

TOWN OF WELLESLEY



MASSACHUSETTS

CONTRIBUTORY RETIREMENT SYSTEM

TOWN HALL • 525 WASHINGTON STREET • WELLESLEY, MA 02482-5992

DAVID KORNWITZ, CHAIR
TIMOTHY BARROS, VICE CHAIR
ED HEILBRON
MICHAEL LEACH

FACSIMILE: (781) 431-8643
TELEPHONE: (781) 431-1019 x2216
RETIREMENT@WELLESLEYMA.GOV
LYNN WHYNOT
RETIREMENT DIRECTOR

TO: Inactive Member
FROM: Lynn Whynot, Retirement Administrator
RE: Refund from the Retirement System

If you wish to receive a refund from the Wellesley Contributory Retirement System, please return the Application for Withdrawal of Accumulated Total Deductions (Refund Form) to the Wellesley Retirement Office. The retirement system will send your lump sum within 60 days from the date we receive the complete application. If information is missing from the application, we are not required to process the refund or rollover until 60 days for the date we receive the complete application.

Please read and fill out pages 2-6) of the Application for Withdrawal of Accumulated Total Deductions (Refund Form). Below are some tips to help you fill out the form completely.

Page 1: Please read the general information and instructions.

Page 2: Provide your current contact information and answer the 5 preliminary statements in Section A. If the answer is "YES" to any of the preliminary statements, please call the Retirement Office to discuss.

Page 3: Please fill out the top of Section B and initial each bulleted statement, to indicate you understand and accept each statement. If you have any questions regarding the statements, please contact the Retirement Office.

Page 4: On the top portion of Section C, please initial each of the Statements Regarding Tax Consequences. The Special Tax Notice may be found appended to this application. On the bottom half of page 4, under the Taxable Portion, provide payment information. Most refunds are fully taxable, unless you directly roll over your account.

Page 5: Most members will NOT have a non-taxable portion of the refund. Members that began working in the system prior to 1988 or have purchased prior service, may have a non-taxable portion.

Page 6: *The Wellesley Retirement System requires a notary to be your witness.*

Pages 7-9: Please fill out the identifying information on the top line of each page. The remaining information will be completed by the Retirement System or the Town of Wellesley.

**** No withdrawal application will be accepted by mail without a notary signature. ****

Return the completed application to the following address:
Wellesley Retirement System
525 Washington Street
Wellesley, MA 02482

If you have any questions or need a copy of the Special Tax Notice, please contact the Wellesley Retirement Office at 781-431-1019 ext. 2217 or retirement@wellesleyma.gov.



Introduction

Application for Withdrawal of Accumulated Total Deductions (Refund Form) Pursuant to Massachusetts General Laws, Chapter 32, Section 10(4)

Form Last Revised: June, 2025

The *Application for Withdrawal of Accumulated Total Deductions (Member)* allows an eligible member to receive a refund of the accumulated total deductions in his or her annuity savings (retirement) account. An eligible member is a member who:

- Has terminated employment with the governmental employer sponsoring the plan and is not seeking to be restored to his or her position;
- Has no intention of accepting a position in the service of the Commonwealth or any political subdivision thereof that would entitle him or her to become a member of any similar contributory retirement system;
- Is not receiving a retirement allowance; or
- Is not receiving Workers' Compensation.

Members are advised to review the following and address any questions or concerns to your retirement board:

- The amount of interest that members receive will vary, depending upon the years of creditable service and the nature of the separation from employment.
- Your employer must certify the termination of your employment, that you owe no obligation to the employer under an employee benefit plan, and sign this application.
- Your retirement board will determine if you are eligible for a refund of your accumulated total deductions.

Important Notice

Be aware that if you take a refund of your retirement contributions you will terminate your membership and your rights in the retirement system. If you later return to Massachusetts public service on or after April 2, 2012 after receiving a refund, **YOU WILL BE CONSIDERED A NEW EMPLOYEE** and will be subject to the law then in effect.

If you became a member prior to April 2, 2012, and you withdraw your money from the system, you will be subject to changes in the law brought about by Chapter 176 of the Acts of 2011, including, but not limited to, the following:

- A new age factor table that will require you to work longer for the same or a similar benefit that you would receive under the previous law.
- An increase in the salary average period used in the retirement benefit calculation formula from 3 years to 5 years.
- An increase in the minimum retirement age from 55 to 60 (Group 1 only).

Instructions

- Members must complete pages 2, 3, 4, and 5 and sign on page 6.

Application for Withdrawal of Accumulated Total Deductions (Refund Form)

Pursuant to Massachusetts General Laws, Chapter 32, Section 10(4)

Form Last Revised: June, 2025

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Retirement Board: Please enter your retirement board information here.

Name of Retirement Board:

Address:

City/Town:

Zip Code:

Telephone:

Fax:

Member's Information:

Member's Last Name

Member's First Name

Social Security # (last four)

Street Address:

City/Town:

State:

Zip Code:

Email:

Phone:

Section A: Preliminary Statements

1. It is my intention to accept a position in the service of the Commonwealth or any political subdivision thereof which would entitle me to become a member of any similar contributory retirement system. ☐ YES ☐ NO
2. I have filed or intend to file a grievance or legal action regarding my separation from service. ☐ YES ☐ NO
3. I am receiving Workers' Compensation Benefits pursuant to the provisions of Massachusetts General Laws, Chapter 152. ☐ YES ☐ NO
4. I have been officially investigated for or charged with misappropriation of funds from my employer or convicted of any crime related to my office or position. If **YES**, please provide documentation. ☐ YES ☐ NO
5. I am currently on a leave of absence. ☐ YES ☐ NO

Application for Withdrawal of Accumulated Total Deductions (Refund Form)**3**

Member Last Name:

First Name:

SSN:

***-**-____

Section B: To Be Completed By the Member

To the

Retirement Board

Date

	***-**-____	
Name (Print)	Social Security # (last four)	Phone #
Birth/Former Name (if different)	Email	Cell Phone #

I (Check One) ☐ terminated ☐ resigned from position, (job title) with the political subdivision of , effective .

I, the undersigned, hereby request that the amount in my Annuity Savings Fund account be paid to me as directed herein. I understand each statement set out below, and I have placed my initials in the box next to each statement below to indicate my understanding and acceptance:

- In consideration of the return of my accumulated total deductions, my membership in the Retirement System shall terminate.
- In consideration of the return of my accumulated total deductions, I hereby surrender all rights and privileges to which I was entitled as a member of the Retirement System.
- I am electing to receive a return of my accumulated total deductions as provided herein instead of any retirement allowance to which I may be, or to which I may become entitled.
- In electing to receive this return of my accumulated total deductions. I am also giving up any rights any beneficiary may have on my account in the Retirement System.
- If I return to employment which renders me eligible to become a member of a Retirement System, I will do so with the status of a new member. This means my rights and privileges will be those in effect the day I become a member of the Retirement System.
- If I return to employment which renders me eligible to become a member of a Retirement System, I will need to repay the amounts withdrawn by me, with interest, if I wish to be credited with the service associated with this withdrawal.
- The Retirement Board shall provide my name and my intent to withdraw my money from the Retirement System to the Massachusetts Department of Revenue to ensure I have no child support obligations owed to that Department.

Application for Withdrawal of Accumulated Total Deductions (Refund Form)

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Member Last Name:

First Name:

SSN:

***-**-_____

Section C: Method of Payment**STATEMENTS REGARDING TAX CONSEQUENCES**

I have initialed the statements below to indicate that I agree with them:

- I understand that my accumulated total deductions may have both a taxable and non-taxable component, due to changes in the law which took effect in 1988. _____
- If I began service in 1988 or after, it is likely that my accumulated total deductions will be subject to federal tax withholding. _____
- I have read the *Special Tax Notice Regarding Plan Payments* provided to me by the Retirement Board. _____
- I understand that if I choose to directly receive the return of my accumulated total deductions, 20% of the taxable portion of such return will be withheld and paid to the Internal Revenue Service. _____
- If I choose to directly receive the return of my accumulated total deductions and I am under age 59½, I may be subject to a 10% tax penalty (as described in the *Special Tax Notice Regarding Plan Payments*). _____

Select one box for the "Taxable Portion" and, if it applies to you, one box for the "Non-Taxable Portion" on the next page.

TAXABLE PORTION

- ☐ 1. Direct Rollover. **NOTE:** If you want to directly rollover any non-taxable portion of your distribution, you must select this option for the taxable portion of your distribution.
- ☐ 2. Paid directly to me. 20% will be withheld for federal taxes and remitted to the Internal Revenue Service.
- ☐ 3. Partial Direct Rollover in the amount of _____ % of the balance or \$ _____.
The remaining balance will be paid directly to me, less 20% federal tax withholding, which will be remitted to the Internal Revenue Service.

Account Information for Rollover:

Name of eligible 401(a) Plan, 401(k) Plan, 403(b) Plan, Governmental 457(b) Retirement Plan, IRA, Roth IRA, or SIMPLE IRA*

Address of above-listed entity

City

State

Zip Code

Member's Account Number with above-listed entity

Member's Address

City

State

Zip Code

Is this Account a SIMPLE IRA?

☐ Yes☐ No

If YES, has the account been established for at least two years?

☐ Yes☐ No

* After a two-year waiting period, SIMPLE IRA accounts can receive rollover eligible funds from other types of retirement plans, including 401(a) governmental plans. The two-year period begins on the first day on which the employer deposits contributions in the SIMPLE IRA.

Application for Withdrawal of Accumulated Total Deductions (Refund Form)

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Member Last Name:

First Name:

SSN:

***-**-____

Section C: Method of Payment *(Continued):***NON-TAXABLE PORTION**

- ☐ 1. Direct Rollover. **NOTE:** You cannot select this option unless you select Option 1, Direct Rollover, for the taxable portion of your distribution.
- ☐ 2. Paid directly to me.
- ☐ 3. Partial Direct Rollover in the amount of % of the balance or \$. **NOTE:** You cannot select this option unless you select Option 1, Direct Rollover, for the taxable portion of your distribution.

Account Information for Rollover:
Name of eligible 401(a) Plan, 401(k) Plan, 403(b) Plan, IRA, or Roth IRA*
Address of above-listed entity
City
State
Zip Code
Member's Account Number with above-listed entity
Member's Address
City
State
Zip Code

* You may roll over a payment that includes after-tax contributions to an eligible 401(a) or 403(b) plan, but only if the receiving plan separately accounts for after-tax contributions. Governmental section 457(b) plans and SIMPLE IRAs are not eligible.

Application for Withdrawal of Accumulated Total Deductions (Refund Form)

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Member Last Name:

First Name:

SSN:

***-**-____

I sign this application under the penalties of perjury. I affirm that the information presented in this application is correct, complete and accurately presented. I understand that giving false or incomplete information may subject me to the loss of my benefits as well as civil and criminal penalties.

I request payment according to the method selected on pages 4-5.

Applicant's Signature:

Print Name:

Signature:

Date:

To Be Completed By Witness (should be disinterested party):

Name (Print):

Street Address:

City/Town:

State:

Zip Code:

Signature:

Date:

Application for Withdrawal of Accumulated Total Deductions (Refund Form)

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Member Last Name:

First Name:

SSN:

***-**-

Section D: To Be Completed By the Department Head

This is to notify the Retirement Board that was
 (job title) in the department in the political subdivision
of who (check one) ☐ resigned ☐ terminated on and that
the above named employee will appear on the payroll for the last time on the pay period ending .

1. To the best of my knowledge the above named employee is not leaving to accept a position in the service of the Commonwealth or any political subdivision thereof which would entitle the above to become a member of any similar contributory retirement system. ☐ YES ☐ NO
2. To the best of my knowledge, the above named employee is not seeking to be restored to the position such employee previously held. ☐ YES ☐ NO
3. Is the above employee receiving Workers' Compensation benefits? ☐ YES ☐ NO
4. Does the above employee owe any money to the employer under an employee benefit plan, including a cafeteria plan established pursuant to 26 U.S.C. section 125? (If YES, please provide documentation.) ☐ YES ☐ NO
5. Has this employee been officially investigated for or charged with misappropriation of funds from his/her employer or convicted of any crime related to his/her office or position? (If YES, please provide documentation.) ☐ YES ☐ NO

Department Head (Print Name):

Signature/Department Head:

Date:

Application for Withdrawal of Accumulated Total Deductions (Refund Form)

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Member Last Name:

First Name:

SSN:

***-**-____

Section E: To Be Completed By the Retirement Board

Members are eligible for a refund of accumulated total deductions under the following conditions.

Check the condition that applies to this member:

☐

1. The member is leaving service and does not intend to take a position in the service of the Commonwealth or any political subdivision thereof to the provisions of Massachusetts General Laws, Chapter 32, Sections 1-28 and does not intend to seek to be restored to the position from which he/she left.

☐

2. This member is also a member of another retirement system. However, no transfer of funds to the other system is taking place because he/she has a lesser amount in the Annuity Savings Fund of this system, and has elected to withdraw these funds in accordance with the law.

NOTE: The right to receive a retirement allowance or a return of accumulated total deductions is subject to the provisions of Massachusetts General Laws, including, but not limited to, Chapter 32, Section 15 pertaining to dereliction of duty by members and Massachusetts General Laws, Chapter 32, Section 19C pertaining to child support obligations.

Years of Creditable Service:

Months of Creditable Service:

Interest Provisions*

Members who entered into service **on or after January 1, 1984** are subject to the following provisions with respect to the refund of interest credited to their annuity accounts. Check the provision which applies to this member:

☐

1. The member has less than 120 months (10 years) of creditable service and has voluntarily withdrawn from service. The member will receive 3% interest on accumulated total deductions.

☐

2. The member has more than 120 months (10 years) of creditable service and has voluntarily withdrawn from service. The member will receive full regular interest on accumulated total deductions as set out in the statute.

☐

3. The member was involuntarily terminated from service. The member will receive full regular interest on accumulated total deductions as set out in the statute, regardless of his or her amount of creditable service.

***NOTE:** In general, two years after leaving service, a member stops accruing interest on any money in their account.

Application for Withdrawal of Accumulated Total Deductions (Refund Form)**9**

Member Last Name:

First Name:

SSN:

***-**-_____

Section E: To Be Completed By the Retirement Board *(Continued)***Refund**

Date of withdrawal:

Total in annuity savings account as of date of withdrawal:

\$

Minus interest not eligible for refund:

\$

TOTAL REFUND TO BE ISSUED:

Federal taxable portion

\$

Federal non-taxable portion

\$

AMOUNT REFUNDED *(Fill in those that apply)*

To Member

\$

To Dept. Revenue/Child Support Enforcement Unit

\$

To Designated Plan (IRA, 401(k), 401(a), 403(b), 457)

\$

To Internal Revenue Service

\$

To Pension Reserve Fund (Veterans Only)

\$

Type of Plan:

Date of Retirement Board Vote Authorizing Refund:

Date Refund Issued:

Signature (Board Member or Administrator):

Print Name:

Date Signed:



Special Tax Notice Regarding Your Rollover Options For Distributions From a Retirement System

Form Last Revised: June, 2025

You are receiving this notice because all or a portion of a payment you are receiving from the (insert name of Retirement System) Retirement System ("Retirement System") 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. ***If you are receiving this electronically, 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 Retirement System 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 Retirement System if you do not roll it over. If you are under age 59½ and do not do a rollover, you will also have to pay a 10% additional income tax on early distributions (generally, distributions made before age 59½, unless an exception applies). However, if you do a rollover, you will not have to pay tax until you receive payments later and the 10% additional income tax will not apply if those payments are made after you are age 59½ (or if an exception to the 10% additional income tax applies.)

What Types of Retirement Accounts and Plans May Accept My Rollover?

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 plan, section 403(b) plan, or governmental section 457(b) 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 from the IRA or employer plan (for example, IRAs are not subject to spousal consent rules, and IRAs may not provide loans). 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 Retirement System 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, you may still do a rollover by making a deposit into an IRA or eligible employer plan that will accept it. Generally, you will have 60 days after you receive the payment to make the deposit. If you do not do a direct rollover, the Plan is required to withhold 20% of the payment for federal income taxes. 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 59½ (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 Retirement System 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 expectancies of you and your beneficiary) (This means that your lifetime monthly benefits are not eligible for rollover.)
- Required minimum distributions after age 70½ (if you were born before July 1, 1949), after age 72 (if you were born after June 30, 1949 but before January 1, 1951), after age 73 (if you were born on or after January 1, 1951 but before January 1, 1960), or after age 75 (if you were born on or after January 1, 1960), or after death;
- Corrective distributions of contributions that exceed tax law limitations;
- Distributions of certain premiums for health and accident insurance.

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

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 59½, you will have to pay the 10% additional income tax on early distributions for any payment from the Retirement System (including amounts withheld for income tax) that you do not roll over, unless one of the exceptions listed below applies. This tax applies to the part of the distribution that you must include in income and 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 Retirement System:

- 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 expectancies of you and your beneficiary);
- Payments from a governmental plan made after you separate from service if you are a qualified public safety employee and you will be at least age 50 or have 25 or more years in the Plan 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") to an alternate payee who is a former spouse of the member;
- Payments up to the amount of your deductible medical expenses (without regard to whether you itemize deductions for the taxable year);
- Certain payments made while you are on active duty if you were a member of a reserve component called to duty after September 11, 2001 for more than 179 days;
- Payments of up to \$22,000 made to you if the payment is a qualified disaster recovery distribution; and
- Payments made to you if you are terminally ill.

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 59½, you will have to pay the 10% additional income tax on early distributions on the part of the distribution that you must include in income, 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:

- The exception for payments made after you separate from service if you will be at least age 55 in the year of the separation (or age 50 or have 25 or more years of service in the Plan for qualified public safety employees) does not apply;
- The exception for 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); and
- 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.

Additional exceptions apply for payments from an IRA, including:

- Payments for qualified higher education expenses;
- Payments up to \$10,000 used in a qualified first-time home purchase; and
- Payments for health insurance premiums 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 address any State or local income tax rules (including withholding rules). For individual advice or any questions regarding state and local tax rules, you are encouraged to consult your personal tax professional.

Special Rules and Options**If Your Payment Includes After-Tax Contributions**

After-tax contributions included in a payment are not taxed. If you receive a partial payment of your total benefit, an allocable portion of your after-tax contributions is included in the payment, so you cannot take a payment of only after-tax contributions. However, 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 the payment. In addition, special rules apply when you do a rollover, as described on the following page.

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 Retirement System and at the same time the rest is paid to you, the portion rolled over consists first of the amount that would be taxable if not rolled over. For example, assume you are receiving a distribution of \$12,000, of which \$2,000 is after-tax contributions. In this case, if you directly roll over \$10,000 to an IRA that is not a Roth IRA, no amount is taxable because the \$2,000 amount not rolled over is treated as being after-tax contributions. If you do a direct rollover of the entire amount paid from the Plan to two or more destinations at the same time, you can choose which destination receives the after-tax contributions.

Similarly, if you do a 60-day rollover to an IRA of only a portion of a payment made to you, the portion rolled over consists first of the amount that would be taxable if not rolled over. For example, assume you are receiving a distribution of \$12,000, of which \$2,000 is after-tax contributions, and no part of the distribution is directly rolled over. In this case, if you roll over \$10,000 to an IRA that is not a Roth 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. Under certain circumstances, you may claim eligibility for a waiver of the 60-day rollover deadline by making a written self-certification. Otherwise, to apply for a waiver from the IRS, 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-A, Contributions to 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 are an Eligible Retired Public Safety Officer and Your Payment is Used to Pay for Health Coverage or Qualified Long-Term Care Insurance

If the Plan is a governmental plan, 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 as premiums to an accident or health plan (or a qualified long-term care insurance contract) 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.

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. In general, the 10% additional income tax on early distributions will not apply. However, if you take the amount rolled over out of the Roth IRA within the 5-year period that begins on January 1 of the year of the rollover, the 10% additional income tax will apply (unless an exception applies).

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 59½ (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. For more information, see *IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs)*, and *IRS Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs)*.

You cannot roll over a distribution to a designated Roth account in another employer's plan.

If You Are Not a Retirement System 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.

For purposes of this notice, a spouse is defined as an individual recognized under a marriage validly entered into in any state of foreign jurisdiction.

If You Are a Surviving Spouse

If you receive a payment from the Retirement System 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 59½ 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 70½ (if you were born before July 1, 1949), age 72 (if you were born after June 30, 1949 but before January 1, 1951), age 73 (if you were born on or after January 1, 1951 but before January 1, 1960), or age 75 (if you were born on or after January 1, 1960).

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 Retirement System, you will not have to start receiving required minimum distributions from the inherited IRA until the year the member would have been age 70½ (if the member was born before July 1, 1949), age 72 (if the member was born after June 30, 1949 but before January 1, 1951), age 73 (if the member was born on or after January 1, 1951 but before January 1, 1960), or age 75 (if the member was born on or after January 1, 1960).

If You Are a Surviving Beneficiary Other Than a Spouse

If you receive a payment from the Retirement System 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. 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 Retirement System under a QDRO, you generally have the same options and the same tax treatment that 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). However, 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 Retirement System 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 Retirement System 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 on special rollover rights related to the U.S. Armed Forces, see *IRS Publication 3, Armed Forces' Tax Guide*. You also may have special rollover rights if you were affected by a federally declared disaster (or similar event), or if you received a distribution on account of a disaster. For more information on special rollover rights related to disaster relief, see the IRS website at www.irs.gov.

Notice Period

Generally, payment cannot be made from the Retirement System 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 Retirement System administrator.

For More Information

You may wish to consult with the Retirement System administrator or payor, or a professional tax advisor, before taking a payment from the Retirement System. 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-A, Contributions to Individual Retirement Arrangements (IRAs)*; *IRS Publication 590-B, Distributions from 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.