

### **Additional 10% Tax If You Are under Age 59-1/2**

If you receive a payment from your 401 qualified retirement plan before you reach age 59-1/2 **and you do not roll it over**, then, in addition to the regular income tax, you may have to pay an extra tax equal to 10% of the taxable portion of the payment.

#### **Exceptions**

The additional 10% tax generally does not apply to payments that:

- (1) Are paid after you separate from service with your employer during or after the year you reach age 55;
- (2) Are paid because you retire due to disability;
- (3) Are paid as equal (or almost equal) payments over your life or life expectancy (or your and your beneficiary's lives or life expectancies);
- (4) Are paid directly to the government to satisfy a federal tax levy;
- (5) Are paid to an alternate payee under a qualified domestic relations order; or
- (6) Do not exceed the amount of your deductible medical expenses.

**See IRS Form 5329 for more information on the additional 10% tax.**