ELECTION OF MONTHLY OR LUMP SUM PAYMENT
FOR NON-LAW ENFORCEMENT SERVICE APPLICATION

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

STEP 1: Member Information

Social Security Number

___ — __ — ____

Are You Legally Married?

◯ Yes ◯ No

First Name

MI

Last Name

STEP 2: Distribution Options (You may select one options below. Please completely fill in bullet selections.)

◯ **Single Life Plan**

◯ **Lump Sum: Percentage of your account you wish to have transferred to another qualifying account or paid directly to you:** ___ %

Qualified Account Information

I am rolling over to a: ◯ Roth IRA ◯ Traditional IRA or Eligible Retirement Plan

Account Number for Qualified Account

Name of Qualified Institution or Trust Company

Address of Qualified Institution or Trust Company

City

State

ZIP Code

STEP 3: Tax Information

Federal Tax

1. ◯ Check here if you **do not want any** federal income tax withheld from your monthly annuity. (Do not complete lines 2 or 3.)

2. Total number of allowances and marital status you are claiming for withholding from your annuity payment. (You may also designate an additional dollar amount on line 3.)

   (Enter number of allowances.)

   Marital status: ◯ Single ◯ Married ◯ Married, but withhold at higher "Single" rate

3. Additional amount, if any, you want withheld from your annuity payment. (**Note:** For annuity payments, you cannot enter an amount here without entering the number (including zero) of allowances on line 2. This is for the monthly benefit only).

   $ _____.__

Ohio Tax

4. Enter the dollar amount, if any, you want withheld from your annuity payment for Ohio state income taxes.

   $ _____.__

STEP 4: Member 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 distribution option on my OPERS account in Step 2 of this application.

I acknowledge that, as part of this Application, I have received and reviewed the Special Tax Notice Regarding OPERS Payments addressing my direct rollover rights.

Member Signature _____ Today's Date ____/____/____
Do not print or type name

Sworn and subscribed to me this _____ day of _____ , 20 _____

Notary Public _____ My commission expires ____/____/____

SPECIAL TAX NOTICE REGARDING OPERS PAYMENTS

Ohio Public Employees Retirement System
277 East Town Street, Columbus, Ohio 43215-4642
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www.opers.org

You are receiving this notice because all or a portion of a payment you are receiving from the Ohio Public Employees Retirement System is eligible to be rolled over to an IRA or an employer plan. This notice is intended to help you decide whether to do such a rollover. This notice describes the rollover rules that apply to payments from OPERS that are not from a designated Roth account (a type of account with special tax rules in some employer plans). 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. If you have additional questions after reading this notice, you can contact an OPERS Member Services Representative at 1-800-222-7377 or a professional tax advisor. Please do not return this notice to OPERS, but keep this notice with your other important documents.

General Information About Rollovers

How can a rollover affect my taxes?

You will be taxed on a payment from OPERS if you do not roll it over. If you are under age 59½ and do not do a rollover, you will also have to pay a 10 percent additional income tax on early distributions (unless an exception applies). However, if you do a rollover, you will not have to pay tax until you receive payments later and the 10 percent additional income tax will not apply if those payments are made after you are age 59½ (or if an exception applies).

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, including a Simple IRA that has been in existence for at least two years) or an employer plan (a tax-qualified plan, section 403(b) plan, or governmental section 457(b) plan) that will accept the rollover. The rules of the IRA or employer plan that holds the rollover will determine your investment options, fees and rights to payment from the IRA or employer plan (for example, no spousal consent rules apply to IRAs and IRAs may not provide loans). Further, the amount rolled over will become subject to the tax rules that apply to the IRA or employer plan.

How do I do a rollover?

There are two ways to do a rollover. You can do either a direct rollover or a 60-day rollover.

If you do a direct rollover, OPERS will make the payment directly to your IRA or an employer plan. You should contact the IRA sponsor or the administrator of the employer plan for information on how to do a direct rollover.

If you do not do a direct rollover, you may still do a rollover by making a deposit into an IRA or eligible employer plan that will accept it. You will have 60 days after you receive the payment to make the deposit. If you do not do a direct rollover, OPERS is required to withhold 20 percent of the payment for federal income taxes. This means, in order to roll over the entire payment in a 60-day rollover, you must use other funds to make up for the 20 percent 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 percent additional income tax on early distributions if you are under age 59½ (unless an exception applies).

How much may I roll over?

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

- Certain payments spread over a period of at least 10 years or over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary)
- Required minimum distributions after age 70½ (or after death)
- Corrective distributions of contributions that exceed tax law limitations.

OPERS can tell you what portion of a payment is eligible for rollover.

General Information About Rollovers *(continued)*

If I don't do a rollover, will I have to pay the 10 percent additional income tax on early distributions?
If you are under age 59½, you will have to pay the 10 percent additional income tax on early distributions for any payment from OPERS (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 percent additional income tax does not apply to the following payments from OPERS:

- Payments made after you separate from service if you will be at least age 55 in the year of the separation
- Payments that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary)
- Payments from a governmental plan made after you separate from service if you are a 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 division of property order
- Payments up to the amount of your deductible medical expenses

If I do a rollover to an IRA, will the 10 percent additional income tax apply to early distributions from the IRA?
If you receive a payment from an IRA when you are under age 59½, you will have to pay the 10 percent additional income tax on early distributions from the IRA, unless an exception applies. In general, the exceptions to the 10 percent 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 division of property orders (DPOs) does not apply (although a special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to an IRA of a spouse or former spouse).
- The exception for payments made at least annually in equal or close to equal amounts over a specified period applies without regard to whether you have had a separation from service.
- There are additional exceptions for: (1) payments for qualified higher education expenses, (2) payments up to $10,000 used in a qualified first-time home purchase, and (3) payments for health insurance premiums after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

Will I owe state income taxes?
This notice does not describe any state or local income tax rules (including withholding rules).

Special Rules and Options

If your payment includes after-tax contributions
After-tax contributions included in a payment are not taxed. If a payment is only part of your benefit, an allocable portion of your after-tax contributions is included in the payment, so you cannot take a payment of only after-tax contributions. In addition, special rules apply when you do a rollover, as described below. You may roll over to an IRA a payment that includes after-tax contributions through either a direct rollover or a 60-day rollover. You must keep track of the aggregate amount of the after-tax contributions in all of your IRAs (in order to determine your taxable income for later payments from the IRAs). If you do a direct rollover of only a portion of the amount paid from OPERS and at the same time the rest is paid to you, the portion directly rolled over consists first of the amount that would be taxable if not rolled over. For example, assume you are receiving a distribution of $12,000, of which $2,000 is after-tax contributions. In this case, if you directly roll over $10,000 to an IRA that is not a Roth IRA, no amount is taxable because the $2,000 amount not directly rolled over is treated as being after-tax contributions.

If you do a direct rollover of the entire amount paid from OPERS to two or more destinations at the same time, you can choose which destination receives the after-tax contributions.

If you do a 60-day rollover to an IRA of only a portion of a payment made to you, the after-tax contributions are treated as rolled over last. For example, assume you are receiving a distribution of $12,000, of which $2,000 is after-tax contributions, and no part of the distribution is directly rolled over. In this case, if you roll over $10,000 to an IRA that is not a Roth IRA in a 60-day rollover, no amount is taxable because the $2,000 amount not rolled over is treated as being after-tax contributions. You may roll over to an employer plan all of a payment that includes after-tax contributions, but only through a direct rollover (and only if the receiving plan separately accounts for after-tax contributions and is not a governmental section 457(b) plan). You can do a 60-day rollover to an employer plan of part of a payment that includes after-tax contributions, but only up to the amount of the payment that would be taxable if not rolled over.

If you miss the 60-day rollover deadline

Generally, the 60-day rollover deadline cannot be extended. However, the IRS has the limited authority to waive the deadline under certain extraordinary circumstances, such as when external events prevented you from completing the rollover by the 60-day rollover deadline. 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-A, Contributions to Individual Retirement Arrangements.

If you were born on or before Jan. 1, 1936

If you were born on or before Jan. 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 from OPERS 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 percent additional income tax on early distributions will not apply (unless you take the amount rolled over out of the Roth IRA within five years, counting from Jan. 1, of the year of the rollover).

If you roll over the payment to a Roth IRA, later payments from the Roth IRA that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a Roth IRA is a payment made after you are age 59½ (or after your death or disability, or as a qualified first-time homebuyer distribution of up to $10,000) and after you have had a Roth IRA for at least five years. In applying this 5-year rule, you count from Jan. 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 percent additional income tax on early distributions (unless an exception applies). You do not have to take required minimum distributions from a Roth IRA during your lifetime. For more information, see IRS Publication 590-A, Contributions to Individual Retirement Arrangements and IRS Publication 590-B, Distribution from Individual Retirement Arrangements.

If you are not a plan participant

Payments after death of the participant. If you receive a distribution after the participant's death that you do not roll over, the distribution will generally be taxed in the same manner described elsewhere in this notice. However, the 10 percent 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 Jan. 1, 1936," applies only if the participant was born on or before Jan. 1, 1936.

If you are a surviving spouse. If you receive a payment from OPERS as the surviving spouse of a deceased participant, you have the same rollover options that the participant would have had, as described elsewhere in this notice. In addition, if you choose to do a rollover to an IRA, you may treat the IRA as your own or as an inherited IRA. An IRA you treat as your own is treated like any other IRA of yours, so that payments made to you before you are age 59½ will be subject to the 10 percent additional income tax on early distributions (unless an exception applies) and required

Special Rules and Options *(continued)*

minimum distributions from your IRA do not have to start until after you are age 70½. If you treat the IRA as an inherited IRA, payments from the IRA will not be subject to the 10 percent additional income tax on early distributions. However, if the participant had started taking required minimum distributions, you will have to receive required minimum distributions from the inherited IRA. If the participant had not started taking required minimum distributions from OPERS, you will not have to start receiving required minimum distributions from the inherited IRA until the year the participant would have been age 70½.

If you are a surviving beneficiary other than a spouse. If you receive a payment from OPERS because of the participant's death and you are a designated beneficiary other than a surviving spouse, the only rollover option you have is to do a direct rollover to an inherited IRA. Payments from the inherited IRA will not be subject to the 10 percent additional income tax on early distributions. You will have to receive required minimum distributions from the inherited IRA.

Payments under a division of property order. If you are the spouse or former spouse of the participant who receives a payment from OPERS under a division of property order you generally have the same options the participant would have (for example, you may roll over the payment to your own IRA or an eligible employer plan that will accept it). Payments under the DPO will not be subject to the 10 percent 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 percent, OPERS is generally required to withhold 30 percent 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 your payments for the year are less than $200, OPERS is not required to allow you to do a direct rollover and, while not required to withhold for federal income taxes, OPERS will withhold for federal income tax if your payments for the year are less than $200. 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.

Your Right to Waive the 30-Day Notice Period

Generally, neither a direct rollover nor a payment can be made from OPERS 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 this 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.

Your Right to Receive this Notice

If you receive an electronic version of this notice via the OPERS website, you may also receive this notice on a written paper document by calling OPERS at 1-800-222-7377. Upon receipt of your request, this notice on a written paper document will be sent to you at no charge.

For More Information

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