

SEAFARERS MONEY PURCHASE PENSION PLAN

5201 Capital Gateway Drive
Camp Springs, Maryland 20746-4275
(301) 899-0675

Margaret R. Bowen
Administrator

Re: Death Benefit Tax Explanation Notice

Dear Beneficiary:

As the beneficiary of a deceased participant of the Seafarers Money Purchase Pension Plan ("Plan") this notice provides a brief summary of your tax options arising from your death benefit. For additional information regarding your tax options, please refer to the Plan's Special Tax Notice (IRS Notice 2020-62).

Death benefit payments from the Plan are subject to Federal Tax. The Plan is required to withhold 20% of death benefit payments over \$200.00 as Federal Income Tax. If you receive the benefit and you are younger than age 59 ½, you may be subject to an additional 10% Federal Income Tax on an early distribution. Depending on your beneficiary status, a rollover of the benefit payments to an eligible account is the only exception to being subject to Federal Tax:

- **Taxation of a Death Benefit Payable to a Spouse** - Death benefit payments to spouses can be rolled over to an Individual Retirement Account (IRA) or another employer tax qualified plan that accepts rollovers. Unlike rollover options available to non-spousal beneficiaries, spouses do not have to make a direct trustee to trustee transfer. If you choose to do a rollover to an IRA, you may treat the IRA as your own or as an inherited IRA
- **Taxation of a Death Benefit Payable to Other Beneficiaries** - Death benefit payments to Beneficiaries other than a Participant's surviving spouse can be rolled over provided that the beneficiary elects a direct trustee to trustee transfer. Rollovers by non-spouse beneficiaries can only be made to an Inherited IRA. Inherited IRAs can be either a Traditional IRA (Pre-Tax) or a Roth IRA (Post-Tax). Inherited IRAs must be established in a manner that identifies it as an IRA with respect to the deceased Participant and the identity of the Beneficiary. Payments from an Inherited IRA are subject to the Required Minimum Distribution (RMD) rules applicable to post death distributions with respect to the Participant

You may wish to consult with a professional financial or tax advisor before making this election. If you have additional questions regarding this notice, please contact the Plan at (800) 252-4674 (Option 2) or map@seafarers.org.

Sincerely,

Margaret R. Bowen
Administrator