JULY

Corrective Distribution Packet

Use this form to withdraw excess deferrals/contributions as a result of the plan's annual compliance testing.

Employer / Plan Information

Plan Name ______________________ Employer Name ______________________

Participant Information

First Name ______ MI ______ Last Name ______ Date of Birth ______

SSN (Provide last 4 digits) XXX-XX-______ E-mail Address ______ Phone ______

Address ______ City ______ State ______ Zip ______

Participant Instructions

This is a time sensitive withdrawal that must be disbursed before the correction deadline to avoid tax penalty.

1. If you have questions on why you are required to take a corrective withdrawal, see the enclosed "Understanding Corrective Refunds - FAQ".
2. Provide payment method and tax elections on page 3 and sign the form.
3. Return the completed form pages 1 - 4 to your employer.

Plan Administrator Instructions

1. Authorized Plan Sponsor or Trustee signature required on page 4.
2. Return the completed and signed form to JULY by e-mail at: distributions@julyservices.com or by fax to: 800.671.7185.

Processing Fees

Distribution Fee up to $100.00 will apply.

Direct Deposit Fee up to $35.00 will apply:

- Wire
- ACH

Overnight Delivery Fee up to $35.00 will apply.

Additional $50.00 Fee May Apply If:

- Your account includes Roth funds in addition to Pre-Tax funds.
- Your account includes Post-Tax funds in addition to Pre-Tax funds.
- You have an Individual Brokerage Account.

Corrective Distribution Packet

Your Excess Distribution Details

Total Refund Amount $ ______________________

Plan year excess occurred: Plan Year Begin Date ______________ Plan Year End Date ______________

☐ **Excess Contribution: Distribute Elective Deferrals to satisfy ADP –Actual Deferral Percentage Test**

Employee Pre-Tax	Excess Amount $ ________	Earnings $ ________
Employee Designated Roth	Excess Amount $ ________	Earnings $ ________
If Applicable, Employer Match to transfer to Forfeiture Account	Excess Amount $ ________	Earnings $ ________

☐ **Excess Aggregate Contribution: Distribute to satisfy ACP –Actual Contribution Percentage Test.**

Employer Match	Excess Amount $ ________	Earnings $ ________
Employee After-Tax		
Amount Distributed to Participant	Excess Amount $ ________	Earnings $ ________
Amount to be transferred to Forfeiture Account	Excess Amount $ ________	Earnings $ ________

☐ **Excess Deferral: Distribute Elective Deferral in excess of Code §402(g) limitation.**

Employee Pre-Tax	Excess Amount $ ________	Earnings $ ________
Employee Designated Roth	Excess Amount $ ________	Earnings $ ________
If Applicable, Employer Match to transfer to Forfeiture Account	Excess Amount $ ________	Earnings $ ________

☐ **Excess Annual Additions: Distribute to satisfy Code §415 Annual Additions limitation.**

Employee Pre-Tax	Excess Amount $ ________	Earnings $ ________
Employee Designated Roth	Excess Amount $ ________	Earnings $ ________
Employee After-Tax	Excess Amount $ ________	Earnings $ ________
Employer Match amount to transfer to Forfeiture Account	Excess Amount $ ________	Earnings $ ________
Employer Profit Sharing amount to transfer to Forfeiture Account	Excess Amount $ ________	Earnings $ ________

Payment Instructions

◯ **Check** (check will be made payable to participant) ☐ **Overnight Delivery**

Mail to Address ____________________

◯ **ACH** ◯ **Wire**

Bank Name ________ Bank Address ________ Phone ________

Account Type: ☐ Checking ☐ Savings

Routing/ABA # (9 digits) ________ Deposit to Account # ________ Name on the Account ________

Note: If payment instructions are not provided in this section, we will process the cash withdrawal as a check payment, payable to the participant, and mailed to the address provided in the Participant Information Section on page 1 of this form.

Federal Tax Withholding

This distribution represents the refund of excess contributions. If the distribution represents a correction under EPCRS (415), a ADP test excess or ACP test excess, then 10% withholding will apply, unless otherwise indicated below. Excess deferrals (402(g)) are not subject to withholding.

☐ Do not Withhold federal taxes.

☐ Withhold the mandatory 10%, plus an additional ________ % in federal income tax from the taxable amount of the distribution.

State Tax Withholding

The taxable portion of this payment may also be subject to state income tax withholdings. If you do not make an election below, state income taxes will automatically be withheld if required by your state's law. Note: If state income taxes are not withheld, you are liable for payment of state income tax on this distribution. If your payment of estimated tax withholding is not adequate, the unpaid portion may also be subject to tax penalties under the estimated tax payment rules in certain states.

Please refer to the State Tax Withholding Guide below, if you have questions regarding your state's law.

☐ Withhold the following amount: $ ________ or Percentage: ________ %.

☐ Do not withhold .

These states require mandatory state withholding if federal taxes are withheld. You cannot opt out of state income tax withholding.

Arkansas (AR) Washington DC (DC) Delaware (DE) Iowa (IA) Kansas (KS) Maine (ME) Maryland (MD) Massachusetts (MA), North Carolina (NC) Nebraska (NE) Oklahoma (OK) Vermont (VT) Virginia (VA)

These states require mandatory state withholding which will be withheld based on state law unless you elect to opt out of the withholding.

California (CA) Oregon (OR)

These states permit voluntary income tax withholding. You may voluntarily elect state withholding by providing a dollar amount above.

Alabama (AL) Arizona (AZ) Colorado (CO) Georgia (GA) Idaho (ID) Illinois (IL) Indiana (IN) Kentucky (KY) Louisiana (LA) Minnesota (MN) Mississippi (MS) Missouri (MO) Montana (MT) New Jersey (NJ) New Mexico (NM) New York (NY) North Dakota (ND) Ohio (OH) Pennsylvania (PA) Rhode Island (RI) South Carolina (SC) Utah (UT) West Virginia (WV) Wyoming (WY)

These states require mandatory state income tax withholding which will be withheld based on state law unless you provide alternate withholding instruction by submitting IRS Form W-4P - Withholding Certificate for Pension or Annuity Payments in addition to this form.

Michigan (MI) Connecticut (CT)

Employee / Participant Signature

No consent required for Corrective Distributions.

The consent rules under IRC §411 (a) (11) and IRC §417 do not apply to corrective distributions. Thus, the consent of the employee is not required to make a corrective distribution, even if the employees' vested interest exceeds $5,000. In addition, the consent of the employees spouse is not required, even if the plan is subject to qualified joint survivor and annuity requirements.

Participant Signature **Date**

Employer / Plan Administrator Signature

I certify that I am the Trustee/Plan Sponsor of the above listed retirement plan. As an authorized Plan Fiduciary, I understand the violation of the excess deferral limitation by the plan will cause the plan to become disqualified, resulting in adverse tax consequences to the employer and employees under the plan. To avoid disqualification, I hereby agree and permit the correction method of disbursing the excess deferrals to the employee.

Plan Administrator Signature **Date**

Third Party Administrator Information

Company/Firm Name

Address City State Zip

Third Party Administrator Authorization

As third-party administrator (TPA), I have reviewed the provisions of the plan and any pertinent employee data provided by the plan administrator that is applicable in determining the participant's eligibility for said distribution requested. After review of employee data and plan provisions, I confirm that all information provided is true and accurate as determined by data provided to me by the plan administrator. I understand that any requested TPA fees associated with this request will be withheld from the participant's account when the distribution request is processed by July Business Services. Further, I understand that I will receive payment of TPA fees once monthly for any distributions processed during a given month. Payment(s) will be mailed to the address provided within 15 business days following the last day of the month. I confirm that any and all fees related to providing the information within this form have been disclosed to the plan administrator in writing prior to completion and submission of the form to July Business Services.

Third-Party Administrator Signature **Print Name** **Date**

Return the completed and signed form to the email or fax below.

If you have any questions, contact us Monday - Friday, 8:15 a.m. to 5:15 p.m. CST

Participant Services	Plan Sponsor Services	E-mail Address	Fax Number
888.333.5859, Option 1	888.333.5859, Option 3	distributions@julyservices.com	800.671.7185

Corrective Distribution Packet

Understanding Corrective Refunds - FAQ

ADP (Actual Deferral Percentage) ACP (Actual Contribution Percentage)

Excess Contribution amounts included in the ADP Test:

- 401(k) salary deferrals (including regular pre-tax deferrals or Roth 401(k) deferrals).
- QMAC's: Qualified match must be 100% vested, subject to 401(k) distribution restrictions.
- QNEC's: Qualified non-elective contributions must be 100% vested, subject to 401(k) distribution restrictions. Only QNEC's deposited within 12 months of plan year end.

Excess Aggregate Contribution amounts included in the ACP Test:

- Regular employer match (subject to vesting schedule).
- After Tax employee contributions.
- QNEC' or QMAC's, must be 100% vested and subject to 401(k) distribution restrictions.

Correction Deadline (distribution of refund amount must be disbursed by this date):

- March 15th when plan year end is 12/31.
- September 15th when plan year end is 6/30.

Failure to refund the excess contribution by the deadline will result in a 10% penalty that must be paid to the IRS by the Employer.

Taxation:

- Taxable in the year of distribution.

1099-R reporting:

- Box 7 code used: (8) Excess contributions plus earnings/excess deferrals (and or earnings).

402(g) Elective Deferrals - Excess Deferrals

Results from an individual participant making salary deferrals that exceed the §402(g) limit.

Correction Deadline (distribution of refund amount must be disbursed by this date):

- April 15th after the close of calendar year, excess deferral and income must be disbursed.
  - If not with timely corrected and not disbursed by April 15th, the employee is taxed on both the excess pre-tax and designated Roth deferrals in the year contributed and in the year distributed.
  - A late distribution is subject to the 10% penalty on early distributions, 20% withholding and spousal consent requirements.
- Unlike other refunds, a 402(g) violation can be corrected by making a refund distribution during the year it occurs.

Taxation:

- Excess Deferrals are taxable in the calendar year the contribution was made. Earnings through the date of correction are taxable in the year distributed.

1099-R reporting:

- If distribution is made after the close of the calendar year, two separate 1099r's are needed:
  1. The excess deferral should show code (P), for taxation in the prior year.
  2. The second 1099r reports the allocable earnings, with distribution code (8) to show earnings distribution is taxable in the current year. If refund of excess deferrals was made from a Roth 401(k) account, show code (B). *not qualified until held for 5 years.

415 Excess Annual Additions

Results from an individual participant having received allocations of "annual additions" that exceed the §415 limit for defined contribution plans.

Amounts counted as Annual Additions:

- Elective Deferrals (including Roth 401(k) deferrals)
- Employer Match
- Employer Safe Harbor Contributions
- Employer Non-elective Contributions
- Forfeiture Allocations
- Not Gains/losses Applicable to Plan Account

Correction Deadline (distribution of refund amount must be disbursed by this date):

- There is no set deadline.

Taxation:

- Excess annual additions are always treated as being taxable to the participant in the year of the distribution.
- Any related earnings adjustment is always taxed in the year of the distribution.

1099-R reporting:

- Box 7 code used: (E) for Excess Annual Additions.

If refund of excess annual additions was made from a Roth 401(k) account, show code (B).
*not qualified until held for 5 years.