**401(k) Notice of Mandatory Distribution**

[Date]

Dear [name]:

I am contacting you regarding your vested account balance in our 401(k) profit sharing plan. Since your vested account balance is $5,000 or less and you are no longer employed with the company and making deferrals to the plan, your account is subject to the mandatory distribution rules of the plan. By completing and returning the enclosed participant request for distribution form, the plan can then distribute your vested account balance directly to you or roll it over directly to an IRA or the plan of your current employer, as you specify.

Also enclosed you will find a [special tax notice](http://www.irs.gov/pub/irs-drop/n-09-68.pdf) regarding plan payments. This notice may help answer any questions you may have regarding the taxation of a plan distribution. You may also contact your own financial advisor for assistance.

Please return the participant request for distribution form to our office for appropriate signatures of the plan representative(s) or contact our office to discuss your account within the next 30 days. We, as plan sponsor, are required to distribute accounts with balances of $5,000 or less and will do so if we do not hear from you within the next 30 days.

If you do not return the participant request for distribution form making an affirmative election as to the disposition of your vested account balance and your vested account balance is $5,000 or less, your account will be distributed from the plan. If your vested balance is less than $1,000, your account will be paid out in the form of a cash distribution with appropriate taxation withheld. If your vested balance is between $1,000 and $5,000 it will be distributed and rolled over to be reinvested in a safe harbor IRA in your name with [*insert IRA company]*. It will be invested in funds that are designed to minimize risk and provide a reasonable rate of return. You will be notified by mail with the details of the accounts established on your behalf. You will receive a Form 1099R at the end of the year for the distribution.

If you have any questions, we encourage you to contact *[plan sponsor contact name]* at *[phone]*.

Thank you in advance for your cooperation.

Sincerely,