

Special Tax Notice Regarding Pension Plan Payments

This notice contains important information you will need before you decide how to receive your refund plus earned interest (referred to as a “distribution”) from the DeKalb County Pension Fund (the “Plan”).

SUMMARY

A distribution from the Plan that is eligible for “rollover” can be taken in two ways. You can have all or any portion of your payment either:

- 1) Paid in a “Direct Rollover” or
- 2) Paid to you.

A rollover is a distribution from your Plan to your individual retirement account (IRA) or to another employer plan. This choice will affect the tax you owe.

If you choose a *DIRECT ROLLOVER*

- Your distribution will not be taxed in the current year, and no income tax will be withheld.
- The interest and pre-tax contribution portions of your distribution must be invested in an IRA or another employer plan that accepts your rollover. A separate check for your post-tax contributions will be issued. This portion of your distribution is **not** eligible for rollover and is not taxed.
- Your distribution will be taxed later when you take it out of the IRA or employer plan.

If you choose to have your Plan distribution *PAID TO YOU* and do not intend to roll over the distribution

- You will receive only 80% of the distribution, because as the Plan administrator, DeKalb County Government’s Payroll Unit is required to withhold 20% and send it to the IRS as income tax withholding to be credited against your taxes.
- Your distribution will be taxed in the current year unless you roll it over. You may be able to use special tax rules that could reduce the tax you owe. However, if you receive the distribution before age 59½, you also may have to pay an additional 10% tax.
- You can roll over the distribution by reinvesting it as stated above within 60 days of receiving the distribution. The amount rolled over is not taxed until you take it out of the IRA or employer plan.
- You have up to 60 days to roll over the eligible portion of your distribution. If you elect not to roll over when the distribution is made and later (within the 60 days allotted) decide to roll over, *you must find other money to replace the 20% that was withheld.*

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More Information

Distributions That Can and Cannot Roll Over

Some distributions from the pension plan may be eligible for a rollover. This means that the distribution can be rolled over to an IRA or another employer plan that accepts rollovers. In general, only the taxable portion of your distribution is eligible for rollover. Some of the employee contributions to the DeKalb County pension plan were after-tax. As of April 1996, the employee contributions began to be made with pre-tax dollars. Only the interest earned and pre-tax employee contribution monies are eligible for rollover.

Direct Rollover

You may choose a direct rollover of the taxable part of your pension refund, provided it is at least \$200. If you choose to roll over only part of the taxable portion and keep the remainder, the part you roll over must be at least \$500. You are not taxed on the amount rolled over until you take it out of the IRA or Employer Plan.

**DeKalb County Government Pension Fund
Distribution Withholding Election Form**

The interest and pre-tax pension contributions of the distribution you receive from the County's Employee Pension Fund are subject to Federal Income Tax withholding provided it is over \$200 and you are either the former employee who made the contribution or the spouse of the former employee. If you elect to have the interest paid directly to an Individual Retirement Account (IRA) or another employer plan that will accept rollovers, you will avoid the Federal Income Tax deduction until you withdraw the money from your IRA or other employer plan.

You may elect to receive the entire pension distribution (interest and contributions) paid to you. DeKalb County as the Plan Administrator is required by law to withhold 20% of the taxable amount (interest earned and pre-tax contributions) for taxes. You may also have extra Federal Income Tax withheld to offset your taxes due when you file your annual tax return. ***If no election is taken, all of your pre-tax contributions and interest earned will be distributed with 20% withheld and credited towards your taxes.***

Election Form

Please indicate below whether you want your interest and pre-tax contributions rolled over directly into an IRA or other employer plan or if you want it paid to you.

Please check only one of the following:

- _____ I want the entire taxable portion of my pension distribution (must be over \$200) rolled over directly into an IRA or to another employer plan and the non-taxable portion (the post-tax contributions) paid to me.

- _____ I want \$ _____ (must be more than \$500) of the taxable portion of my pension distribution rolled over directly into an IRA or other employer plan and the remainder of the taxable portion as well as the non-taxable portion paid to me.

- _____ I want my entire distribution (both taxable and non-taxable) paid to me.

If you choose to have the taxable portion of your distribution directly rolled over to an IRA or another employer plan, please indicate the following:

Name of the Plan _____ Your Account # (if any) _____

Employee Name (Print) _____ SS# _____

Employee Signature _____ Date _____