CONSIDERING YOUR DISTRIBUTION OPTIONS FOR A ROLLOVER FROM AN EMPLOYER SPONSORED RETIREMENT PLAN

Know your options before making a distribution from an Employer-Sponsored retirement plan. Generally you have four options:

01 Keep your money in the current employer's plan.

02 Rollover your money into an IRA.

03 Transfer your money to a new employer's plan.

04 Withdraw your money from your account.

Often, when people change employers or retire, they move their money from employer-sponsored retirement plans ("ESRP"), such as 401(k) plans, 403(b) plans, defined benefit plans, and profit sharing plans, into their Individual Retirement Accounts (IRAs). However, you should be aware that this is an important decision and you should understand your options. If you are considering rolling over money from an employer-sponsored plan into an IRA, People's United Bank N.A., People's Securities, Inc. and its affiliates would like to give you these tips to help you decide whether an IRA rollover is right for you. It's also a good idea to consult with your retirement plan administrator, as well your tax professional about the tax implications of each option.

This summary is designed to help you, the retirement plan participant, understand and evaluate your distribution alternatives when you retire or otherwise become entitled to a distribution from your plan.

Generally, you have four choices when you are entitled to a distribution. Those are:

- Leave the money in the current retirement plan (unless the plan "forces" distributions of participant balances below certain levels).
- Transfer the account balance to the ESRP of a new employer. (This assumes that you are not retiring and will go to work for another employer who sponsors an ESRP and that new ESRP permits those transfers.)
- Roll the account balance into an individual retirement account or individual retirement annuity (IRA).
- Take a taxable distribution (which may reduce your retirement money due to income taxes and penalties charged on taxable distributions).

The first three options avoid the immediate taxation of the benefits; the fourth does not.

This decision should be based on your needs and circumstances. None of these alternatives is right for every participant in every situation.

It may not be an easy decision, because of the long-term financial consequences. However, these materials, when coupled with an adviser's educational explanations, can help you make decisions about what's best for your financial future.

The following are many of the considerations that would be important to a typical participant. You need to decide which are the most important to you and whether other factors should be considered as well.

Distribution Alternatives and Considerations

1. Keep your money in the current or prior employer's plan.

As a general rule, you may leave your money in your plan and preserve its tax-deferred status (until it is ultimately distributed). However, some plans have mandatory distributions for accounts with small balances. Check with your plan administrator for details.

Advantages:

- The federal law governing the plan, the Employee Retirement Income Security Act ("ERISA"), requires that the plan fiduciaries prudently monitor the cost and quality of the investments options in the plan.
- Your ESRP may offer investment choices and other services that are less expensive than those available to you outside of the plan. The employer may pay some or all of the plan's administrative expenses on your behalf. Check with your plan administrator for details.
- Employer-sponsored retirement plans may offer better creditor protection than rollover IRAs (but both are protected in bankruptcy).
- If you have a participant loan, you may be able to continue to make payments on the loan rather than having to take a taxable distribution of the loan amount. However, some plans require payment of

the loan when you leave your job. Check with your plan administrator for details.

- If you stopped working for the employer between ages 55 and 59½, you may be able to take withdrawals from your ESRP without paying a 10% tax penalty (but ordinary income taxes would generally still apply).

Disadvantages:

- You don't have control over the plan services available to you. Your former employer, as the plan fiduciary, will make those decisions.
- The ESRP may offer a limited number of investment choices (unless it permits you to use a self-direct brokerage account, check with your plan administrator).
- The ESRP may assess fees to your account for administrative or other reasons.
- You may not have access through your ESRP to personalized investment advice or advice that takes into account your other assets or particular needs.
- You need to know whether your ESRP permits periodic (for example, monthly) payments if you intend to use the money for retirement income. You should also ask if the plan charges for those distributions.

2. Roll over your money into an IRA.

Another option for preserving the tax-deferred status of your retirement money is to transfer your ESRP to a rollover IRA. It is important to find out about the range of investments and services available through a particular IRA and the fees for that IRA before choosing your rollover IRA.

Advantages:

- You have discretion over your money including deciding which financial institution, investments and services to use—and whether to make changes in the future.
- An advisor may be able to give you personalized advice about investing and retirement planning.
- A rollover IRA may also enable you to place all your investments with one advisor, who could coordinate your overall financial and investment planning.
- A rollover IRA may allow you to consolidate your other tax-deferred retirement accounts in one place. This may be helpful for your financial and retirement planning. It may also prove helpful in managing the required minimum distributions (RMDs) you have to start taking when you reach age 70½.
- IRAs are often more flexible than an ESRP regarding withdrawals and distributions, e.g., setting up regular periodic payments or an unscheduled withdrawal. Also, IRAs don't charge for periodic payments or special distributions (e.g., the medical needs or family events). If you select an individual retirement annuity, you can obtain a guarantee of lifetime income (subject to the claims paying ability of the insurance carrier).

Disadvantages:

- There is not a plan fiduciary who prudently monitors the investments, and their cost and quality, in your rollover IRA. Also, there will usually be more choices in an IRA and you have to select your own investments. However, if you have an advisor for your IRA, he or she can help you with the investment decisions.
- You may pay more in a rollover IRA for investments, services and advice than you pay through your ESRP (or a successor employer's plan). Compare those costs to plan's fees for services, investments and administration before making any decision.
- IRA investment fees can be complex and more difficult for you to evaluate. There may be conflicts of interest where you could be encouraged to select investments that pay the providers more money, but which might not be right for you.
- Generally, rollover IRAs are protected in bankruptcy, but may not otherwise offer the same level of creditor protection as employer-sponsored retirement plans.
- You can't borrow from an IRA—you can only access the money in an IRA by taking a taxable distribution (which may also subject you to tax penalties if you are younger than 59½).
- When you reach 70½, you will have to take periodic taxable distributions from your IRA, but you wouldn't have to from an ESRP (unless you are a 5% or more owner of the business).

3. Transfer your money to a new employer's plan.

The third way to preserve the tax-deferred benefit of your ESRP is to transfer the money in your account to a new employer's plan. While most employer plans allow new employees to roll their accounts in, not all do, so it's important that you ask. (This option is not available if you are retiring and won't be working for a new employer.) You should also ask about the administrative and other fees assessed to participants' accounts in the new ESRP and compare them to your alternatives.

Advantages:

- You will be able to make contributions to your ESRP at your new employer when you become eligible to participate in that plan and, you can have all of your ESRP money in one place.
- The new ESRP could potentially offer lower cost investment options and services.
- If you have an existing plan loan, you may be able to roll it over to your new employer's plan through a "direct" rollover. Check with the plan administrators at both your former employer and your new employer.
- In some states, ESRPs offer better creditor protection than IRAs. (However, both rollover IRAs and ESRPs are protected under federal bankruptcy laws.)
- So long as you are working at the employer, you will not be required to take minimum distributions when you reach age 70½ (unless you are a 5% or more owner of the business).
- Many ESRPs have loan provisions. If you transfer your retirement funds to a new employer's plan that permits loans, you may be able to borrow from the money in the new plan.

Disadvantages:

- You won't have control over the expenses, services or investments in the new ESRP.
- The new ESRP might offer fewer or more expensive investment options than your former plan. Make sure that the option you choose has the right investments (at the right cost) for your needs.
- The new ESRP may not offer personalized advice on investments, retirement planning, or your other investments. Make sure that you understand what's available before you make a decision.

4. Withdraw your money from your account.

It's your money and you get to choose what's right for you. One decision you could make is to take a lump sum distribution. In most cases this will be taxable. You may not get the full amount because the plan is required to withhold up to 20 percent to ensure that taxes will be paid if a rollover is not completed.

Advantages:

- You can use the money as you wish, for example, to pay off existing debt, bills or other expenses.
- If you have employer stock that is substantially appreciated, there may be tax advantages in taking a distribution of those shares. Check with your tax advisor.
- If you have made after-tax contributions (other than Roth contributions), you will be able to take these amounts tax-free (though you will be required to pay tax on the earnings on those amounts. There are special rules for Roth contributions and, depending on the circumstances, a part of the payment may or may not be taxable if withdrawn from a plan.)

Disadvantages:

- You'll owe federal (and possibly state) income taxes on the money you withdraw. The government requires 20% withholding for federal income taxes, so the amount you receive will automatically be reduced. Also, the withdrawn money could put you in a higher tax bracket, and you may owe additional taxes. (However, if you deposit the funds in an IRA within 60 days you will avoid taxes on pretax contributions and earnings.)
- If you're under the age of 59½, you may also owe a 10% early distribution tax penalty, in addition to the income taxes.
- Once you spend the withdrawal, you will need to begin saving for retirement again, but with fewer years left to save. Without these savings, you may need to delay your retirement date or you may experience a lower standard of living in retirement.

Notes:

- This document discuss distribution considerations that would be material in common scenarios for hypothetical participants.
- The characteristics of your plan or investments (such as pre-tax contributions, existing participant loans or investments in employer stock) might require that additional matters be considered.
- You need to consider personal circumstances, for example, disability.
- This summary does not consider all plan characteristics, types of investments, or personal circumstances (and the list in these Notes is not comprehensive).
- You need to make sure to take into account your individual considerations, including any that may not be included in these materials.

CONSIDERING YOUR DISTRIBUTION OPTIONS FOR A ROLLOVER FROM AN EMPLOYER SPONSORED RETIREMENT PLAN

ACKNOWLEDGMENT REGARDING PARTICIPANT'S DISTRIBUTION AND ROLLOVER DECISION

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PSI Number

Check the applicable box below:

☐ **I have already received a distribution from my employer's or former employer's qualified retirement plan, and I have decided to roll over the distribution into an Individual "Retirement Account or Annuity (IRA) with People's United Bank, People's Securities, Inc., or an affiliate (collectively "People's") by depositing the distribution check into an IRA with People's within the required sixty (60) day period.**

☐ **I have not yet received a distribution from my employer's or former employer's qualified retirement plan, but I have decided to request and receive a distribution from the plan in the form of a direct rollover from the plan to an Individual Retirement Account or Annuity (IRA) with People's United Bank, People's Securities, Inc., or an affiliate (collectively "People's").**

Acknowledgment:

The decision to take a distribution from my employer-sponsored retirement plan ("ESRP") and to roll over to an IRA at People's was my decision and was not influenced by any representatives of People's. People's did not recommend: (i) whether to take a distribution; (ii) the form of distribution; or (iii) whether to roll over the distribution to a People's IRA. I understand that I could possibly leave my money in the ESRP (if the plan permits); transfer it to the ESRP of successor employer (if I were to work for a new employer with a ESRP that permitted transfers); take a taxable distribution; and/or roll over to an IRA. I also understand that fees, investments, and services vary among those alternatives, and that the fees and expenses in a ESRP may be less than in an IRA.

I HAVE RECEIVED ALL FOUR PAGES OF THE *CONSIDERING YOUR DISTRIBUTION OPTIONS FOR A ROLLOVER FROM AN EMPLOYER-SPONSORED RETIREMENT PLAN* DISCLOSURE AND I ACKNOWLEDGE AND AGREE WITH THE STATEMENTS CONTAINED ABOVE IN THE PARTICIPANT'S DISTRIBUTION AND ROLLOVER DECISION.

Plan Participant Name (Print)		
Plan Participant Signature		Date
People's Employee Signature		Date
People's Employee Name (Print)	Phone #	Emp #/ RR#