



## SUMMARY OF DIFFERENCES BETWEEN DIRECT ROLLOVERS AND INDIRECT ROLLOVERS – INCOMING

	<u>DIRECT ROLLOVER into TDRA</u> <sup>1</sup>	<u>INDIRECT ROLLOVER into TDRA</u> <sup>1</sup>	<u>DIRECT ROLLOVER into PENSION FUND TRADITIONAL OR ROTH IRA</u>	<u>INDIRECT ROLLOVER into PENSION FUND TRADITIONAL OR ROTH IRA</u>
<b>What are permissible sources for Rollover Contributions?</b>	<ul style="list-style-type: none"> <li>• Pre-tax amounts under a 401(a) (including 401(k)) or 403(a) qualified plan</li> <li>• Pre-tax amounts under a 403(b) plan</li> <li>• Pre-tax amounts under governmental 457(b) plan</li> <li>• Designated Roth accounts under a 401(k) plan, 403(b) plan, or governmental 457(b) plan</li> </ul> <p><i>No after-tax accounts can be rolled to the <b>TDRA</b>.</i></p>	<ul style="list-style-type: none"> <li>• Pre-tax amounts under a 401(a) (including 401(k)) or 403(a) qualified plan</li> <li>• Pre-tax amounts under a 403(b) plan</li> <li>• Pre-tax amounts under a governmental 457(b) plan</li> <li>• Traditional IRA</li> </ul> <p><i>No designated Roth accounts can be indirectly rolled to the <b>TDRA</b>.</i></p> <p><i>No after-tax accounts can be rolled to the <b>TDRA</b>.</i></p> <p><i>No nondeductible contributions to a Traditional IRA can be rolled to the <b>TDRA</b>.</i></p>	<ul style="list-style-type: none"> <li>• 401(a) (including 401(k)) or 403(a) qualified plan</li> <li>• 403(b) plan</li> <li>• Governmental 457(b) plan</li> </ul> <p><i>Rollovers of pre-tax amounts to a <b>Roth IRA</b> are conversions that are taxable at the time of the rollover.</i></p> <p><i>Rollovers from designated Roth accounts are not permitted to a <b>Traditional IRA</b>.</i></p>	<ul style="list-style-type: none"> <li>• 401(a) (including 401(k)) or 403(a) qualified plan</li> <li>• 403(b) plan</li> <li>• Governmental 457(b) plan</li> <li>• Traditional IRA</li> <li>• Roth IRA (only to a <b>Roth IRA</b>)</li> <li>• SIMPLE IRA</li> <li>• SEP IRA</li> </ul> <p><i>Rollovers of pre-tax or deductible amounts to a <b>Roth IRA</b> are conversions that are taxable at the time of the rollover.</i></p> <p><i>Rollovers from designated Roth accounts are not permitted to a <b>Traditional IRA</b>.</i></p>
<b>How is the rollover made?</b>	Distributing Qualified Plan <sup>2</sup> remits distributions directly to Pension Fund. Member does not receive use of the distributions.	Distributing Qualified Plan or IRA remits the distribution to the Member by check or direct deposit. The Member must then remit the distribution to Pension Fund within 60 days of the date that the Member receives the distribution. <sup>3</sup>	Distributing Qualified Plan remits distributions directly to Pension Fund. IRA Owner does not receive use of the distributions.	Distributing Qualified Plan or IRA remits the distribution to the IRA Owner by check or direct deposit. The IRA Owner must then remit the distribution to Pension Fund within 60 days of the date that the IRA Owner receives the distribution. <sup>3</sup>

<sup>1</sup> Rollovers are not permitted to the Pension Plan. The TDRA includes pre-tax employee contributions, pre-tax employer contributions, and Roth contributions.

<sup>2</sup> For purposes of this chart, "Qualified Plan" means a 401(a) (including 401(k)), 403(a), 403(b), or governmental 457(b) plan.

<sup>3</sup> Code § 408(d)(3)(A)(i). A Member who misses the 60 day deadline may submit a Certification for Late Rollover Contribution Form to Pension Fund certifying that the reason for the late contribution qualifies the Member for a waiver of the 60 day deadline. Rev. Proc. 2016-47. A Member may also file a private letter ruling with the IRS requesting a waiver if there are extraordinary circumstances beyond the reasonable control of the Member that prevented the Member from meeting the deadline. Code § 408(d)(3)(I); Rev. Proc. 2003-16.

	<b><u>DIRECT ROLLOVER into</u></b> <b>TDRA<sup>1</sup></b>	<b><u>INDIRECT ROLLOVER into</u></b> <b>TDRA<sup>1</sup></b>	<b><u>DIRECT ROLLOVER into</u></b> <b>PENSION FUND</b> <b>TRADITIONAL OR ROTH IRA</b>	<b><u>INDIRECT ROLLOVER into</u></b> <b>PENSION FUND</b> <b>TRADITIONAL OR ROTH IRA</b>
<b>Is the distributing Qualified Plan or IRA required to withhold?</b>	No.	<b><i>From Qualified Plan:</i></b> Yes, an Eligible Rollover Distribution is subject to mandatory 20% federal income tax withholding.  <b><i>From IRA:</i></b> No mandatory withholding. Regular IRA withholding rules apply.	No.	<b><i>From Qualified Plan:</i></b> Yes, an Eligible Rollover Distribution is subject to mandatory 20% federal income tax withholding.  <b><i>From IRA:</i></b> No mandatory withholding. Regular IRA withholding rules apply.
<b>Do tax penalties apply?</b>	No.	No, <i>unless</i> rollover is not completed within 60-day time period, in which case 10% early distribution tax penalty applies to the taxable portion of the distribution for Member who has not attained age 59½, unless an exception applies. <sup>4</sup>	No.	No, <i>unless</i> rollover is not completed within 60-day time period, in which case 10% early distribution tax penalty applies to the taxable portion of the distribution for IRA Owner who has not attained age 59½, unless an exception applies. <sup>4</sup>
<b>How is the distribution reported?</b>	Form 1099-R issued by distributing Qualified Plan.	Form 1099-R issued by distributing Qualified Plan or IRA.	Form 1099-R issued by distributing Qualified Plan.  Pension Fund must report the receipt of a Direct Rollover on Form 5498.	Form 1099-R issued by distributing Qualified Plan or IRA.  Pension Fund must report the receipt of an Indirect Rollover on Form 5498.
<b>Does the one-rollover-per-year limit apply?</b>	N/A to rollovers to the TDRA.	N/A to rollovers to the TDRA.	N/A to rollovers to an IRA from a Qualified Plan.	Limit applies to rollovers to an IRA, but only with respect to rollovers from another IRA.  Limit does not apply to rollovers from a traditional IRA to a Roth IRA (conversion).  <b>Note:</b> A direct trustee-to-trustee transfer from one IRA to another is not a distribution and is treated as a

<sup>4</sup> The 10% early distribution penalty applies to any distribution made before a Member attains age 59½ that is not directly rolled over, unless: (i) the Member has a Severance from Employment and is at least age 55; (ii) the Member has a Severance from Employment and begins an annuity payment; (iii) the Member receives distributions due to his or her disability; (iv) the Member dies; (v) the distributions are to correct for excess contributions; (vi) the payments are made to the government to satisfy a federal tax levy; (vii) the payments are made pursuant to qualified domestic relations order (QDRO); (viii) the payments relate to a qualified birth or adoption distribution and do not exceed \$5,000 per birth or adoption; (ix) the payments are no more than the Member's deductible medical expenses; (x) the distributions are made to the Member during qualified military leave; or (xi) the payments are excepted from the early distribution penalty by federal legislation relating to certain emergencies and disasters.

	<b><u>DIRECT</u> ROLLOVER <i>into</i> TDRA<sup>1</sup></b>	<b><u>INDIRECT</u> ROLLOVER <i>into</i> TDRA<sup>1</sup></b>	<b><u>DIRECT</u> ROLLOVER <i>into</i> PENSION FUND TRADITIONAL OR ROTH IRA</b>	<b><u>INDIRECT</u> ROLLOVER <i>into</i> PENSION FUND TRADITIONAL OR ROTH IRA</b>
				transfer, not a rollover (except for a conversion). It is, therefore, not subject to the one-rollover-per-year limit.



## SUMMARY OF DIFFERENCES BETWEEN DIRECT ROLLOVERS AND INDIRECT ROLLOVERS – OUTGOING

	<b><u>DIRECT</u> ROLLOVER <i>out of</i> PENSION PLAN<sup>5</sup> AND TDRA<sup>6</sup></b>	<b><u>INDIRECT</u> ROLLOVER <i>out of</i> PENSION PLAN<sup>5</sup> AND TDRA<sup>6</sup></b>	<b><u>INDIRECT</u> ROLLOVER <i>out of</i> PENSION FUND TRADITIONAL IRA<sup>7</sup></b>	<b><u>INDIRECT</u> ROLLOVER <i>out of</i> PENSION FUND ROTH IRA<sup>6</sup></b>
<b>Where can the Eligible Rollover Distribution be contributed?</b>	<ul style="list-style-type: none"> <li>• 401(a) (including 401(k)) or 403(a) qualified plan</li> <li>• 403(b) plan</li> <li>• Governmental 457(b) plan (excluding after-tax contributions)</li> <li>• Traditional IRA</li> <li>• Roth IRA</li> <li>• SEP IRA</li> <li>• SIMPLE IRA (if established for at least two years)</li> <li>• Designated Roth account of 401(k) plan, 403(b) plan, or governmental 457(b) plan (from a Roth TDRA account only)</li> </ul>	<ul style="list-style-type: none"> <li>• 401(a) (including 401(k)) or 403(a) qualified plan (excluding after-tax contributions)</li> <li>• 403(b) plan (excluding after-tax contributions)</li> <li>• Governmental 457(b) plan (excluding after-tax contributions)</li> <li>• Traditional IRA</li> <li>• Roth IRA</li> <li>• SEP IRA</li> <li>• SIMPLE IRA (if established for at least two years)</li> </ul>	<ul style="list-style-type: none"> <li>• 401(a) (including 401(k)) or 403(a) qualified plan</li> <li>• 403(b) plan</li> <li>• governmental 457(b) plan</li> <li>• Traditional IRA</li> <li>• Roth IRA</li> <li>• SEP IRA</li> <li>• SIMPLE IRA (if established for at least two years)</li> </ul>	<ul style="list-style-type: none"> <li>• Roth IRA</li> </ul>
<b>Where can the Eligible Rollover Distribution NOT be contributed?</b>	N/A	<ul style="list-style-type: none"> <li>• Designated Roth account of 401(k) plan, 403(b) plan, or governmental 457(b) plan</li> </ul>	<ul style="list-style-type: none"> <li>• Designated Roth account of 401(k) plan, 403(b) plan, or governmental 457(b) plan</li> </ul>	<ul style="list-style-type: none"> <li>• Any Qualified Plan or IRA, other than a Roth IRA</li> </ul>
<b>How is the rollover made?</b>	Pension Fund remits distributions directly to recipient Qualified Plan or IRA. Member does not receive use of the distributions.	Pension Fund remits the distribution to the Member by check or direct deposit. The Member must then remit the distribution to the recipient Qualified Plan or IRA within 60 days of the date that the Member receives the distribution. <sup>3</sup>	Pension Fund remits the distribution to the IRA Owner by check or direct deposit. The IRA Owner must then remit the distribution to the recipient Qualified Plan or IRA within 60 days of the date that the IRA Owner receives the distribution. <sup>3</sup>	Pension Fund remits the distribution to the IRA Owner by check or direct deposit. The IRA Owner must then remit the distribution to the recipient Qualified Plan or IRA within 60 days of the date that the IRA Owner receives the distribution. <sup>3</sup>

<sup>5</sup> Most payments under the Pension Plan do not qualify as Eligible Rollover Distributions.

<sup>6</sup> The TDRA includes pre-tax employee contributions, pre-tax employer contributions, and Roth contributions.

<sup>7</sup> This chart does not address direct transfers between IRAs, only rollovers.

	<b><u>DIRECT</u> ROLLOVER <i>out of</i> PENSION PLAN<sup>5</sup> AND TDRA<sup>6</sup></b>	<b><u>INDIRECT</u> ROLLOVER <i>out of</i> PENSION PLAN<sup>5</sup> AND TDRA<sup>6</sup></b>	<b><u>INDIRECT</u> ROLLOVER <i>out of</i> PENSION FUND TRADITIONAL IRA<sup>7</sup></b>	<b><u>INDIRECT</u> ROLLOVER <i>out of</i> PENSION FUND ROTH IRA<sup>6</sup></b>
<b>Is there a minimum amount that can be distributed as a Direct Rollover?</b>	Yes. The amount of a Direct Rollover must be at least \$200. <sup>8</sup> If the Member requests a partial cash payment and partial Direct Rollover, the amount of the Direct Rollover must be at least \$500. <sup>9</sup>	N/A	N/A	N/A
<b>Is Pension Fund required to withhold?</b>	No.	Yes, an Eligible Rollover Distribution is subject to mandatory 20% federal income tax withholding on the taxable portion of the distribution. An Eligible Rollover Distribution from a Roth TDRA that is a Qualified Distribution is not taxable, so no withholding applies. <sup>10</sup>  A Member may also elect additional voluntary withholding. If a Member is a nonresident alien, mandatory 30% federal income tax withholding applies, unless the Member provides a Form W-8BEN demonstrating a reduced rate of withholding applies under an income tax treaty.	No mandatory withholding. Regular IRA withholding rules apply.	No mandatory withholding. Regular IRA withholding rules apply.
<b>Do tax penalties apply?</b>	No.	No, <i>unless</i> rollover is not completed within 60-day time period, in which case 10% early distribution tax penalty applies to the taxable portion of the distribution for Member who has not attained age 59½, unless an exception applies. <sup>4</sup>  The Member is required to report and pay this tax penalty, but the Form 1099-R issued by Pension Fund will indicate whether the	No, <i>unless</i> rollover is not completed within 60-day time period, in which case 10% early distribution tax penalty applies for IRA Owner who has not attained age 59½, unless an exception applies. <sup>4</sup>  The IRA Owner is required to report and pay this tax penalty, but the Form 1099-R issued by Pension Fund will indicate whether the	No, <i>unless</i> rollover is not completed within 60-day time period, in which case 10% early distribution tax penalty applies for IRA Owner who has not attained age 59½, unless an exception applies. <sup>4</sup>  The IRA Owner is required to report and pay this tax penalty, but the Form 1099-R issued by Pension Fund will indicate whether the

<sup>8</sup> Treas. Reg. § 1.401(a)(31)-1, Q/A-11.

<sup>9</sup> Treas. Reg. § 1.401(a)(31)-1, Q/A-9.

<sup>10</sup> Generally, a Qualified Distribution from a designated Roth account is any distribution made (i) after satisfaction of the 5-taxable year period with respect to the account and (ii) when the Member is age 59 ½ or older, disabled, or deceased. If an Eligible Rollover Distribution from a designated Roth account is not a Qualified Distribution, the earnings on the distribution are taxable and are, therefore, subject to mandatory 20% withholding.

	<b><u>DIRECT</u> ROLLOVER <i>out of</i> PENSION PLAN<sup>5</sup> AND TDRA<sup>6</sup></b>	<b><u>INDIRECT</u> ROLLOVER <i>out of</i> PENSION PLAN<sup>5</sup> AND TDRA<sup>6</sup></b>	<b><u>INDIRECT</u> ROLLOVER <i>out of</i> PENSION FUND TRADITIONAL IRA<sup>7</sup></b>	<b><u>INDIRECT</u> ROLLOVER <i>out of</i> PENSION FUND ROTH IRA<sup>6</sup></b>
		distribution is an early distribution subject to the penalty.	distribution is an early distribution subject to the penalty.	distribution is an early distribution subject to the penalty.
<b>How is the distribution reported?</b>	Form 1099-R issued by Pension Fund.  Distributions from a Roth TDRA are reported on a separate Form 1099-R from non-Roth TDRA distributions. Pension Fund is required to track basis and the 5-taxable year period for purposes of reporting.	Form 1099-R issued by Pension Fund.  Distributions from a Roth TDRA are reported on a separate Form 1099-R from non-Roth TDRA distributions. Pension Fund is required to track basis and the 5-taxable year period for purposes of reporting.	Form 1099-R issued by Pension Fund.	Form 1099-R issued by Pension Fund.
<b>What other information must be provided?</b>	When making a direct rollover from a Roth TDRA to a designated Roth account under another Qualified Plan, <sup>2</sup> Pension Fund must provide the Qualified Plan with a statement indicating either (i) the first year of the 5-taxable year period and the portion of the distribution attributable to basis, or (ii) that the distribution is a Qualified Distribution. <sup>10</sup>	When making a distribution from a Roth TDRA to a Member, Pension Fund must provide the Member upon request with a statement indicating either (i) the portion of the distribution attributable to basis, or (ii) that the distribution is a Qualified Distribution. The statement must be provided no later than 30 days following the Member's request.	N/A	N/A