

1 ROTH IRA OWNER INFORMATION

Name Account #
SSN Birth Date Day Phone

Account Type (check one):

Roth IRA

Roth Conversion IRA*

Did you convert in 1998? Yes No

2 DISTRIBUTION REASON (Check one—see instructions on back)

QUALIFIED (NONTAXABLE) DISTRIBUTION REASONS

- Normal Distribution.* I am age 59½ or older.
 - First-Time Homebuyer Expense.*
 - Disability.* (Verification for file Yes No)
 - Death.* Date of death:
- (Note: Do not complete if you are a spouse beneficiary transferring to your own Roth IRA—go to Section 3, "Transfers.")
- Beneficiary's Name SSN
- Full Address, City, State, Zip

NONQUALIFIED (OTHER) DISTRIBUTION REASONS

- Premature. I am less than age 59½. No exceptions apply.
- I am less than age 59½ but the following exception to the 10% IRS penalty applies:
 - Eligible Higher Education Expenses.
 - Eligible Medical Expenses.
 - Eligible Medical Insurance Payment.
 - Substantially Equal Periodic Payments.
- Prohibited Transaction.
- Excess of \$..... for tax year (Date of excess). Excess removed (check one):
 - Before my tax due date. (Earnings \$.....)
 - After my tax due date.

* I have met my five-year holding period Yes No
(See explanation of five-year holding period on back.)

3 TRANSFERS (complete this section for transfers only)

- Transfer. Transfer to my Roth IRA. New Custodian/Trustee Address
- Account # Phone
- Transfer to Spouse's Roth IRA due to: Divorce Death (date of death:) Spouse Recipient's Name
- SSN Address New Custodian/Trustee
- Account # Address

4 PAYMENT INFORMATION

- A. Payment Schedule**
- (1) One-Time Distribution. I request a distribution of \$..... (Subject to adjustment for fees, penalties and withholding—see "C" below.)
 - (2) Periodic Distribution. I authorize automatic payments of \$..... on a monthly quarterly annual other
 - basis starting on and continuing until
 - (3) Other
- B. Payment Method**
- (1) By check mailed to me at the following address
 - (2) Deposited into my account at this financial organization. Account type Number
- C. Payment Detail (To be completed by Financial Organization)**
- | | | |
|---|-----|--|
| (1) Amount Requested (From Payment Schedule above) | \$ | Does this distribution close the account? |
| (2) Earnings Paid to Date (Not already reported to Administrator) | (+) | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| (3) Penalties Charged | (-) | |
| (4) Administrative Fees | (-) | <input type="checkbox"/> Check here if this is a revocation. |
| (5) Federal Income Tax Withheld (see section 5 below) | (-) | (see instructions for revocations) |
| (6) State Income Tax Withheld Name of State | (-) | Date of Distribution |
| (7) Net Amount Paid or Transferred | \$ | |

5 WITHHOLDING ELECTION

- I elect **not** to have Federal income tax withheld from my Roth IRA distribution.
 - I elect to have Federal income tax withheld from my Roth IRA distribution (10% withholding).
- Taxable Portion \$
- I want the following additional dollar amount (\$.....), or percentage (.....%) withheld from each payment.

Form W-4P instructions are on back. Form W-4P Department of the Treasury Internal Revenue Service OMB No. 1545-0415

6 SIGNATURES

I certify the accuracy of the distribution reason selected above and I authorize the transaction. I agree to the terms of this Form and its instructions. I understand that I am responsible for any consequences resulting from this distribution including taxes and penalties owed. I agree to indemnify and to hold the Custodian/Trustee harmless from any tax, penalty, or other liability resulting from this distribution. I acknowledge that the Custodian/Trustee cannot provide legal advice and I agree to consult with my own tax professional if I need advice.

Signature of Roth IRA Owner/Beneficiary Date Signature of Custodian/Trustee Date

INSTRUCTIONS (and additional terms)

Purpose of this Form. To request a distribution from your Roth IRA. (Note: Do not use this form for distributions from a traditional IRA or Education IRA.)

- 1. Roth IRA Owner Information.** Complete all information requested.
- 2. Distribution Reasons.** The IRS requires you to select one of the distribution reasons listed. The Custodian/Trustee must report the distribution to the IRS and, in some cases, you must report it on your income tax return. Select the distribution reason that applies to you. The differences between qualified and nonqualified distributions are explained below.

QUALIFIED (NONTAXABLE) DISTRIBUTION REASONS

If your distribution is a "qualified" distribution, any earnings you withdraw are tax free* (not subject to federal income taxes; state, local or other taxes may apply) and IRS penalty free. Check the qualified distribution reason that applies to you:

- a) Normal Distribution.** Select this distribution reason if you are age 59½ or older.
- b) First-Time Homebuyer Distribution.** Select this distribution reason if you are withdrawing to pay the qualified acquisition costs associated with purchasing a first home. (Note: We recommend that you review the eligibility requirements with your accountant or tax advisor.)
- c) Disability Distribution.** Select this distribution reason if you are disabled. You must obtain a physician's statement affirming that you meet the government's definition of "disability" which states you must be "unable to engage in any substantial, gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of indefinite duration." (IRC Section 72(m)(7)). The Custodian/Trustee may request to retain a copy of your physician's statement.
- d) Death Distribution.** Select this distribution reason if you are taking this distribution as a beneficiary. Prior to using this form, we recommend all beneficiaries complete an "Election of Payment by Beneficiary Form." The Custodian/Trustee requires a death certificate prior to payment.

FIVE-YEAR HOLDING PERIOD

• Definition. For regular Roth IRA contributions, your five-year holding period for all contributions begins the year for which your first contribution is made. For conversion (or rollover) contributions from a traditional IRA, each conversion is subject to its own five-year holding period. (Assumes passage of the Tax Technical Corrections Act of 1997.)

• Instructions. Indicate whether or not you have met your five-year holding period by checking the appropriate box. If you answer "yes," any earnings you withdraw are federal income tax free and IRS penalty free. If you answer "no," any earnings you withdraw are taxable.

In addition, if you answer "no" and you are withdrawing from a Roth Conversion IRA, IRS penalties may apply. For instance, you may be subject to an IRS 10% premature distribution penalty (if you are less than age 59½ and no exceptions apply) on the entire amount you withdraw. Moreover, you may be subject to an additional IRS 10% penalty (regardless of age) if you completed your conversion in 1998 and you subsequently withdraw within the first five years. Consult your tax professional about these issues.

Note to Custodian/Trustee: If a Roth IRA contains "mixed" contributions (regular and conversion assets) the law is unclear as to how a withdrawal is reported. Seek professional guidance.

NONQUALIFIED (OTHER) DISTRIBUTION REASONS

Distributions taken for any reason other than one of the four qualified distribution reasons above are considered nonqualified distributions. For nonqualified distributions, any earnings you withdraw are taxable. In addition, the 10% IRS penalty may apply unless you meet one of the exceptions to the penalty (explained below). Check the nonqualified distribution reason that applies to you:

- a) Premature.** Select this distribution reason if you are under age 59½ and none of the other reasons apply. You may be subject to an IRS premature distribution penalty of 10%—unless you properly roll over the funds within 60 days into a Roth IRA. You report and pay this penalty on your personal income tax return. The Custodian/Trustee is not responsible for paying the penalty.
- b) Premature—Exception Applies.** Select this distribution reason if you are less than age 59½ but one of the following exceptions to the 10% IRS penalty applies. Then, check the applicable exception that applies:
 - Eligible Higher Education Expense.** Select this distribution reason if you are withholding funds to pay for eligible higher education expenses for yourself, your spouse, your child or grandchild.*
 - Eligible Medical Expense.** Select this distribution reason if you are withdrawing funds to pay medical expenses which exceed 7.5 percent of your AGI.*
 - Eligible Medical Insurance Payment.** Select this distribution reason if you are withdrawing funds to pay for medical insurance. To qualify, you must have received unemployment compensation for at least 12 weeks. However, self-employed individuals may be eligible even though they did not receive unemployment compensation.*
 - Substantially Equal Periodic Payments.** Select this distribution reason if you are under age 59½ and are taking "substantially equal periodic payments." The definition of "substantially equal periodic payments" is complex and you

should seek the assistance of a tax or legal professional prior to selecting this option. You must elect a payment method prior to beginning substantially equal periodic payments. Your tax professional could prepare an election and should calculate the amount.*

- We recommend that you review the eligibility requirements with your accountant or tax advisor.**
- c) Prohibited Transaction.** Select this distribution reason when you engage in a prohibited transaction. Prohibited transactions are uncommon and generally can only happen when the Roth IRA is invested in something other than term investments. Because of the serious nature of prohibited transactions, check with your attorney or accountant before checking this reason.
 - d) Excess.** Select this option for distributions of excess contributions. Indicate the amount of the excess, the date you made the excess, and the tax year of the excess. You must then indicate whether you are correcting the excess before or after your federal tax filing due date. If you are correcting an excess before your tax filing due date you must also remove the earnings on the excess.
 - Revocation.** If you are revoking your Roth IRA contribution within the first seven days after establishment, check the revocation box in section 4.C.

3. Transfers. Transfers are not reported to the IRS by either the Custodian/Trustee or by you on your income tax return.

- Transfer.** You can transfer your assets to another Custodian/Trustee using this form. However, the Custodian/Trustee may require you to obtain a Transfer Request Form from your new Custodian/Trustee.
- Transfer to Spouse's Roth IRA.** Select this option for transfers to a spouse's Roth IRA due to the death of the Roth IRA Owner or a divorce. If you are transferring because of death, provide a death certificate to the Custodian/Trustee. The Roth IRA Election of Payment by Beneficiary form is a more appropriate form for the first distribution after the death of the Roth IRA Owner. If the transfer is due to a divorce, you must provide a Court Order or appropriate legal documentation authorizing the transfer. The receiving spouse must open his or her own Roth IRA.

4. Payment Information. Select your desired payment schedule and method. If you select periodic distributions, you need to inform the Custodian/Trustee which assets to liquidate. The Custodian/Trustee, at its discretion, may refuse to administer a particular payment schedule you elect. Additionally, the Custodian/Trustee may place rules on the frequency and size of any distributions. Select your payment method. Your Custodian/Trustee completes Part C, Payment Detail.

5. Withholding (Purpose of Form W-4P). If any part of your distribution contains taxable earnings, you must elect whether or not to have money withheld for federal income tax purposes (and on what basis) for that taxable amount. You can make this election on this substitute Form W-4P or you could attach an actual Form W-4P. Unless elected otherwise, the taxable portion of your Roth IRA distributions will have federal income tax withheld at a flat rate of 10%. You may use this form to elect to have no income tax withheld (except for payments to U.S. citizens delivered outside the U.S. or its possessions), to have 10% withheld, or to have 10% plus an additional dollar or percentage amount withheld. Check the box reflecting your choice. Generally, your election will apply to any later distributions from the same Roth IRA. You may, however, revoke your previous exemption from withholding. Simply complete a new W-4P with your Custodian/Trustee. Copies of Form W-4P will not be sent to the IRS by the payer. Note: You, the Roth IRA owner, must tell the Custodian/Trustee how much of your distribution represents the taxable portion (earnings) to which your withholding election will apply.

Statement of Income Tax Withheld from Your IRA. By January 31 of next year, you will receive a statement from your payer showing the total amount of your Roth IRA payments and the total income tax withheld during the year.

Exemption from Income Tax Withholding. The election to be exempt from income tax withholding does not apply to any periodic payment or nonperiodic distribution that is delivered outside the U.S. or its possessions to a U.S. citizen or resident alien. Other recipients who have these payments delivered outside the U.S. or its possessions can elect exemption only if an individual certifies to the payer that the individual is not: (1) a U.S. citizen or resident alien, or (2) an individual to whom Section 877 of the Internal Revenue Code applies (concerning expatriation to avoid tax). The certification can be made in a statement to the payer under penalties of perjury.

For more information, please see Publication 505, Tax Withholding and Estimated Tax, available from most IRS offices.

Caution: Remember that there are penalties for not paying enough tax during the year, either through withholding or estimated tax payments. New retirees, especially, should see IRS Publication 505. It explains the estimated tax requirements and penalties in detail.

State Withholding. Your state may allow or even require state income tax withholding. Please discuss this issue with your tax advisor. If state withholding is appropriate, please instruct the Roth IRA Custodian/Trustee to withhold the correct amount under Section 4C, Payment Detail.

6. Signatures. You (the Roth IRA Owner or beneficiary) and the Custodian/Trustee must sign and date this form.

Roth IRA Distribution Form

FIRST MIDWEST TRUST

1 ROTH IRA OWNER INFORMATION

Name Account #
SSN Birth Date Day Phone

Account Type (check one):
 Roth IRA
 Roth Conversion IRA*
 Did you convert in 1998? Yes No

2 DISTRIBUTION REASON (Check one—see instructions on back)

QUALIFIED (NONTAXABLE) DISTRIBUTION REASONS
 Normal Distribution.* I am age 59½ or older.
 First-Time Homebuyer Expense.*
 Disability.* (Verification for file Yes No)
 Death.* Date of death:
 (Note: Do not complete if you are a spouse beneficiary transferring to your own Roth IRA—go to Section 3, "Transfers.")
 Beneficiary's Name SSN
 Full Address, City, State, Zip

NONQUALIFIED (OTHER) DISTRIBUTION REASONS
 Premature. I am less than age 59½. No exceptions apply.
 I am less than age 59½ but the following exception to the 10% IRS penalty applies:
 Eligible Higher Education Expenses.
 Eligible Medical Expenses.
 Eligible Medical Insurance Payment.
 Substantially Equal Periodic Payments.
 Prohibited Transaction.
 Excess of \$..... for tax year (Date of excess). Excess removed (check one):
 Before my tax due date. (Earnings \$.....)
 After my tax due date.

* I have met my five-year holding period Yes No
(See explanation of five-year holding period on back.)

3 TRANSFERS (complete this section for transfers only)

Transfer. Transfer to my Roth IRA. New Custodian/Trustee Address
 Account # Phone
 Transfer to Spouse's Roth IRA due to: Divorce Death (date of death:) Spouse Recipient's Name
 SSN Address New Custodian/Trustee
 Account # Address

4 PAYMENT INFORMATION

A. Payment Schedule
 (1) One-Time Distribution. I request a distribution of \$..... (Subject to adjustment for fees, penalties and withholding—see "C" below.)
 (2) Periodic Distribution. I authorize automatic payments of \$..... on a monthly quarterly annual other
 basis starting on and continuing until
 (3) Other

B. Payment Method
 (1) By check mailed to me at the following address
 (2) Deposited into my account at this financial organization. Account type Number

C. Payment Detail (To be completed by Financial Organization)
 (1) Amount Requested (From Payment Schedule above) \$ Does this distribution close the account?
 (2) Earnings Paid to Date (Not already reported to Administrator) (+) Yes No
 (3) Penalties Charged (-)
 (4) Administrative Fees (-) Check here if this is a revocation.
 (5) Federal Income Tax Withheld (see section 5 below) (-) (see instructions for revocations)
 (6) State Income Tax Withheld Name of State Date of Distribution
 (7) Net Amount Paid or Transferred \$

5 WITHHOLDING ELECTION

I elect **not** to have Federal income tax withheld from my Roth IRA distribution. Form W-4P instructions are on back.
 I elect to have Federal income tax withheld from my Roth IRA distribution (10% withholding). Form W-4P Department of the Treasury Internal Revenue Service OMB No. 1545-0415
 Taxable Portion \$
 I want the following additional dollar amount (\$.....), or percentage (.....%) withheld from each payment.

6 SIGNATURES

I certify the accuracy of the distribution reason selected above and I authorize the transaction. I agree to the terms of this Form and its instructions. I understand that I am responsible for any consequences resulting from this distribution including taxes and penalties owed. I agree to indemnify and to hold the Custodian/Trustee harmless from any tax, penalty, or other liability resulting from this distribution. I acknowledge that the Custodian/Trustee cannot provide legal advice and I agree to consult with my own tax professional if I need advice.

Signature of Roth IRA Owner/Beneficiary Date Signature of Custodian/Trustee Date

INSTRUCTIONS (and additional terms)

Purpose of this Form. To request a distribution from your Roth IRA. (Note: Do not use this form for distributions from a traditional IRA or Education IRA.)

- 1. Roth IRA Owner Information.** Complete all information requested.
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QUALIFIED (NONTAXABLE) DISTRIBUTION REASONS

If your distribution is a "qualified" distribution, any earnings you withdraw are tax free² (not subject to federal income taxes; state, local or other taxes may apply) and IRS penalty free. Check the qualified distribution reason that applies to you:

- a) Normal Distribution.** Select this distribution reason if you are age 59½ or older.
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- c) Disability Distribution.** Select this distribution reason if you are disabled. You must obtain a physician's statement affirming that you meet the government's definition of "Disability" which states you must be "unable to engage in any substantial, gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of indefinite duration." [IRC Section 72(m)(7)]. The Custodian/Trustee may request to retain a copy of your physician's statement.
- d) Death Distribution.** Select this distribution reason if you are taking this distribution as a beneficiary. Prior to using this form, we recommend all beneficiaries complete an "Election of Payment by Beneficiary Form." The Custodian/Trustee requires a death certificate prior to payment.

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- Instructions.** Indicate whether or not you have met your five-year holding period by checking the appropriate box. If you answer "yes," any earnings you withdraw are federal income tax free and IRS penalty free. If you answer "no," any earnings you withdraw are taxable.

In addition, if you answer "no" and you are withdrawing from a Roth Conversion IRA, IRS penalties may apply. For instance, you may be subject to an IRS 10% premature distribution penalty (if you are less than age 59½ and no exceptions apply) on the entire amount you withdraw. Moreover, you may be subject to an additional IRS 10% penalty (regardless of age) if you completed your conversion in 1998 and you subsequently withdraw within the first five years. Consult your tax professional about these issues.

Note to Custodian/Trustee: If a Roth IRA contains "mixed" contributions (regular and conversion assets) the law is unclear as to how a withdrawal is reported. Seek professional guidance.

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- b) Premature—Exception Applies.** Select this distribution reason if you are less than age 59½ but one of the following exceptions to the 10% IRS penalty applies. Then, check the applicable exception that applies:
 - Eligible Higher Education Expense.** Select this distribution reason if you are withholding funds to pay for eligible higher education expenses for yourself, your spouse, your child or grandchild.³
 - Eligible Medical Expense.** Select this distribution reason if you are withdrawing funds to pay medical expenses which exceed 7.5 percent of your AGI.⁴
 - Eligible Medical Insurance Payment.** Select this distribution reason if you are withdrawing funds to pay for medical insurance. To qualify, you must have received unemployment compensation for at least 12 weeks. However, self-employed individuals may be eligible even though they did not receive unemployment compensation.⁵
 - Substantially Equal Periodic Payments.** Select this distribution reason if you are under age 59½ and are taking "substantially equal periodic payments." The definition of "substantially equal periodic payments" is complex and you

should seek the assistance of a tax or legal professional prior to selecting this option. You must elect a payment method prior to beginning substantially equal periodic payments. Your tax professional could prepare an election and should calculate the amount.⁶

- We recommend that you review the eligibility requirements with your accountant or tax advisor.**
- c) Prohibited Transaction.** Select this distribution reason when you engage in a prohibited transaction. Prohibited transactions are uncommon and generally can only happen when the Roth IRA is invested in something other than term investments. Because of the serious nature of prohibited transactions, check with your attorney or accountant before checking this reason.
- d) Excess.** Select this option for distributions of excess contributions. Indicate the amount of the excess, the date you made the excess, and the tax year of the excess. You must then indicate whether you are correcting the excess before or after your federal tax filing due date. If you are correcting an excess before your tax filing due date you must also remove the earnings on the excess.
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- 3. Transfers.** Transfers are not reported to the IRS by either the Custodian/Trustee or by you on your income tax return.
 - Transfer.** You can transfer your assets to another Custodian/Trustee using this form. However, the Custodian/Trustee may require you to obtain a Transfer Request Form from your new Custodian/Trustee.
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- 5. Withholding (Purpose of Form W-4P).** If any part of your distribution contains taxable earnings, you must elect whether or not to have money withheld for federal income tax purposes (and on what basis) for that taxable amount. You can make this election on this substitute Form W-4P or you could attach an actual Form W-4P. Unless elected otherwise, the taxable portion of your Roth IRA distributions will have federal income tax withheld at a flat rate of 10%. You may use this form to elect to have no income tax withheld (except for payments to U.S. citizens delivered outside the U.S. or its possessions), to have 10% withheld, or to have 10% plus an additional dollar or percentage amount withheld. Check the box reflecting your choice. Generally, your election will apply to any later distributions from the same Roth IRA. You may, however, revoke your previous exemption from withholding. Simply complete a new W-4P with your Custodian/Trustee. Copies of Form W-4P will not be sent to the IRS by the payer. Note: You, the Roth IRA owner, must tell the Custodian/Trustee how much of your distribution represents the taxable portion (earnings) to which your withholding election will apply.

Statement of Income Tax Withheld from Your IRA. By January 31 of next year, you will receive a statement from your payer showing the total amount of your Roth IRA payments and the total income tax withheld during the year.

Exemption from Income Tax Withholding. The election to be exempt from income tax withholding does not apply to any periodic payment or nonperiodic distribution that is delivered outside the U.S. or its possessions to a U.S. citizen or resident alien. Other recipients who have these payments delivered outside the U.S. or its possessions can elect exemption only if an individual certifies to the payer that the individual is not: (1) a U.S. citizen or resident alien, or (2) an individual to whom Section 877 of the Internal Revenue Code applies (concerning expatriation to avoid tax). The certification can be made in a statement to the payer under penalties of perjury. For more information, please see Publication 505, Tax Withholding and Estimated Tax, available from most IRS offices.

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- 6. Signatures.** You (the Roth IRA Owner or beneficiary) and the Custodian/Trustee must sign and date this form.

Roth IRA Distribution Form

FIRST MIDWEST TRUST

1 ROTH IRA OWNER INFORMATION

Name Account #

SSN Birth Date Day Phone

Account Type (check one):

Roth IRA

Roth Conversion IRA*

Did you convert in 1998? Yes No

2 DISTRIBUTION REASON (Check one—see instructions on back)

QUALIFIED (NONTAXABLE) DISTRIBUTION REASONS

Normal Distribution.* I am age 59½ or older.

First-Time Homebuyer Expense.*

Disability.* (Verification for file Yes No)

Death.* Date of death:

(Note: Do not complete if you are a spouse beneficiary transferring to your own Roth IRA—go to Section 3, "Transfers.")

Beneficiary's Name SSN

Full Address, City, State, Zip

* I have met my five-year holding period Yes No

(See explanation of five-year holding period on back.)

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Premature. I am less than age 59½. No exceptions apply.

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Eligible Medical Expenses.

Eligible Medical Insurance Payment.

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Prohibited Transaction.

Excess of \$..... for tax year (Date of excess) Excess removed (check one):

Before my tax due date. (Earnings \$.....)

After my tax due date.

3 TRANSFERS (complete this section for transfers only)

Transfer. Transfer to my Roth IRA. New Custodian/Trustee Address

..... Account # Phone

Transfer to Spouse's Roth IRA due to: Divorce Death (date of death:) Spouse Recipient's Name

SSN Address New Custodian/Trustee

..... Account # Address

4 PAYMENT INFORMATION

A. Payment Schedule

(1) One-Time Distribution. I request a distribution of \$..... (Subject to adjustment for fees, penalties and withholding—see "C" below.)

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B. Payment Method

(1) By check mailed to me at the following address

(2) Deposited into my account at this financial organization. Account type Number

C. Payment Detail (To be completed by Financial Organization)

(1) Amount Requested (From Payment Schedule above) \$

(2) Earnings Paid to Date (Not already reported to Administrator) (+) Yes No

(3) Penalties Charged (-)

(4) Administrative Fees (-) Check here if this is a revocation. (see instructions for revocations)

(5) Federal Income Tax Withheld (see section 5 below) (-)

(6) State Income Tax Withheld Name of State (-) Date of Distribution

(7) Net Amount Paid or Transferred \$

5 WITHHOLDING ELECTION

I elect not to have Federal income tax withheld from my Roth IRA distribution.

I elect to have Federal income tax withheld from my Roth IRA distribution (10% withholding).

Taxable Portion \$

I want the following additional dollar amount (\$.....), or percentage (.....%) withheld from each payment.

Form W-4P instructions are on back.

Form W-4P
Department of the Treasury
Internal Revenue Service
OMB No. 1545-0415

6 SIGNATURES

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Signature of Roth IRA Owner/Beneficiary

Date

Signature of Custodian/Trustee

Date

INSTRUCTIONS (and additional terms)

Purpose of this Form. To request a distribution from your Roth IRA. (Note: Do not use this form for distributions from a traditional IRA or Education IRA.)

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- b) First-Time Homebuyer Distribution.** Select this distribution reason if you are withdrawing to pay the qualified acquisition costs associated with purchasing a first home. (Note: We recommend that you review the eligibility requirements with your accountant or tax advisor.)
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- d) Death Distribution.** Select this distribution reason if you are taking this distribution as a beneficiary. Prior to using this form, we recommend all beneficiaries complete an "Election of Payment by Beneficiary Form." The Custodian/Trustee requires a death certificate prior to payment.

FIVE-YEAR HOLDING PERIOD

- Definition.** For regular Roth IRA contributions, your five-year holding period for all contributions begins the year for which your first contribution is made. For conversion (or rollover) contributions from a traditional IRA, each conversion is subject to its own five-year holding period. (Assumes passage of the Tax Technical Corrections Act of 1997.)
- Instructions.** Indicate whether or not you have met your five-year holding period by checking the appropriate box. If you answer "yes," any earnings you withdraw are federal income tax free and IRS penalty free. If you answer "no," any earnings you withdraw are taxable.

In addition, if you answer "no" and you are withdrawing from a Roth Conversion IRA, IRS penalties may apply. For instance, you may be subject to an IRS 10% premature distribution penalty (if you are less than age 59½ and no exceptions apply) on the entire amount you withdraw. Moreover, you may be subject to an additional IRS 10% penalty (regardless of age) if you completed your conversion in 1998 and you subsequently withdraw within the first five years. Consult your tax professional about these issues.

Note to Custodian/Trustee: If a Roth IRA contains "mixed" contributions (regular and conversion assets) the law is unclear as to how a withdrawal is reported. Seek professional guidance.

NONQUALIFIED (OTHER) DISTRIBUTION REASONS

Distributions taken for any reason other than one of the four qualified distribution reasons above are considered nonqualified distributions. For nonqualified distributions, any earnings you withdraw are taxable. In addition, the 10% IRS penalty may apply unless you meet one of the exceptions to the penalty (explained below). Check the nonqualified distribution reason that applies to you:

- a) Premature.** Select this distribution reason if you are under age 59½ and none of the other reasons apply. You may be subject to an IRS premature distribution penalty of 10%—unless you properly roll over the funds within 60 days into a Roth IRA. You report and pay this penalty on your personal income tax return. The Custodian/Trustee is not responsible for paying the penalty.
- b) Premature—Exception Applies.** Select this distribution reason if you are less than age 59½ but one of the following exceptions to the 10% IRS penalty applies. Then, check the applicable exception that applies:
 - Eligible Higher Education Expense.** Select this distribution reason if you are withholding funds to pay for eligible higher education expenses for yourself, your spouse, your child or grandchild.[®]
 - Eligible Medical Expense.** Select this distribution reason if you are withdrawing funds to pay medical expenses which exceed 7.5 percent of your AGI.[®]
 - Eligible Medical Insurance Payment.** Select this distribution reason if you are withdrawing funds to pay for medical insurance. To qualify, you must have received unemployment compensation for at least 12 weeks. However, self-employed individuals may be eligible even though they did not receive unemployment compensation.[®]
 - Substantially Equal Periodic Payments.** Select this distribution reason if you are under age 59½ and are taking "substantially equal periodic payments." The definition of "substantially equal periodic payments" is complex and you

should seek the assistance of a tax or legal professional prior to selecting this option. You must elect a payment method prior to beginning substantially equal periodic payments. Your tax professional could prepare an election and should calculate the amount.[®]

- We recommend that you review the eligibility requirements with your accountant or tax advisor.**
 - c) Prohibited Transaction.** Select this distribution reason when you engage in a prohibited transaction. Prohibited transactions are uncommon and generally can only happen when the Roth IRA is invested in something other than term investments. Because of the serious nature of prohibited transactions, check with your attorney or accountant before checking this reason.
 - d) Excess.** Select this option for distributions of excess contributions. Indicate the amount of the excess, the date you made the excess, and the tax year of the excess. You must then indicate whether you are correcting the excess before or after your federal tax filing due date. If you are correcting an excess before your tax filing due date you must also remove the earnings on the excess.
 - Revocation.** If you are revoking your Roth IRA contribution within the first seven days after establishment, check the revocation box in section 4C.
- 3. Transfers.** Transfers are not reported to the IRS by either the Custodian/Trustee or by you on your income tax return.
 - Transfer.** You can transfer your assets to another Custodian/Trustee using this form. However, the Custodian/Trustee may require you to obtain a Transfer Request Form from your new Custodian/Trustee.
 - Transfer to Spouse's Roth IRA.** Select this option for transfers to a spouse's Roth IRA due to the death of the Roth IRA Owner or a divorce. If you are transferring because of death, provide a death certificate to the Custodian/Trustee. The Roth IRA Election of Payment by Beneficiary form is a more appropriate form for the first distribution after the death of the Roth IRA Owner. If the transfer is due to a divorce, you must provide a Court Order or appropriate legal documentation authorizing the transfer. The receiving spouse must open his or her own Roth IRA.

- 4. Payment Information.** Select your desired payment schedule and method. If you select periodic distributions, you need to inform the Custodian/Trustee which assets to liquidate. The Custodian/Trustee, at its discretion, may refuse to administer a particular payment schedule you elect. Additionally, the Custodian/Trustee may place rules on the frequency and size of any distributions. Select your payment method. Your Custodian/Trustee completes Part C, Payment Detail.
- 5. Withholding (Purpose of Form W-4P).** If any part of your distribution contains taxable earnings, you must elect whether or not to have money withheld for federal income tax purposes (and on what basis) for that taxable amount. You can make this election on this substitute Form W-4P or you could attach an actual Form W-4P. Unless elected otherwise, the taxable portion of your Roth IRA distributions will have federal income tax withheld at a flat rate of 10%. You may use this form to elect to have no income tax withheld (except for payments to U.S. citizens delivered outside the U.S. or its possessions), to have 10% withheld, or to have 10% plus an additional dollar or percentage amount withheld. Check the box reflecting your choice. Generally, your election will apply to any later distributions from the same Roth IRA. You may, however, revoke your previous exemption from withholding. Simply complete a new W-4P with your Custodian/Trustee. Copies of Form W-4P will not be sent to the IRS by the payer. Note: You, the Roth IRA owner, must tell the Custodian/Trustee how much of your distribution represents the taxable portion (earnings) to which your withholding election will apply.

Statement of Income Tax Withheld from Your IRA. By January 31 of next year, you will receive a statement from your payer showing the total amount of your Roth IRA payments and the total income tax withheld during the year.

Exemption from Income Tax Withholding. The election to be exempt from income tax withholding does not apply to any periodic payment or nonperiodic distribution that is delivered outside the U.S. or its possessions to a U.S. citizen or resident alien. Other recipients who have these payments delivered outside the U.S. or its possessions can elect exemption only if an individual certifies to the payer that the individual is not: (1) a U.S. citizen or resident alien, or (2) an individual to whom Section 877 of the Internal Revenue Code applies (concerning expatriation to avoid tax). The certification can be made in a statement to the payer under penalties of perjury.

For more information, please see Publication 505, Tax Withholding and Estimated Tax, available from most IRS offices.

Caution: Remember that there are penalties for not paying enough tax during the year, either through withholding or estimated tax payments. New retirees, especially, should see IRS Publication 505. It explains the estimated tax requirements and penalties in detail.

State Withholding. Your state may allow or even require state income tax withholding. Please discuss this issue with your tax advisor. If state withholding is appropriate, please instruct the Roth IRA Custodian/Trustee to withhold the correct amount under Section 4C, Payment Detail.

- 6. Signatures.** You (the Roth IRA Owner or beneficiary) and the Custodian/Trustee must sign and date this form.