ALVIN COMMUNITY COLLEGE MONEY PURCHASE PLAN
DISTRIBUTION ELECTION FORM

1. PARTICIPANT INFORMATION: **[All participants MUST complete ALL of Section 1]**

Name ______________________ Social Security Number ______________ Date of Birth ____________

Address ______________________ ( ) Phone Number ______________ I am: ☐ Married. ☐ Not Married.

City ____________ State ______ Zip ______ Last Day of Employment or Status Change ______________

2. ELECTION: I, the undersigned Participant, have read the "Distribution Election and Special Tax Notice Regarding Plan Payments" and make the following distribution election: **[All participants MUST choose (a) or (b)]**

☐ (a) WAIVER OF QUALIFIED ANNUITY BENEFIT. I waive the Qualified Annuity Benefit and instead elect: **[If 2(a) is checked, you must choose (1), (2) or (3)]**

- ☐ (1) Direct rollover of my entire Account Balance to the IRA or plan designated in Section 3. Both the taxable and the non-taxable portions (if any) will be mailed to my IRA or plan.
- ☐ (2) Direct rollover of the taxable portion only of my Account Balance to the IRA or plan designated in Section 3. The remainder of my Account Balance, the non-taxable portion (if any) will be mailed as a lump sum to my home address.
- ☐ (3) Lump sum payment of my entire Account Balance (less income tax withholding on any "taxable" amount of $200 or more.)

☐ (b) QUALIFIED ANNUITY BENEFIT. I elect to receive the Qualified Annuity Benefit, as explained to me.

Signature ______________________ Date ____________

3. INFORMATION FOR DIRECT ROLLOVER: I certify that the IRA or plan designated below is a proper recipient plan for a direct rollover. **[Do not complete unless you checked 2(a)(1) or 2(a)(2) above]**

Name and address of IRA or plan where the distribution should be sent: ______________________

☐ Regular IRA
☐ ROTH IRA
☐ Qualified Retirement Plan

4. CONSENT OF SPOUSE: **[Complete if you are married and your account balance is $5,000 or more]**

I, ____, spouse of the Participant hereby consent to the above election, including the waiver of the Qualified Annuity Benefit, if elected, and to the timing and form of distribution elected on this form. I have received a written explanation of the Qualified Annuity Benefit, my right not to consent to this waiver election, the waiver election period, and the financial effect of the election not to receive benefits in the Qualified Annuity Benefit form. I understand my consent is irrevocable unless my spouse revokes the waiver election. I understand any change in this form of benefit election is subject to my consent, unless my spouse elects to receive the Qualified Benefit Annuity.

Spouse's Signature ______________________ Date ____________

5. WITNESS BY NOTARY: **[Spouse's signature must be witnessed if you are married and your account balance is $5,000 or more]**

STATE OF ____________________________ (
(ss.
COUNTY OF ___________________________ (

BEFORE ME, the undersigned, a Notary Public, personally appeared ____ who executed the above Consent of Spouse as a free and voluntary act. IN WITNESS WHEREOF, I have signed my name and affixed my official notarial seal this _______ day of ___________________________ ____________.

Notary Public ______________________

(SEAL)

My commission expires: ______________________

Mail your completed election to: **Merkley, Newman & McLaws, Inc.**
P.O. Box 5028
Mesa, AZ 85211-5028
or FAX to: **(480) 813-7791**

Questions? Call 1.800.580.2176

ALVIN COMMUNITY COLLEGE MONEY PURCHASE PLAN
DISTRIBUTION ELECTION AND SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS

Benefit payment Options. If your distribution is greater than $5,000, unless you elect another form of payment, the Plan requires payment to you in the form of a Qualified Annuity Benefit (explained below.) Instead of a Qualified Annuity Benefit, you may elect distribution in one of the following forms:

(a) Direct rollover of your entire Account Balance.

(b) Direct rollover of the taxable portion of your Account Balance, with the non-taxable portion as a Lump Sum.

(c) Lump sum payment of your entire Account Balance.

Qualified Annuity Benefit. If you are married, the Qualified Annuity Benefit is a joint and survivor annuity. A joint and survivor annuity is a level monthly payment for your life and if your spouse survives you, a level monthly payment for your spouse equal to 50% of the monthly amount payable during your joint lives. If you are not married, the Qualified Annuity Benefit is a life annuity. A life annuity is a level monthly payment for your lifetime, with no payment continuing after your death to your beneficiary. These payments are guaranteed for your lifetime and, if you are married, your spouse's lifetime.

The Trustee will satisfy the Qualified Annuity Benefit by using your Vested Account Balance to purchase an annuity contract from an insurance company. The Trustee then will distribute the contract to you as evidence of your right to receive the annuity payments from the insurance company. The actual level monthly payments made under the annuity contract will depend on the annuity purchase rates used by the insurance company, your age and, if you are married, your spouse's age at the time the distribution begins, and the amount of your Account Balance at the time the Trustee purchases the annuity contract. The Trustee will charge your account for the cost incurred incident to the purchase of the annuity contract.

To determine the approximate level monthly payments you will receive under the Qualified Annuity Benefit as of the proposed distribution date, divide your Account Balance by the annuity factor below which most closely approximates your situation. Determine your age and, if you are married, your spouse's age as of the birth date nearest the proposed distribution date.

Annuity Factor* Table

Married Participant's Age	Spouse's Age	Annuity Factor	Unmarried Participant's Age	Annuity Factor
50	45	165.14	50	153.16
50	50	162.90	52	148.45
50	55	160.77	54	143.49
55	50	154.65	55	140.93
55	55	151.88	57	135.59
55	60	149.29	59	130.02
60	55	142.40	60	127.15
60	60	139.06	61	124.23
60	65	136.00	62	121.26
65	60	128.50	63	118.25
65	65	124.59	64	115.21
65	70	121.16	65	112.14
70	65	113.43	66	109.07
70	70	109.09	68	102.91
70	75	105.32	70	96.69

*Note: We have based these annuity factors on the UP - 1984 mortality tables, assuming a 6% interest rate. The insurance company from which the Trustee purchases the annuity contract may use different factors. Different factors will produce a different monthly payment.

The quotient of your annuity factor divided into your Account Balance represents the approximate monthly payment you will receive during your lifetime. If you are married, one-half of the quotient represents the approximate monthly payment your spouse will receive after your death, if your spouse survives you. For example, if you and your spouse both are 65 and your Account Balance is $10,000, your approximate monthly payment is $80.26 [$10,000 divided by 124.59] and, if your spouse survives you, the approximate monthly payment to your surviving spouse is $40.13. If you are unmarried, age 65, and your Account Balance is $10,000, your approximate lifetime monthly payment is $89.17 [$10,000 divided by 112.14.]

Direct Rollover. A direct rollover means the Plan pays the distribution amount directly to another plan or to an IRA. Your entire Account Balance is an "eligible rollover distribution." This means that it can be rolled over to an IRA or to another employer plan that accepts rollovers. You can chose a direct rollover of all of your Account Balance or only the “taxable” portion. In a direct rollover, the eligible rollover distribution is paid directly from the Plan to an IRA or another employer plan that accepts rollovers. If you choose a direct rollover, you are not taxed on the payment until you later take it out of the IRA or the employer plan.

Direct Rollover to an IRA. You can open an IRA to receive the direct rollover. (The term "IRA", as used in this notice, includes individual retirement accounts and individual retirement annuities.) The direct rollover CAN be sent to a ROTH IRA, but the rollover then becomes a taxable event. See IRS Publication 590, Individual Retirement Arrangements, for information on IRAs (including limits on how often you can roll over between IRAs).

Direct Rollover to a Plan. 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. If your new employer's plan does not accept a rollover, you can still choose a direct rollover to an IRA.

Lump sum payment. A lump sum payment means you receive a single payment of the distribution amount, less the automatic, mandatory 20% withholding of federal income taxes (unless the “taxable” amount is less than $200.) 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. The 20% withholding amount is sent to the IRS as federal income tax withholding. For example, if your “taxable” amount is $1,000, only $800 will be paid to you because the Plan must withhold $200 as income tax. However, when you prepare your income tax return for the year, you will report the full $1,000 as a payment from the Plan. You will report the $200 as tax withheld, and it will be credited against any income tax you owe for the year.

Sixty-Day Rollover Option. If you have a lump sum distribution paid to you, you can still decide to roll over all or part of it to an 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 IRA or the employer plan. You can roll over up to 100% of your 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 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.

Additional 10% Tax if You Are Under Age 59 ½. If you receive a payment before you reach age 59 ½ 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 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 “taxable” portion is not rolled over, it will be taxed in the year you receive it. However, it may be eligible for special tax treatment if it is a payment, within one year, of your entire balance under the Plan that is payable to you because you have reached age 59 ½ or have separated from service with your employer. To qualify for the special tax treatment, you must have been a participant in the Plan for at least 5 years. The special tax treatment for lump sum distributions can be in one of two forms:

> If you receive a lump sum distribution after you are age 59 ½, 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.
>
> 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.

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, you cannot use this special tax treatment for later payments from the Plan. If you roll over your payments 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 the special tax treatment.

Postponement of Distribution. You do not have to commence distribution at this time. If you do not wish to commence distribution at this time, do not complete the enclosed Distribution Election Form. If you do not take a distribution at this time, your Account Balance will be subject to adjustment for investment earnings, gains or losses. Because of the investment performance of the trust fund, the amount the Trustee ultimately pays you at your postponed distribution date could be more or less than the value of your Account Balance at this time.

Surviving spouse, 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". 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 other 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 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, as described above. 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.

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 your 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-FORMS.

Further information. If you have any questions regarding the information provided in this notice or any form included with your distribution package, please contact Robert Merkley at 1-800-580-2176, Extension 1. Or e-mail him at merkley@mnmpensions.com.

ALVIN COMMUNITY COLLEGE MONEY PURCHASE PLAN
DISTRIBUTION REQUEST
FREQUENTLY ASKED QUESTIONS

When am I eligible to request a distribution?

Distributions are available to participants who have permanently terminated their employment, or have changed their job status and no longer qualify for participation in the Plan. If you anticipate returning to participation in the Plan in the future, you should not request a distribution at this time.

What do I need to do to request a distribution?

You must complete the enclosed DISTRIBUTION ELECTION FORM and return it to MERKLEY, NEWMAN & MCLAWS, INC., the Plan's third-party administrators. Their address and fax number are on the election form. The distribution will NOT be processed until they have received your election form.

After I send in my form, how long will it take to get my check?

Distribution checks are processed at the end of each calendar quarter. Two things must happen in order to be included in a given quarter's distributions. First, you must have received your final paycheck from the college at least one month before the end of the quarter. For example, to be included in the distributions processed at the end of June, you must have received your final paycheck before the end of May. Second, your DISTRIBUTION ELECTION FORM must be received by MERKLEY, NEWMAN & MCLAWS, INC. before the last day of the quarter to be included in that quarter's distribution checks. For example, if you do not return the election form by June 30th, your distribution cannot be processed until the end of September. Please do not call inquiring about the status of your distribution check until two weeks after the end of the quarter to allow for processing and mailing time.

When is the interest on the account paid? Should I be waiting before I return my DISTRIBUTION ELECTION FORM?

Interest on plan account balances is paid once each year following the August 31st accounting period. If you wish to receive interest credited to your account for the current year, you should not return your Distribution Election Form until after June 30th. All distribution requests submitted after June 30th and before September 30th will include all of the prior year's interest additions as of August 31st, and will be processed as distributions on September 30th.

Can I rollover my distribution to an IRA or another tax-qualified plan?

Your distribution may consist of two parts, a "taxable" portion and possibly an additional "non-taxable" portion. The "taxable" portion is subject to income taxes, as well as possible state and penalty taxes. The "tax-free" portion (if any) is <u>not</u> subject to any taxes or penalties. Both portions can be rolled over or directly transferred to an IRA or another tax-qualified plan. Please read the information in the accompanying notice and Distribution Election Form. On the Distribution Election Form, you can elect to roll over or directly transfer either your entire Account Balance or only the "taxable" portion. If you elect to roll over or directly transfer your entire Account Balance, you will not be taxed on the "tax-free" amount when you later take a distribution from that IRA or tax-qualified plan. If you elect to roll over or directly transfer only the "taxable" portion, the "tax-free" amount is sent to you and is free from any income taxes or penalties.

How do I know how much of my account (if any) is "tax-free" versus "taxable?"

To determine your "tax-free" and "taxable" amounts, please consult your most recent CERTIFICATE OF PARTICIPATION. Employee Contributions to the Plan prior to January 1, 2002 are "tax-free." All other contributions and earnings are "taxable."

Who do I contact for updated account information or other questions about these forms?

Please call Robert Merkley at **1-800-580-2176, Extension 1**. If he is not available when you call, please leave your name, account number or social security number, phone number and your question on the voice-mail system and he will return the call with answers to your question as soon as possible. Or, you can send your question via e-mail to ***merkley@mnmpensions.com***.