PERF INDIANA

State Form 945 (R12 / 1-07)

**PRIVACY NOTICE**

All Social Security numbers are requested by this agency in accordance with the requirements of the Internal Revenue Code. Disclosure is mandatory and this form will not be processed without this information.

# Retirement Application

## Instructions

**Submit this application no later than *SIX MONTHS* before you leave work to avoid a gap between your paycheck and PERF benefit.**

*Federal law prohibits PERF from making payments to you as long as you are working in a PERF-covered job. DO NOT complete this form if you will continue to work for your current employer in any agency/department OR if you plan to be re-employed in a position covered by PERF or the Teacher's Retirement Fund (TRF) within 90 days of your retirement date.*

1. **YOU MUST SUBMIT A PHOTOCOPY OF YOUR BIRTH CERTIFICATE(S)**, passport(s) or other eligible proof of age for yourself. Also, if you choose Pension Options 30, 40 or 50, you must supply proof of age for your beneficiary. Other eligible documents include a baptismal certificate, confirmation certificate or court decree. Attach an English translation to any foreign language document.
2. Please type or print, using black ink.
3. Print your name and Social Security number at the top of every page, except this one (page 1).
4. Before you sign the application, review your choices carefully.
5. Sign the application in Step 9.
6. Have your application notarized in Step 9.
7. Complete the *Direct Deposit of Recurring Payment* form.
8. Mail this completed form and all required documents directly to PERF. Please do NOT return the "Special Tax Notice."

**NOTE: This application CANNOT BE FINALIZED UNLESS all required steps are completed and returned to PERF.**

## STEP 1: Member Information (Please Print) - Required

| Social Security Number | | Date of birth (MM/DD/YYYY) | |
|---|---|---|---|
| First Name | MI | Last Name | |
| Address | | | |
| City | | State | Zip Code |
| Daytime Phone (Area Code First) | | Evening Phone (Area Code First) | |
| Email Address | | Most Recent PERF Employer | |

Your retirement date must fall on the first day of a month after you stop working in a PERF-covered position or become age eligible for retirement. This date may not be more than six months before PERF receives your completed retirement application because state statute limits retroactive benefits. (See instructions for examples.)

**Retirement Date (MM/01/YYYY):** _____ / **01** / _____
Month Day Year

**Last day worked, if known (MM/DD/YYYY):** _____

**Have you ever been a member of the Teachers' Retirement Fund (TRF)?** ☐ Yes ☐ No

**Have you ever received or are you currently receiving a monthly retirement benefit from PERF or TRF?** ☐ Yes ☐ No

## STEP 2: Select Your Pension Option - Required

Your pension is a monthly, lifetime benefit funded by your employer(s). The pension option you select determines the amount of your check, whether you have a beneficiary and, if so, how much that beneficiary will receive when you pass away. If your beneficiary is not your spouse, is more than 10 years younger than you *and* you are considering Options 30 or 40, contact PERF to verify that you are eligible for these options. *Once you select a pension option, you cannot change it, except under certain circumstances (IC 5-10.2-4-7).*

### You must select and mark ONLY ONE of the seven options listed below:

☐ **Five Year Guaranteed Benefit (Option 10):** You will receive a monthly benefit for the rest of your life. If you die before receiving benefit payments for five years, your beneficiary will receive that monthly benefit for the remainder of those five years OR a lump sum distribution equal to the present value of those remaining payments. After five years, there are no payments available to the beneficiary. *List beneficiary information in Step 4 only.*

☐ **Benefit with No Guarantee (Option 20):** You will receive a monthly benefit for life, but there are no monthly payments to anyone after your death. However, the balance of your Annuity Savings Account will be refunded to your beneficiary or estate if it is larger than the payments previously made to you. Only list beneficiary information in Step 4 if you choose to Leave your Annuity Savings Account Invested with PERF OR Combine ASA with Lifetime Pension Benefit in Step 5.

☐ **Joint with Full Survivor Benefits (Option 30):** You will be paid a monthly benefit for life. After you die, the same monthly benefit will be paid to your beneficiary for his/her lifetime. If your beneficiary is NOT your spouse, please contact PERF to make sure you are eligible to select this option. *List beneficiary information in Step 3 only.*

☐ **Joint with Two-Thirds Survivor Benefits (Option 40):** You will be paid a monthly benefit for life. After you die, two-thirds of your benefit will be paid to your beneficiary for his/her lifetime. If your beneficiary is NOT your spouse, please contact PERF to make sure you are eligible to select this option. *List beneficiary information in Step 3 only.*

☐ **Joint with One-Half Survivor Benefits (Option 50):** You will be paid a monthly benefit for life. After you die, one-half of your benefit will be paid to your beneficiary for his/her lifetime. *List beneficiary information in Step 3 only.*

☐ **Integration with Social Security (Option 61):** You are eligible to select this option if you retire between the ages of 50 and 62. PERF will pay you a larger monthly benefit up until you turn 62. At age 62, your benefit will be reduced or terminated depending on your estimated Social Security benefit. If you die before receiving benefits for five years, your beneficiary will receive either your monthly benefit for the remainder of those five years OR the present value of those remaining payments in a lump sum. *List beneficiary information in Step 4 only.*

☐ **Cash Refund Annuity** (Option 71): In order to select this option, you must choose to combine at least a portion of your ASA with your lifetime monthly pension benefit. If you select this option, you will receive a monthly benefit for the rest of your life. If you die before receiving payments for five years, your beneficiary will receive the pension portion of the monthly benefit in either monthly payments for the remainder of the 5 years or a one time payment of the current value. Any remaining annuity portion will be paid in a lump sum payment. *List beneficiary information in Step 4 only.*

## STEP 3: Name Your Joint Pension Beneficiary *(ONLY for options 30, 40 and 50)*

***SKIP THIS STEP IF you chose pension options 10, 20, 61 or 71; list your beneficiary information in Step 4 only.***

If you chose options 30, 40 or 50, please provide a beneficiary below. You MUST submit a copy of a birth certificate or other eligible document that verifies your beneficiary's age. You can only designate one person.

| Beneficiary's Name (Last, First, Middle Initial) | | Social Security Number |
|---|---|---|
| Address | City, State, Zip Code | |
| Phone Number (Area Code First) | Date of Birth (MM/DD/YYYY) | Relationship to Member |

| Member Name (Last, First, Middle Initial) | Social Security Number |
|---|---|
| | |

## STEP 4: Name Your Pension Beneficiary *(ONLY for options 10, 20, 61 and 71)*

***SKIP THIS STEP IF you chose pension options 30, 40 or 50; list your beneficiary information in Step 3 only.***

If you chose pension option 10, 20, 61 or 71, please list your beneficiary information below. You must specify whether each one is a primary or contingent beneficiary. You may list as many or few beneficiaries as you wish. For more than five, please duplicate this page or provide all requested information on a separate sheet of paper and include it when you submit your application.

*NOTE: If you choose Option 20 ("Benefit with No Guarantee") and also select "Withdraw Entire ASA," you do not need to list any beneficiaries because there will be no survivor benefits after you die.*

| Beneficiary's Name (Last, First, Middle Initial) | | Social Security Number | |
|---|---|---|---|
| Address | City, State, Zip Code | | |
| Phone Number (Area Code First) | Date of Birth (MM/DD/YYYY) | Check one: | Primary ☐ Contingent ☐ |

| Beneficiary's Name (Last, First, Middle Initial) | | Social Security Number | |
|---|---|---|---|
| Address | City, State, Zip Code | | |
| Phone Number (Area Code First) | Date of Birth (MM/DD/YYYY) | Check one: | Primary ☐ Contingent ☐ |

| Beneficiary's Name (Last, First, Middle Initial) | | Social Security Number | |
|---|---|---|---|
| Address | City, State, Zip Code | | |
| Phone Number (Area Code First) | Date of Birth (MM/DD/YYYY) | Check one: | Primary ☐ Contingent ☐ |

| Beneficiary's Name (Last, First, Middle Initial) | | Social Security Number | |
|---|---|---|---|
| Address | City, State, Zip Code | | |
| Phone Number (Area Code First) | Date of Birth (MM/DD/YYYY) | Check one: | Primary ☐ Contingent ☐ |

| Beneficiary's Name (Last, First, Middle Initial) | | Social Security Number | |
|---|---|---|---|
| Address | City, State, Zip Code | | |
| Phone Number (Area Code First) | Date of Birth (MM/DD/YYYY) | Check one: | Primary ☐ Contingent ☐ |

## STEP 5: Select Your Annuity Savings Account Payment Method - Required

How you choose to take a distribution from your Annuity Savings Account can have significant tax consequences. A Special Tax Notice has been included in this folder's right pocket. You may also wish to seek professional tax advice prior to making distribution decisions.

**You must mark one of the choices listed below:**

☐ Elect Not to Receive Any ASA Distribution at this Time

I choose to leave my Annuity Savings Account balance with PERF at this time. I understand that according to IRS regulations, I must begin distribution at age $70^{1/2}$. I understand that until I elect to receive my funds, they will remain invested according to my directions. At a later date, I can choose one of the other options listed below.

☐ Combine ASA with Lifetime Pension Benefit

I choose to receive, as part of my monthly benefit, the total amount of my Annuity Savings Account. I understand that this monthly payment will continue for my lifetime and that I will not receive any other distribution from my Annuity Savings Account.

☐ Withdraw Entire ASA

*Select one box for the "Taxable Portion" and, if it applies to you, one box for the "1986 Tax Basis Portion."*
*I choose a complete distribution of my Annuity Savings Account as follows:*

*1. Taxable Portion (Mark only ONE box.)*

☐ A. Direct Rollover - Complete the line below.

_____

**Name of Eligible 401(a), 403(b) or governmental 457(b) Retirement Plan or Traditional IRA.**

☐ B. Paid directly to me

☐ C. Partial Rollover in the amount of $ _____, balance (less withholding) paid to me. (Complete the line below.)

_____

**Name of Eligible 401(a), 403(b) or governmental 457(b) Retirement Plan or Traditional IRA.**

*2. 1986 Tax Basis (Non-taxable) Portion (Mark only ONE box.)*

☐ A. Direct Rollover - Complete the line below.

_____

**Name of Eligible 401(a), 403(b) or governmental 457(b) Retirement Plan or Traditional IRA.**

☐ B. Paid directly to me

☐ C. Partial Rollover in the amount of $ _____, balance (less withholding) paid to me. (Complete the line below.)

_____

**Name of Eligible 401(a), 403(b) or governmental 457(b) Retirement Plan or Traditional IRA.**

☐ Withdraw 1986 Tax Basis (Non-taxable) Portion of ASA and Combine Taxable Portion with Pension Benefit

I choose to receive a distribution of the non-taxable portion of my Annuity Savings Account distribution as indicated below and then receive the balance of the account as a part of my monthly payment. *For the non-taxable portion, please select only ONE distribution choice from the following:*

☐ A. Direct Rollover

_____

**Name of Eligible 401(a), 403(b) or governmental 457(b) Retirement Plan or Traditional IRA.**

☐ B. Paid directly to me

☐ C. Partial Rollover in the amount of $ _____, balance (less withholding) paid to me.

_____

**Name of Eligible 401(a), 403(b) or governmental 457(b) Retirement Plan or Traditional IRA.**

| Member Name (Last, First, Middle Initial) | Social Security Number |
|---|---|
| | |

## STEP 6: Name Your Annuity Savings Account (ASA) Beneficiary

**Only complete this step if you chose "Elect Not to Receive Any ASA Distribution at this Time" in STEP 5. Otherwise, skip to Step 7.**

*If you chose "Elect Not to Receive Any ASA Distribution at this Time," you may use the same beneficiary for your ASA and pension benefit. If you DO NOT wish to use the same beneficiary, then complete the information below to reflect your wishes.*

| Beneficiary's Name (Last, First, Middle Initial) | | Beneficiary's Name (Last, First, Middle Initial) | |
|---|---|---|---|
| Social Security Number | Date of Birth (MM/DD/YYYY) | Social Security Number | Date of Birth (MM/DD/YYYY) |
| Address | | Address | |
| City, State, Zip Code | | City, State, Zip Code | |
| Phone Number (Area Code First) | Check One: Primary ☐ Contingent ☐ | Phone Number (Area Code First) | Check One: Primary ☐ Contingent ☐ |

## STEP 7: Annuity Savings Account "Paid Directly to Me" Choices

**Only complete this section if you chose *Paid directly to me* in Step 5. If you selected any other Annuity Savings Account choice, please skip to Step 9.**

☐ Expedited Annuity Savings Account Distribution (Not available with Option 71)

In order to select this distribution choice, you must have chosen Withdraw Entire ASA AND Paid directly to me for your Annuity Savings Account. Please note that you will not be paid your ASA until the effective date of your retirement.

If you receive this Annuity Savings Account distribution and PERF determines that you have not earned enough service credit to qualify for a retirement benefit, then in order to restore your service credit, you agree to either:

1. Repay to PERF the entire amount of the Annuity Savings Account distribution and return to work for the period of time necessary to become eligible for retirement; or
2. Keep the Annuity Savings Account distribution, experience a break in service of at least thirty (30) days, and return to PERF-covered employment following the break in service for a period of at least six (6) consecutive months.

## STEP 8: Election for Annuity Savings Account State Tax Withholding

**Only complete this section if you chose *Paid directly to me* in Step 5. If you selected any other Annuity Savings Account choice, please skip to Step 9.**

Indiana income tax withholding for Indiana citizens is optional on payments from the Fund. If you are an Indiana resident and wish to have Indiana tax withheld at this time, withholding at the applicable Indiana tax rate of 3.4 percent will apply. Please check the following box if you would like to have Indiana income tax withheld from the taxable portion of your Annuity Savings Account distribution. If you do not check the box, PERF will NOT withhold Indiana income tax from your Annuity Savings Account distribution.

☐ I am an Indiana resident and would like to have Indiana income tax withheld from the taxable portion of my Annuity Savings Account distribution.

☐ (OPTIONAL) I would also like an additional $_____ withheld, along with the standard percentage.

☐ I am not a resident of Indiana. (Please note that PERF does not withhold state income tax for individuals living outside of Indiana at the time of distribution.)

## STEP 9: Have Your Application Notarized - Required

You must sign this section in front of a Notary Public and then the Notary Public must sign, date and seal it.

I have carefully read the form and understand it, and I have read all of the information included with the application.

All of the information I have provided and the questions I have answered are full, complete and true, and no material fact has been concealed or omitted.

I understand that I am not allowed, by law, to enter a PERF-covered position with any employer within 90 days of my retirement date. In addition, I am not continuing uninterrupted employment in any capacity (full or part time) in a PERF-covered or non-covered position in any department of my current employer.

***I understand that after this application is processed, I cannot change the selections I have made, except in very limited circumstances.***

**Sign here ▶**

**Member Signature** _____ **Printed Name** _____

Subscribed and sworn to before me, a Notary Public in and for the state and county named:

On this date _____
**MM/DD/YYYY**

State of _____

County of _____

**Commission Expiration Date (MM/DD/YYYY)** _____ **Notary Signature and Seal** _____

**Notary's County of Residence** _____ **Notary's State of Residence** _____ **Notary's Name (please print)** _____

PERF
INDIANA
State Form 39175 (R6 / 11-05)

**PRIVACY NOTICE**
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# Direct Deposit of Recurring Payment

NOTE: Information received in our offices after the 13th may not go into effect for your next check.

## STEP 1: Complete Payee Information (Please print and use black ink.)

Status of Payee: (Check one)
☐ Retiree: Complete numbers 1 - 9 and sign.
☐ Survivor Annuitant: Complete numbers 1 - 11 and sign.
☐ Revocable Trust: Complete Step 1 (with signature) and PERF's Revocable Trust Authorization and Affadavit.

1. Multiple Monthly Benefits
Do you receive more than one monthly benefit from PERF? ☐ Yes ☐ No
If yes, do you wish to have all Fund accounts electronically deposited? ☐ Yes ☐ No

2. Name (Last, First, Middle Initial)

| 3. Street Address | 4. City | 5. State | 6. Zip Code |
|---|---|---|---|
| | | | |

| 7. Social Security Number | 8. Phone Number (Area Code) |
|---|---|
| | |

9. Select the Appropriate Fund/s:
☐ Conservation/Excise/Gaming Officers' ☐ Legislators' System ☐ 1977 Police and Firefighters' Fund
☐ Judges' Retirement System ☐ Prosecuting Attorneys' ☐ Public Employees' Retirement Fund

| 10. Name of Deceased Person | 11. Social Security Number of Deceased Person |
|---|---|
| | |

By signing below, I agree to adhere to the terms listed under "Article A" on the back of this form.

Payee Sign Here ▶

Signature of Payee or Power of Attorney (if applicable) (Using format "NAME of POA for NAME of PAYEE") Date

## STEP 2: Complete Account Information (Please include a voided check AND fill-in the information below.)

| Name of Financial Institution | Address of Financial Institution | Branch Name |
|---|---|---|
| Routing Number (9 digits) ___ ___ ___ ___ ___ ___ ___ ___ ___ | Account Number | Branch Phone Number |
| Type of Account Checking ☐ Savings ☐ Joint (complete Step 3) ☐ | List all names on this account. Persons other than payee complete Step 3. | |

## STEP 3: Repayment Acknowledgement (To be completed by anyone other than payee on bank account.)

This section must be completed by any person other than the payee who will have access to this account. By signing below, such persons agree to notify the bank and the Fund of the payee's death promptly and further agree to be held liable for any amounts due to be returned to the Fund from the deposit account after the payee's death.

Sign Here ▶

Signature of Authorized Person | Name of Authorized Person | Date | Social Security Number

Sign Here ▶

Signature of Authorized Person | Name of Authorized Person | Date | Social Security Number

**NOTICE**: A trust is deemed to be in effect by the operation of this instrument in the periodic transfer of funds by the payor to the financial organization acting as trustee for the lifetime benefit of the payee to retain and to revert to the payor the funds transferred after the death of the payee. This instrument is governed by Indiana law and enforceable under the jurisdiction of the State of Indiana.

## Article A:

By signing this form, I (payee) authorize and request the Fund to direct the net amount of such recurring payments to my account at the financial organization (Bank) designated below and I authorize said Bank to accept and to credit the payments to my account. I acknowledge that the transfer of the payments by the Fund to the Bank satisfies and discharges the obligation of the Fund to me. This authorization is not an assignment of my right to receive payment and revokes all prior payment direction notifications applicable to these payments. I will comply with the Bank's procedures providing safeguards against withdrawals of deposits after my death. If any deposits are made after my death to which I am not entitled, I hereby authorize and direct the Bank on behalf of my estate to refund said deposits to the Fund and to charge same to my account. I understand that the Bank and the Fund reserve the right to cancel this agreement by notice to me; and this authorization will remain in effect with the Fund until canceled by written notice from me.

# Retirement Application Checklist

**This checklist outlines every step in PERF's retirement application. Once you check-off each line below, you will have completed your retirement application.**

PLEASE NOTE: Additional documents may be requested or required to process and finalize your retirement. This is a checklist to help you complete the retirement application. Once you have reviewed the details of the instructions and begin the retirement process, this checklist will help you to ensure that all relevant steps and processes have been completed. If you have any questions, please feel free to call (888) 526-1687.

***Your retirement application CANNOT BE FINALIZED UNTIL all required steps are completed and returned to PERF.***

**YOU MUST SUBMIT A PHOTOCOPY OF YOUR BIRTH CERTIFICATE(S)**, passport(s) or other eligible proof of age for yourself.

✔ **Obtain** a retirement application from PERF.

_____ **Step 1:** Please fill in all information, including personal data, retirement date, last day worked and the two yes/no questions.

_____ **Step 2:** Please select ONE pension option. If you intend to name a beneficiary who is NOT your spouse, is more than 10 years younger than you, and you wish to select Options 30 or 40, contact PERF to verify your eligibility for these options.

_____ **Step 3:** If you choose pension option 30, 40 or 50, list a beneficiary. Be sure to include a copy of a birth certificate or another eligible document for your beneficiary. If you chose pension option 10, 20, 61 or 71, skip Step 3 and go straight to Step 4.

_____ **Step 4:** If you chose pension options 10, 20, 61 or 71, list your beneficiaries and be sure to check each one as either "primary" or "contingent". If you chose pension option 30, 40 or 50, skip this step.

_____ **Step 5:** Select how you would like to receive your Annuity Savings Account. If you decide to withdraw any portion of your ASA, be sure to check a box indicating how you would like it distributed.

_____ **Step 6:** Only read this step if you chose "Elect Not to Receive Any Distribution or Payment at this Time" in Step 5. Skip it if you chose anything else. If you would like to choose different beneficiaries for your ASA and pension benefit, list your ASA beneficiary information in the spaces provided. If you would like to list more than two, attach a sheet listing additional beneficiaries.

_____ **Step 7:** Only complete this step if you chose Paid Directly to Me in Step 5. Skip it if you chose anything else.Check one of these boxes to indicate if you would prefer for your ASA distribution to be expedited.

_____ **Step 8:** Select whether you would like to have state tax you withheld from your ASA.

_____ **Step 9:** SIGNATURE REQUIRED. Please SIGN and have the application notarized. Note: If your application is not notarized the application will NOT be processed. If you wish to receive your monthly benefit electronically, complete the Application For Direct Deposit of Recurring Payment and include a voided check.

_____ **Complete W4-P (Substitute) Tax Withholding Certificate.** PERF will withhold Federal taxes at the rate of Married with 3 allowances, unless we receive your completed form. No State taxes will be withheld unless a completed form is received. You can change your tax options at any time in the future.

_____ **Complete** the Annuitant's Request for State Tax Withholding form.

_____ **Complete** the Direct Deposit of Recurring Payment form.

Please see the reverse side of this page for a complete list of documents that must be sent to PERF with your completed retirement application and other important information that may apply to you.

## Documents that must be included with your application:

_____ Copy of your birth certificate.

_____ Copy of your beneficiary's birth certificate if you chose pension option 30, 40, or 50 in Step 2 of the application.

## Additional important information that may apply to you:

_____ ***IF you are 70 with at least 20 years of service*** and wish to begin your benefits while still employed, you should complete the Election to Begin Receiving Benefits - Age 70 (State Form 49285), which is available from PERF.

_____ ***IF you are an elected official*, age 55 with at least 20 years of service** and wish to begin your benefits while still in office, you should complete the Election to Begin Receiving Benefits – Elected Official (State Form 49287), which is available from PERF.

_____ ***IF you choose pension Option 61 on the application*,** you will need to complete the Notice to Members Considering the Social Security Integration Option 61 form, which is available from PERF. We will also need a statement of earnings from the Social Security Administration to calculate your benefit.

**You do not need to return this entire folder to PERF. Please mail your retirement application, tax forms and required documents.**

PERF
INDIANA

State Form 52578 (2-06)
OMB No. 1545-0074

**PRIVACY NOTICE**

All Social Security numbers are requested by this agency in accordance with the requirements of the Internal Revenue Code. Disclosure is mandatory and this form will not be processed without this information.

# W-4P (Substitute) Tax Withholding Certificate

Your PERF benefits are subject to federal income tax withholding. Complete this form to inform PERF of your federal income tax withholding election. Once you make an election, it will remain in effect until you change or revoke it. If you choose not to have tax withheld or do not have enough tax withheld, you may have to make estimated tax payments to the IRS. ***You may be subject to penalties if your payments of estimated tax and withholding are not sufficient.***

## Member Information

| Name (Last, First, Middle) | Social Security Number |
|---|---|
| Street Address | City/ State/ Zip Code |
| Phone Number (area code first) | Date |

## Federal Income Tax Withholding Election

☐ 1. I elect NOT to have federal income tax withheld from each periodic pension payment. (If you choose this election, then do not complete lines 2 or 3.)

**OR**

☐ 2. I want federal income tax withheld from each periodic pension payment, which is figured by using the number of allowances and marital status shown in parts A and B below. Use the worksheet on the next page to figure your allowances. You may also designate an additional dollar amount below.

A. Check marital status: ☐ Single ☐ Married ☐ Married, but withholding at the higher, single rate.

B. Enter number of allowances: _____

OPTIONAL - Only if you completed line 2, parts A and B:

In addition to the amount withheld based on line 2, I want the following amount withheld from each periodic pension payment:

(You cannot enter an amount here unless you completed line 2, parts A and B.) $ _____

**OR**

☐ 3. I only want the following dollar amount withheld from each periodic pension payment: $ _____

## Member Authorization

Please sign here ▶

Member Signature | Printed Name

Upon completion, please send this form to PERF at 143 West Market Street, Indianapolis, IN 46204.
You may also fax it to (317) 234-1226. If you fax this document, PERF does not need the hard copy.

## Personal Allowances Worksheet

A Enter "1" for yourself if no one else can claim you as a dependent.....A _____

B Enter "1" if: You are single and have only one pension; or
You are married, have only one pension and your spouse has no income subject to withholding; or
Your income from a second pension or a job, or your spouses pension or wages (or the total of all) is $1000 or less.....B _____

C Enter "1" for your spouse. But, you may choose to enter "-0-" if you are married and have either a spouse who has income subject to withholding or you have more than one source of income subject to withholding. (Entering "-0-" may help you avoid having too little tax withheld.).....C _____

D Enter number of dependents (other than your spouse or yourself) you will claim on your tax return.....D _____

E Enter "1" if you will file as head of household on your tax return.....E _____

F Child Tax Credit (including additional child tax credit):
If your total income will be less than $55,000 ($82,000 if married), enter "2" for each eligible child; or
If your total income will be between $55,000 and $84,000 ($82,000 and $119,000 if married), enter "1" for each eligible child, plus "1" additional if you have four or more eligible children.....F _____

G Add lines A through F and enter total here. (Note: This may be different from the number of exemptions you claim on your tax return.).....G _____

For accuracy, complete all worksheets that apply:

- If you plan to itemize or claim adjustments to income and want to reduce your withholding, see the IRS Deductions and Adjustments Worksheet on the next page.
- If you have more than one source of income subject to withholding or a spouse with income subject to withholding and your combined income from all sources exceeds $35,000 ($25,000 if married), see the Multiple Pensions/More Than-One-Income Worksheet on the next page to avoid having too little tax withheld.
- If neither of the above situations applies, stop here and enter the number from line G for your allowances on line 2.

## Deductions and Adjustments Worksheet

**Note.** *Use this worksheet* ***only*** *if you plan to itemize deductions, claim certain credits, or claim adjustments to income on your 2006 tax return.*

| | | | |
|---|---|---|---|
| 1 | Enter an estimate of your 2006 itemized deductions. These include qualifying home mortgage interest, charitable contributions, state and local taxes, medical expenses in excess of 7.5% of your income, and miscellaneous deductions. (For 2006, you may have to reduce your itemized deductions if your income is over $150,500 ($75,250 if married filing separately). See *Worksheet 3* in Pub. 919 for details.) | 1 | $ |
| 2 | Enter: $10,300 if married filing jointly or qualifying widow(er)<br>$ 7,550 if head of household<br>$ 5,150 if single<br>$ 5,150 if married filing separately | 2 | $ |
| 3 | **Subtract** line 2 from line 1. If line 2 is greater than line 1, enter "-0-" | 3 | $ |
| 4 | Enter an estimate of your 2006 adjustments to income, including alimony, deductible IRA contributions, and student loan interest | 4 | $ |
| 5 | **Add** lines 3 and 4 and enter the total. (Include any credit amounts from *Worksheet 7* in Pub. 919.) | 5 | $ |
| 6 | Enter an estimate of your 2006 income not subject to withholding (such as dividends or interest) | 6 | $ |
| 7 | **Subtract** line 6 from line 5. Enter the result, but not less than "-0-" | 7 | $ |
| 8 | **Divide** the amount on line 7 by $3,300 and enter the result here. Drop any fraction. | 8 | |
| 9 | Enter the number from the **Personal Allowances Worksheet,** line G, page 1 | 9 | |
| 10 | **Add** lines 8 and 9 and enter the total here. If you use the **Multiple Pensions/More-Than-One-Income Worksheet,** also enter this total on line 1 below. Otherwise, **stop here** and enter this total on Form W-4P, line 2, page 1 | 10 | |

## Multiple Pensions/More-Than-One-Income Worksheet

**Note.** *Complete only if the instructions under line G, page 1, direct you here. This applies if you (and your spouse if married filing a joint return) have more than one source of income subject to withholding (such as more than one pension, or a pension and a job, or you have a pension and your spouse works).*

| | | | |
|---|---|---|---|
| 1 | Enter the number from line G, page 1 (or from line 10 above if you used the **Deductions and Adjustments Worksheet)** | 1 | |
| 2 | Find the number in **Table 1** below that applies to the **LOWEST** paying pension or job and enter it here | 2 | |
| 3 | If line 1 is **more than or equal to** line 2, subtract line 2 from line 1. Enter the result here (if zero, enter "-0-") and on Form W-4P, line 2, page 1. **Do not** use the rest of this worksheet | 3 | |

**Note.** *If line 1 is* ***less than*** *line 2, enter "-0-" on Form W-4P, line 2, page 1. Complete lines 4–9 below to calculate the additional withholding amount necessary to avoid a year-end tax bill.*

| | | | |
|---|---|---|---|
| 4 | Enter the number from line 2 of this worksheet | 4 | |
| 5 | Enter the number from line 1 of this worksheet | 5 | |
| 6 | **Subtract** line 5 from line 4 | 6 | |
| 7 | Find the amount in **Table 2** below that applies to the **HIGHEST** paying pension or job and enter it here | 7 | $ |
| 8 | **Multiply** line 7 by line 6 and enter the result here. This is the additional annual withholding needed | 8 | $ |
| 9 | **Divide** line 8 by the number of pay periods remaining in 2006. For example, divide by 12 if you are paid every month and you complete this form in December 2005. Enter the result here and on Form W-4P, line 3, page 1. This is the additional amount to be withheld from each payment | 9 | $ |

## Table 1: Multiple Pensions/More-Than-One-Income Worksheet

| Married Filing Jointly | | | | | | All Others | |
|---|---|---|---|---|---|---|---|
| If amount from **HIGHEST** paying pension or job is— | AND, amount from **LOWEST** paying pension or job is— | Enter on line 2 above | If amount from **HIGHEST** paying pension or job is— | AND, amount from **LOWEST** paying pension or job is— | Enter on line 2 above | If amount from **LOWEST** paying pension or job is— | Enter on line 2 above |
| $0 - $42,000 | $0 - $4,500 | 0 | $42,001 and over | $32,001 - $38,000 | 6 | $0 - $6,000 | 0 |
| | 4,501 - 9,000 | 1 | | 38,001 - 46,000 | 7 | 6,001 - 12,000 | 1 |
| | 9,001 - 18,000 | 2 | | 46,001 - 55,000 | 8 | 12,001 - 19,000 | 2 |
| | 18,001 and over | 3 | | 55,001 - 60,000 | 9 | 19,001 - 26,000 | 3 |
| | | | | 60,001 - 65,000 | 10 | 26,001 - 35,000 | 4 |
| $42,001 and over | $0 - $4,500 | 0 | | 65,001 - 75,000 | 11 | 35,001 - 50,000 | 5 |
| | 4,501 - 9,000 | 1 | | 75,001 - 95,000 | 12 | 50,001 - 65,000 | 6 |
| | 9,001 - 18,000 | 2 | | 95,001 - 105,000 | 13 | 65,001 - 80,000 | 7 |
| | 18,001 - 22,000 | 3 | | 105,001 - 120,000 | 14 | 80,001 - 90,000 | 8 |
| | 22,001 - 26,000 | 4 | | 120,001 and over | 15 | 90,001 - 120,000 | 9 |
| | 26,001 - 32,000 | 5 | | | | 120,001 and over | 10 |

## Table 2: Multiple Pensions/More-Than-One-Income Worksheet

| Married Filing Jointly | | All Others | |
|---|---|---|---|
| If amount from **HIGHEST** paying pension or job is— | Enter on line 7 above | If amount from **HIGHEST** paying pension or job is— | Enter on line 7 above |
| $0 - $60,000 | $500 | $0 - $30,000 | $500 |
| 60,001 - 115,000 | 830 | 30,001 - 75,000 | 830 |
| 115,001 - 165,000 | 920 | 75,001 - 145,000 | 920 |
| 165,001 - 290,000 | 1,090 | 145,001 - 330,000 | 1,090 |
| 290,001 and over | 1,160 | 330,001 and over | 1,160 |

# Request for State Income Tax Withholding

1. You may select any amount that you wish to have withheld from your pension payment. This withholding will be reported to you on a W-2P at the end of each year as Indiana Income Tax withheld. The County Adjusted Gross Income Tax (CAGIT), County Option Income Tax (COIT), or the County Economic Development Income Tax (CEDIT) cannot be withheld. However, if you elect to overpay your state income tax liability, this overpayment may be applied to your county liability.

2. Please complete all blocks except block A. (Annuity contract claim or identification number). Leave this block blank.

3. Be sure to sign and date your form.

4. When you have competed and signed your form, detach it from these instructions and return it to the following address:

**Public Employees' Retirement**
**Fund 143 West Market Street**
**Indianapolis, IN 46204**

DETACH HERE

## Annuitant's Request for State Income Tax Withholding

**FORM WH-4P**

Revised 9/90

| Last Name, First Name, Middle Initial | Social Security Number |
|---|---|
| Address | |
| City, State, and ZIP code | |
| A. Annuity contract claim or identification number | A. NOT REQUIRED |
| B. Enter the amount to be withheld from each annuity or pension payment | B. |

I request voluntary income tax withholding from my annuity or pension payments

(Signature of Annuitant) (Date)

# Special Tax Notice Regarding Plan Payments

## Important Information for Plan Payments Under Governmental 401(a) Plans

This notice explains how you can continue to defer federal income tax on your retirement savings in the Indiana Public Employees' Retirement Fund (the "Plan" or "PERF") and contains important information you will need before you decide how to receive your Plan benefits. If you received this notice electronically, you may request from PERF a paper copy of this notice at no charge to you.

This notice is provided to you by PERF because all or part of the payment that you will soon receive from the Plan may be eligible for rollover by you or PERF to an IRA or an eligible employer plan. A rollover is a payment by you or PERF of all or part of your benefit to another plan or IRA that allows you to continue to postpone taxation of that benefit until it is paid to you. Your payment cannot be rolled over to a Roth IRA, a SIMPLE IRA, or a Coverdell Education Savings Account (formerly known as an education IRA). Note, however, that for a distribution made after December 31, 2007, your payment 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). 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).

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 you have additional questions after reading this notice, you can contact PERF at (888) 526-1687 or (317) 233-4162.

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.
- You choose whether your payment will be made directly to your traditional IRA or to an eligible employer plan that accepts your rollover. Your payment cannot be rolled over to a Roth IRA (see the special rules for rollovers to Roth IRAs below), a SIMPLE IRA, or a Coverdell Education Savings Account because these are not traditional IRAs.
- The taxable portion of your payment will be taxed later when you take it out of the traditional IRA or the eligible employer plan. Depending on the type of plan, the later distribution may be subject to different tax treatment than it would be if you received a taxable distribution from this Plan.

Note that for a distribution made after December 31, 2007, you can choose a direct 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 direct rollover of your distribution to a Roth IRA, the 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 direct rollover to a Roth IRA in the 2010 taxable year. A direct 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. You should consult your tax advisor if you are interested in rolling over your distribution to a Roth IRA.

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 PERF is required to withhold 20% of that amount and send it to the IRS as income tax withholding

# Special Tax Notice Regarding Plan Payments

to be credited against your taxes.

• The taxable amount of your payment will be taxed in the current year unless you roll it over. Under limited circumstances, you may be able to use special tax rules that could reduce the tax you owe. However, if you receive the payment before age 59-1/2, you may have to pay an additional 10% tax. See special note below for qualified public safety employees.

• 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.

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

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. You may do this by completing an application and submitting it to PERF. Your withdrawal will then be processed in accordance with your election as soon as practical after it is received by PERF.

MORE INFORMATION

I. PAYMENTS THAT CAN AND CANNOT BE ROLLED OVER

II. DIRECT ROLLOVER

III. PAYMENT PAID TO YOU

IV. SURVIVING SPOUSES

V. OTHER BENEFICIARIES

VI. SPECIAL RULES FOR SURVIVING SPOUSES AND OTHER BENEFICIARIES

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 or to an eligible employer plan that accepts rollovers, or beginning January 1, 2008, they can be rolled over to a Roth IRA. Payments from a plan cannot be rolled over to a SIMPLE IRA or a Coverdell Education Savings Account. PERF should be able to tell you what portion of your payment is an eligible rollover distribution.

After-tax Contributions. If you made after-tax contributions to the Plan, these contributions may be rolled into either a traditional IRA or to certain employer plans that accept rollovers of the after-tax contributions. The following rules apply:

(a) Rollover into a Traditional IRA. You can roll over your after-tax contributions to a traditional IRA either directly or indirectly. PERF should be able to tell you how much of your payment is the taxable portion and how much is the after-tax portion.

If you roll over after-tax contributions to a traditional IRA, it is your responsibility to keep track of, and report to the Service on the applicable forms, the amount of these after-tax contributions. This will enable the nontaxable amount of any future distributions from the traditional IRA to be determined.

Once you roll over your after-tax contributions to a traditional IRA, those amounts CANNOT later be rolled over to an employer plan.

(b) Rollover into an Employer Plan. Beginning January 1, 2007, you can roll over after-tax contributions from an employer plan that is qualified under Code section 401(a) to another such plan or to a Code section 403(b) annuity contract using a direct rollover if such other plan or annuity contract provides separate accounting for amounts rolled over, including separate accounting for the after-tax employee contributions and earnings on those contributions. If you want to roll over your after-tax contributions to an employer plan that accepts these rollovers, you cannot have the after-tax contributions paid to you first. You must instruct PERF to make a direct rollover on your behalf. You can also roll over after-tax contributions from an employer plan that is qualified under Code section 401(a) to a traditional IRA; however, you cannot first roll over after-tax contributions to a traditional IRA and then roll over that amount into an employer plan.

# Special Tax Notice Regarding Plan Payments

## Important Information for Plan Payments Under Governmental 401(a) Plans

You CANNOT roll over after-tax contributions to a governmental 457 plan.

The following types of payments cannot be rolled over:

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

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

Required Minimum Payments. Beginning when you reach age 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. Special rules apply if you own more than 5% of your employer.

Hardship Distributions. A hardship distribution cannot be rolled over.

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

PERF 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 for a direct rollover to a Roth IRA on or after January 1, 2008, 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 beginning January 1, 2008, 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 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.

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:

# Special Tax Notice Regarding Plan Payments

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, the Plan 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 PERF 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 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.

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), (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, (7) payments to a qualified public safety employee who separates from service during or after the year reaching age 50, or (8) a qualified reservist distribution from a deemed IRA or attributable to elective deferrals under a 401(k) plan or 403(b) annuity. 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 the plan for at least five years before the year in which you received the distribution. The special tax treatment for lump sum distributions that may be available to you is described below.

Ten-Year Averaging. If you receive a lump sum distribution and you were born before January 1, 1936, you can make a

one-time election to figure the tax on the payment by using "10-year averaging" (using 1986 tax rates). Ten-year averaging often reduces the tax you owe.

Capital Gain Treatment. If you receive a lump sum distribution and you were born before January 1, 1936, and you were a participant in the Plan 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 this Plan 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 this Plan (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

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

If you are a surviving spouse, you may choose to have a payment that can be rolled over, 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. BENEFICIARIES

If you are a beneficiary other than a surviving spouse and receive a distribution on or after January 1, 2007, 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 cannot choose a direct rollover to a Roth IRA or an eligible employer plan, and you cannot roll over the payment yourself.

## VI. SPECIAL RULES FOR SURVIVING SPOUSES AND OTHER BENEFICIARIES

If you are a surviving spouse 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 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 (not state or local) tax rules that might apply to your payment. The rules described above are complex and contain many conditions and exceptions that are not included in this notice. Therefore, you may want to consult with a professional tax advisor before you take a payment of your benefits from 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.

# Stepping into Retirement

## Instructions for the PERF Retirement Application

This booklet will help you understand the vital decisions you will have to make to apply for retirement benefits. All necessary applications and forms are included in your retirement application folder.

***To insure a prompt benefit payment, please submit your application no later than six months before your retirement date.***

To complete the process of retiring from your job, you must make pension choices that will affect your monthly income, and possibly someone else's. We have tried to make this process as simple as possible.

You may wish to obtain an official estimate of your benefits. As you fill out the application, use the Retirement Checklist to make sure that every step is finalized. All requested documents must be included in order to begin processing your retirement. Please submit your application at least six months before your retirement date to avoid an interruption in pay.

If you have any questions or concerns, please be sure to call PERF's Call Center, toll-free, at (888) 526-1687.

# Accessing PERF Online

As a retiree, you can log into PERF Online to view and print IRS 1099-R forms, sign up for or change direct deposit, view your benefit payments, change your address, and change your beneficiary's address. Visit www.perf.in.gov to sign up. If your address is not current with PERF, please contact us by phone at (888) 526-1687 and update this information before you sign up to use these services.

# Making Retirement Decisions

## Explanations and examples to help you complete PERF's Retirement Application

Please read the application itself carefully and use the Retirement Application Checklist to be certain your form is accurate and complete.

### STEP 1: Member Information

PERF cannot process your application without all the information requested in this section. PERF needs your Social Security number to process retirement benefits. It is not used for any other reason.

"Retirement Date" does not refer to either your last day of work or the day you mail your application. It is the official date from which PERF calculates your benefits and may be up to six months in the future or in the past. Prior to retirement, please confirm with your employer and PERF that you have earned the creditable service required to receive the benefit you desire. Your employer is most familiar with your employment history, so we strongly encourage you to confirm your employment and service history with your employer prior to choosing a retirement effective date.

The retirement date you choose must fall no earlier than the first day of the month after you become eligible to retire. PERF will pay no more than six months in retroactive benefits. See the example box to the right for illustrations of appropriate retirement dates.

### STEP 2: Select Your Pension Option

The pension options set by state law are explained on the retirement application itself. The fictitious example on the page four will help

*Using Direct Deposit*

**Simple and Convenient**

To have your benefit automatically deposited into your bank account each month, simply file a direct deposit form, which is included in this folder with the retirement application.

## Examples to Help You Pick an Appropriate Retirement Date

1. Retirement date in the past: John has 10 years of service. He turns 65 on April 12, which makes him eligible for a normal retirement by age and service, and stops working for his PERF-covered employer the next day ("separates from service"). However, he waits until January 1 to mail PERF his retirement application. He must choose August 1 or later as his retirement date because PERF cannot pay benefits for more than 6 months into the past.* Therefore, John cannot receive a benefit for May, June or July.

2. Retirement date in the future: Sarah has 10 years of service. She turns 65 on April 12, which makes her eligible for a normal retirement by age and service. She does not wish to be without income once she stops working, so she mails her application in March, chooses October 1 as her retirement date and stops working for her PERF-covered employer on September 30 ("separates from service").

**Six months of retroactive benefits do not apply if you are an elected official OR if you are at least 70 years old with 20 years of service and plan to continue working in your current position.*

you understand what may be available for a beneficiary upon your death and how that can affect your monthly benefit check. Notice that Option 10, 61 and 71 only offer survivor (beneficiary) benefits within the first five years of retirement.

***Option 61***: If you retire between the ages of 50 and 62 and have at least 15 years of service, you may select this option to integrate your PERF benefit with Social Security. PERF will pay you a larger monthly benefit before age 62. **At age 62, your benefit will be reduced or stopped based on your estimated Social Security benefit.** If you die before receiving benefits for five years, your beneficiary will receive either your monthly benefit for the remainder of those five years or the present value of those payments in a lump sum.

***Option 71***: You may only choose this option if you choose "Combine ASA with Lifetime Pension Ben-

efit" or "Withdraw 1986 Tax Basis Portion of ASA and Combine Taxable Portion with Lifetime Pension Benefit" for your Annuity Savings Account. Like Option 10, if you die before receiving benefits for five years, your beneficiary will receive either a monthly benefit for the remainder of those five years, or the present value of those remaining payments in a lump sum. Also, upon your death (whether you die before or after receiving five years of ben-

**The chart below represents a sample benefit for a member whose final average salary was $22,507 and who had 31.667 years of creditable service.**

| | *Member's Monthly Pension* | *Beneficiary's Benefit if the Member Dies within 5 Years* | *Beneficiary's Benefit if the Member Dies after 5 Years* |
|---|---|---|---|
| ***Five Year Guaranteed Benefit (OPTION 10)*** | $653/month | $653/month until five years after retirement date | 0 |
| ***No Guarantee (OPTION 20)*** | $673/month | 0 | 0 |
| ***Joint w/Full Survivor (OPTION 30)*** | $457/month | $457/month | $457/month |
| ***Joint with 2/3 Survivor (OPTION 40)*** | $512/month | $343/month | $343/month |
| ***Joint with 1/2 Survivor (OPTION 50)*** | $545/month | $272/month | $272/month |
| ***OPTION 61*** | You may only choose this if you are younger than age 62. See page 2 for more details on this option. | | |
| ***OPTION 71**** | $653/month | $653/month until five years after retirement date | 0 |

* This option requires that you annuitize your ASA.

efits), your beneficiary may receive a single payment of the amount left in your Annuity Savings Account. Please note that your ASA balance is reduced with each monthly benefit paid. Members will receive benefits for life, but if you die after you have recovered the full amount of your ASA, there will be no additonal distribution to your beneficiary.

***For joint pension benefit options 30, 40 and 50, you must include a birth certificate or other eligible document for your beneficiary.***

## STEP 3: Name Your Joint Survivor Pension Beneficiary (For options 30, 40, 50)

Step 3 only applies to applicants who chose pension options 30, 40 or 50. If you chose any other option, then skip to Step 4.

A "beneficiary" is the person you name to receive benefits from PERF after you die. For pension benefit options 30, 40 and 50, you may choose only one beneficiary. Also, **you must include a birth certificate or other eligible document** because your beneficiary's age is used in calculating the benefit amounts. If you cannot include a birth certificate, other eligible documents include a baptismal certificate, confirmation certificate or court decree. Attach an English translation to any foreign language document. If you do not have any eligible document, call (888) 526-1687.

**NOTE:** If your beneficiary is not your spouse, is more than 10 years younger than you *and* you are considering Options 30 or 40, please contact PERF to verify that your adjusted age difference proves your eligiblility for one of these options.

## STEP 4: Name Your Pension Beneficiary

**(For options 10, 20, 61 and 71)**

A "beneficiary" is the person you name to receive payments, or benefits, from PERF after you die. Often, this person is a spouse, but you may name any person, an estate, an organization or you may choose not to name a beneficiary. If you do not name a beneficiary, any benefits owed after your death will be paid as prescribed by the plan.

Members who select pension options 10, 20, 61 or 71 can name as many beneficiaries as they wish, as long as each one is checked as either "primary" or "contingent." Primary beneficiaries receive any benefits owed after your death. Contingent beneficiaries receive these benefits in the event that your primary beneficiaries are deceased.

## **STEP 5:** Select Your Annuity Savings Account Payment Method

The Annuity Savings Account, commonly called the ASA, is the second part of your PERF retirement benefits. It is an individual account in your name. There are several ways you may receive payment of these funds.

The ASA is a defined contribution plan, which means that there can be significant tax consequences attached to how you receive these funds once you retire. PERF is specifically prohibited from offering individual financial advice, including tax advice. Therefore, while we can explain the regulations that apply to each choice you must make, we cannot comment on how your individual situation might be affected. We encourage our members to seek professional, objective tax advice.

***Elect Not to Receive Any ASA Distribution at this Time***: Do you want to leave all of your ASA invested with PERF for now? If you make this choice, you will continue to have the right to choose among PERF's investment options and you will be able to make a different ASA payment choice at any time in the future.

***Combine ASA with Lifetime Pension Benefit***: Do you want to have a larger monthly check for the rest of your life, with any survivors to be paid according to the choices you make for your pension in Step 2? This ASA option will provide you with a lifetime payment.

***Withdraw Entire ASA / Paid directly to me***: Do you want all or part of your ASA paid directly to you? If so, check *Paid directly to me* under numbers 1 and/or 2 of this section. If you choose *Paid directly to me*, PERF must withhold a portion of these funds for income taxes. You may or may not receive the withheld amount when you file your next income tax return. The entire amount will count as income for the year in which it is paid.

***Withdraw Entire ASA / Rollovers***: Do you want to roll some or all of your ASA money into a non-PERF tax-deferred account? If so, check either *Direct Rollover* or *Partial Rollover* under numbers 1 and/ or 2 of this section. If you choose a rollover, you will continue to "defer", that is you will not owe, income taxes on these funds until some later date.

***Withdraw 1986 Tax Basis (Non-taxable) Portion of ASA and Combine Taxable Portion with Lifetime Pension Benefit***: *Do you want to withdraw the 1986 Tax Basis and* and combine the taxable portion with your lifetime monthly

pension benefit? If you make this payment choice, you and your beneficiary (if applicable) will receive a lifetime monthly payment even if you outlive the amount in your Annuity Savings Account.

## **STEP 6:** Naming Your ASA Beneficiary

If you chose to *Withdraw Entire ASA*, STEP 6 doesn't apply to you. Skip to STEP 7. This step only applies to people who chose *Elect Not to Receive Any ASA Distribution at this Time*. You previously named a beneficiary(s) for your pension. If you would like this person(s) to also receive the survivor benefit from your ASA, then skip this step.

If you decided not to receive any payment at this time, you may designate beneficiaries who differ from your pension beneficiaries to receive survivor benefits from your Annuity Savings Account. If you'd like to name a different person(s), please provide all of their personal information in STEP 6. You may choose as many beneficiaries for your ASA as you wish. Attach additional sheets with all required information if you would like to name more than two.

## **STEP 7:** Election for ASA State Tax Withholding

In this section, you must decide if you'd like PERF to withhold the standard percentage of state taxes from your Annuity Savings Account payment(s). You may choose to receive all of your money without any state taxes withheld, but you are still subject to pay those taxes at the end of the year. PERF only withholds Indiana State Taxes.

Check the first box if you'd like PERF to withhold the standard amount of state taxes. If you'd like PERF to withhold the standard amount AND an additional amount, then also check the second box and indicate how much more money (in dollars) you'd like PERF to withhold.

# Beneficiaries Matter

Once you retire, the beneficiaries you have listed with PERF can only be changed in limited circumstances, depending on the option you choose. Even if your Last Will and Testament designates a different person, PERF must distribute survivor benefits to the person we have on file. Please make this retirement decision carefully. Here are the circumstances in which you are eligible to change your beneficiary after you retire:

***For Option 10, 61, or 71:*** You may change your beneficiary up to five years from the effective date of your retirement.

***For Option 30, 40, or 50:*** You cannot make a change as long as your beneficiary is alive. If your beneficiary dies, you may name another person, or change to retirement Option 20.

***If you were receiving benefits and then got married for the first time:*** You may change your beneficiary to name your spouse.

## STEP 8: Have Your Application Notarized

Take the form to a duly commissioned notary public. The notary public will ask you to swear or affirm to the truth of all of the information you supplied on the application form and sign it in his/her presence. The notary will then complete this page and affix his/her seal to it.

Please use the Retirement Application Checklist to make sure you completely finish the application and include all necessary documents. **PERF will not begin processing your retirement until all required documents have been received.** Return the application and all of attachments to PERF at:

**PERF**
**143 W. Market Street**
**Indianapolis, IN 46204**

## STEP 9: Complete the Direct Deposit Form

Be sure to complete the *Direct Deposit of Recurring Payment* form. This convenenent service automaticall deposits your payment into your bank account no later than the 15th of every month. For your records, you will receive an annual statement showing all PERF direct deposits.

## Legal Notice

The Indiana Public Employees' Retirement Fund is governed by laws and regulations found in Title 5-10.2 and 5-10.3 of Indiana Code. While every attempt has been made to verify that all the information in this publication is correct and up-to-date, PERF does not make any representation or warranty as to the completeness or accuracy of any information provided. Published content does not constitute legal advice, and nothing herein should be considered a legal opinion. In the event of a discrepancy between information in this publication and the laws of the state of Indiana, the applicable state law shall apply. All information in this publication applies solely to the Public Employees' Retirement Fund and not the other retirement plans administered by PERF.

## Notes: