



MANDATORY DISTRIBUTION PROCEDURES

PENCHECKS TRUST COMPANY OF AMERICA

Your plan provides for mandatory distributions, or force-outs, for any terminated participant with a vested account balance less than the thresholds established by the Internal Revenue Code and the plan.

Prior to processing a mandatory distribution, the plan is required to notify each participant of this force-out and of their ability to initiate a distribution before the force-out occurs. If the participant's account is not distributed within 30 days, the plan is permitted to cash out the participant's account or roll the participant's balance from the plan into an individual retirement account (IRA) for the benefit of the participant, depending on the value of the participant's account.

Your plan has an agreement with PenChecks Trust Company of America (PenChecks) as an IRA service provider to process force-out distributions. As part of this agreement, PenChecks will notify each participant and partner with Alerus to roll over the funds.

Process Steps	Responsible Party
Provide participant information. This automated process relies on accurate participant information provided by the plan sponsor on <i>each payroll file</i> , including: ■ Termination dates ■ Rehire dates ■ Hours of service (if the plan has a vesting schedule)	Plan sponsor
Provide list of terminated participants to PenChecks.	Alerus
Notify each participant on list. ■ Validate address and update as needed. ■ Provide notice regarding mandatory distribution requirement and a link to the special tax notice.	PenChecks
Respond to prevent force-out. Participants have 30 calendar days to respond. ■ The 30-day response period begins on the date of the letter. ■ Account balance must be distributed from the plan within 30 days or the account balance will be forced out.	Participant
Initiate distribution from plan for each non-responsive participant. ■ Initiate rollover or cash distribution from the plan. ■ IRS Form 1099-R0 to participant in the year disbursed.	Alerus
Send welcome letter to each IRA participant. ■ Provide participant with credentials and instructions to log in. ■ Outline information regarding the IRA rollover. ■ Provide PenChecks' contact information.	PenChecks

This material is provided for informational and discussion purposes only. Trust services are offered through Alerus Financial, N.A. (Alerus). The information contained herein is general in nature, is provided for informational purposes only, and is not intended to provide specific investment advice or recommendations for any individual. Nothing in this document should be construed as the sole authority on any regulation, law, or ruling as it applies to a specific plan or situation. Statements of fact are from sources considered reliable, but no representation or warranty is made as to their completeness or accuracy.

PenChecks Trust Company of America (PenChecks) is engaged directly by the plan sponsor. If PenChecks does not receive a response to the force out notice, your assets will be invested in an IRA designed to preserve principal and provide a reasonable rate of return and liquidity. Any fees and expenses related to the establishment of the IRA and any expenses incurred after the IRA is established may be deducted from the IRA. PenChecks and Alerus are separate entities and are not affiliated.

Investment products are: 1) not FDIC insured, 2) not guaranteed by bank, 3) may lose value .