

5 TAX WITHHOLDING

FEDERAL TAX WITHHOLDING (if applicable)

Distributions eligible for rollover that are not directed to an eligible rollover account will be subject to mandatory 20% federal tax withholding and may be subject to state tax withholding. Exceptions to mandatory withholding are detailed in the attached Special Tax Notice.

You may elect to modify or waive federal tax withholding **ONLY IF** your distribution qualifies as a:

<ul style="list-style-type: none"> Required minimum distribution (RMD) Withdrawal due to financial hardship Nontaxable distribution (such as a timely removal of an excess contribution) 	<p>If your distribution qualifies under one of the conditions shown at left, please select a federal tax withholding option:</p> <p>1. <input type="checkbox"/> NO federal tax withholding on my 403(b) distribution.</p> <p>2. <input type="checkbox"/> Please withhold based on marital status: <input type="checkbox"/> Single <input type="checkbox"/> Married</p> <p>Allowances: _____ (if no election is made, the withholding rate will be calculated as if you are married and claiming three withholding allowances)</p> <p>Optional: Additional withholding of _____ % (minimum 10%, if elected)</p>
<ul style="list-style-type: none"> Direct rollover (conversion) to a Roth IRA 	<p>If your distribution qualifies as a direct rollover (conversion) to a Roth IRA, please select a federal tax withholding option:</p> <p>1. <input type="checkbox"/> NO federal tax withholding on my 403(b) distribution.</p> <p>2. <input type="checkbox"/> Please withhold: _____ % (minimum 10%, if elected)</p> <p>NOTE: If you are under age 59½, any amounts withheld and not replaced into your Roth IRA within 60 days may be subject to a 10% early distribution penalty.</p>

STATE TAX WITHHOLDING This service is only available to residents of AZ, CA, UT, VT and VA. If you have questions regarding state withholding, please consult with a tax advisor or your state's taxing authority.

If you are a resident of:	State tax withholding policy:
ARIZONA	State tax withholding is permitted (withheld at the state's default percentage rate), but only on periodic payments. You may elect to have state tax withheld by checking this box: <input type="checkbox"/> YES withhold default state tax on periodic payments. Other rates can be requested via submission of Form A-4P.
CALIFORNIA or VERMONT	If federal tax is withheld, and your distribution is not eligible for rollover treatment, state tax withholding is mandatory (withheld at state's minimum) unless you specifically elect not to have state taxes withheld by checking this box: <input type="checkbox"/> NO state tax withholding on my distribution Please note: If your distribution is eligible for rollover and not directed to an eligible rollover account, state tax withholding is mandatory.
UTAH	State tax withholding is permitted whether or not federal tax is withheld. You may elect to have state tax withheld (withheld at the state's minimum) from your distribution by checking this box: <input type="checkbox"/> YES withhold minimum state tax on my distribution
VIRGINIA	<ul style="list-style-type: none"> If federal tax is withheld, and your distribution is not eligible for rollover treatment, state tax withholding is mandatory (withheld at the state's minimum). If federal tax is not withheld, and your distribution is not eligible for rollover treatment, you may still elect to have state tax withheld by checking this box: <input type="checkbox"/> YES withhold minimum state tax on my distribution <p>Please note: If your distribution is eligible for rollover and not directed to an eligible rollover account, state tax withholding is mandatory.</p>

6 PAYMENT, ROLLOVER & CONVERSION OPTIONS

Choose one option from *Payment Options (below)*, *Rollover Options* or *Roth IRA Conversion Options (on the next page)*.

PAYMENT OPTIONS

Send check(s) to me at the address of record

Send check(s) to me at an alternate address:
 Address _____ City _____ State _____ ZIP code _____

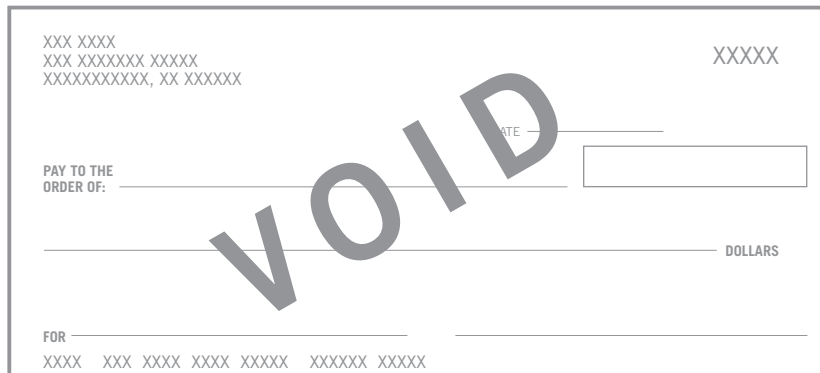
Deposit into a non-retirement Franklin Templeton account:
 Fund number _____ Account number _____

Send money to my bank account via electronic funds transfer:
 Checking Bank name _____ Account number _____
 Savings _____

NOTE: A signature guarantee is required to send distribution checks to an alternate address. See section 7, *Participant's Certification & Authorization*.

NOTE: This is a taxable distribution. To roll over to a Franklin Templeton IRA see *Direct Rollover to a Franklin Templeton IRA* on the next page.

PLEASE TAPE A PREPRINTED VOIDED CHECK OR PREPRINTED SAVINGS ACCOUNT DEPOSIT SLIP. PLEASE DO NOT STAPLE.



6 PAYMENT, ROLLOVER & CONVERSION OPTIONS (cont'd.)

ROLLOVER OPTIONS

Direct Rollover to a Franklin Templeton Traditional IRA: Fund number _____ Account number _____
 If you do not have an existing Franklin Templeton Traditional IRA, please attach a completed IRA Application.

Direct Rollover to a non-Franklin Templeton Traditional IRA or Qualified Plan:

To an IRA Account number _____
 To a Qualified Plan _____

NOTE: A signature guarantee is required for direct rollovers to a new custodian or trustee. See section 7, Participant's Certification & Authorization.

Custodian/Trustee _____ Phone number (____) _____
 Address _____ City _____ State _____ ZIP code _____

ROTH IRA CONVERSION OPTIONS

Conversion to a Franklin Templeton Roth IRA: Fund number _____ Account number _____
 If you do not have an existing Franklin Templeton Roth IRA, please attach a completed IRA Application.

Conversion to a non-Franklin Templeton Roth IRA:

Account number _____

NOTE: A signature guarantee is required for Roth IRA Conversions to a new custodian or trustee. See section 7, Participant's Certification & Authorization.

Custodian/Trustee _____ Phone number (____) _____
 Address _____ City _____ State _____ ZIP code _____

7 PARTICIPANT'S CERTIFICATION & AUTHORIZATION

I certify under penalty of perjury that all information contained herein is true and correct. I hereby acknowledge that I have received and read the *Special Tax Notice* regarding plan distributions and waive the 30-day period that I may use when electing my distribution. I also acknowledge I am eligible to take the requested distribution at this time under the provisions of the FTB&T Custodial Account Agreement and the IRC. I further certify that I am a U.S. person (including a U.S. resident alien). *(Nonresident aliens should cross out the preceding sentence, and if claiming treaty benefits, attach a completed Form W-8BEN with a tax identification number provided by the U.S. Internal Revenue Service.)*

_____ Date (mm/dd/yyyy) _____ Daytime phone number (____) _____
 Signature of Participant

SIGNATURE GUARANTEE STAMP (if required)*

***Your signature must be guaranteed if your distribution will be:**

- over \$100,000
- sent to a new address or any address *other than* the address of record
- made payable to a third party

A NOTARY SEAL IS NOT ACCEPTABLE.

Signatures may be guaranteed by one of the following: (1) national or state banks, savings associations, savings and loan associations, trust companies, savings banks, industrial loan companies, and credit unions; (2) national securities exchanges, registered securities associations, and clearing agencies; (3) securities broker/dealers which are members of a national securities exchange or clearing agency, or which have minimum net capital of \$100,000; or (4) institutions that participate in the Securities Transfer Agent Medallion Program ("STAMP").

Please mail to	WEST COAST	EAST COAST
Regular	Franklin Templeton Bank & Trust, F.S.B. c/o Retirement Services P.O. Box 997153 Sacramento, CA 95899-7153	Franklin Templeton Bank & Trust, F.S.B. c/o Retirement Services P.O. Box 33033 St. Petersburg, FL 33733-8033
Overnight	Franklin Templeton Bank & Trust, F.S.B. c/o Retirement Services 3344 Quality Drive Rancho Cordova, CA 95670-7313	Franklin Templeton Bank & Trust, F.S.B. c/o Retirement Services 100 Fountain Parkway St. Petersburg, FL 33716-1205

A CERTIFICATION OF PERMANENT & TOTAL DISABILITY

One of the following must be provided as proof of your Permanent & Total Disability.

1. Copy of your valid Social Security Award Certificate
2. The certification below completed by your physician

PHYSICIAN'S CERTIFICATION OF PERMANENT & TOTAL DISABILITY I hereby certify that the Participant named on page 1 has become unable to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment that is expected to last at least 12 months, and will be permanent and continuous during the remainder of his/her lifetime. I understand that this will serve as proof of Permanent & Total Disability of the Participant, in order for his/her distributions to be exempt from the IRS' 10% early distribution excise tax.

Physician's signature	Date		
X _____	_____		
Name (please print or type)	Name of hospital/clinic		
_____	_____		
Street address	City	State	ZIP code
_____	_____	_____	_____

3. On file with FTB&T & I certify that it is still valid. **Approximate date submitted:** (Month/Year) _____

B TO BE READ BY PARTICIPANTS REQUESTING FINANCIAL HARDSHIP DISTRIBUTIONS

Hardship Distributions. A participant shall be considered to have encountered financial hardship if the distribution is deemed necessary to satisfy an immediate and heavy financial need.

- (a) A distribution will be deemed necessary to satisfy an immediate and heavy financial need only if the distribution is for:
 - (i) medical expenses described in Code Section 213(d) incurred by the Participant, the Participant's spouse, or any dependents of the Participant (as defined in Code Section 152);
 - (ii) the Participant's purchase (excluding mortgage payments) of his/her principal residence
 - (iii) payment of tuition for the next 12 months of post-secondary education for the Participant, his/her spouse, children or dependents; or
 - (iv) preventing the eviction of the Participant from his/her principal residence or foreclosure on the mortgage of the participant's principal residence;
 - (v) payment of burial or funeral expenses of the Participant's spouse, parent, child or tax dependent; or
 - (vi) the payment for the repair of damage to the Participant's principal residence that would qualify for the casualty deduction under Code Section 165 (determined without regard to whether the loss exceeds 10% of adjusted gross income).
- (b) A distribution will be deemed necessary to satisfy an immediate and heavy financial need if the following requirements are satisfied:
 - (i) the distribution is not in excess of the amount of the Participant's immediate and heavy financial need (as determined under (a) above and including amounts that cover the taxes applicable to the hardship distribution);
 - (ii) the Participant has obtained all distributions, other than hardship distributions, and all nontaxable loans currently available under the Participant's custodial accounts and under all plans maintained by the Employer;
 - (iii) all custodial accounts maintained by the Participant and all deferred compensation plans maintained by the Employer provide that all voluntary contributions by the Participant shall be suspended for at least 6 months after the receipt of the hardship distribution; and
 - (iv) all custodial accounts maintained by the Participant and all plans maintained by the Employer provide that the Participant may not make elective deferrals within the meaning of Code Section 402(g) for the Participant's taxable year immediately following the year of the hardship distribution in excess of the applicable limit imposed on elective deferrals under Code Section 402(g) for such taxable year less the amount of the Participant's elective deferrals for the taxable year of the hardship distribution.
- (c) Income attributed to salary reduction contributions after December 31, 1988, may not be distributed in the case of hardship.
- (d) The Employer or Plan Administrator shall be responsible for certifying the conditions set forth above are met by completing the Employer certification in Section 2 and understands that failure to meet these conditions may jeopardize the tax qualification of the Participant's Custodial Account.
- (e) Beginning in 1999, hardship distributions from 403(b) plans are not eligible rollover distributions.

NOTE: Effective August 17, 2006, the 2006 Pension Protection Act expanded the financial hardship definition to include a financial hardship of the participant's non-spouse, non-dependent beneficiary. Consult your tax advisor for additional information.

C QUESTIONS & ANSWERS ON REQUIRED MINIMUM DISTRIBUTIONS (RMD)

Q-1 When must I begin receiving distributions from my retirement plan?

A-1 In general, you are required to start distributions no later than your “Required Beginning Date” (RBD), which is April 1st of the year following the year you reach age 70½ (your “70½ year”). You must take your second distribution by December 31st of the year following your 70½ year and a minimum distribution every year thereafter. Failure to withdraw the required amount may result in a 50% federal excise tax on the amount not withdrawn by the required date.

403(b) and qualified plan participants (other than 5% owners) who are over age 70½ and still employed are permitted to further delay their minimum distributions until April 1 following the year they retire [IRC §401(a)(9)(C) as amended by the Small Business Job Protection Act of 1996].

Q-2 How is my required minimum distribution calculated?

A-2 Your RMD is based upon a uniform distribution period that is determined by using a single table and using your actual age attained in the distribution year and without regard to whether or not you have named a beneficiary (see exception below for spousal beneficiary who is more than 10 years younger). The IRS table used for determining your distribution period is the Uniform Lifetime Table. To calculate your RMD, the prior year-end (December 31) balance of your account is divided by the applicable divisor in the current Uniform Lifetime Table. The current Table may be found in *IRS Publication 590, Individual Retirement Arrangements*, or on the IRS website, www.irs.gov.

Q-3 If I have designated my spouse as my primary beneficiary, can the minimum distribution amount be based on the joint life expectancy of my spouse and myself?

A-3 If your spouse is your *sole beneficiary* for the entire year AND is *more than 10 years younger* than you are, the Joint Life Expectancy Table may be used to determine your RMD. To calculate your RMD, the prior year-end balance (December 31) of your account is divided by the applicable divisor from the Joint Life Expectancy Table by using the actual ages of you and your spouse in the distribution year. The Joint Life Expectancy Table may be found in *IRS Publication 590, Individual Retirement Arrangements*, or on the IRS website, www.irs.gov.

Q-4 If I have designated my three children as primary beneficiaries of my retirement plan, can the minimum distribution amount be based on the joint life expectancy of myself and the youngest of my three children?

A-4 No. According to the final RMD regulations, even when multiple primary beneficiaries are designated, only your age is used to calculate your RMD by using a divisor that is the same as the divisor in the current Uniform Lifetime Table.

If your beneficiary designation is:	Refer to:
Spouse who is the <i>sole beneficiary</i> for the entire year:	The current Uniform Lifetime Table using your actual age attained in each distribution year. However, if your spouse is <i>more than 10 years younger</i> , refer to the Joint Life Expectancy Tables to find the new life expectancy factor each year by using the actual ages of you and your spouse in the distribution year.
Non-spouse beneficiary or spouse who is <i>not the sole beneficiary</i> :	The current Uniform Lifetime Table using your actual age attained in each distribution year.
Entity (Non-individual):	The current Uniform Lifetime Table using your actual age attained in each distribution year.

Q-5 Can I aggregate the minimum distribution amount of each of my 403(b) Plans held at different institutions, and then withdraw that total amount from only one of my 403(b) Plans?

A-5 Yes, according to IRS Notice 88-38, you may satisfy the minimum distribution requirements by calculating the balance of each 403(b) plan separately, adding together the RMD amounts of all 403(b) plans, and withdrawing the total amount from any one or more of your 403(b) plans.

This Q&A is designed to provide accurate information as of the printing date of this form; however, it should not be relied upon as tax or legal advice. If you have separately maintained records to identify your pre-1987 account balance, special grandfather rules may apply. For tax or legal advice, the services of a tax or legal professional should always be sought.

The rules governing taxation of plan distributions are complex. This summary, required by law, is very general and does not explain all of the factors that must be considered in determining what election to make with respect to a particular distribution. Also, the impact of state taxation is not discussed. You may obtain *IRS Publication 575, Pension & Annuity Income*, from your local IRS office or from the IRS website at www.irs.gov, or consult with a tax advisor for further guidance.

Special Tax Notice

The Internal Revenue Code (“IRC”) provides several complex rules relating to the taxation of distributions you receive from your 403(b) Plan. This notice contains important information you will need *before* you decide how to receive your benefits from your Plan.

1 MANDATORY FEDERAL TAX WITHHOLDING

Plan distributions (excluding direct rollovers) are subject to mandatory federal tax withholding at the rate of 20%, **unless** the distribution is **not** eligible for rollover treatment. Examples of distributions that **cannot** be rolled over are:

1. financial hardship distributions;
2. minimum required distributions;
3. periodic payments over life expectancy or a period of not less than 10 years; and
4. nontaxable distributions (such as a timely removal of an excess contribution).

Special Tax Notice (cont'd.)

2 ROLLOVER TREATMENT

A 403(b) participant may avoid the 20% withholding on an eligible rollover distribution by having it rolled **directly** to an IRA or to an eligible employer plan (see below) that accepts rollovers. This is called a “Direct Rollover”—the distribution will still be reported on a Form 1099-R, but the taxable amount will be zero. If your Direct Rollover is made to an IRA, you may take distributions from the IRA without imposition of the 20% automatic withholding. The 10% early distribution penalty tax (discussed below) may still apply.

An alternative to a Direct Rollover would be to choose to receive an eligible rollover distribution (less the 20% federal tax withholding), and then complete the rollover yourself within 60 days of receipt. The drawback to this, of course, is that unless you have other resources to make up the amount that was withheld, you will owe taxes on that amount.

For example, suppose your distribution was for \$10,000—you would receive a check for \$8,000 (after the 20% withholding). In order to roll over the full amount of the \$10,000 distribution, you would have to come up with the “missing” \$2,000 from other sources, such as from your savings. If you end up rolling over just the \$8,000, you will owe taxes on \$2,000. In addition, you may also be subject to the 10% early distribution tax if you are under age 59½. When you file your tax return, depending on your tax liability, you may receive a refund of all or part of the \$2,000 that was withheld from your distribution.

If an eligible rollover distribution is processed from your 403(b) plan account, you will receive a Form 1099-R reporting the distribution and you will need to reflect the rollover on your tax return. By doing so, you will not be subject to taxes on the portion rolled over.

Eligible Employer Plan

Your payment cannot be rolled over to a SIMPLE IRA or a Coverdell Education Savings Account. 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 pension plan; a section 403(a) annuity plan; a section 403(b) tax-sheltered annuity; and a governmental 457 plan. An eligible employer plan is not required to accept a rollover. Before you decide to roll over your payment to another employer 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.

Your Right to Waive the 30-Day Notice Period

Generally, neither a direct rollover nor a payment can be made from the plan until at least 30 days after your receipt of this notice. Thus, after receiving this notice, you have at least 30 days to consider whether or not to have your withdrawal directly rolled over. If you do not wish to wait until this 30-day notice period ends before your election is processed, you may waive the notice period by making an affirmative election indicating whether or not you wish to make a direct rollover; you may make this election by signing the *Participant’s Certification and Authorization* section of the Franklin Templeton 403(b) Plan Distribution Form. Your withdrawal will then be processed in accordance with your election as soon as practical after it is received in good order by Franklin Templeton Bank & Trust (“FTB&T”).

3 IMPORTANT WITHHOLDING INFORMATION

As discussed above, eligible rollover distributions (unless directly rolled over) are subject to automatic 20% federal tax withholding. Those that are not eligible to be rolled over are still subject to federal withholding from which the participant has the right to elect out of. The standard withholding rate on non-periodic distributions is 10%, and withholding on periodic payments is based on the participant’s marital status and number of allowances indicated on line 2 of the Withholding Election section. (Additional withholding may be chosen, as well.) **You are required to elect out of withholding in order for no withholding to apply to your distribution.**

For periodic payments, your election will remain in effect until you revoke it. You may change or revoke your withholding election as often as you wish by sending a signed letter to FTB&T, at least 15 days before the effective date.

4 EARLY DISTRIBUTION PENALTY

A 10% federal excise tax may apply to a taxable distribution that you receive prior to age 59½ and do not roll over. This penalty tax does not apply if you have separated from service in a year you reached age 55 or older, or you are permanently disabled. Other exceptions include distributions used to pay for deductible medical expenses, substantially equal periodic payments over single or joint life expectancy, and distributions to your beneficiary upon your death. Obtain IRS Form 5329 for further information on this tax.

5 IMPORTANT NOTICE REGARDING PERIODIC PAYMENTS

Code §72(t)(2)(A)(iv) permits participants under age 59½ to receive expectancy payments free from the 10% penalty tax, provided that such payments continue for 5 years from the first payment and through age 59½. IRS Notice 89-25 allows participants to “annuitize” their account over life expectancy (based on an assumed interest rate), enabling them to receive a fixed amount. Those who have elected either of these periodic payment methods pursuant to Code §72(t)(2)(A)(iv) shall be fully responsible for the proper reporting and monitoring of such payments. Requests to modify payment amounts will be accepted in writing only.

6 ERISA-COVERED 403(B) EMPLOYER REQUIREMENTS

The employer of an ERISA-Covered 403(b) Plan may impose certain requirements on the participant before he/she may receive a distribution under the Plan. The participant is responsible for determining and satisfying these requirements, if any, and representing to FTB&T by submitting the 403(b) Plan Distribution Request Form that he/she has obtained employer or authorized plan administrator approval if required for distribution.