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Bechtel Trust & Thrift Plan

Rollover Process

When you are ready to leave Bechtel, or when you reach age 59½ or older, you have several options when it comes to removing your money from the Bechtel Trust & Thrift Plan. You may transfer all or part of your balance to:

- A retirement account at an outside financial institution that offers IRAs.
- Another employer's qualified retirement plan.
- An account at your financial institution (cash distribution).

This brochure specifically addresses rollovers into IRAs, which will help maintain your account's tax-deferred status, likely give you many more investment options to consider and perhaps allow you to continue to contribute funds to your account.

The Bechtel Trust & Thrift Plan offers the opportunity to roll over your entire balance, or just a portion. (However, minimum required distributions that are being taken after you reach age 70½ are not eligible for rollover.)

To make a rollover, take the following steps.

As with any financial decision, you are encouraged to discuss moving money between accounts, including rollovers, with a financial advisor and to consider costs, risks, investment options and limitations prior to investing.

Step 1: Identify the various sources of money you have in your Bechtel Trust & Thrift Plan account

Different types of money may have different tax treatments when you make your rollover, so it is important that you first understand the types of money that are in your Bechtel Trust & Thrift Plan account.

You may have some or all of the following types of money in your account:

- Employee pretax
- Pre-87 after-tax
- Post-86 after-tax
- Company match
- Trust
- Roth 401(k)
- Rollover
- Qualified non-elective employer contribution (QNEC)
- In-plan Roth conversion

To find out what sources of money you have and the amount you have in each, take these steps:

1. Log on to **trustandthrift.com**.
2. From the home page, click on the *Trust & Thrift Plan* link.
3. Click on the *Balance* link from the navigation list on the left.
4. The page will display a list of the sources and vested amounts that you have in each.

Step 2: Decide what type of rollover you want to make

Following are general guidelines about the types of rollovers you can make with various types of money:

- **Pretax sources** (i.e., Your pretax contributions, company match and trust contributions) may be rolled over as follows:
 - To a traditional IRA, in which case taxes will continue to be deferred.
 - To a Roth IRA, subject to taxes on the amount as ordinary income.
- **Roth 401(k)** money may only be rolled over to a Roth IRA.
- **Pre-1987 after-tax and post-1986 after-tax** money may be rolled over as follows:
 - The after-tax basis portion of your money may be rolled over to a Roth IRA, or taken in cash without incurring any taxes.
 - Any earnings on your after-tax money may be rolled over to a Roth IRA or to a traditional IRA.
 - To find out your after-tax basis portion and the earnings on that amount, call Empower Retirement at **800-477-6221**. The TTY number for those with a hearing impairment is 800-345-1833 and the international number is 303-737-7249 (collect).

You may choose to take either a full or a partial rollover from your account. If you choose to take a partial rollover, the sources of money that are available for rollover and the order in which you must take from those sources depend on the type of rollover you will be requesting and which sources of money you wish to access first.

Partial rollover to a Roth IRA — and you want to roll over your Roth money

Money will be taken pro rata from the following sources:

1. Roth 401(k)
2. Roth rollover
3. In-plan Roth conversion

Partial rollover — and you want to take pretax monies first

Money will be taken pro rata from the following sources:

1. Employee pretax
2. Company match
3. Trust
4. 401(k) rollover
5. QNEC
6. IRA rollover
7. 457 rollover
8. 403(b) rollover

Partial rollover — and you want to take after-tax monies first

Money will be taken pro rata from the following sources:

1. Pre-87 after-tax
2. Post-86 after-tax
3. Rollover pre-87 after-tax
4. Rollover post 86 after-tax

Step 3: Open an IRA account at your third-party financial institution

Once you've determined the amount and types of money you have and wish to roll over, open an account at the third-party financial institution of your choice.

Step 4: Call Exmpower to request your rollover

You may reach Empower Retirement at **800-477-6221**. The TTY number for those with a hearing impairment is 800-345-1833 and the international number is 303-737-7249 (collect). When you call, please be prepared to provide the following information:

- Dollar amount and type of rollover you are requesting (i.e., traditional or Roth).
- Name and address of your rollover institution.

- Your IRA account number(s).
- Name of the institution to whom your rollover check should be made payable.

Many rollovers can be initiated with just a call, but depending on the type of rollover you are requesting, you may need to complete a Separation From Employment Withdrawal Request or other type of paperwork. An Empower representative can discuss your options with you.

What are my options?

Please keep in mind that everyone's individual circumstances are unique, and no one rollover approach, type of IRA, tax treatment or financial institution will be best for everyone. You are encouraged to discuss rolling money from one account to another with your financial advisor/planner and to consider any potential fees and/or limitations of available investment options.

If you would like to discuss the amounts and sources of money available to you as a rollover or initiate a rollover call Empower at **800-477-6221**. The TTY number for those with a hearing impairment is 800-345-1833 and the international number is 303-737-7249 (collect). Empower representatives are available weekdays between 7 a.m. and 9 p.m. Central time.

Frequently asked questions about rollovers

What forms do I have to complete to request a rollover?

Many rollovers can be initiated with just a call, but depending on the type of rollover you are requesting, you may need to complete a Separation From Employment Withdrawal Request or other type of paperwork. Rollovers can be initiated by calling and speaking with an Empower representative at **800-477-6221**. The TTY number for those with a hearing impairment is 800-345-1833 and the international number is 303-737-7249 (collect).

Can I elect to roll over any one source of money or specify the combination of sources?

Generally, no. If you are taking a partial distribution of your account, the way in which the money will be taken from your account for the rollover will follow a specific order (see page 2). However, you can choose whether you want pretax or after-tax sources taken first. If you have Roth money that you wish to roll over to a Roth IRA, your Roth money will be taken first.

Can I roll over my regular after-tax money only?

If you want to roll over only your after-tax money, you will need to elect a partial rollover and request that after-tax money be taken first. If your goal is for your rollover to include ONLY after-tax money, make sure that the amount of the rollover you request does not exceed the amount of after-tax money you have in your account.

How can I find out the amount of my after-tax basis and the earnings on after-tax amounts in my account?

You can obtain this information by calling Empower at **800-477-6221**. The TTY number for those with a hearing impairment is 800-345-1833 and the international number is 303-737-7249 (collect).

If I roll over the money just from my after-tax sources, do I have to pay taxes on the earnings? Or do the earnings roll over and then become taxable later?

If you request a rollover or distribution of after-tax source money, no taxes are withheld on the basis portion of that money because taxes have already been paid on them. The earnings would be taxable when you withdraw them from your rollover IRA (or from another employer's qualified plan if you choose to do that). The after-tax basis amount and earnings can be handled in a variety of ways, including but not limited to:

The after-tax basis amount can be rolled to a Roth rollover IRA, with the earnings rolled to a traditional rollover IRA.

- The after-tax basis can be taken as a cash distribution and the earnings rolled to a traditional IRA or another employer's qualified plan.
- The after-tax basis AND earnings can be rolled to a traditional Rollover IRA, in which case you would be responsible for tracking the after-tax basis amount on your own.

Please note that you are not able to take your after-tax basis money only — rather, money is taken pro rata from the after-tax source, which consists of the basis amount and earnings. Please contact Empower to discuss your specific situation and options.

If I request a rollover of my entire account, what happens from a tax perspective?

The answer depends on the sources of money you have in your account and the type(s) of IRA(s) to which you choose to have your account rolled over.

Generally, pretax sources of money (including any earnings on your after-tax money) that are rolled to a pretax IRA will not be taxed until you withdraw them, at which time you will owe ordinary income taxes. After-tax monies are generally distributed on a tax-free basis since you have already paid taxes at the time you made the contribution. If you want to continue to let your after-tax contributions grow with tax-free earnings, you can roll them over to a Roth IRA.

Then you can either take the after-tax money (with no taxes owed as you have already paid them) as a lump-sum distribution, or you can roll it over to a Roth IRA. With a Roth IRA, any earnings on that Roth IRA would be distributable on a tax-free basis after they've been in the IRA for five years.

Do I need to open more than one rollover IRA if I want to roll over my entire account?

The answer depends on the types of money you have in your Bechtel Trust & Thrift Plan account. If you have pretax sources and want to maintain your tax-deferred status, you must open a pretax IRA to accept the rollovers of your pretax money.

That pretax rollover IRA can also accept rollovers of investment earnings on any after-tax sources you have. If you have after-tax money that you wish to roll over, you'll need to open a Roth IRA to accept those sources. The advantage of your Roth IRA is your future earnings on that Roth IRA will be distributable on a tax-free basis after a five-year waiting period.

Do beneficiaries have the same rollover options as a regular plan participant?

Yes, although certain differences apply to non-spouse beneficiaries. However, additional documentation is required for beneficiaries to request rollovers or other types of distributions from the Bechtel Trust & Thrift Plan. Beneficiaries requesting any type of distribution from the Plan should contact Empower at **800-477-6221** to request a Beneficiary Distribution Form. The TTY number for those with a hearing impairment is 800-345-1833 and the international number is 303-737-7249 (collect).

I am not a U.S. citizen — is there anything special I need to know about rollovers?

If you are not a U.S. citizen, different tax laws and rates may apply to distributions from the Plan, including rollovers. You may be required to submit a form W-8BEN in order to proceed with your rollover. The W-8BEN may also entitle you to a reduced withholding rate based on the tax treaty in place with the country you've named for permanent residency. Before you make a request for a rollover or any other distribution type, contact Empower at **800-477-6221** to discuss your circumstances and options. The TTY number for those with a hearing impairment is 800-345-1833 and the international number is 303-737-7249 (collect).

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