SPECIAL TAX NOTICE REGARDING PLAN DISTRIBUTIONS

JELD-WEN RETIREMENT PLAN BENEFITS

This notice contains important information on options and regulations concerning distributions made from a qualified retirement plan. You have received this notice because all or a portion of a payment that you will receive from one or more plans in which you participate may be eligible to be rolled over to an Individual Retirement Account or Individual Retirement Annuity (IRA) or another qualified employer plan. This notice contains information regarding the rollover rules that apply to payments from the Plan that are **not** from a designated Roth account (a type of account with special tax rules in some employer plans). Included in this notice are:

"GENERAL INFORMATION ABOUT ROLLOVERS" – Rules that apply to most payments from a plan.

"SPECIAL RULES AND OPTIONS" – Rules that apply only in certain circumstances.

Payment or distribution from a retirement plan can generally be taken in two ways: a "DIRECT ROLLOVER" to the IRA of your choice or another qualified retirement plan or a "DIRECT PAYMENT" to you. This notice is intended to help you determine:

- whether your payment or distribution is eligible for rollover;
- what your choices are, and;
- how your taxes and tax withholdings are affected by the choices you make regarding your payment or distribution.

If you have additional questions after reading this notice, please contact the JELD-WEN Retirement Benefits Department at 1-877-339-4299.

GENERAL INFORMATION ABOUT ROLLOVERS

How do I do a rollover?

There are two ways to do a rollover. You can do either a direct rollover or a 60-day rollover. You should contact the IRA sponsor or the administrator of the employer plan for information on whether they will accept the rollover and/or any special instructions that they may require.

If you do a direct rollover, the Plan will make the payment directly to your IRA or an employer plan. The check will be mailed directly to your IRA or employer plan unless you indicate otherwise on your distribution form.

If you do not do a direct rollover, you may still do a rollover by making a deposit into an IRA or eligible employer plan. You will have 60 days after you receive the payment to make the deposit. If you do not do a direct rollover, the Plan is required to withhold 20% of the payment for federal income taxes (up to the amount of cash and property received other than employer stock). This means that in order to roll over the entire payment in a 60-day rollover, you must use other funds to make up the 20% withheld. If you do not roll over the entire amount of the payment, the portion that was not rolled over will be taxed and subject to the 10% additional income tax on early distributions if you are under age 59 ½ (unless an exception applies).

Where may I roll over the payment?

You may roll over the payment to either an IRA or an employer plan (a tax qualified plan, section 403(b) plan, or governmental section 457(b) plan) that will accept the rollover. An IRA can be opened at a bank, credit union, or other such financial institution. The rules of the IRA or employer plan that holds the rollover will determine your investment options, fees, and rights to payment from the IRA or employer plan (for example, no spousal consent rules apply to IRAs and IRAs may not provide loans). In addition, the amount rolled over will become subject to the tax rules that apply to the IRA or employer plan. See IRS Publication 590, Individual Retirement Accounts for more information on IRAs (including limits on how often rollovers can be made between IRAs). It should be noted that an employer's plan is not legally required to accept a rollover. Special care should be taken to verify the exact name and address of the receiving Plan/Trust and any specific instructions concerning the acceptability and timing of the movement of the funds.

How can a rollover affect my taxes?

You will be taxed on a payment from the Plan unless you roll it over. If you are under age 59 ½ and do not do a rollover, you will also have to pay a 10% additional income tax on an early distribution from a retirement plan (unless an exception applies). If you do a rollover, you will not have to pay tax until you receive payments in the future and the 10% additional tax will not apply if those payments are made after you are age 59 ½ (or if an exception applies).

How do I determine if my payment or distribution is eligible for rollover?

Any payment from your plan(s) is eligible for rollover, **except:**

- Certain payments spread over a period of at least 10 years or over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary)
- Required minimum distributions after age 70 ½ (or after death)
- Hardship distributions
- ESOP dividends
- Corrective distributions of distributions that exceed tax law limitations
- Loans treated as deemed distributions (for example, loans in default due to missed payments before your employment ends)
- Contributions made under special automatic enrollment rules that are withdrawn pursuant to your request within 90 days of enrollment
- Distributions to a non-spouse (dependent child) named as an Alternate Payee

The 20% mandatory withholding rule does not apply to any part of a distribution that is ineligible for roll over, even though that part of the distribution is still taxable. In this case, you may elect not to have withholding apply to that portion. If you do nothing, 10% federal income tax will be withheld from this portion of your distribution. To elect out of this withholding, contact the Retirement Benefits Department for the election form and related information.

How much may I rollover of that eligible amount?

If you wish to do a rollover, all of the eligible amount can be rolled over.

If I don't do a rollover, will I have to pay the 10% additional tax on early distributions?

If you are under age 59 ½ , you will have to pay the 10% additional income tax on early distributions for any payment from the Plan (including amounts withheld for income tax) that you do not roll over, unless one of the exceptions listed below applies. This tax is in addition to the regular income tax on the payment that is not rolled over and will be assessed when you file your taxes in the following year.

The 10% additional income tax **does not** apply to the following payments from the Plan:

- Payments after you separate from service if you will be at least age 55 in the year of the separation
- Payments that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary)
- Payments made due to disability
- Payments made after your death
- Payments on ESOP dividends
- Corrective distributions of contributions that exceed tax law limitations
- Contributions made under special automatic enrollment rules that are withdrawn pursuant to your request within 90 days of enrollment
- Payments made directly to the government to satisfy a federal tax levy
- Payments made under a qualified domestic relations order (QDRO)
- Payments up to the amount of your deductible medical expenses. See IRS Form 5329 for more information.
- Certain payments made while you are on active duty if you were a member of the reserve component called to duty after September 11, 2001 for more than 179 days

Do I have to pay the federal income taxes on my distribution if the distribution will be mailed outside the United States and/or I am a nonresident alien?

You may NOT elect to waive the federal tax withholding if your distribution is being mailed outside the United States or if you are a nonresident alien. If you are a nonresident alien and you do not do a direct rollover to a U.S. IRA or U.S. employer plan, the Plan is generally required to withhold **30%** of the payment for federal income taxes.

If I do a rollover to an IRA, will the 10% additional income tax apply to early distributions when I take the money out of the IRA?

If you receive a payment from an IRA when you are under age 59 ½, you will have to pay the 10% additional income tax on early distributions from the IRA, unless an exception applies. In general, the exceptions for the 10% additional income tax for early distributions from an IRA are the same exceptions listed above for early distributions from a qualified retirement Plan. However, there are a few differences for payments from an IRA, including:

- There is no exception for payments after separation from service that are made after age 55.
- The exception for qualified domestic relations orders (QDROs) does not apply (although a special rule applies under which, as part of the divorce or separation agreement, a tax-free transfer may be made directly to an IRA of a spouse or former spouse).
- The exception for payments made at least annually in equal or close to equal amounts over a specified period applies without regard to whether you have had a separation from service.
- There are additional exceptions for (1) payments made for qualified higher education expenses, (2) payments up to $10,000 used in a qualified first-time home purchase, and (3) payments after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

Will I owe State income taxes?

This notice only describes federal income tax rules (including withholding rules).

Consult your personal tax advisor or your state tax agency about your residential state tax liability.

SPECIAL RULES AND OPTIONS

If your payment includes after-tax contributions

After-tax contributions included in a payment are not taxed. If a payment is only part of your benefit, an allocable portion of your after-tax contributions is generally included in the payment. If you have pre-1987 after-tax contributions maintained in a separate account, a special rule may apply to determine whether the after-tax contributions are included in the payment.

A payment that includes after-tax contributions may be rolled over to an IRA through a direct rollover or a 60-day rollover. You must keep track of the aggregate amount of the after-tax contributions in all your IRAs (in order to determine your taxable income for later payments from the IRAs). If you do a direct rollover of only a portion of the amount paid from the Plan and a portion is paid to you, the after-tax contributions are treated as rolled over last. For example, assume you are receiving a complete distribution of your benefit which totals $15,000, of which $2,000 is after-tax contributions. In this instance, if you roll over $13,000 to an IRA in a 60-day rollover, no amount is taxable because the $2,000 not rolled over is treated as after-tax contributions.

You may roll over to an employer plan all of a payment that includes after-tax contributions, but only through a direct rollover (and only if the receiving plan separately accounts for after-tax contributions and is not a governmental 457(b) plan).

You may do a 60-day rollover to an employer plan of part of a payment that includes after-tax contributions, but only up to the amount of the payment that would be taxable if not rolled over.

After-tax contributions may also be rolled over to a Roth IRA (see below).

In connection with your distribution and one or more related rollovers, you are permitted, in some circumstances, to designate the IRA, Roth IRA, or employer plan to which pre-tax and after-tax amounts are to be allocated. To make such a designation, you must provide the JELD-WEN Retirement Benefits Department with your requested allocation prior to the time of any direct rollover and that allocation must be consistent with federal tax laws and applicable regulations and other guidance issued by the IRS and Treasury Department. You can find more detailed information about this in IRS Notice 2014-54 and should consult your personal tax advisor about this.

If you miss the 60-day rollover deadline

In general, the 60-day rollover deadline cannot be extended. The IRS does, however, have limited authority to waive a deadline under extraordinary circumstances, such as when external events prevented you from completing the rollover within the 60-day rollover deadline. To apply for a waiver, you must file a private letter ruling request with the IRS. Private letter ruling requests require the payment of a nonrefundable user fee. For more information, see <u>IRS Publication 590, Individual Retirement Arrangements.</u>

If your payment includes employer stock that you do not roll over

If you do not do a rollover, you can apply a special rule to payments of employer stock (or other securities) that are attributable to after-tax contributions or paid in a lump sum after separation from service (or after age 59 ½, disability, or the participant's death). Under this special rule, the net unrealized appreciation on the stock will not be taxed when distributed from the Plan and will be taxed at the capital gains rate when you sell the stock. Net unrealized appreciation is generally the increase in the value of the stock after it was acquired by the Plan. It should be noted that if you do a rollover for a payment that includes employer stock (for example, by selling the stock and rolling over the proceeds within 60 days of the payment), the special rule relating to the distributed employer stock will not apply to any subsequent payments from the IRA or employer plan.

If you were born on or before January 1, 1936

If you were born on or before January 1, 1936 and receive a lump sum distribution that you do not roll over, special rules for calculating the amount of the tax on the payment may apply to you. For more information, see <u>IRS Publication 575, Pension and Annuity Income.</u>

If you roll over your payment to a Roth IRA

If you roll the payment to a Roth IRA, a special rule applies under which the amount of the payment rolled over (reduced by any after-tax amounts) will be taxed. However, the 10% additional income tax on early distributions will not apply (unless you take the amount rolled over out of the Roth IRA within 5 years, counting from January 1 of the year of the rollover).

If you roll over the payment to a Roth IRA, later payments from the Roth IRA that are qualified distributions will not be taxed (including earnings after the rollover). For more information, see <u>IRS Publication 590, Individual Retirement Arrangements.</u>

If you are not a plan participant

<u>*Payments after the death of the participant*</u>. If you receive a distribution after the participant's death that you do not roll over, the distribution will generally be taxed in the same manner described elsewhere in this notice. However, the 10% additional income tax on early distributions does not apply and the special rule described under the section "If you born on or before January 1, 1936" applies only if the <u>participant</u> was born on or before January 1, 1936.

- **If you are a surviving spouse.** If you receive a payment from the Plan as the surviving spouse of a deceased participant, you have the same rollover options that the participant would have had, as described elsewhere in this notice. If you choose to do a rollover to an IRA, you may treat the IRA as your own or as an inherited IRA.

  An IRA that you treat as your own, is treated like any other IRA that you may have, so that payments made to you before you are age 59 ½ will be subject to the additional 10% additional income tax on early distributions (unless an exception applies) and required minimum distributions from your IRA do not have to start until after <u>you</u> are age 70 ½.

  If you treat the IRA as an inherited IRA, payments from the IRA will not be subject to the 10% additional income tax on early distributions. However, if the participant had started taking required minimum distributions, you will have to receive required minimum distributions from the inherited IRA. If the participant had not started taking required minimum distributions from the Plan, you will not have to start receiving required minimum distributions from the inherited IRA until the year the <u>participant</u> would have been age 70 ½.

- **If you are a surviving beneficiary other than a spouse.** If you receive a payment from the Plan because of the Participant's death and you are a designated beneficiary other than a surviving spouse, the only rollover option you have is to do a direct rollover to an inherited IRA. Payments from the inherited IRA will not be subject to the 10% additional income tax on early distributions. You will have to receive required minimum distributions from the inherited IRA. Under an inherited IRA, the designated nonspouse beneficiary:

- cannot make any contributions to the inherited IRA;
- cannot roll over any amounts into or out of the inherited IRA, but may do a trustee-to-trustee transfer into another inherited IRA in the original deceased account owner's name with the same beneficiary;
- has the same basis in the inherited traditional IRA assets as the original deceased account owner;
- may not combine the basis in this inherited IRA with the basis in his or her own traditional IRAs or any of his or her other inherited IRAs;
- will not owe taxes on the inherited traditional IRA assets until he or she receives distributions from the IRA; and
- must begin receiving distributions under the beneficiary distribution rules.

Non-spouse designated beneficiaries are also permitted to do a direct rollover to a Roth IRA that qualifies as an inherited IRA under applicable federal tax laws.

Payments under a qualified domestic relations order. If you are the spouse or former spouse of the participant who receives a payment from the Plan under a qualified domestic relations order (QDRO), you generally have the same options the participant would have (for example, you may roll over the payment to your own IRA or an eligible employer plan that will accept it). Payments under the QDRO will not be subject to the 10% additional tax on early distributions.

If you are a nonresident alien

If you are a nonresident alien and you do not do a direct rollover to a U.S. IRA or a U.S. employer plan, instead of withholding 20%, the Plan is generally required to withhold 30% of the payment for federal income taxes. If the amount withheld exceeds the amount of tax that you owe, you may request an income tax refund by filing Form 1040NR and attaching your Form 1042-S. See Form W-8BEN for claiming that you are entitled to a reduced rate of withholding under an income tax treaty. For more information, see also IRS Publication 519, U.S. Guide for Aliens, and IRS Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities.

Other special rules

If a payment is one in a series of payments for less than ten years, your choice whether to make a direct rollover will apply to all later payments in the series (unless you make an active different choice for later payments).

If your payments for the year are less than $200, the Plan is not required to allow you to do a direct rollover and is not required to withhold for federal income taxes. However, you may do a 60-day rollover.

Unless you elect otherwise, a mandatory cashout may occur. A mandatory cashout is a payment from the plan to a participant made before age 62 (or normal retirement age, if later) and without consent, where the participant's benefit does not exceed $1,000. If a mandatory cashout occurs, the amount distributed will be paid in a single lump sum cash distribution.

You may have special rollover rights if you recently served in the U.S. Armed Forces. For more information, see IRS Publication 3, Armed Forces' Tax Guide.

FOR MORE INFORMATION

The rules described here are complex and conditions / exceptions may apply that are not included in this notice. We recommend that you consult with a professional tax advisor before taking a payment from the Plan(s). You can find more detailed information on the federal tax treatment of payments from employer plans in: IRS Publication 575, Pension and Annuity Income; IRS Publication 590, Individual Retirement Arrangements (IRAs); and IRS Publication 571, Tax-Sheltered Annuity Plans (403(b) Plans). These publications are available from the local IRS office, on the website at www.irs.gov, or by calling 1-800-TAX-FORM.

The JELD-WEN Retirement Benefits Department personnel cannot give you tax advice. It is advised that you contact a professional tax advisor with your specific questions before taking any withdrawal from a retirement account. If you have additional questions about your account after reading this notice and want specific information about your account in the JELD-WEN retirement plan(s), call the Retirement Benefits Department at:

1-877-339-4299
Hours: 6:00 am – 5:00 pm Pacific Standard Time
Monday – Friday

The JELD-WEN Retirement Benefits Department administers all the JELD-WEN retirement plans in accordance with applicable plan documents, regulations, state and federal laws. No person is authorized to provide benefits information not contained in these source documents and information not contained in these documents cannot be relied upon as having been written by the Plan Administrator or his appointed delegate. What is written here does not constitute a guarantee of plan coverage or benefits – particular rules and eligibility requirements must be met before benefits can be received. The benefits of all employees, annuitants, and plan beneficiaries are subject to change or termination at any time by JELD-WEN.