

# NATIONAL ELECTRICAL ANNUITY PLAN NEAP



## NORMAL BENEFIT APPLICATION

2400 Research Boulevard, Suite 500, Rockville, MD 20850-3266  
Telephone (301) 556-4300

## **CALCULATION OF MONTHLY BENEFITS UNDER 5, 10, 15, AND 20-YEAR PAYMENT OPTIONS**

To determine your initial monthly benefit under the 5, 10, 15, or 20-year payment option, divide your account balance, minus any lump-sum payment(s) you will be receiving, by the number of months in the payment period you selected. Once each year, your monthly benefit will be recalculated, based upon your remaining account balance as adjusted for the Plan's net investment earnings (or losses) from the previous year. This annual recalculation is necessary to ensure that the total payments made to you over the number of years you selected will be the exact amount of your account balance, plus net investment earnings (or minus net losses) during those years.

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### **RETURN TO WORK POLICY**

If you are receiving monthly benefits under the 5, 10, 15, or 20-year payment option and you subsequently work for 40 or more hours in any calendar month, your monthly benefit will be suspended for that month and for any subsequent month in which you work 40 or more hours. In that event, payment of your monthly benefit will be suspended until you advise the Plan Trustees in writing that you are no longer so employed. *Note that you are responsible for advising the Trustees in writing of any employment which exceeds 40 or more hours in any calendar month.* If you fail to notify the Trustees and they become aware that you are employed in the manner described above, they may act on the basis of a "rebuttable presumption" that you have completed 40 or more hours of service for that month and suspend payment of your benefits for that month. If you work as an instructor in an apprenticeship program recognized by NECA and the IBEW, or as an electrical inspector for a governmental authority, where such instructors or electrical inspectors are not contributed upon, your monthly benefit will not be suspended due to such work.

If your monthly benefit has been suspended and you re-retire, you will have two options: to resume your monthly benefit for the number of months remaining in the payment period you originally selected, or, upon your written election and consent of your spouse, to receive a lump-sum payment of your entire account balance. Any contributions made to the Plan on your behalf during the period of suspension will be added to your account balance.

If you have any questions about the effect of re-employment on your monthly NEAP benefit, we urge you to contact this office before taking any action which might jeopardize your monthly benefit.

From time to time, we may request information to verify your employment status, or we may request that you certify that you are unemployed in the electrical industry.

If your monthly benefit is suspended pursuant to Section 15.1 of the *Plan of Benefits for NEAP* and you wish to appeal the suspension, you may use the Plan's "Claim Procedure", which is described in the Summary Plan Description.

# National Electrical Annuity Plan

## Normal Benefit Application

To avoid delays in the processing and payment of your benefit, please follow these instructions carefully and completely.

1. Print all information requested.
2. Read and respond to each page carefully.
3. Remember to attach supporting documentation.
4. Remember to **sign and date** this application.
5. Submit original application. Faxes and photocopies will not be accepted.

Standard processing time is 30 to 90 days.

If your claim is denied, a written notice of the reason for denial of benefits will be sent to you.

**PLEASE MAIL COMPLETED APPLICATION WITH ATTACHMENTS TO:**

National Electrical Annuity Plan  
Suite 500  
2400 Research Blvd  
Rockville, MD 20850-3266

If you have any questions about the National Electrical Annuity Plan or this application you may call the Plan's office at 301-556-4300 or visit our website at [www.neap.org](http://www.neap.org).

## Proof of Age

To be eligible for a pension, you are required to submit proof of age. Submitting one clear photocopy from the Primary Proof list (below on the left) satisfies the proof of age requirement. However, if you cannot submit one primary document, submitting two clear photocopies from the Secondary Proof list (below on the right) may satisfy the proof of age requirement.

**Note:** If your name on your pension application differs from your name on your proof of age, you must also submit documentation substantiating your name change (marriage certificate, etc.).

**Note:** If you are presently married, and your individual account balance is equal to or over \$5,000.00 you are required to submit a copy of your marriage certificate.

Primary Proof – One Required
1. Birth Certificate
2. Baptismal Certificate
3. Registration of Birth
4. Naturalization Papers
5. Immigration Papers
6. Passport
7. Hospital Birth Record

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Secondary Proof – Two Required
1. A signed statement by the physician or midwife in attendance at birth. <b>This statement must be notarized.</b>
2. U.S. Census Record. Forms are available through the Post Office.
3. School record certified by the custodian of such records.
4. Military discharge papers.
5. Vaccination record certified by the custodian of such records.
6. The signed application for a life insurance policy and attached insurance policy bearing the age or date of birth of applicant.
7. Marriage records showing the date of birth or age. Application for marriage license, marriage certificate, or church record certified by the custodian of such records.
8. Child's birth certificate showing your age at the time of their birth.

**Note:** If any of these documents are in a foreign language, a certified English translation is required.

# NEAP Normal Benefit Application

Enter the NEAP participant's Social Security Number, full name, date of birth, current mailing address and telephone number.

**Participant Social Security Number**

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**Date of Birth**

		/			/				
Month			Day			Year			

**Gender**

Male      Female

Mr.     Mrs.     Ms.     Miss

**Retirement Date**

		/			/				
Month			Day			Year			

**First Name**

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**Middle Name**

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**Last Name**

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**Mailing Address Line 1**

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**Mailing Address Line 2**

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**City**

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**State**

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**Zip Code\Postal Code**

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**Country**

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**Telephone Number**

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If you have been previously married, please provide the information below. **Note: If divorced, submit copies of all Divorce Decrees and Marital Settlement Agreements.**

**LIST ALL PREVIOUS SPOUSE(S)**

<u>Name</u>	<u>Date Married</u>	<u>Date Marriage Ended</u>	<u>Reason (Divorce, Death, Etc.)</u>



# NEAP Normal Benefit Application

Because of the complexity of the rules concerning the tax treatment of distributions received from the Plan, we suggest that you read the enclosed "Special Tax Notice Regarding Plan Payments" thoroughly, and that you obtain advice from your personal tax advisor before making your decision.

The Internal Revenue Service requires NEAP to provide participants with Form W-4R (for lump sum payments over 5 years) and W-4P (for payments over 10, 15, and 20 years). The forms are available for download at <https://www.irs.gov/pub/irs-pdf/fw4r.pdf> and <https://www.irs.gov/pub/irs-pdf/fw4p.pdf>.

## Instructions:

*On the following pages, you will find an explanation of the Plan's two (2) basic benefit options---lump-sum payments and periodic (monthly) payments. You may allocate your entire account balance any way you choose---all to the lump-sum payments option or split between the lump-sum payments option and the monthly payments option.*

**Circle the number(s) next to the benefit options(s) you would like to select and then enter either the dollar amount or the percentage of your account balance you would like to have allocated to each of the options you choose.**

**I elect, with the consent of my spouse, if applicable, to have my benefit paid as follows, in accordance with the rules and regulations governing the National Electrical Annuity Plan:**

1. \_\_\_\_\_ **Lump-Sum payments. Instructions:** If you select this option, you may elect to have the entire amount on line one (1) applied to any one of the four options shown below, or you may split the amount on line one (1) among the options shown below.
- a. \_\_\_\_\_ Pay the amount on line (a) directly to me. I understand that twenty percent (20%) of this amount will be withheld for federal income taxes. **If you are not a citizen or resident alien of the United States, you may be subject to a different withholding rate.**
- b. \_\_\_\_\_ Roll over the amount on line (b) into a qualified Individual Retirement Arrangement (IRA), **in accordance with the "Individual Retirement Arrangement Rollover Authorization" form I have included in this application.**
- c. \_\_\_\_\_ Roll over the amount on line (c) into a qualified defined-contribution plan, **in accordance with the "Defined Contribution Plan Rollover Authorization" form I have included in this application.**
- d. \_\_\_\_\_ **Annuity purchase.** Use the amount on line (d) to purchase an annuity on my behalf, from an insurance company of my own choosing. I have provided information about the insurance company in the spaces below. I understand that twenty percent (20%) of this amount will be withheld for federal income taxes. **If you are not a citizen or resident alien of the United States, you may be subject to a different withholding rate.**

**Contact person and address of insurance company if selecting option (d).**

\_\_\_\_\_  
Name

\_\_\_\_\_  
Address Line 1

\_\_\_\_\_  
Address Line 2

\_\_\_\_\_  
City

\_\_\_\_\_  
State

\_\_\_\_\_  
Zip Code

\_\_\_\_\_  
Telephone Number

## NEAP Normal Benefit Application

2. \_\_\_\_\_ **Monthly (periodic) payments---** Pay the amount on line two (2) in monthly installments, over the period selected below. A direct deposit form must be filled out for this option.

**Instructions:** Circle either option a, b, c, or d below. If you select option a, b, or c, you will receive monthly payments according to your selection. If you select option d, see instructions below. Note that if you die while there is still a balance in your account, any remaining amount will be paid in a lump sum to your spouse, unless you have designated another beneficiary with the consent of your spouse.

- a. twenty (20) years
- b. fifteen years (15) years
- c. ten (10) years
- d. five (5) years.

**Instructions:** If you select this option, you may elect to have the entire amount on line two (2) applied to any one of the three (3) options shown below, or you may split the amount on line two (2) among the options shown below.

- I. \_\_\_\_\_ Pay the amount on line (I) directly to me over a period of five years (sixty monthly payments). I understand that twenty percent (20%) of the amount of each monthly payment will be withheld for federal income taxes **If you are not a citizen or resident alien of the United States, you may be subject to a different withholding rate.**
- II. \_\_\_\_\_ Roll over the amount on line (II) into a qualified Individual Retirement Arrangement (IRA), **in accordance with the "Individual Retirement Arrangement Rollover Authorization" form I have included in this application.**
- III. \_\_\_\_\_ Roll over the amount on line (III) into a qualified defined-contribution plan, **in accordance with the "Defined Contribution Plan Rollover Authorization" form I have included in this application.**

### **CALCULATION OF MONTHLY BENEFITS UNDER 5, 10, 15, AND 20-YEAR PAYMENT OPTIONS**

To determine your initial monthly benefit under the 5, 10, 15, or 20-year payment option, divide your account balance, minus any lump-sum payment(s) you will be receiving, by the number of months in the payment period you selected. Once each year, your monthly benefit will be recalculated, based upon your remaining account balance as adjusted for the Plan's net investment earnings (or losses) from the previous year. This annual recalculation is necessary to ensure that the total payments made to you over the number of years you selected will be the exact amount of your account balance, plus net investment earnings (or minus net losses) during those years.



# NEAP Normal Benefit Application

## SPOUSE OPTION FORM

**(This section must be completed if your account balance exceeds \$5,000.00)**

**Instructions:**

If the balance of your Individual Account exceeds **\$5,000.00**, federal law and the Plan of Benefits for NEAP require that your spouse consent to the selection of a form of benefit other than the Joint and Survivor Annuity Benefit. If you have selected another form of benefit, the following Consent must be signed by your spouse and notarized. If your spouse does not consent to another form of benefit, the law requires that the balance of your Individual Account be paid to you in the form of the Joint and Survivor Annuity Benefit.

### **SPOUSE'S CONSENT TO PARTICIPANT'S ELECTION OF BENEFITS IN A FORM OTHER THAN THE JOINT AND SURVIVOR ANNUITY BENEFIT**

I, \_\_\_\_\_ am the spouse of \_\_\_\_\_ whose Social Security  
Spouse's Name Participant's Name  
Number is \_\_\_\_\_, I understand that my spouse's Individual Account balance is approximately \$\_\_\_\_\_.  
Participant's SSN

I understand that the Individual Account balance will be paid to my spouse in the form of the Joint and Survivor Annuity Benefit unless I sign this Consent. The Joint and Survivor Annuity Benefit would provide me with a benefit, commencing at the death of my spouse and continuing for the remainder of my life, equal to 50% of the benefit my spouse was receiving in the form of a life annuity at the time of his/her death. I have been provided with all of the information that I may have requested as to the economic effect of this Consent.

I understand that I have the right to revoke this Consent by filing a written notice of revocation with the Plan, so long as the Plan receives the notice on or before the date of the first distribution of benefits to my spouse.

- I HEREBY WAIVE** my right to have my spouse's account paid in the form of a **joint and survivor annuity benefit** as described above and I consent to the option selected by my spouse on this application
- I DO NOT WAIVE** my right to a joint and survivor annuity and request that you use his/her account balance to provide a **joint and survivor annuity benefit**.

**Spouse's Social Security Number**

□□□□ - □□ - □□□□□□

**Date of Marriage**

□□ / □□ / □□□□  
Month Day Year

**Spouse's Date of Birth**

□□ / □□ / □□□□  
Month Day Year

**Spouse's Signature**

( Seal, Stamp or Certificate required)

County of: \_\_\_\_\_

State of: \_\_\_\_\_

Sworn and subscribed to before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_  
**Notary Name**

**Notary Signature**

**My commission expires:**

□□ / □□ / □□□□  
Month Day Year

# NEAP Normal Benefit Application

## DESIGNATION OF BENEFICIARY AND SPOUSE'S CONSENT

### Instructions:

Only fill out this Designation of Beneficiary form if you have selected a monthly (periodic) payment. If there is a balance in your Individual Account at the time of your death, it will be paid in a lump-sum to your surviving spouse, if any. If you are unmarried, or if you wish to designate someone other than your spouse as your Beneficiary, complete the following information, and, if you are married, have your spouse complete the "Spouse Consent" section below. If you wish to name your spouse as your Beneficiary, you will still need to complete the "Designation of Beneficiary" section, but your spouse should not complete the "Spouse's Consent" section.

### DESIGNATION OF BENEFICIARY

I hereby designate the following person as my Beneficiary:

Name: \_\_\_\_\_ Participant's Signature: \_\_\_\_\_

Social Security Number: \_\_\_\_\_ Date of Birth: \_\_\_\_\_

Relationship to me: \_\_\_\_\_

Address: \_\_\_\_\_  
Address Line 1

\_\_\_\_\_ Address Line 2

City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_

### SPOUSE'S CONSENT

I, \_\_\_\_\_ am the spouse of \_\_\_\_\_ whose Social Security  
Spouse's Name Participant's Name  
Number is \_\_\_\_\_, I understand that my spouse's Individual Account balance is approximately \$\_\_\_\_\_.  
Participant's SSN

I have read the Designation of Beneficiary made above by my spouse and I hereby freely consent to the designation my spouse has made and to payment of the death benefit in the form of a lump-sum. I acknowledge that by this Consent I am waiving my rights to receive, and I will not receive, any benefits which may be payable under the Plan on account of my spouse's death. I may not revoke this Consent. For so long as I am married to the Participant, he/she may not substitute or designate another Beneficiary without my written consent, unless I am designated as the sole Beneficiary.

#### Spouse's Social Security Number

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\_\_\_\_\_  
Spouse's Signature

County of: \_\_\_\_\_

State of: \_\_\_\_\_

Sworn and subscribed to before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_  
Notary Name

\_\_\_\_\_  
Notary Signature

My commission expires:

		/			/				
Month			Day			Year			

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( Seal, Stamp or Certificate required)

# NEAP Normal Benefit Application

## Individual Retirement Arrangement Rollover Authorization

If you wish to have any portion of your benefit from the National Electrical Annuity Plan (NEAP) rolled over into an Individual Retirement Arrangement (IRA), you will need to have your IRA trustee (in most cases, this will be a bank or other financial institution) complete the information below. We will be issuing a check directly to the trustee of your IRA. To ensure that you receive credit for the funds we are transferring, it is important that all items are fully completed.

Participant's name: \_\_\_\_\_

Participant's Social Security Number: \_\_\_\_\_

Approximate amount to be rolled over: \_\_\_\_\_

### THIS SECTION TO BE COMPLETED BY THE FINANCIAL INSTITUTION

Please check the appropriate box below. This requested rollover is to a:

Traditional IRA     Roth IRA

Name of IRA trustee: \_\_\_\_\_

Name of Plan: \_\_\_\_\_

Mailing address of IRA trustee: \_\_\_\_\_

Address Line 1

Address Line 2

City

State

Zip Code

IRA Account number, if applicable: \_\_\_\_\_

Name of trustee or plan representative to whom inquiries can be made: \_\_\_\_\_

Telephone number: \_\_\_\_\_

*I certify that the plan noted above is an "eligible retirement plan" within the meaning of Internal Revenue Code Section 402(c)(8)(B) and allows the acceptance of rollover contributions.*

Signature of Plan official: \_\_\_\_\_

Name and title of Plan official: \_\_\_\_\_

Please use the space below to note any special instructions required to ensure the proper crediting of this distribution.


# NEAP Normal Benefit Application

## Defined Contribution Plan Rollover Authorization

*If you wish to have any portion of your benefit from the National Electrical Annuity Plan (NEAP) rolled over into a qualified defined contribution plan, you will need to have the trustee of that plan complete the information below. We will be issuing a check directly to the plan trustee. To ensure that you receive credit for the funds we are transferring, it is important that all items are fully completed.*

Participant's name: \_\_\_\_\_

Participant's Social Security Number: \_\_\_\_\_

Approximate amount to be rolled over: \_\_\_\_\_

### THIS SECTION TO BE COMPLETED BY THE PLAN TRUSTEE

Name of trustee: \_\_\_\_\_

Name of Plan: \_\_\_\_\_

Mailing address of Plan trustee: \_\_\_\_\_

Address Line 1

Address Line 2

City

State

Zip Code

Account number, if applicable: \_\_\_\_\_

Name of trustee or plan representative to whom inquiries can be made: \_\_\_\_\_

Telephone number: \_\_\_\_\_

*I certify that the plan noted above is an "eligible retirement plan" within the meaning of Internal Revenue Code Section 402(c)(8)(B) and allows the acceptance of rollover contributions.*

Signature of Plan official: \_\_\_\_\_

Name and title of Plan official: \_\_\_\_\_

**Please use the space below to note any special instructions required to ensure the proper crediting of this distribution.**


# DIRECT DEPOSIT AUTHORIZATION FORM

## National Electrical Annuity Plan

If you do not choose a monthly payment option, your NEAP check will be mailed to your financial institution and not electronically transferred. If you do not want to have your check mailed to your financial institution you do not have to complete the direct deposit form. The check will be mailed to the address listed on your application.

	( ) -
<b>NAME [PLEASE PRINT]</b>	<b>PHONE NUMBER</b>

<b>PARTICIPANT'S SSN</b>	<b>RECIPIENT'S SSN</b>

<b>FINANCIAL INSTITUTION NAME [TRUST ACCOUNTS AND PREPAID BANK ACCOUNTS ARE NOT ACCEPTED]</b>

<b>MAILING ADDRESS</b>

<b>CITY</b>	<b>STATE</b>	<b>ZIP CODE</b>

<b>NAME OF ACCOUNT HOLDER [REQUIRED—PRINTED NAME MUST MATCH NAME ON YOUR SOCIAL SECURITY CARD]</b>

**IF YOU ARE AN AUTHORIZED POA, CONSERVATOR OR GUARDIAN—INDICATE BESIDE THE PRINTED NAME**

<b>ABA ROUTING NUMBER (MUST BE 9 DIGITS)</b>	<b>ACCOUNT NUMBER (DO NOT INCLUDE THE CHECK NUMBER)</b>

<b>SELECT TYPE OF ACCOUNT:</b> CHECKING <input type="checkbox"/> SAVINGS <input type="checkbox"/>
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I hereby authorize the National Electrical Annuity Plan (NEAP) to initiate credit entries to my account listed below, in the financial institution shown. In the event a credit is made to my account in error, I authorize NEAP to make a correcting entry, provided I am notified of the adjustment. This authorization is to remain in effect until NEAP has received written notification from me terminating it.

**SIGNATURE (REQUIRED):** \_\_\_\_\_ **DATE:** \_\_\_\_/\_\_\_\_/\_\_\_\_

**NEAP  
2400 RESEARCH BLVD SUITE 500  
ROCKVILLE, MD 20850  
FAX: (301) 869-4322 OR (301) 556-0100**

# DIRECT DEPOSIT

## **What is it?**

Direct Deposit is also known as Electronic Funds Transfer (EFT). It is a system in which funds are electronically transferred from one account to another. Your financial institution can be any bank, savings and loan, credit union, or investment firm which is a member of the National Automated Clearing House Association (NACHA) system. Prepaid bank accounts are not accepted.

## **Is Direct Deposit mandatory?**

Yes. The NEAP Trustees have adopted a resolution under which all benefit applications received on or after May 1, 2003 will be processed for direct deposit payments exclusively. Therefore, NEAP recipients will be required to receive their monthly benefit payments in the form of direct deposit to a financial institution.

## **What are the advantages?**

It's safe. Because it is an electronic transfer of funds, it eliminates the possibility of mail delays, misdirected mail, or lost or stolen checks.

It's convenient. There is no need to endorse a check. It avoids having to visit the bank to make a deposit, and it eliminates the possibility of holds being placed on checks until they clear.

It's worry-free. It assures that your monthly pension benefit payment will be available to you on the last business day of each month.

## **How much does it cost?**

It's free! There is no cost to you for this service.

## **How does it work?**

Every month your NEAP benefit payment is automatically deposited to your account on the last business day of each month. The deposit will be reflected on the statement that you receive from your financial institution. You can just sit back and enjoy your retirement.

## **What happens if I change banks or my account is compromised?**

Contact our office immediately for a new direct deposit form or you can print a form from the website at [www.neap.org](http://www.neap.org) under Plan Documents and Forms. You can mail or fax the new form to our office. For security reasons, financial information cannot be taken by phone.

## **Can I deposit my monthly benefit into a Trust Account?**

No. The NEAP's general practice and interpretation of the law provide that a participant's payments should only be made to the participant. In particular, Section 206(d)(1) of the Employee Retirement Security Act and Section 401(a)(13)(A) of the Internal Revenue Code prohibit the alienation or assignment of a pension benefit except in rare circumstances which do not appear to be applicable in this situation. As such, the NEAP may not direct payment of your benefit to a trust fund account.

# NEAP Normal Benefit Application

**Incomplete or inaccurate information may delay the processing of your NEAP Normal Benefit Application.**

I hereby apply for a withdrawal from the National Electrical Annuity Plan. All the information provided in this application is true to the best of my knowledge and belief. I understand that if I make a willfully false or fraudulent statement material to this application, or at any time in the application process, or furnish fraudulent information or proof material to this claim, benefits paid solely on account of my false statement will be denied, suspended or discontinued, and that the Trustees shall have the right to recover any payments made to me because of a false statement. Further, I understand that any false or fraudulent statement made during the application process may subject me to sanctions or prosecution under Federal and State law.

\_\_\_\_\_  
Participant's Signature

**Date Signed**

		/			/				
Month			Day			Year			

If you are not able to sign, place an (X) mark on the signature line in the presence of a disinterested party. The witness must sign below and include his or her Social Security Number.

Signature of Witness \_\_\_\_\_

Social Security Number of Witness

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# Required Documents

NEAP has designed a list to help ensure that you have enclosed all necessary documents with your benefit application. **Any missing or incomplete documents may delay the processing of your NEAP normal benefit application.**

**Clear copies must be submitted.**

**Please enclose:**

- Copy of Participant's Social Security Card
- Copy of Participant's Birth Certificate/Proof of Age

**If you are presently married and your individual account balance is equal to or over \$5,000.00:**

- Copy of Marriage Certificate

**If you have been previously married:**

- Entire copy of all divorce decrees, Qualified Domestic Relations Orders (QDROs), separation papers and death certificates.

**If participant has ever used a different name:**

- If you have ever used a different name, please provide supporting documentation. (example: adoption papers or court order)

**Please review your benefit application to make sure you have filled out all pages completely and accurately.**



# FEDERAL INCOME TAX WITHHOLDING FORM

## National Electrical Annuity Plan

Federal law requires NEAP to withhold 20% from lump sum payments and monthly payments made over a five-year period that are paid directly to you.

*Instructions: Please complete and return this entire form to our office if you wish to have more than the mandatory 20% withheld. Withholding can be indicated as a dollar amount or as a percentage. If this form is not completed, NEAP will withhold Federal income tax at the rate of 20% from your lump sum payment and/or five-year monthly payment, if elected. If you elect the 10, 15 or 20 year payment and do not return this form and if your monthly payment exceeds \$500, NEAP will withhold taxes based on a filing status or single with no adjustments.*

Beginning in 2023, the Internal Revenue Service requires NEAP to provide participants with Form W-4R (for lump sum payments and payments over 5 years) and W-4P (for payments over 10, 15, and 20 years). The forms are available for download at the IRS website at <https://www.irs.gov/pub/irs-pdf/fw4r.pdf> and <https://www.irs.gov/pub/irs-pdf/fw4p.pdf>. You may also submit this form.

### LUMP SUM PAYMENT (if electing a lump sum payment)

\_\_\_\_\_ Please withhold Federal income tax of \$ \_\_\_\_\_ or \_\_\_\_\_ % from the NEAP Lump Sum Payment paid directly to me.

### MONTHLY PAYMENT (if electing monthly payments over a five-year period)

\_\_\_\_\_ Please withhold Federal income tax of \$ \_\_\_\_\_ or \_\_\_\_\_ % from each NEAP monthly pension payment paid directly to me.

**MONTHLY PAYMENT (if electing monthly payments over 10, 15, or 20 years)** Payments made over a period of 10, 15 or 20 years are not subject to the mandatory 20% Federal income tax withholding. If you wish to have Federal income tax withheld, please indicate below.

\_\_\_\_\_ Please withhold Federal income tax of \$ \_\_\_\_\_ or \_\_\_\_\_ % from each NEAP monthly pension payment paid directly to me.

SSN \_\_\_\_\_ DATE \_\_\_\_\_ SIGNATURE \_\_\_\_\_

The pension payments you receive from the National Electrical Annuity Plan (NEAP) are subject to Federal income tax withholding under Section 3405 of the Internal Revenue Code.

If you are receiving monthly payments over 10, 15, or 20 years, you may elect not to have federal income tax withheld or you may inform us of the amount or percentage of Federal income tax you would like to have withheld. Your election will remain in effect until you change it, which you may do at any time (and as often as you wish) by signing a new election form, which may be obtained from this office. **If you do not submit a withholding election and your monthly payment exceeds \$500, NEAP will be required to withhold taxes based on a filing status of single with no adjustments.**

If you will be receiving more than \$6,000\* from the NEAP this year (regular monthly benefits plus lump sum payments, if applicable), it is possible that you could owe Federal income tax for the year.

If you elect not to have Federal income Tax withheld, or if you do not have enough Federal Income Tax withheld from your pension payments, you may be responsible for payment of estimated tax. You may incur penalties under the estimated tax rules if your withholding and estimated tax payments are not sufficient.

**\*IRS Maximum Income Amounts Effective as of January 1, 2024. You may want to consult with a professional tax advisor or contact your local Internal Revenue Service office to determine the best withholding amount for you.**

## **YOUR ROLLOVER OPTIONS** **FROM THE** **NATIONAL ELECTRICAL ANNUITY PLAN**

You are receiving this notice because all or a portion of a payment you are receiving from the National Electrical Annuity Plan (the "Plan") is eligible to be rolled over to an IRA or an employer plan. This notice is intended to help you decide whether to do such a rollover.

Rules that apply to most payments from a plan are described in the "General Information About Rollovers" section. Special rules that only apply in certain circumstances are described in the "Special Rules and Options" section.

### **GENERAL INFORMATION ABOUT ROLLOVERS**

#### **How can a rollover affect my taxes?**

You will be taxed on a payment from the Plan if you do not roll it over. If you are under age 59½ and do not do a rollover, you will also have to pay a 10% additional income tax on early distributions (unless an exception applies). However, if you do a rollover, you will not have to pay tax until you receive payments later and the 10% additional income tax will not apply if those payments are made after you are age 59½ (or if an exception applies).

#### **Where may I roll over the payment?**

You may roll over the payment to either an IRA (an individual retirement account or individual retirement annuity) or an employer plan (a tax-qualified plan, section 403(b) plan, or governmental section 457(b) plan) that will accept the rollover. The rules of the IRA or employer plan that holds the rollover will determine your investment options, fees, and rights to payment from the IRA or employer plan (for example, no spousal consent rules apply to IRAs and IRAs may not provide loans). Further, the amount rolled over will become subject to the tax rules that apply to the IRA or employer plan.

#### **How do I do a rollover?**

There are two ways to do a rollover. You can do either a direct rollover or a 60-day rollover.

If you do a direct rollover, the Plan will make the payment directly to your IRA or an employer plan. You should contact the IRA sponsor or the administrator of the employer plan for information on how to do a direct rollover.

If you do not do a direct rollover, you may still do a rollover by making a deposit into an IRA or eligible employer plan that will accept it. You will have 60 days after you receive the payment to make the deposit. If you do not do a direct rollover, the Plan is required to withhold 20% of the payment for federal income taxes. This means that, in order to roll over the entire payment in a 60-day rollover, you must use other funds to make up for the 20% withheld. If you do not roll over the entire amount of the payment, the portion not rolled over will be taxed and will be subject to the 10% additional income tax on early distributions if you are under age 59½ (unless an exception applies).

#### **How much may I roll over?**

If you wish to do a rollover, you may roll over all or part of the amount eligible for rollover. Any payment from the Plan is eligible for rollover, except:

- Certain payments spread over a period of at least 10 years or over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary)
- Required minimum distributions after age 70½ (or after death)

The Plan administrator or the payor can tell you what portion of a payment is eligible for rollover.

**If I don't do a rollover, will I have to pay the 10% additional income tax on early distributions?**

If you are under age 59½, you will have to pay the 10% additional income tax on early distributions for any payment from the Plan (including amounts withheld for income tax) that you do not roll over, unless one of the exceptions listed below applies. This tax is in addition to the regular income tax on the payment not rolled over.

The 10% additional income tax does not apply to the following payments from the Plan:

- Payments made after you separate from service if you will be at least age 55 in the year of the separation
- Payments that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary)
- Payments made due to disability
- Payments after your death
- Payments made directly to the government to satisfy a federal tax levy
- Payments made under a qualified domestic relations order (QDRO)
- Payments up to the amount of your deductible medical expenses

**If I do a rollover to an IRA, will the 10% additional income tax apply to early distributions from the IRA?**

If you receive a payment from an IRA when you are under age 59½, you will have to pay the 10% additional income tax on early distributions from the IRA, unless an exception applies. In general, the exceptions to the 10% additional income tax for early distributions from an IRA are the same as the exceptions listed above for early distributions from a plan. However, there are a few differences for payments from an IRA, including (but not limited to):

- There is no exception for payments after separation from service that are made after age 55.
- The exception for qualified domestic relations orders (QDROs) does not apply (although a special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to an IRA of a spouse or former spouse).
- The exception for payments made at least annually in equal or close to equal amounts over a specified period applies without regard to whether you have had a separation from service.
- There are additional exceptions for (1) payments for qualified higher education expenses, (2) payments up to \$10,000 used in a qualified first-time home purchase, and (3) payments after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

## **Will I owe State income taxes?**

This notice does not describe any State or local income tax rules (including withholding rules).

## **SPECIAL RULES AND OPTIONS**

### **If you miss the 60-day rollover deadline**

Generally, the 60-day rollover deadline cannot be extended. However, the IRS has the limited authority to waive the deadline under certain extraordinary circumstances, such as when external events prevented you from completing the rollover by the 60-day rollover deadline. To apply for a waiver, you must file a private letter ruling request with the IRS. Private letter ruling requests require the payment of a nonrefundable user fee. For more information, see IRS Publication 590, Individual Retirement Arrangements (IRAs).

### **If you were born on or before January 1, 1936**

If you were born on or before January 1, 1936 and receive a lump sum distribution that you do not roll over, special rules for calculating the amount of the tax on the payment might apply to you. For more information, see IRS Publication 575, Pension and Annuity Income.

### **If you roll over your payment to a Roth IRA**

If you roll over the payment to a Roth IRA, a special rule applies under which the amount of the payment rolled over (reduced by any after-tax amounts) will be taxed. However, the 10% additional income tax on early distributions will not apply (unless you take the amount rolled over out of the Roth IRA within 5 years, counting from January 1 of the year of the rollover). For payments from the Plan during 2010 that are rolled over to a Roth IRA, the taxable amount can be spread over a 2-year period starting in 2011.

If you roll over the payment to a Roth IRA, later payments from the Roth IRA that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a Roth IRA is a payment made after you are age 59½ (or after your death or disability, or as a qualified first-time homebuyer distribution of up to \$10,000) and after you have had a Roth IRA for at least 5 years. In applying this 5-year rule, you count from January 1 of the year for which your first contribution was made to a Roth IRA. Payments from the Roth IRA that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10% additional income tax on early distributions (unless an exception applies). You do not have to take required minimum distributions from a Roth IRA during your lifetime. For more information, see IRS Publication 590, Individual Retirement Arrangements (IRAs).

You cannot roll over a payment from the Plan to a designated Roth account in an employer plan.

### **If you are not a plan participant**

Payments after death of the participant. If you receive a distribution after the participant's death that you do not roll over, the distribution will generally be taxed in the same manner described elsewhere in this notice. However, the 10% additional income tax on early distributions does not apply, and the special rule described under the section "If you were born on or before January 1, 1936" applies only if the participant was born on or before January 1, 1936.

**If you are a surviving spouse.** If you receive a payment from the Plan as the surviving spouse of a deceased participant, you have the same rollover options that the participant would have had, as described elsewhere in this notice. In addition, if you choose to do a rollover to an IRA, you may treat the IRA as your own or as an inherited IRA. An IRA you treat as your own is treated like any other IRA of yours, so that payments made to you before you are age 59½ will be subject to the 10% additional income tax on

early distributions (unless an exception applies) and required minimum distributions from your IRA do not have to start until after you are age 70½.

If you treat the IRA as an inherited IRA, payments from the IRA will not be subject to the 10% additional income tax on early distributions. However, if the participant had started taking required minimum distributions, you will have to receive required minimum distributions from the inherited IRA. If the participant had not started taking required minimum distributions from the Plan, you will not have to start receiving required minimum distributions from the inherited IRA until the year the participant would have been age 70½.

**If you are a surviving beneficiary other than a spouse.** If you receive a payment from the Plan because of the participant's death and you are a designated beneficiary other than a surviving spouse, the only rollover option you have is to do a direct rollover to an inherited IRA. Payments from the inherited IRA will not be subject to the 10% additional income tax on early distributions. You will have to receive required minimum distributions from the inherited IRA.

Payments under a qualified domestic relations order. If you are the spouse or former spouse of the participant who receives a payment from the Plan under a qualified domestic relations order (QDRO), you generally have the same options the participant would have (for example, you may roll over the payment to your own IRA or an eligible employer plan that will accept it). Payments under the QDRO will not be subject to the 10% additional income tax on early distributions.

#### **If you are a nonresident alien**

If you are a nonresident alien and you do not do a direct rollover to a U.S. IRA or U.S. employer plan, instead of withholding 20%, the Plan is generally required to withhold 30% of the payment for federal income taxes. If the amount withheld exceeds the amount of tax you owe (as may happen if you do a 60-day rollover), you may request an income tax refund by filing Form 1040NR and attaching your Form 1042-S. See Form W-8BEN for claiming that you are entitled to a reduced rate of withholding under an income tax treaty. For more information, see also IRS Publication 519, U.S. Tax Guide for Aliens, and IRS Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities.

#### **Other special rules**

If a payment is one in a series of payments for less than 10 years, your choice whether to make a direct rollover will apply to all later payments in the series (unless you make a different choice for later payments).

If your payments for the year are less than \$200 (not including payments from a designated Roth account in the Plan), the Plan is not required to allow you to do a direct rollover and is not required to withhold for federal income taxes. However, you may do a 60-day rollover.

You may have special rollover rights if you recently served in the U.S. Armed Forces. For more information, see IRS Publication 3, Armed Forces' Tax Guide.

### **FOR MORE INFORMATION**

You may wish to consult with the Plan administrator or a professional tax advisor before taking a payment from the Plan. Also, you can find more detailed information on the federal tax treatment of payments from employer plans in: IRS Publication 575, Pension and Annuity Income; IRS Publication 590, Individual Retirement Arrangements (IRAs); and IRS Publication 571, Tax-Sheltered Annuity Plans (403(b) Plans). These publications are available from a local IRS office, on the web at [www.irs.gov](http://www.irs.gov), or by calling 1-800-TAX-FORM.