

APPLICATION FOR PAYMENT OF DEATH BENEFIT

The beneficiary of a retiree is entitled to the payment of a death benefit upon the retiree's death, under paragraph 15.7 of the Plan. This death benefit payment is separate and apart from any refund of employee contributions (and interest) which might be payable to a beneficiary upon a retiree's death.

Under current tax law, the entire death benefit is fully taxable to the beneficiary receiving payment; except that a beneficiary who is a surviving spouse may elect to rollover the death benefit to an IRA or employer plan and a beneficiary other than a surviving spouse may elect to rollover the death benefit to an inherited IRA.

This form is used to elect the income tax withholding which will apply to a death benefit payment.

DECEASED PARTICIPANT'S INFORMATION

First Name Middle Name Last Name

Pension Number Social Security Number

BENEFICIARY'S INFORMATION

First Name Middle Name Last Name

Street Address Apt. Number City State Zip Code

Home Phone Number Mobile Phone Number Email

Date of Birth Social Security Number

Relationship to the deceased participant? Non-Spouse Beneficiary Surviving Spouse Beneficiary

TYPE OF PAYMENT

Review **Explanation of Tax Rules Related to Death Benefit Payment** below and choose **ONE** of the following:

Make payment of the entire death benefit directly to me. I understand that 20% of the death benefit will be withheld for federal income taxes.

Make a direct rollover of the entire death benefit.

Make payment of _____ of the death benefit directly to me and make a direct rollover of the remainder of the death benefit. I understand that 20% of the payment made to me will be withheld for federal income taxes.

DIRECT ROLLOVER TO AN IRA OR EMPLOYER PLAN.

Complete all lines below **ONLY** if you are choosing a direct rollover of all or part of the payment to you.

Name of the IRA/Employer Plan Account

First Name Middle Name Last Name

Street Address Suite/Floor City State Zip Code

Account Number Federal Employer Identification Number

Mail check for death benefit to be rolled over (select one):

Beneficiary – to forward to IRA/Employer Plan

Trustee of IRA/Employer Plan

IMPORTANT INFORMATION

1. A Direct Rollover will be made by the mailing of a check, made payable to the trustee of the IRA or employer plan designated by the applicant.
2. The election made on the death benefit application, to receive payment subject to withholding or to have a direct rollover made to an IRA or employer plan may not later be changed by the applicant.
3. Only one IRA or employer plan may be designated to receive a Direct Rollover.
4. All or part of the death benefit may be designated for a Direct Rollover.

SIGNATURE

Participant's Signature

Date

NOTARIZATION (Notarization REQUIRED)

State of _____

County of _____

Signed (or subscribed or attested) to before me on (date) _____ By _____

(seal)

Signature of Notary Public

YOUR ROLLOVER OPTIONS

You are receiving this notice because all or a portion of the death benefit you are receiving from the Retirement Plan for Chicago Transit Authority Employees (the "Plan") is eligible to be rolled over to an IRA or an employer plan. This notice is intended to help you decide whether to make such a rollover.

Rules that apply to most payments from a plan are described in the "General Information About Rollovers" section. Special rules that only apply in certain circumstances are described in the "Special Rules and Options" section.

GENERAL INFORMATION ABOUT ROLLOVERS

How can a rollover affect my taxes?

You will be taxed on the refund from the Plan if you do not roll it over. If you are under the age of 59½ and do not do a rollover, you will also have to pay a 10% additional income tax on early distributions (unless an exception applies). However, if you do a rollover, you will not have to pay tax until you receive payments later and the 10% additional income tax will not apply if those payments are made after you are age 59½ (of if an exception applies).

Where may I roll over the payment?

You may roll over the death benefit to an IRA (an individual retirement account or individual retirement annuity). In addition, if you are the surviving spouse of a deceased participant, you may rollover the death benefit to an employer plan (a tax-qualified plan, section 403(b) plan, or governmental section 457(b) plan) that will accept the rollover. The rules of the IRA or employer plan that holds the rollover will determine your investment options, fees, and rights to payment from the IRA or employer plan (for example, no spousal consent rules apply to IRAs and IRAs may not provide loans). Further, the amount rolled over will become subject to the tax rules that apply to the IRA or employer plan.

How do I make a rollover?

There are two ways to make a rollover. You can do either a direct rollover or a 60-day rollover.

If you make a direct rollover, the Plan will make the payment directly to your IRA or an employer plan. You should contact the IRA sponsor or the administrator of the employer plan for information on how to do a direct rollover.

If you do not make a direct rollover, you may still make a rollover by making a deposit into an IRA or eligible employer plan that will accept it. You will have 60 days after you receive the payment to make the deposit. If you do not make a direct rollover, the Plan is required to withhold 20% of the payment for federal income taxes. This means that, in order to roll over the entire payment in a 60-day rollover, you must use other funds to make up for the 20% withheld. If you do not roll over the entire amount of the payment, the portion not rolled over will be taxed.

How much may I roll over?

If you wish to do a rollover, you may roll over all or part of the death benefit.

If I don't make a rollover, will I have to pay the 10% additional income tax on early distributions?

The 10% additional income tax does not apply to payments made from the Plan due to the death of the Participant:

If I make a rollover to an IRA, will the 10% additional income tax apply to early distributions from the IRA?

Unless the IRA is treated as an inherited IRA, if you receive a payment from an IRA when you are under the age of 59½, you will have to pay the 10% additional income tax on early distributions from the IRA, unless an exception applies. The 10% additional income tax does not apply to the following payments from an IRA:

- Payments that are paid at least annually in equal or close to equal amounts over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary)
- Payments made due to disability
- Payments after your death
- Payments made directly to the government to satisfy a federal tax levy
- Payments up to the amount of your deductible medical expenses
- Certain payments made while you are on active duty if you were a member of a reserve component called to duty after September 11, 2001 for more than 179 days
- Payments for qualified higher education expenses
- Payments up to \$10,000 used in a qualified first-time home purchase

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- Payments after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

A special rule applies for qualified domestic relations orders (QDROs) under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to an IRA of a spouse or former spouse.

Will I owe State income taxes?

This notice does not describe any State or local income tax rules (including withholding rules).

SPECIAL RULES AND OPTIONS**If you miss the 60-day rollover deadline.**

Generally, the 60-day rollover deadline cannot be extended. However, the IRS has the limited authority to waive the deadline under certain extraordinary circumstances, such as when external events prevented you from completing the roll-over by the 60-day rollover deadline. To apply for a waiver, you must file a private letter ruling request with the IRS. Private letter ruling requests require the payment of a nonrefundable user fee. For more information, see IRS Publication 590, Individual Retirement Arrangements (IRAs).

If you roll over your payment to a Roth IRA.

You can roll over a payment from the Plan made before January 1, 2010 to a Roth IRA only if your modified adjusted gross income is not more than \$100,000 for the year the payment is made to you and, if married, you file a joint return. These limitations do not apply to payments made to you from the Plan after 2009. If you wish to roll over the payment to a Roth IRA, but you are not eligible to do a rollover to a Roth IRA until after 2009, you can do a rollover to a traditional IRA and then, after 2009, elect to convert the traditional IRA into a Roth IRA.

If you roll over the payment to a Roth IRA, a special rule applies under which the amount of the payment rolled over (reduced by any after-tax amounts) will be taxed. However, the 10% additional income tax on early distributions will not apply (unless you take the amount rolled over out of the Roth IRA within 5 years, counting from January 1 of the year of the rollover). For payments from the Plan during 2010 that are rolled over to a Roth IRA, the taxable amount can be spread over a 2-year period starting in 2011.

If you roll over the payment to a Roth IRA, later payments from the Roth IRA that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a Roth IRA is a payment made after you are age 59½ (or after your death or disability, or as a qualified first-time homebuyer distribution of up to \$10,000) and after you have had a Roth IRA for at least 5 years. In applying this 5-year rule, you count from January 1, of the year for which your first contribution was made to a Roth IRA. Payments from the Roth IRA that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10% additional income tax on early distributions (unless an exception applies). You do not have to take the required minimum distributions from a Roth IRA during your lifetime. For more information, see IRA Publication 590, Individual Retirement Arrangements (IRAs).

You cannot roll over a payment from the Plan to a designated Roth account in an employer plan.

If you are not a plan participant.

Payments after death of the participant. If you receive a distribution after the participant's death that you do not roll over, the distribution will generally be taxed in the same manner described elsewhere in this notice. However, the 10% additional income tax on early distributions does not apply.

If you are a surviving spouse.

If you receive a payment from the Plan as the surviving spouse of a deceased participant and you choose to do a rollover to an IRA, you may treat the IRA as your own or as an inherited IRA.

An IRA you treat as your own is treated like any other IRA of yours, so that payments made to you before you are age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies) and required minimum distributions from your IRA do not have to start until after you are age 70½.

If you treat the IRA as an inherited IRA, payments from the IRA will not be subject to the 10% additional income tax on early distributions. Required minimum distributions will not have to start from the inherited IRA until the year the participant would have been age 70½.

If you are a surviving beneficiary other than a spouse.

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If you receive a payment from the Plan because of the participant's death and you are a designated beneficiary other than a surviving spouse, the only rollover option you have is to do a direct rollover to an inherited IRA. Payments from the inherited IRA will not be subject to the 10% additional income tax on early distributions. You will have to receive the required minimum distributions from the inherited IRA.

Payments under a qualified domestic relations order. If you are the spouse or former spouse of the participant who receives a payment from the Plan under a qualified domestic relations order (QDRO), you generally have the same options the participant would have (for example, you may roll over the payment to your own IRA or an eligible employer plan that will accept it). Payments under the QDRO will not be subject to the 10% additional income tax on early distributions.

If you are a nonresident alien.

If you are a nonresident alien and you do not do a direct rollover to a U.S. IRA or U.S. employer plan, instead of withholding 20%, the Plan is generally required to withhold 30% of the payment for federal income taxes. If the amount withheld exceeds the amount of tax you owe (as may happen if you do a 60-day rollover), you may request an income tax refund by filing Form 1040NR and attaching your Form 1042-S. See Form W-8BEN for claiming that you are entitled to a reduced rate of withholding under an income tax treaty. For more information, see also IRS Publication 519, U.S. Tax Guide for Aliens, and IRS Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities.

Other special rules.

If your refund is less than \$200, the Plan is not required to allow you to do a direct rollover and is not required to withhold for federal income taxes. However, you may do a 60-day rollover.

You may have special rollover rights if you recently served in the U.S. Armed Forces. For more information, see IRS Publication 3, Armed Forces' Tax Guide.

FOR MORE INFORMATION

You may wish to consult with the Plan administrator or payor, or a professional tax advisor, before taking a payment from the Plan. Also, you can find more detailed information on the federal tax treatment of payments from employer plans in: IRS Publication 575, Pension and Annuity Income; IRS Publication 590, Individual Retirement Arrangements (IRAs); and IRS Publication 571, Tax-Sheltered Annuity Plans (403(b) Plans). These publications are available from a local IRS office, on the web at www.irs.gov, or by calling 1-800-TAX-FORM.