



## Verizon 401(k) Savings Plan Options Upon Retirement

There are several options available to you regarding your Verizon 401(k) at retirement.

### **Stay in the existing 401(k) Plan**

You can leave the money in the Savings Plan and defer distributions from it to a later date. You won't be contributing to the account anymore, but your money will continue to grow tax deferred and you can continue to invest your money in the funds available in the plan.

### **Start taking withdrawals from your 401(k) account**

You may decide to retain some or all of your money in the 401(k) and then start taking withdrawals from it. Distributions may be taxable depending if the source of withdrawals is pre-tax or after-tax/Roth. There may also be a 10% penalty if you were not 55 or older in the year you separated from service.

The Age 55 Rule: If you leave Verizon in or after the year you turn 55 you can begin to take withdrawals from your 401(k) without incurring the 10% IRS penalty. What happens if you leave Verizon at age 54 or earlier? Can you wait until you are 55 and then start taking the money out without penalty? No. This exception only applies if you leave the company in the year you turn 55 or later.

### **Roll over the 401(k) account into an IRA**

You can receive the money as a lump sum distribution and rollover the funds directly into an IRA. You can avoid taxes on the distribution by means of a direct rollover

into an IRA. Funds not rolled over into an IRA and received as a cash distribution are generally taxable (with the exception of any employee after-tax contributions) and requires Verizon to withhold 20% of the taxable portion for federal taxes. Any distributions you take from the IRA may be subject to tax. There is also a 10% IRS penalty for withdrawals taken from the IRA before age 59 ½.

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*Sources: Verizon Savings Plan for Management Employees; Mid-Atlantic Plan SPD; SPD for the Survivor Benefits Program for Mid-Atlantic Associates. All sources as of 3.3.21.*