Disposition of Retirement Contributions (For Members)

SamCERA
SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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Section 1: Member Information

Last Name		First Name		Middle Initial
Last 4 Digits of SSN	Phone ☐ Home ☐ Cell ☐ Other	Personal Email Address		
Home Address		City	State	Zip
Mailing Address *(if different from above)*		City	State	Zip

Status: *(check all that apply)*

☐ I am single.
☐ I am widowed.
Did your spouse/partner die during your SamCERA membership? ☐ Yes ☐ No
☐ I am either legally separated, divorced or have terminated a registered domestic partnership.
Did this occur during your SamCERA membership? ☐ Yes ☐ No
☐ I am married, or I am in a registered domestic partnership*.
You must provide the name of your spouse or registered domestic partner below.
☐ I have been married or in a registered domestic partnership on more than one occasion.
During your SamCERA membership did you have a divorce, a termination of registered domestic partnership or did your spouse/partner die? ☐ Yes ☐ No

You must provide the name(s) of current and all former spouses and registered domestic partners*.

Name of Spouse/Partner	Date of Marriage/ Partnership	Date of Divorce/ Termination of Partnership	Date of Death

*Please note that for the purpose of spousal benefits, domestic partnerships must be registered with the California Secretary of State. *(State requirements for domestic partnership are different than those for a County of San Mateo Affidavit of Domestic Partnership.)*

Go to section 2.

Section 2: Understanding Your Options

I have read the "Your Options at Termination" fact sheet and I understand:

(1) my right to establish reciprocity if I keep my funds on deposit and become a member of a system that has reciprocal benefits with SamCERA within 180 days after my separation of employment;
(2) my rights under deferred retirement if I have more than 5 years of service credit;
(3) my right to receive interest credited to my account if I have less than 5 years of service credit and become an inactive member;
(4) the effect of going into deferred retirement or inactive status on my right to file a disability retirement;
(5) my waiver of all my rights to any retirement benefits, including a disability retirement, if I elect to withdraw my funds; and
(6) that if I am convicted of a felony arising out of my employment and I have already withdrawn my funds, I will have to pay back certain interest that accrued to my account.

You must initial that you have read items 1 through 6 above.

Initials

Go to section 3.

Section 3: Tax Information

☐ I have read the "Special Tax Notice Regarding Plan Payments and Federal Income Tax" that explains the Internal Revenue Service (IRS) tax consequences that affect distributions from SamCERA. I understand that SamCERA cannot provide tax advice and that I am advised to consult with an investment or tax professional prior to making a decision regarding the disposition of any amounts I am to receive from SamCERA.

I understand that for partial or full refunds, SamCERA is required by law to withhold 20% of the taxable contributions and interest for federal tax. California state tax is 10% of the federal withholding (or 2% of total taxable distribution). I may elect to not withhold the California state tax, and if so, I will check the box, "Do not withhold California state tax from the refund." If I reside outside of California, I understand that SamCERA will not withhold taxes for California or any other state.

Initials

Go to section 4.

Section 4: Disposition Election

You must choose one of the following four options for disposition of your funds. This election will determine what happens to the funds you have on deposit with SamCERA. Options 1, 2 and 3 involve withdrawal of funds, and Option 4 provides options to leave your funds on deposit.

OPTION 1: WITHDRAWAL OF FUNDS - TERMINATION OF SAMCERA MEMBERSHIP

☐ **REFUND:** I elect a refund of the contributions on deposit and any credited interest. I have read and initialed the tax information above. I understand that my refund will be directly deposited into my bank account. On page 4, I will provide SamCERA with a bank account number for direct deposit of my funds. I further understand that if I would like to make an indirect rollover, I should check the appropriate box under Option 2 on the next page.

☐ Do not withhold California state tax from the refund.

Complete the direct deposit information on page 4, then go to section 5.

OPTION 2: ROLLOVER OF FUNDS - TERMINATION OF SAMCERA MEMBERSHIP

☐ **DIRECT ROLLOVER:** I elect to rollover the pre-tax contributions on deposit and any interest to the institutions or plans designated below. Any post-tax contributions will be refunded. (In general, your contributions are pre-tax. If you believe you have made post-tax contributions, such as a service purchase, check Member Self-Service or contact SamCERA for more information, and complete the direct deposit information on page 4 for your post-tax contributions.) SamCERA does not process direct rollovers into Roth IRAs.

I have read and understand the attached "Special Tax Notice Regarding Plan Payments and Federal Income Tax" and I request my distribution to the fund(s) listed below which are qualified to accept rollovers of the taxable contributions:

Percentage to be rolled-over to this account	In this box, write the percentage of pre-tax contributions that you want rolled over to this account. If you want to roll over all of these funds to this account, write "100%."
Name of Institution or Legal Name of Qualified Plan	Account Number
Address of Institution or Qualified Plan	City, State, ZIP
Type of IRA (select one): Traditional IRA (Pre-tax) ☐ Inherited IRA ☐ *The inherited IRA must be established in a manner that identifies it as an IRA with respect to a deceased individual, and it must identify the deceased individual and the beneficiary.*	

Percentage to be rolled-over to this account	In this box, write the percentage of pre-tax contributions that you want rolled over to this account. (If you are designating more than one account, make sure the total for each account does not exceed 100%.)
Name of Institution or Legal Name of Qualified Plan	Account Number
Address of Institution or Qualified Plan	City, State, ZIP
Type of IRA (select one): Traditional IRA (Pre-tax) ☐ Inherited IRA ☐ *The inherited IRA must be established in a manner that identifies it as an IRA with respect to a deceased individual, and it must identify the deceased individual and the beneficiary.*	

☐ **INDIRECT ROLLOVER:** I may rollover the pre-tax contributions on deposit and any interest to a qualified plan within 60 days of the date of my withdrawal. I elect to receive a paper check in my name, and I will contact the qualified plan. I understand that taxes will be withheld as directed in **Section 3: Tax Information**.

Go to section 5.

OPTION 3: PART REFUND AND PART DIRECT ROLLOVER - TERMINATION OF SAMCERA MEMBERSHIP

☐ **PART REFUND AND PART DIRECT ROLLOVER:** I elect to receive a refund of $__________ and rollover the balance of the contributions on deposit and any interest to the institutions or plans designated above. On the page below, I will provide SamCERA with a bank account number for direct deposit of my refund. I have read and initialed the tax information above.

☐ Do not withhold California state tax from the partial refund.

Complete the direct deposit information below, then go to section 5.

DIRECT DEPOSIT ACCOUNT INFORMATION

Any contributions that you do not elect to rollover either directly or indirectly will be deposited via direct deposit. Please provide your direct deposit account information below.

Select one of the following:

☐ **Checking Account:** You must attach a voided check (original or a copy) with your name preprinted on the check (not hand written), OR a statement or verification letter from your bank containing your name, the account number, and routing number (you may block out all other account information).

☐ **Savings Account:** You must attach a statement or verification letter from your bank containing your name, the account number, and routing number (you may block out all other account information).

IMPORTANT: SamCERA <u>will not</u> process this form unless you attach one of the items specified above! Do not submit this form unless you have attached a statement, verification letter or voided check.

OPTION 4: LEAVE CONTRIBUTIONS WITH SAMCERA - KEEP SAMCERA MEMBERSHIP

If you elect to leave your contributions with SamCERA, you <u>must</u> select one of the following three options. The options available to you will depend on your years of service credit. If you have questions about your service credit, contact SamCERA. If you select one of the first two options, you may still establish reciprocity later if you are eligible.

☐ **DEFERRED RETIREMENT (5 or more years of service credit):** I have at least five years of SamCERA service credit, and I elect to leave my contributions on deposit with SamCERA and to defer my retirement. I understand that I will be credited interest on those funds and that I retain the right to withdraw these contributions upon request. I understand that if I want to apply for a disability retirement, I must file it at the appropriate time, which can be as early as within four months from my discontinuance of service unless extended due to applicable presumptions or if I am continuously physically or mentally incapacitated to perform my duties. I further understand that that I must file an application for retirement at the appropriate time for a regular service retirement. I also understand that if I select a deferred retirement, I am not giving up the right to establish reciprocity in the future.

☐ **LEAVE MY FUNDS ON DEPOSIT (less than 5 years of service credit):** I elect to leave my contributions on deposit with SamCERA even though I have less than five years of service credit. I understand that I will be credited interest on those funds and that I retain the right to withdraw these contributions upon request. I understand that if I want to apply for a service-connected disability retirement, I must file it at the appropriate time, which can be as early as within four months from my discontinuance of service unless extended due to applicable presumptions or if I am continuously physically or mentally incapacitated to perform my duties. I also understand that if I leave my funds on deposit, I am not giving up the right to establish reciprocity in the future.

☐ **RECIPROCITY:** I am now employed, or intend to be employed within 180 days of my termination, by a public agency in California that has reciprocity with SamCERA. After such employment with this new employer, I hereby agree to submit concurrent applications for reciprocal retirements effective the same date. I understand that I may establish reciprocity regardless of my years of service or my current retirement eligibility. I understand that reciprocity is irrevocable once it is established, and once reciprocity is established, I cannot withdraw my SamCERA contributions. I also understand that I am not giving up the right to establish reciprocity in the future, should I leave my funds on deposit and choose another option now.

My new employer is:

Name of Reciprocal System	Date of Employment

Go to section 5.

Section 5: Authorization and Acknowledgement

I authorize SamCERA, in the event that contributions are owed by me, to adjust my service credit accordingly. I certify and swear under penalty of perjury that all of the information on this form is true and correct.

Member Signature *(print this form and sign)*	Date

You must attach a copy of a valid government photo ID (Driver's License, Passport).

IMPORTANT: If you are married or have a registered domestic partner, he/she must complete Section 6 below.

Section 6: Spouse/Domestic Partner Notification

The below portion is to be completed only by the member's current spouse or domestic partner.

I am the spouse or registered domestic partner of the member. I hereby acknowledge that I am informed about this form and its election.

Spouse or Domestic Partner Signature	Date

You must attach a copy of a valid government photo ID (Driver's License, Passport).

* Please note that for the purpose of spousal benefits, domestic partnerships must be registered with the California Secretary of State. *(State requirements for domestic partnership are different than those for a County of San Mateo Affidavit of Domestic Partnership.)* **You must attach a copy of a valid government photo ID (Driver's License, Passport) for the spouse/domestic partner.**

If you have any questions about this form or need further clarification, please contact SamCERA.

Special Tax Notice Regarding Plan Payments and Federal Income Tax

This notice explains how you can continue to defer federal income tax on your retirement savings in the San Mateo County Employees' Retirement Association ("SamCERA" or "Plan") and contains important information you will need before you decide how to receive your Plan benefits. This notice summarizes only the federal (not state or local) tax rules that might apply to your payment. Other tax rules apply for California.

You are receiving this notice because all or a portion of a payment you are receiving from 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.

This notice describes the rollover rules that apply to payments from the Plan that are <u>not</u> from a designated Roth account (a type of account with special tax rules in some employer plans). If you also receive a payment from a designated Roth account in the Plan, you will be provided a different notice for that payment, and the Plan administrator or the payor will tell you the amount that is being paid from each account.

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 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 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, no spousal consent rules apply to IRAs 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 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, 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 (up to the amount of cash and property received other than employer stock). 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 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);
- Required minimum distributions after age 70½ (or after death);
- Hardship distributions;
- ESOP dividends;
- Corrective distributions of contributions that exceed tax law limitations;
- Loans treated as deemed distributions (for example, loans in default due to missed payments before your employment ends);
- Cost of life insurance paid by the Plan;
- Payments of certain automatic enrollment contributions requested to be withdrawn within 90 days of the first contribution; and
- Amounts treated as distributed because of a prohibited allocation of S corporation stock under an ESOP (also, there will generally be adverse tax consequences if you roll over a distribution of S corporation stock to an IRA).

The Plan 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 Plan (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 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 plan made after you separate from service if you are a qualified public safety employee and you will be at least age 50 in the year of the separation;
- Payments made due to disability;
- Payments after your death;
- Payments of ESOP dividends;
- Corrective distributions of contributions that exceed tax law limitations;
- Cost of life insurance paid by the Plan;
- 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 (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 certain automatic enrollment contributions requested to be withdrawn within 90 days of the first contribution;
- Payments for certain distributions relating to certain federally declared disasters; and
- Phased retirement payments made to federal employees.

If I do a rollover to a Roth 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 for qualified public safety employees) does not apply.
- 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 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 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 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 a payment. In addition, special rules apply when you do a rollover, as described below.

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 at the same time the rest is paid to you, the portion directly 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 directly 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.

If you do a 60-day rollover to an IRA of only a portion of a payment made to you, the after-tax contributions are treated as rolled over last. 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 your payment includes employer stock that you do not roll over

If you do not do a rollover, you can apply a special rule to payments of employer stock (or other employer securities) that are either attributable to after-tax contributions or paid in a lump sum after separation from service (or after age 59½, disability, or the participant's death). Under the special rule, the net unrealized appreciation on the stock will not be taxed when distributed from the Plan and will be taxed at capital gain rates when you sell the stock. Net unrealized appreciation is generally the increase in the value of employer stock after it was acquired by the Plan. If you do a rollover for a payment that includes employer stock (for example, by selling the stock and rolling over the proceeds within 60 days of the payment), the special rule relating to the distributed employer stock will not apply to any subsequent payments from the IRA or employer plan. The Plan administrator can tell you the amount of any net unrealized appreciation.

If you have an outstanding loan that is being offset

If you have an outstanding loan from the Plan, your Plan benefit may be offset by the outstanding amount of the loan, typically when your employment ends. The offset amount is treated as a distribution to you at the time of the offset. Generally, you may roll over all or any portion of the offset amount. Any offset amount that is not rolled over will be taxed (including the 10% additional income tax on early distributions, unless an exception applies). You may roll over offset amounts to an IRA or an employer plan (if the terms of the employer plan permit the plan to receive plan loan offset rollovers).

How long you have to complete the rollover depends on what kind of plan loan offset you have. If you have a qualified plan loan offset, you will have until your tax return due date (including extensions) for the tax year during which the offset occurs to complete your rollover. A qualified plan loan offset occurs when a plan loan in good standing is offset because your employer plan terminates, or because you sever from employment. If your plan loan offset occurs for any other reason, then you have 60 days from the date the offset occurs to complete your rollover.

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 your payment is from a governmental section 457(b) plan

If the Plan is a governmental section 457(b) plan, the same rules described elsewhere in this notice generally apply, allowing you to roll over the payment to an IRA or an employer plan that accepts rollovers. One difference is that, if you do not do a rollover, you will not have to pay the 10% additional income tax on early distributions from the Plan even if you are under age 59½ (unless the payment is from a separate account holding rollover contributions that were made to the Plan from a tax-qualified plan, a section 403(b) plan, or an IRA). However, if you do a rollover to an IRA or to an employer plan that is not a governmental section 457(b) plan, a later distribution made before age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies). Other differences include that you cannot do a rollover if the payment is due to an "unforeseeable emergency" and the special rules under "If your payment includes employer stock that you do not roll over" and "If you were born on or before January 1, 1936" do not apply.

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 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.

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 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).

If you do a rollover to a designated Roth account in the Plan

You cannot roll over a distribution to a designated Roth account in another employer's plan. However, you can roll the distribution over into a designated Roth account in the distributing Plan. If you roll over a payment from the Plan to a designated Roth account in the Plan, the amount of the payment rolled over (reduced by any after-tax amounts directly rolled over) will be taxed. However, the 10% additional tax on early distributions will not apply (unless you take the amount rolled over out of the designated Roth account within the 5-year period that begins on January 1 of the year of the rollover).

If you roll over the payment to a designated Roth account in the Plan, later payments from the designated Roth account that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a designated Roth account is a payment made both after you are age 59½ (or after your death or disability) and after you have had a designated Roth account in the Plan for at least 5 years. In applying this 5-year rule, you count from January 1 of the year your first contribution was made to the designated Roth account. However, if you made a direct rollover to a designated Roth account in the Plan from a designated Roth account in a plan of another employer, the 5-year period begins on January 1 of the year you made the first contribution to the designated Roth account in the Plan or, if earlier, to the designated Roth account in the plan of the other employer. Payments from the designated Roth account 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).

If you are not a Plan participant

Payments after death of the participant. If you receive a distribution after the participant'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 participant was born on or before January 1, 1936.

If you are a surviving spouse. If you receive a payment from the Plan as the surviving spouse of a deceased participant, you have the same rollover options that the participant 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 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 participant had started taking required minimum distributions, you will have to receive required minimum distributions from the inherited IRA. If the participant 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 participant would have been age 70½.

If you are a surviving beneficiary other than a spouse. If you receive a payment from the Plan because of the participant'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.

<u>Payments under a qualified domestic relations order</u>. If you are the spouse or former spouse of the participant who receives a payment from the Plan under a qualified domestic relations order (QDRO), you generally have the same options and the same tax treatment that the participant 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 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 (not including payments from a designated Roth account in the Plan), the Plan is not required to allow you to do a direct rollover and is not required to withhold federal income taxes. However, you may do a 60-day rollover.

Unless you elect otherwise, a mandatory cashout of more than $1,000 (not including payments from a designated Roth account in the Plan) will be directly rolled over to an IRA chosen by the Plan administrator or the payor. A mandatory cashout is a payment from a plan to a participant made before age 62 (or normal retirement age, if later) and without consent, where the participant's benefit does not exceed $5,000 (not including any amounts held under the plan as a result of a prior rollover made to the plan).

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.

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-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.

If you have additional questions after reading this notice, you can contact SamCERA at 650-599-1234.