

Important Information Concerning 2009 Required Minimum Distributions

The Worker, Retiree, and Employer Recovery Act of 2008

The Worker, Retiree, and Employer Recovery Act of 2008, passed in December of 2008, provides participants who are otherwise subject to the required minimum distribution (“RMD”) rules an option to **suspend** the payments of those distributions for 2009. Hartford Retirement Services (“HRS”) is providing a model participant forms package that can be used to communicate this to your affected participants. The package includes a summary of the new rules titled *Important Information Concerning 2009 Required Minimum Distributions for Participants* and a form you and the participants can use that will provide a means for participants to make an election to cease their minimum distribution payments for 2009 (the *Worker, Retiree, and Employer Recovery Act of 2008 STOP Election and Authorization* form). If a participant wants to stop these payments, he can simply check the box in Item 2 and sign the ***Worker, Retiree, and Employer Recovery Act of 2008 STOP Election and Authorization*** form. He can then provide the form to you for your signature, and you can submit it to Hartford Retirement Services for execution. The 2009 payments will then be suspended for that participant. However, payments for 2010 and subsequent calendar years will continue after the suspension, based on the participant’s existing RMD payment schedule and tax withholding elections, unless or until they are changed by your written instructions. Keep in mind that if a participant is owed an RMD for the 2008 calendar year, it must be paid, even if it isn’t required to be paid until April 1, 2009. Beneficiaries may also suspend their payments for the 2009 calendar year. The *Worker, Retiree, and Employer Recovery Act of 2008 Required Minimum Distribution STOP Election and Authorization* form can also be used for this purpose. For more detailed information about the effects of the *Worker, Retiree, and Employer Recovery Act of 2008*, please ask your Client Service Team for a copy of The Hartford’s summary of the *Worker, Retiree, and Employer Recovery Act of 2008*.

Participants Affected

Participants must generally begin receiving periodic distributions from their retirement accounts starting in the year in which they attain age 70 ½. The first required distribution can be paid as late as April 1 of the year following the year they attain age 70 ½, but subsequent distributions must be paid by the end of the calendar year. Participants who work past this age generally do not need to receive minimum required distributions until they retire (but 5% owners must begin to take minimum distributions even if they continue to work, once they reach age 70 1/2). Beneficiaries’ payments are also subject to minimum distribution rules. Plan provisions may vary. Some plans may require the payment of required minimum distributions to all participants commencing at age 70 ½, even if they continue working. Check your plan document for information about your plan’s provisions concerning the required minimum distribution rules.

No minimum distributions are required to be paid for the 2009 calendar year. However, they will be paid using the participant's existing RMD payment schedule unless HRS receives instructions from the Employer.

Other Important Information

Rollovers.

If a participant who is otherwise subject to the required minimum distribution rules takes a distribution from the retirement plan in 2009, he will be able to directly rollover the distribution to an IRA or other eligible retirement plan. However, there will be no mandatory 20% federal tax withholding on the distribution if he chooses not to directly roll it over, so long as the total distributions he takes for the year do not exceed the amount that would have been required by the required minimum distribution rules had they been in effect. If the distribution is paid to the participant rather than directly rolled over, the participant will also be able to roll it over, within 60 days of receipt, to an eligible retirement plan or IRA. According to the *Act*, the plan does not have to provide a direct rollover option for this type of distribution. The Employer may decide whether or not to provide a direct rollover opportunity for its plan participants for amounts that otherwise would have been paid as required minimum distributions.

Amendments.

Amendments that may be required for these minimum distribution payment suspensions need to be executed by the end of the 2011 plan year. For those plan sponsors for whom HRS provides plan documents, these amendments will be provided before the end of that year. Plan Sponsors that use other service providers' plan document and amendment services may want to contact their own document providers to obtain further information regarding the eventual amendment of their plans.