403(b)(7) Single Distribution
(Excluding Hardship Withdrawals) Form

Use this form to request a total or partial distribution from your Vanguard 403(b)(7) account. Distributions may be subject to federal income tax withholding and penalties.

To request distributions by installment payments, use the 403(b)(7) Installment Distribution Form. To request an asset transfer, contact the institution where the assets are now. To request a hardship withdrawal, contact us.

If you are requesting a distribution to remove an excess contribution, call us. Do not use this form.

Print in capital letters and use black ink.

1. Participant Information

<table>
<thead>
<tr>
<th>Name first, middle initial, last</th>
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<tbody>
<tr>
<td>Daytime Phone area code, number, extension</td>
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<tr>
<td>Evening Phone area code, number, extension</td>
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<tr>
<td>Social Security Number or Individual Taxpayer ID Number</td>
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2. Reason for Distribution

- You must meet one of the qualifications below to be eligible for a distribution or rollover. Your distribution may be subject to ordinary income tax and may also be subject to a 10% premature distribution penalty.
- To claim an exception from the premature distribution penalty, you must complete IRS Form 5329, Additional Taxes on Qualified Plans (including IRAs) and Other Tax-Favored Accounts.
- For more information about eligible reasons for taking distributions from a 403(b)(7) plan, consult your plan administrator or your tax advisor, or refer to IRS Publications 571, 575, and 590.

Check only one. If you do not check a box or if you check multiple boxes, your distribution may be delayed.

☐ Age 59½ or older. I am age 59½ or older and this is not a required minimum distribution. You are eligible to begin taking distributions at age 59½ even if you continue working.

☐ Divorce. I am the former spouse (alternate payee) of a plan participant and want to take a distribution from the assets I received as a result of a divorce transfer.

☐ Qualified reservist. I am a qualified reservist as defined by the IRS.

☐ Required minimum distribution (RMD). I am age 70½ or older and the distribution amount requested represents all or part of my RMD. If you would like Vanguard to calculate and/or distribute your RMDs for you, call us to request information about our free RMD Service.

☐ Severance from employment. I am no longer employed by the employer sponsoring the plan.

☐ Total and permanent disability. I am totally and permanently disabled as defined by the IRS.

☐ Plan termination. My employer has terminated the plan.

☐ Death. I am the owner of a 403(b)(7) beneficiary account and would like to take a distribution from the assets I received following the plan participant’s death.
3. Distribution Options

You have two options for distributing your assets: Option A (on pages 2 and 3) and Option B (on pages 3 and 4). Check and complete one.

☐ Option A. By Direct Rollover

- Complete this section only if you are electing a direct rollover of your Vanguard 403(b)(7) account to another retirement account and have checked a qualifying reason other than RMD in Section 2.
- If you are age 70½ or older or will reach age 70½ this year, make sure you have satisfied your RMD amount before initiating a rollover.
- You cannot choose this option if you indicated an RMD in Section 2. RMD amounts are not eligible to be rolled over.
- Recent contributions to your account are generally not available for distribution until the tenth business day after we receive them.

Amount of Rollover (Reason Code G). Check one.

☐ Roll over all.  Vanguard 403(b)(7) Account Number

☐ Roll over part:

<table>
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<tr>
<th>Fund Number</th>
<th>Dollar Amount $ or Percentage .0% or Number of Shares</th>
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</tbody>
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Account to Receive Your Rollover. Check A, B, C, D, or E.

If you roll over the assets to a Roth IRA, the rollover will generally be considered a conversion and is therefore treated as a taxable distribution (generally in the year the conversion takes place). Important: You are not eligible to roll over your distribution to a Roth IRA if either of the following applies:

- You are married and filing separately.
- You are a single filer or married and filing jointly, and your own or your combined modified adjusted gross income (MAGI) in the year of conversion is more than $100,000 (not counting the amount of the assets you plan to convert). See IRS Publication 590 for the definition of MAGI.

☐ A. New Vanguard Traditional IRA. Complete a Rollover IRA Form and mail it with this form.

☐ B. New Vanguard Roth IRA. Complete a Rollover IRA Form and mail it with this form.

☐ C. Existing Vanguard IRA® (same funds). Your assets will be invested in the same funds and proportions as in your existing Vanguard 403(b)(7) account.

Vanguard Account Number
D. Existing Vanguard IRA (different funds). Your assets will be invested as you indicate below.

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<tr>
<th>Fund Number</th>
<th>Dollar Amount</th>
<th>or Percentage</th>
<th>or Number of Shares</th>
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If you need more space to list additional funds, provide the information on a separate sheet.

E. Retirement account held at another institution. Indicate the type of plan and provide the custodian/plan information below. Important: Before selecting this option, check with the receiving plan to determine whether it accepts rollovers from 403(b)(7) accounts and if additional paperwork is required.

Type of plan. Check one.

- Traditional IRA
- 403(b)
- Inherited Traditional IRA
- State teacher retirement plan
- Other employer-sponsored plan
- Roth IRA
- Inherited Roth IRA
- Government 457(b)

Custodian/plan information. You must complete this entire section.

Name of IRA Custodian or Employer-Sponsored Plan (Payee)

<table>
<thead>
<tr>
<th>Account Number</th>
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<tbody>
<tr>
<td>Street or P.O. Box</td>
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<tr>
<td>City, State, Zip</td>
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<tr>
<td>Telephone Number</td>
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Option B. By Check or by Deposit to a Nonretirement Account

- Complete this section only if you want either to have Vanguard mail a check for the amount of your distribution or to have your distribution amount transferred to a Vanguard nonretirement account.
- Recent contributions to your account are generally not available for distribution until the tenth business day after we receive them. If the account balance in any of the funds you indicate is less than your requested amount (because of market fluctuations, for example), we will distribute the entire account balance in that fund as a lump-sum payment.
**Amount of Distribution.** *Check one.*

- Distribute all.
- Distribute part:

  **Vanguard 403(b)(7) Account Number**

<table>
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<th>Dollar Amount $</th>
<th>Percentage</th>
<th>Number of Shares</th>
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- How You Want to Receive Your Payment. *Check A, B, C, or D.*

  - **A. Mail check to my address of record.** Make the check payable to me and mail to my address of record.

  - **B. Make check payable to me and mail check to a different address.** A signature guarantee is required in Section 5.

  **Street**

  **City, State, Zip**

  - **C. Deposit my distribution in the following Vanguard nonretirement account that lists me as sole or joint account owner, investing the proceeds in the same funds and proportions as in my existing Vanguard 403(b)(7) account.**

  **Vanguard Account Number**

  - **D. Deposit my distribution in the following Vanguard nonretirement fund accounts that list me as sole or joint account owner.**

<table>
<thead>
<tr>
<th>Fund Number</th>
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<th>Dollar Amount $</th>
<th>Percentage</th>
<th>Number of Shares</th>
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- If you need more space, attach a separate sheet.
4. Income Tax Withholding Election  Skip this section if you selected Option A (By Direct Rollover) in Section 3.

- Regardless of your withholding election, you are responsible for paying any tax due on the taxable portion of your distribution.
- You may be subject to penalty taxes if federal and state taxes are due and either your estimated tax payments or the amount of tax you have withheld is insufficient under IRS rules or your state’s rules.
- Your withholding for federal and state taxes cannot exceed 100% of your distribution.

Federal Income Tax Withholding

- All distributions (except RMDs, rollovers, and hardship withdrawals) are subject to mandatory 20% income tax withholding, as explained in the accompanying Special Tax Notice.
- Distributions that are not eligible to be rolled over, such as RMDs, are not subject to mandatory withholding. However, these distributions are subject to federal income tax withholding at a rate of 10% unless you check the “Do not withhold” box or specify a higher amount below.
- Distributions to nonresident aliens and U.S. persons living outside of the U.S. will be subject to mandatory withholding.

Check this box if you selected RMD in Section 2.

☐ Check this box (and one of the two boxes below) if your distribution represents an RMD, and is therefore not eligible to be rolled over.

If you do not check a box, Vanguard will withhold 10% of the entire amount.

☐ Do not withhold federal income tax from my distribution.

☐ Withhold at a rate of ______ %, The rate must be at least 10%.
State Income Tax Withholding

If you have questions regarding state withholding, contact your tax advisor or your state’s taxing authority. If you are not a resident of one of the following states, skip to Section 5.

- If federal tax is withheld and you are a resident of Iowa, Kansas, Maine, Massachusetts, Nebraska, or Oklahoma, Vanguard will automatically withhold the minimum required by your state unless you specify a higher amount below.

- If federal tax is withheld and you are a resident of Delaware, North Carolina, or Vermont, Vanguard will automatically withhold the minimum required by your state unless you specify a higher amount below. However, if your distribution is not eligible to be rolled over (because it’s an RMD, for example), you may check the “Do not withhold” box.

- If federal tax is withheld and you are a resident of Arkansas, state tax withholding is mandatory unless your distribution is not eligible to be rolled over (because it’s an RMD, for example). Vanguard will automatically withhold the minimum required by your state unless you specify a higher amount below.

- If federal tax is withheld and you are a resident of California, state tax withholding is mandatory unless you specifically elect not to have tax withheld. Vanguard will automatically withhold the minimum required by your state, unless you either check the “Do not withhold” box or specify a higher amount below.

- If federal tax is withheld and you are a resident of Mississippi, state tax withholding is mandatory if your distribution is subject to the federal early withdrawal penalty. Vanguard will automatically withhold the minimum required by your state unless you specify a higher amount below.

- If federal tax is withheld and you are a resident of Maryland, state tax withholding is mandatory unless your distribution is not eligible to be rolled over (because it’s an RMD, for example). Vanguard will automatically withhold the minimum required by your state, unless you specify a higher amount below. If withholding is not mandatory, you may still elect your state withholding at any rate or dollar amount you choose.

Provide your state of residence, if applicable.

| Vanguard will use the address on your account to determine state withholding requirements. If the state listed on your account is not your legal state of residence, provide that information here. | State of Residence |

Check one.

- [ ] Do not withhold state income tax from my 403(b)(7) distribution.

- [ ] Withhold my state’s minimum requirement.

- [ ] Withhold this amount (Vanguard will withhold at least your state’s minimum requirement): % or $
5. Signature and Authorization  Read carefully before signing.

Participant Signature  required

Important: If you elected in Section 3B to have the check mailed to a different address, a signature guarantee is required. Do not sign below until you are in the presence of the authorized officer. Note: If you elected a direct rollover in Section 3A, a signature guarantee is not required.

I hereby certify that I have satisfied the reason for taking a distribution chosen in Section 2 and that I am eligible to take a distribution in accordance with the terms of my employer's plan.

I hereby instruct Vanguard to distribute my 403(b)(7) account as indicated on this form. I acknowledge that I have received and read the accompanying Special Tax Notice. I certify, under penalties of perjury, that I am a U.S. person or a U.S. resident alien, and that my Social Security number or individual taxpayer identification number (ITIN) as shown on this form is correct; or that I am a nonresident alien and have provided my U.S. TIN and attached IRS Form W-8BEN to claim treaty benefits, if applicable.

| Signature of Participant | Date  mm/dd/yyyy |

Signature Guarantee/Medallion Signature Guarantee  if required

You can get a signature guarantee from an authorized officer of a bank, broker, and many other financial institutions.

A notary public CANNOT provide a signature guarantee.

The administrator must sign if your plan is subject to ERISA.

For non-ERISA plans, the signature of an administrator is required only if you are under age 59½ and selected qualified reservist, severance from employment, or total and permanent disability in Section 2.

If you are unable to obtain your administrator's signature, call us.

| Signature of Authorized Officer of Guarantor | Guarantee Stamp |
| Authorized Officer's Title |
| Name of Institution |
| Date  mm/dd/yyyy |

Applies to signature of participant.

Administrator Authorization  required for all distributions described at left

I hereby certify that the participant has satisfied the distribution reason chosen in Section 2, and that the plan permits distributions for such reason. I understand that if the accounts referenced above are part of an employee benefits plan subject to Title I of the Employee Retirement Income Security Act (ERISA), it is my responsibility to ensure that the plan complies with Title I of ERISA, including the qualified joint and survivor annuity requirements.

| Name of Administrator  first, middle initial, last | Title of Administrator |

| Signature of Administrator | Date  mm/dd/yyyy |
Mailing Information

Make a copy of your completed form for your records.
Mail your completed form and any attached information in the enclosed postage-paid envelope.

If you do not have a postage-paid envelope, mail to:
Vanguard
P.O. Box 1110
Valley Forge, PA 19482-1110

For overnight delivery, mail to:
Vanguard
455 Devon Park Drive
Wayne, PA 19087-1815
Vanguard® 403(b)(7) Custodial Account
Single Distribution Request
## Tips for Determining Eligibility to Take Distributions From 403(b)(7) Accounts

In order to take a distribution from your 403(b)(7) account, you must meet one of the conditions described below.

<table>
<thead>
<tr>
<th>Reason for Distribution</th>
<th>Explanation</th>
<th>Eligible for Rollover?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Age 59 ½ or older</strong></td>
<td>You may begin taking distributions at age 59 ½ even if you continue working. Contributions and investment earnings are taxed as ordinary income at the time of withdrawal.</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Termination of employment</strong></td>
<td>You may take a distribution anytime after you terminate employment. However, a 10% premature distribution penalty may apply, unless you meet an exception under the Internal Revenue Code.*&lt;br&gt;Consult your tax advisor for additional information.</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Total and permanent disability</strong></td>
<td>You may take a distribution without penalty only if your disability is total and permanent as defined by the IRS.*</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Hardship withdrawal</strong></td>
<td>You may request a hardship withdrawal for only the following reasons a “hardship” is defined as an immediate and heavy financial need when no other funds are available to you:&lt;br&gt;• Purchase of a primary residence.&lt;br&gt;• Payment of expenses to prevent eviction from or foreclosure on your primary residence.&lt;br&gt;• Payment of postsecondary education expenses.&lt;br&gt;• Payment of unreimbursed medical expenses.&lt;br&gt;• Payment of funeral expenses for your parent, spouse, children, or dependents.&lt;br&gt;• Payment of expenses for repair of damage to your principal residence.</td>
<td>No**</td>
</tr>
</tbody>
</table>

### Withdrawal limit

Your hardship withdrawal may not exceed the amount necessary to satisfy the financial need plus any federal, state, or local tax incurred on the withdrawal. In addition, the amount of your hardship withdrawal cannot exceed the total of your salary-reduction contributions to the 403(b)(7) account (excluding earnings), reduced by any previous hardship withdrawals you’ve taken. There may be further limitations under your employer’s particular plan. Vanguard will calculate the amount available for hardship withdrawal based on your retirement plan assets held at Vanguard.

*Note: Once you take a hardship withdrawal, you are required to suspend deferral contributions for six months. Check with your plan administrator if you have any questions.*

### Tax treatment

Hardship withdrawals are subject to ordinary income tax and may also be subject to a 10% penalty tax for early withdrawal. Consult your tax advisor before you request a hardship withdrawal.*

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*To claim an exception from the premature distribution penalty, you must complete IRS Form 5329.

**For more information, consult IRS Publication 571, Tax-Sheltered Annuity Plans, and IRS Publication 575, Pension and Annuity Income. Both are available at www.irs.gov.
Important Information Regarding Hardship Withdrawals

Vanguard will calculate the amount available for hardship withdrawal based on your retirement plan assets held at Vanguard.

If you have questions that are not addressed below, contact your plan administrator or tax advisor. You may also consult IRS Publication 590, Individual Retirement Arrangements, and Publication 571, Tax-Sheltered Annuity Plans. Both are available at www.irs.gov.

How do I know if I am eligible for a hardship withdrawal?

A hardship withdrawal is defined as an immediate and heavy financial need when no other funds are available. You may request a hardship withdrawal only for one of the following reasons:

- Purchase of a primary residence.
- Payment of expenses to prevent eviction from or foreclosure on your primary residence.
- Payment of education expenses (postsecondary).
- Payment of unreimbursed medical expenses.
- Payment of funeral expenses for your parent, spouse, children, or dependents.
- Payment of expenses for repair of damage to your principal residence.

What is the maximum I can withdraw because of financial hardship?

The amount of a hardship withdrawal may not exceed the amount necessary to satisfy the financial need and any federal, state, and local taxes that will result from the withdrawal.

How much money in my 403(b)(7) account is available for a hardship withdrawal?

Not all money in your account is available for a hardship withdrawal. Generally, the amount of your hardship withdrawal may not exceed the total of your salary-reduction contributions to the 403(b)(7) plan (excluding earnings) reduced by previous hardship withdrawals.

The amount of your 403(b)(7) assets eligible to be withdrawn for financial hardship is subject to limitations under the Vanguard 403(b)(7) Custodial Account Agreement and, where applicable, your employer plan. In addition, once you take a hardship withdrawal, you may be required to suspend deferral contributions for six months. To determine the amount available for a hardship withdrawal and to learn about contribution restrictions that may apply, contact your plan administrator.

Will I be taxed or penalized on my hardship withdrawal?

Yes. Hardship withdrawals are subject to ordinary income tax and may also be subject to a 10% penalty tax for early withdrawal. Consult your tax advisor before you request a hardship withdrawal.

Can I roll over my hardship withdrawal into an IRA or a qualified retirement account?

No. Consult the accompanying Special Tax Notice to determine the types of distributions that are eligible for a rollover into an IRA.
Special Tax Notice Regarding 403(b)(7) Plan Payments

This notice explains how you can continue to defer federal income tax on your retirement savings in your Vanguard® 403(b)(7) Custodial Account (the “Plan”). It contains important information you will need before you decide how to receive your Plan benefits.

Vanguard is providing you this notice because all or part of your Plan distribution may be eligible for a rollover to a traditional IRA or an eligible employer plan. A rollover is a payment of all or part of your savings to another plan or IRA that allows you to continue to postpone taxation of those savings until they are paid to you. Your payment cannot be rolled over into a Roth IRA, a SIMPLE IRA, or an Education Savings Account (formerly known as an Education IRA). An “eligible employer plan” is any plan qualified under section 401(a) of the Internal Revenue Code, including a 401(k) plan, a profit-sharing plan, a defined benefit plan, a stock bonus plan, a money purchase pension plan, a 403(b) annuity plan, a 403(b) tax-sheltered annuity, and an eligible 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 savings 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 must 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 choose instead to roll your distribution over to a traditional IRA or to 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 this Plan.

If you have questions after reading this notice, contact your Plan Administrator or call a Vanguard retirement specialist at 1-800-662-2003 on business days from 8 a.m. to 7 p.m., Eastern time.

Summary

A Plan payment that is eligible for a rollover can be taken in two ways. You can have all or a portion of your payment (1) paid as a direct rollover to a traditional IRA that you establish or to an eligible employer plan that accepts rollovers or (2) 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 an Education Savings Account.

• The taxable portion of your payment will be taxed when you take distributions from 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 your received a taxable distribution from this plan.

If you choose to have the payment paid to you:

• You will receive only 80% of the taxable amount of the payment because Vanguard is required to withhold 20% of that amount for 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. If you receive the payment before age 59½, you may have to pay an additional 10% federal penalty tax.

• You can roll over all or part of the payment by paying it to your traditional IRA or to an eligible employer plan that accepts your rollover within 60 days after you receive the payment. The amount that is rolled over will not be taxed until you take distributions from the traditional IRA or the eligible employer plan, generally at retirement.

• If you want to roll over 100% of the payment to a traditional IRA or to 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 not rolled over.

Your Right to Waive the 30-Day Notice Period

Generally, neither a direct rollover nor a payment from the Plan can be made until 30 days after you receive this notice. Thus, after receiving this notice, you have at least 30 days to consider whether or not to elect a direct rollover. If you do not want to wait until the 30-day notice period ends to make your choice, you may waive the notice period by filing an affirmative election indicating whether or not you want to make a direct rollover. Your withdrawal will be processed in accordance with your election after your distribution request is authorized by your Plan Administrator, if applicable, and received by Vanguard.

Additional Guidance

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2. Direct Rollovers ............................................... 2
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4. Surviving Spouses, Alternate Payees, and Other Beneficiaries ......................................................... 3
5. How to Obtain More Information .............................. 4
1. Payments That Can and Cannot Be Rolled Over

Payments from the Plan may be “eligible rollover distributions.” This means that they can be rolled over to a traditional IRA or to an eligible employer plan that accepts rollovers. Payments from a plan cannot be rolled over to a Roth IRA, a SIMPLE IRA, or an Education Savings Account. Your Plan Administrator should be able to tell you what portion of your payment is an eligible rollover distribution.

After-tax contributions. If you made after-tax contributions to the Plan, these contributions may be rolled into either a traditional IRA or to another 403(b) tax-sheltered annuity that accepts rollovers of the after-tax contributions. (After-tax contributions generally are contributions you made from your own pay that were already taxed.) The following rules apply:

a. Rollovers into a traditional IRA. You can roll over your after-tax contributions to a traditional IRA either directly or indirectly. Your Plan Administrator should be able to tell you how much of your payment is taxable 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 then to report to the IRS on the applicable forms, the amount of the 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 an employer plan.

b. Rollovers into an employer plan. You can roll over after-tax contributions from a section 403(b) tax-sheltered annuity to another section 403(b) tax-sheltered annuity using a direct rollover if the other tax-sheltered annuity provides separate accounting for amounts rolled over, including separate accounting for the after-tax employee contributions and the earnings on those contributions. You cannot roll over after-tax contributions to a governmental 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 Vanguard 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 employer plan.

The following types of payments cannot be rolled over:

Payments spread over long periods. You cannot roll over a payment if it is part of a series of equal (or almost equal) payments that are made at least once a year and that will last for any of the following:

- Your lifetime (or life expectancy).
- Your lifetime and your beneficiary’s lifetime (or joint life expectancies).
- A period of ten years or more.

Required minimum distributions. Beginning in the year you reach age 70½ or retire, whichever is later, a certain portion of your payment cannot be rolled over because it is a “required minimum distribution” that must be paid to you.

Hardship withdrawals. A hardship withdrawal cannot be rolled over.

Corrective distributions. A distribution that is made because legal limits on certain contributions were exceeded cannot be rolled over.

2. Direct Rollovers

A direct rollover is a direct payment of the amount of your Plan savings to a traditional IRA or to an eligible employer plan that will accept it. You can choose a direct rollover of all or a portion of your payment that is an “eligible rollover distribution” (as described in Section 1). If you choose a direct rollover, you are not taxed on--and income tax withholding will not apply to--any taxable portion of your payment until you withdraw it from the traditional IRA or the eligible employer plan.

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, such as Vanguard) to find out how to have your payment made in a direct rollover to a traditional IRA at that institution. If you’re unsure of how to invest your money, you can temporarily establish a traditional IRA to receive the payment. However, you may wish to consider whether the traditional IRA you select will allow you to later move all or a part of your payment to another traditional IRA without penalties or 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 another employer’s plan. If you now work for 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. If your new employer’s plan will not accept a rollover, you can still 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 the new employer plan before making your decision.

Direct rollover of a series of payments. If you elect to receive eligible rollover distributions in a series of payments lasting less than ten years, your choice to make or not make a direct rollover for a particular payment will apply to all later payments in the series. However, you are free to change your election at any time.
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 may be different than if you received your benefit in a taxable distribution directly from the Plan. (See Section 3, “Additional 10% tax if you’re younger than age 59 1/2.”)

3. Payments to You

If your payment is eligible for rollover (see Section 1) and you elect to receive it in cash, the taxable portion is subject to mandatory 20% federal income tax withholding. The payment is also taxed as income 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.

Mandatory withholding. If all or a portion of your payment can be rolled over as described in Section 1 and you choose to have the amount paid to you, the Plan is required by law to withhold 20% of the taxable amount for the IRS. For example, if you can roll over a taxable payment of $10,000, only $8,000 will be paid to you, because the Plan must withhold $2,000 as income tax. When you prepare your income tax return for the year, unless you roll over $10,000 within 60 days (see “60-day rollover option” below), you must report the full $10,000 as a taxable payment from the Plan. You report the $2,000 as tax withheld, and it will be credited against any income tax you owe for the year.

Voluntary withholding. If any portion of your payment is taxable but is not eligible for rollover as described in Section 1, the mandatory withholding rules described above do not apply. In this case, you may elect not to have withholding apply to that portion. To elect out of withholding, complete the appropriate section of the distribution form. If you do not elect out of withholding, 10% will be taken out of the portion of your payment for federal income tax withholding.

60-day rollover option. If you receive a payment that is eligible for rollover as described in Section 1— and fewer than 60 days have passed since you received the payment—you can still roll over all or part of the payment to a traditional IRA or to an eligible employer plan that accepts rollovers. 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. If you hold the money 60 days or longer, you must pay current income taxes and a 10% federal penalty tax if you’re younger than age 59 1/2. Also, these funds will no longer be eligible for deposit into another plan.

You can roll over up to 100% of the payment you received, including an amount equal to the 20% federal income tax that was withheld at the time of withdrawal. However, within 60 days of the rollover, you must find other money to contribute to the traditional IRA or the eligible employer plan to replace the 20% that was withheld. If you roll over only the 80% that you received, you will be taxed on the 20% that was withheld and not rolled over.

Example: The taxable portion of your payment that can be rolled over (as described in Section 1) 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 $10,000 amount to a traditional IRA or to an eligible employer plan. To do this, you roll over the $8,000 you received from the Plan, but you will have to find $2,000 from other sources (for example, your savings or a loan). In this case, the entire $10,000 will not be taxed until you take distributions from the traditional IRA or eligible employer plan, generally at retirement. 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.

But if you roll over only $8,000, the $2,000 you did not roll over is taxed in the year it is 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’re younger than age 59 1/2. If you receive a payment before you reach age 59 1/2 and you do not roll it over, in addition to regular income tax, you may have to pay a tax equal to 10% of the taxable portion of the payment. The additional 10% tax does not apply to your payment if it (1) is paid to you because you separate from service with your employer during or after the year you reach age 55, (2) is paid because you retire due to disability, (3) is paid to you as equal or almost equal payments over your life or life expectancy (or over your and your beneficiary’s lives or life expectancies). (4) is paid directly to the government to satisfy a federal tax levy, (5) is paid to an alternate payee under a qualified domestic relations order, or (6) does not exceed your deductible medical expenses. See IRS Form 5329 for more information on the 10% federal penalty tax.

4. Surviving Spouses, Alternate Payees, and Other Beneficiaries

In general, the rules summarized above that apply to payments to employees also apply to payments to surviving spouses of employees and to spouses or former spouses who are alternate payees. You’re an alternate payee if your interest is 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.

- **If you’re a surviving spouse, or a spouse or former spouse who is an alternate payee,** you may choose to have a payment that can be rolled over (as described in Section 1) paid as 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 employee.

- **If you’re a beneficiary other than the surviving spouse,** or a spouse or former spouse who is an alternate payee, you cannot choose a direct rollover and you cannot roll over the payment yourself.
If you’re a surviving spouse, an alternate payee, or another beneficiary, your payment is generally not subject to the 10% federal penalty tax described in Section 3, even if you’re younger than age 59½.

5. How to Obtain More Information

This notice summarizes only the federal (not state or local) tax rules that may 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 a professional tax adviser before you take a payment of your savings from the Plan. Also, you can find more specific information on the tax treatment of payments from qualified retirement plans in IRS Publication 575, Pension and Annuity Income, IRS Publication 571, Tax-Deferred Annuity Plans (403(b) Plans) for Employees of Public Schools and Certain Tax-Exempt Organizations, and IRS Publication 590, Individual Retirement Arrangements. You can obtain these publications from your local IRS office, on the IRS website at www.irs.gov, or by calling 1-800-TAX-FORM.