This brochure is designed to help you evaluate the distribution options available from the MIT Supplemental 401(k) Plan.
Introduction
One of the decisions you will make about your retirement concerns your MIT Supplemental 401(k) Plan. The way you elect to receive benefits from your MIT Supplemental 401(k) Plan account is under your direct control. The choices you make now about your balance can significantly influence the amount of retirement income produced from your savings.

That is why it is important to carefully consider all of your distribution options before deciding which options are appropriate for you.

Determining Your Retirement Income Needs
Answers to the following questions may help you determine the distribution option that is best for you.

- Are your expenses likely to increase, decrease, or stay about the same?
- How much of your income will be provided by Social Security and any pension benefits you may be eligible to receive?
- Will you have other sources of income available to you, such as IRAs, the MIT Basic Retirement Plan, or a defined contribution retirement plan from a previous employer?
- Do you plan to work part-time or full-time?
- When will you access your MIT Supplemental 401(k) Plan account?

Your Retirement Time Horizon
On average, people are now spending about 20 or more years in retirement. You could spend even more if you intend to retire early. You need to plan and invest carefully even after you have retired to help ensure that your money lasts at least that long.

Your MIT Supplemental 401(k) Plan Distribution Options
In general, you have a number of options to consider. You can:

- Leave your money in the Plan after you retire until age 70½, when you are required to receive minimum required distribution payments
- Purchase an annuity with some or all of your money
- Take systematic withdrawals from the Plan
- Elect a direct rollover
- Take a cash distribution (partial or full)

You may be required to take a minimum required distribution at age 70½ if you have not already begun receiving distributions from the Plan.
LEAVE YOUR MONEY IN THE PLAN

You can continue to take advantage of the Plan after you retire or terminate employment by simply leaving your money in the Plan. However, once you turn age 70½, you will become subject to the minimum required distribution (MRD) requirement. See page 7 for more information about MRDs.

ADVANTAGES

- Access to the same investment options offered to active employees.
- Control of your investment mix.
- Access to your account virtually any time via Fidelity’s toll-free phone and Internet services.

TAX CONSIDERATIONS

- Continued potential for tax-deferred growth.
- IRS 10% early withdrawal penalty may be avoided if you are younger than age 59½.
- You will not pay income taxes until you take a distribution.
- All other distribution options are still available.
- IRS 50% penalty may apply if you do not take minimum required distribution payments starting at age 70½.

NEXT STEP

- To leave your money in the Plan, no action is required.

PURCHASE AN ANNUITY

An annuity is a form of insurance contract that allows for an accumulation of assets and guarantees a fixed or variable payment to the annuitant at some future time, generally at retirement. The payments are usually made at specified intervals, usually monthly.

You may use all or a portion of your account balance to purchase a **fixed annuity** or a **variable annuity**. Variable annuity values and investment returns will vary, and you may have a gain or loss when payments are made.

A fixed annuity provides you with a level fixed income. On the other hand, a variable annuity will provide payments that increase or decrease over your lifetime based on the returns of the underlying investments you choose. You can change your investments at any time.

*Guarantees and lifetime income payments are subject to the claims-paying ability of the issuing insurance company. Annuities are long-term investments and may be limited by tax penalties. Surrender charges and income taxes may be due upon withdrawal of funds.*

Optional forms of annuities are:

**Single Life Annuity**—Payments are made to you for as long as you live. After your death, no payments are made to your survivors. Since no payments are made to your survivors, this option provides the largest monthly lifetime income.

If you are married when payments begin, your **spouse’s written consent** is required for this form of payment.
Joint Life Annuity — Payments are made to you for as long as you live. Upon your death, payments continue to a survivor you designate when payments begin. You decide how much will be continued to your designated survivor. Your designated survivor’s payments continue as long as the survivor lives. This designated survivor is known as your joint annuitant. This election will reduce the amount of your monthly annuity payment.

If you are married when payments begin, your spouse’s written consent may be required for this form of payment.

Period Certain — To either a single life annuity or a joint life annuity, you may add the requirement that payments be made for a minimum number of years. This minimum payment period, known as a period certain, may not exceed your life expectancy (or the joint life expectancy of you and your joint annuitant).

This option will reduce the amount of your annuity payment.

If you are married when payments begin, your spouse’s written consent will be required for this form of payment.

ADVANTAGES

- You cannot outlive your retirement income.

TAX CONSIDERATIONS

- Federal income taxes will be due at the rate in effect when the money is withdrawn. State taxes may also apply.
- You will not pay income taxes on the money at the time the annuity is purchased.

NEXT STEP

- You may contact the MIT Benefits Office to take advantage of group contracts with fixed and variable annuity providers. Of course, you may purchase an annuity with other providers. To reach the MIT Benefits Office, call:
  
  617-253-6151  Campus
  781-981-7055  Lincoln
TAKE SYSTEMATIC WITHDRAWALS FROM THE PLAN

A systematic withdrawal plan (SWP) allows you to take your 401(k) Plan account balance in regularly scheduled payments. When you choose an SWP, you have direct control of payments. Payments can be in any dollar amount you choose, over a specific time frame, or calculated based on your life expectancy. You may receive payments in monthly, quarterly, semiannual, or annual installments, and you can change or stop your SWP at any time. Systematic withdrawals are not guaranteed to last as long as you live.

If you are married when payments begin, your spouse's written consent is required for this form of payment.

Systematic withdrawal payment options are:

Specific Dollar Method—Specified dollar payments are made regularly on a monthly, quarterly, semiannual, or annual basis until your balance is reduced to zero. The number of payments will vary depending on the total market value of your account and the performance of your investment elections.

Specific Period Method—A specific number of payments are made regularly, the value of which fluctuates based on the total market value of your account, the performance of your investment elections, and the payment frequency you select.

ADVANTAGES

- Access to the same investment options offered to active employees.
- Control of investment mix.
- Access to your account virtually any time via Fidelity's toll-free phone and Internet services.
- Opportunity to take additional (unscheduled) withdrawals if the need arises. If you are taking substantially equal periodic payments to avoid the IRS 10% early withdrawal penalty (see the “Other Tax Considerations” section on the last page), any changes to your payment schedule may have severe tax consequences. Always consult a tax advisor before making any changes.

TAX CONSIDERATIONS

- No taxes are due on amounts remaining in the 401(k) Plan.
- Continued potential for tax-deferred growth.
- Federal income taxes will be due at the rate in effect when the money is withdrawn. State taxes may also apply.
- Taxes can be withheld automatically from each payment, or you can elect to have no taxes taken out when your payments are expected to continue for at least 10 years.
- Withdrawals taken prior to age 59½ may be subject to the IRS 10% early withdrawal penalty, unless you turn age 55 or older in the year you retire or terminate employment, or become eligible for another exemption from the 10% penalty. You may be able to avoid the early withdrawal penalty by choosing the time certain or life expectancy withdrawal method and continuing payments for five years (see the “Other Tax Considerations” section on the last page).

NEXT STEP

- To request systematic withdrawals from the Plan, call Fidelity at 1-877-MIT-SAVE (1-877-648-7283). Teletypewriter (TTY) service is available for the speech and hearing impaired at 1-800-259-9743.
**ELECT A DIRECT ROLLOVER**

One way to maintain the tax-deferred status of your account balance is to make a direct rollover of your distribution to an IRA or to another employer-sponsored retirement plan.

If you are married when you request the rollover, your **spouse’s written consent** will be required for this form of payment.

### ADVANTAGES

- Access to different investment options than those offered in the MIT Supplemental 401(k) Plan.
- Opportunity for continued tax-deferred growth.

### TAX CONSIDERATIONS

- Assets rolled over have the potential to continue to grow tax deferred.
- Income taxes due on withdrawals only as you take them.

### NEXT STEP

- Call Fidelity at **1-877-MIT-SAVE (1-877-648-7283)** to request a direct rollover, or contact another financial services company. Teletypewriter (TTY) service is available for the speech and hearing impaired at **1-800-259-9743**.

**TAKE A CASH DISTRIBUTION**

**Take a Partial Distribution**

A partial cash distribution enables you to have access to a portion of your money, while allowing the remaining balances to continue to enjoy the benefits of the 401(k) Plan. Beginning at age 70½, you will become subject to the minimum required distribution (MRD) requirement. See page 7 for more information about MRDs.

Each payment is subject to your **spouse’s written consent** for this form of payment.

### ADVANTAGES

- Supplement other retirement income.
- Retain control of your remaining MIT Supplemental 401(k) Plan balance.

### TAX CONSIDERATIONS

- Payment is subject to 20% required federal income tax on the amount distributed (actual taxes owed may be higher or lower) unless you roll over the distribution to another retirement plan or IRA. State taxes may also apply.
- No taxes due on amount remaining in the Plan until withdrawn.
- Withdrawals taken prior to age 59½ may be subject to the IRS 10% early withdrawal penalty, unless you turn age 55 or older in the year you retire or terminate employment.
Take a Full Distribution

You may take a full distribution of your account balance in one lump sum.

If you are married when the payment is requested, your spouse’s written consent will be required for this form of payment.

TAX CONSIDERATIONS

- Payment is subject to 20% required federal income tax on the amount distributed (actual taxes owed may be higher or lower), unless you roll over the distribution to another retirement plan or IRA. State taxes may also apply.

MINIMUM REQUIRED DISTRIBUTIONS (MRDs)

If you are no longer working for MIT, federal minimum required distribution (MRD) rules require that you begin receiving some income from your retirement plan accumulations [including the MIT Supplemental 401(k) Plan] by April 1 after the year you either (1) turn age 70½ or (2) are no longer working for MIT, whichever comes later. You also have to continue receiving enough income each year thereafter to satisfy these rules.

If you do not comply with MRD requirements, you could be subject to a 50% excise tax on the amount you should have received as income.

If you are no longer working for MIT, you must begin distributions by April 1 following the calendar year you turn age 70½. For example:

- If you turn age 70½ during 2013, you must begin distributions no later than April 1, 2014.
- If you turn age 70½ during 2014, you must begin distributions no later than April 1, 2015.

If you take your first payment in the year you turn age 70½, you will need to take only one payment that year. However, if you wait to take your first payment in the calendar year after you turn age 70½ (by April 1), you will have to receive a second payment within the same calendar year.

Annuity or Systematic Withdrawal Payment options may satisfy your MRD requirements. If you set up your payment schedule to satisfy the IRS rules for MRDs or if you are taking “substantially equal period payments” to avoid the 10% early withdrawal penalty, any changes to your payment schedule may have severe tax consequences. Always consult a tax advisor before making any changes.

Please note: If you elect to purchase an annuity, Fidelity will issue a check to satisfy your MRD before the transfer is processed.
OTHER TAX CONSIDERATIONS

Distributions from your 401(k) Plan account may be subject to mandatory 20% withholding for the prepayment of federal income taxes, and state taxes may also apply. There is no required withholding of taxes if your distribution meets one of the following criteria:

- Part of a series of substantially equal periodic payments over the life expectancy(ies) of you or you and your beneficiary(ies).
- Part of a series of substantially equal periodic payments over a period of at least 10 years.
- A distribution that is an MRD if you have reached age 70½ and are no longer working at MIT.
- A lifetime annuity, either fixed or variable.
- A direct rollover to an IRA or another employer's qualified plan.

Keep in mind that unless you elect a specific federal income tax withholding, default withholding will apply. The default withholding for a single payment is 10% and for an SWP withholding is based on a joint tax return with three exemptions. Withdrawals taken prior to age 59½ may be subject to the IRS 10% early withdrawal penalty unless you are age 55 or older in the year you retire or terminate employment with MIT, or qualify for another exemption from the penalty. Be sure you understand the tax consequences of any distribution before you make a decision. You may want to consult a tax advisor about your situation.