

The Bi-State Development Agency 401(k) Retirement Savings Program (Plan)

The Plan has specific provisions when you can receive a distribution of your vested benefits from the Plan as well as the form of payment of your vested benefit. You are entitled to a distribution from the Plan when you terminate employment or you reach age 60 while you are still employed with us. Once Lincoln receives your request for a distribution from the Plan, you will receive a distribution package that describes the distribution options that are available to you as well as more detailed information the tax treatment of Plan's distribution which is contained in the "Special Tax Notice".

If you elect to take your distribution, the distribution may be in any of the following forms:

- Lump sum – You may elect to receive your distribution in the form of cash by completing the Distribution form.
- Partial withdrawal – You may elect to receive a partial distribution in the form of cash and leave your remaining funds in the account for future use by completing the Distribution form.
- Installment – You may elect to receive your distribution in the form of a series of installment payments by completing the Systematic Withdrawal form.
- Rollover – You may elect to have your vested benefits paid directly to you or you may have them directly rolled into your IRA or another retirement plan by completing the Distribution form.
 - If you elect to have your vested benefits paid directly to you, you may rollover that distribution to an IRA or another retirement plan within 60 days after you receive the Plan's distribution. Since the Plan withheld 20% of the payment for federal income taxes, you will need to use other funds to make up for the 20% withheld.
- Lump sum and a rollover – You may elect to have a portion of your vested benefits paid directly to you and have the remainder directly rolled into your IRA or another retirement plan by completing the Distribution form.

Generally, you must include any Plan distribution in your taxable income for the year in which you receive the distribution unless the distribution amount is rolled over into an IRA or another retirement plan. If you elect a lump sum or installment distribution, the Plan will withhold 20% of the distribution for payment of federal taxes. There are certain types of distribution which are not eligible to be rollover and are not subject to the 20% withholding. These distribution types include:

- annuities paid over your lifetime,
- installment payments for a period of at least ten (10) years,
- minimum required distributions at age 70½, or
- hardship withdrawal.

Additionally, if you are under age 59 1/2 and take a lump sum or an installment distribution, you are subject to an additional 10% tax penalty unless an exception applies. The additional 10% tax penalty does not apply to a distribution in numerous situations, such as:

- You were age 55 or older and you terminate employment ;
- You received the distribution as part of "substantially equal payments" over your lifetime;
- Distribution required by a qualified domestic relation order for payments to participant's spouse, former spouse, child, or other dependent
- Distribution is made because of the death or disability of the plan participant;
- Certain payments while you are on active duty if you were member of a reserve, or component called to duty after September 11, 2001 for more than 179 days.

There is also special consideration for distribution of Roth Elective Deferrals as well as to the form of payment. Before taking any distribution from the Plan, you may want to consult your professional tax advisor.

Call Lincoln Alliance at 1-800-234-3500 and dial "0" to request the most up-to-date version of the Distribution form or Systematic Withdrawal form be sent by mail, email, or fax.