

DERRICKMENS ANNUITY FUND, LOCAL 197

253 West 35th Street, 12th Floor
New York, N.Y. 10001
212-505-5050 - Fax 646-381-8841
Email: applications@dhcook.com

In order to process your application, please complete the following pages:

- 7
- 11
- 12
- 14
- 15 and 16 if married
- 17 if single
- 23
- 24 (if rollover, complete entire page)
- 24 (if no rollover, just sing the page)
- 25 (If rollover only)

Please submit a copy of your (driver's license of birth certificate) and social security

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Dear Participant or Surviving Spouse:

In accordance with IRS regulations we are required to inform you of a change in law governing lump sum payouts from your Annuity and Pension Plans made on and after January 1, 1993. The attached notice is taken directly from the IRS language as found in the appropriate regulations.

You may find the language of the notice to be somewhat confusing, but the basic message is that any payment which qualifies as an Eligible Rollover Distribution made to a participant of surviving spouse, will be dealt with differently than in the past. Under the new requirements, if you or your spouse (in the event of your death), do not roll the monies over directly, the Plans may have to withhold 20% automatically under the listed circumstances.

We urge you to read the attached notice carefully, particularly if you are planning to apply for a lump sum distribution on and after January 1, 1993. Since every person's financial situation is different, you should contact your accountant or tax advisor if you feel any of this information applies to your circumstances. When you or your spouse does apply, you will be given an election form to complete, directing the Fund Office as to distribution of the monies.

We hope this information is helpful, and we will keep you informed if any new requirements or clarifications become available.

Sincerely,

Board of Trustees

SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS

This notice contains important information you will need before you decide how to receive your benefits from the Derrickmen's Annuity Fund (the "Plan").

For the Annuity Plan, Eligible Rollover Distributions include:

1. Installment payments of less than 10 years to Participants or surviving spouses;
2. Lump sum payments to Participants or surviving spouses or combinations thereof;

For the Pension Plan, Eligible Rollover Distributions include the above as well as:

3. Death Benefit for Active Employees (pre-retirement 60 monthly payments) to surviving spouses.

SUMMARY

A payment from the plan that is eligible for "rollover" can be taken in two ways. You can have all or any portion of your payment either 1) PAID IN A "DIRECT ROLLOVER" or 2) PAID TO YOU. A rollover is a payment of your Plan benefits to your individual retirement arrangement (IRA) or to another employer plan. This choice will affect the tax you owe.

If you choose a DIRECT ROLLOVER

- Your payment will not be taxed in the current year and no income tax will be withheld.
- Your payment will be made directly to your IRA or, if you choose, to another employer plan that accepts your rollover.
- Your payment will be taxed later when you take it out of the IRA or the employer plan.

If you choose to have your Plan benefits PAID TO YOU

- You will receive only 80% of the payment, because the Plan administrator is required to withhold 20% of the payment and send it to the IRS as income tax withholding to be credited against your taxes
- Your payment will be taxed in the current year unless you roll it over. You may be able to use special tax rules that could reduce the tax you owe. However, if you receive the payment before age 59-1/2, you also may have to pay an additional 10% tax.
- You can roll over the payment to your IRA or to another employer plan that accepts your rollover within 60 days of receiving the payment. The amount rolled over will not be taxed until you take it out of the IRA or employer plan.
- If you want to roll over 100% of the payment to an IRA or an employer plan, you must find other money to replace the 20% that was withheld. If you roll over only the 80% that you received, you will be taxed on the 20% that was withheld that is not rolled over.

MORE INFORMATION

- I. PAYMENTS THAT CAN AND CANNOT BE ROLLED OVER
- II. DIRECT ROLLOVER
- III. PAYMENTS PAID TO YOU
- IV. SURVIVING SPOUSES, ALTERNATE PAYEES, AND OTHER BENEFICIARIES

I. PAYMENTS THAT CAN AND CANNOT BE ROLLED OVER

Payments from the Plan may be “eligible rollover distributions.” This means that they can be rolled over to an IRA or to another employer plan that accepts rollovers. Your Plan administrator should be able to tell you what portion of your payment is an eligible rollover distribution. The following types of payments **cannot** be rolled over:

Payments Spread Over Long Periods. You cannot roll over a payment if it is part of a series of equal (or almost equal) payments that are made at least once a year and that will last for

- your lifetime (or your life expectancy), or
- your lifetime and your beneficiary’s lifetime (or life expectancies), or
- a period of ten years or more.

Required Minimum Payments. Beginning in the year you reach age 70-1/2, a certain portion of your payment cannot be rolled over because it is a “required minimum payment” that must be paid to you.

II. DIRECT ROLLOVER

You can choose a direct rollover of all or any portion of your payment that is an “eligible rollover distribution”. As described above. In a direct rollover, the eligible rollover distribution is paid directly from the Plan to an IRA or another employer plan that accepts rollovers. If you choose a direct rollover, you are not taxed on a payment until you take it out of the IRA or the employer plan.

Direct Rollover to an IRA. You can open an IRA to receive the direct rollover. (The Term “IRA,” as used in this notice includes individual retirement accounts and individual retirement annuities.) If you choose to have your payment made directly to an IRA, contact an IRA sponsor (Usually a financial institution) to find out how to have your payment made in direct rollover to an IRA at that institution. If you are unsure of how to invest your money, you can temporarily establish an IRA to receive the payment. However, in choosing an IRA, you may wish to consider whether the IRA you choose will allow you to move all or a part of your payment to another IRA at a later date, without penalties or other limitations. See IRS Publication 590, Individual Retirement Arrangements, for more information on IRAs (including limits on how often you can roll over between IRAs).

Direct Rollover to a Plan. If you are employed by a new employer that has a plan, and you want a direct rollover to that plan, ask the administrator of that plan whether it will accept your rollover. If your new employer’s plan does not accept a rollover, you can choose direct rollover to IRA.

Direct Rollover of a Series of Payments. If you receive eligible rollover distributions that are paid in a series for less than ten years, your choice to make or not make a direct rollover for a payment will apply to all later payments in the series until you change your election, you are free to change your election or

any later payment in the series.

III. PAYMENT PAID TO YOU

If you have the payment made to you, it is subject to 20% income tax withholding. The payment is taxed in the year you receive it unless, within 60 days, you roll it over to an IRA or another plan that accepts rollovers. If you do not roll it over, special tax rules may apply.

Income Tax Withholding:

Mandatory Withholding. If any portion of the payment to you is an eligible rollover distribution, the Plan is required by law to withhold 20% of that amount. This amount is sent to the IRS as income tax withholding. For example, if your eligible rollover distribution is \$10,000, only \$8,000 will be paid to you because the Plan must withhold \$2,000 as income tax. However, when you prepare your income tax return for the year, you will report the full \$10,000 as payment from the Plan. You will report the \$2,000 as a tax withheld, and it will be credited against any income tax you owe for the year.

Voluntary Withholding. If any portion of your payment is not an eligible rollover distribution but is taxable, the mandatory withholding rules described above do not apply. In that case, you may elect not to have withholding apply to that portion. To elect out of withholding, ask the Plan Administrator for the election form and related information.

Sixty-Day Rollover Option. If you have an eligible rollover distribution paid to you, you can still decide to roll over all or part of it to an IRA or another employer plan that accepts rollovers. If you decide to roll over, you must make the rollover within 60 days after you receive the payment. The portion of your payment that is rolled over will not be taxed until you take it out of the IRA or the employer plan.

You can roll over up to 100% of the eligible rollover distribution, including an amount equal to the 20% that was withheld. If you choose to rollover 100%, you must find other money within the 60-day period to contribute to the IRA or the employer plan to replace the 20% that was withheld. On the other hand, if you roll over only the 80% you received, you will be taxed on the 20% that was withheld.

Example: Your eligible rollover distribution is \$10,000, and you choose to have it paid to you. You will receive \$8,000 and \$2,000 will be sent to the IRS as income tax withholding. Within 60 days after receiving the \$8,000, you may rollover the entire \$10,000 to an IRA or employer plan. To do this, you roll over the \$8,000 you received from the Plan, and you will have to find \$2,000 from other sources (your savings, a loan, etc.) In this case, the entire \$10,000 is not taxed until you take it out of the IRA or employer plan. If you roll over the entire \$10,000, when you file for income tax return you may get a refund of the \$2,000 withheld.

If, on the other hand, you roll over only \$8,000, the \$2,000 you did not roll over is taxed in the year it was withheld. When you file your income tax return you may get a refund of part of the \$2,000 withheld. (However, any refund is likely to be larger if you roll over the entire \$10,000.)

Additional 10% Tax If You Are Under Age 59-1/2. If you receive a payment 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. The additional 10% tax does not apply to your payment if it is (1) paid to you because you separate from service with your employer during or after the year you reach age 55, (2) paid because you retire due to disability, (3) paid to you as equal (or almost equal) payments over your life or life expectancy (or your and your beneficiary's lives or life expectancies), or (4) used to pay certain medical expenses. See IRA form 5329 for more information on the additional 10% tax.

Special Tax Treatment. If your eligible rollover distribution is not rolled over, it will be taxed in the year you receive it. However, if it qualifies as a lump sum distribution", it may be eligible for special tax treatment. A lump sum distribution is a payment, within one year, of your entire balance under the Plan (and a certain other similar plans of the employer) that is payable to you because you have reached age 59-1/2 or have separated from service with your employer (or, in the case of a self-employed individual, because you have reached age 59-1/2 or have become disabled). For a payment to qualify as a lump sum distribution, you must have been a participant in the Plan for at least 5 years. The special tax treatment for lump sum distributions is described below.

Five-Year Averaging. If you receive a lump sum distribution after you are age 59-1/2, you may be able to make a one-time election to figure the tax on the payment by using "5-year averaging". Five year averaging often reduces the tax you owe because it treats the payment much as if it were paid over 5 years.

Ten-Year Averaging If You Were Born Before January 1, 1936. If you receive a lump sum distribution and you were born before January 1, 1936, you can make a one-time election to figure the tax on the payment by using "10-year averaging" (using 1986 tax rates) instead of 5-year averaging (using current tax rates). Like the 5 year averaging rules, 10 year averaging often reduces the tax you owe.

Capital Gain Treatment If You Were Born Before January 1, 1936. In addition, if you receive a lump sum distribution and you were born before January 1, 1936, you may elect to have the part of your payment that is attributable to your pre-1974 participation in the Plan (if any) taxed as long-term capital gain at a rate of 20%. There are other limits on the special tax treatment for lump sum distributions. For example, you can generally elect this special tax treatment only once in your lifetime, and the election applies to all lump sum distributions that you receive in that same year. If you have previously rolled over a payment from the Plan (or certain other similar plans of the employer), you cannot use this special tax treatment for later payments from the Plan. If you roll over your payment to an IRA, you will not be able to use this special tax treatment for later payments from the IRA. Also, if you roll over only a portion of your payment to an IRA, this special tax treatment is not available for the rest of the payment. Additional restrictions are described in IRS Form 4972, which has more information on lump sum distributions and how you elect the special tax treatment.

IV. SURVIVING SPOUSES, ALTERNATIVE, PAYEES, AND OTHER BENEFICIARIES

In general, the rules summarized above that apply to payments to employees also apply to payments to surviving spouses of employees and to spouses or former spouses who are "alternate payees." You are an alternate payee if your interest in the Plan results from a "qualified domestic relations order" which is an order issued by a court, usually in connection with a divorce or legal separation. Some of the rules summarized above also apply to a deceased employee's beneficiary who is not a spouse. However, there are some exceptions for payments to surviving spouses, alternate payees, and other beneficiaries that should be mentioned.

If you are a surviving spouse, you may choose to have eligible rollover distribution paid in a direct

rollover to an IRA or paid to you. If you have a payment paid to you, you can keep it or roll it over yourself to an IRA but you cannot roll it over to an employer plan. If you are an alternate payee, you have the same choices as the employee. Thus, you can have the payment paid as direct rollover or paid to you. If you have it paid to you, you can keep it or roll it over yourself to an IRA or to another employer plan that accepts rollovers. If you are a beneficiary other than the surviving spouse, you cannot choose a direct rollover and you cannot roll over the payment yourself.

If you are a surviving spouse, an alternate payee, or another beneficiary, your payment is not subject to the additional 10% tax described in section III above, even if you are younger than age 59-1/2.

If you are a surviving spouse, an alternate payee, or another beneficiary, you may be able to use the special tax treatment for lump sum distributions and the special rule for payments that include employer stock, as described in section III above. If you receive a payment because of the employee's death, you may be able to treat the payment as a lump sum distribution if the employee met the appropriate age requirements, whether or not the employee has 5 years of participation in the Plan.

HOW TO OBTAIN ADDITIONAL INFORMATION

This notice summarizes only the federal (not state or local) tax rules that might apply to your payment. The rules described above are complex and contain many conditions and exceptions that are not included in this notice. Therefore, you may want to consult with a professional tax advisor before you take payment of your benefits from the plan. Also, you can find more specific information on the tax treatment of payments from qualified retirement plans in IRS Publication 575, Pension and Annuity Income, and IRS Publication 590, Individual Retirement Arrangements. These publications are available from your local IRS office or by calling 1-800-TAX-FORMS.

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APPLICATION FOR ANNUITY FUND ACCUMULATED SHARE

Please read this application carefully before answering any questions. Print your answers to all questions which apply to you. If any part of this application is not entirely clear. Do not hesitate to contact the Fund Office for assistance.

1. Name _____
(Last) (First) (Middle)
2. Address _____
(No. & Street) (City) (State) (Zip Code)
3. Social Security No. _____ 4. Local Union No. _____
5. Telephone No. () _____ 6. Date of Birth _____
Area Code (Month) (Day) (Year)

ATTACH PROOF OF DATE OF BIRTH AND COPY OF SOCIAL SECURITY CARD

Check which one of the following applies to you:

- I am or will soon be retired from employment with an Employer obligated to contribute to the Derrickmen's Annuity Fund, Local 197. (You must be approved for a pension by Derrickmen's Pension Fund, Local 197)
If you checked this box complete Section A of this application.
- I am totally and permanently disabled.
If you checked this box complete Section B of this application.
- I have not had any Employer contributions made to my Individual Account for at least 12 consecutive months to the best of my knowledge. I request that my Accumulated Share be paid to me.
If you checked this box complete Section C of this application.
- Death of member. Your relationship to deceased: _____

Your S.S # _____ Date of Birth _____
If you Checked this box, complete Section D of this application.

**SECTION A
RETIREMENT**

1. Date you retired or intend to retire

2. I wish to receive my Accumulated Share as follows (check one):

a. For Married Participants

A Lifetime Husband and Wife Annuity

If you are married, you must receive your benefit in the form of a Lifetime Husband and Wife annuity unless you and your spouse waive this form of payment by completing Forms A-1 and A-2, attached to this application. If you waive the Lifetime Husband and Wife Annuity, you may elect to receive your benefit in one of the forms described in “c”, below.

If you elect the Lifetime Husband and Wife Annuity, please complete Form A-4. You will be informed of the amount of your monthly benefit before you begin receiving benefits.

b. For Single Participants

A Straight Life Annuity

If you are single or are not legally married, you must receive your benefit in the form of a Straight Life Annuity unless you waive this form of payment by completing Form A-3. If you wish to receive your benefit in this form, complete Form A-5.

c. For Participants who have waived the above Forms of Payment

A lump sum

This form of payment is subject to special withholding unless directly rolled over into an IRO or other qualified retirement plan, see enclosed “Special Tax Notice Regarding Plan Payments”.

In monthly installments until the amount in my account is exhausted, not to exceed 10 years. Please specify the number of equal monthly installments (not to exceed 120) you wish to receive _____. (Installments of less than 10 years may be subject to special withholding unless directly rolled over into an IRA or other qualified retirement plan, see enclosed “Special Tax Notice Regarding Plan Payments”.)

**SECTION B
DISABILITY**

You may apply for a distribution if you are considered totally and permanently disabled under the Plan's Rules and Regulations, Section 3.12. Total and permanent disability is defined as an employee who, based on medical evidence satisfactory to the Trustees, is found to be totally and permanently prevented from engaging in any occupation or employment as a result of bodily injury or disease, either occupational or non-occupational.

1. Date you became disabled _____
2. Nature of disability _____
3. Name and address of your doctor _____

Please attach medical evidence to verify your disability to this application form.

4. Have you applied for Disability Pension from the Pension Fund? Yes No

If yes, has your application been approved? Yes No

5. Have you applied for Social Security Disability Award? Yes No

Have you receive a Disability Award from the Social Security Administration? Yes No

6. I wish to receive my Accumulated Share as follows (check one):

a. For Married Participants

- A Lifetime Husband and Annuity**

If you are married, you must receive your benefit in the form of a Lifetime Husband and Wife annuity unless you and your spouse waive this form of payment by completing Forms A-1 and A-2 , attached to this application. If you waive the Lifetime Husband and Wife Annuity, you may elect to receive your benefit in one of the forms described in "c", below.

If you elect the Lifetime Husband and Wife Annuity, please complete Form A-4. You will be informed of the amount of your monthly benefit before you begin receiving benefits.

b. For Single Participants

A Straight Life Annuity

If you are single or not legally married, you must receive your benefit in the form of a Straight Life Annuity unless you waive this form of payment by completing Form A-3. If you wish to receive your benefit in this form, complete Form 5-A

c. For Participants who have waived the above Forms of Payment

A lump sum

This form of payment is subject to special withholding unless directly rolled over into an IRA or other qualified retirement plan, see enclosed "Special Tax Notice Regarding Plan Payments".

In monthly installments until the amount in my account is exhausted, not to exceed 10 years. Please specify the number of equal monthly installments (not to exceed 120) you wish to receive _____. (Installments of less than 10 years may be subject to special withholding unless directly rolled over into an IRA or other qualified retirement plan, see enclosed "Special Tax Notice Regarding Plan Payments".)

SECTION C
HAVE NOT HAD EMPLOYER CONTRIBUTIONS FOR AT LEAST 12 MONTHS

1. When did you last work under the jurisdiction of the Local Union? _____

2. Name of Address of Present Employer

3. Name of Address of last Contributing Employer _____

4. I wish to receive my Accumulated Share as follows (check one):

a. For Married Participants

A Lifetime Husband Wife Annuity

If you are married, you must receive your benefit in the form of a Lifetime Husband and Wife Annuity unless you and your spouse waive this form of payment by completing Forms A-1 and A-2, attached to this application. If you waive the Lifetime Husband and Wife Annuity, you may elect to receive your benefit in one of the forms described in "c", below.

If you elect the Lifetime Husband and Wife Annuity, please complete Form A-4. You will be informed of the amount of your monthly benefit before you begin receiving benefits.

b. For Single Participants

A Straight Life Annuity

form If you are single or not legally married, your must receive you benefit in the of a Straight Life Annuity unless you waive this form of payment by completing Form A-3. If you wish to receive your benefit in this form, complete A-5

c. For Participants who have waived the above Forms of Payment

A lump sum

This form of payment is subject to special withholding unless directly rolled over into an IRA or other qualified retirement plan, see enclosed “Special Tax Notice Regarding Plan Payments”.

In monthly installments until the amount in my account is exhausted, not to exceed 10 years. Please specify the number of equal monthly installments (not to exceed 120) you wish to receive _____. (Installments of less than 10 years may be subject to special withholding unless directly rolled over into an IRA or other qualified retirement plan, see enclosed “Special Tax Notice Regarding Plan Payments”.)

SECTION D
DEATH BENEFITS

1. If you are the deceased Participant's surviving spouse but you and your spouse had not previously completed the **Pre-Retirement Husband and Wife Rejection**, you are entitled to a straight life annuity.
2. If you are not the deceased Participant's surviving spouse but are the designated beneficiary, you will receive a lump sum benefit payment.
3. If you are the deceased Participant's surviving spouse **and you are the designated beneficiary**, you will have the choice of the following forms of benefit payment:
 - Straight Life Annuity
 - A lump sum (This form of payment is subject to special withholding unless directly rolled over into an IRA or other qualified retirement plan; see enclosed "Special Tax Notice regarding Plan Payments.)
 - Monthly installments until the amount in your spouse's account is exhausted, not to exceed 10 years. Please specify the number of equal monthly installments (not to exceed 120) you wish to receive _____. (Installments of less than 10 years may be subject to special withholding unless directly rolled over into an IRA or other qualified retirement plan; see enclosed "Special Tax Notice Regarding Plan Payments".)

For All Applicants

I hereby apply for benefits from the Derrickmen's Annuity Fund, Local 197. The above statements are true to the best of my knowledge and belief. I understand that a false statement may disqualify me for annuity benefits, and that the Trustees shall have the right to recover any payments made to me on the basis of this statement.

I understand that I will not receive any interest that may have been accrued in the year in which I take my Accumulated Share. For example, if I take my Accumulated Share in July, I will not receive the interest on my account for the months January to July of that year. I will only receive interest for the period ending the preceding December 31st.

(Signature)

(Date)

Your application will be acknowledged and will be notified in writing of the decision made by the **Board of Trustees** on your application.