Application for Lump-Sum Payment

PBGC Form 720
Approved OMB 1212-0055
Expires 04/30/06

Pension Benefit Guaranty Corporation.
P.O. Box 151750 • Alexandria, VA 22315-1750

For assistance, call 1-800-400-7242

PRIVACY ACT NOTICE

The Privacy Act of 1974, as amended, 5 U.S.C. § 552a (1994), requires PBGC to give you this notice when collecting information from you. PBGC uses the information to determine whether and how much of a pension benefit is due you under a private defined benefit pension plan that has terminated, and to make appropriate benefit payments. Your Social Security Number is used by PBGC to identify your records within PBGC, to report income for tax purposes, and to respond to lawful requests for information about you from other individuals and entities. Your response is voluntary. However, failure to provide information to PBGC, including your Social Security Number, may delay or prevent PBGC from calculating and paying your pension benefits.

PBGC may release information about you to other individuals and entities when necessary and appropriate under the Privacy Act, including: to third parties to make benefit payments to you; to a company that was responsible for your pension plan or to entities related to that company; to a labor organization that represents you; to obtain information from the Federal Aviation Administration relevant to a pilot or former pilot's eligibility for a disability benefit; to obtain your address from other sources when PBGC does not have a current or valid address for you; and to a limited extent to your spouse, former spouse, child, or other dependent when such individual may be entitled to benefits from PBGC.

PBGC may also release information about you to appropriate law enforcement agencies when PBGC becomes aware of a possible violation of civil or criminal law. If PBGC, an employee of PBGC, the United States, or another agency of the United States, is involved in litigation, PBGC may provide relevant information about you to a court or other adjudicative body or to the Department of Justice when it represents PBGC. PBGC may also provide information about you to the Office of Management and Budget in connection with review of private relief legislation or to a Congressional office in response to an inquiry that office makes about you at your request.

PBGC publishes notices in the Federal Register that describe in more detail when information about you may be made available to others. A copy of the most recent Federal Register notice may be obtained from PBGC's Customer Service Center by calling 1-800-400-7242. For TTY/TDD users, call the federal relay service toll free at 1-800-877-8339 and ask to be connected to 1-800-400-7242. PBGC's authority to collect information from you, including your Social Security Number, is derived from 29 U.S.C. §§ 1055, 1056(d)(3), 1302, 1321, 1322, 1322a, 1341 and 1350 (1994).

PAPERWORK REDUCTION ACT NOTICE

The PBGC needs this information so that it can determine your entitlement, if any, to a pension benefit under a private defined benefit pension plan that has terminated. A defined benefit plan is a traditional pension plan that promises a specified monthly benefit at retirement. The PBGC does not pay benefits under 401(k) or other defined contribution plans, ongoing defined benefit plans, government plans, and certain other plans. Your response is voluntary. However, the information is required in order for you to receive such a pension benefit. The PBGC will use this information to determine the form and amount of any such pension benefit and to make appropriate payments. Under the Paperwork Reduction Act, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number. This collection of information has been approved by the Office of Management and Budget (OMB) under control number 1212-0055 (expires 11/30/2002). The information provided to the PBGC may be disclosable under the Freedom of Information Act and the Privacy Act. The PBGC estimates that the average burden of responding to a request for identifying information as part of an initial contact with the PBGC is 15 minutes, and that the average burden of complying with the information collection request in the PBGC's application package is about 30 minutes. Comments concerning the accuracy of this estimate or suggestions for further reducing this burden may be sent to Pension Benefit Guaranty Corporation, Office of the General Counsel, 1200 K Street, NW, Washington, DC 20005-4026.

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P.O. Box 151750 Alexandria Virginia 22315-1750

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Plan Name:	
Plan Number:	Participant Name / SSN:
Date Printed:	Applicant Name / SSN:
Date of Plan Termination:	

INSTRUCTIONS: Use this form to request a lump-sum payment. When "proof required" is indicated, please enclose a **copy** of a birth or baptism certificate, or a U.S. Passport, whichever is appropriate, unless you already sent PBGC a copy of this document. If you do not have these documents, call our Customer Contact Center at 1-800-400-7242 for information about other acceptable documents. Be sure to print clearly and use dark ink.

1. General information about you

Last Name		First Name
Middle Name	Other Name (E.G., MAIDEN NAME)	
Social Security Number _ _ _ - _ _ - _ _ _ _	Date of Birth (PROOF REQUIRED) _ _ / _ _ / _ _ _ _	Gender MALE ☐ FEMALE ☐
Mailing Address	Apartment / Route Number	
City	State	Zip Code
Country	Province	
Daytime Phone ( ) - EXTENSION x	Evening Phone ( ) -	

2. Signature – You must sign and date this application.

I declare under penalty of perjury that all of the information I have provided on this form is true and correct. (Knowingly and willfully making false, fictitious or fraudulent statements to the Pension Benefit Guaranty Corporation is a crime punishable under Title 18, Section 1001, United States Code.)

SIGNATURE ____________________ DATE ____________

If the total amount of your benefit, including interest, is less than $200, you only need to complete and return this page. PBGC will pay your benefit directly to you and will not withhold any taxes from it, but the payment is taxable income.

CONTINUE

3. **Participant election –** Please review the enclosed *Special Tax Notice Regarding Non-Periodic PBGC Payments* and be sure you understand the tax implications of electing to have PBGC send your lump-sum payment directly to you or to a retirement account or plan.

Please select A, B, or C. If you do not pick one of these options, PBGC will select Option B for you.

A. Send my entire lump-sum payment directly to an individual retirement account, an individual annuity, or a qualified trust or annuity plan. I understand that PBGC will not withhold taxes from my payment. ☐			
Name of Receiving Account, Annuity, Trust or Plan			
Account Number			
Name of the Institution / Trustee		Daytime Phone ( ) -	
Mailing Address			
City	State	Zip Code -	

B. I want PBGC to send my complete, lump-sum payment directly to me. I realize that PBGC will deduct 20% tax withholding from this payment. ☐

CONTINUE ➡

C. I want PBGC to send a portion of my lump-sum payment directly a to an individual retirement account, an individual annuity, or a qualified trust or annuity plan, and to send a portion directly to me as follows: ☐

1. Amount I want PBGC to send directly to me: **$** ____ **.00**

   I realize that PBGC will deduct 20% withholding tax from this portion of my benefit payment.

2. Amount I want PBGC to send to an eligible retirement plan or traditional IRA: **$** ____ **.00**

   I realize that PBGC will not deduct any tax from this portion of my benefit payment.

   NO LESS THAN $500

Name of Receiving Account, Annuity, Trust or Plan		
Account Number		
Name of the Institution / Trustee		Daytime Phone ( ) -
Mailing Address		
City	State	Zip Code -

SIGN & DATE BEFORE SUBMITTING. THANK YOU.

SPECIAL TAX NOTICE REGARDING NON-PERIODIC PBGC PAYMENTS

Table of Contents

I. INTRODUCTION

This notice contains important information that applies to participants, beneficiaries and alternate payees (as determined under a Qualified Domestic Relations Order), collectively referred to as “you.” You should read this important information before you decide how to receive your benefits from the Pension Benefit Guaranty Corporation (PBGC).

PBGC is providing this notice to you because all or part of the PBGC payment for which you are applying may be eligible for rollover by you or PBGC to an eligible employer plan or traditional IRA. The rollover allows you to continue to postpone taxation of that benefit until it is paid to you. Your payment cannot be rolled over to a Roth IRA, a SIMPLE IRA, or a Coverdell Education Savings Account (formerly known as an education IRA). An "eligible employer plan" includes a plan qualified under section 401(a) of the Internal Revenue Code, including a 401(k) plan, profit-sharing plan, defined benefit plan, stock bonus plan, and money purchase plan; a section 403(a) annuity plan; a section 403(b) tax-sheltered annuity; and an eligible section 457(b) plan maintained by a governmental employer (governmental 457 plan).

An eligible employer plan is not legally required to accept a rollover. Before you decide to roll over your payment to another plan, you should find out whether the plan accepts rollovers and, if so, the types of distributions it accepts as a rollover. You should also find out about any documents that are required to be completed before the receiving plan will accept a rollover. Even if a plan accepts rollovers, it might not accept rollovers of certain types of distributions, such as after-tax amounts. If this is the case, and your distribution includes after-tax amounts, you may wish instead to roll your distribution over to a traditional IRA or split your rollover amount between the employer plan in which you will participate and a traditional IRA. If an employer plan accepts your rollover, the plan may restrict subsequent distributions of the rollover amount or may require your spouse's consent for any subsequent distribution. A subsequent distribution from the plan that accepts your rollover may also be subject to different tax treatment than distributions from PBGC. Check with the administrator of the plan that is to receive your rollover before making the rollover.

If you have additional questions after reading this notice, please contact PBGC or your tax advisor.

II. SUMMARY

There are two ways you may be able to receive a PBGC benefit payment that is eligible for rollover:

(1) Certain payments can be made directly to a traditional IRA that you establish or to an eligible employer plan that will accept it and hold it for your benefit ("DIRECT ROLLOVER"); or

(2) 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.

- You choose whether your payment will be made directly to your traditional IRA or to an eligible employer plan that accepts your rollover. Your payment cannot be rolled over to a Roth IRA, a SIMPLE IRA, or a Coverdell Education Savings Account because these are not traditional IRAs.

- The taxable portion of your payment will be taxed later when you take it out of the traditional IRA or the eligible employer plan. Depending on the type of plan, the later distribution may be subject to different tax treatment than it would be if you received the taxable distribution from PBGC.

If you choose to have a PBGC payment that is eligible for rollover PAID TO YOU:

- You will receive only 80% of the taxable amount of the payment, because the PBGC is required to withhold 20% of that amount and send it to the IRS as income tax withholding to be credited against your taxes.

- The taxable amount of 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 59½, you may have to pay an additional 10% tax.

- You can roll over all or part of the payment by paying it to a traditional IRA or to an eligible employer plan that accepts your rollover within 60 days after you receive the payment. The amount rolled over will not be taxed until you take it out of the traditional IRA or the eligible employer plan.

- If you want to roll over 100% of the payment to a traditional IRA or an eligible employer plan, you must find other money to replace the 20% of the taxable portion 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.

III. DETAILED INFORMATION

A. Payments That Can And Cannot Be Rolled Over

PBGC benefit payments may be "eligible rollover distributions." This means that they can be rolled over to a traditional IRA or to an eligible employer plan that accepts rollovers. PBGC payments cannot be rolled over to a Roth IRA, a SIMPLE IRA, or a Coverdell Education Savings Account. PBGC can tell you what portion of your payment is an eligible rollover distribution.

After-tax Contributions. If you made after-tax contributions to your pension plan that are part of your PBGC non-periodic payment, these contributions may be rolled into either a traditional IRA or to certain employer plans that accept rollovers of after-tax contributions. The following rules apply:

a) Rollover into a Traditional IRA. You can roll over your after-tax contributions to a traditional IRA either directly or indirectly. PBGC will tell you how much of your payment is the taxable portion and how much is the after-tax portion.

   If you roll over after-tax contributions to a traditional IRA, it is your responsibility to keep track of, and report to the IRS on the applicable forms, the amount of these after-tax contributions. This will enable the nontaxable amount of any future distributions from the traditional IRA to be determined.

   Once you roll over your after-tax contributions to a traditional IRA, those amounts CANNOT later be rolled over to another pension plan.

b) Rollover into an eligible employer plan. You can roll over after-tax contributions returned to you by PBGC to an eligible employer plan using a direct rollover if the plan provides separate accounting for amounts rolled over, including separate accounting for the after-tax employee contributions and earnings on those contributions. (You cannot roll over after-tax contributions to a government 457 plan.) If you want to roll over your after-tax contributions to an employer plan that accepts these rollovers, you cannot have the after-tax contributions paid to you first. You must instruct PBGC to make a direct rollover on your behalf. Also, you cannot first roll over after-tax contributions to a traditional IRA and then roll over that amount into an eligible employer plan.

The following types of payments cannot be rolled over: payments spread over long periods; certain required minimum payments that must be paid to you after you reach age 70½ or retire, whichever is later (special rules apply if you own more than 5% of your employer); and plan loan amounts that are treated as distributions because of a default. PBGC will tell you if your payment includes amounts that cannot be rolled over.

B. Direct Rollover

A DIRECT ROLLOVER is a direct payment by PBGC to a traditional IRA or an eligible 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 **Section A** above. You are not taxed on any taxable portion of your payment for which you choose a DIRECT ROLLOVER until you later take it out of the traditional IRA or eligible employer plan. In addition, no income tax withholding is required for any taxable portion of your benefit for which you choose a DIRECT ROLLOVER.

DIRECT ROLLOVER to a Traditional 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 make sure that the traditional IRA you choose will allow you to move all or a 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 traditional IRAs (including limits on how often you can roll over between IRAs).

DIRECT ROLLOVER to a Plan. If you are employed by a new employer that has an eligible employer plan, and you want a direct rollover to that plan, ask the plan administrator of that plan whether it will accept your rollover. An eligible employer plan is not legally required to accept a rollover. Even if your new employer's plan does not accept a rollover, you can choose a DIRECT ROLLOVER to a traditional IRA. If the employer plan accepts your rollover, the plan may provide restrictions on the circumstances under which you may later receive a distribution of the rollover amount or may require spousal consent to any subsequent distribution. Check with the plan administrator of that plan before making your decision.

Change in Tax Treatment Resulting from a DIRECT ROLLOVER. The tax treatment of any payment from the eligible employer plan or traditional IRA receiving your DIRECT ROLLOVER might be different than if you received your benefit in a taxable distribution directly from PBGC. For example, if you were born before January 1, 1936, you might be entitled to ten-year averaging or capital gain treatment, as explained below. However, if you have your benefit rolled over to a section 403(b) tax-sheltered annuity, a governmental 457 plan, or a traditional IRA in a DIRECT ROLLOVER, your benefit will no longer be eligible for that special treatment. See the sections below entitled "Additional 10% Tax if You Are under Age 59½ " and "Special Tax Treatment if You Were Born before January 1, 1936."

C. Payment Paid to You

If your payment can be rolled over and the payment is made to you in cash, it is subject to 20% federal income tax withholding on the taxable portion (state tax withholding may also apply). The payment is taxed in the year you receive it unless, within 60 days, you roll it over to a traditional IRA or an eligible employer plan that accepts rollovers. If you do not roll it over, special tax rules may apply.

Income Tax Withholding:

Mandatory Withholding. If any portion of your payment can be rolled over and you do not elect to make a DIRECT ROLLOVER, PBGC is required by law to withhold 20% of the taxable amount. This amount is sent to the IRS as federal income tax withholding. For example, if you can roll over a taxable payment of $10,000, only $8,000 will be paid to you because PBGC must withhold $2,000 as income tax. However, when you prepare your income tax return for the year, unless you make a rollover within 60 days (see "Sixty-Day Rollover Option" below), you must report the full $10,000 as a taxable payment from PBGC. You must report the $2,000 as tax withheld, and it will be credited against any income tax you owe for the year. There will be no income tax withholding if your payments for the year are less than $200.

Voluntary Withholding. If any portion of your payment is taxable, but cannot be rolled over (for example, estate payments or payments to non-spouses), you may elect not to have withholding apply to that portion. However, if you do nothing PBGC will withhold 10% from that portion of your payment for federal income tax withholding. To elect out of withholding, ask PBGC for the election form and related information.

Sixty-Day Rollover Option. If you receive a payment that can be rolled over, you can still decide to roll over all or part of it to a traditional IRA or to an eligible employer plan that accepts rollovers. If you decide to roll over, you must contribute the amount of the payment you received to a traditional IRA or eligible employer 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 eligible employer plan.

You can roll over up to 100% of your payment that can be rolled over, including an amount equal to the 20% of the taxable portion 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 eligible employer plan, to replace the 20% that was withheld. On the other hand, if you roll over only the 80% of the taxable portion that you received, you will be taxed on the 20% that was withheld.

> Example: The taxable portion of your payment that can be rolled over 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 an eligible employer plan. To do this, you roll over the $8,000 you received from PBGC, 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 an eligible 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.
>
> 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 return, 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 59½ and you 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 retire due to disability, (3) payments made in equal (or almost equal) installments over your life or life expectancy (or the lives or life expectancies of you and your beneficiary), (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, (6) payments that do not exceed the amount of your deductible medical expenses, or (7) payments made at death. See IRS Form 5329 for more information on the additional 10% tax.

The additional 10% tax will not apply to distributions from a governmental 457 plan, except to the extent the distribution is attributable to an amount you rolled over to that plan (adjusted for investment returns) from another type of eligible employer plan or IRA. Any amount rolled over from a governmental 457 plan to another type of eligible employer plan or to a traditional IRA will become subject to the additional 10% tax if it is distributed to you before you reach age 59 1/2, unless one of the exceptions applies.

Special Tax Treatment If You Were Born before January 1, 1936. If you receive a payment from PBGC that can be rolled and you do not roll it over to a traditional IRA or an eligible employer plan, 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 PBGC benefit that is payable to you after you have reached age 59 1/2 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 1/2 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 the 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 1986 tax rates). 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 you participated in the plan before 1974, you may elect to have the part of your payment that is attributable to your pre-1974 participation 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 your pension plan (or certain other similar plans of the employer), you cannot use this special averaging treatment for later payments from PBGC. If you roll over your payment to a traditional IRA, governmental 457 plan, or 403(b) tax-sheltered annuity, you will not be able to use special tax treatment for later payments from the traditional IRA, governmental 457 plan, or 403(b) tax-sheltered annuity. Also, if you roll over only a portion of your payment to a traditional IRA, governmental 457 plan, or 403(b) tax-sheltered annuity, 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.

D. Required Minimum Payments

Beginning when you reach age 70-1/2 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. Special rules apply if you own more than 5% of your employer. You should consult a tax advisor for more information.

E. Repayment of Plan Loans

If you had an outstanding loan from your pension plan when your plan terminated, PBGC generally will reduce (or “offset”) your benefit payments by the amount of the loan that you have not repaid. The amount of your loan offset may be treated as a distribution to you at the time of the offset and will be taxed unless you roll over an amount equal to the amount of your loan offset within 60 days of the date of the offset. If the amount of your loan offset is the only amount you receive or are treated as having received, no amount will be withheld from it. If you receive other payments from PBGC, the 20% withholding amount will be based on the entire amount paid to you, including the amount of the loan offset. The amount withheld will be limited to the amount of other cash paid to you. In contrast, the amount of a defaulted plan loan that is a taxable deemed distribution cannot be rolled over. If you have an outstanding loan, you should consult a tax advisor to discuss the tax implications.

F. Surviving Spouses and Alternate Payees

In general, the rules summarized above that apply to payments to employees also apply to payments to surviving spouses 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 a court, usually in connection with a divorce or legal separation, and approved by the pension plan or PBGC.

If you are a surviving spouse or an alternate payee, you may choose to have a payment that can be rolled over, as described in this notice, paid in a DIRECT ROLLOVER to a traditional IRA or to an eligible employer plan or paid to you. If you have the payment paid to you, you can keep it or roll it over yourself to a traditional IRA or to an eligible employer plan. Thus, you have the same choices as the plan participant.

If you are a beneficiary other than a surviving spouse or an alternate payee, you cannot choose a direct rollover, and you cannot roll over the payment yourself. (Please contact PBGC if you are a beneficiary other than a surviving spouse, so we can send you the correct application for your payment.)

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 **Section C** above, even if you are younger than age 59½.

If you are a surviving spouse, an alternate payee, or another beneficiary, you may be able to use the special tax treatment for lump-sum distributions as described in **Section C** above. If you receive a payment because of the participant's death, you may be able to treat the payment as a lump-sum distribution if the participant met the appropriate age requirements, whether or not the participant had 5 years of participation in the pension plan.

IV. 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 IRS or a professional tax advisor before you take a payment of your PBGC benefits. Also, you can find more specific information on the tax treatment of payments from qualified employer 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.