IMPORTANT TAX INFORMATION

The Annuity Plan of the Electrical Industry
158-11 Harry Van Arsdale Jr. Avenue, Flushing, NY 11365

Special Tax Notice Regarding Plan Payments

This notice (referred to as the "Special Tax Notice Regarding Plan Payments" or a "402(f) Notice") explains how you can continue to defer federal income tax on your retirement savings in your Plan and contains important information you will need before you decide how to receive your Plan benefits. This notice is provided to you by the Annuity Plan of the Electrical Industry ("the Plan") because all or part of the payment that you will soon receive from the Plan may be eligible for rollover by you or your Plan Administrator to an IRA or an eligible employer plan. A rollover is a payment by you or the Plan Administrator of all or part of your benefit to another plan or IRA that allows you to continue to postpone taxation of that benefit until it is paid to you. Your payment cannot be rolled over to a SIMPLE IRA, or a Coverdell Education Savings Account (formerly known as an education IRA). An "eligible employer plan" includes a plan qualified under section 401(a) of the Internal Revenue Code, including a 401(k) plan, profit-sharing plan, defined benefit plan, stock bonus plan, and money purchase plan; a section 403(a) annuity plan; a section 403(6) tax sheltered annuity; and an eligible section 457(6) plan maintained by a governmental employer ("governmental 457 plan").

An eligible employer plan is not legally required to accept a rollover. Before you decide to roll over your payment to another employer plan, you should find out whether the plan accepts rollovers and, if so, the types of distributions it accepts as a rollover. You should also find out about any documents that are required to be completed before the receiving plan will accept a rollover. Even if a plan accepts rollovers, it might not accept rollovers of certain types of distributions, such as after-tax amounts. If this is the case, and your distribution includes after-tax amounts, you may wish instead to roll your distribution over to an IRA or split your rollover amount between the employer plan in which you will participate and an IRA. If an employer plan accepts your rollover, the plan may restrict subsequent distributions of the rollover amount or may require your spouse's consent for any subsequent distribution. A subsequent distribution from the plan that accepts your rollover may also be subject to different tax treatment than distributions from this Plan. Check with the administrator of the plan that is to receive your rollover prior to making the rollover. If you have additional questions after reading this notice, you can call your Plan or contact your Plan Administrator at the address set forth in the summary plan description for the Plan.

Benefits of Deferring: Before electing to receive an annuity distribution, you should be aware of the advantages of deferring your distribution from a qualified retirement plan. Generally participants who fail to defer or rollover will receive an immediate distribution subject to income tax (and possibly an additional 10% tax) and they will lose the opportunity to shelter from income tax the future investment earnings on their accounts. It is important to seek advice from a tax professional when considering a distribution from a qualified plan.

Summary

There are two ways you may be able to receive a Plan payment that is eligible for rollover:

1) Certain payments can be made directly to an IRA that you establish or to an eligible employer plan that will accept it and hold it for your benefit ("DIRECT ROLLOVER"); or

2) The payment can be PAID TO YOU.

If you choose a DIRECT ROLLOVER:

- Your payment will not be taxed in the current year, and no income tax will be withheld.
- Your payments will be made directly to your IRA or, if you choose, to another qualified employer plan that accepts your rollover. Your plan payment cannot be rolled over to a SIMPLE IRA, or a Coverdell Education Savings Account, because these are not traditional IRAs.
- Your payment will be taxed later when you take it out of the IRA or the qualified employer plan.

If you choose to have a Plan payment that is eligible for a rollover PAID TO YOU:

- You will receive only 80% of the payment, because the Plan Administrator is required to withhold 20% of the payment and send it to the IRS as income tax withholding to be credited against your taxes.
- Your payment will be taxed in the current year unless you roll it over. Under limited circumstances, you may be able to use special tax rules that could reduce the tax you owe. However, if you receive the payment before age 59½, you also may have to pay an additional 10% tax.

  You can roll over the payment by paying it to your IRA or to another qualified employer plan that accepts your rollover within 60 days after you receive the payment. The amount rolled over will not be taxed until you take it out of the IRA or the qualified employer plan.
- If you want to roll over 100% of the payment to an IRA or another qualified employer plan, you must find other money to replace the 20% that was withheld. If you roll over only the 80% that you received, you will be taxed on the 20% that was withheld and that is not rolled over.