Participant Notice – Roth Conversions
CBIZ, Inc. Retirement Savings Plan

We are giving you this Notice to inform you of a new program that is being offered under our Plan. Under a recent law, you may be eligible to convert your existing Plan accounts to a "Roth" account within the Plan. Converting non-Roth contributions to Roth contributions can be a complex decision that is dependent on your personal financial situation and may not be appropriate for all situations or in all circumstances. **Therefore, it is very important that you consult with your individual tax advisor to help you determine if this strategy is appropriate for you.** Since this is a new program, the Summary Plan Description does not contain language describing Roth Conversions. This Participant Notice describes this new program and how the changes to the Plan may affect you. The information in this Participant Notice overrides any inconsistent information included in the Plan's Summary Plan Description (SPD) or other Plan forms.

The following Q&As are designed to answer some of the questions you may have regarding your ability to convert your non-Roth contribution accounts to a Roth contribution account.

1. ***What is the difference between a Roth contribution and a pre-tax salary deferral under a 401(k) plan?***

If you are eligible to participate in the plan, you may elect to defer a portion of your salary into the plan as a pre-tax salary deferral. If you make pre-tax salary deferrals to the plan, you are not subject to taxation at the time you make those contributions to the plan. The amount you contribute is not taxed until you take a distribution from the plan at which time you will be taxed on the amount distributed (including any earnings on such amounts.) Roth contributions, on the other hand, are subject to taxation at the time such amounts are contributed to the plan. However, you will not be taxed on any Roth amounts distributed from the plan (including earnings), provided the Roth contributions are distributed in a "qualified distribution" (see Q-5, below). If you wish to make Roth contributions to the plan, you may enter into a salary deferral election electing to make Roth contributions to the plan.

2. ***What is an "in-plan Roth conversion"?***

In addition to your right to make Roth contributions to the plan, the plan has been amended to allow participants under the Plan to convert existing pre-tax contributions to Roth contributions. This includes not only salary deferrals, but other contributions, such as employer contributions or matching contributions. Thus, if you meet the requirements for making a Roth conversion under the plan, you may elect to convert all or any portion of your non-Roth contributions to Roth contributions.

3. ***When can I make an in-plan Roth conversion?***

To be eligible to make an in-plan Roth conversion, you must be eligible to receive a distribution of the amounts being converted at the time of the conversion. For this purpose, the available distribution must be one that would otherwise be eligible for rollover to another plan or IRA if the amounts were actually distributed from the plan. Generally, any distribution is an eligible rollover distribution, except:

- Hardship withdrawals
- Required minimum distributions
- Certain corrective distributions

Generally, an in-service distribution that is available upon attainment of a specific age or other designated event (other than hardship) will qualify as an eligible distribution for making an in-plan Roth conversion. You should review your Summary Plan Description to determine what distribution options are available under the plan.

4. *What are the tax consequences of making an in-Plan Roth conversion?*

If you elect to convert any portion of your non-Roth contributions to Roth contributions, you will have to include those amounts in gross income for the year of the conversion, unless you have already included such amounts in income. Since no actual distribution is being made from the Plan, no withholding will apply to the in-plan conversion. If you elect to convert to Roth contributions, you should be sure you have adequately withheld amounts based on the additional taxes owed as a result of the Roth conversion. You may want to increase your withholding or make an estimated tax payment to avoid any potential penalties for underpayment of taxes when filing your federal tax return. You should discuss the specific tax consequences with your tax advisor. In addition, if you are under age 59½ at the time of the Roth conversion, you may be subject to a 10% penalty tax if you take a subsequent distribution from the Roth conversion account prior to your attaining age 59½.

5. *Who is eligible to elect an in-plan Roth conversion?*

To the extent allowed under the plan, current or terminated participants with vested account balances under the plan may elect to make an in-plan Roth conversion. Spousal death beneficiaries and alternate payees under a qualified divorce decree are also eligible to make in-plan Roth conversions.

6. *What is a "qualified distribution" of Roth deferrals?*

The main advantage of making Roth contributions or a Roth conversion is that if such amounts are distributed as part of a "qualified distribution", the entire amount of the distribution is exempt from income tax, including earnings which have never been taxed. This is true whether such amounts were contributed as Roth deferrals or are part of a Roth conversion. To be a qualified distribution, five years must pass from the year in which you make your first Roth deferral to the plan. For example, if you began making Roth deferrals in 2010, the 5-year rule would be satisfied as of January 1, 2015 for all Roth deferrals under the plan (i.e., 5 years from the beginning of the year in which the first Roth deferral was made. This would also be true if you converted pre-tax contributions in 2010. The five-year period begins on January 1 of the year you make your first Roth contribution, whether as a conversion or regular Roth contribution.

In addition, to be a qualified distribution, you must have a qualifying event. For this purpose, a qualifying event is attainment of age 59½, death or disability. A distribution for any other reason (e.g., termination of employment or hardship) is not a qualifying event. If you take a distribution that does not qualify as a qualified distribution, you will be taxed on the earnings associated with the Roth deferrals. (You will never be taxed on the Roth deferrals distributed since those amounts are taxed at the time you make the Roth deferrals or Roth conversion.)

7. *May I withdraw the converted amounts from the Roth conversion account?*

Generally, the same distribution options will apply to the Roth conversion account as apply to the amounts being converted. For example, if you are entitled to take a distribution of your pre-tax contributions at age 59½, that same distribution option would apply to the Roth conversion account. However, the plan may impose additional restrictions on your ability to access your Roth conversion account.

If you take a distribution from your Roth account(s) and the withdrawal does not satisfy the requirements of a qualified distribution (see #5 above), you will be taxed on any earnings withdrawn. Withdrawals that are not a qualified distribution are taxed on a pro-rata basis from Roth contribution based on the percentage of earnings to the total value of all your Roth contribution accounts within the plan. For example, if your total Roth account is $100,000 (including both the regular Roth account and the Roth conversion account) and earnings attributable to such amounts are $20,000, withdrawals would be treated as 20% taxable [$20,000/$100,000]. If the distribution of Roth contributions is a qualified distribution, none of the distribution would be included in income. Please contact the Plan Administrator if you have any questions about the treatment of distributions from your Roth conversion account.

If you are under age 59½ when you make the Roth conversion, you may be subject to a 10% early distribution penalty tax. The 10% penalty, which applies if you take a distribution from the plan before turning age 59½, does not apply at the time of the Roth conversion. However, if you subsequently take a distribution of converted amounts before you turn age 59½, you may be subject to the 10% penalty unless you have held the converted amounts in the plan for at least five years.

8. ***Is making a Roth conversion a good idea?***

There is no easy answer to this question. If you anticipate that your tax rate will be higher at the time of distribution, Roth deferrals may be a better option since you will be paying taxes currently at a lower rate than you would upon distribution of pre-tax contributions. However, you will also lose the ability to invest the amount attributable to the taxes paid to the IRS.

The other major advantage of making a Roth conversion is to allow the Roth conversions to grow tax free (including any earnings on those converted amounts). If you take a distribution that satisfies the requirement for a qualified distribution, as defined in #4 above, you will be able to avoid paying taxes on the earnings associated with the Roth contributions. The ability to withdraw the Roth contributions without having to include such amounts in income can result in significant tax savings.

A careful analysis should be done of your personal saving habits, economic position, and expected tax rates before deciding whether Roth contributions or a Roth conversion will provide a greater after-tax distribution at retirement. In addition, you should examine the effect of the additional income on your overall tax liability. Since you will need to include in income the fair market value of the amount converted to Roth contributions, you may want to increase your withholding or make an estimated tax payment to avoid any potential penalties for under-withholding. The decision to make a Roth conversion is irrevocable once made, so careful consideration should be made before you elect to make a Roth conversion. You should consult with your tax advisor about the advantages and disadvantages of a Roth conversion.

9. ***How do I elect to convert my pre-tax contributions to Roth contributions?***

If you are interested in converting your pre-tax contributions to Roth contributions, you may request an In-Plan Roth Rollover Request Form from a MassMutual Customer Services Representative. When you call 1-800-743-5274 (Monday through Friday, 8 a.m. to 8 p.m., Eastern Time), you can be connected with MassMutual's Participant Information Center or you may contact your Plan Administrator. See your Summary Plan Description for the name and address of the Plan Administrator.