Savings Banks Employees Retirement Association

MONEY PURCHASE PLAN APPLICATION FOR DEATH PROCEEDS

Participant Name: (Please Print) ____ Certificate No. ______________

Bank (Employer's) Name: ____Plan No. _____________________

PLEASE NOTE: If the Participant was married on the date of Death, the Participant's spouse is entitled to any death proceeds unless he/she has consented not to be the Beneficiary or Joint Annuitant.

A separate application must be submitted for each person making a claim.

AN ORIGINAL CERTIFIED COPY OF THE PARTICIPANT'S DEATH CERTIFICATE MUST BE SUBMITTED WITH THIS CLAIM

SECTION 1. CLAIMANT'S STATEMENT

1. Name of Beneficiary: ____

2. Name of Claimant, if not beneficiary: ____

3. Date of Participant's death: ____

4. Last residence of Participant: ____

5. (A) Claimant's relationship to Participant, if any: ____

   (B) Claimant's date of birth: ______________________ (C) Claimant's Soc. Sec. No. ____________________________

   (D) Claimant's Address:

6. If the Claimant is NOT the Beneficiary, by what right is he/she claiming benefits from SBERA?
   The claimant is: (check one)

   - ❑ Administrator or executor of the estate of the Participant (Attach a certified copy of appointment)
   - ❑ Guardian of a minor Beneficiary (Attach a certified copy of appointment)
   - ❑ Other - explain:____
     (Attach any relevant documentation)

7. If any named Beneficiary is deceased, list the Beneficiary(ies) and date(s) of death. A certified copy of the deceased Beneficiary's Death Certificate is required.

   ❑ No named Beneficiary is now deceased, or

Name of Beneficiary	Date of Death
_________________________	___________________
_________________________	___________________
_________________________	___________________

8. Was the Participant married at the time of death?

❑ No

❑ Yes - Spouse's Name:____

- CONTINUED -

SECTION 2. CLAIMANT'S ELECTION

Internal Revenue Service (IRS) regulations and the SBERA Plan require that the entire interest in the Plan of a deceased Participant be distributed within 5 years after the date of death. This regulation does not apply if the proceeds are payable to a designated Beneficiary or the spouse of the deceased Participant. A designated Beneficiary other than the spouse must begin to receive distribution within one year of the Participant's death and such distribution may be made over a period of time that does not exceed the life expectancy of the Beneficiary. Death proceeds payable to a spouse must be distributed over a period of time not to exceed the life expectancy of the spouse and must commence no later than the date on which the Participant would have attained age 70 1/2.

If you are NOT the surviving spouse, or an alternate payee of the Participant, you do not have the right to execute a rollover to an IRA and the entire amount is subject to Federal and Massachusetts income tax withholding.

With full knowledge of the foregoing restrictions, I elect the distribution option selected below: **(CHECK ONE)**

☐ SINGLE SUM PAYMENT: All funds remaining to the credit of the deceased Participant will be paid in one sum to the Claimant. If you are the surviving spouse or alternate payee of the Participant, you have the right to request a direct transfer of all or part of any taxable funds to an Individual Retirement Account (IRA).

☐ ANNUITY OPTIONS:

SELECT ONE ANNUITY OPTION:

☐ SINGLE LIFE ANNUITY: An annuity will be paid for the claimant's lifetime and ceasing upon his/her death. Monthly installments are to begin ________________________ 19____.

☐ PAYMENT OVER 5 YEARS: Proceeds will be paid in 60 equal monthly installments beginning on ___________________ 19____. If the Claimant dies before receiving all proceeds to the credit of the deceased Participant, the balance will be paid to the beneficiary designated below

The surviving beneficiary(ies) in the lowest numbered class will share equally in the balance of any remaining proceeds on the death of the Claimant. If no listed beneficiary survives the Claimant; proceeds will be paid to the Claimant's estate.

ALL BENEFICIARIES must read the Special Tax Notice Regarding Plan Payments.

Class	Name of Beneficiary	Relationship	Social Security No.	Birth date

Address where Proceeds are to be sent:

____

____

____

____

SECTION 3. DISBURSEMENT ELECTION

(SPOUSE OR ALTERNATE PAYEE ONLY)

❑ OPTION 1 Payment to Claimant: I direct that distribution be made to me. I understand that Federal Income taxes equal to 20% of the taxable amount must be withheld and that Massachusetts income taxes will be withheld on the entire amount unless I am not a resident of Massachusetts.

Address where check is to be sent: ____
____
____
____

If you are NOT the surviving spouse, or an alternate payee of the Participant, you do not have the right to execute a rollover to an IRA and the entire amount is subject to Federal and Massachusetts income tax withholding unless you are not a resident of Masschusetts.

❑ OPTION 2 Direct Transfer to a Qualified Plan or IRA: I direct that all or part of the taxable portion of my distribution be directly transferred to the Qualified Plan or IRA listed below. I understand that any amount not directly transferred will be subject to 20% Federal income tax withholding and Massachusetts income tax withholding. I certify to SBERA that the transferee is a Qualified Plan or IRA and that the transferee has agreed to accept the rollover. I understand that any after-tax contributions made by me cannot be rolled over and will be paid directly to me, less applicable Massachusetts income tax withholding. **I understand if I am the surviving spouse that I may roll over these proceed only into an IRA and NOT another qualified plan.**

CHECK ONE:

❑ $ ______________ (fill in amount) shall be directly transferred to the Qualified Plan or IRA listed below.

❑ ALL taxable funds shall be directly transferred to the Qualified Plan or IRA listed below.

Account Name: ____

Account # (if known): ____

Name of Plan or Financial Institution: ____

*Address of Spouse or Alternate Payee: ____
____

The check will be mailed to the spouse/alternate payee for forwarding to the appropriate institution.

SECTION 4. WITHHOLDING ELECTION FOR NON-MASSACHUSETTS RESIDENT

I understand that any taxable funds that are paid to me will have Federal income tax withholding of 20%.

- If Option 1 is elected in section 3 above, and I am a resident of Massachusetts, the entire taxable distribution is also subject to Massachusetts income tax withholding.
- If Option 2 is elected, any taxable funds not directly transferred to a Qualified Plan or IRA are subject to Federal income tax withholding of 20% and is also subject to Massachusetts income tax withholding.
- All employee after-tax contributions, if any, may not be rolled over and will be distributed to me without withholding for Federal income tax, but subject to Massachusetts income tax withholding.

________ I hereby certify that I am not a resident of Massachusetts ___________(Initial Here).

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SECTION 5. EMPLOYER CERTIFICATION OF MARITAL STATUS

TO BE COMPLETED BY EMPLOYER

NOTE: Failure to make **a** diligent effort to confirm the Participant's marital status could result in double payment if **a** spouse subsequently appears.

According to records maintained by the Employer and based on the best information available to us, we hereby certify that the Participant, at the time of death, was (check one):

❑ NOT MARRIED

❑ MARRIED SPOUSE'S NAME:______________________________________

ADDRESS: ____

____

____

Signature of Bank Officer/Plan Representative

___________________ ____

Date: Title:

SECTION 6. **SIGNATURE OF CLAIMANT**

Date: _________________________ Signature of Claimant:____

Information provided in this withdrawal request overrides any subsequent information received from outside institutions.

Please be sure of the type of distribution you elect to receive, and that all information you provide is accurate. SBERA will assess a $100.00 processing fee for checks re-issued due to participant errors.

Forward this claim form and all supporting documents to:

SBERA
P.O. Box 2069
Woburn MA 01888-0169

SAVINGS BANKS EMPLOYEES RETIREMENT ASSOCIATION
SPECIAL NOTICE REGARDING TAXES

This notice contains important information you will need before you decide how to receive benefit payments from your Plan.

Generally, benefit payments received from retirement plans may be in the form of a lump sum, partial payment or periodic payments. The payment options available to you are determined by your Plan. You are encouraged to consult your tax advisor before requesting a payment.

You may have the right to defer payment until age 70 1/2 or until you have retired from service with your employer. Consult the Summary Plan Description for your Plan for more details on when payments must commence.

In accordance with IRS regulations, you must be provided with information regarding the payment options available to you under your Plan, your right to make a direct rollover election and other special tax rules. Once you have been provided with this information, federal law requires that you be given at least 30 days in which to make your payment elections. If you request your payment earlier in accordance with applicable plan rules, you are effectively waiving your right to this 30-day period.

SUMMARY

A payment from your Plan that is eligible for "rollover" can be taken in two ways. In most instances, you can have all or any portion of your payment from the Plan either 1) PAID IN A "DIRECT ROLLOVER" or 2) PAID TO YOU. A rollover is a payment of your Plan benefits to a traditional individual retirement arrangement (IRA) or to another employer plan. A "traditional IRA" does not include a Roth IRA, simple IRA or an educational IRA. This choice will affect the tax you owe.

<u>If you choose a DIRECT ROLLOVER</u>

- Your payment will not be taxed in the current year and no income tax will be withheld.
- Your payment will be made directly to a traditional IRA or, if you choose, to another employer plan that accepts your rollover. Your Plan payment cannot be rolled over to a Roth IRA, a Simple IRA or an Educational IRA because they are not traditional IRAs.
- Your payment will be taxed later when you take it out of the traditional IRA or the employer plan.

<u>If you choose to have all or part of your Plan benefits PAID TO YOU:</u>

- 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 year distributed unless you roll it over. You may be able to use special tax rules that could reduce the tax you owe. However, if you receive the payment before age 59 1/2**,** you also may have to pay an additional 10% tax.
- You can roll over the payment by paying it to a traditional IRA or to another employer plan that accepts your rollover within 60 days of receiving the payment. The amount rolled over will not be taxed until you take it out of the traditional IRA or employer plan.
- If you want to roll over 100% of the payment to a traditional IRA or an 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 was not rolled over.

<u>PAYMENTS THAT CAN AND CANNOT BE ROLLED OVER:</u>

Payments from your Plan may be "eligible rollover distributions." This means that they can be rolled over to an IRA or to another employer plan that accepts rollovers.

Payments from a plan cannot be rolled over to a Roth IRA, Simple IRA or an Educational IRA.

<u>THE FOLLOWING TYPES OF PAYMENTS CANNOT BE ROLLED OVER:</u>

<u>Non-Taxable Payments:</u> In general, only the "taxable portion" of your payment is an eligible rollover distribution. If you have made "after-tax" employee contributions to your Plan, these contributions will be non-taxable when they are paid to you, and they cannot be rolled over. (After-tax employee contributions generally are contributions you made from your own pay that were already taxed.)

<u>Payments Spread Over Long Periods:</u> You cannot roll over a payment if it is part of a series of equal (or almost equal) payments that are made at least once a year and that will last for:

- your lifetime (or your life expectancy), or
- your lifetime and your beneficiary's lifetime (or life expectancies)
- or a period of ten years or more.

<u>Required Minimum Payments:</u> Beginning in the later of the year you reach age 70 1/2 or retire, a certain portion of your payment cannot be rolled over because it is a "required minimum payment" that must be paid to you. Special rules apply if you own more than 5% of your employer.

<u>Hardship Withdrawals:</u> A hardship withdrawal of your 401(k) salary deferrals may not be an "eligible rollover distribution" for purposes of the direct rollover rules and is not subject to mandatory income tax withholding. A hardship withdrawal of your 401(k) salary deferrals is subject to voluntary income tax withholding.

<u>DIRECT ROLLOVERS</u>

You can choose a direct rollover of all or any portion of your payment that is an "eligible rollover distribution," as described above. In a direct rollover, the eligible rollover distribution is paid directly from the Plan to a traditional IRA or another employer plan that accepts rollovers. If you choose a direct rollover, you are not taxed on a payment until you later take it out of the traditional IRA or the employer plan.

<u>Direct Rollover To An IRA:</u> You can open a traditional IRA to receive the direct rollover. (The term "IRA," as used in this notice, includes individual retirement accounts and individual retirement annuities.) If you choose to have your payment made directly to a traditional IRA, contact an IRA sponsor (usually a financial institution) to find out how to have your payment made in a direct rollover to a traditional IRA at the institution. If you are unsure of how to invest your money, you can temporarily establish a traditional IRA to receive the payment. However, in choosing a traditional IRA, you may wish to consider whether the IRA you choose will allow you to move all or a part of your payment to another IRA at a later date, without penalties or other limitations. See IRS Publication 590, Individual Retirement Arrangements, for more information on traditional IRAs (including limits on how often you can roll over between IRAs.)

<u>Direct Rollover To A Plan:</u> If you are employed by a new employer that has a plan, and you want a direct rollover to that plan, ask the administrator of that plan whether it will accept your rollover. An employer plan is not legally required to accept your rollover. If your new employer's plan does not accept a rollover, you can choose a direct rollover to a traditional IRA.

<u>Direct Rollover Of A Series Of Payments:</u> If you receive eligible rollover distributions that are paid in a series for less than ten years, your choice to make or not make a direct rollover for a payment will apply to all later payments in the series until you change your election. You are free to change your election for any later payment in the series.

<u>PAYMENT PAID TO YOU</u>

If you have the payment made to you, it is subject to 20% income tax withholding. The payment is taxed in the year you receive it unless, within 60 days, you roll it over to an IRA, or another plan that accepts rollovers. If you do not roll it over, special tax rules may apply.

<u>INCOME TAX WITHHOLDING:</u>

<u>Mandatory Income Tax Withholding:</u> If any portion of your payment is an eligible rollover distribution, your Plan is required by law to withhold 20% of that amount. This amount is sent to the IRS as income tax withholding. For example, if your eligible rollover distribution is $10,000, only $8,000 will be paid to you because your Plan must withhold $2,000 as income tax. However, when you prepare your income tax return for the year, you will report the full $10,000 as a payment from the Plan. You will report the $2,000 as tax withheld, and it will be credited against any income tax you owe for the year.

<u>Voluntary Income Tax Withholding</u> If any portion of your payment is not an eligible rollover distribution but is taxable, the mandatory withholding rules described above do not apply. In this case, you may elect not to have any withholding apply to that portion or you may elect to have withholding at a rate determined by you. If you do not make an election by the date your payment is scheduled to occur, income tax will be withheld at a rate of 10% from the taxable portion of your payment. If you elect not to have withholding apply, or do not have enough income tax withheld from your payment, you may be responsible for payment of estimated tax. You may be subject to tax penalties if your payments of estimated tax and withholding are not adequate. You should consider discussing this election with your tax advisor.

<u>Sixty-Day Rollover Option</u>: If you have an eligible rollover distribution paid to you, you can still decide to roll over all or part of it to a traditional IRA or another employer plan that accepts rollovers. If you decide to roll over, *you must make the rollover within 60 days after you receive the payment.* The portion of your payment that is rolled over will not be taxed until you take it out of the traditional IRA or the employer plan.

You can roll over up to 100% of the eligible rollover distribution, including an amount equal to the 20% that was withheld. If you choose to roll over 100%, you must find other money within the 60-day period to contribute to the traditional IRA or the employer plan to replace the 20% that was withheld. On the other hand, if you roll over only the 80% that you received, you will be taxed on the 20% that was withheld.

Example: Your eligible rollover distribution is $10,000, and you choose to have it paid to you. You will receive $8,000, and $2,000 will be sent *to* the IRS as income tax withholding. Within 60 days after receiving the $8,000, you may roll over the entire $10,000 to a traditional IRA or employer plan. To do this, you roll over the $8,000 you received from the Plan, and you will have to find $2,000 from other sources (your savings, a loan, etc.). In this case, the entire $10,000 is not taxed until you take it out of the traditional IRA or employer plan. If you roll over the entire $10,000, when you file your income tax return you may get a refund of the $2,000 withheld.

If, on the other hand, you roll over only $8,000, the $2,000 you did not roll over is taxed in the year it was withheld. When you file your income tax return you may get a refund of part of the $2,000 withheld. (However, any refund is likely to be larger if you roll over the entire $10,000.)

<u>Additional 10% Tax If You Are Under Age 59 1/2:</u> If you receive a payment before you reach age 59 1/2, and you do not roll it over then, in addition to the regular income tax, you may have to pay an extra tax equal to 10% of the taxable portion of the payment. The additional 10% tax does not apply to your payment if it is: (1) paid to you because you separated from service with your employer during or after the year you reach age 55, (2) paid because you retired due to disability, (3) paid to you as equal (or almost equal) payments over your life or life expectancy (or your and your beneficiary's lives or life expectancies), (4) used to pay certain medical expenses, (5) payments that are paid directly to the government to satisfy a federal tax levy, (6) dividends paid with respect to an ESOP as described in Section 404 (k), or (7) payments that are paid to an alternate payee under a Qualified Domestic Relation Order. See IRS Form 5329 for more information on the additional 10% tax.

<u>SPECIAL TAX TREATMENT</u>

If your eligible rollover distribution is not rolled over, it will be taxed in the year you received it. However, if it qualifies as a "lump sum distribution", it may be eligible for special tax treatment. A lump sum distribution is a payment, within one year, of your entire balance under the Plan (and certain other similar plans of the employer) that is payable to you because you have reached age 59 1/2 or have separated from service with your employer (or, in the case of a self-employed individual, because you have reached age 59 1/2 or have become disabled). For a payment to qualify as a lump sum distribution, you must have been a participant in the Plan for at least five years. The special tax treatment for lump sum distributions is described below.

<u>Ten-Year Averaging: *If you were born before January 1, 1936*</u>

If you receive a lump sum distribution *<u>and</u>* you were born before January 1, 1936, you can make a one-time election to figure the tax on the payment by using "ten-year averaging" (using 1986 tax rates). Ten-year averaging often reduces the tax you owe.

<u>Capital Gains Treatment: *If You Were Born Before January 1, 1936*</u>

In addition, if you receive a lump sum distribution *<u>and</u>* you were born before January 1, 1936, you may elect to have the part of your payment that is attributable to your pre-1974 participation in the Plan (if any) taxed as a long-term capital gain at a rate of 20%.

There are other limits on the special tax treatment for lump sum distributions. For example, you can generally elect this special tax treatment only once in your lifetime, and the election applies to all lump sum distributions that you receive in that same year. If you have previously rolled over a payment from the Plan (or certain other similar plans of the employer), you cannot use this special tax treatment for later payments from the Plan. If you roll over your payment to a traditional IRA, you will not be able to use this special tax treatment for later payments from the traditional IRA. In addition, if you roll over only a portion of your payment to an IRA, this special tax treatment is not available for the rest of the payment.

Additional restrictions are described in IRS Form 4972, which has more information on lump sum distributions and how you can elect the special tax treatment.

<u>Employer Stock or Securities</u>: There is a special rule for a payment from the Plan that includes employer stock (or other employer securities). To use this special rule, 1) the payment must qualify s a lump sum distribution, as described above, except that you do not need five years of plan participation, or 2) the employer stock included in the payment must be attributable to "after-tax" employee contributions, if any. Under this special rule, you may have the option of not paying tax on the "net unrealized appreciation" of the stock until you sell the stock. Net unrealized appreciation generally is the increase in the value of the employer stock while it was held under the Plan. For example, if employer stock was contributed to your Plan account when the stock was worth $1,000 but the stock was worth $1,200 when you received it, you would not have to pay tax on the $200 increase in value until you later sold the stock.

You may instead elect not to have the special rule apply to the net unrealized appreciation. In this case, your net unrealized appreciation will be taxed in the year you receive the stock, unless you roll over the stock. The stock (including any net unrealized appreciation) can be rolled over to a traditional IRA or another qualified employer plan, either in a direct rollover or a rollover that you make yourself.

If you receive only employer stock in a payment that can be rolled over, no amount will be withheld from the payment. If you receive cash or property other than employer stock, as well as employer stock, in a payment that can be rolled over, the 20% withholding amount will be based on the entire amount paid to you (including the employer stock but excluding the net unrealized appreciation). However, the amount withheld will be limited to the cash or property (excluding employer stock) paid to you.

If you receive employer stock in a payment that qualifies as a lump sum distribution, the special tax treatment for lump sum distributions described above (such as 10-year averaging) also may apply. See IRS Form 4972 for additional information on these rules.

<u>Repayment of Plan Loans</u>: If you end your employment and have an outstanding loan from your Plan, your employer may reduce (or "offset") your balance in the Plan by the amount of the loan you have not repaid. The amount of your loan offset is treated as a distribution to you at the time of the offset and will be taxed unless you roll over an amount equal to the amount of your loan offset to another qualified employer plan or a traditional IRA within 60 days of the date of the offset. If the amount of your loan offset is the only amount you receive or are treated as having received, no amount will be withheld from it. If you receive other payments of cash or property from the Plan, the 20% withholding amount will be based on the entire amount paid to you, including the amount of the loan repayment. The amount withheld will be limited to the amount of other cash or property paid to you (other than any employer securities).

<u>SURVIVING SPOUSES, ALTERNATE PAYEES, AND OTHER BENEFICIARIES</u>

In general, the rules summarized above that apply to payments to participants also apply to payments to surviving spouses of participants and to spouses or former spouses who are "alternate payees". You are an alternate payee if your interest in the Plan results from a "Qualified Domestic Relations Order"(QDRO), which is an order issued by a court, usually in connection with a divorce or legal separation. Some of the rules summarized above also apply to a deceased participant's beneficiary who is not a spouse. However, there are some exceptions for payments to surviving spouses, alternate payees, and other beneficiaries that should be mentioned.

If you are a surviving spouse, you may choose to have an eligible rollover distribution paid in a direct rollover to a traditional IRA or paid to you. If you have the payment paid to you, you can keep it or roll it over yourself to a traditional IRA, but you cannot roll it over to an employer plan. If you are an alternate payee, you have the same choices as the participant. Thus, you can have the payment paid as a direct rollover or paid to you. If you have it paid to you, you can keep it or roll it over yourself to a traditional IRA or to another employer plan that accepts rollovers.

If you are a beneficiary other than the surviving spouse, *you cannot* choose a direct rollover, and you *cannot* roll over the payment yourself. If you are a surviving spouse, an alternate payee, or another beneficiary, your payment is not subject to the additional 10% penalty tax described above, even if you are younger than age 59 1/2. If you are a surviving spouse, an alternate payee, or another beneficiary, you may be able to use the special tax treatment for lump sum distributions and the special rule for payments. If you receive a payment because of the employee's death, you may be able to treat the payment as a lump sum distribution if the employee met the appropriate age requirements, whether or not he/she had five years of participation in the Plan.

<u>HOW TO OBTAIN ADDITIONAL INFORMATION:</u>

This notice summarizes only the federal (not state or local) tax rules that might apply to your payment. The rules described above are complex and contain many conditions and exceptions that are not included in this notice. You may want to consult with a professional tax advisor *before* you take a payment of your benefits from the Plan. You can find more specific information on the tax treatment of payments from qualified retirement plans in IRS Publication 575, *Pension and Annuity Income*, and IRS Publication 590, *Individual Retirement Arrangements.* These publications are available from your local IRS office, by calling 1-800-TAX-FORMS or at www.irs.gov.