



**REFUND OF CONTRIBUTIONS QUESTIONNAIRE  
 TIER 5**

(Please submit the original form and retain a copy for yourself.)

**PLEASE COMPLETE EACH QUESTION WITH A 'YES' OR 'NO' ANSWER: YOU MUST ANSWER ALL QUESTIONS.**

- Y  N 1. Have you had a previous refund of contributions?
- Y  N 2. Do you have ten or more years of service? If the answer is yes or you are not sure, do not withdraw your contributions without receiving counseling from Active Member Services. When you withdraw your contributions, you lose any right you may have to receive a service pension from the Plan.
- Y  N 3. Do you have prior marriages(s) or prior domestic partnership(s) filed with the California Secretary of State or a substantially equivalent legal union validly formed in another jurisdiction?
- Y  N 4. Please list all names of prior spouse(s) or prior domestic partner(s).
 

Last Name, First Name, MI	Date of Marriage/Date Domestic Partnership Declaration Filed	Date Ended
_____	_____	_____
_____	_____	_____
- Y  N 5. Have you used any other name than your current name during your employment or since you left employment? If the answer is yes, please list all other names used:
   
\_\_\_\_\_
   
\_\_\_\_\_
- Y  N 6. Are you currently buying back basic training time or other service credit?
- Y  N 7. Do you understand that, by withdrawing your contributions, you are giving up your right to apply for and receive, a disability pension? If you believe you may be disabled, do not withdraw your contributions. Ask the Plan for information about filing a disability application. **IF YOU WITHDRAW YOUR CONTRIBUTIONS, YOU LOSE YOUR RIGHT TO RECEIVE A DISABILITY PENSION FROM THE PLAN.**
- Y  N 8. Have you previously retired on a disability pension? If the answer is yes, you are NOT entitled to a refund of the contributions you contributed to the Plan prior to your receipt of a disability pension.

To the best of my knowledge, I, \_\_\_\_\_, have answered the above questions truthfully.

FULL NAME

MEMBER'S NAME \_\_\_\_\_

RESIGNATION/TERMINATION DATE \_\_\_\_\_

MEMBER'S SIGNATURE \_\_\_\_\_

DATE \_\_\_\_\_

LAFPP STAFF SIGNATURE \_\_\_\_\_

DATE \_\_\_\_\_



**TIER 5 REQUEST FOR REFUND OF CONTRIBUTIONS**  
**(Please submit the original form and retain a copy for yourself.)**

**ATTENTION:** Your rights and benefits are governed by the provisions of **Tier 5**, Section 1222 of the City Charter and Section 4.2000 to Section 4.2028 of the Los Angeles Administrative Code. **If you receive a refund of your pension contributions you give up all rights to those benefits. You will no longer have a claim, right or entitlement to any benefit described in the Charter and Administrative Code. Be sure that you read and understand all pertinent Charter and Administrative Code provisions before executing this document.** If you receive a refund from LAFPP, you lose your right to the following:

1. Retirement on a service pension, if you have 20 years of service and are age 50.
2. Retirement on a service connected disability pension, if you are disabled from performing your job and the disability is caused by the job. **NO YEARS OF SERVICE IS REQUIRED.**
3. Retirement on a nonservice connected disability pension, if you are disabled from performing your job and the disability is not caused by the job. Five (5) years of service is required.
4. Deferred retirement - if you have 20 years of service, you may take a deferred retirement by leaving your contributions in the system and receiving a pension when you reach age 50 (at lower Tier 3 pension percentage).

Your rights are detailed in **Tier 5** of the City Charter and the Los Angeles Administrative Code and are described in the Summary Plan Description. These documents are available from our Web site at [www.lafpp.com](http://www.lafpp.com). If after reading the provisions of your pension plan you still have questions concerning any entitlement other than a refund of the contributions as requested by you, please make sure that you inquire and get information from the staff of the Los Angeles Fire and Police Pensions and/or consult with your employee organization representative.

I, \_\_\_\_\_ ( \_\_\_\_\_ ), fully understand

FULL NAME CITY DEPARTMENT

my rights and benefits as contained in **Tier 5** of the City Charter. I further understand that by signing this document I am forfeiting any claim, right or entitlement to any benefit described by **Tier 5** of the City Charter including any service connected or nonservice connected disability retirement or retirement based on years of service. By signing this document, I am requesting a refund of my pension contributions plus accumulated interest. I understand that by withdrawing these contributions I am forfeiting now and at any time in the future any other benefit described in **Tier 5** of the Charter of the City of Los Angeles.

MEMBER'S NAME (Last,First, MI) \_\_\_\_\_ SOCIAL SECURITY NUMBER \_\_\_\_\_

MEMBER'S SIGNATURE \_\_\_\_\_ DATE \_\_\_\_\_

\_\_\_\_\_  
SIGNATURE OF LOS ANGELES FIRE & POLICE PENSIONS STAFF AS WITNESS

**NOTARY ACKNOWLEDGEMENT IS REQUIRED UNLESS SIGNATURE IS WITNESSED BY MEMBER OF THE DEPARTMENT OF FIRE AND POLICE PENSIONS' STAFF.**

State of \_\_\_\_\_, County of \_\_\_\_\_

On \_\_\_\_\_, 20\_\_\_\_, before me \_\_\_\_\_, a Notary

DATE FULL NAME

Public, personally appeared \_\_\_\_\_, an individual personally

FULL NAME

known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to this instrument and who acknowledged to me that he/she executed it.

Witness my hand and official seal:

\_\_\_\_\_  
SIGNATURE OF NOTARY NOTARY SEAL  
 Commission Expires: \_\_\_\_\_

**ORIGINAL - LAFPP**  
**COPY 1 - ACCOUNTING**  
**COPY 2 - EMPLOYEE**



TO SERVE THOSE WHO PROTECT

**DISTRIBUTION ELECTION AND ROLLOVER FORM**  
**FOR THE TAXABLE PORTION (NOT YET TAXED) OF THE REFUND OF CONTRIBUTIONS**  
**(Please submit the original form and retain a copy for yourself.)**

LAST NAME \_\_\_\_\_ FIRST NAME \_\_\_\_\_ M.I. \_\_\_\_\_ SOCIAL SECURITY NUMBER \_\_\_\_\_

**SECTION A: FOR TOTAL TAXABLE PORTION LESS THAN \$200, PLEASE INDICATE YOUR ELECTION**

1.  **DIRECT ROLLOVER** Please complete Sections D, E & F. In order for the Plan to do a direct rollover, I understand this form needs to be completed and returned to the Los Angeles Fire and Police Pension Plan, including the necessary authorization from the financial institution receiving my distribution, within 180 days from the date of filing my Request for Refund of Contributions or the Plan will refund the taxable portion to me without withholding income taxes.
2.  **REFUND** with the following tax withholding(s). Please complete Sections C & E.

<b>FEDERAL (PLEASE CHECK ONE):</b>	<b>CALIFORNIA (PLEASE CHECK ONE):</b>
------------------------------------	---------------------------------------

- |  |  |
|--|--|
| a. <input type="checkbox"/> Yes, withhold Federal income tax (10%).<br>b. <input type="checkbox"/> No, do not withhold any Federal income tax. | a. <input type="checkbox"/> Yes, withhold California income tax at 10% of amount of Federal withholding.<br>b. <input type="checkbox"/> No, do not withhold any California income tax. |
|--|--|

**SECTION B: FOR TOTAL TAXABLE PORTION LESS THAN \$200, PLEASE INDICATE YOUR ELECTION**

1.  **REFUND OF ALL TAXABLE FUNDS.** Please complete Sections C & E.  
**(See Section 2.b. for partial refund and partial direct rollover)**  
I understand that the mandatory 20% Federal income tax will be withheld and California income tax withholding is optional.
  - a.  Yes, withhold California income tax at 10% of amount of Federal withholding- i.e., 2% of the taxable distribution.
  - b.  No, do not withhold California income tax.
2.  **DIRECT ROLLOVER** ( if selected, check either a. or b. below) : In order for the Plan to do a direct rollover, I understand this form needs to be completed and returned to the Los Angeles Fire and Police Pension Plan, including the necessary authorization from the financial institution receiving my distribution, within 180 days from the date of filing my Request for Refund of Contributions.
  - a.  All taxable funds. Please complete Sections C, D, E & F.
  - b.  Partial Refund and Partial Direct Rollover. I elect to rollover \$ \_\_\_\_\_ (fill in amount) of my taxable funds. Please complete Sections C, D, E, & F. I understand the mandatory 20% Federal income tax will be withheld from the remaining portion of the taxable amount not rolled over . California income tax will not be withheld unless I check Item b.1.
    - b.1.  Yes, withhold California income tax at 10% of amount of Federal withholding.

**SECTION C: Note: For income reporting purposes, a 1099R statement will be mailed to the address you provide here.**

ADDRESS \_\_\_\_\_ CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP CODE \_\_\_\_\_ TELEPHONE \_\_\_\_\_

**SECTION D:** I have elected to rollover all or part of the taxable portion (not yet taxed) of my pension contributions as indicated above. I have received and read the *Special Tax Notice Regarding Your Rollover Options* and the *Tax Information Summary* provided by the Plan. I understand that, if I elect a rollover, I am responsible for supplying the plan with the necessary authorization in **Section F** from a financial institution eligible to receive this rollover and that it is my responsibility to provide accurate information. I understand that this rollover can only be made to an IRA or to an eligible retirement plan that agrees to accept my rollover.

By placing my initials here, I agree to these terms: \_\_\_\_\_ **(Please initial here).**

**SECTION E:** I hereby authorize the Los Angeles Fire and Police Pension Plan to distribute the taxable portion of my contributions in accord with the election(s) indicated above and waive the 30-day notice period, if this period has not expired by the date of my signature below.

MEMBER'S NAME \_\_\_\_\_ MEMBER'S SIGNATURE \_\_\_\_\_ DATE \_\_\_\_\_

**SECTION F: TO BE COMPLETED BY THE FINANCIAL INSTITUTION RECEIVING ROLLOVER DISTRIBUTION**

ACCOUNT NUMBER \_\_\_\_\_ SOCIAL SECURITY NUMBER \_\_\_\_\_ (for person whose funds are being distributed to you).  
 On behalf of the (fill in the name of the financial institution) \_\_\_\_\_, whose mailing address is \_\_\_\_\_,  
 I certify by signing below that this financial institution will accept this rollover and is authorized to accept these pre-tax employee contributions from Fire and Police Pension System which is a Section 401(a) plan, being a (check one):  
 Section 401(a) Plan\*       Section 408(a) or 408(b) Traditional IRA       Section 457(b) Governmental Deferred Compensation Plan  
 Section 403(b) Annuity\*       Section 408A Roth IRA  
 FINANCIAL INSTITUTION OFFICER'S NAME \_\_\_\_\_ TITLE \_\_\_\_\_ (\_\_\_\_\_) \_\_\_\_\_  
 FINANCIAL INSTITUTION OFFICER'S SIGNATURES \_\_\_\_\_ DATE \_\_\_\_/\_\_\_\_/\_\_\_\_ TELEPHONE \_\_\_\_\_



DISTRIBUTION ELECTION AND ROLLOVER FORM FOR THE NON-TAXABLE PORTION (ALREADY TAXED) OF THE REFUND OF CONTRIBUTIONS (CONT.)

LAST NAME FIRST NAME M.I. SOCIAL SECURITY NUMBER

SECTION A: PLEASE INDICATE YOUR ELECTION ON THE NON-TAXABLE PORTION

- 1. [ ] REFUND (if selected, check one): [ ] All non-taxable funds. Please complete Sections B & D. [ ] Balance of non-taxable funds not rolled over. Please complete Sections B, C, D & E. I understand that the Los Angeles Fire and Police Pension Plan will refund the nontaxable portion as indicated to me at the address I provide in Section B. 2. [ ] DIRECT ROLLOVER (if selected, check either a. or b. below): I understand that I may not rollover any nontaxable funds unless I have first rolled over all of my taxable funds. In order for the Plan to do a direct rollover, I understand this form needs to be completed and returned to the Los Angeles Fire and Police Pension Plan, including the necessary authorization from the financial institution receiving my distribution, within 180 days from the date of filing my Request for Refund of Contributions. a. [ ] All nontaxable funds. Please complete Sections B, C, D & E. b. [ ] Partial Refund and Partial Direct Rollover. I elect to rollover \$ (fill in amount) of my nontaxable funds. Please complete Sections B, C, D, & E.

SECTION B: Note: For income reporting purposes, a 1099R statement will be mailed to the address you provide here.

ADDRESS CITY STATE ZIP CODE TELEPHONE

SECTION C: I have elected to rollover all or part of the non-taxable portion (already taxed) of my pension contributions. I have received and read the Special Tax Notice Regarding Your Rollover Options and the Tax Information Summary provided by the Plan. I understand that if I elect a rollover, I am responsible for supplying the plan with the necessary authorization in Section E from a financial institution eligible to receive this rollover and that it is my responsibility to provide accurate information. I understand that if the rollover is to a traditional IRA, that I am responsible for keeping track of, and reporting to the IRS on the applicable forms, the amounts of these after-tax contributions that are rolled over. I understand that this rollover can only be made to an IRA or an eligible retirement plan that separately accounts for the after-tax employee contributions and earnings on those contributions and that this rollover cannot be made to a governmental 457(b) deferred compensation plan.

By placing my initials here, I agree to these terms: (Please initial here).

SECTION D: I hereby authorize the Los Angeles Fire and Police Pension Plan to distribute my already taxed contributions in accord with the election(s) indicated above and waive the 30-day notice period, if this period has not expired by the date of my signature below.

MEMBER'S NAME MEMBER'S SIGNATURE DATE

SECTION E: TO BE COMPLETED BY THE FINANCIAL INSTITUTION RECEIVING ROLLOVER DISTRIBUTION

ACCOUNT NUMBER SOCIAL SECURITY NUMBER (for person whose funds are being distributed to you).

On behalf of the (fill in the name of the financial institution), whose mailing address is

I certify by signing below that this financial institution will accept this rollover and is authorized to accept these pre-tax employee contributions from Fire and Police Pension System which is a Section 401(a) plan, being a (check one):

- [ ] Section 401(a) Plan\* [ ] Section 408(a) or 408(b) Traditional IRA [ ] Section 457(b) Governmental Deferred Compensation Plan [ ] Section 403(b) Annuity\* [ ] Section 408A Roth IRA

\*A Section 401(a) plan or Section 403(b) annuity must agree to separately account for after-tax employee contributions and earnings.

FINANCIAL INSTITUTION OFFICER'S NAME TITLE TELEPHONE

FINANCIAL INSTITUTION OFFICER'S SIGNATURES DATE



## **SPECIAL TAX NOTICE REGARDING YOUR ROLLOVER OPTIONS**

You are receiving this notice because all or a portion of a payment you are receiving from the City of Los Angeles Fire and Police Pension Plan (the "Plan") is eligible to be rolled over to an IRA or an employer plan. This notice is intended to help you decide whether to do such a rollover. YOU MAY REQUEST A PAPER COPY OF THIS NOTICE FROM THE PLAN ADMINISTRATOR AT NO CHARGE TO YOU.

Rules that apply to most payments from a plan are described in the "General Information About Rollovers" section. Special rules that only apply in certain circumstances are described in the "Special Rules and Options" section.

### **GENERAL INFORMATION ABOUT ROLLOVERS**

#### **How can a rollover affect my taxes?**

You will be taxed on a payment from the Plan if you do not roll it over. If you are under age 59 ½ and do not do a rollover, you will also have to pay a 10% additional income tax on early distributions (unless an exception applies).

If you do a rollover to a traditional IRA or an eligible employer plan, you will not have to pay tax until you receive payments later from the IRA or plan, and the 10% additional income tax will not apply if those payments are made after you are age 59 ½ (or if an exception applies).

If you do a rollover to a Roth IRA, you will be taxed on the amount rolled over (reduced by any after-tax amount). However, if you are under age 59 ½ at the time of the rollover, the 10% additional income tax will not apply. See the section below titled "If you roll over your payment to a Roth IRA" for more details.

#### **Where may I roll over the payment?**

You may roll over the payment to either an IRA (an individual retirement account or individual retirement annuity) or an employer plan (a tax-qualified section 401(a) plan, section 403(b) plan, or governmental section 457(b) deferred compensation plan) that will accept the rollover. The rules of the IRA or employer plan that holds the rollover will determine your investment options, fees, and rights to payment of the rolled over amount in the future. Further, the amount rolled over will become subject to the tax rules that apply to the IRA or employer plan.

#### **How do I do a rollover?**

There are two ways to do a rollover. You can do either a direct rollover or a 60-day rollover.

If you do a direct rollover, the Plan will make the payment directly to your IRA or an employer plan. You should contact the IRA sponsor or the administrator of the employer plan for information on how to do a direct rollover.

If you do not do a direct rollover, the Plan is required to withhold 20% of the payment for federal income taxes. If you do not do a direct rollover, you may still do a rollover by making a deposit into an IRA or eligible employer plan that will accept it. You will have 60 days after you receive the payment to make the deposit. This means that, in order to roll over the entire payment in a 60-day rollover, you must use other funds to make up for the 20% withheld. If you do not roll over the entire amount of the payment, the portion not rolled over will be taxed and will be subject to the 10% additional income tax on early distributions if you are under age 59 ½ (unless an exception applies).

#### **How much may I roll over?**

If you wish to do a rollover, you may roll over all or part of the amount eligible for rollover. Any payment from the Plan is eligible for rollover, except:

- Certain payments spread over a period of at least 10 years or over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary) (This means that your lifetime monthly benefits are not eligible for rollover.)

## **SPECIAL TAX NOTICE REGARDING YOUR ROLLOVER OPTIONS (CONT.)**

- Required minimum distributions after age 70 ½ (or after death)
- Corrective distributions of contributions that exceed tax law limitations

The Plan administrator or the payor can tell you what portion of a payment is eligible for rollover.

If any portion of your payment is taxable but cannot be rolled over, 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.

### **If I don't do a rollover, will I have to pay the 10% additional income tax on early distributions?**

If you are under age 59 ½, you will have to pay the 10% additional income tax on early distributions for any payment from the Plan (including amounts withheld for income tax) that you do not roll over, unless one of the exceptions listed below applies. This tax is in addition to the regular income tax on the payment not rolled over.

The 10% additional income tax does not apply to the following payments from the Plan:

- Payments made after you separate from service if you will be at least age 55 in the year of the separation
- Payments that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary)
- Payments from a governmental defined benefit pension plan made after you separate from service if you are a public safety employee and you are at least age 50 in the year of the separation
- Payments made due to disability
- Payments after your death
- Corrective distributions of contributions that exceed tax law limitations
- Payments made directly to the government to satisfy a federal tax levy
- Payments made under a qualified domestic relations order (QDRO)
- Payments up to the amount of your deductible medical expenses

### **If I do a rollover to an IRA, will the 10% additional income tax apply to early distributions from the IRA?**

If you receive a payment from an IRA when you are under age 59 ½, you will have to pay the 10% additional income tax on early distributions from the IRA, unless an exception applies. In general, the exceptions to the 10% additional income tax for early distributions from an IRA are the same as the exceptions listed above for early distributions from a plan. However, there are a few differences for payments from an IRA, including:

- There is no exception for payments after separation from service that are made after age 55.
- The exception for qualified domestic relations orders (QDROs) does not apply (although a special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to an IRA of a spouse or former spouse).
- The exception for payments made at least annually in equal or close to equal amounts over a specified period applies without regard to whether you have had a separation from service.
- There are additional exceptions for (1) payments for qualified higher education expenses, (2) payments up to \$10,000 used in a qualified first-time home purchase, and (3) payments after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

### **Will I owe State income taxes?**

California income tax withholding on your distribution is optional. You may elect either to have no state income tax withheld or to have 10% of the federal withholding amount withheld for state income tax purposes.

# **SPECIAL TAX NOTICE REGARDING YOUR ROLLOVER OPTIONS (CONT.)**

## **SPECIAL RULES AND OPTIONS**

### **If your payment includes after-tax contributions**

After-tax contributions included in a payment are not taxed. If a payment is only part of your benefit, an allocable portion of your after-tax contributions is generally included in the payment. If you have pre-1987 after-tax contributions maintained in a separate account, a special rule may apply to determine whether the after-tax contributions are included in a payment.

You may roll over to an IRA a payment that includes after-tax contributions through either a direct rollover or a 60-day rollover. You must keep track of the aggregate amount of the after-tax contributions in all of your IRAs (in order to determine your taxable income for later payments from the IRAs). If you do a 60-day rollover to an IRA of only a portion of the payment made to you, the after-tax contributions are treated as rolled over last. For example, assume you are receiving a complete distribution of your benefit which totals \$12,000, of which \$2,000 is after-tax contributions. In this case, if you roll over \$10,000 to an IRA in a 60-day rollover, no amount is taxable because the \$2,000 amount not rolled over is treated as being after-tax contributions.

You may roll over to an employer plan all of a payment that includes after-tax contributions, but only through a direct rollover (and only if the receiving plan separately accounts for after-tax contributions and is not a governmental section 457(b) plan). You can do a 60-day rollover to an employer plan of part of a payment that includes after-tax contributions, but only up to the amount of the payment that would be taxable if not rolled over.

### **If you miss the 60-day rollover deadline**

Generally, the 60-day rollover deadline cannot be extended. However, the IRS has the limited authority to waive the deadline under certain extraordinary circumstances, such as when external events prevented you from completing the rollover by the 60-day rollover deadline. To apply for a waiver, you must file a private letter ruling request with the IRS. Private letter ruling requests require the payment of a nonrefundable user fee. For more information, see IRS Publication 590, Individual Retirement Arrangements (IRAs).

### **If you were born on or before January 1, 1936**

If you were born on or before January 1, 1936 and receive a lump sum distribution that you do not roll over, special rules for calculating the amount of the tax on the payment might apply to you. For more information, see IRS Publication 575, Pension and Annuity Income.

### **If you roll over your payment to a Roth IRA**

You can roll over a payment from the Plan made before January 1, 2010 to a Roth IRA only if your modified adjusted gross income is not more than \$100,000 for the year the payment is made to you and, if married, you file a joint return. These limitations do not apply to payments made to you from the Plan after 2009.

If you roll over the payment to a Roth IRA, a special rule applies under which the amount of the payment rolled over (reduced by any after-tax amounts) will be taxed. However, the 10% additional income tax on early distributions will not apply (unless you take the amount rolled over out of the Roth IRA within 5 years, counting from January 1 of the year of the rollover). For payments from the Plan during 2010 that are rolled over to a Roth IRA, the taxable amount can be spread over a 2-year period starting in 2011.

If you roll over the payment to a Roth IRA, later payments from the Roth IRA that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a Roth IRA is a payment made after you are age 59 ½ (or after your death or disability, or as a qualified first-time homebuyer distribution of up to \$10,000) and after you have had a Roth IRA for at least 5 years. In applying this 5-year rule, you count from January 1 of the year for which your first contribution was made to a Roth IRA. Payments from the Roth IRA that are not qualified distributions will be taxed to the

## SPECIAL TAX NOTICE REGARDING YOUR ROLLOVER OPTIONS (CONT.)

extent of earnings after the rollover, including the 10% additional income tax on early distributions (unless an exception applies). You do not have to take required minimum distributions from a Roth IRA during your lifetime.

You cannot roll over a payment from the Plan to a designated Roth account in an employer plan.

For more information, see IRS Publication 590, Individual Retirement Arrangements (IRAs). You should consult your tax advisor if you are interested in rolling over your distribution to a Roth IRA.

### **If you are an eligible retired public safety officer and your pension payment is used to pay for health coverage or qualified long-term care insurance**

If you retired as a public safety officer and your retirement was by reason of disability or was after normal retirement age, you can exclude from your taxable income plan payments paid directly as premiums to an accident or health plan (or a qualified long-term care insurance contract) that your employer maintains for you, your spouse/qualified domestic partner, or your dependents, up to a maximum of \$3,000 annually. For this purpose, a public safety officer is a law enforcement officer, firefighter, chaplain, or member of a rescue squad or ambulance crew.

The Form 1099-R that you receive from the Plan administrator will report the deducted insurance premium as taxable. If you want to take advantage of this \$3,000 exclusion, you must report the amount claimed on Form 1040. The instructions to Form 1040 explain that the taxable amount received from the Plan, reduced by the amount of qualified premiums deducted and paid by the Plan (not to exceed \$3,000), must be entered on line 16b of the Form 1040. Next to the entry, in the margin, you must write the letters "PSO." This is an annual election -- you will need to report the exclusion for each year in which you want to claim the exclusion.

### **If you are not a plan member**

Payments after death of the member. If you receive a distribution after the member's death that you do not roll over, the distribution will generally be taxed in the same manner described elsewhere in this notice. However, the 10% additional income tax on early distributions and the special rules for public safety officers do not apply, and the special rule described under the section "If you were born on or before January 1, 1936" applies only if the member was born on or before January 1, 1936.

**If you are a surviving spouse/qualified domestic partner.** If you receive a payment from the Plan as the surviving spouse/qualified domestic partner of a deceased member, you have the same rollover options that the member would have had, as described elsewhere in this notice. In addition, if you choose to do a rollover to an IRA, you may treat the IRA as your own or as an inherited IRA. Note that although some states recognize same-sex domestic partners and same-gender spouses, a spouse for federal tax law purposes must be a person of the opposite sex to whom you are married.

An IRA you treat as your own is treated like any other IRA of yours, so that payments made to you before you are age 59 ½ will be subject to the 10% additional income tax on early distributions (unless an exception applies) and required minimum distributions from your IRA do not have to start until after you are age 70 ½.

If you treat the IRA as an inherited IRA, payments from the IRA will not be subject to the 10% additional income tax on early distributions. However, if the member had started taking required minimum distributions, you will have to receive required minimum distributions from the inherited IRA. If the member had not started taking required minimum distributions from the Plan, you will not have to start receiving required minimum distributions from the inherited IRA until the year the member would have been age 70 ½.

**If you are a surviving beneficiary other than a spouse/qualified domestic partner.** If you receive a payment from the Plan because of the member's death and you are a designated beneficiary other than a surviving spouse, the only rollover

## **SPECIAL TAX NOTICE REGARDING YOUR ROLLOVER OPTIONS (CONT.)**

option you have is to do a direct rollover to an inherited IRA. Payments from the inherited IRA will not be subject to the 10% additional income tax on early distributions. You will have to receive required minimum distributions from the inherited IRA.

Payments under a qualified domestic relations order. If you are the spouse or former spouse of the member who receives a payment from the Plan under a qualified domestic relations order (QDRO), you generally have the same options the member would have (for example, you may roll over the payment to your own IRA or an eligible employer plan that will accept it). If you are an alternate payee other than the spouse or former spouse of the member, you generally have the same options as a surviving beneficiary other than the spouse, so that the only rollover option you have is to do a direct rollover to an inherited IRA. Payments under the QDRO will not be subject to the 10% additional income tax on early distributions.

### **If you are a nonresident alien**

If you are a nonresident alien and you do not do a direct rollover to a U.S. IRA or U.S. employer plan, instead of withholding 20%, the Plan is generally required to withhold 30% of the payment for federal income taxes. If the amount withheld exceeds the amount of tax you owe (as may happen if you do a 60-day rollover), you may request an income tax refund by filing Form 1040NR and attaching your Form 1042-S. See Form W-8BEN for claiming that you are entitled to a reduced rate of withholding under an income tax treaty. For more information, see also IRS Publication 519, U.S. Tax Guide for Aliens, and IRS Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities.

### **Other special rules**

If a payment is one in a series of payments for less than 10 years, your choice whether to make a direct rollover will apply to all later payments in the series (unless you make a different choice for later payments).

If your payments for the year are less than \$200, the Plan is not required to allow you to do a direct rollover and is not required to withhold for federal income taxes. However, you may do a 60-day rollover.

You may have special rollover rights if you recently served in the U.S. Armed Forces. For more information, see IRS Publication 3, Armed Forces' Tax Guide.

### **NOTICE PERIOD**

Generally, payment cannot be made from the Plan until at least 30 days after you receive this notice. Thus, you have at least 30 days to consider whether or not to have your payment 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 indicating whether or not you wish to make a direct rollover. Your payment will then be processed in accordance with your election as soon as practical after it is received by the Plan administrator.

### **FOR MORE INFORMATION**

You may wish to consult with the Plan administrator or payor, or a professional tax advisor, before taking a payment from the Plan. Also, you can find more detailed information on the federal tax treatment of payments from employer plans in: IRS Publication 575, Pension and Annuity Income; IRS Publication 590, Individual Retirement Arrangements (IRAs); and IRS Publication 571, Tax-Sheltered Annuity Plans (403 (b) Plans). These publications are available from a local IRS office, on the web at [www.irs.gov](http://www.irs.gov), or by calling 1-800-TAX-FORM.