**Sample Participant Notice**

**Qualified Joint and Survivor Annuity Notice**

**[PLAN NAME] (the “Plan”)**

**QUALIFIED JOINT AND SURVIVOR ANNUITY (“QJSA”) NOTICE**

(Participant’s vested account balance exceeds $7,000)

*[Instructions to plan sponsor: This sample notice is provided to assist you in preparing the required notification for your plan. The plan’s documents control the plan provisions and should be matched carefully with this notice. You are responsible for customizing this notice to be consistent with the provisions of your plan. When you customize the notice, tailor the content in brackets in the text below with the appropriate information for your plan or plan participants. Delete all instructional headings as appropriate.]*

You are receiving this notice because a portion of your benefits under this Plan in the *[insert plans QJSA money source(s) and description(s)]* money source(s) is subject to the rules of a Qualified Joint & Survivor Annuity. This notice explains the distribution options and rights available under the terms of the Plan when you have a distributable event, and how your benefit will be paid to you, unless you elect otherwise. You and, if you are married, your spouse, should carefully review this notice and other plan materials before making your distribution election, and if necessary, consult with your financial and/or tax advisor.

You can find your vested account balance information on your quarterly statements, by logging in to your account online at **myretirement.americanfunds.com** or calling **(800) 204-3731**. By using this account balance, you can estimate the payments under the various payment options described in this notice. The actual amount you may receive could be more or less depending on the value of your account on the date your distribution is actually processed and, if you elect to receive an annuity, annuity purchase rates on the date that an annuity contract is purchased.

**Qualified Annuity Benefit – Qualified Joint & Survivor Annuity, Qualified Optional Survivor Annuity, and Single Life Annuity. If you are married**, the Qualified Annuity Benefit is a Qualified Joint and [xx]% Survivor Annuity. A Qualified Joint and [xx]% Survivor Annuity is a level monthly payment for your life and, if your spouse survives you, a level monthly payment for your spouse equal to [xx]% of the monthly amount payable during your joint lives. These payments are guaranteed for your lifetime and your spouse's lifetime. The Qualified Joint and [xx]% Survivor annuity will not pay any death benefits to other beneficiaries.

**If you are married**, the Plan also allows you to elect a Qualified Optional Survivor Annuity if you do not elect the Qualified Annuity Benefit. The Qualified Optional Survivor Annuity is a joint and [xx]% survivor annuity. A joint and [xx]% survivor annuity is a level monthly payment for your life and, if your spouse survives you, a level monthly payment for your spouse equal to [xx]% of the monthly amount payable during your joint lives. These payments are guaranteed for your lifetime and your spouse's lifetime. The Qualified Optional Survivor Annuity Benefit will not pay any death benefits to other beneficiaries.

**If you are not married**, the Qualified Annuity Benefit is a Single Life Annuity. A Single Life Annuity is a level monthly payment for your lifetime, with the monthly payments stopping upon your death. These payments are guaranteed for your lifetime. The single life annuity will not pay any death benefits any beneficiaries.

**Annuity Factor Tables**

To estimate the approximate level monthly payments, you will receive under the Qualified Joint & Survivor Annuity, Qualified Optional Survivor Annuity, Single Life Annuity or other forms of annuities, divide your vested account balance by the annuity factor below which most closely approximates your situation. Determine your age and, if you are married, your spouse's age as of the birthday nearest the estimated distribution date. The quotient of your annuity factor divided into your vested account balance represents the approximate monthly payment you will receive during your lifetime if you elect to commence distribution. If you are married, the monthly payment your spouse will receive after your death is equal to the survivor annuity percentage times the monthly amount that you would receive during your lifetime. You can request a quote of the actual estimated payment amount from your Plan Administrator.

*[The example below assumes a default Joint and 50% Survivor Annuity. Update the amount if your plan has a different default%]*

For example, if you and your spouse both are 65 and your vested account balance is $10,000, your approximate monthly payment as a Joint and 50% Survivor Annuity is $52.29 ($10,000 divided by 191.23) and, if your spouse survives you, the approximate monthly payment to your surviving spouse is $26.15 ($52.29 X 50%). If you are unmarried, age 65, and your nonforfeitable account balance is $10,000, your approximate lifetime monthly payment is $57.35 ($10,000 divided by 174.35). These monthly payments are only estimates.

*[The Joint & Survivor annuity options below are examples]*

**Annuity Factor Table for Married Participants**

|  |  |  |  |
| --- | --- | --- | --- |
| Married Participant's Age | Spouse's Age | Joint and 50% Annuity Factor | Joint and 75% Annuity Factor |
| 50 | 45 | 267.94 | 277.32 |
| 50 | 50 | 262.85 | 269.68 |
| 50 | 55 | 258.59 | 263.29 |
| 55 | 50 | 247.02 | 257.50 |
| 55 | 55 | 241.17 | 248.73 |
| 55 | 60 | 236.33 | 241.47 |
| 60 | 55 | 223.73 | 235.17 |
| 60 | 60 | 217.13 | 225.28 |
| 60 | 65 | 211.75 | 217.21 |
| 65 | 60 | 198.50 | 210.58 |
| 65 | 65 | 191.23 | 199.66 |
| 65 | 70 | 185.38 | 190.89 |
| 70 | 65 | 171.90 | 184.16 |
| 70 | 70 | 164.06 | 172.40 |
| 70 | 75 | 157.82 | 163.04 |

**Annuity Factor Table for Unmarried Participants**

Unmarried

|  |  |
| --- | --- |
| Participant's Age | Annuity Factor |
| 50 | 249.19 |
| 52 | 240.25 |
| 54 | 230.88 |
| 55 | 226.05 |
| 57 | 216.17 |
| 59 | 206.03 |
| 60 | 200.85 |
| 61 | 195.60 |
| 62 | 190.33 |
| 63 | 185.01 |
| 64 | 179.70 |
| 65 | 174.35 |
| 66 | 168.98 |
| 68 | 158.25 |
| 70 | 147.39 |

**Note: We have based these annuity factors on the PPA mortality tables, assuming a 3% interest rate. The insurance company from which the annuity contract is purchased may use different factors. Different factors will produce a different monthly payment. The actual level monthly payments made under the annuity contract will depend on the annuity purchase rates used by the insurance company, your age (and if you are married, your spouse's age) at the time the distribution begins, and the amount of your vested account balance at the time the annuity contract is purchased. Your account may be charged for the cost incurred to purchase the annuity contract**.

**Minimum Notice Period**

For at least 30 days after you receive this notice, you have the right to consider your decision whether to consent to a distribution of your vested account balance in the form of a Qualified Annuity Benefit or whether to waive the Qualified Annuity Benefit and consent to another benefit payment option and whether to elect a direct rollover of all or any portion of your distribution eligible for rollover. If you sign and return the attached form less than 30 days after you receive this notice, then the receipt of your signed form is your affirmative waiver of any unexpired portion of the minimum 30-day period and your affirmative election of a distribution or a direct rollover. If you affirmatively elect distribution under a method other than the Qualified Annuity Benefit, you have the right to revoke that election until the Annuity Starting Date, or if later, for at least 7 days after you acknowledge the receipt of this notice by signing and dating the attached form.

**Waiver of the Qualified Annuity Benefit**

If you (and your spouse, if you are married) do not waive the Qualified Annuity Benefit with respect to any portion of your account balance or your entire account balance, the Plan will use your vested account balance subject to QJSA to purchase an annuity contract from an insurance company **when a distribution is required to be made to you under the terms of the Plan**. The Plan then will distribute the contract to you as evidence of your right to receive the annuity payments from the insurance company.

If you are married, and you choose a distribution option other than the Qualified Joint & Survivor Annuity or Qualified Optional Survivor Annuity, the waiver of the Qualified Joint & Annuity and the Qualified Optional Survivor Annuity Benefit requires the consent of your spouse. (See the “My Spouse’s Consent” section of the attached form and “Notice to Spouse of Participant” below.)

**Notice to Spouse of Participant**

As described above, payment of your spouse’s vested benefit in the Plan must be made in the form of a Qualified Annuity Benefit unless you expressly consent to some other form of payment. In other words, you have the absolute right, as the spouse of the participant, to prevent payment in any form other than a Qualified Annuity Benefit. See the paragraphs entitled “Qualified Annuity Benefit” and “Benefit Payment Options and Financial Effect” for information regarding what a Qualified Annuity Benefit is and what financial impact electing a Qualified Annuity Benefit will have on you and your spouse. If you wish to consent to payment in a form other than a Qualified Annuity Benefit, you must sign the Spousal Consent Section and have your signature witnessed as specified on the attached form. Your consent must be given no earlier than 180-day period before the date the payment is made.

**Postponement of Distribution**

Generally, if your vested benefit exceeds $7,000.00, you have the right to defer distribution of your vested account balance from the Plan. If you elect to defer your distribution, the Plan will not make a distribution to you without your consent until required by the terms of the Plan or by law. If you elect to defer your distribution, your vested account balance will continue to experience investment gains, losses, and Plan expenses. As a result, the value of your vested account balance ultimately distributed to you could be more or less than the value of your current vested account balance. In determining the economic consequences of postponing your distribution, you should compare the administration cost and investment options (including fees) applicable to your vested account balance in the Plan if you postpone your distribution to the costs and options you may obtain with investment options outside the plan.

Upon distribution of your vested account balance from the Plan, you will be taxed (except to the extent your vested account balance consists of after-tax contributions or qualified amounts held in a ROTH money source) on your vested account balance at the time of the distribution if you do not rollover your balance. As explained in greater detail in the 402(f) Notice of Special Tax Rules on Distributions, you can roll over your distribution directly or you may receive your distribution and roll it over within 60 days to avoid current taxation and to continue to have the opportunity to accumulate tax-deferred earnings. There are many complex rules relating to rollovers, and you should read the 402(f) Notice of Special Tax Rules on Distributions carefully before deciding whether a rollover is desirable in your circumstances. You should also note that a 10% penalty tax may apply to distributions made before you reach age 59½, unless another exception applies. If you defer your distribution of your vested account balance, you may invest in the investment options available to active employees.

If you do not defer distribution of your vested account balance, the currently available investment options in the Plan may not be generally available on similar terms outside the Plan. Fees and expenses (including administrative or investment related fees) outside the Plan may be different from fees and expenses that apply to your vested account balance in the Plan. For more information about fees, expenses, and currently available Plan investment options your Plan administrator and/or Plan service representative. When considering whether to defer your distribution, carefully review the Plan Document and/or Plan’s Summary Plan Description, including the sections on timing of distributions and available distributions.

**Benefit Payment Options and Financial Effect.**

Unless you elect another method of payment at the time you are eligible to take a distribution from the Plan, the Plan requires payment to you of a Qualified Annuity Benefit. Instead of a Qualified Annuity Benefit, generally, you may elect distribution under the following methods:

*[Remove options that do not apply to your plan]*

* Single payment
* Installments from the Plan over a specified period of time
* Installments from the Plan based on a fixed dollar amount
* Purchase of a joint and 50% survivor annuity contract on your behalf
* Purchase of a joint and 75% survivor annuity contract on your behalf
* Purchase of a single life annuity contract on your behalf

**If you would like to request a different benefit option available under the Plan, please contact [phone number].** In order to request an annuity option, in addition to this form you will need to contact your Plan Administrator.

A single payment means you receive a onetime payment from the Plan less applicable withholding and fees.

[For plans with installment distributions]

Under an installment distribution, the Plan makes periodic payments of your vested account balance over a specified period of time or of the specified dollar amount. Because of earnings or losses on investments, the total amount ultimately paid to you could be more or less than the value of your vested account balance as of today. After commencing an installment distribution, you may accelerate the payment of all, or any portion, of your unpaid vested account balance at any time.

Under annuity contract options, the Plan will apply a specified dollar amount or the entire vested account balance to the purchase of the nontransferable contract and the contract will provide payments over the elected annuity term. The level of payments provided under the contract will depend on the terms of the contract you choose.

The following charts provide examples of amounts payable to a hypothetical participant and his or her spouse at various ages under the distribution options available under the plan. You may also request specific information for your situation. In each example, we have assumed that the spouse is the same age as the participant, and we have assumed a vested account balance of $50,000.

*[The options below are examples]*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Distribution**  **Option** | **AGE 55**  **COMMENCEMENT** | **AGE 60**  **COMMENCEMENT** | **AGE 65**  **COMMENCEMENT** | **AGE 70**  **COMMENCEMENT** |
| Single Payment | $50,000 | $50,000 | $50,000 | $50,000 |
| Joint and 50%  Survivor Annuity\* | $ 207.32 per month  ($103.66 per month for survivor annuity) | $ 271.64 per month  ($135.82 per month for survivor annuity) | $ 314.15 per month  ($157.07 per month for survivor annuity) | $ 371.67 per month  ($185.83 per month for survivor annuity) |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Joint and 75% Survivor  Annuity\* | $ 201.02 per month ($150.76 per month  for survivor annuity) | $258.33 per month ($193.75 per month  for survivor annuity) | $296.95 per month ($222.72 per month  for survivor annuity) | $349.36 per month ($262.02 per month  for survivor annuity) |
| Straight Life  Annuity\* | 221.19 per month | $248.94 per month | $286.78 | $339.21 |
| Installments for fixed period of time\*\*  (e.g. 12 years) | $4,166.67 per year  $1,041.67 per quarter  $ 347.22 per month for | $4,166.67 per year  $1,041.67 per quarter  $ 347.22 per month | $4,166.67 per year  $1,041.67 per quarter  $ 347.22 per month | $4,166.67 per year  $1,041.67 per quarter  $ 347.22 per month |
| Installments for a specified  amount\*\*\* | $ 3,500.00 per year  $ 875.00 per quarter  $ 291.67 per month | $ 3,500.00 per year  $ 875.00 per quarter  $ 291.67 per month | $ 3,500.00 per year  $ 875.00 per quarter  $ 291.67 per month | $ 3,500.00 per year  $ 875.00 per quarter  $ 291.67 per month |

\* The annuities shown are estimates that have been based on the PPA mortality tables, assuming a 3% interest rate. The insurance company from which the trustee purchases the annuity contract may use different factors.

The joint and survivor factor used assumes that the participant and the survivor are the same age. Different f actors will produce a different monthly payment.

\*\* Assumes a 0% interest, no mortality and election of a 12-year period certain.

\*\*\* Assumes a 0% interest, no mortality and election of a $3,500 amount certain per year. In these assumptions, the $3,500 will be distributed each of the first 14 years and $1000 will be distributed in year 15.

**NOTE: The annuity calculations under the Qualified Joint and Survivor Annuity depend upon the actual age of the spouse (annuity payments will be significantly lower if the spouse is significantly younger than the participant).**

**Further information.** If you need additional information or have any questions regarding the information provided in this notice or any form included with your distribution package, please contact your Plan Administrator.

Contact: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Address: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Telephone: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Fax (if applicable): \_\_\_\_\_\_\_\_\_\_

Website (if applicable): \_\_\_\_\_\_\_

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