



# Ohio Public Employees Retirement System

277 East Town Street, Columbus, Ohio 43215-4642  
1-800-222-PERS (7377) www.opers.org



## Traditional Pension Plan Retirement Application

Please be sure to read the instructions for each Section carefully. **This Application must be completed in ink and the original submitted to OPERS.** Alterations and/or whiteouts will make the form invalid and you will have to complete another Application.

If you have contributions in more than one OPERS Retirement Plan at the time of retirement, you will be treated as retired from all plans. If you return to public employment in Ohio, you will be treated as a re-employed retiree and will contribute to a Money Purchase Annuity.

If you are subject to a court order requiring you to designate a former spouse as a joint and survivor beneficiary and OPERS received a copy of the order, you must select a plan of payment in Section 3 in accordance with the order and your current marital status. You may wish to consult with your attorney concerning your obligations under the court order.

A retirement benefit is effective on the latest of the following: the first day of the month after service termination, attainment of minimum age and service qualifications or purchase of additional service credit, or a date determined by you.

### Section 1 - Personal Information

Social Security Number

First Name

MI Last Name

Street or Mailing Address

Apt. Number

City

State

ZIP Code

Marital Status (Choose only one)

Single Married Divorced Widowed Separated

Date Of Birth

Month Day Year

Gender

Male Female

Home Phone Number

Work Phone Number

Cell Phone Number

E-mail Address

### Section 2 - Court Ordered Obligations to a Former Spouse

You **MUST** select one of the options below:

#### Members not subject to a court order:

If you are **not subject to a court order** (i.e. divorce/dissolution decree, separation agreement, post-decree order) requiring you to designate a former spouse as a joint and survivor beneficiary, you may name any beneficiary(ies) you wish. This includes your current spouse (if applicable) and/or any additional beneficiary(ies). However, if you are married, and your current spouse refuses to consent to the payment plan and beneficiary(ies) selected, your retirement allowance will be paid under Plan A without the Partial Lump Sum Option Payment (PLOP).

I am **not subject to a court order** requiring me to select a joint and survivor benefit and designate a former spouse as beneficiary.

#### Members subject to a court order:

If you are **subject to a court order** (i.e. divorce/dissolution decree, separation agreement, post-decree order) requiring you to designate a former spouse(s) as a joint and survivor beneficiary, please keep in mind that along with naming your former spouse(s), you may name your current spouse (if applicable) and any additional beneficiary(ies) (four maximum) you wish. However, if you are married, and your current spouse refuses to consent to the payment plan and beneficiary(ies) selected, your retirement allowance will be paid under Plan F without the Partial Lump Sum Option Payment (PLOP) and your current spouse and your former spouse(s) will be designated as your beneficiaries.

I am **subject to a court order** requiring me to select a joint and survivor benefit and designate a former spouse(s) as beneficiary. [If not already on file, please provide OPERS with a copy of the entire court order(s).]

### **Section 3 - Plan of Payment - Choose only one by marking it with an “X.”**

*Proof of your date of birth must be submitted to OPERS regardless of your plan of payment. If you are married, your spouse must sign in Section 11 - Spousal Consent.*

*You may change your payment plan at any time prior to issuance of your finalized monthly benefit or Partial Lump Sum Option Payment (PLOP) by completing a form available from OPERS; however, if you are subject to a court order, the provisions of the court order may affect the ability to change your plan of payment.*

**Life with 50% to Surviving Spouse (Plan A):** A joint survivorship annuity providing for payment to me as long as I live and thereafter 50 percent of such annuity to my spouse if they survive me, for as long as they live. If you would like a percentage other than 50, see Plan C or D below.

**Single Life Benefit (Plan B):** An annuity payable throughout my life only and terminating at my death with no further monthly payment. If the total allowance received during my lifetime does not equal my accumulated contributions, the remaining accumulated contributions will be paid to my beneficiary(ies).

**Life with Selected % to Survivor (Plan C):** A joint survivorship annuity providing for payment to me as long as I live and thereafter in a specified percentage to my beneficiary. I choose \_\_\_\_\_ percent of such annuity to be paid to my beneficiary if they survive me, for as long as they live. Select Plan C ONLY if you are naming a beneficiary other than your spouse or if you wish your spouse, as beneficiary, to receive an amount other than 50 percent. The percentage chosen must meet or exceed the greater of: 10 percent of your monthly benefit or a percentage that provides your beneficiary with a monthly benefit of at least \$100. Only one beneficiary may be designated.

**Life with 100% to Survivor (Plan D):** A joint survivorship annuity providing for payment to me as long as I live and thereafter at 100 percent to my beneficiary if they survive me, for as long as they live. Only one beneficiary may be designated.

**Life with Fixed Period (Plan E):** An annuity payable throughout my life or for a guaranteed period whichever is greater. If I die before the end of the guaranteed period, which begins from the date of my retirement, the same amount will be payable to my beneficiary for the remainder of the guaranteed period. If multiple beneficiaries are selected, the annuity is paid in a lump sum at the present value. Should my beneficiary and I both die before the end of the guaranteed period, the remaining payments shall be paid at the present value to the estate of whomever was last receiving the monthly benefit. I choose a guaranteed period of \_\_\_\_\_ ( for example, 05, 10, 15) years.

**Life with Multiple Survivors (Plan F):** A multiple joint survivorship annuity providing for payment to me as long as I live. After my death, payment will be made to my surviving beneficiaries. You must allocate a percentage to each beneficiary in Section 4 - Beneficiary Information on page 3. The percentage must be 10 percent or greater unless a court order provides for an allocation of less than 10 percent to a former spouse for as long as they live. Total allocations combined to all beneficiaries can be less than or equal to 100 percent. A minimum of two and a maximum of four beneficiaries may be designated.

### **Section 4 - Beneficiary Information**

*You may choose only one beneficiary for Plan A, C, or D. Multiple beneficiaries may be designated for Plan B or E. If you chose Plan F, you must name multiple beneficiaries and allocate a whole percentage for each beneficiary. Provide proof of date of birth for any beneficiary under Plan A, C, D, or F if it is not already on file with OPERS.*

*If you wish to list more than four beneficiaries for Plan B or E, use a separate sheet of paper and connect each beneficiary with the word “and.” Include all the information requested on page 3 for each additional beneficiary. Any additional pages must be signed and notarized. If you are using additional pages, please check this box.*

*A beneficiary’s eligibility for health care coverage will depend on the beneficiary’s relationship to you. A designated beneficiary under a joint and survivor annuity plan of payment or an annuity for a guaranteed period **must meet the definition of an eligible dependent** to receive health care coverage.*

*You may change your beneficiary designation prior to issuance of your finalized monthly benefit or Partial Lump Sum Option Payment (PLOP), and thereafter as provided under retirement law. If you are subject to a court order, the provisions of the court order may affect the ability to change your beneficiary designation.*

**Section 4 - Beneficiary Information continued**

1. Beneficiary First Name MI Last Name  
Social Security Number Month Day Year Allocation for Plan F only  
Date Of Birth %  
Male Female Relationship  
Street or Mailing Address Apt. Number  
City State ZIP Code -

**ADDITIONAL BENEFICIARY(IES) - *Optional for Plan B or E and required for Plan F***

2. Beneficiary First Name MI Last Name  
Social Security Number Month Day Year Allocation for Plan F only  
Date Of Birth %  
Male Female Relationship  
Street or Mailing Address Apt. Number  
City State ZIP Code -

3. Beneficiary First Name MI Last Name  
Social Security Number Month Day Year Allocation for Plan F only  
Date Of Birth %  
Male Female Relationship  
Street or Mailing Address Apt. Number  
City State ZIP Code -

4. Beneficiary First Name MI Last Name  
Social Security Number Month Day Year Allocation for Plan F only  
Date Of Birth %  
Male Female Relationship  
Street or Mailing Address Apt. Number  
City State ZIP Code -

*If you wish to designate additional beneficiaries for Plan B or E, please see the instructions for Section 4 on page 2.*

All pages of the Form, except the Special Tax Notice, should be returned whether or not they are completed.

## Section 5 - Beneficiary Information for Lump Sum Death Benefit

A lump sum death benefit, based on years of service, will be paid to the beneficiary(ies) you list on page 3 unless you indicate otherwise in this Section. If you designate multiple beneficiaries, they will share the lump sum equally. If you wish to designate more than three beneficiaries in this Section to share the payment equally, list them on a separate sheet of paper and connect each full name and address with the word "and." You must sign any additional pages and have them notarized. If you are using additional pages, please check this box.

Do you want the beneficiary(ies) listed in Section 4 to receive the lump sum death benefit?

Yes (STOP, do not fill out the remainder of this Section. Proceed to Section 6.)

No (Complete the remainder of this Section.)

1. Beneficiary First Name MI Last Name  
Social Security Number Month Day Year  
Date Of Birth  
Male Female Relationship  
Street or Mailing Address Apt. Number  
City State ZIP Code -

2. Beneficiary First Name MI Last Name  
Social Security Number Month Day Year  
Date Of Birth  
Male Female Relationship  
Street or Mailing Address Apt. Number  
City State ZIP Code -

3. Beneficiary First Name MI Last Name  
Social Security Number Month Day Year  
Date Of Birth  
Male Female Relationship  
Street or Mailing Address Apt. Number  
City State ZIP Code -

## Section 6 - Partial Lump Sum Option Payment (PLOP)

*You must complete this Section for your monthly annuity in Section 3.*

*If you would like more information about how PLOP will affect your monthly benefit before making a decision, please visit [www.opers.org](http://www.opers.org) to access the Member Benefits System (MBS) to obtain a benefit estimate. You may also call 1-800-222-7377 and speak with a Member Services Representative.*

*The PLOP is fully taxable upon distribution to you. However, taxation of the PLOP may be deferred in some circumstances. Please review the enclosed Special Tax Notice Regarding OPERS Payments for more information.*

### PLOP ELECTION *(Choose only one option.)*

I elect not to receive a PLOP. *(STOP, do not fill out the remainder of this Section. Proceed to Section 7.)*

I elect a PLOP.

- Your monthly benefit will be reduced.
- **You cannot change your plan of payment or your PLOP amount once the PLOP has been issued.**
- If the specified amount exceeds the maximum, your payment will default to the maximum PLOP amount. If it is below the minimum, your payment will default to the minimum PLOP amount.

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### PLOP AMOUNT *(Choose only one option.)*

I want to receive the **minimum** PLOP amount of six times the monthly amount under the plan of payment I selected in Section 3.

I want to receive the **maximum** PLOP amount of 36 times the monthly amount under the plan of payment I selected in Section 3.

I want to receive a PLOP amount of:     **\$**

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### PLOP DISTRIBUTION METHOD

*If you select the PLOP, here are the options you can choose to take this distribution. If you choose to roll over all or a portion of your PLOP amount to an IRA or eligible retirement plan in 2, 3 or 4 below, you must designate that Trustee in the Trustee Information section on the next page. If you would like a combination of methods other than what is shown, please contact OPERS at 1-800-222-7377 before completing this Section. Please review the enclosed Special Tax Notice Regarding OPERS Payments.*

1. Send the PLOP to the bank listed in Section 7. Federal income tax will be withheld.
2. I wish to roll over the PLOP amount to one or more IRAs or eligible retirement plans.
3. I wish to roll over a specific amount or percentage of the PLOP amount to an IRA or eligible retirement plan with the remaining amount sent to the bank listed in Section 7. Federal income tax will be withheld from the amount sent to the bank.
4. I wish to roll over a specific amount or percentage of the PLOP amount to my OPERS Additional Annuity account. Percentage or amount to be rolled over to my OPERS Additional Annuity account:

**% or \$**

with the remaining amount to:

    The bank listed in Section 7. Federal income tax will be withheld from the remaining amount.

    An IRA or eligible retirement plan as a rollover.

## Section 6 - Partial Lump Sum Option Payment (PLOP) continued

### TRUSTEE INFORMATION

Please provide the trustee information requested below. If you wish to designate multiple trustees, list them on a separate sheet of paper and include all the information requested below. You must sign any additional pages. If you are using additional pages, please check this box.

Trustee Name

Trustee Address

City

State

ZIP Code

-

Account Number

Percentage or amount to be rolled over to this trustee

(Complete if you chose #2 or #3 for your PLOP distribution method.)

% or \$

Please confirm one of the following rollover alternatives with your trustee:

My trustee will not accept a rollover directly from OPERS. Send the check to my mailing address provided on this form and I will present it to my trustee.

My trustee will accept a rollover directly from OPERS. Send the check to the address provided on this form.

## Section 7 - Banking Information

Your benefit payment will be deposited directly into your bank account. Attach a voided check or deposit slip and complete the following information. Your banking information must be complete before your payment will be issued.

Bank Name

Bank Address

City

State

ZIP Code

-

Type of Account

Checking Savings

Bank Routing Number

NOTE: A valid routing number will begin only with a 0, 1, 2, or 3.

Account Number

**Section 8 - Employment Information** - List most recent OPERS-covered employers and indicate which, if any, of the employers with whom you plan to continue employment in the first two months after retirement. If you are returning to work, you must complete the applicable notice of re-employment form, SR-6 or SR-6E.

Name of employer:

**1**

Last day of employment			Returning to work		Return date		
Month	Day	Year	Yes	No	Month	Day	Year

Name of employer:

**2**

Last day of employment			Returning to work		Return date		
Month	Day	Year	Yes	No	Month	Day	Year

Name of employer:

**3**

Last day of employment			Returning to work		Return date		
Month	Day	Year	Yes	No	Month	Day	Year

**Section 9 - Other Retirement System Service Information** - If you are currently a member or have been a member of any of the following retirement systems, please complete the following. If applicable, check either Retired or Refunded.

State Teachers Retirement System (STRS)*	From (MM/YY)	To (MM/YY)	Retired	Refunded
			or	
School Employees Retirement System (SERS)*	From (MM/YY)	To (MM/YY)	Retired	Refunded
			or	
Ohio Police and Fire Pension Fund (OP&F)	From (MM/YY)	To (MM/YY)	Retired	Refunded
			or	
State Highway Patrol Retirement System (HPRS)	From (MM/YY)	To (MM/YY)	Retired	Refunded
			or	
Cincinnati Retirement System (CRS)	From (MM/YY)	To (MM/YY)	Retired	Refunded
			or	

\* If you have membership with SERS and/or STRS, this credit may be used in the calculation of your OPERS benefit or you may elect to retire on an independent basis using only OPERS service and salary. **Make your choice below.**

**Yes, DO combine** my SERS and/or STRS account with my OPERS account.

**No, DO NOT combine** my SERS and/or STRS account with my OPERS account.  
(If No, contact OPERS for more information about how this may impact your benefit.)

If you refunded your other retirement system service, are you interested in purchasing this time to be included in the calculation of your benefit?      Yes                      No

**Section 10 - Other Service Information**

Have you served on active military duty?      Yes                      No

Are you interested in purchasing your military time?      Yes                      No

If Yes, forward a copy of your military discharge papers, DD214.

Are you interested in purchasing additional service credit for which you may be eligible?      Yes                      No

If Yes, OPERS will contact you.

Have you received Workers' Compensation while an OPERS member?      Yes                      No

If Yes, please provide your claim number below:

## Section 11 - Spousal Consent

*MEMBER: If you are married at the time you apply for a retirement allowance, this Section must be completed by your spouse and signed in the presence of a Notary Public when the Application is completed in full. Spousal consent is irrevocable.*

*If your current spouse's signature cannot be obtained, you must submit one of the following: 1) a written statement from your current spouse's doctor that your spouse is medically incapable of consenting; or 2) an OPERS affidavit form (only available from OPERS) that states your current spouse's location is unknown.*

*SPOUSE: Please sign below when the Application is completed in full and you have reviewed the member's choices.*

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

Being duly sworn, I \_\_\_\_\_, the undersigned, am the spouse of \_\_\_\_\_.  
Print member's spouse name Print member name

Upon reading the plans of payment and reviewing my spouse's beneficiary designation, I am consenting to the plan of payment my spouse selected, the beneficiary(ies) designated, and any Partial Lump Sum Payment amount (if chosen).

Month Day Year

Spouse Signature \_\_\_\_\_  
Do not print or type name

Sworn and subscribed to me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_

Notary Public \_\_\_\_\_ My commission expires \_\_\_\_\_

## Section 12 - Applicant's Acknowledgment

*This Section must be completed and signed in the presence of a Notary Public when the Application is completed in full.*

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

Being duly sworn, I, the undersigned, state that the information I provided in this Application is complete and true to the best of my knowledge and belief.

I acknowledge I have selected a plan of payment and designated a beneficiary on my OPERS account in Sections 3 and 4 of this application in accordance with any court orders issued under the laws of this state or another state regarding the division of marital property, received by OPERS, and to which I may be subject.

I acknowledge that, as part of this Application, I have received and reviewed the *Special Tax Notice Regarding OPERS Payments* addressing my Partial Lump Sum Option Payment (PLOP) and direct rollover rights. After receiving this notice, I have at least 30 days to consider whether or not to have my PLOP, if applicable, directly rolled over. If I do not wish to wait until the 30-day notice period ends before my Application is processed, I must waive the notice period by making an affirmative election indicating whether or not I wish to make a direct rollover.

I acknowledge that I have been advised of my right to consider my decision of whether to make a direct rollover. In signing this Application and submitting the Application to OPERS, I elect to waive my right to the 30-day notice period regarding my direct rollover rights and I authorize the Ohio Public Employees Retirement System to calculate and process my retirement benefit based on the information provided in this Application.

Month Day Year

Member Signature \_\_\_\_\_  
Do not print or type name

Sworn and subscribed to me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_

Notary Public \_\_\_\_\_ My commission expires \_\_\_\_\_



# Ohio Public Employees Retirement System

277 East Town Street, Columbus, Ohio 43215-4642

1-800-222-7377 www.opers.org

## SPECIAL TAX NOTICE REGARDING OPERS PAYMENTS

This notice explains how you can continue to defer federal income tax on your retirement savings in the Ohio Public Employees Retirement System (OPERS) and contains important information you will need before you decide how to receive your OPERS benefits. **YOU MAY REQUEST A PAPER COPY OF THIS NOTICE FROM OPERS AT NO CHARGE TO YOU.** Contact a customer service representative at 1-800-222-7377.

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

An eligible employer plan is not legally required to accept a rollover. Before you decide to roll over your payment to another employer plan, you should find out whether the plan accepts rollovers and, if so, the types of distributions it accepts as a rollover. You should also find out about any documents that are required to be completed before the receiving plan will accept a rollover. Even if a plan accepts rollovers, it might not accept rollovers of certain types of distributions, such as after-tax amounts. If this is the case, and your distribution includes after-tax amounts, you may wish instead to roll your distribution over to a traditional IRA or split your rollover amount between the employer plan in which you will participate and a traditional IRA. If an employer plan accepts your rollover, the plan may restrict subsequent distributions of the rollover amount or may require your spouse's consent for any subsequent distribution. A subsequent distribution from the plan that accepts your rollover may also be subject to different tax treatment than distributions from OPERS. Check with the administrator of the plan that is to receive your rollover prior to making the rollover.

If you have additional questions after reading this notice, you can contact an OPERS customer service representative at 1-800-222-7377

### PAYMENTS THAT CAN AND CANNOT BE ROLLED OVER

Payments from OPERS may be "eligible rollover distributions." This means that they can be rolled over to a traditional IRA or to an eligible employer plan that accepts rollovers. Payments cannot be rolled over to a Roth IRA, a SIMPLE IRA, or a Coverdell Education Savings Account. OPERS can tell you what portion of your payment is an eligible rollover distribution.

**After-tax Contributions.** If you made after-tax contributions to OPERS, these contributions may be rolled into either a traditional IRA or to an employer plan that provides separate accounting for amounts rolled over and that accepts rollovers of the after-tax contributions. OPERS can tell you how much of your payment is the taxable portion and how much is the after-tax portion. The following rules apply:

- a) **Rollover Into A Traditional IRA.** You can roll over your after-tax contributions to a traditional IRA either directly or indirectly. You are responsible for keeping track of, and reporting to the Internal Revenue Service on the applicable forms, the amount of these after-tax contributions. This will enable the nontaxable amount of any future distributions from the traditional IRA to be determined. Once you roll over your after-tax contributions to a traditional IRA, those amounts CANNOT later be rolled over to an employer plan.
- b) **Rollover Into An Employer Plan.** You can roll over after-tax contributions from OPERS to an employer plan that is qualified under Code section 401(a), section 403(a) annuity plan, or 403(b) tax-sheltered annuity using a direct rollover if the other plan provides separate accounting for amounts rolled over, including separate accounting for the after-tax employee contributions and earnings on those contributions. If you want to roll over your after-tax contributions to an employer plan that accepts these rollovers, you cannot have the after-tax contributions paid to you first. You must instruct OPERS to make a direct rollover on your behalf. Also, you cannot first roll over after-tax contributions to a traditional IRA and then roll over that amount into an employer plan. You CANNOT roll over after-tax contributions to a governmental 457 plan.

The following types of payments *cannot* be rolled over:

**Payments Spread Over Long Periods.** You cannot roll over a payment if it is part of a series of equal (or almost equal) payments that are made at least once a year and that will last for:

- your lifetime (or a period measured by your life expectancy), or
- your lifetime and your beneficiary's lifetime (or a period measured by your joint life expectancies), or
- a period of 10 years or more.

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

**Corrective Distributions.** A distribution that is made to correct a failed nondiscrimination test or because legal limits on certain contributions were exceeded cannot be rolled over.

## DIRECT ROLLOVER

A DIRECT ROLLOVER is a direct payment of the amount of your Plan benefits to a traditional IRA or an eligible employer plan that will accept it. You can choose a direct rollover of all or any portion of your payment that is an eligible rollover distribution. You are not taxed on any taxable portion of your payment until you later take it out of the traditional IRA or eligible employer plan. In addition, no income tax withholding is required for any taxable portion of your Plan benefits for which you choose a direct rollover.

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

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

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

## PAYMENT PAID TO YOU

If your payment can be rolled over and the payment is made to you, it is subject to 20% federal income tax withholding on the taxable portion. The payment is taxed in the year you receive it unless, within 60 days, you roll it over to a traditional IRA or an eligible employer plan that accepts rollovers. If you do not roll it over, special tax rules may apply.

**Mandatory Federal Income Tax Withholding.** If any portion of your payment can be rolled over and you do not elect to make a direct rollover, OPERS is required by law to withhold 20% of the taxable amount. This amount is sent to the IRS as federal income tax withholding. For example, if you can roll over a taxable payment of \$10,000, only \$8,000 will be paid to you because OPERS must withhold \$2,000 as income tax. However, when you prepare your income tax return for the year, unless you make a rollover within 60 days (see *Sixty-Day Rollover Option* below), you must report the full \$10,000 as a taxable payment from OPERS. You must report the \$2,000 as tax withheld, and it will be credited against any income tax you owe for the year. There will be no income tax withholding if your payments for the year are less than \$200.

**Voluntary Federal Income Tax Withholding.** 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, generally 10% will be taken out of this portion of your payment for federal income tax withholding.

**Sixty-Day Rollover Option.** If you receive a payment that can be rolled over (except after tax amounts), you can still decide to roll over all or part of it to a traditional IRA or to an eligible employer plan that accepts rollovers. If you decide to roll over, you must contribute the amount of the payment you received to a traditional IRA or eligible employer plan within 60 days after you receive the payment. The portion of your payment that is rolled over will not be taxed until you take it out of the traditional IRA or the eligible employer plan.

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

**Example:** The taxable portion of your payment that can be rolled over above is \$10,000, and you choose to have it paid to you. You will receive \$8,000, and \$2,000 will be sent to the IRS as income tax withholding. Within 60 days after receiving the \$8,000, you may roll over the entire \$10,000 to a traditional IRA or an eligible employer plan. To do this, you roll over the \$8,000 you received from OPERS, and you will have to find

\$2,000 from other sources (your savings, a loan, etc.). In this case, the entire \$10,000 is not taxed until you take it out of the traditional IRA or an eligible employer plan. If you roll over the entire \$10,000, when you file your income tax return you may get a refund of part or all of the \$2,000 withheld.

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

**Additional 10% Tax If You Are Under Age 59½.** If you receive a payment before you reach age 59½ and you do not roll it over, then, in addition to the regular income tax, you may have to pay an extra tax equal to 10% of the taxable portion of the payment. The additional 10% tax generally does not apply to (1) payments that are paid after you separate from your employer when the separation from service occurs during or after the year you reach age 55, (2) payments that are paid because you retire due to disability, (3) payments that are paid as equal (or almost equal) payments over your life or life expectancy (or your and your beneficiary's lives or life expectancies), (4) payments that are paid to an alternate payee under a division of property order, (5) payments that are paid directly to the government to satisfy a federal tax levy, (6) payments to a qualified public safety employee who separates from service during or after the year reaching age 50 (see special note below) or (7) payments that do not exceed the amount of your deductible medical expenses. See IRS Form 5329 for more information on the additional 10% tax.

**Qualified Public Safety Employees.** On and after August 18, 2006, if you are a "qualified public safety employee" who terminates employment in the calendar year in which you are age 50 or older, and receive an eligible rollover distribution, you will not have to pay the additional 10% tax on a payment that is eligible for rollover and PAID TO YOU. You are a "qualified public safety employee" if you are an employee of a State or political subdivision of a State (such as a county or city) whose principal duties include services requiring specialized training in the area of police protection, firefighting services, or emergency medical services for an area within the jurisdiction of the State or political subdivision.

**Special Tax Treatment If You Were Born Before January 1, 1936.** If you receive a lump sum distribution from OPERS that can be rolled over and you do not roll it over to a traditional IRA or an eligible employer plan, the payment will be taxed in the year you receive it. However, it may be eligible for special tax treatment. A lump sum distribution is a payment, within one year, of your entire balance under the plan that is payable to you after you have reached age 59½ or because you have separated from service with your employer. For a payment to be treated as a lump sum distribution, you must have been a participant in the plan for at least five years before the year in which you received the distribution. The special tax treatment for lump sum distributions that may be available to you is described below.

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

**Capital Gain Treatment.** If you receive a lump sum distribution and you were born before January 1, 1936, and you were a participant in OPERS before 1974, you may elect to have the part of your payment that is attributable to your pre-1974 participation in OPERS taxed as long-term capital gain at a rate of 20%.

There are other limits on the special tax treatment for lump sum distributions. For example, you can generally elect this special tax treatment only once in your lifetime, and the election applies to all lump sum distributions that you receive in that same year. You may not elect this special tax treatment if you rolled amounts into OPERS from a 403(b) tax-sheltered annuity contract or from an IRA not originally attributable to a qualified employer plan. If you have previously rolled over a distribution from OPERS, you cannot use this special averaging treatment for later payments from OPERS. If you roll over your payment to a traditional IRA, governmental 457 plan, or 403(b) tax-sheltered annuity, you will not be able to use special tax treatment for later payments from that IRA, plan, or annuity. Also, if you roll over only a portion of your payment to a traditional IRA, governmental 457 plan, or 403(b) tax-sheltered annuity, this special tax treatment is not available for the rest of the payment. See IRS Form 4972 for additional information on lump sum distributions and how you elect the special tax treatment.

## **SURVIVING SPOUSES AND OTHER BENEFICIARIES**

In general, the rules summarized above that apply to payments to employees also apply to payments to surviving spouses of employees.

If you are a surviving spouse, you may choose to have a payment that can be rolled over paid in a direct rollover to a traditional IRA or to an eligible employer plan or paid to you. If you have the payment paid to you, you can keep it or roll it over yourself to a traditional IRA or to an eligible employer plan. Thus, you have the same choices as the employee.

If you are a beneficiary other than a surviving spouse, your payment may be directly rolled over to a traditional IRA or you can elect to have the benefit paid to you. You may not roll over the payment that is made directly to you, nor may you choose to roll over the payment to an eligible employer plan. The IRA accepting the direct rollover is treated in accordance with the required minimum distribution rules as would have applied under OPERS. In general, distribution from the inherited IRA must either be paid to you in full within five (5) years of the employee's death or must commence within twelve (12) months of the employee's death and be paid over your lifetime. (The voluntary federal income tax withholding described above applies in the event the payments are made directly to you).

If you are a surviving spouse or another beneficiary, you may be able to use the special tax treatment for lump sum distributions. If you receive a payment because of the employee's death, you may be able to treat the payment as a lump sum distribution if the employee met the appropriate age requirements, whether or not the employee had 5 years of participation in OPERS.

### ALTERNATE PAYEES

In general, the rules summarized above that apply to payments to employees also apply to payments to spouses or former spouses who are "alternate payees." You are an alternate payee if your interest in OPERS results from a "division of property order," which is an order issued by a court, usually in connection with a divorce, dissolution of marriage or legal separation. If you are an alternate payee, you may choose to have a payment that can be rolled over, as described above, paid in a DIRECT ROLLOVER to an IRA or to an eligible employer plan or paid to you. If you have the payment paid to you, you can keep it or roll it over yourself to an IRA or to an eligible employer plan. Thus, you have the same choices as the employee.

If you are an alternate payee, your payment is generally not subject to the additional 10% tax described above, even if you are younger than age 59½. You may also be able to use the special tax treatment for lump sum distributions described above.

### SUMMARY

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

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

If you choose a DIRECT ROLLOVER to a traditional IRA or an eligible employer plan:

- Your payment will not be taxed in the current year and no income tax will be withheld.
- You choose whether your payment will be made directly to your traditional IRA or to an eligible employer plan that accepts your rollover. Your payment cannot be rolled over to a Roth IRA, a SIMPLE IRA, or a Coverdell Education Savings Account because these are not traditional IRAs.
- The taxable portion of your payment will be taxed later when you take it out of the traditional IRA or the eligible employer plan. Depending on the type of plan, the later distribution may be subject to different tax treatment than it would be if you received a taxable distribution from OPERS.

If you choose to have an OPERS payment that is eligible for rollover PAID TO YOU:

- You will receive only 80% of the total taxable amount of the payment because OPERS is required to withhold 20% of the taxable amount of the payment and send it to the IRS as income tax withholding to be credited against your taxes.
- The taxable amount of your payment will be taxed in the current year unless you roll it over. Under limited circumstances, you may be able to use special tax rules that could reduce the tax you owe. However, if you receive the payment before age 59½, you may have to pay an additional 10% tax.
- You can roll over all or part of the payment by paying it to your traditional IRA or to an eligible employer plan that accepts your rollover within 60 days after you receive the payment. The amount rolled over will not be taxed until you take it out of the traditional IRA or the eligible employer plan. See the special note for qualified public safety employees on page 3.
- If you want to roll over 100% of the payment to a traditional IRA or an eligible employer plan, you must find other money to replace the 20% of the taxable portion that was withheld. If you roll over only the 80% that you received, you will be taxed on the 20% that was withheld and that is not rolled over

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

### HOW TO OBTAIN ADDITIONAL INFORMATION

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