

TYPES OF PERMINENT DISTRIBUTIONS ALLOWED

There are two types of **permanent** distributions from the TAG 401k plan. A permanent distributions cannot be paid back into the plan; unlike a loan. All permanent distributions are subject to taxation and potential penalties if taken before retirement age.

Inactive participants are eligible to take a partial withdrawal or close their account. These distributions can take the form of cash money or a direct rollover to another account/plan.

- 1. Active** participants (members who have been working and eligible to contribute to the TAG 401k Plan anytime in the previous 90 days) may qualify for Hardship or in-service withdrawals.
- 2. Inactive participants** qualify to remove money from the account under the following conditions:
 - Retirement (age 65)
 - Death
 - Disability
 - 90 Days After Termination of Employment from an Animation Guild 401k Plan covered studio.

Early Withdrawal Penalty: *Withdrawals are taxable income. If you take a distribution before age 55 and do not roll your money to another qualified plan or IRA, you will also pay a 10% IRS Early Withdrawal Charge and a 2.5% California penalty tax*

Active participants may qualify for a “hardship withdrawal” or an “in-service withdrawal” under the IRS’s regulations.

FINANCIAL HARDSHIP WITHDRAWAL

If you have worked under an Animation Guild 401k Plan covered studio with in the last 90 days and have not reached age 59 ½, you may withdraw all or part of your salary deferral contributions (excluding interest) if you prove financial hardship. The IRS defines hardship as an “immediate and severe financial need”, as described in the U.S. Department of the Treasury Regulations Section 1.401(k)-1(d). Specifically:

- college tuition
- purchase of a primary residence
- prevention of eviction or foreclosure
- medical expenses
- payment for burial or funeral expenses
- expenses for the repair of damage on your primary residence

Financial hardship withdrawals are taxable income. If you make a hardship withdrawal before age 59 ½, you will also pay a 10% IRS Early Withdrawal Charge and a 2.5% California penalty tax (withdrawals for medical expenses may not be subject to this change). Salary deferred contributions will be suspended for 6 months

IN-SERVICE - RETIERMENT AGE WITHDRAWAL

If you have worked under an Animation Guild 401k Plan covered studio with in the last 90 days and have reached age 59 ½, you are eligible to take a distribution of all or part of their account in the form of a cash money or a direct rollover to another account.

Taking money out of your 401k account (not a loan)

There are 2 forms included in this packet used for **Inactive participants** (90 days after layoff):

The **Close Account-form** or *Termination Request form* and

The **Partial Withdrawal-form** or *Partial Termination Withdrawal form*.

Active participants wishing to take a ***Hardship Withdrawal*** or ***In-Service - Retirement Age Withdrawal*** should contact Vanguard directly via internet at vanguard.com or by phone at the Vanguard call-in center at 800-523-1188.

Choose from these options and follow the instructions:

To CLOSE your 401k account:

Fill out and submit only the Termination Request form. In section "I", you must complete all sections including SS# and Termination Date. In section "II", mark the appropriate box (usually the "Separation of Services"). In section "III", you may select from a variety of options that will direct you to also fill in sections "IV. Distribution Instructions" or "V. Instructions for Rollovers". Remember to sign under "VI".

Form Description: The Termination Request form is used to inform Vanguard that you are no longer employed and are eligible for distributions AND informing Vanguard what to do with the money. You can **Defer** - leave the account open but available for withdrawal in the future OR close account now and take ALL the money out as a distribution. You can submit this form at any time after you have become eligible for a distribution (90 days after termination from a TAG 401k studio). Once this information is received by Vanguard they will implement the requested transaction. If you choose to leave the account open, Future distribution options will be available on the Vanguard website or by phone through the Vanguard call-in center at 800-523-1188.

To LEAVE THE 401k OPEN and remove only a portion:

Fill out only the Partial Termination Withdrawal form indicating what portion you are taking out.

Form Description: The Partial Termination Withdrawal form is for removing only a PORTION of money from your 401k account. This form is only used to get money from the account while leaving the account open. This includes any distribution where an active loan is being paid back into the account and you wish to continue paying the loan back even after taking the remainder of the account as cash. To CLOSE the account completely and remove ALL the money (including defaulting a currently active loan) you should use only the Termination Request form.

Important Notice

The Animation Guild 401k Plan does not inform Vanguard of your employment status prior to your requesting a withdrawal. As a result only Hardship Withdrawals will show as available through the Vanguard website until your employment status is listed as "terminated".