

SPECIAL TAX NOTICE REGARDING YOUR ROLLOVER OPTIONS
UNDER A GOVERNMENTAL 401(a) PLAN

You are receiving this notice because all or a portion of a payment you are receiving from the Los Angeles Fire & 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). NOTE: See exception for public safety officers, page 3.

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.
- 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?

This notice does not describe any State or local income tax rules (including withholding rules).

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 direct rollover of only a portion of the amount paid from the Plan and a portion is paid to you, each of the payments will include an allocable portion of the after-tax contributions. 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

If you roll over a payment from the Plan 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).

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 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, 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 (prior to age 59 ½) and the special rules for public safety officers (regarding payments used for health coverage described above) 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 spouse¹. If you receive a payment from the Plan as the surviving spouse 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.

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 spouse¹. 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 option you have is to do a direct rollover to an inherited IRA. If you do not do a direct rollover to an inherited IRA, the Plan must withhold 20% of the payment for federal income tax. 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 spouse¹ 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 spouse¹ of the member and the member has died, 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

¹ A spouse is an individual recognized under a marriage validly entered into in any state or foreign jurisdiction, whether opposite-sex or same-sex and regardless of whether those married individuals reside in the state or foreign jurisdiction in which such marriage occurred. A domestic partner is not treated as a spouse under federal law.

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

Los Angeles Fire and Police Pensions cannot give you tax advice. We urge you to consult with 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, or by calling 1-800-TAX-FORM.



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DEFERRED RETIREMENT OPTION PLAN (DROP) DROP DISTRIBUTION SUMMARY

INTRODUCTION

The Los Angeles Fire and Police Pension Plan is required to provide you with this Summary under Section 402(f) of the Internal Revenue Code. Distributions from your DROP account may have significant federal and state income tax consequences for you. The information within this Summary merely summarizes the federal (not state) tax rules which might apply to your DROP payment; more detailed information is included in the "Special Tax Notice Regarding Your Rollover Options." The relevant federal income tax laws are complex, contain many conditions and exceptions that are not included in this Summary, and are modified frequently. This Summary is not intended to be a complete description of all of the federal income tax consequences of distributions to you from your DROP account and of all the requirements that must be met to qualify under various tax rules. This Summary is not intended to give you personal tax advice. Both before you enter DROP and before you leave DROP, we encourage you to consult with your personal tax advisor. More detailed tax information is contained in IRS Publication 575, *Pension and Annuity Income*, which is available from your local IRS office, on the web at www.irs.gov, or by calling 1-800-TAX-FORMS.

SUMMARY OF DROP DISTRIBUTION OPTIONS – EFFECTIVE JANUARY 1, 2014

You will have ninety (90) days from the date you exit DROP to submit the DROP Distribution Election Form to Los Angeles Fire and Police Pensions. There are three ways in which you may receive the funds in your DROP account: 1) you may receive it as a lump sum; 2) you may roll it over to a traditional Individual Retirement Account ("IRA"), a Roth IRA, or to an eligible employer plan; or 3) you may elect a partial rollover and a lump sum distribution of the balance of your DROP account. Additional tax information regarding these options is provided in the "Special Tax Notice Regarding Your Rollover Options" provided to you. You may request a paper copy of this Notice from the plan administrator at no charge to you. You should review these options with your financial, legal and/or tax professional to select a distribution election for both your taxable and non-taxable DROP funds.

NOTE: Failure to meet the 90-day deadline to complete the forms and documentation required by DROP/Service Pensions staff will result in distribution of your DROP account as a lump sum cash payment only, subject to mandatory 20% Federal tax withholding for the taxable account balance. You still will have certain rollover rights related to a lump-sum distribution in this situation (see section under the Special Tax Notice titled "Rollover Within 60 Days After Receiving a Lump Sum Payment"). You should consider all of your options with your financial, legal and/or tax professionals.

HOW AFTER-TAX CONTRIBUTIONS AFFECT YOUR DROP FUNDS

If you made after-tax contributions, your DROP funds may include after-tax "basis". "Basis recovery" is the process by which your after-tax employee pension contributions are returned to you, free of taxes, as part of your pension benefits. You may have made after-tax contributions for any of the following reasons:

- From 7/1/82 – 12/20/96, mandatory pension contributions were collected after-tax.
- Elective increases of service credit made by contract or lump sum payments were collected after-tax. (Trustee-to-trustee transfers from Deferred Compensation are pre-tax.)

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DEFERRED RETIREMENT OPTION PLAN (DROP) DROP DISTRIBUTION SUMMARY

- The voluntary 2% "opt-in" pension contribution by certain members in order to vest future retiree medical subsidy increases are collected after-tax. (Note: This does not apply to Tier 6 members.)

The Internal Revenue Code includes a provision that allows you to recover your after-tax contributions using a basis recovery method. When you exit DROP, you will be subject to this basis recovery method which provides that you will:

- Recover pre-1987 after-tax contributions entirely from the lump sum DROP distribution
- Have any post-1986 after-tax contributions allocated pro-rata between the lump sum DROP distribution and your ongoing monthly pension annuity under a formula developed by the IRS.

LUMP SUM DISTRIBUTION

- By "lump sum," we mean having a portion of or your entire DROP account balance distributed in the form of a single check to you or by direct deposit to the checking/savings account you select.
- If you take your entire distribution as a lump sum, you will receive a check for only 80% of the taxable amount distributed because the Los Angeles Fire and Police Pension Plan is required to withhold 20% for federal income tax withholding. You can elect to have California State income tax withheld.
- The full amount of your taxable distribution will be taxed in the year of distribution (unless you roll it over within 60 days--see section under "Rollover Within 60 Days After Receiving A Lump Sum Payment").
- If you are not age 50 or older during the year you receive this payment, your distribution will be subject to an early withdrawal penalty (unless you roll it over within 60 days-- see section under "Rollover Within 60 Days After Receiving A Lump Sum Payment").
- The federal and state penalties consist of an additional tax of 10% and 2½% respectively.

ROLLOVER DISTRIBUTION

- By rollover, we mean having your DROP distribution paid directly into a traditional IRA, Roth IRA, or an eligible employer plan that agrees to accept your rollover.
- Whatever taxable portion of your distribution you rollover directly to a traditional IRA or eligible employer plan will not be taxed in the current year, will not be subject to mandatory income tax withholding, and will not be subject to early withdrawal penalties. These rules differ for Roth IRA's—see the "Special Tax Notice Regarding Your Rollover Options" for more information or consult your tax advisor.
- Your taxable rollover distribution will be taxed later when you take distribution from the traditional IRA or eligible employer plan. Roth IRA's are subject to different tax rules—see the "Special Tax Notice Regarding Your Rollover Options" for more information.
- You may obtain further information concerning rollovers from your tax advisor.

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DEFERRED RETIREMENT OPTION PLAN (DROP) DROP DISTRIBUTION SUMMARY

ROLLOVER WITHIN 60 DAYS AFTER RECEIVING A LUMP SUM PAYMENT

If you don't request a direct rollover, you can still rollover your distribution within 60 days after receipt into a traditional IRA or an eligible employer plan and avoid taxation (including early withdrawal penalties) in the year of distribution on the amount that is rolled over. In order to do this, you must pay into the IRA or eligible employer plan the full amount of your distribution (including the amount withheld for taxes). This would require you to come up with additional funds to avoid paying any taxes at this time. Any portion not rolled over within 60 days will be subject to taxation in the year of distribution. See your tax advisor for further information.

IMPORTANT TAX INFORMATION FOR SPOUSE OR FORMER SPOUSE OF MEMBER

The above information is addressed to the Member, but the same rollover and mandatory 20% federal tax withholding rules set forth above also apply to:

- A current or former spouse who receives funds from a DROP account based upon a domestic relations order.
- A spouse who receives funds from a DROP account due to the Member's death.

A spouse or former spouse, however, is not subject to the early distribution penalty that applies to the member. [NOTE: This applies to both opposite sex and same-sex spouses, but not domestic partners.]

IMPORTANT TAX INFORMATION FOR BENEFICIARIES OTHER THAN A SPOUSE

The above information is addressed to the Member, but the same rollover and mandatory 20% federal tax withholding rules set forth above also apply. In the event of the Member's death, if the beneficiary is not an opposite-sex or same-sex spouse, the only rollover option you have is to do a direct rollover to an inherited IRA. The non-spouse beneficiary is not subject to the early distribution penalty.



DROP DISTRIBUTION ELECTION REQUEST

As described in the “Deferred Retirement Option Plan (“DROP”) DROP Distribution Summary,” a paper copy of which will be provided to you from the Plan Administrator at no cost to you, you have certain options and rights related to your DROP account. This DROP Distribution Election Request allows you to make your selection of the option(s) you desire for the payment of your DROP account.

The DROP funds payable to you as a plan member or alternate payee may be received as a lump sum cash payment, a rollover to a qualified plan, or a combination lump sum cash payment and rollover. No portion of a DROP account may be left on deposit with Los Angeles Fire and Police Pensions (LAFPP).

All funds in the DROP account are likely to be taxable, in full, upon distribution. However, you may have some “basis recovery” due to the fact that employee contributions have been made on an after-tax basis. You will not be liable for any tax on the portion of the DROP lump sum amount that represents the after-tax contributions. To avoid the mandatory 20% federal withholding for taxable distributions, you may elect to rollover the entire taxable portion of your DROP funds to a tax-qualified plan.

In order to comply with the distribution election(s) you have requested, **LAFPP must receive completed forms and documentation requested by DROP/Service Pensions staff no later than 90 calendar days after the DROP exit date.** The forms and documentation required include, but are not limited to, the following:

- Distribution Election and Rollover Form(s)
- LAFPP Direct Deposit Authorization For Deferred Retirement Option Plan (if applicable)
- All documentation pertaining to a division of community property i.e., Dissolution Judgment, DRO, etc. (if applicable)

In accordance with the “Special Tax Notice regarding Your Rollover Options” provided to you (copy of which is attached for your convenience), if you fail to meet the 90-day deadline set forth in this DROP Distribution Election Request, as a default, LAFPP will distribute your DROP account as a lump sum cash payment only, subject to a mandatory 20% Federal tax withholding for the entire account balance, and any after-tax contributions will be recoverable solely from your monthly pension payments.

LAFPP strongly encourages you to seek financial, legal, and tax advice from professionals before submitting your DROP distribution request. LAFPP cannot advise you on these issues.

By signing below I acknowledge that I have read and understand the information provided above:

 DROP PAYEE’S FULL NAME (PLEASE PRINT)

 DATE

 PAYEE’S SIGNATURE



DROP DISTRIBUTION ELECTION AND ROLLOVER FORM FOR THE TAXABLE PORTION (NOT YET TAXED) OF THE DROP FUNDS

(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, PLEASE INDICATE YOUR ELECTION

1. **LUMP SUM (CASH) PAYMENT OF ALL TAXABLE FUNDS. Please complete Section C.
(See Section 2.b. for partial lump sum (cash) payment 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 must be completed and returned to the Los Angeles Fire and Police Pension Plan, together with the necessary authorization from the financial institution receiving my distribution, within 90 calendar days from my DROP exit date.

- a. All taxable funds. Please complete Sections B, C & D.
- b. Partial Lump Sum (Cash) Payment and Partial Direct Rollover

Rollover of \$ _____ (fill in amount) of my taxable funds and receive the balance as a Lump Sum Cash Payment.

OR

Lump Sum Cash Payment of \$ _____ **NET** or **GROSS** (circle one) and Balance as Rollover

Please complete Sections B, C & D. 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.
- b.2. No, do not withhold California income tax.

SECTION B: I have elected to rollover all or part of the taxable portion (not yet taxed) of my DROP funds as indicated above. I have received and read the *Special Tax Notice Regarding Your Rollover Options* 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 D** 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 the terms in Section B: _____ **(Please initial here)**.

SECTION C: I hereby authorize the Los Angeles Fire and Police Pension Plan to distribute the taxable portion of my DROP funds in accord with the election(s) indicated above. I understand that I have the right to consider my election options for 30 days before making the above distribution election. I also understand that I am waiving this right if I sign below within 30 days of receiving this form.

DROP PAYEE'S FULL NAME (PLEASE PRINT) PAYEE'S SIGNATURE DATE

ADDRESS CITY STATE ZIP CODE

(_____) _____
PHONE NUMBER EMAIL ADDRESS **DROP EXIT DATE**



SECTION D: FINANCIAL INSTITUTION ROLLOVER INFORMATION FOR TAXABLE PORTION OF DROP FUNDS

(THIS SECTION TO BE COMPLETED BY PERSON REQUESTING ROLLOVER)

I understand this form must be completed and returned to Los Angeles Fire and Police Pensions (LAFPP), no later than 90 calendar days after the DROP exit date to avoid a single lump sum (cash) payment of the DROP account balance and Federal (20%) tax withholding. I further understand that I am responsible for providing correct information to LAFPP for a direct rollover and that LAFPP is not responsible for verifying accuracy of information listed below.

DROP PAYEE'S FULL NAME (PLEASE PRINT)	SOCIAL SECURITY NUMBER	DROP EXIT DATE
SIGNATURE	DATE	PHONE NUMBER

FINANCIAL INSTITUTION RECEIVING ROLLOVER DISTRIBUTION

(THIS SECTION TO BE COMPLETED BY FINANCIAL INSTITUTION)

I certify that (fill in name of financial institution) _____ is authorized to receive these taxable DROP funds and will accept this direct rollover from the Los Angeles Fire and Police Pension Plan which is an Internal Revenue Code Section 401(a) plan. This financial institution is a (check one):

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

THIS INSTITUTION **As TRUSTEE OF THE IRA OF** _____ **(PRINT NAME OF ACCOUNT OWNER)**

SELECT OPTION 1 OR OPTION 2, THEN SIGN BELOW

OPTION 1 : WILL ACCEPT ROLLOVER CHECK MAILED TO:

Please provide "Check Payable To" information. Place only one character per box.

FULL NAME OF YOUR COMPANY:

Grid for company name

ACCOUNT NUMBER:

Grid for account number

ADDRESS LINE 1:

Grid for address line 1

ADDRESS LINE 2:

Grid for address line 2

CITY:

Grid for city

STATE:

Grid for state

ZIP CODE:

Grid for zip code

OPTION 2 : WILL ACCEPT AN ELECTRONIC FUNDS TRANSFER OF THIS ROLLOVER TO BANK NAME _____

TRANSIT ROUTING NUMBERS	ACCOUNT NUMBER	ACCOUNT TYPE :
I: [Grid]	I: [Grid]	Checking
		Savings

FINANCIAL INSTITUTION OFFICER: (NOT MEMBER) _____

SIGNATURE _____ DATE _____

PRINT NAME AND TITLE _____ PHONE NUMBER _____



**DROP DISTRIBUTION ELECTION AND ROLLOVER FORM
 FOR THE NON-TAXABLE PORTION (BASIS RECOVERY) OF THE DROP FUNDS**
 (Please submit the original form and retain a copy for yourself.)

 LAST NAME FIRST NAME M.I. SOCIAL SECURITY NUMBER

SECTION A: FOR TOTAL NON-TAXABLE PORTION, PLEASE INDICATE YOUR ELECTION

1. **LUMP SUM (CASH) PAYMENT OF ALL NON-TAXABLE FUNDS**
2. **DIRECT ROLLOVER (if selected, check either a. or b. below):** I understand that I may not rollover any nontaxable DROP funds unless I have first rolled over all of my taxable DROP funds. In order for the Plan to do a direct rollover, I understand this form must be completed and returned to the Los Angeles Fire and Police Pension Plan, together with the necessary authorization from the financial institution receiving my distribution, and the distribution must occur within 90 calendar days from my DROP exit date.
- a. **All nontaxable DROP funds. Please complete Sections B, C & D.**
- b. **Partial Lump Sum (Cash) and Partial Direct Rollover**
- Rollover of \$ _____ (fill in amount) of my nontaxable funds and Balance as a Lump Sum Cash Payment. **Please complete Sections B, C & D.**

SECTION B: I have elected to rollover all or part of the non-taxable portion (basis recovery) of my DROP funds as indicated above. I have received and read the *Special Tax Notice Regarding Your Rollover Options* 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 D** 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, I am responsible for keeping track of, and reporting to the IRS on the applicable forms, the amounts of these non-taxable funds 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 non-taxable DROP funds and earnings on those funds and that this rollover cannot be made to a governmental 457(b) deferred compensation plan.

By placing my initials here, I agree to the terms in Section B: _____ **(Please initial here).**

SECTION C: I hereby authorize the Los Angeles Fire and Police Pension Plan to distribute the non-taxable portion of my DROP funds in accord with the election(s) indicated above. I understand that I have the right to consider my election options for 30 days before making the above distribution election. I also understand that I am waiving this right if I sign below within 30 days of receiving this form.

 DROP PAYEE'S FULL NAME (PLEASE PRINT) PAYEE'S SIGNATURE DATE

 ADDRESS CITY STATE ZIP CODE

(_____) _____
 PHONE NUMBER EMAIL ADDRESS **DROP EXIT DATE**



Los Angeles

Fire & Police Pensions

TO SERVE THOSE WHO PROTECT

SECTION D:

FINANCIAL INSTITUTION ROLLOVER INFORMATION FOR NON-TAXABLE PORTION OF DROP FUNDS

(THIS SECTION TO BE COMPLETED BY PERSON REQUESTING ROLLOVER)

I understand this form must be completed and returned to Los Angeles Fire and Police Pensions (LAFPP), no later than 90 calendar days after the DROP exit date. If this form is not returned to LAFPP within 90 calendar days, I understand that no basis will be assigned to the DROP account balance and, therefore, there will not be any non-taxable portion. As a result, my entire DROP account will be distributed as a taxable amount. I further understand that I am responsible for providing correct information to LAFPP for a direct rollover and that LAFPP is not responsible for verifying accuracy of information listed below.

DROP PAYEE'S FULL NAME (PLEASE PRINT) SOCIAL SECURITY NUMBER DROP EXIT DATE

SIGNATURE DATE PHONE NUMBER

FINANCIAL INSTITUTION RECEIVING ROLLOVER DISTRIBUTION

(THIS SECTION TO BE COMPLETED BY FINANCIAL INSTITUTION)

I certify that (fill in name of financial institution) is authorized to receive these non-taxable DROP funds and will accept this direct rollover from the Los Angeles Fire and Police Pension Plan which is an Internal Revenue Code Section 401(a) plan. This financial institution is a (check one):

- Section 401(a) Plan* Section 403(b) Annuity* Section 408(a) or 408(b) Traditional IRA Section 408A Roth IRA

* A Section 401(a) plan or Section 403(b) annuity must agree to separately account for non-taxable funds and earnings.

THIS INSTITUTION AS TRUSTEE OF THE IRA OF

(PRINT NAME OF ACCOUNT OWNER)

SELECT OPTION 1 OR OPTION 2, THEN SIGN BELOW

OPTION 1 : WILL ACCEPT ROLLOVER CHECK MAILED TO:

Please provide "Check Payable To" information. Place only one character per box.

FULL NAME OF YOUR COMPANY:

Grid for company name

ACCOUNT NUMBER:

Grid for account number

ADDRESS LINE 1:

Grid for address line 1

ADDRESS LINE 2:

Grid for address line 2

CITY:

Grid for city

STATE:

Grid for state

ZIP CODE:

Grid for zip code

OPTION 2: WILL ACCEPT AN ELECTRONIC FUNDS TRANSFER OF THIS ROLLOVER TO

BANK NAME

Table with columns: TRANSIT ROUTING NUMBERS, ACCOUNT NUMBER, ACCOUNT TYPE (Checking, Savings)

FINANCIAL INSTITUTION OFFICER: (NOT MEMBER)

SIGNATURE DATE

PRINT NAME AND TITLE PHONE NUMBER



Los Angeles

Fire & Police Pensions

TO SERVE THOSE WHO PROTECT

LAFPP DIRECT DEPOSIT AUTHORIZATION FOR DEFERRED RETIREMENT OPTION PLAN (DROP)

Form with fields: SOCIAL SECURITY NUMBER, PRINT - LAST NAME, FIRST, MI

Form with fields: TRANSIT ROUTING NUMBERS, ACCOUNT NUMBER, CHECKING, SAVINGS

Form with fields: BANK NAME, BRANCH, TELEPHONE, ADDRESS, CITY, ST, ZIP

I hereby authorize direct deposit of the lump sum cash disbursement of my DROP funds into my checking or savings account as indicated above. I also authorize you to make corrections to my account to adjust for any errors in deposit.

DROP PAYEE'S SIGNATURE PHONE DATE

TO DIRECT DEPOSIT YOUR DROP LUMP SUM CASH DISBURSEMENT:

- 1. Print your name and social security number.
2. Enter transit routing number, account number, and financial institution information.
3. Mark a box next to Checking or Savings to indicate type of account.
4. Attach a cancelled or voided check to the direct deposit form.
5. Sign and date form and return it to

Los Angeles Fire and Police Pensions
DROP/Service Pensions Section
701 E. 3rd Street, Suite 200
Los Angeles, CA 90013

If you have any questions, please call the DROP/Service Pensions Section at:

(844) 88-LAFPP ext. 93100
(213) 279-3100

Email: drops@lafpp.com

For Office use only: Lump Sum: Taxable Amount \$ Non-Taxable Amount \$