AIRCONDITIONING & REFRIGERATION INDUSTRY RETIREMENT TRUST FUND
APPLICATION FOR DEATH BENEFITS – DB04

Instructions: Use this form if you wish to apply for a death benefit. Please note that the signature on this form must be notarized or witnessed by a Trust Employee. Return this form with a copy of the death certificate to the Trust Office at:

Airconditioning & Refrigeration Trust, 3500 W. Orangewood Avenue, Orange, CA 92868

Questions: If you would like more information about death benefits, please contact the Trust Office at (714) 917-6100, Monday through Friday, 8:00 AM to 4:00 PM.

DECEDENT'S INFORMATION (Please type or print in blue or black ink.)

Name: ____SSN:_______________________________

Claimant's relationship to deceased

☐ Parent ☐ Child ☐ Spouse ☐ Beneficiary

Date of Death: ________________ ***Original certified copy of Death Certificate <u>must</u> be submitted with application***

AUTHORIZATION*:* I hereby make application to the Airconditioning and Refrigeration Industry Retirement Trust Fund for the death benefit payable on behalf of the above named plan participant. I understand that **<u>this benefit is taxable income</u>** and that I will receive a 1099-R Form for the amount of the benefit which will also be filed with the Internal Revenue Service at the end of the calendar year in which I receive this benefit. I understand that I may elect to have this lump sum death benefit distribution paid either to a qualified IRA or paid directly to me. If the lump sum death benefit is paid directly to me, I understand that the Trust will withhold 20% federal tax and 2% **<u>California</u>** state tax (if I am a California resident) on the gross amount payable to me. The following is my selection:

☐ Please rollover the lump sum death benefit distribution to my IRA account.

IRA Account Number: ______________________Name of Account:_________________________________

Name of IRA Institution:____

Address of IRA Institution:____

☐ Please pay the lump sum death benefit distribution directly to me. I understand that federal income tax of 20% and 2% **<u>California</u>** state income tax (if I am a California resident) will be withheld from the gross amount of the death benefit that is payable to me.

Print Name of Claimant: ____SSN:__________________________

Address:____Phone:_________________________

STATEMENT OF RESIDENCY

Country of Citizenship and Residency:

☐ I am a citizen or resident alien of the United States

☐ I am **not** a citizen or resident alien of the United States. I am a citizen of _________________(name of country) and a resident of __________________(name of country)

State of United States Residency:

☐ I am a resident of California (state taxes may be withheld)

☐ I am **not** a resident of California

Signature of Claimant: ____

WITNESS: Trust Office Personnel ________________________ Date: _____________OR ☐ Notarial Jurat Attached

TRUST OFFICE APPROVAL: The participant is eligible for the distribution under the terms of the Plan.

Amount Authorized: $__________________________ ☐ Active Participant ☐ Retiree

Authorized Approval Signature: _______________________________________ Date: _________________

AIRCONDITIONING AND REFRIGERATION INDUSTRY JOINT TRUST FUNDS

3500 W. Orangewood Ave. Orange, CA 92868 Telephone (714) 917-6100 Facsimile (714) 917-6065

SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS

This notice contains important information you will need before you decide how to receive your Plan benefits. This notice is provided because all or part of the payment that you will soon receive from the Airconditioning and Refrigeration Industry Defined Contribution Plan (the "Plan") may be eligible for rollover to a qualified IRA or another qualified employer plan.

SUMMARY

There are two ways you may be able to receive a Plan payment that is eligible for rollover. You can have ALL OR ANY PORTION of your payment made directly to a qualified IRA, or, if you choose, another qualified employer plan that will accept a "DIRECT ROLLOVER" or the payment can be "PAID TO YOU".

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 qualified IRA or, if you choose, to another qualified employer plan that accepts your rollover.
- Your payment will be taxed later when you take it out of the traditional IRA or the qualified employer plan.

If you choose to have a Plan payment that is eligible for rollover **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. Under limited circumstances, 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 ½, you may have to pay an additional 10% tax.
- You can roll over the payment by paying it to your qualified IRA or to another qualified employer plan that accepts your rollover within 60 days after you receive the payment. The amounts rolled over will not be taxed until you take it out of a traditional IRA or qualified employer plan. Other tax rules may apply if the amount is rolled into another type of IRA.
- If you want to roll over 100% of the payment to a traditional IRA or another qualified 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 is not rolled over.

MORE INFORMATION

I. PAYMENTS THAT CAN AND CANNOT BE ROLLED OVER

Payments from the Plan may be "eligible rollover distributions". This means that they can be rolled over to an **IRA** or another employer plan that accepts rollovers. Your plan administrator should be able to tell you what portion of your payment is an eligible rollover distribution. The following types of payments CANNOT be rolled over:

REQUIRED MINIMUM PAYMENTS. Beginning when you reach age 70 ½ or retire, whichever is later, a certain portion of your payment cannot be rolled over because it is a "required minimum payment" that must be paid to you.

HARDSHIP DISTRIBUTIONS. A hardship distribution from your employer's 401(k) plan may not be eligible for rollover. Your Plan Administrator should be able to tell you if your payment includes amounts, which cannot be rolled over.

II. DIRECT ROLLOVER

A DIRECT ROLLOVER is a direct payment of the amount of your Plan benefits to a traditional IRA or another qualified employer plan that will accept it. You can choose a DIRECT ROLLOVER of all or any portion of your payment that is an eligible rollover distribution, as described in Part I above. You are not taxed on any portion of your payment for which you choose a DIRECT ROLLOVER until you later take it out of the traditional IRA or qualified employer plan. In addition, no income tax withholding is required for which you choose a DIRECT ROLLOVER.

DIRECT ROLLOVER TO A QUALIFIED IRA. You can open a traditional IRA to receive the direct rollover. 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 that 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 traditional IRA you choose will allow you to move all or part of your payment to another traditional IRA at a later date, without penalties or other limitations. See IRS Publication 590, *Individual Retirement Arrangements*, for more information on IRAs (including limits on how often you can roll over between IRAs). In certain situations, you may also be able to rollover amounts to other types of IRAs.

DIRECT ROLLOVER TO A PLAN. If you are employed by a new employer that has a qualified employer plan, and you want a direct rollover to that plan, ask the Plan Administrator of that plan whether it will accept your rollover. A qualified employer plan is not legally required to accept a rollover. If your new employer's plan does not accept a rollover, you can choose a DIRECT ROLLOVER to a qualified IRA.

III. PAYMENTS PAID TO YOU.

If your payment can be rolled over under Part I above and the payment is made to you in cash, 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 a qualified IRA or another qualified employer plan that accepts rollovers. If you do not roll it over, special tax rules may apply.

MANDATORY WITHHOLDING. If any portion of your payment can be rolled over under Part I above and you do not elect to make a DIRECT ROLLOVER, the Plan is required by law to withhold 20% of that amount. For example, if you can roll over a payment of $10,000 only $8,000 will be paid to you because the Plan must withhold $2,000 as income tax. However, when you prepare your income tax return for the year, you must report the full $10,000 as a payment from the Plan. You must report the $2,000 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 taxable but cannot be rolled over under Part I above, 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 you receive a payment that can be rolled over under Part I above, you can still decide to roll over all or part of it to a qualified IRA or another qualified employer plan that accepts rollovers. If you decide to roll over, YOU MUST CONTRIBUTE THE AMOUNT OF THE PAYMENT YOU RECEIVED TO A QUALIFIED IRA OR ANOTHER QUALIFIED PLAN 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 qualified employer plan. Other tax rules may apply if the amount is rolled into a different type of qualified IRA.

You can roll over up to 100% of your payment that can be rolled under Part I above, 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 qualified 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:*** The portion of your payment that can be rolled over under Part I above 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 a qualified 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 the qualified employer plan. If you roll over the entire $10,000, when you file your income tax return you may get a refund of part or all of the $2,000 withheld.
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> 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 refund 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).

ADDITIONAL 10% TAX IF YOU ARE UNDER AGE 59 ½. If you receive a payment before you reach age 59 ½ and 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 generally does not apply to (1) payments that are paid after you separate from service with your employer during or after the year you reach age 55, (2) payments that are paid because you retired due to disability, (3) payments that are paid as equal (or almost equal) payments over your life or life expectancy (or your and your beneficiary's lives or life expectancies), (4) payments that are paid directly to the government to satisfy a federal tax levy, (5) payments that are paid to an alternate payee under a qualified domestic relations order, or (6) payments that do not exceed the amount of your deductible medical expenses. See IRS Form 5329 for more information on the additional 10% tax.

SPECIAL TAX TREATMENT IF YOU WERE BORN BEFORE JANUARY 1, 1936. If you receive a payment that can be rolled over under Part I and you do not roll it over to a traditional IRA or other qualified employer plan that will accept it, the payment will be taxed in the year you receive it. However, if the payment 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 after you have reached age 59 ½ or because you have separated from service with your employer (or, in the case of a self-employed individual, after you have reached age 59 ½ or have become disabled). For a payment to be treated as a lump sum distribution, you must have been a participant in the plan for at least five years before the year in which you received distribution. The special tax treatment for lump sum distributions that may be available to you is described below.

TEN-YEAR AVERAGING. 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 1096 tax tables). Ten-year averaging often reduces the tax you owe.

CAPITAL GAIN TREATMENT. If you receive a lump sum distribution and you were born before January 1, 1936 and if you were a participant in the Plan before 1974, you may elect to have the part of your payment that is attributable to your pre-1974 participation in the Plan 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 distribution from the Plan (or certain other similar plans of the employer), you cannot use this special averaging treatment for later payments from the Plan. If you roll over your payment to a traditional IRA, you will not be able to use special tax treatment for later payments from the traditional IRA. Also, if you roll over only a portion of your payment to a traditional IRA, this special tax treatment is not available for the rest of the payment. See IRS Form 4972 for additional 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 or designated beneficiaries 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 the court, usually in connection with a divorce or legal separation.

If you are a surviving spouse or designated beneficiary, you may choose to have a payment that can be rolled over, as described in Part I above, paid in a DIRECT ROLLOVER to a qualified IRA or paid to you. If you have the payment paid to you, you can keep it or roll it over yourself to a qualified IRA but cannot roll it over to a qualified 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 a qualified IRA or to another qualified employer plan that accepts rollovers.

If you are a surviving spouse, an alternate payee, or another beneficiary, your payment is generally not subject to the additional 10% tax described in Part III 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.

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 the Plan Administrator or a professional tax advisor before you take a payment of your benefits from your 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, on the IRS's Internet Web Site at www.irs.gov or by calling 1-800-TAX-FORMS.