

Sample Hypothetical-Participant QJSA Notice for DB Plan

DISTRIBUTION NOTICE AND EXPLANATION
FOR THE _____ DEFINED BENEFIT PLAN

This notice provides information to you about your distribution options under the _____ Defined Benefit Plan (the "Plan"). You have the right to defer a distribution of your benefits at least until the later of age 62 or your normal retirement age under the Plan. This notice does not provide information about benefits that you may have earned under nonqualified plans as a result of limits imposed by the IRS on benefits that may be provided under the Plan.

Your benefits will be paid to you in the normal annuity form, described below, at such times as provided for in the Plan, unless you elect to waive this form of benefit. If you are married, your spouse must consent to your election in writing, in the presence of a notary public [Note: or a Plan representative]. You may revoke this election before your benefits commence. Your spouse does not need to consent to such revocation. A revocation of an optional form will result in the distribution of your benefits in the normal annuity form (unless you choose a different optional form, with your spouse's consent, if applicable).

The amount paid under each of these different distribution forms is based upon the amount payable under the Single Life Annuity Form. However, amounts otherwise payable under the Single Life Annuity Form are adjusted up or down to reflect the form in which your benefits are paid. The factors for determining the increases or decreases will be determined based upon your age, your spouse's age, and the application of the Plan's actuarial equivalence assumptions regarding interest rates and life expectancy for you and your beneficiary.

Description of Distribution Forms

Your normal annuity forms are as follows:

- Single Life Annuity. This is the normal annuity form if you are unmarried. Under this form, you will receive a monthly payment for your life, and no beneficiary will receive any payments after your death.
- 50% Qualified Joint and Survivor Annuity. This is the normal annuity form if you are married. Under this form, you will receive a reduced monthly payment for your life and, when you die, your surviving spouse will receive a monthly payment for his or her life equal to 50% of the monthly payment you received prior to your death.

Your optional forms are as follows:

- Single Life Annuity. This is an optional form if you are married. Under this form, you will receive a monthly payment for your life, and no beneficiary will receive any payments after your death.
- 50% Joint and Survivor Annuity. Under this form, you will receive a reduced monthly payment for your life and, when you die, your designated beneficiary will receive a monthly payment for the designated beneficiary's life equal to 50% of the monthly payment you received prior to your death.
- 10-Year Period Certain Annuity. Under this form, you will receive a reduced monthly payment for your life and, when you die, your designated beneficiary will receive monthly payments to the extent necessary so that the combined monthly payments to both you and your beneficiary are made for a period of at least 10 years. If your beneficiary dies before 10 years of payments are made to you and your beneficiary, remaining payments will be made to the estate of the last to die of you and your beneficiary. Upon your death, your beneficiary can choose to have remaining guaranteed payments distributed in a lump sum.

- Level Income Annuity. Under this form, which applies in combination with one of the normal or optional annuity forms described above, you will receive an increased monthly payment for the period before you are eligible for primary insurance benefits under the Social Security Act (i.e., before age 62), and a reduced monthly payment thereafter. These increased and decreased amounts will be calculated so that your increased annuity payments before age 62 will be (as nearly as possible) the same as your combined Social Security benefits and reduced annuity payments at and after age 62. Unless you elect to provide an estimate of your Social Security benefits from the Social Security Administration, your Social Security benefits will be estimated based on _____.
- 10-Year Installment Option. Under this form, you will receive equal monthly installment payments over a period of 10 years. The number of years may not exceed your life expectancy measured at the time benefits will commence.
- Lump Sum Option. Under this form, you will receive a single lump sum amount.

[Note: Add or remove descriptions of optional forms, as appropriate for particular plan.]

The optional forms described above include only those optional forms that are generally available to Plan participants. You can request information about other optional forms available to you by contacting _____. [Note: This language applies only if disclosures limited to generally-available forms.]

Financial Effect of Electing Distribution Forms

If you were to commence your Plan benefit in the form of a Single Life Annuity at your normal retirement age (age ____), you would receive a monthly payment for life of \$_____.

The following chart shows the financial effect on a hypothetical participant's benefit, at a representative range of ages, of electing each form of distribution. The chart was prepared based on certain assumptions about the hypothetical participant:

- It assumes that the age of the hypothetical participant's beneficiary is the same as the hypothetical participant's age. If the hypothetical participant's beneficiary were, in fact, older than the hypothetical participant, the cost of providing a joint and survivor annuity would be lower. This is because fewer total benefits would be expected to be paid during the beneficiary's shorter expected lifetime. Similarly, if the beneficiary were younger than the hypothetical participant, the cost of providing a joint and survivor annuity would be higher.
- It assumes that the hypothetical participant is entitled to monthly payments at normal retirement age of \$1,000. If the amounts payable to the hypothetical participant at normal retirement age were, in fact, larger, the amounts payable under each distribution form would be larger.
- It assumes that the hypothetical participant's monthly primary insurance benefit under the Social Security Act, beginning at age 62, is \$_____. If the primary insurance benefit under the Social Security Act were, in fact, larger, the increase under the level income option for benefits payable before age 62 would be larger (and the decrease for benefits payable at and after age 62 would also be larger).
- It assumes an interest rate of _____%, for purposes of calculating lump sums, level income option amounts, and installment option amounts. If the applicable interest rate were, in fact, higher, lump sum amounts, for example, would be smaller. This is because a smaller lump sum, invested at a higher expected interest rate, would be worth as much as a larger lump sum, invested at a lower expected interest rate. Similarly, if the applicable interest rate were lower, lump sum amounts would be larger. [Note: Interest rate disclosure is not required for non-417-e(3) forms, if optional forms are within 5 percentage points of the relative value of the normal annuity form.]

You can obtain a statement that is specific to you of the financial effects of electing particular distribution forms by contacting [] at [].

		Financial Effects		
Distribution Form		Monthly Amount Payable to Hypothetical Participant and Beneficiary		
Basic Distribution Form	Level Income Annuity ("LIA") Election	Commencement at Age 50	Commencement at Age 55	Commencement at Age 60
Single Life Annuity	No LIA election	Participant: \$_____; surviving beneficiary: \$0	Participant: \$_____; surviving beneficiary: \$0	Participant: \$_____; surviving beneficiary: \$0
	LIA election	Participant until age 62: \$_____; participant at and after age 62 \$_____; surviving beneficiary: \$0	Participant until age 62: \$_____; participant at and after age 62 \$_____; surviving beneficiary: \$0	Participant until age 62: \$_____; participant at and after age 62 \$_____; surviving beneficiary: \$0
50% Joint and Survivor Annuity	No LIA election	Participant: \$_____; surviving beneficiary: \$_____	Participant: \$_____; surviving beneficiary: \$_____	Participant: \$_____; surviving beneficiary: \$_____
	LIA election	Participant until age 62: \$_____; participant at and after age 62 \$_____; surviving beneficiary until participant's age 62: \$_____; surviving beneficiary at and after participant's age 62: \$_____	Participant until age 62: \$_____; participant at and after age 62 \$_____; surviving beneficiary until participant's age 62: \$_____; surviving beneficiary at and after participant's age 62: \$_____	Participant until age 62: \$_____; participant at and after age 62 \$_____; surviving beneficiary until participant's age 62: \$_____; surviving beneficiary at and after participant's age 62: \$_____
10-Year Period Certain Annuity Option	No LIA election	Participant: \$_____; surviving beneficiary: \$_____	Participant: \$_____; surviving beneficiary: \$_____	Participant: \$_____; surviving beneficiary: \$_____
	LIA election	Participant until age 62: \$_____; participant at and after age 62 \$_____; surviving beneficiary until participant's age 62: \$_____; surviving beneficiary at and after participant's age 62: \$_____	Participant until age 62: \$_____; participant at and after age 62 \$_____; surviving beneficiary until participant's age 62: \$_____; surviving beneficiary at and after participant's age 62: \$_____	Participant until age 62: \$_____; participant at and after age 62 \$_____; surviving beneficiary until participant's age 62: \$_____; surviving beneficiary at and after participant's age 62: \$_____
10-Year Installment Option	LIA election not available	Participant: \$_____; payable to beneficiary (if fewer than 10 years of payments to participant): \$_____	Participant: \$_____; payable to beneficiary (if fewer than 10 years of payments to participant): \$_____	Participant: \$_____; payable to beneficiary (if fewer than 10 years of payments to participant): \$_____
Lump Sum Option	LIA election not available	Participant in lump sum: \$_____; payable to beneficiary: \$0	Participant in lump sum: \$_____; payable to beneficiary: \$0	Participant in lump sum: \$_____; payable to beneficiary: \$0

Relative Value of Distribution Forms

The following chart shows the relative value of each distribution form compared to the value of the Single Life Annuity for a hypothetical participant, at a representative range of ages.

The relative value comparison is intended to allow you to compare the total value of distributions paid in different forms. The relative value comparison is made by calculating the present value of each distribution form, and comparing the resulting present value to the present value of the Single Life Annuity form. [Note: Other comparison options are available.] The calculation is performed using interest and life expectancy assumptions. All comparisons provided are based on average life expectancies. The relative value of payments ultimately made under an annuity optional form will depend upon actual longevity. The interest rates used to develop relative value comparisons are as follows: ____% (for purposes of calculating the present value of lump sums, level income forms, and installment options), and ____% (for purposes of calculating the relative value of other distribution forms). The charts were

prepared by assuming that the age of the hypothetical participant's beneficiary is the same as the hypothetical participant's age.

You can obtain a statement that is specific to you comparing the relative present values of particular distribution forms (including other installment periods) to the present value of the Single Life Annuity form by contacting [] at []. You can also request details regarding other actuarial assumptions used to calculate the relative value of optional forms.

Distribution Form		Relative Values		
		Relative Value of Distribution Form, Compared to Single Life Annuity		
Basic Distribution Form	Level Income Annuity ("LIA") Election	Commencement at Age 50	Commencement at Age 55	Commencement at Age 60
Single Life Annuity	No LIA election	Base for comparison of relative values	Base for comparison of relative values	Base for comparison of relative values
	LIA election	____%	____%	____%
50% Joint and Survivor Annuity	No LIA election	____%	____%	____%
	LIA election	____%	____%	____%
10-Year Period Certain Annuity Option	No LIA election	____%	____%	____%
	LIA election	____%	____%	____%
10-Year Installment Option	LIA election not available	____%	____%	____%
Lump Sum Option	LIA election not available	____%	____%	____%

[Note: Grouping may be available if all of these percentages are within certain ranges. For example, if all relative values are between 95% and 102.5% of the actuarial present value of the Single Life Annuity, the charts can be replaced with the following sentence (with other conforming changes): "Using these assumptions, all of the forms of benefit and the Single Life Annuity are approximately equal in value."]

If you received this notice and explanation through an electronic medium (e.g., email), you may request and receive the notice on a written paper document at no charge. You can request this paper document by contacting []. [Note: The new regulations do not yet address electronic disclosure. This language should satisfy prior regulations regarding electronic disclosure.]

[Note: To the extent that participants' Plan benefits are limited by Code section 415, and the reductions affect certain distribution options more than others (in particular, if differences are enough to affect application of the grouping rules to particular distribution options), additional information may need to be provided. Basically, even though certain distributions might look unfavorable because of the application of section 415, participants would need to be told that the difference would be made up under a nonqualified excess plan (if that is the case).]

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