

FEDERAL TAX INFORMATION AND REQUIREMENTS NOTICE OF WITHHOLDING

The Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) requires that Federal Income Tax be withheld from the portion of your pension payments which is subject to Federal Income tax. (For example, if you made contributions toward your pension, there is no withholding on the portion attributable to your own contributions.) You have the right to reject the withholding of any Federal income tax, or to have tax withheld at a rate of your own choosing.

Unless you give instructions to the contrary, the law requires the payer to withhold as if the pension payments were wages and assuming that you are married and claim 3 withholding exemptions. If you do not want tax to be withheld, or want withholding at a different rate, you must complete, date and sign the Election and Withholding Certificate on the back of this form.

If you do not return your Federal Tax Withholding Form with your Application/Option Election Form, Federal income tax will be withheld from the taxable portion of your pension payment as if you were a married individual claiming three withholding allowances. Additionally, if you do not return the withholding certificate, no Federal income tax will be withheld if the taxable portion of your annual pension payments are less than \$200.00.

In order to have any election take effect for your first taxable benefit payment, it must be received by the payer at least 30 days before that payment. Any election you make will remain in effect until you revoke it. You may revoke an election at any time by returning a signed and dated revocation. Any subsequent election, or revocation will be effective no later than January 1, May 1, July 1 or October 1 after it is received, so long as it is received by the payer at least 30 days before such date. You may make and revoke elections as often as you wish.

We are required to remind you that if you elect not to have withholding apply to your pension payments, or if you do not have enough Federal income tax withheld from your pension payments, you may be responsible for payment of estimated tax. You may be responsible for payment of estimated tax. You may also incur penalties under the estimated tax rules if your withholding and estimated tax payments are not sufficient.

If you have any questions about your tax obligations, you should contact your tax advisor or the nearest Internal Revenue Service Office.