



# REQUEST FOR RETURN OF CONTRIBUTIONS ONLY

Plan Name : \_\_\_\_\_

Name: _____	*Social Security #: _____ / _____ / _____
Address: _____	
City: _____	State: _____ Zip Code: _____
Phone Number: (____) _____	E-mail: _____
Date of Birth: _____ / _____ / _____	Date of Hire: _____ / _____ / _____ Date of Entry: _____ / _____ / _____

## **RETURN OF EMPLOYEE CONTRIBUTIONS BEFORE EARLY OR NORMAL RETIREMENT**

By signing below, I elect to receive only my accumulated employee contributions plus interest, if any as outlined in the plan document and understand receipt of these funds prior to early or normal retirement will cause immediate suspension of further contribution and participation as well as any entitlement to benefits whatsoever under my employer's retirement plan and that my request will be processed within 90 days.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

## **SPECIAL TAX NOTICE REGARDING PLAN DISTRIBUTIONS**

Participants should review the Special Tax Notice regarding plan distributions (attached) before deciding how to receive benefits from employer's retirement plan. In particular, this notice explains that 20% of your plan distribution is required to be withheld for federal income tax purposes unless you elect a direct roll-over of your Plan benefits to another employer plan or an individual retirement arrangement (IRA). *(If this form is not attached, please request from the administrator.)*

I have reviewed and understood the provisions of the Special Tax Notice Regarding Plan Distributions.

\_\_\_\_\_  
Signature of Plan Member Required

\_\_\_\_\_  
Date

\*Social Security numbers are requested and maintained on behalf of all plan participants, beneficiaries and retirees for data collection, reconciliation, tracking, benefit processing, tax reporting, and identity verification purposes. Social Security numbers are also used as a unique numeric identifier and may be used for death record searches for retirees.

**Participant's Certification – Waiver of 30 day waiting period**

I wish to have my distribution from the plan made as soon as possible. Therefore, I, hereby waive the 30-day time period otherwise required between the date the "Special Tax Notice" was provided to me and the date that my election regarding my disbursement is implemented.

In connection with this waiver, I hereby confirm the following:

I acknowledge receipt of a written "Special Tax Notice", informing me of some of the tax implications associated with the distribution options available to me; that I understand that I am entitled to a reasonable period of not less than 30 days from the date the notice was provided to me in which to decide whether or not to elect a direct rollover or lump sum until my distribution is actually implemented.

\_\_\_\_\_  
Participant Signature

\_\_\_\_\_  
Date

**Lump Sum Payment Options:**

A return of contributions from the Plan that is eligible for "rollover" (pre-tax contributions) can be taken in two ways. You can have all or any portion of your payment either (1) PAID IN A "DIRECT ROLLOVER" OR (2) PAID TO YOU. A rollover is a payment of your Plan benefits to your individual retirement arrangement (IRA) or to another employer plan. This choice will affect the tax you owe. Please initial your choice on the line provided.

**DIRECT ROLLOVER**

A. \_\_\_\_\_ I choose a direct rollover and have attached the rollover form. **I have enclosed the necessary paperwork from my financial institution to complete the rollover into my qualified plan.**

**PAID TO YOU**

B. \_\_\_\_\_ I acknowledge that 20% will be withheld from my plan distribution and that additional withholding may be required for early distribution. **"After Tax" employee contributions are non-taxable when paid to you and they are ineligible for rollover. In order to receive my payment I have enclosed a completed Direct Deposit Form and voided check with this form.**

**To Be Completed By The Employer**

Current Plan Year Employee Contribution: \$ \_\_\_\_\_ Salary: \$ \_\_\_\_\_

Date of Hire: \_\_\_/\_\_\_/\_\_\_ Date of Termination \_\_\_/\_\_\_/\_\_\_

**Please attach a complete list of all employee contributions since date of hire.**

I have reviewed this request for a return of employee contribution only and provided the salary history and employee contribution information in accordance with our payroll records.

\_\_\_\_\_  
Employer Signature, Title

\_\_\_\_\_  
Date



**Please submit the following:**

- (1) Request for Return of Employee Contributions form
- (2) Direct Deposit Agreement, *including a voided check or deposit ticket*
- (3) Copy of your social security card

**Return to:**

Florida Municipal Pension Trust Fund  
ATTN: Retirement Services  
Post Office Box 1757  
Tallahassee, Florida 32302-1757  
Fax: (850) 222-3806  
Phone: (850) 222-9684  
Email: [FMPTF@flcities.com](mailto:FMPTF@flcities.com)



## DIRECT DEPOSIT AGREEMENT

City/District: \_\_\_\_\_ Employee Type: \_\_\_\_\_  
(General, Management, Firefighter, Police Officer)

### Instructions:

Please return this agreement, **along with a voided check or copy of check**, to the address below.

If your bank is not a member of the Automated Clearing House (ACH), you will be notified and this authorization will automatically be revoked. It may take up to six (6) weeks to process this request.

### Personal Information

Your Name: \_\_\_\_\_ Social Security #: \_\_\_\_\_

Your Home Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

### Bank Information

Bank Name: \_\_\_\_\_ Area & Phone # \_\_\_\_\_

Branch Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

**ABA/Transit/Routing # (required) :** \_\_\_\_\_

**Account Number (required) :** \_\_\_\_\_ ( ) Checking ( ) Savings

### Authorization

I authorize the Florida Municipal Pension Trust Fund to make all benefit payments to which I am entitled by direct deposit to the bank account designated above. I understand that the FMPTF is not responsible for incorrect bank account information provided above if a voided check is not provided.

This authorization is to remain in force until I revoke it in writing, or if the Florida Municipal Pension Trust Fund terminates the direct deposit service. I will send all notices relating to direct deposit to the Florida Municipal Pension Trust Fund. I understand that I must allow reasonable time for any changes to be executed.

\_\_\_\_\_  
Signature of Payee (Pensioner)

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print Name of Payee (Pensioner)

### Return to:

Florida Municipal Pension Trust Fund  
Post Office Box 1757  
Tallahassee, FL 32302-1757

Phone: (850) 222-9684 - Fax (850) 222-3806  
Email: [FMPTF@flcities.com](mailto:FMPTF@flcities.com)

# Special Tax Notice – Governmental Plan Payments (other than 457 Plans)

This notice explains how you can continue to defer Federal income tax on your retirement savings in your Plan and contains important information you will need before you decide how to receive your Plan benefits. This notice does not address any applicable State or local tax rules that may apply.

This notice is provided to you because all or part of the payment that you will soon receive from the Plan may be eligible for rollover by you or your Plan Administrator to an IRA or an eligible employer plan. A rollover is a payment by you or the Plan Administrator of all or part of your benefit to another plan or IRA that allows you to continue to postpone taxation of that benefit until it is paid to you, or in the case of a Roth conversion, to obtain tax-free investment returns. Your payment cannot be rolled over to a SIMPLE IRA or a Coverdell Education Savings Account (formerly known as an education IRA). An “eligible employer plan” includes a plan qualified under section 401(a) of the Internal Revenue Code, including a 401(k) plan, profit-sharing plan, defined benefit plan, stock bonus plan, and money purchase plan; a section 403(a) annuity plan; a section 403(b) tax-sheltered annuity; and an eligible section 457(b) plan maintained by a governmental employer (governmental 457 plan).

An eligible employer plan is not legally required to accept a rollover. Before you decide to roll over your payment to another employer plan, you should find out whether the plan accepts rollovers and, if so, the types of distributions it accepts as a rollover. You should also find out about any documents that are required to be completed before the receiving plan will accept a rollover. Even if a plan accepts rollovers, it might not accept rollovers of certain types of distributions, such as after-tax amounts. If this is the case, and your distribution includes after-tax amounts, you may wish instead to roll your distribution over to a traditional IRA or split your rollover amount between the employer plan in which you will participate and a traditional IRA. If an employer plan accepts your rollover, the plan may restrict subsequent distributions of the rollover amount or may require your spouse’s consent for any subsequent distribution. A subsequent distribution from the plan that accepts your rollover may also be subject to different tax treatment than distributions from this Plan. Check with the administrator of the plan that is to receive your rollover prior to making the rollover. If you have additional questions after reading this notice, you should contact the FMPTF, Plan Administrator, at 1-(800) 342-8112, and ask to speak to a Retirement Services Representative.

## Summary

There are two ways you may be able to receive a Plan payment that is eligible for rollover:

- Certain payments can be made directly to a traditional IRA that you establish or to an eligible employer plan that will accept it and hold it for your benefit - “DIRECT ROLLOVER”; or
- The payment can be PAID TO YOU.

If you choose a **DIRECT ROLLOVER**:

- You choose whether your payment will be made directly to your IRA (traditional or Roth) or to an eligible employer plan that accepts your rollover. Your payment cannot be rolled over to a SIMPLE IRA or a Coverdell Education Savings Account because these are not traditional or Roth IRAs. A distribution of non-Roth amounts can be rolled over to an eligible employer plan, a traditional IRA or, by paying taxes on the non-Roth amounts and converting them to Roth amounts, a Roth IRA.
- You may roll the payment to a traditional IRA or an eligible employer plan and the taxable portion of your payment will be taxed later when you take it out of the traditional IRA or the eligible employer plan. Depending on the type of plan, the later distribution may be subject to different tax treatment than it would be if you received a taxable distribution from this Plan.
- You may roll the payment to a Roth IRA and later distributions from the Roth IRA (including a distribution of earnings) will not be taxed, provided that the distribution is a “qualified distribution” from the Roth IRA. In order to convert non-Roth amounts into Roth amounts by means of a rollover into a Roth IRA, you must otherwise be eligible to make such a conversion within an IRA.

If you choose to have a Plan payment that is eligible for rollover **PAID TO YOU**:

- You will receive only 80% of the taxable amount of the payment, because the Plan Administrator is required to withhold 20% of that amount and send it to the IRS as income tax withholding to be credited against your taxes.
- The taxable amount of your payment will be taxed in the current year or in accordance to plan guidelines unless you roll it over. Under limited circumstances, you may be able to use special tax rules that could reduce the tax you owe. However, if you receive the payment before age 59½, you may have to pay an additional 10% early withdrawal tax. The additional tax would be assessed when you file your 1040 tax return.
- You can roll over all or part of the payment by paying it to your traditional IRA or to an eligible employer plan that accepts your rollover within 60 days after you receive the payment. The amount rolled over will not be taxed until you take it out of the traditional IRA or the eligible employer plan.
- If you want to roll over 100% of the payment to a traditional IRA or an eligible employer plan, **you must find other money to replace the 20% of the taxable portion that was withheld**. If you roll over only the 80% that you received, you will be taxed on the 20% that was withheld and that is not rolled over.

Florida Municipal Pension Trust Fund (FMPTF)

Sponsored and Administered by the Florida League of Cities, Inc.

1 of 5

Special options are available to eligible retired public safety officers which are described below under "Payment Paid to You."

## Your Right To Waive The 30-Day Notice Period.

Generally, neither a direct rollover nor a payment paid to you can be made from the plan until at least 30 days after your receipt of this notice. Thus, after receiving this notice, you have at least 30 days to consider whether or not to have your withdrawal directly rolled over. If you do not wish to wait until this 30-day notice period ends before your election is processed, you may waive the notice period by making an affirmative election on your benefit election form indicating whether or not you wish to make a direct rollover. Your withdrawal will then be processed in accordance with your election as soon as practical after it is received by the Plan Administrator.

## More Information:

I. PAYMENTS THAT CAN AND CANNOT BE ROLLED OVER

II. DIRECT ROLLOVER

III. PAYMENT PAID TO YOU

IV. SURVIVING SPOUSES, ALTERNATE PAYEES, AND OTHER BENEFICIARIES

## I. PAYMENTS THAT CAN AND CANNOT BE ROLLED OVER

Payments from the Plan may be "eligible rollover distributions." This means that they can be rolled over to an IRA or to an eligible employer plan that accepts rollovers. Payments from a plan cannot be rolled over to a SIMPLE IRA or a Coverdell Education Savings Account. The portion of a payment (if any) that is drawn from an after-tax contributions account can be rolled over to an IRA or to an eligible employer plan that accepts after tax rollover contributions. The portion of a payment (if any) that is drawn from other types of accounts can be rolled over to an eligible employer plan, a traditional IRA, or if you make a Roth conversion, a Roth IRA. Your Plan Administrator should be able to tell you what portion of your payment is an eligible rollover distribution.

**After-tax Contributions.** If you made after-tax contributions to the Plan, these contributions may be rolled into either a traditional IRA or to certain employer plans that accept rollovers of the after-tax contributions. The following rules apply:

**Rollover into a Traditional IRA.** You can roll over your after-tax contributions to an IRA either directly or indirectly. Your Plan Administrator should be able to tell you how much of your payment is the taxable portion and how much is the after-tax portion. If you roll over after-tax contributions to an IRA, it is your responsibility to keep track of, and report to the Service on the applicable forms,

the amount of these after-tax contributions. This will enable the nontaxable amount of any future distributions from the IRA to be determined. Once you roll over your after-tax contributions to an IRA, those amounts CANNOT later be rolled over to an employer plan.

**Rollover into an Employer Plan.** You can roll over your after-tax contributions to an eligible employer plan using a DIRECT ROLLOVER if the other plan agrees to accept the rollover and provide separate accounting for amounts rolled over, including separate accounting for the after-tax employee contributions and earnings on those contributions. You can roll over after-tax contributions to either a qualified defined contribution or defined benefit plan under Code section 401(a) or a tax-sheltered annuity under Code section 403(b). You cannot roll over after-tax contributions to a governmental 457 plan. If you want to roll over your after-tax contributions to an employer plan that accepts these rollovers, you cannot have the after-tax contributions PAID TO YOU first. You must instruct the Plan Administrator of this Plan to make a DIRECT ROLLOVER on your behalf. Also, you cannot first roll over after-tax contributions to an IRA and then roll over that amount into an employer plan.

## Conversion of Non-Roth Amounts by Means of a Rollover into a Roth IRA.

You may be eligible to roll over non Roth amounts into a Roth IRA and thereby make a Roth "conversion." You may not make such a conversion if you are not otherwise eligible to make a Roth conversion within a Roth IRA, which generally means you are not eligible if:\* (1) your modified adjusted gross income for the year the distribution is made from the Plan exceeds \$100,000 or (2) you are married and lived with your spouse at some time during the taxable year and you filed a separate tax return. Any required minimum distribution you receive from an IRA or eligible retirement plan is disregarded for purposes of determining whether you are eligible to make a conversion to a Roth IRA.

The amount of the conversion, minus any return of your tax basis, is taxable as ordinary income in the year the conversion occurs (the year the rollover distribution occurs).\* The 10% penalty tax on early withdrawals does not apply to the conversion amount, but unless an exception applies, any withdrawal of conversion amounts from your Roth IRA within the five calendar year holding period beginning on the first day of the taxable year in which your first Roth IRA contributions were made would be subject to the 10% penalty tax on early distributions.

\* The law includes a special rule for conversions that occur in 2010. For that year only, unless you elect otherwise, income from a conversion will not be reported in 2010, but instead will be reported in two equal installments in 2011 and 2012. The income will be accelerated; however, to the extent you take withdrawals before 2012. Once you have made a conversion to a Roth IRA, you cannot roll over the Roth IRA into another qualified plan (even if that plan has a Roth contribution feature).

**Payments That Cannot Be Rolled Over.** The following types of payments cannot be rolled over:

Florida Municipal Pension Trust Fund (FMPTF)

Sponsored and Administered by the Florida League of Cities, Inc.

2 of 5

**Payments Spread over Long Periods.** You cannot roll over a payment if it is part of a series of equal (or almost equal) payments that are made at least once a year and that will last for (1) your lifetime (or a period measured by your life expectancy), or (2) your lifetime and your beneficiary's lifetime (or a period measured by your joint life expectancies), or (3) a period of 10 years or more.

**Required Minimum Payments.** Beginning when you reach age 70½ or retire, whichever is later, a certain portion of your payment cannot be rolled over because it is a "required minimum payment" that must be paid to you.

The Plan Administrator should be able to tell you if your payment includes amounts that cannot be rolled over.

## II. DIRECT ROLLOVER

A **Direct Rollover** is a direct payment of the amount of your Plan benefits to an IRA or an eligible employer plan that will accept it. You can choose a DIRECT ROLLOVER of all or any portion of your payment that is an eligible rollover distribution, as described in Part I above. If your DIRECT ROLLOVER is into a traditional IRA or an eligible employer plan, you are not taxed on any taxable portion of your payment until you later take it out of the traditional IRA or eligible employer plan. If your DIRECT ROLLOVER is into a Roth IRA, you are taxed on the taxable portion of your payment in the conversion to Roth treatment, and if the later distribution from the Roth IRA is a "qualified distribution," you are not taxed when you take it out of the Roth IRA. In addition, no income tax withholding is required for any taxable portion of your Plan benefits for which you choose a DIRECT ROLLOVER. Any eligible rollover distribution that you receive from the Plan that is otherwise non-taxable, and that you wish to roll over to an eligible employer plan, can be rolled over only in a DIRECT ROLLOVER.

**Direct Rollover to a Traditional IRA.** You can open an IRA to receive the DIRECT ROLLOVER. If you choose to have your payment made directly to an IRA, contact an IRA sponsor (usually a financial institution) to find out how to have your payment made in a DIRECT ROLLOVER to an IRA at that institution. If you are unsure of how to invest your money, you can temporarily establish an IRA to receive the payment. However, in choosing an IRA, you may wish to make sure that the IRA you choose will allow you to move all or a part of your payment to another IRA at a later date, without penalties or other limitations. (See IRS Publication 590, Individual Retirement Arrangements for more information on IRAs (including limits on how often you can roll over between IRAs).)

**Direct Rollover to a Plan.** If you are employed by a new employer that has an eligible employer plan, and you want a DIRECT ROLLOVER to that plan, ask the plan administrator of that plan whether it will accept your rollover. An eligible employer plan is not legally required to accept a rollover. Even if your new employer's plan does not accept a rollover, you can choose a DIRECT ROLLOVER to an IRA. If the employer plan accepts your rollover, the plan may provide restrictions on the circumstances under which you may later receive a distribution of the rollover amount or may require spousal consent to any

subsequent distribution. Check with the plan administrator of that plan before making your decision.

**Direct Rollover of a Series of Payments.** If you receive a payment that can be rolled over to an IRA or an eligible employer plan that will accept it, and it is paid in a series of payments for less than 10 years, your choice to make or not make a DIRECT ROLLOVER for a payment will apply to all later payments in the series until you change your election. You are free to change your election for any later payment in the series.

**Change in Tax Treatment Resulting from a DIRECT ROLLOVER.** The tax treatment of any payment from the eligible employer plan or traditional IRA receiving your DIRECT ROLLOVER might be different than if you received your benefit in a taxable distribution directly from the Plan. For example, if you were born before January 1, 1936, you might be entitled to ten-year averaging or capital gain treatment, as explained below. However, if you have your benefit rolled over to a section 403(b) tax-sheltered annuity, a governmental 457 plan, or an IRA in a DIRECT ROLLOVER, your benefit will no longer be eligible for that special treatment. See the sections below entitled "Additional 10% Tax if You Are under Age 59½" and "Special Tax Treatment if You Were Born before January 1, 1936."

**Physical Payment of the Direct Rollover.** The Plan Administrator does not currently process electronic direct rollovers to other retirement plan providers. A direct rollover is accomplished by making the distribution check payable to the new retirement plan provider for the benefit of the member. This type of distribution still qualifies for the direct roll over provisions outlined above.

## III. PAYMENT PAID TO YOU

If your payment can be rolled over (see Part I above) and the payment is PAID TO YOU in cash, it is subject to 20% Federal income tax withholding on the taxable portion (State tax withholding may also apply). The payment is taxed in the year you receive it unless, within 60 days, you roll it over to an IRA or an eligible employer plan that accepts rollovers (or unless you are an eligible retired public safety officer who makes the election to pay health care or long term care premiums, described in this section below). If you do not roll it over, special tax rules may apply.

### Income Tax Withholding

**Mandatory Withholding.** If any portion of your payment can be rolled over under Part I above and you do not elect to make a DIRECT ROLLOVER, the Plan is required by law to withhold 20% of the taxable amount. This amount is sent to the IRS as Federal income tax withholding. For example, if you can roll over a taxable payment of \$10,000, only \$8,000 will be paid to you because the Plan must withhold \$2,000 as income tax. However, when you prepare your income tax return for the year, unless you make a rollover within 60 days (see "Sixty-Day Rollover Option" below), you must report the full \$10,000 as a taxable payment from the Plan. You must report the \$2,000 as tax withheld, and it will be credited against any income tax you

owe for the year. There will be no income tax withholding if your payments for the year are less than \$200.

**Voluntary Withholding.** If any portion of your payment is taxable but cannot be rolled over under Part I above, the mandatory withholding rules described above do not apply. In this case, you may elect not to have withholding apply to that portion. If you do nothing, an amount will be taken out of this portion of your payment for Federal income tax withholding. To elect out of withholding, ask the Plan Administrator for the election form and related information.

**Sixty-Day Rollover Option.** If you receive a payment that can be rolled over under Part I above, you can still decide to roll over all or part of it to an IRA or to an eligible employer plan that accepts rollovers. If you decide to roll over, you must contribute the amount of the payment you received to an IRA or eligible employer plan within 60 days after you receive the payment. The portion of your payment that is rolled over will not be taxed until you take it out of the traditional IRA or the eligible employer plan. This sixty day rollover option is also available for converting to a Roth IRA.

You can roll over up to 100% of your payment that can be rolled over under Part I above, including an amount equal to the 20% of the taxable portion that was withheld. If you choose to roll over 100%, you must find other money within the 60-day period to contribute to the traditional IRA or the eligible employer plan, to replace the 20% that was withheld. On the other hand, if you roll over only the 80% of the taxable portion that you received, you will be taxed on the 20% that was withheld.

*Example:* The taxable portion of your payment that can be rolled over under Part I above is \$10,000, and you choose to have it PAID TO YOU. You will receive \$8,000, and \$2,000 will be sent to the IRS as income tax withholding. Within 60 days after receiving the \$8,000, you may roll over the entire \$10,000 to an IRA or an eligible employer plan. To do this, you roll over the \$8,000 you received from the Plan, and you will have to find \$2,000 from other sources (your savings, a loan, etc.). In this case, the entire \$10,000 is not taxed until you take it out of the traditional IRA or an eligible employer plan. If you roll over the entire \$10,000, when you file your income tax return you may get a refund of part or all of the \$2,000 withheld.

If, on the other hand, you roll over only \$8,000, the \$2,000 you did not roll over is taxed in the year it was withheld. When you file your income tax return, you may get a refund of part of the \$2,000 withheld. However, any refund is likely to be larger if you roll over the entire \$10,000.

**Additional 10% Tax If You Are Under Age 59½.** If you receive a payment before you reach age 59½ and you do not roll it over, then, in addition to the regular income tax, you may have to pay an extra tax equal to 10% of the taxable portion of the payment. The additional 10% tax generally does not apply to (1) payments that are paid after you separate from service with your employer during or after the year you reach age 55, (2) payments that are paid because you retire due to disability, (3) payments that are paid as equal (or almost equal) payments over your life or life expectancy (or your and your beneficiary's

lives or life expectancies), (4) payments that are paid directly to the government to satisfy a Federal tax levy, (5) payments that are paid to an alternate payee under a qualified domestic relations order, (6) payments that do not exceed the amount of your deductible medical expenses, or (7) payments from a governmental defined benefit pension plan to a qualified public safety official following separation from service after age 50. See IRS Form 5329 for more information on the additional 10% tax.

The additional 10% tax will not apply to distributions from a governmental 457 plan, except to the extent the distribution is attributable to an amount you rolled over to that plan (adjusted for investment returns) from another type of eligible employer plan or IRA. Any amount rolled over from a governmental 457 plan to another type of eligible employer plan or to an IRA will become subject to the additional 10% tax if it is distributed to you before you reach age 59½, unless one of the exceptions applies.

**Special Tax Treatment If You Were Born Before January 1, 1936.** If you receive a payment from a plan qualified under section 401(a) or a section 403(a) annuity plan that can be rolled over under Part I and you do not roll it over to a traditional IRA or an eligible employer plan, the payment will be taxed in the year you receive it. However, if the payment qualifies as a "lump sum distribution," it may be eligible for special tax treatment. A lump sum distribution is a payment, within one year, of your entire balance under the Plan (and certain other similar plans of the employer) that is payable to you after you have reached age 59½ or because you have separated from service with your employer (or, in the case of a self-employed individual, after you have reached age 59½ or have become disabled). For a payment to be treated as a lump sum distribution, you must have been a participant in the plan for at least five years before the year in which you received the distribution. The special tax treatment for lump sum distributions that may be available to you is described below.

**Ten-Year Averaging.** If you receive a lump sum distribution and you were born on or before January 1, 1936, you can make a one-time election to figure the tax on the payment by using "10-year averaging" (using 1986 tax rates). Ten-year averaging often reduces the tax you owe.

**There are other limits on the special tax treatment for lump sum distributions.** For example, you can generally elect this special tax treatment only once in your lifetime, and the election applies to all lump sum distributions that you receive in that same year. You may not elect this special tax treatment if you rolled amounts into this Plan from a 403(b) tax-sheltered annuity contract, a governmental 457 plan, or from an IRA not originally attributable to a qualified employer plan. If you have previously rolled over a distribution from this Plan (or certain other similar plans of the employer), you cannot use this special averaging treatment for later payments from the Plan. If you roll over your payment to an IRA, governmental 457 plan, or 403(b) tax-sheltered annuity, you will not be able to use special tax treatment for later payments from that IRA, plan, or annuity. Also, if you roll over only a portion of your payment to an IRA, governmental 457 plan, or 403(b) tax-sheltered annuity,

this special tax treatment is not available for the rest of the payment. See IRS Form 4972 for additional information on lump sum distributions and how you elect the special tax treatment.

**Insurance Premiums for Retired Public Safety Officers.** If you are an eligible retired public safety officer (law enforcement officer, firefighter, chaplain, or member of a rescue squad or ambulance crew), you can elect to exclude from income distributions made from your eligible retirement plan that are used to pay the premiums for accident or health insurance or long-term care insurance. You can do this only if you retired because of disability or because you reached normal retirement age. The premiums can be for coverage for you, your spouse, or dependents. The distribution must be made directly from the plan to the insurance provider. You can exclude from income the smaller of the amount of the insurance premiums or \$3,000. You can only make this election for amounts that would otherwise be included in your income.

An eligible retirement plan is a governmental plan that is:

- A qualified trust,
- A section 403(a) plan,
- A section 403(b) annuity, or
- A section 457(b) plan.

If you make this election, reduce the otherwise taxable amount of your pension or annuity by the amount excluded. The amount shown in box 2a of Form 1099-R does not reflect the exclusion. For additional information on how to elect to exclude insurance premiums from income, please see the Form 1040 instructions.

#### **IV. SURVIVING SPOUSES, ALTERNATE PAYEES, AND OTHER BENEFICIARIES**

In general, the rules summarized above that apply to payments to employees also apply to payments to surviving spouses of employees and to spouses or former spouses who are "alternate payees." You are an alternate payee if your interest in the Plan results from a "qualified domestic relations order," which is an order issued by a court, usually in connection with a divorce or legal separation.

If you are a surviving spouse or an alternate payee, you may choose to have a payment that can be rolled over, as described in Part I above paid in a DIRECT ROLLOVER to a traditional IRA or to an eligible employer plan or paid to you. If you have the payment paid to you, you can keep it or roll it over yourself to a traditional IRA or to an eligible employer plan. Thus, you have the same choices as the employee.

The Plan may, but is not required to, allow non-spouse beneficiaries to make a DIRECT ROLLOVER of their share of an employee's account. If you are a beneficiary other than a surviving spouse or a former spouse who is an alternate payee, you should check with the Plan Administrator to see whether the Plan allows you to make a DIRECT ROLLOVER.

If you are a surviving spouse, an alternate payee, or another beneficiary, your payment is generally not subject to the

additional 10% tax described in Part III above, even if you are younger than age 59½.

#### **How To Obtain Additional Information**

This notice summarizes only the Federal (not State or local) tax rules that might apply to your payment. The rules described above are complex and contain many conditions and exceptions that are not included in this notice. Therefore, you may want to consult with the Plan Administrator or a professional tax advisor before you take a payment of your benefits from your Plan. Also, you can find more specific information on the tax treatment of payments from qualified employer plans in IRS Publication 575, Pension and Annuity Income, and IRS Publication 590, Individual Retirement Arrangements. These publications are available from your local IRS office, on the IRS's Internet Web Site at [www.irs.gov](http://www.irs.gov) or by calling 1-800-TAX-FORMS.