

Complete this form only if you are applying for a Death Benefit and are the Surviving Spouse or another named beneficiary (NOT the Estate or an Organization). If the pensioner was receiving Combined Fund Health Benefits, do not complete this form.

Please refer to all the following pages for detailed information concerning your election.

UMWA Pension Trust DEATH BENEFIT DISTRIBUTION ELECTION

A. Your Name (last, first, middle initial)

Mine Worker Social Security Number

Address (street number and name)

()

City, State, Zip Code

Your Telephone Number

B. Income Tax Withholding

I have read the Special Tax Notice Regarding Death Benefit Payments and elect to have my distribution paid as follows:
(PLEASE CHECK ONLY ONE BOX)

- ☐ 1. I request that a check for the appropriate death benefit amount be made payable to me and sent to the address shown above. **I understand that this election reflects the mandatory 20 percent federal income tax withholding which the UMWA Health and Retirement Funds will forward to the Internal Revenue Service.**
- ☐ 2. I request that the Trust transfer my death benefit directly to an individual retirement arrangement (IRA). **(If you choose this option, please complete section C below.)**
- ☐ 3. I request that the Trust transfer a portion of the death benefit payable to me directly to an IRA and that the remainder be made payable to me. The portion of the distribution that is to be made as a direct rollover is \$_____. This check is to be made payable to the trustee of the IRA. **I understand that the remainder of the distribution that is payable to me is subject to mandatory 20 percent federal income tax withholding which the UMWA Health and Retirement Funds will forward to the Internal Revenue Service. (If you choose this option, please complete section C below.)**

Signature

Date

If you checked box B2 or B3, you must complete this section of the form.

C. Rollover Information

Name of IRA

Name of Financial Institution

Account Number

Telephone Number of Financial Institution
()

Street Address

City, State, Zip Code



SPECIAL TAX NOTICE REGARDING DEATH BENEFIT PAYMENTS

This notice contains important information you will need before you decide how to receive a one-time death benefit from the United Mine Workers of America 1974 Pension Trust ("Trust").

SUMMARY

If you are claiming entitlement to a death benefit as a surviving spouse (or as a former spouse who has previously been identified as an alternate payee for the death benefit on a qualified domestic relations order), or as a designated beneficiary who is not the surviving spouse ("nonspouse beneficiary") then the rollover rules set forth in this notice apply to you. If you are one of these types of beneficiaries, then payment of a death benefit from the Trusts can be taken in either of two ways. You can have all or any portion of the death benefit either (1) PAID IN A "DIRECT ROLLOVER" or (2) PAID TO YOU. A direct rollover is a payment of the death benefit to an individual retirement arrangement ("IRA") if you are a surviving spouse, or a nonspouse beneficiary, or to an IRA or your qualified employer plan if you are an alternate payee under a qualified domestic relations order. This choice will affect the tax you owe.

If you choose a DIRECT ROLLOVER

- Your payment will not be taxed in the current year and no income tax will be withheld.
- Your payment will be made directly to your IRA or, if applicable, your Employer Plan.
- Your payment will be taxed later when you take it out of the IRA, or, if applicable, your Employer Plan.

If you choose to have your Plan benefits 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.
- You can roll over the payment to your IRA or, if applicable, your Employer Plan, within 60 days of receiving the payment. The amount rolled over will not be taxed until you take it out of the IRA.
- If you want to roll over 100% of the payment to an IRA or an employer plan, if applicable, you must find other money to replace the 20% that was withheld. If you rollover only the 80% that you received, you will be taxed on the 20% that was withheld and that is not rolled over.

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I. PAYMENTS THAT CAN AND CANNOT BE ROLLED OVER

A benefit is eligible for rollover to an IRA (or an IRA or another employer plan in the case of former spouses who are alternate payees under qualified domestic relations orders) if it meets the requirements of an "eligible rollover distribution." A death benefit from the Plan is an eligible rollover distribution if the death benefit is payable to either (i) the surviving spouse of the deceased pensioner, or (ii) a former spouse who has been identified as an "alternate payee" pursuant to a "qualified domestic relations order" in connection with a divorce from the deceased pensioner, or (iii) a nonspouse individual beneficiary.

Any payments other than the one-time death benefit may **not** be rolled over into an IRA or an employer plan. Therefore, any monthly benefits you receive from the Plan are not "eligible rollover distributions."

II. DIRECT ROLLOVER

You can choose a direct rollover of all or any portion of your death benefit 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 an IRA or employer plan. If you choose a direct rollover, you are not taxed on a payment until you later take it out of the IRA or employer plan.

Direct Rollover to an IRA. You can open an IRA to receive direct rollover. (The term "IRA," as used in this Notice, includes individual retirement accounts and individual retirement annuities.) If you choose to have your death benefit payment made directly to an IRA, contact an IRA sponsor (usually a financial institution) to find out how to have your payment made in a direct rollover to an IRA at that institution. If you are unsure of how to invest your money, you can temporarily establish an IRA to receive the payment. However, in choosing an 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. If you are a nonspouse beneficiary, the IRA must be in your name as beneficiary of the deceased. See IRS Publication 590, **Individual Retirement Arrangements**, for more information on IRAs (including limits on how often you can roll over between IRAs) (Call 1-800-829-3676).

Direct Rollover to a Plan. If you are an alternate payee under a qualified domestic relations order with respect to the death benefit and are employed by an 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. If your employer's plan does not accept a rollover, you can choose a direct rollover to an IRA.

III. PAYMENT PAID TO YOU

If you have the death benefit 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.

Mandatory Income Tax Withholding. If any portion of the payment to you is an eligible rollover distribution, the Plan is required by law to withhold 20% of that amount. The withheld amount is sent to the IRS as income tax withholding. For example, if your death benefit is \$8,500, only \$6,800 would be paid to you because the Plan must

withhold \$1,700 as income tax. However, when you prepare your income tax return for the year, you will report the full \$8,500 as a payment from the Plan. You will report the \$1,700 as tax withheld, and it will be credited against any income tax you owe for the year.

Voluntary Withholding. 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 withholding apply to that portion. To elect out of withholding, ask the Plan administrator for the election form and related information.

Sixty-Day Rollover Option. If the death benefit is paid to you directly, you can still decide to roll over all or part of the net proceeds to an IRA or, if applicable, another employer plan. 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 IRA or employer plan.

You can roll over up to 100% of the death benefit, 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 IRA or 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 death benefit is \$8,500, and you choose to have it paid to you. You will receive \$6,800, and \$1,700 will be sent to the IRS as income tax withholding. Within 60 days after receiving the \$6,800, you may roll over the entire \$8,500 to an IRA. To do this, you roll over the \$6,800 you received from the Plan, and you will have to find \$1,700 from other sources (your savings, a loan, etc.) In this case, the entire \$8,500 is not taxed until you take it out of the IRA. If you roll over the entire \$8,500, when you file your income tax return you may get a refund of the \$1,700 withheld. If, on the other hand, you roll over only \$6,800, the \$1,700 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 \$1,700 withheld. (However, any refund is likely to be larger if you roll over the entire \$8,500.)

Additional 10% Tax If You Are Under Age 59 1/2. 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% does not apply to your payment if it is (1) paid to you because you separate from service with your employer during or after the year you reach age 55, (2) paid because you retire due to disability, (3) paid to you as equal (or almost equal) payments over your life or life expectancy (or you and your beneficiary's lives or life expectancies), or (4) used to pay certain medical expenses. See IRS Form 5329 for more information on the additional 10% tax.

Special Tax Treatment. If your eligible rollover distribution is not rolled over, it will be taxed in the year you receive 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), or the participant has died and you are the beneficiary under the Plan. For a payment to qualify as a lump sum distribution, you must have been a participant in the Plan for at least 5 years. The special tax treatment for lump sum distributions is described below.

- **Five Year Averaging.** If you receive a lump sum distribution after you are age 59 1/2, you may be able to make a one-time election to figure the tax on the payment by using "5-year averaging." Five year averaging often reduces the tax you owe because it treats the payment much as if it were paid over 5 years.
- **Ten Year Averaging If You Were Born Before January 1, 1936.** If you receive a lump sum distribution and you were born before January 1, 1936, you can make a one-time election to figure the tax on the payment by using "10-year averaging" (using 1986 tax rates) instead of 5-year averaging (using current tax rates). Like the 5-year averaging rules, 10-year averaging often reduces the tax you owe.

- *Capital Gain Treatment If You Were Born Before January 1, 1936.* In addition, if you receive a lump sum distribution and you were born before January 1, 1936, you can make a one-time election to have the part of your payment that is attributable to your pre-1974 participation in the Plan (if any) taxed as 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 an IRA, you will not be able to use this special tax treatment for later payments from the IRA. Also, 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 elect the special tax treatment.

IV. SURVIVING SPOUSES, ALTERNATE PAYEES AND OTHER BENEFICIARIES

In general, the rules summarized above that apply to payments to employees also apply to payments to surviving spouses of employees and to spouses or former spouses who are "alternate payees," and to individual nonspouse beneficiaries. You are an alternate payee if your interest in the Plan results from a "qualified domestic relations order," 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 employee'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 or a nonspouse beneficiary, you may choose to have an eligible rollover distribution paid in a direct rollover to an IRA or paid to you. If you have the payment paid to you, you can keep it or roll it over yourself to an IRA, but you cannot roll it over to an employer plan. If you are an alternate payee, you have the same choices as the employee. 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 an IRA or to another employer plan that accepts rollovers. If an estate or an organization is named as the beneficiary of the death benefit, 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% tax described in section III 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. 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 the employee had 5 years of participation in the Plan.

V. HOW TO OBTAIN ADDITIONAL INFORMATION

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. Therefore, you may want to consult with a professional tax advisor **before** you take a payment of death benefits from the Plan. Also, 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 or by calling 1-800-TAX-FORM (1-800-829-3676).