420 or email savings@standard.com for help. You can also visit www.standard.com/retirement.

Q. How will my distribution be calculated?

A. The market value of your account changes every business day. Your distribution will be calculated on the date of your payment. If any portion of your account is subject to a vesting schedule, your vested balance will be based on plan provisions.

Q. How is my vested balance calculated?

A. Your employee contributions are 100 percent vested. If your plan has an employer contribution that is subject to a vesting schedule, your years of service are used to determine your vested percentage for that account. To calculate your vested balance, the vested percentage for each contribution type is multiplied by the applicable account balance. Generally, participants who terminate service due to death, disability or retirement are 100 percent vested in all accounts. If you'd like more information, you can call a customer service representative at 800.858.5420 or email savings@standard.com.

Q. How much will be withheld from my check for taxes?

A. If you choose to receive any portion of your benefit in a lump sum, or if you select payments from account for less than 10 years, 20 percent of the distribution's taxable portion will be withheld for federal income taxes. You may request additional federal income tax withholding on taxable amounts. An additional amount may be withheld for state income tax if required. See the Special Tax Notice.

Q. What if I don't provide instructions by returning the distribution request form or requesting a distribution online?

A. If your plan provides for automatic distribution of small account balances, and your vested account balance is more than your plan's cashout amount (maximum $5,000), your money will remain invested in the plan. If your vested account balance is $1,000 or less on the next cashout date, a check will be sent to your last known address. If your vested account balance is more than $1,000, but not more than your plan's cashout amount on the next cashout date, federal law requires that your account balance be rolled over to an IRA established for you by the plan administrator. Cashout dates are scheduled at least once per year. Prior to the cashout date, a letter describing your options will be sent to your last known address. Contact your plan administrator for information on your plan's provisions and see the Special Tax Notice for additional information.

Q. What if I have an outstanding loan?

A. Your outstanding loan balance, plus any accrued interest, will be deducted from your total vested benefit before payment is made. For tax purposes, your outstanding loan balance is treated the same as a cash distribution. If you are receiving any of the remainder of your benefit in cash, 20 percent of the taxable amount of the loan will be withheld for federal income tax and subtracted from your cash payment. State income tax also may be withheld. If you are not receiving any of your benefit in cash, nothing will be withheld for federal or state income taxes. You can roll over your outstanding loan balance by paying it to a traditional IRA, another qualified plan, a 403(b) annuity or a governmental 457 plan. The deadline to roll over your loan balance is generally the 60-day period following receipt of your distribution; however, if your loan offset occurred due to your termination of employment or the termination of the plan, then you have until the due date of your federal income tax return (including extension) for the year of distribution.

Q. What if I have a foreign address?

A. If your distribution will be mailed to an address outside the U.S. or its territories, you must provide additional information so we can process your distribution with the correct tax withholding.

- If you are a U.S. citizen or resident alien, provide IRS Form W-9.
- If you are a nonresident alien, provide IRS Form W-8BEN.

These forms and instructions can be obtained on the IRS Web site, www.irs.gov/pub, or you can call The Standard at 800.858.5420 to request them. After you have completed the form that applies to you, mail the original with your distribution request. Fax copies cannot be accepted. See the Special Tax Notice for information on taxation of such distributions.

Q. What if I am a beneficiary receiving a death benefit?

A. The law differentiates between a surviving spouse and other (non-spouse) beneficiaries. Generally, a surviving spouse is the person to whom the participant was married throughout the one-year period ending on the earlier of the participant's death or the commencement of benefit payments from the plan.

The surviving spouse must begin taking payments from the plan by Dec. 31 of the year following the year of the participant's death, or by Dec. 31 of the year the participant would have attained age 70½, whichever is later.

Distributions to surviving spouses are generally subject to the same withholding requirements as plan participants. A surviving spouse's rollover options are described in the Special Tax Notice.

Non-spouse beneficiaries must begin taking payments within one year of the participant's death or must take the entire amount by Dec. 31 of the year containing the fifth anniversary of the participant's death.

For a detailed description of rollover options and their tax consequences, see the Special Tax Notice.

Q. What are payments from account?

A. Payments are made in an amount specified by the participant or beneficiary until such time as the vested benefit is exhausted.

The period over which payments are to be made cannot exceed:

- the life expectancy of the participant
- the life expectancies of the participant and designated beneficiary
- if a death benefit, the life expectancy of the beneficiary, or
- 60 months, if the participant's beneficiary is the estate.

Q. What if I am an alternate payee under a Qualified Domestic Relations Order?

A. Alternate payees may choose any of the benefit options available to other participants, except a joint and survivor annuity with the alternate payee's spouse as joint annuitant.

Distributions to alternate payees who are spouses or former spouses are subject to 20 percent federal withholding. The Special Tax Notice describes the rollover options available to an alternate payee, or an alternate payee may leave money in the plan until the employee's required beginning date (see next question).

Q. What is a required minimum distribution?

A. The IRS has developed rules that determine when you must begin taking distributions from the plan and how much you must take.

If you have terminated employment, you must begin taking distributions during the year you reach age 70½. However, the first distribution may be delayed until April 1 of the following year. Subsequent distributions must be paid by Dec. 31 each year. This means that in the year after attaining age 70½, participants may receive two minimum distribution payments; the first one on or before April 1, and the second one on or before Dec. 31.

If you are still employed, you are not required to begin taking minimum distributions, unless you are classified as a 5 percent owner of the employer, either directly or through attribution of stock ownership.

The amount of your required distribution is calculated based on your life expectancy factor from the Uniform Lifetime Table published by the IRS. This factor is divided into your account balance. The result is your minimum distribution payment for that year.

The account balance used to calculate minimum distributions is the value on the prior Dec. 31. If the first payment is not made until April 1 of the following year, the account balance from the second preceding December is used.

If you are married and your spouse is your sole beneficiary and more than 10 years younger than you, the Joint Life Expectancy Table is used to determine your life expectancy factor. This results in an extended distribution period.

Minimum distribution payments cannot be rolled over. Since 20 percent federal withholding does not apply, you can elect whether or not you want federal withholding.