



Orange County Employees
Retirement System
2223 E. Wellington Avenue, Suite 100
Santa Ana, CA 92701
(714) 558-6200
www.ocers.org

Member Request To Withdraw Contributions / Elect Rollover

Please print or type

1. Member Information

Last Name	First Name	M.I.	Social Security Number	
Home / Mailing Address		City	State	Zip Code
Employer / Department		Date of Termination	Daytime Phone Number	

2. Election to Withdraw Contributions

Check One:

a. I elect to withdraw my contributions and request that OCERS pay my contributions directly to me in the form of a lump sum payment. I understand that income taxes will be withheld from the taxable portion of my payment (see Section 3 below).

b. I elect to withdraw my contributions and request that OCERS directly roll over all or some portion of my withdrawn contributions to the IRA or eligible employer plan I have designated below. I understand that any rollover amounts will be mailed to me and will be payable to the institution or plan that I have designated below. It is my responsibility to: (i) designate an IRA or other employer plan that is eligible to receive the funds on my behalf in accordance with the applicable tax laws, (ii) submit the funds to my designated IRA/plan, and (iii) provide accurate information to OCERS. I understand that OCERS will not verify that the information I provide is accurate or that any account is open on my behalf.

Initial One:

(i) ____ I elect to directly roll over 100% of my withdrawn contributions, including all pre-tax and after-tax amounts. I certify that my designated IRA/plan is eligible to receive and will accept a rollover of after-tax amounts on my behalf.

(ii) ____ I elect to directly roll over 100% of my pre-tax contributions. I understand OCERS will pay any after-tax amounts to me directly.

(iii) ____ I elect to directly roll over \$ _____ of my withdrawn contributions and to have any remaining funds paid directly to me. If any portion of the rolled over amount includes after-tax funds, I certify that my designated IRA/plan is eligible to receive and will accept a rollover of after-tax funds on my behalf. I understand that income taxes will be withheld from the taxable portion of the funds that are paid to me directly (see Section 3 below).

Name of Institution/Eligible Retirement Plan

IRA Account Number (if applicable): _____

3. Federal and California State Income Tax Withholding

If you elect to receive a lump sum payment of a taxable distribution that is eligible for a direct rollover and you do not elect a direct rollover, the amount will be subject to federal and state income tax withholding. OCERS is required by law to withhold 20% of the payment for federal income tax and remit it to the Internal Revenue Service on your behalf. California state law also requires income tax to be withheld unless you affirmatively elect to have no state income tax withheld. If you do not want to have state income taxes withheld, you must provide OCERS with a completed California Withholding Certificate for Pension or Annuity Payments, EDD Form DE 4P, indicating this election.

If you elect to directly roll over your distribution to a Roth IRA, you may complete a federal and/or state tax withholding form and ask OCERS to withhold taxes.

4. Member Authorization

I have read the Important Notice Impacting Deferral, Withdrawal or Rollover of OCERS Funds and the Special Notice Regarding Plan Payments and Federal Income Tax. I understand completely the effect of withdrawing my contributions from my OCERS account. I am aware that by withdrawing my contributions, I will not be eligible for any future retirement benefits from OCERS. I have read and fully understand the distribution options available to me and the income tax consequences of my distribution elections. Please process my OCERS account as requested in Section 2 above. **I understand that once my election has been processed by OCERS it is irrevocable.**

Member Signature

Date

Spouse's Signature (if applicable)

Date

For OCERS Use Only

5. Department Certification

Date Employment Terminated / Status Changed: _____

Certified By

Date

Reviewed By

Date

SPECIAL NOTICE / EDD FORM SENT

Downloaded from Website

Certified By

Date

30-day WAIVER NOTICE SENT

Downloaded from Website

Certified By

Date

30-DAY WAIVER REQUEST

I _____, have terminated membership from the Orange County Employees Retirement System (OCERS).

I acknowledge receiving a copy of the Special Notice Regarding Plan Payments and Federal Income Tax. I understand that OCERS will not process my Member Request to Withdraw Contributions/Elect Rollover form until at least 30 days after my receipt of the Special Notice and that I can waive this 30-day waiting period.

I do hereby waive the 30-day waiting period. OCERS is authorized to take immediate action in accordance with the Member Request to Withdraw Contributions/Elect Rollover form that I have signed. I understand that a withdrawal of my funds from OCERS waives my right to any further retirement benefits from OCERS.

I knowingly sign this waiver and have a full understanding of the financial impact to me of the option I have chosen.

Signature of Member	Social Security #	Date
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Signature of Spouse (if applicable)	Social Security #	Date
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*****IMPORTANT NOTICE IMPACTING DEFERRAL, WITHDRAWAL***
OR ROLLOVER OF OCERS FUNDS**

Upon terminating employment with an OCERS' covered employer, you may leave your funds on deposit with OCERS, withdraw your funds and have them paid directly to you, or roll over all or part of your funds to another eligible retirement plan or IRA.

Please consider each option carefully. If you withdraw your funds from OCERS, you will lose any rights to a retirement or disability benefit from OCERS. Your choices will also affect the federal taxes that are withheld, if any, and the taxes that you may owe.

LEAVING FUNDS ON DEPOSIT (DEFERRAL)

If you leave your funds on deposit with OCERS, you may be eligible for future retirement benefits from OCERS. It will depend upon your years of credited service with OCERS and your age at the time you apply for retirement benefits. If you leave your funds on deposit and within 180 days enter service for an employer that is covered by a reciprocal retirement system, you may be eligible for reciprocal benefits. (For a list of reciprocal retirement systems refer to the section entitled "Reciprocity" in your Summary Plan Description, or visit www.ocers.org and see "Reciprocity" under the Active Member tab.) If you choose to leave your funds on deposit, you should ask for a "Request to Defer Retirement" form. Regular interest is paid on June 30th and December 31st of each year on contributions that have remained on deposit a minimum of (6) months.

WITHDRAWING FUNDS

If you withdraw your funds and have any funds paid directly to you in a lump sum, please note that federal law requires that OCERS withhold 20% of the amount of your funds that have not already been taxed. State law also requires taxes to be withheld unless you affirmatively elect to have no state income tax withheld. If you do not want to have state income taxes withheld from your payment, you must provide OCERS with a completed California Withholding Certificate for Pension and Annuity Payments, EDD Form DE 4P, indicating this election. All funds not previously taxed will be reported to the Internal Revenue Service as income. You may be responsible for paying a 10% federal excise tax and a 2.5% state excise tax on the taxable part of your withdrawal when you file your personal income tax return. If you choose to withdraw your funds, you will be provided with a separate tax notice as required by federal regulations.

ROLLOVER OF FUNDS

You may request a direct rollover of the untaxed portion of your withdrawal for deposit into an IRA or other eligible retirement plan. If you made after-tax contributions to OCERS, the portion of the payment representing these contributions may be rolled into either an IRA or to certain employer plans that accept rollovers of after-tax contributions. If you choose to roll over all of your withdrawal and you have made after-tax contributions, it is your responsibility to ensure that the IRA or eligible retirement plan you have selected is eligible to receive and will accept a rollover of the after-tax funds on your behalf in accordance with applicable tax laws. OCERS will mail you a check in your name for the after-tax funds if you do not certify to OCERS that the IRA or employer plan

you have selected is eligible to receive and will accept after-tax funds on your behalf. OCERS will mail you a separate check consisting of the untaxed funds in the name of the institution or plan you have designated for the direct rollover. If you choose to roll over part or all of your funds, you will be provided with a separate tax notice as required by federal regulations.

It is your responsibility to provide OCERS with the name of the institution or plan you have chosen to receive your rollover and to submit the check to the institution or plan you have designated. It is also your responsibility to make sure that your IRA or chosen retirement plan is eligible to receive your rollover in accordance with federal regulations.

Withdrawing all your funds from OCERS will terminate your membership with OCERS, whether the funds are paid to you directly in a lump sum payment or rolled over to an IRA or other eligible retirement plan. As a result, you will lose all rights to any retirement or disability benefits from OCERS when you withdraw or roll over your funds.

SPECIAL 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 Orange County Employees' Retirement System ("OCERS") 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.

This notice is provided to you by OCERS (your "Plan Administrator") because all or part of the payment that you will soon receive from OCERS may be eligible for rollover by you or your Plan Administrator to a traditional IRA, a Roth IRA, or an eligible employer plan. A rollover is a payment by you or the Plan Administrator 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.

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, 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). Your payment also can be rolled over to a Roth IRA subject to the same limits that apply to rollovers from a traditional IRA to a Roth IRA (i.e., for tax years prior to January 1, 2010, your adjusted gross income cannot exceed \$100,000 and you must not be married filing separately). Your payment **cannot** be rolled over to a SIMPLE IRA or a Coverdell Education Savings Account (formerly known as an education IRA).

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 an eligible employer 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 an IRA or split your rollover amount between the employer plan in which you will participate and an IRA. If an eligible 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 this Plan. Check with the administrator of the plan that is to receive your rollover prior to making the rollover.

If your rollover to an IRA includes any after-tax contributions, you are responsible for keeping track of those contributions and for reporting them to the IRS (OCERS can tell you the amount of any after-tax contributions included in your distribution request). This will ensure you will not be subject to income taxes on the nontaxable amount of any future distributions you take from your IRA. Also, note that after-tax contributions cannot later be rolled over from your IRA to an employer plan.

If you have additional questions after reading this notice, you can contact your Plan Administrator at (888) 570-6277.

SUMMARY

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

- (1) Certain payments can be made directly to an 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. (See Special Rules for Rollovers to Roth IRAs below.)
- 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 SIMPLE IRA or a Coverdell Education Savings Account because these are not traditional IRAs. (See Special Rules for Rollovers to Roth IRAs below.)
- 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 this Plan.

Special Rules for Rollover to Roth IRAs. You can choose a rollover to a Roth IRA subject to the same limits that apply to rollovers from a traditional IRA to a Roth IRA (i.e., for tax years prior to January 1, 2010, your adjusted gross income cannot exceed \$100,000 and you must not be married filing separately). If you make a rollover of your distribution to a Roth IRA, the taxable amount of your distribution will be included in your taxable income (except for any portion of the distribution that represents a return of your after-tax contributions to the Plan). You may be able to elect to delay recognizing the distribution as part of your taxable income until 2011 and 2012 if you elect a rollover to a Roth IRA in the 2010 taxable year. A rollover of your distribution to a Roth IRA avoids the 10% tax on early distributions received prior to the date you reach age 59-1/2, become disabled, or retire under the terms of the Plan, subject to rules on conversions. No Federal taxes will be withheld from an eligible rollover distribution that you elect to roll over to a Roth IRA, unless you voluntarily agree with the Plan Administrator to have an amount withheld. Note: The Plan Administrator is not responsible for assuring your eligibility to make a rollover to a Roth IRA. (IRS Notice 2008-30.) You should consult your tax advisor if you are interested in rolling over your distribution to a Roth IRA.

Rollover Payments Paid to You. If you choose to have a Plan payment that is eligible for rollover PAID TO YOU:

- You will receive only 80% of the taxable amount of the payment, because the Plan Administrator is required to withhold 20% of that amount and send it to the IRS as federal income tax withholding to be credited against your taxes. You may also ask to have an additional flat-dollar amount withheld for federal income tax purposes.

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 59-1/2, you may have to pay an additional 10% tax. See special note below for qualified public safety employees at the section titled "Additional 10% Tax If You Are under Age 59-1/2."

- You can roll over all or part of the payment by paying it to your IRA or to an eligible employer plan that accepts your rollover within 60 days after you receive the payment. The amount rolled over to a traditional IRA or eligible employer plan will not be taxed until you take it out of the traditional IRA or the eligible employer plan.
- 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.

Consequences of Failing to Defer Receipt of an Eligible Rollover Distribution If you choose to have an eligible rollover distribution (or a distribution that is not eligible for rollover) paid to you now rather than deferring receipt, for example by leaving the money in the Plan, or by rolling over the eligible rollover distribution to a traditional IRA or an eligible employer plan:

- You could lose your ability to defer income taxes on the distribution until a later date.
- You may be subject to the additional 10% early distribution penalty if you receive payment before age 59-1/2.
- Your benefit may be less now than it will be if you defer receipt until a later date.
- Your retirement savings may be reduced.

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 the Plan Administrator.

MORE INFORMATION

- I. PAYMENTS THAT CAN AND CANNOT BE ROLLED OVER
- II. DIRECT ROLLOVER
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- VI. BENEFICIARIES
- VII. SPECIAL RULES FOR SURVIVING SPOUSES, ALTERNATE PAYEES, AND OTHER BENEFICIARIES
- VIII. HOW TO OBTAIN ADDITIONAL INFORMATION

I. PAYMENTS THAT CAN AND CANNOT BE ROLLED OVER

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

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

1. ***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.
2. ***Required Minimum Payments.*** Beginning when you reach age 70-1/2 or retire, whichever is later, a certain portion of your payment cannot be rolled over because it is a "required minimum payment" that must be paid to you.

Your Plan Administrator should be able to tell you if your payment includes amounts which cannot be rolled over.

II. DIRECT ROLLOVER

A **DIRECT ROLLOVER** is a direct payment of the amount of your Plan benefits to an 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, as described in Part I above. Except in the case of a direct rollover to a Roth IRA, you are not taxed on any taxable portion of your payment for which you choose a DIRECT ROLLOVER 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 an IRA.*** You can open a traditional IRA or a Roth IRA to receive the direct rollover. If you choose to have your payment made directly to an IRA, contact an IRA sponsor (usually a financial institution) to find out how to have your payment made in a DIRECT ROLLOVER to an IRA at that institution. If you are unsure of how to invest your money, you can temporarily establish an IRA to receive the payment. However, in choosing an IRA, you may wish to make sure that the IRA you choose will allow you to move all or a part of your payment to another IRA at a later date, without penalties or other limitations. See IRS Publication 590, Individual Retirement Arrangements, for more information on 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 an 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.
- ***DIRECT ROLLOVER of a Series of Payments.*** If you receive a payment that can be rolled over to an IRA or an eligible employer plan that will accept it, and it is paid in a series of payments for less than 10 years, your choice to make or not make a DIRECT ROLLOVER for a payment will apply to all later payments in the series until you change your election. You are free to change your election for any later payment in the series.
- ***Multiple Trustees or Custodians.*** You may not elect to have separate portions of an eligible rollover distribution directly rolled over to multiple trustees or custodians.

Change in Tax Treatment Resulting from a DIRECT ROLLOVER. The tax treatment of any payment from the eligible employer plan or IRA receiving your DIRECT ROLLOVER might be different than if you received your benefit in a taxable distribution directly from the Plan. 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 an 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 59-1/2" and "Special Tax Treatment if You Were Born before January 1, 1936."

III. PAYMENT PAID TO YOU

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

Income Tax Withholding:

- ***Mandatory Withholding.*** If any portion of your payment can be rolled over under Part I above and you do not elect to make a DIRECT ROLLOVER, OCERS 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 the Plan 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 the Plan. 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 Withholding.** If any portion of your payment is taxable but cannot be rolled over under Part I above, 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.

Sixty-Day Rollover Option. If you receive a payment that can be rolled over under Part I above, (except for after tax amounts), you can still decide to roll over all or part of it to an 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 an IRA or eligible employer plan within 60 days after you receive the payment. Unless you roll over your distribution to a Roth IRA, the portion of your payment that is rolled over will not be taxed until you take it out of the IRA or eligible employer plan. If you roll over to a Roth IRA, the distribution will be included in your taxable income for the year in which it was paid to you, unless you roll over to a Roth IRA in 2010. In that case a special rule may permit you to delay recognition of the income until 2011 and 2012.

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 as explained under Part I above), 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 under Part I 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 the Plan, 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 59-1/2. If you receive a payment before you reach age 59-1/2 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 service with your employer 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) after you separate from service, (4) payments that are paid directly to the government to satisfy a federal tax levy, (5) payments that are paid to an alternate payee under a qualified domestic relations order, (6) payments that do not exceed the amount of your deductible medical expenses, or (7) payments to a qualified public safety employee who separates from service during or after the year reaching age 50. See IRS Form 5329 for more information on the additional 10% tax.

Special Tax Treatment If You Were Born before January 1, 1936. If you receive a payment from a plan qualified under section 401(a) that can be rolled over under Part I 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, if the payment qualifies as a "lump sum distribution," 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 (and certain other similar plans of the employer) that is payable to you after you have reached age 59-1/2 or because you have separated from service with your employer (or, in the case of a self-employed individual, after you have reached age 59-1/2 or have become disabled). For a payment to be treated as a lump sum distribution, you must have been a participant in OCERS 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 OCERS before 1974, you may elect to have the part of your payment that is attributable to your pre-1974 participation in the Plan 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 OCERS from a 403(b) tax sheltered annuity contract, a governmental 457 plan, or from an IRA not originally attributable to a qualified employer plan. If you have previously rolled over a distribution from OCERS (or certain other similar plans of the employer), you cannot use this special averaging treatment for later payments from the Plan. If you roll over your payment to an 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 an 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.

IV. SURVIVING SPOUSES AND ALTERNATE PAYEES

In general, the rules summarized above that apply to payments to employees also apply to payments to surviving spouses of employees and to spouses or former spouses who are "alternate payees." Note that although California State law recognizes same-sex spouses and domestic partners, a spouse for federal tax law purposes must be a person of the opposite sex to whom you are married. You are an alternate payee if your interest in the Plan results from a "qualified domestic relations order," which is an order issued by a court, usually in connection with a divorce or legal separation.

If you are a surviving spouse or an alternate payee, you may choose to have a payment that can be rolled over, as described in Part I 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.

V. NON SPOUSE BENEFICIARIES

If you are a beneficiary other than a surviving spouse or an alternate payee, you can choose to be paid in a DIRECT ROLLOVER to a traditional IRA, which will be treated as an inherited IRA subject to the minimum distribution rules applicable to beneficiaries. You may also choose a DIRECT ROLLOVER to an inherited Roth IRA. You cannot choose a direct rollover to an eligible employer plan, and you cannot roll over the payment yourself.

If you choose to have the distribution PAID TO YOU, the mandatory withholding rules described in Part III above do not apply to you.

VI. SPECIAL RULES FOR SURVIVING SPOUSES, ALTERNATE PAYEES, AND OTHER BENEFICIARIES

If you are a surviving spouse, an alternate payee, or another beneficiary, your payment is generally not subject to the additional 10% tax described in Part III above, even if you are younger than age 59-1/2.

If you are a surviving spouse, an alternate payee, or another beneficiary, you may be able to use the special tax treatment for lump sum distributions, as described in Part III above. 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 the Plan.

VII. HOW TO OBTAIN ADDITIONAL INFORMATION

This notice summarizes only the federal tax rules that might apply to your payment. This notice does not address California or other state and local tax rules.

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 the Plan Administrator or a professional tax advisor *before* you take a payment of your benefits from your Plan. 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, or by calling 1-800-TAX-FORMS

WITHHOLDING FROM PENSIONS, ANNUITIES, AND CERTAIN OTHER DEFERRED INCOME

Taxable Payments

Pensions, annuities, and other deferred income as described in Section 3405 of the Internal Revenue Code are considered wages and subject to the withholding of personal income tax (PIT). However, a payee/recipient may elect NOT to have PIT withheld.

Payments to Out-of-State Residents

Federal law prohibits states from taxing retirement income received by nonresident individuals after December 31, 1995. Therefore, no California income tax is to be withheld from pension recipients who reside outside of California.

To determine a payee's state of residence, the payer may rely on the most recent address of the payee contained in its business records.

Withholding Notice

The payer must provide to each payee, not earlier than six months before distribution of the first payment and not later than the time of the first payment, a notice with the following rights:

- (a) To elect not to have withholding apply to any payment or distribution and how to make that election.
- (b) To change or revoke an election and when it takes effect.

The election and any change or revocation of an election is effective for payments made more than 30 days after the payer receives the election or revocation unless the payer elects to make it effective at an earlier date. For nonperiodic payments, the payee may make or revoke an election at any time before the distribution.

Withholding Elections

A payee may name the number of allowances, decide how much is to be withheld, or elect not to have withholding for periodic or nonperiodic (including lump sum) payments. To do so, the payee files with the payer a *Withholding Certificate for Pension or Annuity Payments* (DE 4P or W-4P) or a substitute form provided by the payer. Such choice remains in effect until revoked or changed by the payee by filing a new election form. However, the election on nonperiodic payments is on a payment-by-payment basis unless the payer decides to make the election permanent.

When PIT withholding is required, the payer may calculate the PIT using one of the methods shown below:

- (a) California Withholding Schedules.
- (b) A designated dollar amount as requested by the recipient.
- (c) Ten percent of the amount of federal withholding computed pursuant to Section 3405 of the Internal Revenue Code.

If the payee has not filed a withholding form (DE 4P or W-4P), PIT withholding is required. The payer may calculate PIT using one of the following methods:

- (a) Using the California Withholding Schedules, treating the payee as a married individual claiming three allowances.
- (b) Withholding 10 percent of the amount of federal withholding computed pursuant to Section 3405 of the Internal Revenue Code.

At the payer's option, withholding will not be required with respect to any designated distribution if the amount to be deducted and withheld is less than \$10.

1099-R

At the end of the year, the payer shall give each individual a Form 1099-R showing the gross payments and the income tax withheld during the year.

Reporting of California PIT Withheld

Payers are required to:

- (a) File a *Quarterly Wage and Withholding Report* (DE 6), listing the pension recipient's social security account number, name, and PIT withheld on the DE 6 each quarter. Do not report the amount of the payment/distribution as either total subject wages or PIT wages.
- (b) File a *Payroll Tax Deposit* (DE 88) along with the PIT withheld from the pension payments. The payers' filing date is dependent on both their federal deposit schedule and the amount of accumulated PIT withheld during the quarter. Please refer to the current year's *California Employer's Guide* (DE 44), *California Deposit Requirements* section, to determine if/when the payer must deposit PIT withheld more frequently than quarterly. If PIT is overpaid and overreported in a quarter, an adjustment may be made in the subsequent quarter. Deduct the overpayment from the next Payroll Tax Deposit and reduce the amount of PIT withheld from the individual(s) on the next DE 6. Only current year adjustments can be made in this manner.
- (c) File an *Annual Reconciliation Statement* (DE 7).

Separate Reporting Account Number

The payer may request a separate account number to report California PIT withheld from the taxable portion of payments of pensions, annuities, and certain other deferred income. This separate account number for reporting withholdings may be obtained by submitting a completed *Registration Form for Employers Depositing Only Personal Income Tax Withholding* (DE 1P) to the Department.

Additional Information

For more information or assistance regarding PIT withholding from periodic and nonperiodic payments, please contact the nearest Employment Tax Office listed in the *California Employer's Guide* (DE 44) and on our Web site at www.edd.ca.gov/taxrep/taxloc.htm#taxloc. You may also call us toll-free at 1-888-745-3886 for assistance.

EDD is an equal opportunity employer/program. Auxiliary aids and services are available upon request to individuals with disabilities. Requests for services, aids, and/or alternate formats need to be made by calling 1-888-745-3886 or TTY 1-800-547-9565.

Withholding Certificate for Pension or Annuity Payments

Type or Print Your Full Name	Your Social Security Number
Home Address (Number and Street or Rural Route)	Claim or Identification Number (if any) of Your Pension or Annuity Contract
City or Town, State and ZIP Code	

Complete the following applicable lines:

1. I elect not to have income tax withheld from my pension or annuity. (Do not complete lines 2, 3, or 4.)
2. I want my withholding from each pension or annuity payment to be figured using the number of allowances and marital status shown below:
 - a. Number of allowances you are claiming from the Regular Withholding Allowances Worksheet A 1 _____
 - b. Number of allowances from the Estimated Deductions Worksheet B..... 2 _____

SINGLE or MARRIED (with two or more incomes) MARRIED (one income) HEAD OF HOUSEHOLD
3. I want the following additional amount withheld from each pension or annuity payment. Note: You cannot enter an amount here without entering the number (including zero) of allowances on line 2 above \$ _____
4. I want this designated amount withheld from each pension or annuity payment. (Do not complete lines 1, 2, or 3.) \$ _____

Your Signature _____ Date _____

----- **Cut Here** -----

Give the top part of this form to the payer of your pension or annuity; keep the lower part for your records

Purpose of Form. — Unless you elect otherwise, the law requires that personal income tax be withheld from payments of pensions and annuities. The marital status and the withholding allowance claimed on your W-4P can be used to figure your State tax withholding.

The DE 4P allows you to:

- (1) Claim a different number of allowances for California personal income tax withholding than for federal income tax withholding.
- (2) Elect not to have income tax withheld from your periodic, or nonperiodic, pension or annuity payments.
- (3) Elect to have income tax withheld on periodic or nonperiodic payments based on:
 - (a) the number of allowances and marital status specified.
 - (b) a designated dollar amount.
- (4) Change or revoke the DE 4P previously filed.

Withholding from Pensions and Annuities. — Generally, withholding applies to payments made from pension, profit-sharing, stock bonus, annuity, and certain deferred compensation plans, from individual retirement arrangements (IRA), and from commercial annuities. Withholding also applies to property other than cash distributed.

In compliance with Federal law, California income tax is not to be withheld from pension recipients who reside outside of California.

Periodic and nonperiodic payments from all of the items above are treated as wages for the purpose of withholding.

A periodic payment is one that is includible in your income for tax purposes and that you receive in installments at regular intervals over a period of more than one full year from the starting date of the pension or annuity. The intervals can be annual, quarterly, monthly, etc. For example, if you receive a monthly pension or annuity payment and will continue to receive payments for more than a year, the payments are periodic. However, distributions from an IRA that are payable upon demand are treated as nonperiodic payments.

There are some kinds of periodic and nonperiodic payments for which you cannot use the DE 4P since they are already defined as wages subject to income tax withholding. Your payer should be able to tell you whether the DE 4P will apply.

Your certificate is usually effective 30 days after you file the form. The certificate stays in effect until you change or revoke it.

Methods of Withholding. — The payer can use one of the following three methods:

- (1) An amount determined by using the State wage withholding table. Payee completes lines 2 and 3 above.
- (2) A dollar amount that you designate. Payee completes line 4 above.
- (3) Ten percent of the amount of federal withholding computed pursuant to Section 3405 of the Internal Revenue Code.

(Continued on back)

Completing the Form. — Fill in your name, address, social security number, and the identification number (if any) of the pension or annuity.

Line 1, Exemption from Withholding. — Check this box if you do not want any tax withheld from your payment. You do not have to give a reason for claiming the exemption from withholding.

Caution: Remember that there are penalties for not paying enough tax during the year, either through withholding or estimated tax payments. You may be able to avoid paying quarterly estimated tax to the Franchise Tax Board by having enough tax withheld from your pension or annuity using the DE 4P.

Revoking the Exemption from Withholding. — If you want to revoke your previously filed exemption from withholding for periodic and nonperiodic payments, file another DE 4P completing lines 1, 2, 3, or 4.

Line 2, Withholding Based on Specified Withholding Allowances. — If you want withholding to be based on a specified number of allowances, write the number on this line and check the filing status box you want. The worksheets accompanying this form may be used to figure your withholding allowance.

Line 3, Multiple Pensions/More than One Income. — Indicate additional amount to be withheld from each payment. You may use Worksheet C, accompanying this form, to determine the additional amount.

Line 4, Withholding a Designated Dollar Amount. — Indicate dollar amount you want withheld on this line (in lieu of claiming withholding allowances).

INSTRUCTION 1 — ALLOWANCES*

When determining your withholding allowances, you must consider your personal situation.
Do you claim allowances for dependents or blindness?
Will you itemize your deductions?
Do you have more than one income coming into the household?

If you have a working spouse or more than one job or income, it would be best to figure the total number of allowances you are entitled to claim on all jobs using the worksheets from only one DE 4P. Allowances can then be claimed with one employer only, or split among employers.

WORKSHEET A REGULAR WITHHOLDING ALLOWANCES

- A) Allowance for yourself — enter 1 (A)
B) Allowance for your spouse (if not separately claimed by your spouse) — enter 1 (B)
C) Allowance for blindness — yourself — enter 1 (C)
D) Allowance for blindness — your spouse (if not separately claimed by your spouse) — enter 1 (D)
E) Allowance(s) for dependent(s) — Do not include yourself or your spouse (E)
F) Total — add lines (A) through (E) above (F)

INSTRUCTION 2 — ADDITIONAL WITHHOLDING ALLOWANCES

If you expect to itemize deductions on your California income tax return, you can claim additional withholding allowances. Use this worksheet to determine whether your expected estimated deductions may entitle you to claim one or more additional withholding allowances.

You may reduce the amount of tax withheld from your wages by claiming one additional withholding allowance for each \$1,000, or fraction of \$1,000, by which you expect your estimated deductions for the year to exceed your allowable standard deduction.

WORKSHEET B ESTIMATED DEDUCTIONS

- 1. Enter an estimate of your itemized deductions for California taxes for this tax year as listed in the schedules in the FTB 540 form 1. \$
2. Enter \$7,384 if head of household or qualifying widow(er) with dependent(s)
\$7,384 if married filing jointly
\$3,692 if single 2. \$
\$3,692 if married filing separately
3. Subtract line 2 from line 1, enter difference 3. \$
4. Enter an estimate of your adjustments to income (alimony payments, IRA deposits) 4. \$
5. Add line 4 to line 3, enter sum 5. \$
6. Enter an estimate of your nonwage income (dividends, interest income, alimony receipts) 6. \$
7. Subtract line 6 from line 5, enter difference 7. \$
8. Divide the amount on line 7 by \$1,000, round any fraction to the nearest whole number 8.
9. Enter amount from line 6 (nonwage income) 9.
10. Enter amount from line 5 (deductions) 10.
11. Subtract line 10 from line 9, enter difference 11. \$
Complete Worksheet C

*Wages paid to registered domestic partners will be treated the same for state income tax purposes as wages paid to spouses for California personal income tax (PIT) withholding and PIT wages. This law does not impact federal income tax law.

WORKSHEET C

TAX WITHHOLDING AND ESTIMATED TAX

1. Enter estimate of total wages for tax year 2009 1. _____
2. Enter estimate of nonwage income (line 6 of Worksheet B) 2. _____
3. Add line 1 and line 2. Enter sum 3. _____
4. Enter itemized deductions or standard deduction (line 1 or 2 of Worksheet B, whichever is largest) 4. _____
5. Enter adjustments to income (line 4 of Worksheet B) 5. _____
6. Add line 4 and line 5. Enter sum 6. _____
7. Subtract line 6 from line 3. Enter difference 7. _____
8. Figure your tax liability for the amount on line 7 by using the 2009 tax rate tables shown below..... 8. _____
9. Enter personal exemptions (line F of Worksheet A x \$99.00) 9. _____
10. Subtract line 9 from line 8. Enter difference 10. _____
11. Enter any tax credits. (See FTB Form 540) 11. _____
12. Subtract line 11 from line 10. Enter difference. This is your total tax liability 12. _____
13. Calculate the tax withheld and estimated to be withheld during 2009. Contact your payer to request the amount that will be withheld on your pension based on the marital status and number of withholding allowances you will claim for 2009. Multiply the estimated amount to be withheld by the number of pay periods left in the year. Add the total to the amount already withheld for 2009 13. _____
14. Subtract line 13 from line 12. Enter difference. If this is less than zero, you do not need to have additional taxes withheld 14. _____
15. Divide line 14 by the number of pay periods remaining in the year. Enter this figure on line 3 of the DE 4P 15. _____

NOTE: Your employer is not required to withhold the additional amount requested on line 3 of your DE 4P. If your employer does not agree to withhold the additional amount, you may increase your withholdings as much as possible by using the "single" status with "zero" allowances. If the amount withheld still results in an underpayment of State income taxes, you may need to file quarterly estimates on Form 540ES with the Franchise Tax Board to avoid a penalty.

THESE TABLES ARE FOR CALCULATING WORKSHEET C AND FOR 2009 ONLY

SINGLE OR MARRIED WITH DUAL EMPLOYERS			
IF THE TAXABLE INCOME IS		COMPUTED TAX IS	
OVER	BUT NOT OVER	OF AMOUNT OVER ...	PLUS*
\$ 0	\$ 7,168	1.25%	\$ 0
\$ 7,168	\$ 16,994	2.25%	\$ 89.60
\$ 16,994	\$ 26,821	4.25%	\$ 310.69
\$ 26,821	\$ 37,233	6.25%	\$ 728.34
\$ 37,233	\$ 47,055	8.25%	\$ 1,379.09
\$ 47,055	\$ 1,000,000	9.55%	\$ 2,189.41
\$ 1,000,000	and over	10.55%	\$ 93,195.66

MARRIED FILING JOINT OR QUALIFYING WIDOW(ER) TAXPAYERS			
IF THE TAXABLE INCOME IS		COMPUTED TAX IS	
OVER	BUT NOT OVER	OF AMOUNT OVER ...	PLUS*
\$ 0	\$ 14,336	1.25%	\$ 0
\$ 14,336	\$ 33,988	2.25%	\$ 179.20
\$ 33,988	\$ 53,642	4.25%	\$ 621.27
\$ 53,642	\$ 74,466	6.25%	\$ 1,456.67
\$ 74,466	\$ 94,110	8.25%	\$ 2,758.17
\$ 94,110	\$ 1,000,000	9.55%	\$ 4,378.80
\$ 1,000,000	and over	10.55%	\$ 90,891.30

HEAD OF HOUSEHOLD TAXPAYERS			
IF THE TAXABLE INCOME IS		COMPUTED TAX IS	
OVER	BUT NOT OVER	OF AMOUNT OVER ...	PLUS*
\$ 0	\$ 14,345	1.25%	\$ 0
\$ 14,345	\$ 33,989	2.25%	\$ 179.31
\$ 33,989	\$ 43,814	4.25%	\$ 621.30
\$ 43,814	\$ 54,225	6.25%	\$ 1,038.86
\$ 54,225	\$ 64,050	8.25%	\$ 1,689.55
\$ 64,050	\$ 1,000,000	9.55%	\$ 2,500.11
\$ 1,000,000	and over	10.55%	\$ 91,883.34

IF YOU NEED MORE DETAILED INFORMATION, SEE THE INSTRUCTIONS THAT CAME WITH YOUR LAST CALIFORNIA INCOME TAX RETURN OR CALL FRANCHISE TAX BOARD:

IF YOU ARE CALLING FROM WITHIN THE UNITED STATES 1-800-852-5711 (voice)
1-800-822-6268 (TTY)

IF YOU ARE CALLING FROM OUTSIDE THE UNITED STATES
(Not Toll Free) (916) 845-6500

* marginal tax

DE 4P information is collected for purposes of administering the Personal Income Tax law and under the Authority of Title 22 of the California Code of Regulations and the Revenue and Taxation Code, including Section 18624. The Information Practices Act of 1977 requires that individuals be notified of how information they provide may be used. Further information is contained in the instructions that came with your last California income tax return.

Example for Worksheet C for the Year 2009

Payee estimates income from his or her pension to be \$1,500 a month and is claiming the standard deduction and single with one withholding allowance.

1. Estimate annualized income (\$1,500 a month x 12 months). Enter on line 1.	1.	\$ 18,000.00
2. Estimated nonwage income.	2.	\$ 8,000.00
3. Add lines 1 and 2 and enter total on line 3.	3.	\$26,000.00
4. Enter amount for single from line 2 of Worksheet B.	4.	\$ 3,692.00
5. Enter adjustments to income shown on line 4 of Worksheet B.	5.	0.00
6. Enter sum of lines 4 and 5.	6.	\$ 3,692.00
7. Subtract line 6 from line 3 and enter difference on line 7.	7.	\$22,308.00
8. Compute the tax liability for the amount on line 7.		
Use the 2009 tables for single from Worksheet C under the entry covering \$22,308 (over \$16,994 but not over \$26,821). Compute 4.25% of the amount over \$16,994 ($[\$22,308 - \$16,994] \times 0.0425 = \225.85).		
		\$225.85
Add the marginal tax amount.		<u>\$310.69</u>
Enter the total on line 13.	Total	<u>\$ 536.54</u>
9. Enter the amount for one personal exemption on line 9 (1 x \$99.00)	9.	\$ 99.00
10. Subtract line 9 from line 8 and enter the difference on line 10.	10.	\$ 437.54
11. Enter any tax credits that will be allowed for 2009 (see FTB Form 540).	11.	0.00
12. Subtract line 11 from line 10 and enter the difference on line 12.	12.	\$ 437.54
13. Calculate the tax withheld and estimated to be withheld during 2009. Withholding on the pension of \$1,500 a month claiming single with one withholding allowance based on the California withholding schedule for 2009 is $\$13.72 \times 12 = \164.64 . Enter that amount on line 13.	13.	\$ 164.64
14. Subtract line 13 from line 12. Enter difference on line 14.	14.	\$ 272.90
15. Divide line 14 by the number of pay periods remaining in the year. ($\$272.86 \div 12 = \22.74)	15.	\$ <u>22.74</u>

Enter \$22.74 on line 3 of the DE 4P.