



Refund Checklist

We will not process your refund until you have been terminated for at least 30 days. In order to process your refund, check that you have completed the following:

- You have terminated employment from your position covered by this retirement plan. This means you have severed employment, been paid all sick and annual leave, and have no agreement (verbal or written) to return to work with this employer.

- You have selected a withdrawal option; Direct Rollover, Lump-sum Payment, or combined Lump-sum Payment of Taxed Contributions/Direct Rollover of Pre-Tax Contributions.

- If you elected Direct Deposit:
 - Sign the form
 - Your Joint Account Holder signed the form
 - You attached a voided check, Electronic Funds Transfer (ETF) form, or Account Verification. If no checks are available, you have provided accurate routing and account numbers.

- If you elected a Direct Rollover:
 - Your Financial Institute or Plan Administrator has signed the form

- Your signature has been witnessed by either:
 - Public Notary
 - Authorized MPERA staff member

Please ensure your form is completely filled out before sending to MPERA. We cannot process incomplete forms and they will be returned. Accurately completed form will eliminate delays.



Important Information Regarding Your Retirement Funds

If you are leaving employment, you have several choices regarding your retirement funds:

Choice 1 – Leave your money on account*

Generally, you may leave your assets in the plan administered by the Montana Public Employees' Retirement Administration (MPERA) to grow tax deferred until you reach age 70 ½.

If you are a vested Defined Benefit Retirement Plan member, you can estimate your retirement benefit using our online calculators at: mpera.mt.gov.

**By law, we are required to refund money to members with an account balance of less than \$1000.*

Choice 2 – Direct rollover into another eligible plan

You can choose to roll funds of \$200 or more into another eligible plan. Be sure to confirm that the new plan will accept your rollover.

Choice 3 – Take a distribution

If you take a distribution from your account, federal law requires us to withhold 20% of the distribution for federal income tax purposes. State tax withholding may also apply.

Once you take a distribution, you also have the option of rolling it over into an IRA or a qualified employer's plan. Amounts not rolled over within the 60 day time frame will be subject to ordinary income tax in the year received.

If you are under 59 ½ years old, you may also have to pay a 10% additional income tax for early distributions. Please contact your tax professional before making a final decision.

If you choose a direct rollover or distribution (choice 2 or 3), you will need to have been paid out all of your compensatory, annual and sick leave and have severed employment for at least 30 days. **For choices 2 and 3:**

- Defined Benefit Retirement Plan members will receive a refund of their contributions plus interest. Complete the attached Defined Benefit Refund Application.
- Defined Contribution Retirement Plan members please contact MPERA at the address, phone number or email address shown above for the required paperwork.
 - Non-vested members will receive a refund of their contributions plus interest.
 - Vested members will receive a refund of their contributions and the employer contributions plus interest.



DEFINED BENEFIT REFUND APPLICATION

MEMBER INFORMATION		
Last Name	First Name, MI	Social Security Number*
Date of Birth	Employing Agency	Retirement System (Circle all that apply)
Mailing Address		PERS HPORS SRS MPORS FURS JRS GWPORS
City	State	Zip code
Daytime Phone Number ()	Email address	
<ul style="list-style-type: none"> ➤ I have read the IRS special tax notice regarding this withdrawal. I understand the options available to me and that MPERA will mail a 1099R tax form the following January. ➤ I am terminating my employment with this agency. I will not be employed by this or any agency covered by this retirement system for at least 30 days. I certify that I have not established an agreement for re-employment in a position covered by the retirement system providing this refund. ➤ I understand that processing my refund cannot be completed until 30 days after my termination. I understand that MPERA cannot process this application until my employer submits my final payroll information. This may take up to four weeks after I receive my last paycheck. ➤ I understand that my membership ceases upon withdrawal of my accumulated contributions and I will not be entitled to any benefits provided by the system. In addition, I understand that if I return to MPERA-covered employment, my required contribution rate and my Guaranteed Annual Benefit Adjustment, if any, will be determined based on my new hire date. ➤ I understand I must sign this form in order for my application to be processed. 		
MEMBER SIGNATURE		
THIS FORM WILL NOT BE PROCESSED WITHOUT A SIGNATURE AND ONE APPROVED WITNESS SIGNATURE.		
Signature	Date	
WITNESS SIGNATURE		
REQUIRED - EITHER PUBLIC NOTARY OR AUTHORIZED MPERA STAFF'S SIGNATURE		
1	PUBLIC NOTARY You may have this form notarized at your bank or any local government office.	
State of _____ County of _____ Subscribed to and sworn to (or affirmed) before me this _____ day of _____, 20____ by _____ <div style="text-align: center;">(member printed name)</div>		(Seal or Stamp)
Signature of Notary	My Commission expires	
2	AUTHORIZED MPERA STAFF'S SIGNATURE	
MPERA Staff's Signature	Printed Name	Date

PLEASE COMPLETE THE REFUND INFORMATION ON THE BACK OF THIS FORM.

* For identification and tax purposes. §19-2-403(8) MCA, 26 USC § 6109.

DEFINED BENEFIT REFUND APPLICATION

WITHDRAWAL OPTIONS Choose <u>one</u> of the following options		
Member Last Name	First Name, MI	Social Security Number*
<p><u>DIRECT ROLLOVER.</u></p> <p>I am rolling my accumulated contributions directly into another eligible retirement plan that will accept it. I assume full responsibility for the direct rollover transaction and will not hold the Plan Administrator, Trustee, Custodian, or issuer of either the distributing or receiving plans liable for any adverse consequences that may result. I am not required to pay federal and state taxes or a penalty on this rollover distribution at this time, unless I choose to roll the distribution into a Roth IRA. I understand that if I choose a Roth IRA, the pre-tax amounts in the rollover will be included in my taxable income but will not be subject to the 10% additional income tax on early distributions and that MPERA will not withhold any tax due. Direct deposit is not available for this option.</p> <p>I am not required to pay federal and state taxes or a penalty on my accumulated contributions at this time. Note: Direct deposit is not available for this option.</p>		
<p><u>LUMP-SUM PAYMENT OF TAXED CONTRIBUTIONS/DIRECT ROLLOVER OF PRE-TAX CONTRIBUTIONS</u></p> <p>My taxed accumulated contributions will be paid directly to me in a lump sum. I am rolling my pre-tax accumulated contributions directly into another eligible retirement plan that will accept it. (Complete DIRECT ROLLOVER information above) I am not required to pay federal and state taxes or a penalty on the pre-tax contributions and interest at this time.</p> <p>_____ I would like to receive the taxed contributions through Direct Deposit (Complete Attached Direct Deposit form.)</p> <p>_____ I would like to receive my taxed contributions in a check sent to the address indicated on the front.</p>		
To Be Completed by Eligible Retirement Plan or IRA Accepting Rollover		
Plan Type (circle one): 401(a) 401(k) 403(a) 403(b) 457(b) IRA 408(a) or (b) Roth IRA 408(a)		
Will this plan accept taxed money? <input type="checkbox"/> Yes <input type="checkbox"/> No		
Make Check Payable to:	Account Number:	
Mail Check to:		
City	State	Zip Code
Financial Institution or Plan Administrator Contact (please print)		Phone Number ()
Financial Institute or Plan Administrator Contact Signature I certify that this rollover request complies with applicable plan provisions and federal law.		
Financial Institution or Plan Administrator Signature		Date
Member Completes This Section Only for Lump-sum Refund		
<p><u>LUMP-SUM PAYMENT</u></p> <p>My accumulated contributions will be paid directly to me in a lump sum. However, MPERA is required to withhold 20% of any taxable amount for federal taxes. I may also be required to pay a 10% penalty for early withdrawal when I pay my income taxes.</p> <p>_____ I would like to receive my money through Direct Deposit (Complete Attached Direct Deposit form.)</p> <p>_____ I would like to receive my money in a check sent to the address indicated on the front.</p>		

* For identification and tax purposes. §19-2-403(8) MCA, 26 USC § 6109.



DIRECT DEPOSIT AGREEMENT

MEMBER INFORMATION			
I request that MPERA directly deposit my payment into my account at the financial institution identified below. I certify that I am the account holder of this account. I also certify I am entitled to payment from the retirement system; I have read and understand the back of this form; and I have identified all joint account holders.			
Last Name	First, MI	Social Security Number * - -	
Date of Birth / /	Employing Agency		
Member Mailing Address		City	State
			Zip Code
Signature		Daytime Phone Number ()	
FINANCIAL INSTITUTION INFORMATION			
◆ MPERA cannot make deposits to banks outside the U.S.A. ◆			
Name of Financial Institution		Phone Number ()	
Mailing Address		City	State
			Zip Code
Account Type <input type="checkbox"/> Checking <input type="checkbox"/> Savings		Account Number	Routing Number
JOINT ACCOUNT HOLDER INFORMATION (if applicable)			
I certify by signing this form that I understand my responsibilities as a joint account holder to immediately advise both MPERA and the financial institution of the death of the payee and that a payment deposited after the date of death must be returned to MPERA. I also understand providing false information or improperly receiving payment may be a criminal offense under federal and Montana law.			
Last Name	First Name, MI	Social Security Number* - -	
Date of Birth / /	Gender <input type="checkbox"/> M <input type="checkbox"/> F		Daytime Phone Number ()
Mailing Address		City	State
			Zip Code
Joint Account holder Signature (Required)			

Tape voided check, or enclose either Electronic Funds Transfer (EFT) form, or Account Verification from your financial institution here. (do not staple)

- Please indicate here if checks are not available for your checking account, and verify that you have clearly provided the accurate routing and account numbers.

Please do not attach a deposit slip.

* For identification and tax purposes. § 19-2-403(8) MCA, 26 USC § 6109.

Important Information – Please Read

We are pleased to offer you the safety and convenience of direct deposit for your defined benefit account refund. The financial institution you select for this one-time direct deposit may be any bank, savings bank, savings and loan association or similar institution, or federal or state chartered credit union located in the U.S.

Your name must be on the account that the payment is being deposited into. If your payment is to be deposited into your checking account, attach a **voided check**. (If checks are not available for your checking account, please note that on the form.) If payment is to be deposited into your savings account, or a checking account for which checks are not available, verify that you have clearly provided the accurate routing and account numbers. Please note: MPERA cannot make direct deposits to banks outside the U.S.A.

SPECIAL NOTICE TO JOINT ACCOUNT HOLDERS

Joint account holders should immediately advise both MPERA and the financial institution of the death of the payee member. Payments deposited after the date of death must be returned to MPERA. A determination regarding any death benefit payable will be made by MPERA.



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

You are receiving this notice because all or a portion of a payment you are receiving from a retirement system administered by the Montana Public Employee Retirement Administration (the Plan) is eligible to be rolled over to an IRA or an employer plan. This notice is intended to help you decide whether to do such a rollover. **YOU MAY REQUEST A PAPER COPY OF THIS NOTICE FROM THE PLAN AT NO CHARGE TO YOU.**

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

GENERAL INFORMATION ABOUT ROLLOVERS

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

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

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

Where may I roll over the payment? You may roll over the payment to either an IRA (an individual retirement account or individual retirement annuity) or an employer plan (a tax-qualified section 401(a) plan, section 403(b) plan, or governmental section 457(b) deferred compensation plan) that will accept the rollover. The rules of the IRA or employer plan that holds the rollover will determine your investment options, fees, and future rights to payment of the rolled over amount. 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 – 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 employer plan administrator for information on how to do a direct rollover.

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

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

- Certain payments spread over a period of at least 10 years or over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary) (This means that your lifetime monthly benefits are not eligible for rollover.)
- Required minimum distributions after age 70 ½ (or after death)
- Corrective distributions of contributions that exceed tax law limitations

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

If any portion of your payment is taxable but cannot be rolled over, the mandatory withholding rules described above do not apply. In this case, you may elect not to have withholding apply to that portion. If you do nothing, an amount will be taken out of this portion of your payment for federal income tax withholding. To elect out of withholding, ask the Plan administrator for the election form and related information.

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

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

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

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

- There is no exception for payments after separation from service that are made after age 55.
- The exception for family law orders (FLOs) does not apply (although a special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made

directly to an IRA of a spouse or former spouse).

- The exception for payments made at least annually in equal or close to equal amounts over a specified period applies without regard to whether you have had a separation from service.
- There are additional exceptions for (1) payments for qualified higher education expenses, (2) payments up to \$10,000 used in a qualified first-time home purchase, and (3) payments after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

Will I owe State income taxes?

This notice does not describe any State or local income tax rules (including withholding rules). **State taxes are not withheld and are your responsibility.**

SPECIAL RULES AND OPTIONS

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

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

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



of the payment that would be taxable if not rolled over.

If you miss the 60-day rollover deadline:

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

If you were born on or before January 1, 1936:

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

If you roll over your payment to a Roth IRA: If you roll over the payment to a Roth IRA, a special rule applies under which the amount of the payment rolled over (reduced by any after-tax amounts) will be taxed. However, the 10% additional income tax on early distributions will not apply (unless you take the amount rolled over out of the Roth IRA within 5 years, counting from January 1 of the year of the rollover).

If you roll over the payment to a Roth IRA, later payments from the Roth IRA that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a Roth IRA is a payment made after you are age 59 ½ (or after your death or disability, or as a qualified first-time homebuyer distribution of up to \$10,000) and after you have had a Roth IRA for at least 5 years. In applying this 5-year rule, you count from January 1 of the year for which your first contribution was made to a Roth IRA. Payments from the Roth IRA that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10% additional income tax on early distributions (unless an exception applies). You do not have to take required minimum distributions from a Roth IRA during your lifetime.

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

For more information see IRS Publication 590, *Individual Retirement Arrangements*. You should

consult your tax advisor if you are interested in rolling over your distribution to a Roth IRA.

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

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

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

If you are not a plan member:

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

If you are a surviving spouse.* If you receive a payment from the Plan as the surviving spouse of a deceased member, you have the same rollover options that the member would have had, as described elsewhere in this

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

notice. In addition, if you choose to do a rollover to an IRA, you may treat the IRA as your own or as an inherited IRA.

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

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

If you are a surviving beneficiary other than a spouse*. If you receive a payment from the Plan because of the member's death and you are a designated beneficiary other than a surviving spouse, the only rollover option you have is to do a direct rollover to an inherited IRA. Effective January 1, 2010, if you do not do a direct rollover to an inherited IRA, the Plan must withhold 20% of the payment for federal income tax. Payments from the inherited IRA will not be subject to the 10% additional income tax on early distributions. You will have to receive required minimum distributions from the inherited IRA.

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

If you are a nonresident alien: If you are a nonresident alien and you do not do a direct rollover to a U.S. IRA or U.S. employer plan, instead of withholding 20%, the Plan is generally

required to withhold 30% of the payment for federal income taxes. If the amount withheld exceeds the amount of tax you owe (as may happen if you do a 60-day rollover), you may request an income tax refund by filing Form 1040NR and attaching your Form 1042-S. See Form W-8BEN for claiming that you are entitled to a reduced rate of withholding under an income tax treaty. For more information, see also IRS Publication 519, *U.S. Tax Guide for Aliens*, and IRS Publication 515, *Withholding of Tax on Nonresident Aliens and Foreign Entities*.

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

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

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

NOTICE PERIOD

Generally, payment cannot be made from the Plan until at least 30 days after you receive this notice. Thus, you have at least 30 days to consider whether or not to have your payment rolled over. If you do not wish to wait until this 30-day notice period ends before your election is processed, you may waive the notice period by making an affirmative election indicating whether or not you wish to make a direct rollover. Your payment will then be processed in accordance with your election as soon as practical after it is received by the Plan administrator.

FOR MORE INFORMATION

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

STATE TAXES ARE NOT WITHHELD AND ARE YOUR RESPONSIBILITY.