Withdrawal processing

OVERVIEW
A plan document defines when participants may withdraw money from their retirement account.

- **In Service Withdrawals:** Plans may allow their actively employed participants to take withdrawals when they reach retirement age (as defined by the IRS) or when they experience a plan-defined qualifying event.
- **Separation from Service Withdrawals:** Participants who are not actively employed are generally allowed to withdraw money from their retirement accounts when they experience a separation of service qualifying event.

Additional plan-defined rules may apply to in-service and separation from service withdrawals, for example:

<table>
<thead>
<tr>
<th>Rule</th>
<th>Description</th>
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<tbody>
<tr>
<td>Spousal Consent</td>
<td>Married participants must obtain written spousal consent before taking a withdrawal or loan from their retirement account, if disbursement spousal consent is required.</td>
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<tr>
<td>Vesting</td>
<td>A plan's vesting rules determine the portion of each money source that a participant is entitled to and can be used to fund the withdrawal. See Vesting for more information.</td>
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</tbody>
</table>

Additional fees may also apply to in-service and separation from service withdrawals:

<table>
<thead>
<tr>
<th>Fee</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>Processing Fees</td>
<td>Transaction processing fees charged by the recordkeeper or Third Party Administrator (TPA) are generally assessed and debited from the participant's account at the time of withdrawal.</td>
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<tr>
<td>Expedited Delivery</td>
<td>When participants choose to receive their withdrawal proceeds via Automated Clearing House (ACH), wire transfer, or expedited check delivery, additional fees may apply.</td>
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</table>

**Taxation:** Retirement account withdrawals are generally subject to federal and state tax withholding, depending on a participant's age and reason for withdrawal.

**Spousal consent**
If spousal consent is required for withdrawals, then it is required for loans.

If QJSA applies, then additional notice and consent are required. The plan sponsor is responsible for ensuring these additional requirements are met.
Client or TPA provides withdrawal approval

- The plan administrator or TPA reviews and approves, or rejects, withdrawal requests using the To Do List feature available on the Plan Service Center (PSC).
- The plan administrator or TPA ensures that additional documentation and/or spousal consent requirements are met and works directly with participants to obtain missing information/supporting documentation.

Empower processes withdrawals without sponsor approval

- Empower processes in-service and separation from service withdrawal requests based on plan document provisions.
- Empower reviews withdrawal requests and returns requests that lack required information to participants.
- Not available for plans offering a Qualified Joint and Survivor Annuity (QJSA) payout option.

How It Works

Participant

- Initiates an in-service or separation from service withdrawal request online or by contacting a Service Center Representative.
- Submits the withdrawal request with supporting documentation to Empower.

Empower

- Reviews withdrawal requests to ensure the requests is complete.
- Processes complete withdrawal requests, applying tax withholding and fees as appropriate, and sends withdrawal proceeds according to participant requests.
- Sends applicable tax forms to participant in January of the year following the withdrawal.

Plan provides withdrawal approval

Empower

- Returns incomplete requests to participants with an explanation of additional requirements.
- Forwards requests to the PSC To Do List for client review.

Client

- Reviews withdrawal requests to ensure they meet plan requirements.
- Provides additional information such as vesting or confirms spousal consent has been obtained, as applicable.
- Approves or rejects the request.

Empower processes withdrawals without sponsor approval

Empower

- Reviews withdrawal requests to ensure they are complete.
- Rejects incomplete requests and sends explanation of additional requirements to the participant.
- Processes withdrawal requests in good order.
The non-discretionary recordkeeping and administrative services described in this Service Overview are general in nature and reflect the standard service offering. Service descriptions are not specific to any plan provision or administration practice. The recordkeeper may agree to provide an alternate service arrangement, as applicable, if separately requested by the Plan Sponsor.