

Distribution Form

(Subject to Joint and Survivor Annuity Rules)

Lee Mechanical Contractors, Inc. 401(k) Salary Reduction Plan & Trust

661731

Employee Full Name (please print)		Date of Birth	Daytime Phone Number
Permanent Address (for tax filing purposes)		Email Address	
City	State	ZIP	
SSN (or ITIN if applicable)	Citizenship <input type="checkbox"/> U.S. Citizen <input type="checkbox"/> U.S. Resident Alien <input type="checkbox"/> Nonresident Alien (Submit an IRS Form W-8BEN. See Section 6.)		

Check Mailing Address (if different than above, <i>Medallion Signature Guarantee Required</i> , see employee signature section/page 3)		
City	State	ZIP

1. Reason for Withdrawal. Choose one option below.

- No Longer Employed
- Total and Permanent Disability
- In-Service Withdrawal (Please choose **one** option below)
 - Retirement-Eligible In-Service Distribution: I have met the age and vesting requirements specified under the Plan.
 - Other In-Service Distribution: Withdrawal of Rollover Account Only
 - Other In-Service Distribution: Withdrawal of After-Tax Account Only
- Plan Termination

2. Method of Distribution. Choose all that apply.

The plan will distribute 100% of your vested account balance if you do not indicate a specific percentage or amount below.

- Direct Payment to You (subject to income tax — see Special Tax Notice):
 - Lump Sum (both pre-tax and Roth) _____%
 - Roth Balance Only (including earnings)
 - Pre-Tax Balance Only
 - Partial Payment (no annual withdrawal limit) \$ _____ Pre-tax Roth *Default is pro-rata*
Note: Some Plans do not allow partial payments. Confirm with your Plan Administrator.
 - Installment Payments (Only for vested balances of \$5,000 or over. Attach the Installment Payment Election Form.
Note: Some Plans do not allow installments. Confirm with your Plan Administrator.

*If you elect a direct payment to you, complete the Payment Method section 3 below.

- Direct Rollover (tax deferred):
 - Rollover (both pre-tax and Roth) to Alerus IRA (processing fee waived): _____% OR specified dollar amount \$ _____
 - Rollover (both pre-tax and Roth) to IRA/Eligible employer plan: _____% OR specified dollar amount \$ _____
 - Rollover Roth portion of my account only. This will include earnings. Not all plans permit Roth contributions.
 - Rollover Pre-Tax portion of my account only.
- Direct Rollover Conversions of pre-tax to Roth IRA (subject to income tax — see Special Tax Notice):
 - Rollover to Alerus Financial Roth IRA (processing fee waived): _____% OR specified dollar amount \$ _____
 - Rollover to other Roth IRA: _____% OR specified dollar amount \$ _____

Withholding for Rollover/Conversion to Roth IRA: If you would like to have federal income tax withheld, please indicate below. However, a 10% tax for early distribution may apply to the withholding amount.

- Please withhold _____% from my Pre-Tax Rollover to Roth IRA for federal income tax. I understand no state income tax will be withheld except where required by law. If no election is made, no taxes will be withheld.

If you elect a rollover, complete the Rollover section 4 below.

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3. Payment Method for Cash Distributions

If you do not indicate an option below, your distribution will be sent in the form of a check.

- Check
- Direct Deposit to my checking/savings account. Medallion Signature Guarantee is required for all ACH payments. Please include a voided check with your request. Rejected ACH requests will be sent in the form of a check. **This option is not available for rollovers.**

Bank Name: _____

Account Name: _____

Bank ABA/Routing Number: _____

Account Number: _____

Checking or Savings (circle one)

4. Rollover Information. Account must be established prior to providing the following information.

Note: All rollover checks are mailed directly to the participant's address of record unless specified below.**

- Please mail check to rollover company. I understand that a Medallion Signature Guarantee is required.
*If either the medallion stamp and/or the rollover company address is not provided, the check will be mailed to the participant address of record.

A. Pre-Tax Account

Make Check Payable To _____
Account/Plan Number _____

**Mailing Address for Check (if different than participant address, Medallion Signature Guarantee required).

B. Roth Account (if different than above). Roth IRAs cannot be commingled with pre-tax IRAs.

Also, if you intend to roll to an employer plan, you must confirm that it will accept Roth contributions.

Make Check Payable To _____
Account/Plan Number _____

**Mailing Address for Check (if different than participant address, Medallion Signature Guarantee required).

5. Treatment of Outstanding Loan Balance. Complete section 5 if you have a plan loan. Choose one option below.

Note: If you have a plan loan, but do not complete this section, the Plan will default your loan under option 1 below.

- 1. **Default the Loan:** You will not be required to pay off the loan, but the balance plus interest will be taxed to you. The Plan will report this amount to the IRS on Form 1099-R.
- 2. **Pay Off the Loan:** Please attach a money order/cashier's check for the total amount of your outstanding loan balance plus interest. The plan will be paid and the proceeds distributed according to your instructions in Section 2 above.
- 3. **Do Not Affect Loan:** You must still be an active employee of the company and your employer must continue to withhold loan payments from your pay.

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6. Information for Nonresident Alien Participants Only

Provide a Form W-8BEN with an original signature as documentation of your foreign tax status. Without valid tax documentation, Alerus Retirement Solutions is required to withhold taxes at the maximum nonresident alien (NRA) withholding rate of 30%. You may obtain a Form W-8BEN by downloading the form from the IRS website at *irs.gov*.

7. Tax Withholding Section

Federal Tax Withholding: Federal law requires a mandatory 20% to be withheld on all taxable distributions. If you would like additional federal taxes withheld, please indicate below.

Additional amount to be deducted from each taxable payment: 20%+ $\frac{\text{Additional Amount}}{\text{Total}} \% = \frac{\text{Total}}{\text{Total}} \%$

State Tax Withholding: No state income tax will be withheld except where required by law. If your state allows you to opt out of state tax withholding, include a completed Form W-4P with your distribution request. You may obtain a Form W-4P by downloading the form from the IRS website at *irs.gov*. *NOTE: This option is only available for certain states. We will only waive state tax where allowed by law. I have attached Form W-4P with my distribution request.

8. Employee Signature and Acknowledgement

I acknowledge that:

- I have received and read the Special Tax Notice Regarding Plan Payments and the Distribution Notice;
- Federal law allows me 30 days after the receipt of the Distribution Notice and Special Tax Notice Regarding Plan Payments to decide whether or not to roll over this distribution. I waive the 30-day notice period and consent to an immediate distribution;
 - I understand that once my payment has been processed, it cannot be changed;
 - Federal law requires 20% income tax withholding on all taxable distributions;
 - A 10% premature distribution penalty tax may apply (see Special Tax Notice)
- My account may receive mutual fund dividends or other deposits following my disbursement. Generally, Alerus will distribute these trailing amounts using the method selected in this form (*certain exceptions may apply*);
- Distributions will be made pro-rata among investment funds and sources unless I direct otherwise in writing (*certain exceptions may apply*);
- Any after-tax contributions will be paid as a lump sum, unless I direct otherwise in writing;
- A processing fee may be charged; and
- A voided check is required for all ACH requests.

****A Medallion Signature Guarantee** is required for any of the following transactions: 1. Distributions over \$100,000, 2. A bank wire or ACH, 3. Payment to a destination outside the U.S., 4. Payment to an alternate payee, beneficiary or other third party (other than the rollover recipient institution), 5. Payment to an address that is different than the address of record on the account, or 6. If the address on the account has been changed within the past 15 days. A Medallion Signature Guarantee is designed to protect you and Alerus from fraud. You can get a Medallion Signature Guarantee from most banks, credit unions, and other financial institutions. **A notary seal/stamp is NOT a Medallion Signature Guarantee.** All forms with a Medallion Signature Guarantee must either be uploaded by the TPA/Authorized Signer or mailed in its original form to the following address: Alerus Retirement Solutions, Two Pine Tree Drive, Suite 400, Arden Hills, MN 55112.

NOTE: In place of a signature guarantee, your employer may choose to acknowledge your signature. Contact your HR department for details.

EMPLOYEE SIGNATURE	DATE
X	

Employee, please submit form to authorized signer for completion.

MEDALLION SIGNATURE GUARANTEE STAMP

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9. Marital Status

- I am married (Please complete Consent of Spouse section below.)
- I am not married

10. Consent of Spouse

I, _____, spouse of the Participant hereby consent to the waiver of the Qualified Annuity Benefit and to the timing and form of distribution elected on this form. I have received a written explanation of the Qualified Annuity Benefit, my right not to consent to this waiver election, the waiver election period, and the financial effect of the election not to receive benefits in the Qualified Annuity Benefit form. I understand my consent is irrevocable unless my spouse revokes the waiver election. I understand any change in this form of benefit election is subject to my consent, unless my spouse elects to receive the Qualified Annuity Benefit.

PARTICIPANT'S SPOUSE SIGNATURE	DATE
X	

On this _____ Day of _____, in the year _____ Before me personally
appeared _____ known to me to be the person
who is described in and who executed the above Consent of Spouse as a free and voluntary act

State of _____
County of _____

NOTARY PUBLIC	DATE
X	

My commission Expires

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THIS SECTION IS FOR EMPLOYER, THIRD-PARTY ADMINISTRATOR OR AUTHORIZED PARTY USE ONLY.

11. Authorized Signature and Acknowledgement

Signature Guarantee Waiver and Employer Certification: As an authorized signer for the Plan, I certify that the above signature of the employee is genuine. Employer should only sign below if confident of the validity of the above signature. By signing, the Employer accepts responsibility if the signature is fraudulent. Form must be uploaded to Alerus Retirement Solutions via the secure portal at www.alerusretirementsolutions.com.

AUTHORIZED SIGNATURE

DATE

Sign: Print Name:

This signature pertains to medallion waiver only.

Date of Hire/Rehire	Hours of Service in Plan Year of Termination	Date of Termination, if applicable
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As an authorized signer for the Plan, I certify the employee has received the Special Tax Notice Regarding Plan Payments and the Distribution Notice. I hereby direct the plan recordkeepers, trustees, and/or fund managers to make the distribution as directed by this form.

AUTHORIZED SIGNATURE

DATE

X

Authorized Signer, please deliver form to Alerus according to direction below.

Please submit completed and signed form to Alerus Retirement Solutions via Plan Gateway's Submit Files Menu. Access to Plan Gateway is located at alerusretirementsolutions.com. By uploading this form via our secure website, the Authorized Signer is certifying that all signatures are genuine.

***All forms with a Medallion Signature Guarantee** must either be uploaded by the TPA/Authorized Signer at alerusretirementsolutions.com or mailed in its original form to the following address: Alerus Retirement Solutions, Two Pine Tree Drive, Suite 400, Arden Hills, MN 55112.

Qualified Annuity Benefit Explanation and Notice

(Retain this notice for your personal records)

You are eligible to receive a distribution from your Plan. As a result, you should be aware of the following:

1. Benefit Payment Options. Unless you elect another form of payment, the Plan requires payment to you in the form of a Qualified Annuity Benefit as described below. Instead of a Qualified Annuity Benefit, you may elect a 1) direct rollover, 2) lump sum payment or 3) installments over a specified period of time, if allowed in your Plan.

1. You also may elect one form of payment for part of your vested account balance and another form of payment for another part of your vested account balance. For example, you may elect direct rollover for part of your vested account balance and a lump sum payment or installments for the other part. See Special Tax Notice Regarding Plan Payment for rules on splitting your distribution.

If you are less than 100% vested in your account balance, and you elect distribution before you have incurred five consecutive breaks in service, you must elect a lump sum payment, direct rollover or an annuity contract providing the Qualified Annuity Benefit, known under the Plan as a "cash-out distribution." A cash-out distribution results in the forfeiture of the nonvested portion of your account balance. Your election of a cash-out distribution is a consent to this forfeiture. If you return to employment with the Employer before your fifth consecutive break in service, the Plan provides you a 5-year period during which you may repay the entire amount of your cash-out distribution and restore your forfeited nonvested account balance.

2. Qualified Annuity Benefit. If you are married, the Qualified Annuity Benefit is a joint and 50% survivor annuity. A joint and 50% survivor annuity is a level monthly payment for your life and, if your spouse survives you, a level monthly payment for your spouse equal to 50% of the monthly amount payable during your joint lives. If you are not married, the Qualified Annuity Benefit is a life annuity. A life annuity is a level monthly payment for your lifetime, with the monthly payments stopping upon your death. These payments are guaranteed for your lifetime and, if you are married, your spouse's lifetime.

The Trustee will use your vested account balance to purchase an annuity contract from an insurance company. The Trustee then will distribute the contract to you as evidence of your right to receive the annuity payments from the insurance company. The actual level monthly payments made under the annuity contract will depend on the annuity purchase rates used by the insurance company, your age (and if you are married, your spouse's age at the time the distribution begins), and the amount of your vested account balance at the time the annuity contract is purchased. Your account will be charged for the cost incurred to purchase the annuity contract.

To determine the approximate level monthly payments you will receive under the Qualified Annuity Benefit as of the proposed distribution date, divide your vested account balance by the annuity factor below which most closely approximates your situation. Determine your age and, if you are married, your spouse's age as of the birth date nearest the proposed distribution date. If none of the examples closely approximates your situation, you may obtain a more accurate factor from the Plan Administrator.

Annuity Factor Table

Married Participant's Age	Spouse's Age	Annuity Factor	Unmarried Participant's Age	Annuity Factor
50	45	165.14	50	153.16
50	50	162.90	52	148.45
50	55	160.77	54	143.49
55	50	154.65	55	140.93
55	55	151.88	57	119.59
55	60	149.29	59	130.02
60	55	142.40	60	127.15
60	60	139.06	61	124.23
60	65	136.00	62	121.26
65	60	128.50	63	118.25
65	65	124.59	64	115.21
65	70	121.16	65	112.14
70	65	113.43	66	109.07
70	70	109.09	68	102.91
70	75	105.32	70	96.69

Note: We have based these annuity factors on the UP84 mortality tables, assuming a 6% interest rate. The insurance company from which the annuity contract is purchased may use different factors. Different factors will produce a different monthly payment.

The quotient of your annuity factor divided into your vested account balance represents the approximate monthly payment you will receive during your lifetime if you elect to commence distribution on the proposed distribution date. If you are married, 50% of the quotient represents the approximate monthly payment your spouse will receive after your death, if your spouse survives you.

For example, if you and your spouse both are 65 and your vested account balance is \$10,000, your approximate monthly payment is \$80.26 (\$10,000 divided by 124.59) and, if your spouse survives you, the approximate monthly payment to your surviving spouse is \$40.13. If you are unmarried, age 65, and your nonforfeitable account balance is \$10,000, your approximate lifetime monthly payment is \$89.17 (\$10,000 divided by 112.14).

Financial Effect of Distribution Options. Under a Qualified Annuity Benefit, you will receive lifetime income. If you are married and your spouse predeceases you, the annuity payments will continue until your death. If you are married and your spouse survives you, the Qualified Annuity Benefit will make the joint life payments until your death, and continue 50% of the joint life payments until your spouse's death. The Qualified Annuity Benefit will not pay any death benefits to other beneficiaries. If you waive the Qualified Annuity Benefit, you may receive your vested account balance in any form described in 1. above.

A direct rollover means the Plan pays the distribution amount directly to another plan or to a traditional IRA. See SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS, included with your package. A lump sum payment means you receive a single payment of the distribution amount. Under an installment distribution, the Plan makes periodic payment of your vested account balance over a specified period of time. Because of earnings or losses on investments, the total amount ultimately paid to you could be more or less than the value of your vested account balance as of the proposed distribution date or as of the date of the termination of your employment with the Employer. If you elect an installment distribution, you should also complete a Beneficiary Form. If you are married, your spouse must consent to the beneficiary designation unless your spouse is the only designated beneficiary.

If you elect installment payments directly from the Plan, the Plan will calculate the annual installment payment by dividing your latest vested account balance by the remaining installment period. After commencing an installment distribution, you may accelerate the payment of all, or any portion, of your unpaid vested account balance at any time. Under a nontransferable annuity contract, the Plan will apply your entire vested account balance to the purchase of the contract and the contract will provide payments over the elected installment term. The level of payments provided under the contract will depend on the terms of the contract you choose.

Minimum Notice Period. For at least 30 days after you receive this notice, you have the right to consider your decision whether to consent to a distribution of your vested account balance, whether to waive the Qualified Annuity Benefit (see 2. above) and consent to another benefit payment option (see 1. above), and whether to elect a direct rollover of any portion of your eligible rollover distribution. If you sign and return the attached Distribution Form to the plan administrator (employer) less than 30 days after you receive this notice, the plan administrator's receipt of your signed form is your affirmative waiver of any unexpired portion of the minimum 30-day period and your affirmative election of a distribution or a direct rollover. If you affirmatively elect a benefit payment option other than the Qualified Annuity Benefit, you have the right to revoke that election until the annuity starting date,¹ or if later, for at least 7 days after you receive this notice.

Distribution Charge. A fee may be deducted from your account proceeds upon distribution. In such case, it will be itemized on the confirmation letter you will receive after the distribution is processed. Contact your employer to determine whether a distribution fee, if any, applies.

Postponement of Distribution. You are not required to take a distribution from the Plan unless you either:

1. Reach your "Required Beginning Date (RBD)." Your RBD is April 1, following the year in which you turn age 70 ½ and are no longer working for the plan sponsor (or are a 5% owner); or
2. Have a "Small Account Balance" as defined by your plan (normally, defined as a balance less than \$5,000)

If you do not submit this Distribution Form, you will be deemed to have elected postponement. If you postpone your distribution:

- Your account value will continue to fluctuate either up or down based upon the performance of the investments in your plan;
- If you have the ability to direct investment within the plan, you will retain that ability;
- The available investment options will not change on account of your postponement of distribution;
- You may obtain more information regarding your distribution rights by referring to your Summary Plan Description;
- The fees associated with the investment options in your Plan will not change on account of postponement of distribution.

Further information. If you have any question regarding the information provided in this notice or any form included with your distribution package, please contact the Plan Administrator.

¹ The "annuity starting date" is the *actual* distribution date if you elect to receive a lump sum distribution. If you elect to receive installment payments or an annuity, the annuity starting date may be before the date you receive the first installment or the first annuity payment.