

BENEFICIARY INFORMATION

Your 401k Retirement Plan and Life Insurance benefits will be paid to the beneficiary you name on the Plans. If you **do not choose one**, the benefits will be paid in the following order:

1. Your legal spouse or domestic partner; if none, then
2. Your natural and/or adopted children; if none, then
3. Your parent(s); if none, then
4. Your siblings, if none, then
5. Your estate.

Benefits will be paid in a lump sum equally among your beneficiaries or as you indicated on your beneficiary form.

Please note: Just because you name someone in your Will, that person(s) might not receive your designated asset if they are not also named as beneficiary on your benefit plans. A beneficiary trumps a Will every time!

Example: You name your children in your will as heirs of your entire estate, yet an ex-spouse is still named as the beneficiary of your life insurance and/or your 401k plan, the children will end up with your house and possessions, but your ex-spouse will end up with the life insurance and retirement funds.

401K MARRIED PARTICIPANTS:

You may not change your beneficiary designation without your spouse's consent. If your spouse consents in writing, you may designate a beneficiary other than your spouse to receive the benefits. Your spouse's consent must be witnessed by the Plan Administrator's representative or by a Notary Public.

401K UNMARRIED PARTICIPANTS:

You may designate a beneficiary to receive any benefits to which you are entitled if you die before you retire. If you marry after choosing a beneficiary, your beneficiary designation election may no longer be valid and your spouse may be entitled to the benefits.

SECONDARY BENEFICIARIES:

You may also want to designate a secondary beneficiary to receive benefits if all primary beneficiaries are deceased.

ESTATE BENEFICIARY:

You may name your estate as beneficiary and provide payment in a will.

TRUST BENEFICIARIES:

If your beneficiary is a trust, you must enter the name of the trust, date of the trust, trustee's name, address, and social security number.

MINOR BENEFICIARIES:

You may wish to name a minor as a beneficiary. Payments of the benefit will be held until one of the following occurs:

* A court ordered guardian of the minor's property is appointed by the courts. Benefits will then be paid to the guardian on the minor's behalf or;

* The minor attains the age of 18 or;

* A formal trust is established by legal documents filed with a court designating a person or persons as a Trustee of the minor child. You must clearly state "Formal Trust" on behalf of a minor on the beneficiary form or;

* An informal trust is one that has not been filed with the courts and need not be a formal agreement. In this case, the employee designates a person or persons to act as "informal trustee" on behalf of a minor. The informal trustee(s) would be paid the specified benefits on behalf of the minor. You must clearly state the name as "Informal Trustee" for the minor child with the child's name and date of birth.

POWER OF ATTORNEY AS BENEFICIARY:

You may use a Power of Attorney form to authorize another person to act on your behalf, granting the individual to designate a beneficiary. However, they cannot designate him/herself or someone else unless the Power of Attorney form clearly states that they have the power to do so. Some Powers of Attorney are for only a limited period of time, or has only been given the Power of Attorney only to cover certain areas. It must clearly state what affairs or transactions are covered.

CHARITY OR OTHER ENTITIES:

If your beneficiary is a charity or other entity, or financial institution, you must enter the name and address. You also need to provide the charity or entity's taxpayer identification number.

DISTRIBUTIONS - TAXABLE & NON TAXABLE:

Life Insurance: The proceeds are not taxable and a 1099 will not be issued, although the amount could be included in the estate with tax consequences if it is large enough, usually over \$50,000.00 from one account.

401k: The distribution is not subject to the 10% early withdrawal penalty however, this is subject to the 20% federal withholding unless the distribution is rolled. The beneficiary will receive a 1099R for any distribution made at year end.

FSA: If your spouse is the designated beneficiary, the account will be treated as your spouse's account for the remaining portion. If a spouse is not the designated beneficiary, the account stops and fair market value becomes taxable to the beneficiary in the year in which you die. If your estate is the beneficiary, the value is included on your final income tax return.

DO'S AND DON'TS OF BENEFICIARY DESIGNATION FORM:

- * Don't use "white-out" or cross out names to make changes.
- * Do complete a new form whenever a mistake or changes are made.

- * Do choose both Primary and Secondary beneficiaries with care.
- * Don't forget to list the relationship of each beneficiary, address, date of birth, and any other pertinent information required.
- * Don't list the same person or persons in both the Primary and Secondary sections. The form will be invalid.
- * Do list the distribution percentages next to each Primary and Secondary beneficiaries.
- * Do write "See Attached" on the beneficiary form if more additional space is need. The attached sheet must be signed and dated.
- * Do be sure that the distribution percentages add up to 100%. Unequal distributions are allowable between beneficiaries as long as the total equals 100%.