Withdrawal Processing

OVERVIEW

Withdrawal processing refers to withdrawal requests for common in-service and separation of service reasons as allowed by the Plan. Examples of these types of common withdrawals include but are not limited to:

- In-service
- In-service Rollover Sources Only
- In-service Retirement Age
- In-service Age 59 ½
- Retirement
- Termination

Some distribution reasons require special handling, including the following:

- Hardship Distributions
- Death Claims or Disability Claims
- Domestic Abuse Victim Withdrawals
- Disaster Relief Distributions
- Mandatory Distributions/Low-balance Force-outs
- Required Minimum Distributions (RMD)
- Qualified Birth or Adoption Distributions (QBOAD)
- Terminal Illness Penalty Tax Exceptions

See related service overview documents for information describing how Empower assists with processing each of these withdrawal reasons.

NOTE: Individuals requesting a withdrawal may include participants, beneficiaries, or alternate payees. For the purposes of this guide, the reference to "participant" includes beneficiaries and/or alternate payees.

Spousal Consent

When distribution spousal consent applies, married participants must provide notarized spousal consent in order for Empower to process the transaction. Notarized spousal consent is accepted via distribution request forms only.

NOTE: Additional spousal consent, notice, and waiver requirements apply to Plans offering a Qualified Joint & Survivor Annuity (QJSA) and Qualified Optional Survivor Annuity (QOSA), if applicable

Withdrawal Options

The following withdrawal options may be available to participants as allowed by the Plan:

Option	Description
Payout Amount	• Partial account balance • Full account balance
Payout Method	• Automated Clearing House (ACH) or direct electronic deposit into the participant's bank account. • Check mailed to the participant's address of record. • Direct rollover to another qualified retirement Plan or IRA.
Payout Frequency	• One-time lump sum • Installments or periodic payments
Delivery Method	• For paper check payout option, payees have the ability to request standard or expedited delivery. • Additional fees may apply to expedited check delivery and ACH.

Taxation

Retirement account withdrawals are generally subject to the following tax consequences:

- 20% mandatory Federal withholding
- 10% federal early withdrawal penalty unless an exception applies. (The Federal early withdrawal penalty is not applicable to government 457(b) plans.)
- Individual Federal and state income taxes

Empower withholds all applicable mandatory Federal and state taxes from participant withdrawals. Participants may elect alternate Federal and state tax withholding as applicable to the Participant's state of residence and withdrawal reason. Additional documentation is required for the following Tax scenarios:

- To elect different tax withholdings, participants must submit a corresponding W-4 form, which varies based on payout frequency (installment vs lump sum).
- When foreign taxation requirements apply, participants must submit a W-8BEN form.

NOTE: Distributions to a foreign person are subject to withholding rates that differ from those applicable to United States residents. The payee certifies their US citizenship or alien status for each withdrawal request.

Participants receive a 402(f) Notice of Special Tax Rules on Distributions for all applicable withdrawal requests. The 402(f) Notice delivery method varies based on withdrawal initiation method.

Tax Reporting

Empower performs the following services with regards to tax reporting for distributions processed from the recordkeeping system:

- Acts as the Plan's agent to perform income tax withholding and reporting for all distributions processed from the recordkeeping system.
- Deposits the income tax withheld with the Internal Revenue Service (IRS) and other appropriate governmental entities, as applicable, on or before the applicable due dates for such remittances.
- Completes and files necessary tax reporting forms for distributions processed with the IRS or other governmental authority, as applicable, and sends copies to the payee.

Withdrawal Processing Authorization

Empower reviews withdrawal requests to determine if the request is in good order. If the request is not in good order, then Empower instructs the participant to contact Empower to provide the missing or corrected information needed for processing. If the request is in good order, next steps vary based on the Plan's elected approval method.

Empower Processes Withdrawals Without Approval

If the request is received in good order and meets the Plan's requirements, then Empower processes the withdrawal requests without the Plan Administrator's further approval.

If additional Plan-provided information is needed for processing, then Empower may contact the Plan Administrator for direction, typically via the To Do List feature available on the Plan Service Center (PSC).

Plan Administrator Approves Withdrawals

If the request received in good order, Empower sends the request to the To Do List feature on the Plan Service Center (PSC) for final review and approval by the Plan Administrator or designated third-party.

If additional information is needed for processing (such as participant vesting information), the Plan Administrator provides the necessary information via the To Do List as part of the review and approval process.

If a signature is required on the withdrawal request form, Plan Administrator downloads, prints, and signs the form, then returns a copy of the signed form to Empower via To Do List.