

Request for Payment of Defined Contribution Funds

This packet contains:

- Payment options and timelines
- Summary of IRS Tax Rules on Withdrawals
- Beneficiary and Alternate Payee Information
- Instructions and Form(s) for Withdrawal Requests

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For assistance regarding a distribution from:		
	By Telephone	Internet
Plan 3 Defined Benefit	Department of Retirement Systems (DRS) 1-800-547-6657 (360) 664-7000 (Olympia area) 8:00 a.m. - 5:00 p.m. PT weekdays	www.drs.wa.gov
Plan 3 Defined Contribution	ICMA Retirement Corporation 1-888-711-8773 5:30 a.m. - 6:00 p.m. PT weekdays	www.icmarc.org/plan3

Note: This booklet provides instructions and forms to withdraw from the Plan 3 Defined Contribution Account only. To complete paperwork for the Defined Benefit, please contact DRS at the number shown.

SUMMARY DESCRIPTION
 This publication provides a summary of the rules governing the payment of funds from your retirement plan. The actual rules governing your benefits are contained in state retirement laws and the federal tax code. This publication is a summary, written in less legalistic terms. It is not a complete description of the law. If there are any conflicts between what is written in this publication and what is contained in the law, the applicable law will govern.

Plan 3 has a dual benefit structure. Member contributions finance a defined contribution component, and employer contributions finance a defined benefit component. This booklet describes your options for taking payment of funds from your Plan 3 **defined contribution** account and provides a summary of federal tax laws that may affect such payments. For tax advice, you should consult an accountant, qualified financial advisor or the Internal Revenue Service (IRS).

You do not need to withdraw your contributions simply because you separate from employment. Your defined contribution funds are part of your retirement benefit, and if you do not withdraw your contributions, they will continue to receive earnings according to the performance of your chosen investments until they are withdrawn.

When can I take payment of defined contribution funds?

As a member of Plan 3, you are entitled to take payment or roll over the balance of your defined contribution account when you leave Plan 3 employment. Taking payment of your defined contribution funds does not affect your eligibility for the defined benefit. Refer to your *Plan 3 Member Handbook* for details.

How do I initiate payment or a rollover of my defined contributions?

The following must occur:

- Complete the *Plan 3 Request for Payment of Defined Contribution* form contained in this packet on page 5. Beneficiaries and Alternate Payees will complete the form on page 9. Mail the form to the address indicated on the form.
- The Department of Retirement Systems (DRS) receives notice from your employer that you are no longer employed, or, in the case of a beneficiary request, receives a certified death certificate.
- To ensure that the most current information is submitted, do not send forms earlier than 60 days before your separation from service.

What are my payment options from the Plan 3 defined contribution account?

- Lump-sum or partial cash distribution
- Roll over into an eligible employer plan, such as a qualified plan or an IRA
- Scheduled installment payments
- Annuities

Can I request a loan or in-service withdrawal?

Since Plan 3 is a defined benefit plan with a defined contribution component, loans and in-service withdrawals are not permitted.

If I have after-tax contributions in my Plan 3 account, can I choose to receive only my after-tax contributions?

You must take payment of a portion of your pre-tax and after-tax dollars. A withdrawal of 100% of after-tax dollars is not permitted.

Once I mail the form, how long will it take to process the request?

Self-Directed Investment Program

If you are withdrawing money from the Self-Directed Investment Program, the process can take up to three business days, subject to being in good order as follows:

- A separation date has been received from DRS.
- You have waived the IRS-required 30-day review period by selecting this option on the form.
- You have completed the forms and your signature has been notarized. Incomplete forms will cause a delay in processing.

Member account assets are redeemed and valued from member accounts on a daily basis. For lump sum payments and rollover requests received by 1:00 p.m. Pacific Time on any business day, shares are redeemable that night as long as the documentation is in good order as described above. If there are after-tax sources in the Plan 3 account, an additional 1-2 business days are required for processing. Requests received after 1 p.m. Pacific Time are posted the next business day. ICMA Retirement Corporation (ICMA-RC), DRS' contracted Plan 3 record keeper, executes direct deposits and mails checks on the next business day.

Scheduled installment payments are paid monthly on the 15th day of the month, or the next business day if the 15th is not a business day.

WSIB Investment Program

If you are withdrawing money from the WSIB Investment Program, the withdrawal process can take 60 to 90 days due to the monthly valuation process. The timing of the withdrawal process is also subject to being in good order as follows:

- A separation date has been received from DRS.
- You have completed the forms and your signature has been notarized. Incomplete forms will cause a delay in processing.

Requests received by 1 p.m. Pacific Time on the third-to-last business day of the month will be posted from your account on the second-to-last business day of the next month if the request received is in good order as described on page 1. The assets are redeemed and valued monthly. Short-term earnings are applied. ICMA-RC executes direct deposits and mails checks on the second business day of the next month following redemption of shares. For further details regarding the monthly valuation process and the timeline, please refer to the *Plan 3 Investment Guide*.

If I withdraw funds from the account, will federal tax be withheld?

The IRS requires 20 percent be withheld from any tax-deferred funds paid to you that are eligible to be rolled over to another retirement account. Partial and lump-sum payments are subject to the 20 percent withholding. Fixed periodic payments scheduled for less than 10 years are eligible rollover distributions subject to 20 percent withholding tax.

The following types of payments are not eligible for direct rollover and thus are not subject to the mandatory 20% federal income tax withholding:

- Payments made over long periods of time – you cannot roll over a payment if it is part of a series of equal or almost equal payments that are made over:
 - Your life expectancy (or joint life expectancy with beneficiary), or
 - A period of ten years or more.
- Required minimum distributions beginning when you reach 70½ or retire, whichever is later.

If you receive a payment before you reach age 59½, and you do not roll over your defined contribution funds, you may have to pay an additional tax equal to 10 percent of the taxable portion of the payment. Please refer to page 15 for additional information regarding the 10 percent IRS penalty tax.

You can transfer all of the tax-deferred contributions and earnings to an Individual Retirement Account or an eligible employer plan. The taxed portion of your account

may also be rolled over, or you may choose to have it sent to you. Direct rollovers to another eligible retirement plan are not subject to 20 percent withholding tax.

Can I purchase an annuity from the Plan 3 defined contribution account?

You can purchase an annuity that will guarantee an income throughout your life, or throughout your life and a beneficiary's life, or for a certain number of years. An annuity purchase is not a taxable event. Annuity payments are reportable income in the year that they are received. Lifetime annuities are not subject to 20 percent withholding. Please refer to the *Annuity Guide* or contact ICMA-RC for more information and to arrange for the purchase of an annuity. The *Annuity Guide* provides the processing timeline and details regarding the application procedure for an annuity.

If I leave public employment, is there a minimum amount that I must withdraw from my account?

Your Plan 3 funds are intended to be a part of your retirement income. If you leave public employment before you reach the age of 70½, you are not required to withdraw funds from your Plan 3 account. If you leave your funds in the account, they will continue to increase or decrease based on market conditions.

Beginning April 1 of the year following the year you reach the age of 70½ or retire (whichever is later), you are required to withdraw a minimum amount from your account annually. This portion of your benefit cannot be rolled over. The minimum is based on your account value and the life expectancies of you and your beneficiary. If you fail to comply with the requirement, you are subject to a tax equal to 50 percent of the underpayment amount.

If you fail to comply with the minimum withdrawal requirement, you will be subject to a 50% excise tax on the difference between the minimum required distribution and the amount actually paid to you.

Forms

- **Plan 3 Request for Payment of Defined Contribution Funds**
- **Beneficiary or Alternate Payee Plan 3 Request for Payment of Defined Contribution Funds**
- **Plan 3 Direct Deposit Authorization**
- **Form Instructions**

Please keep a photocopy of the completed forms for your records.

Please be sure to read the information about general withholding and taxes on pages 15-17.

Which Form Should I Complete?

Member

- Plan 3 Request for Payment of Defined Contribution Funds
- Plan 3 Direct Deposit Authorization, if applicable
- Withholding Certificate (W-4P), if applicable

Beneficiary*

- Beneficiary or Alternate Payee Request for Payment of Defined Contribution Funds
- Certified Death Certificate
- Plan 3 Direct Deposit Authorization, if applicable
- Withholding Certificate (W-4P), if applicable
- Copy of Trust required if trust is named as beneficiary

Alternate Payee*

- Beneficiary or Alternate Payee Request for Payment of Defined Contribution Funds
- Plan 3 Direct Deposit Authorization, if applicable
- Withholding Certificate (W-4P), if applicable

** Please call ICMA-RC at 1-888-711-8773 before submitting a Beneficiary or Alternate Payee Request for Payment of Defined Contribution Funds.*

Special Note: To avoid processing delays, ensure that your signature is witnessed by a Notary Public. There are no exceptions to the notarized signature requirement.

After completing the applicable forms, be sure to retain copies for your personal record.

All original forms should be mailed to:

ICMA Retirement Corporation
P.O. Box 96220
Washington, DC 20090-6220

1. Distribution from:

(Select your retirement system and the investment program)

WSIB Only
Self-Directed Only
Both Programs

PERS

107181
 107182
 107181 & 107182

SERS

107383
 107384
 107383 & 107384

TRS

109492
 109513
 109492 & 109513

Section A: Payee Information – Please print with ballpoint pen (blue or black ink only)

2. Name (Last, First, Middle)

3. Social Security Number

4. Marital Status

Single Married

5. Permanent Address

6. City

7. State

8. Zip

9. Address where payment should be mailed (if different from above)

10. City

11. State

12. Zip

13. Evening phone no.

14. Date separated from employment if applicable

15. Date of Birth

()

16. Reason for withdrawal (Please select only one box)

Retirement Separated from Employment

Section B: Payment Options

1. Lump Sum Cash Distribution – I choose to receive my investments payable as follows:

Amount Requested: 100% of balance Partial payment of \$ _____

Payable by check to me.

Payment deposited to my account at a financial organization (Complete a *Plan 3 Direct Deposit Authorization* form)

2. Direct Rollover (Complete Section C also)

I choose to roll over all of the tax-deferred contributions and previously taxed contributions and earnings to an eligible retirement plan or IRA as designated in Section C.

I choose to roll over all of the tax-deferred contributions to the eligible retirement plan or IRA as designated in Section C. **Please send the taxed portion of my account, if any, directly to me.**

I choose to roll over \$ _____ of the tax-deferred contributions and previously taxed funds and earnings to an eligible retirement plan or IRA designated in Section C. The remaining funds should be left in my account unless marked under another option on this form.

3. Scheduled Payments

I choose to receive scheduled payments payable as follows:

Payable by check to me.

Payment deposited to my account at a financial organization. (Complete a *Plan 3 Direct Deposit Authorization* form.)

Scheduled Payments can only be at the intervals listed below. Select the payment interval:

Monthly (WSIB and Self-Directed Investment Programs)

Quarterly – every three months (Self-Directed Investment Program only)

Semi-annually – every six months (Self-Directed Investment Program only)

Annually (Self-Directed Investment Program only)

Select one payment type below to determine the amount and duration of your payments:

Payments of \$ _____ until account is exhausted. (Minimum payment is \$100.)

Payments projected to exhaust your account in _____ years. (Minimum payment is \$100.)

Equal payments over my life expectancy.*

Payments over combined life expectancy.* Beneficiary's Birth Date ____/____/____

*Payments might not last for entire lifetime(s)

Payments calculated each year to comply with the IRS Required Minimum Distribution Rules. (See page 2.)

4. Annuity Purchase – If you select this option, your investment program funds will be used to purchase an annuity that pays a benefit for your lifetime or the lifetimes of you and your beneficiary. Contact ICMA-RC at 1-888-711-8773 to determine the cost and conditions of an annuity.

Section C: Agreement to Accept Direct Rollover (Complete only if you selected Direct Rollover in Section B)

If you choose to roll over any of your tax-deferred and/or previously taxed contributions, have the accepting agent complete and sign this section. DRS retirement accounts are 401(a) accounts. The institution named below agrees to accept transfer of the tax-deferred and previously taxed funds described in Section B on a trustee-to-trustee basis. It is the member's intention that this transfer shall not constitute actual or constructive receipt for income tax purposes.

Please check the type of account: Individual Retirement Account Individual Retirement Annuity Eligible Pension Plan

Institution name and mailing address

Make check payable to

Account Number

Institution's phone number

Accepting agent's name

Accepting agent's signature

Date

Section D: Authorization for Payment of Defined Contribution Funds

Your signature on this document creates an irrevocable agreement between you and DRS. The IRS requires that you be given 30 days to review the options described in Section B. You may waive this right by checking the box below. If you do not waive the 30-day review, DRS must delay processing your payment for 30 days. This is not applicable to the WSIB Investment Program since the payout time frame is 60 - 90 days.

I waive my right to 30 days for reviewing the payment options.

I have no arrangements for continued employment with any Plan 3 employer, and nor am I on a leave of absence. Furthermore, I acknowledge that I have read the publication, *Plan 3 Request for Payment of Defined Contribution Funds*.

Request for Taxpayer Identification Number and Certification (Form W-9 Substitute)

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct Social Security number, and
2. I am not subject to backup withholding* because (a) I am exempt from backup withholding, or (b) I have not been notified by the IRS that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a U.S. citizen or a U.S. resident alien.

You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. The IRS does not require your consent to any provision of this document other than the certifications required to avoid backup withholding.

YOUR REQUEST CANNOT BE PROCESSED WITHOUT A NOTARY PUBLIC SIGNATURE AND SEAL.

Signature

Signed and attested to before me on: _____
Month Day Year

Notary Public Signature and Seal

City of Residence

Seal
Or
Stamp

This form requests that you provide your Social Security number. Internal Revenue Code Sections 6041 (A), and 6109 authorize the Department of Retirement Systems (DRS) to solicit your Social Security number.

- The disclosure of your Social Security number to DRS is mandatory.
- DRS will use your Social Security number to ensure that any amounts disbursed under your account are properly reported to the Internal Revenue Service and as a reference number for tracking all data with regard to your retirement account.
- DRS will not disclose your Social Security number to any party unless required by law.

Mail this form to:
ICMA Retirement Corporation
P.O. Box 96220
Washington, DC 20090-6220

* What is backup withholding? Persons making certain payments to you must under certain conditions withhold and pay to the IRS 30% of such payments after December 31, 2001 (29% after December 31, 2003). This is called "backup withholding." Payments that may be subject to backup withholding include interest, dividends, broker and barter exchange transactions, rents, royalties, non employee pay and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requestor your correct Taxpayer Identification Number, make the proper certifications and report all your taxable interest and dividends on your tax return.

Instructions for Plan 3 Request for Payment Form

Step 1 Indicate if you are requesting payment of funds from the WSIB Investment Program, Self-Directed Investment Program or both. Please also select your retirement system (PERS, SERS, or TRS).

Section A: Payee Information

Steps 2-13 Provide all required information for the person to whom the payment is made.

Step 14 Provide the date you separated from employment (stopped working).

Step 15 Provide your date of birth.

Step 16 Indicate the reason for this withdrawal. To determine if you are eligible to retire, see your *Plan 3 Member Handbook*.

Section B: Payment Options

Option 1 Lump Sum Cash Distribution – You may choose to take a single lump sum cash payment. By selecting this option, you indicate you understand there is mandatory IRS tax withholding on all tax-deferred contributions and earnings. Please indicate if you would like to receive payment by check or direct deposit. If you select direct deposit, you must complete a *Plan 3 Direct Deposit Authorization* form.

Option 2 Direct Rollover – You may choose to roll over 100% of eligible funds or a portion of the eligible funds. If you select this option, you must also complete Section C. Please do not submit forms from your new provider. This may delay processing.

Option 3 Scheduled Payments – You may choose to receive scheduled payments. If your scheduled payment plan lasts 10 years or less, and is not for your life expectancy, DRS is required to withhold 20 percent under IRS rules. See pages 15-17 of this booklet for a summary of federal tax obligations. If you select to have payment made by direct deposit, you must complete a *Plan 3 Direct Deposit Authorization* form. If your money is invested in the WSIB Investment Program, scheduled payments may only be made on a monthly basis. Indicate the amount and length of time you wish to receive your payments.

Option 4 Annuity Purchase – You may choose to purchase an annuity that will guarantee an income throughout your life, or throughout your life and a beneficiary's life, or for a certain number of years. Please refer to the *Annuity Guide* or contact ICMA-RC for more information and to arrange for the purchase of an annuity.

Note: Your distribution will be made as soon as administratively feasible, assuming you have waived the 30-day waiver in Section D. Please refer to page 1 for payment timeline. You will receive a confirmation letter in the mail. Please note that the pay date is when your check will be mailed or when the funds are sent electronically to your bank if direct deposit is selected. Please allow several days for receipt by mail.

Section C: Agreement to Accept Direct Rollover (Complete only if you chose Direct Rollover in Section B)

If you choose to have all or a portion of your funds payable by direct rollover in Section B, complete this section. After completing sections A and B of this form, have the accepting agent complete and sign Section C.

Section D: Authorization for Payment of Defined Contribution Funds

Read Section D carefully. In the presence of a Notary Public, sign Section D.

After completing the applicable forms, be sure to make copies and retain them for your personal record. Originals of *Plan 3 Request for Payment of Defined Contribution Funds Form* and *Plan 3 Direct Deposit Authorization* form (if applicable) should be mailed to:

ICMA Retirement Corporation
P.O. Box 96220
Washington, DC 20090-6220

1. Distribution from:	PERS	SERS	TRS
(Select your retirement system and the investment program)	<input type="checkbox"/> 107181 <input type="checkbox"/> 107182 <input type="checkbox"/> 107181 & 107182	<input type="checkbox"/> 107383 <input type="checkbox"/> 107384 <input type="checkbox"/> 107383 & 107384	<input type="checkbox"/> 109492 <input type="checkbox"/> 109513 <input type="checkbox"/> 109492 & 109513
WSIB Only Self-Directed Only Both Programs			

Section A: Payee Information – Please print with ballpoint pen (blue or black ink only)

2. Name (Last, First, Middle) _____

3. Social Security Number

4. Marital Status Single Married

5. Permanent Address _____

6. City _____ 7. State _____ 8. Zip _____

9. Address where payment should be mailed (if different from above) _____

10. City _____ 11. State _____ 12. Zip _____

13. Evening phone no. () _____

14. Date of Birth

15. Reason for withdrawal (Please select only one box)
 Beneficiary Alternate Payee

Section B: Member Information – To be completed by Beneficiary after member's death

16. Member's Name (Last, First, Middle) _____

17. Member's Social Security Number

18. Date of Member's Death

19. Marital Status at time of death Single Married

Section C: Payment Options

1. **Lump Sum Cash Distribution*** – I choose to receive my investments payable as follows:
 Amount Requested: 100% of balance Partial payment of \$ _____
 Payable by check to me.
 Payment deposited to my account at a financial organization (Complete a *Plan 3 Direct Deposit Authorization* form)

2. **Direct Rollover** (Complete Section D.)
 I choose to roll over all of the tax-deferred contributions and previously taxed contributions and earnings to an eligible retirement plan or IRA as designated in Section D.
 I choose to roll over all of the tax-deferred contributions to the eligible retirement plan or IRA as designated in Section D. **Please send the taxed portion of my account, if any, directly to me.**
 I choose to roll over \$ _____ of the tax-deferred contributions and previously taxed funds and earnings to an eligible retirement plan or IRA designated in Section D. The remaining funds should be left in my account unless marked under another option on this form.

3. **Scheduled Payments**
 I choose to receive scheduled payments payable as follows:
 Payable by check to me.
 Payment deposited to my account at a financial organization. (Complete a *Plan 3 Direct Deposit Authorization* form.)
 Scheduled Payments can only be at the intervals listed below. Select the payment interval:
 Monthly (WSIB and Self-Directed Investment Programs)
 Quarterly – every three months (Self-Directed Investment Program only)
 Annually (Self-Directed Investment Program only)
 Select one payment type below to determine the amount and duration of your payments:
 Payments of \$ _____ until account is exhausted. (Minimum payment is \$100.)
 Payments projected to exhaust your account in _____ years. (Minimum payment is \$100.)
 Equal payments over my life expectancy. (Payments might not last for entire lifetime(s))
 Payments calculated each year to comply with the IRS Required Minimum Distribution Rules. (See page 2.)

4. **Annuity Purchase** – If you select this option, your funds will be used to purchase an annuity that pays a benefit for your lifetime or the lifetimes of you and your beneficiary. Contact ICMA-RC at 1-888-711-8773 for information.

* If beneficiary is an organization, trustee, or estate, lump sum cash distribution is the only option available.

Instructions for Beneficiary or Alternate Payee Plan 3 Request for Payment Form

Step 1 Indicate if you are requesting payment of funds from the WSIB Investment Program, Self-Directed Investment Program or both. Please also select your retirement system (PERS, SERS, or TRS).

Section A: Payee Information

Steps 2-13 Provide all required information for the person to whom the payment is made.

Step 14 Provide your date of birth.

Step 15 Indicate the reason for this withdrawal. To determine your relationship to the member, see the definitions on page 17.

Section B: Member Information – To be completed by beneficiary after member's death

Steps 16-17 Provide the Plan 3 member's name and Social Security Number (see notice on the form).

Step 18 Provide the member's date of death. Be sure to submit a copy of the Death Certificate with this form.

Step 19 Provide the member's marital status at time of death.

Section C: Payment Options

Option 1 Lump Sum Cash Distribution – You may choose to take a single lump sum cash payment. By selecting this option, you indicate you understand there is mandatory IRS tax withholding on all tax-deferred contributions and earnings. Please indicate if you would like to receive payment by check or direct deposit. If you select direct deposit, you must complete a *Plan 3 Direct Deposit Authorization* form.

Option 2 Direct Rollover – You may choose to roll over 100% of eligible funds or a portion of the eligible funds. If you select this option, you must also complete Section D. Effective January 1, 2007, direct rollovers are also available to non-spousal or ex-spouse beneficiaries. Please do not submit forms from your new provider. This may delay processing.

Option 3 Scheduled Payments – You may choose to receive scheduled payments. If your scheduled payment plan lasts 10 years or less, and is not for your life expectancy, DRS is required to withhold 20 percent under IRS rules. See pages 15-17 of this booklet for a summary of federal tax obligations. If you select to have payment made by direct deposit, you must complete a *Plan 3 Direct Deposit Authorization* form. If your money is invested in the WSIB Investment Program, scheduled payments may only be made on a monthly basis. Indicate the amount and length of time you wish to receive your payments.

Option 4 Annuity Purchase – You may choose to purchase an annuity that will guarantee an income throughout your life, or throughout your life and a beneficiary's life, or for a certain number of years. Please refer to the *Annuity Guide* or contact ICMA-RC for more information and to arrange for the purchase of an annuity.

Note: Your distribution will be made as soon as administratively feasible, assuming you have waived the 30-day waiver in Section E. Please refer to page 1 for payment timeline. You will receive a confirmation letter in the mail. Please note that the pay date is when your check will be mailed or when the funds are sent electronically to your bank if direct deposit is selected. Please allow several days for receipt by mail.

Section D: Agreement to Accept Direct Rollover (Complete only if you chose Direct Rollover in Section C)

If you choose to have all or a portion of your funds payable by direct rollover in Section C, complete this section. After completing sections A, B (for beneficiary only), and C of this form, have the accepting agent complete and sign Section D.

Section E: Authorization for Payment of Defined Contribution Funds

Read Section E carefully. In the presence of a Notary Public, sign Section E.

After completing the applicable forms, be sure to make copies and retain them for your personal record. Originals of the Beneficiary or Alternate Payee Plan 3 Request for Payment of Defined Contribution Funds Form and Plan 3 Direct Deposit Authorization form (if applicable) should be mailed to:

ICMA Retirement Corporation
P.O. Box 96220
Washington, DC 20090-6220

Section D: Agreement to Accept Direct Rollover (Complete only if you selected Direct Rollover in Section C)

If you choose to roll over any of your tax-deferred and/or previously taxed contributions, have the accepting agent complete and sign this section. DRS retirement accounts are 401(a) accounts. The institution named below agrees to accept transfer of the tax-deferred and previously taxed funds described in Section C on a trustee-to-trustee basis. It is the beneficiary or alternate payee's intention that this transfer shall not constitute actual or constructive receipt for income tax purposes.

Please check the type of account: Individual Retirement Account Individual Retirement Annuity Eligible Pension Plan

Institution name and mailing address

Make check payable to Account Number Institution's phone number

Accepting agent's name Accepting agent's signature Date

Section E: Authorization for Payment of Defined Contribution Funds

Your signature on this document creates an irrevocable agreement between you and DRS. The IRS requires that you be given 30 days to review the options described in Section B. You may waive this right by checking the box below. If you do not waive the 30-day review, DRS must delay processing your payment for 30 days. This is not applicable to the WSIB Investment Program since the payout time frame is 60 - 90 days.

I waive my right to 30 days for reviewing the payment options.

I have no arrangements for continued employment with any Plan 3 employer, and nor am I on a leave of absence. Furthermore, I acknowledge that I have read the publication, *Plan 3 Request for Payment of Defined Contribution Funds*.

Request for Taxpayer Identification Number and Certification (Form W-9 Substitute)

Under penalties of perjury, I certify that:

- 1. The number shown on this form is my correct Social Security number, and
- 2. I am not subject to backup withholding* because (a) I am exempt from backup withholding, or (b) I have not been notified by the IRS that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
- 3. I am a U.S. citizen or a U.S. resident alien.

You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. The IRS does not require your consent to any provision of this document other than the certifications required to avoid backup withholding.

YOUR REQUEST CANNOT BE PROCESSED WITHOUT A NOTARY PUBLIC SIGNATURE AND SEAL.

Signature

Signed and attested to before me on: _____
Month Day Year

Notary Public Signature and Seal

City of Residence

Seal
Or
Stamp

This form requests that you provide your Social Security number. Internal Revenue Code Sections 6041 (A), and 6109 authorize the Department of Retirement Systems (DRS) to solicit your Social Security number.

- The disclosure of your Social Security number to DRS is mandatory.
- DRS will use your Social Security number to ensure that any amounts disbursed under your account are properly reported to the Internal Revenue Service and as a reference number for tracking all data with regard to your retirement account.
- DRS will not disclose your Social Security number to any party unless required by law.

Mail this form to:
ICMA Retirement Corporation
P.O. Box 96220
Washington, DC 20090-6220

* What is backup withholding? Persons making certain payments to you must under certain conditions withhold and pay to the IRS 30% of such payments after December 31, 2001 (29% after December 31, 2003). This is called "backup withholding." Payments that may be subject to backup withholding include interest, dividends, broker and barter exchange transactions, rents, royalties, non employee pay and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requestor your correct Taxpayer Identification Number, make the proper certifications and report all your taxable interest and dividends on your tax return.

Instructions for Plan 3 Direct Deposit Authorization:

Section A

1. Complete all personal information in the top section of the form.
2. Print your name where indicated and sign and date the statement. If the signature can only be made by mark, it must be witnessed by two persons who sign the form. If witnesses are required, they should print the word 'Witness' above their signatures to the right of the mark.
3. Print the name and Social Security number of the member/retiree, if different from yours.

Section B

After completing Section A, take or send the form to your financial institution. After the financial institution completes Section B, forward the form to:

ICMA Retirement Corporation
P.O. Box 96220
Washington, DC 20090-6220

You may want to retain a copy for your personal records.

Cancellation Instructions:

After receipt by ICMA-RC, this authorization will remain in effect until canceled by notice to ICMA-RC or upon your death. The financial institution should also be notified if you cancel this agreement.

The financial institution may cancel their agreement by providing you and ICMA-RC written notice 30 days in advance of the cancellation date. If this authorization is canceled, you must advise ICMA-RC immediately of your new distribution instructions.

This form requests that you provide your Social Security Number. Internal Revenue Code Sections 6041 (A) and 6109 authorize the Department of Retirement Systems (DRS) to solicit your Social Security Number.

- The disclosure of your Social Security Number to DRS is mandatory.
- DRS will use your Social Security Number to ensure that any amounts disbursed under your account are properly reported to the Internal Revenue Service and as a reference number for tracking all data with regard to your retirement account.
- DRS will not disclose your Social Security Number to any party unless required by law.

General Withholding Requirements & Tax Notice on Pension Payments

The IRS provides that if you receive a distribution of funds, you may be subject to 20 percent federal income tax withholding, unless you have the payment rolled over directly to an IRA or an eligible employer plan.

Payments that can be rolled over

If you choose a direct rollover, you are not taxed until you later take payment out of the IRA or the eligible employer plan.

You can choose to have any part or all of an eligible rollover distribution* paid from Plan 3 directly to another qualified retirement plan that accepts rollover distributions or to a traditional IRA.

Direct rollover to an IRA

You can open an IRA to receive a direct rollover or roll the funds over to an existing IRA. 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. In choosing an IRA, you may wish to consider whether the IRA will allow you to move all or a part of your payment to another IRA at a later date without penalties or other limitations. Refer to IRS Publication 590, *Individual Retirement Arrangements*, for more information on IRAs (including limits on how often you can roll over between IRAs). See page 17 for ordering information.

Direct rollover to a retirement plan

If you are employed by a new employer that has an eligible retirement plan, and you want to do a direct rollover, ask the administrator of that plan if a rollover will be accepted. An eligible employer plan is not legally required to accept a rollover.

Already-taxed payments

If you have already paid taxes on your contributions, they are not subject to additional tax. However, the IRS determines how after-tax dollars are distributed after you retire.

Payments that cannot be rolled over

You may not elect to directly roll over a benefit of less than \$100. In addition, the following types of payments cannot be rolled over and are therefore not subject to the 20 percent withholding:

Payments spread over long periods

You cannot roll over a payment if it is part of a series of equal (or almost equal) payments made at least once a year and lasting for: your life (or life expectancy); your life and your beneficiary's life (or life expectancies); or a period of 10 years or more.

Required payments after age 70½

Beginning April 1 of the year following the year you reach age 70½ or retire (whichever is later), you are required to withdraw a minimum amount from your account annually. This portion of your benefit cannot be rolled over. The minimum is based on your account value and the life expectancies of you and your beneficiary. If you fail to comply with the requirement, you are subject to a tax equal to 50 percent of the underpayment amount.

Mandatory withholding

If you are eligible for a rollover but you do not roll over your defined contribution funds, there is a mandatory withholding. By law, any portion of the payment to you that is eligible for rollover is required to have 20 percent withheld. This amount is sent to the IRS as income tax withholding.

The requirements apply to tax deferred contributions and earnings on all contributions. The 20 percent withholding tax applies to all plan payments that are eligible for rollover including:

- Tax-deferred funds paid to a member who has separated employment; and
- Distributions of tax-deferred funds to surviving spouses or alternate payees.

If any portion of the payment is not an eligible rollover distribution but is comprised of tax-deferred contributions, the mandatory withholding rules described in this brochure do not apply. You may choose to have taxes withheld to comply with IRS tax liability withholding requirements.

Additional 10 percent tax

If you receive a payment before you reach age 59½, and you do not roll over your defined contribution funds, you may have to pay an additional tax equal to 10 percent of the taxable portion of the payment. The additional 10 percent tax does not apply to payments made in the following circumstances:

- If you separate from service with your Plan 3 employer during or after the year you reach age 55;
- If you retire or separate due to disability;

*See definition on page 17.

- If, after you separate from service, payment is made as equal or almost equal payments over your life expectancy, or you and your beneficiary's life expectancies;
- If payment is made to your beneficiary (or to your estate) after your death;
- If the funds are rolled over into another eligible retirement account within 60 days of disbursement;
- If payments are paid directly to the government to satisfy a federal tax levy;
- If the distribution is equal to or less than the amount of deductible medical expenses.

The calculation and payment of the tax for an early distribution are your responsibility as part of filing your year-end IRS forms (1040 and 5329). Beneficiaries and alternate payees* are not subject to this tax.

If your payment is *not* considered an eligible rollover distribution, taxes will be withheld on your withdrawal according to the Form W-4P that you file. If you indicate no withholding on your W-4P, the request will be honored unless you are a nonresident alien. If you request no withholding, you may need to meet IRS requirements for payment of estimated taxes by year-end.

If you do not submit a W-4P form and your distribution is *not* eligible for a rollover, taxes will be withheld according to IRS requirements. The IRS standard is a filing status of married with three exemptions.

See IRS Form 5329 for more information on the additional 10 percent tax.

Sixty-day rollover option – Payments made to member

If you have an eligible rollover distribution paid to you, you can still decide to roll all or part of it into an IRA or another eligible employer plan that accepts rollovers. If you decide to roll over your funds, **you must make the rollover within 60 days after you receive the payment.** The portion of your payment that is rolled over will not be taxed until you take it out of the IRA or the eligible employer plan.

You can roll over up to 100 percent of the eligible rollover distribution, including an amount equal to the 20 percent withheld. If you choose to roll over 100 percent, you must find other money within the 60-day period to contribute to the IRA or the employer plan to replace the 20 percent that was withheld. If you roll over only the 80 percent that you received, you must report the 20 percent withheld as income in the year it was received.

Special tax treatment for lump sum distributions

If your eligible rollover distribution is paid to you, it will be taxed in the year you receive it. However, if it qualifies as a “lump sum distribution,” it may be eligible for special tax treatment if you were born before January 2, 1936. A lump sum distribution is payment of your entire balance from all of your employer's qualified plans within one year, because you have reached age 59½ or have separated from service. For a Plan 3 payment to qualify as a lump sum distribution, you must have been a member of a DRS-administered retirement system for at least five years. The special tax treatment for lump sum distributions is described below.

Ten-year averaging and capital gain treatment

If you were born before January 2, 1936, see IRS Publication 575 for information about 10-year averaging and the capital gains tax treatment. There are limits on the special tax treatment for lump sum distributions. For example, you can generally elect this special tax treatment only once in your life, and the election applies to all lump sum distributions that you receive in that same year. If you have previously rolled over a payment from a DRS-administered system (or certain other similar plans of your employer), you cannot use this special tax treatment for later payments from the retirement system. If you roll over your payment to an IRA, you will not be able to use this special tax treatment for later payments from the IRA. Also, if you roll over only a portion of your payment to an IRA, this special tax treatment is not available for the rest of the payment. Additional restrictions are described in IRS Form 4972, *Tax on Lump Sum Distributions*, which has more information on lump sum distributions and how you elect the special tax treatment.

U.S. Federal Tax Treatment for Non-resident Aliens

If you are a non-resident alien, you may be subject to non-resident alien withholding tax rules. A non-resident alien is an individual who is not a U.S. citizen or a resident alien.

How to Obtain Additional Information about Federal Taxes

This booklet describes the highlights of the federal tax rules that might apply to your payment. The rules described in this booklet are complex and contain many conditions and exceptions that are not included in this publication. **Consult with a professional tax advisor or review the IRS publications noted below before you withdraw funds from your retirement account.** You

can find more specific information on the tax treatment of payments from eligible retirement plans in IRS Publication 575, *Pension and Annuity Income*, and IRS Publication 590, *Individual Retirement Arrangements*. IRS publications are available from your local IRS office or by calling 1-800-TAX-FORMS. You can obtain federal tax information from the IRS by calling 1-800-TAX-1040, or on the IRS Web site at: www.irs.gov. DRS and ICMA-RC staff are not authorized to give tax advice.

Beneficiaries and Alternate Payees

Please note that the processing timelines described on page 1 are also applicable to beneficiaries and alternate payees.

If you are a surviving spouse, another beneficiary or an alternate payee, your payment is not subject to the additional 10 percent tax described on page 15 of this booklet, even if you are younger than age 59½ and the member was not a member of the plan for at least five years. Also, you may be able to use the special tax treatment for lump sum distributions described on page 16.

If you are a beneficiary and the spouse of the deceased member or retiree who has not initiated payment of the defined contributions, you may choose from any of the distribution options. **Effective January 1, 2007, if you are a beneficiary and not the surviving spouse**, you can choose a direct rollover or roll over the payment yourself.

If you have a property division order that **“awards you an interest”** in your ex-spouse’s account, you must take payment of the funds when your ex-spouse accesses the Plan 3 account, or at the time of your ex-spouse’s death. You cannot access the funds until one of these events occurs. At that time, you may choose from any of the distribution options.

If you are an ex-spouse with a property division order that **“splits”** your ex-spouse’s retirement account with you, your account is separate from that of your ex-spouse and you may access it at any time. You may choose from any of the distribution options.

The Plan 3 Defined Benefit

Your Plan 3 defined benefit is financed by your employer. Once you have accumulated enough service credit to qualify for retirement and you reach retirement age, you can receive a benefit even if you have withdrawn your defined contribution funds. You should keep

Definitions

Alternate payee(s)

A person whose interest in the retirement account stems from a court order that complies with applicable Washington State statutes. These orders are usually issued in connection with a divorce or legal separation.

Beneficiary

Any person, estate, organization or trust designated to receive benefits which may be payable upon a member’s death.

Eligible rollover distribution

Most payments made to members, spouse beneficiaries, or alternate payees that do not continue for the life of the recipient or for 10 years or more. See IRS Publication 575 for details.

Lump sum distribution

The payment of a member’s entire balance from the employer’s plan within one year. See IRS Publication 575 and page 16 for details.

Minor child

A member’s child who is under the age of eighteen.

Non-spouse beneficiary

Any person named as a beneficiary who is not married to the member at the time of death.

Rollover

A deposit of your plan payment to your individual retirement account (IRA) or to an eligible employer plan that accepts rollovers. This may include tax-deferred contributions, taxed contributions and earnings.

Tax-deferred contributions

Contributions deducted from your paycheck before federal income taxes are calculated. Payment of taxes is deferred until you receive the money.

your address up-to-date with DRS because you will be eligible to receive this benefit when you reach retirement age and you meet the requirements described below.

When am I eligible for retirement?

You are eligible for normal retirement if you are at least age 65, and have:

- (a) Completed 10 service credit years; or
- (b) Completed five service credit years, including 12 service credit months after attaining age 44; or
- (c) Completed five service credit years by July 1, 1996, under TRS Plan 2 before transferring to TRS Plan 3, *or* completed five service credit years by September 1, 2000, under SERS Plan 2 before transferring to SERS Plan 3; *or* completed five service credit years by June 1, 2003, under PERS Plan 2 before transferring to PERS Plan 3.

If you accumulate 10 service credit years, you can retire as early as age 55 with an actuarial reduction in your benefit. Plan 3 members who have 30 years of service credit and are at least age 55 may retire and receive a benefit reduced by three percent per year for each year they retire before age 65. For more information about your defined benefit, refer to your *TRS, SERS, or PERS Plan 3 Member Handbook*.

Beneficiaries may be eligible for defined benefit payments

If the member dies after retiring, a continuing benefit is determined by the retirement option selected at the time of retirement.

If a member who is eligible to retire dies before retiring, the surviving spouse, or if none, the guardian on behalf of the member's surviving minor children, will receive a benefit calculated as if the member had:

- Elected a Joint and 100 percent Survivor Option, and
- Separated from service on the date of death.

For additional questions or concerns regarding the defined benefit, contact DRS:

Department of Retirement Systems
PO Box 48380
Olympia, WA 98504-8380
Toll Free: 1-800-547-6657
Telephone: (360) 664-7000
TDD: (360) 586-5450
Web site: www.drs.wa.gov

For additional questions or concerns regarding the defined contribution, contact ICMA-RC:

ICMA-RC
PO Box 96220
Washington, DC 20090-6220
Toll Free: 1-888-711-8773
TDD: 1-800-669-7471
Web site: www.icmarc.org/Plan3
Email: Plan3@icmarc.org



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