



Manchester Employees' Contributory Retirement System
 1045 Elm Street, Suite 403, Manchester, NH 03101-1824

REFUND APPLICATION / DIRECT ROLLOVER FORM

The distribution you are requesting from the City of Manchester Employees' Contributory Retirement System is eligible for rollover to another qualified plan or an Individual Retirement Arrangement (IRA). If you elect to have all or any part of the taxable portion of your distribution directly rolled over, no Federal income tax will be withheld from your distribution. Federal income tax will be withheld from the taxable portion of your distribution which is not directly rolled over. For more information, see the enclosed "Special Tax Notice Regarding Plan Payments".

You should understand that unless you are re-employed by the City and rejoin the plan, this action will negate your eligibility for post-retirement health insurance subsidies and lifetime annuity benefits.

1. Member Name	2. Member SSN	3. Member Date of Birth
4. Member Address		
5. I have read the Special Tax Notice Regarding Plan Payments and hereby elect the following (please check one): <input type="checkbox"/> I want the distribution paid directly to me. I understand that 20% of the taxable portion of the distribution will be withheld for Federal income tax. I also understand that the MECRS cannot refund amounts withheld for Federal income tax. <input type="checkbox"/> I want 100% of my distribution to be issued as a Direct Rollover to an IRA or eligible employer plan. No Federal income tax will be withheld. <input type="checkbox"/> I want \$_____ of my distribution to be issued as a Direct Rollover to an IRA or eligible employer plan, with the balance paid directly to me. (The rollover amount will first be paid from the taxable balance and then from the non-taxable balance, if applicable). Note: Not all plans will accept the rollover of after-tax funds. If you are requesting a rollover of after-tax funds, please verify that your desired rollover recipient will accept a rollover of after-tax funds BEFORE submitting your request.		
6. If choosing a direct rollover in section 5, please complete the following: Type of plan receiving rollover: Traditional IRA_____ Roth IRA_____ 401(a)_____ 401(k)_____ 403(a)_____ 403(b)_____ 457(b)_____		
<i>*If you are rolling over to a plan other than an IRA, please attach a statement from either the trustee or plan administrator verifying that the plan will accept a direct rollover.</i> Name of IRA or Qualified Plan _____ Account No. _____ Please make check payable to: _____ Plan Mailing Address: _____ I understand that the check for the Direct Rollover must be made payable to either the financial institution or the receiving plan, and I request that the check be mailed to (check one): <input type="checkbox"/> the financial institution or receiving plan <input type="checkbox"/> me, for delivery to the financial institution or receiving plan		

I hereby certify that the information provided is true and correct to the best of my knowledge and belief. I understand that my election is irrevocable.

Signature of Member

Date

Manchester Employees' Contributory Retirement System
1045 Elm Street, Suite 403
Manchester, NH 03101-1824

REFUND APPLICATION / DIRECT ROLLOVER FORM – Page 2
MANDATORY SPOUSAL ACKNOWLEDGEMENT

Chapter 218:30, Laws of 1974 as amended, require that spousal acknowledgement be given on the selection of retirement options as may be applicable. The completion and submission of this form is a mandatory prerequisite to the refund process **for members over age 60 or with five years or more of service. If you are under 60 years of age and have fewer than five years of service, you do not need to complete this section.**

Section One: Member Information	
<hr/>	<hr/>
Member Name	Member SSN

Section Two: Either Part A or Part B Must Be Completed

Note: If Married, the member's spouse must complete Part A in the presence of a notary public or a justice of the peace. If unmarried, the member must complete Part B.

Part A. Spousal Acknowledgement

I hereby attest that I am the spouse of the member identified above and that I have been informed of and understand that the refund option being requested by my vested or retirement eligible spouse disqualifies them from any future plan payment or benefit in exchange for the lump sum distribution.

Signature of Spouse _____ Date _____

State of _____

County of _____

On this _____ day of _____, _____, before me personally appeared _____

_____, known to me to be the person whose name is signed above and who, under oath, executed the foregoing Spousal Acknowledgement.

WITNESS my hand and office seal.

Notary Public/Justice of the Peace _____

My Commission expires _____

Part B. Member Certification

I hereby attest that I am not married at this time and therefore may request a refund of accumulated contributions and interest without spousal acknowledgement.

Signature of Member _____ Date _____

CITY OF MANCHESTER EMPLOYEES' CONTRIBUTORY RETIREMENT SYSTEM	Manchester Employees' Contributory Retirement System 1045 Elm Street, Suite 403, Manchester, NH 03101-1824 ELECTION FOR TERMINATED VESTED EMPLOYEES
---	--

Pursuant to Chapter 218:11, II Laws of 1974, as amended, and because of my termination of employment, I understand that I have the option of electing either of the following:

1. To receive an immediate refund of my pension contributions with interest (this option will negate my eligibility for a lifetime annuity benefit, participation in employer sponsored post-retirement health insurance subsidy, and require spousal consent if married or similarly bound by law); or
2. To leave my contributions on deposit with the System, and to receive a monthly annuity payment based upon earnings and service up to the date of my termination, beginning at age 60 (or earlier if eligible).

 Date of Termination: _____

Election Concerning Disposition of Contributions

- I hereby elect to have my pension contributions **refunded to me**. Attached is a completed two-page refund application form, inclusive of spousal consent and any applicable Federal Income Tax Withholding/Direct Rollover Instructions.
- I hereby elect to have my pension contributions **retained** in the Manchester Employees' Contributory Retirement System and to receive a retirement benefit commencing at age 60 (or earlier if eligible).

I understand that the Retirement System will make every effort to contact me when payment or benefits become due, but that I bear a measure of responsibility and will notify the Retirement System over time of any address changes. I further understand that spousal benefits applicable to in service deaths do not extend to vested deferred members.

Please print: Member's name: _____ Date: _____

Signature of member _____

To be completed by MECRS Staff

Election verified on: Date _____ *By MECRS staff member* _____
 (Original to the member's file with a copy to the member.)

SPECIAL TAX NOTICE REGARDING PLAN PAYMENT AND YOUR ROLLOVER OPTIONS

You are receiving this notice because all or a portion of a payment you are receiving from the Manchester Employees' Contributory Retirement System (MECRS) is eligible to be rolled over to an IRA or an employer plan. This notice is intended to help you decide whether to do such a rollover.

Rules that apply to most payments from a plan are described in the "General Information About Rollovers" section. Special rules that only apply in certain circumstances are described in the "Special Rules and Options" section.

GENERAL INFORMATION ABOUT ROLLOVERS

How can a rollover affect my taxes?

You will be taxed on a payment from MECRS if you do not roll it over. If you are under age 59 ½ and do not do a rollover, you will also have to pay a 10% additional income tax on early distributions (unless an exception applies). However, if you do a rollover, you will not have to pay tax until you receive payments later and the 10% additional income tax will not apply if those payments are made after you are age 59 ½ (or if an exception applies).

Where may I roll over the payment?

You may roll over the payment to either an IRA (an individual retirement account or individual retirement annuity) or an employer plan (a tax-qualified plan, section 403(b) plan, or governmental section 457(b) plan) that will accept the rollover. The rules of the IRA or employer plan that holds the rollover will determine your investment options, fees, and rights to payment from the IRA or employer plan (for example, no spousal consent rules apply to IRAs and IRAs may not provide loans). Further, the amount rolled over will become subject to the tax rules that apply to the IRA or employer plan.

How do I do a rollover?

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

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

If you do not do a direct rollover, you may still do a rollover by making a deposit into an IRA or eligible employer plan that will accept it. You will have 60 days after you receive the payment to make the deposit. If you do not do a direct rollover, MECRS is required to withhold 20% of the payment for federal income taxes. This means that, in order to roll over the entire payment in a 60-day rollover, you must use other funds to make up for the 20% withheld. If you do not rollover the entire amount of the payment, the portion not rolled over will be taxed and will be subject to the 10% additional income tax on early distributions if you are under age 59 ½ (unless an exception applies).

How much may I roll over?

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

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

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

If I don't do a rollover, will I have to pay the 10% additional income tax on early distributions?

If you are under age 59 ½ you will have to pay the 10% additional income tax on early distributions for any payment from MECRS (including amounts withheld for income tax) that you do not roll over, unless one of the exceptions listed below applies. This tax is in addition to the regular income tax on the payment not rolled over.

The 10% additional income tax does not apply to the following payments:

- Payments made after you separate from service if you will be at least age 55 in the year of the separation
- Payments that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary)

- Payments from a governmental plan made after you separate from service as a qualified public safety employee and, in the year of separation, have reached age 50 or 25 years of service under the Plan;
- Payments from a private-sector plan made after you separate from service as a private-sector firefighter and, in the year of separation, have reached age 50 or 25 years of service under the Plan;
- Payments made due to disability
- Payments after your death
- Corrective distributions of contributions that exceed tax law limitations
- Payments made directly to the government to satisfy a federal tax levy
- Payments made under a qualified domestic relations order (QDRO)(not applicable to MECRS)
- Payments up to the amount of your deductible medical expenses

For more information about the 10% additional tax and the exceptions to the 10% additional tax, see IRS Publication 575, *Pension and Annuity Income*, under the heading *Tax on Early Distributions*. For information on how to claim an exception, see the Instructions for IRS Form 5329, *Additional Taxes on Qualified Plans (Including IRAs) and Other Tax-Favored Accounts*.

If I do a rollover to an IRA, will the 10% additional income tax apply to early distributions from the IRA?

If you receive a payment from an IRA when you are under the age 59 ½ you will have to pay the 10% additional income tax on early distributions from the IRA, unless an exception applies. In general, the exceptions to the 10% additional income tax for early distributions from an IRA are the same as the exceptions listed above for early distributions from the MECRS. However, there are a few differences for payments from an IRA, including:

- There is no exception for payments after separation from service that are made after age 55
- The exception for qualified domestic relations orders (QDROs) does not apply (although a special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to an IRA of a spouse or former spouse)
- The exception for payments made at least annually in equal or close to equal amounts over a specified period applies without regard to whether you have had a separation from service
- There are additional exceptions for (1) payments for qualified higher education expenses, (2) payments up to \$10,000 used in a qualified first-time home purchase, and (3) payments for health insurance after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status)

For more general information about the 10% additional tax and the exceptions to the 10% additional tax on payments from an IRA, see the Instructions to IRS Form 5329, *Additional Taxes on Qualified Plans (Including IRAs) and Other Tax-Favored Accounts*. See also, *IRS Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs)*, under the heading *Early Distributions*.

Will I owe state income taxes?

This notice doesn't address any state or local income tax rules (including withholding rules).

SPECIAL RULES AND OPTIONS

If your payment includes after-tax contributions

After-tax contributions included in a payment are not taxed. If a payment is only part of your benefit, an allocable portion of your after-tax contributions is generally included in the payment. If you have pre-1987 after-tax contributions maintained in a separate account, a special rule may apply to determine whether the after-tax contributions are included in a payment.

You may roll over to an IRA a payment that includes after-tax contributions through either a direct rollover or a 60-day rollover. You must keep track of the aggregate amount of the after-tax contributions in all of your IRAs (in order to determine your taxable income for later payments from the IRAs). If you do a direct rollover of only a portion of the amount paid from MECRS and a portion is paid to you, each of the payments will include an allocable portion of the after-tax contributions. If you do a 60-day rollover to an IRA of only a portion of the payment made to you, the after-tax contributions are treated as rolled over last. For example, assume you are receiving a complete distribution of your benefit which totals \$12,000, of which \$2,000 is after-tax contributions. In this case, if you roll over \$10,000 to an IRA in a 60-day rollover, no amount is taxable because the \$2,000 amount not rolled over is treated as being after-tax contributions.

You may roll over to an employer plan all of a payment that includes after-tax contributions, but only through a direct rollover (and only if the receiving plan separately accounts for after-tax contributions and is not a governmental section 457(b) plan). You can do a 60-day rollover to an employer plan of part of a payment that includes after-tax contributions, but only up to the amount of the payment that would be taxable if not rolled over.

If you miss the 60-day rollover deadline

Generally, the 60-day rollover deadline cannot be extended. However, the IRS has the limited authority to waive the deadline under certain extraordinary circumstances, such as when external events prevented you from completing the rollover by the 60-day rollover deadline. To apply for a waiver, you must file a private letter ruling request with the IRS. Private letter ruling requests require the payment of a nonrefundable user fee. In addition, the IRS permits taxpayers in certain circumstances to rely on a self-certification procedure (rather than a private letter ruling) to claim eligibility for a waiver of the 60-day rollover deadline, as permitted under IRS guidance. For more information, see IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)* under the heading *Rollovers*.

If you receive a payment and you were born on or before January 1, 1936

If you were born on or before January 1, 1936, and receive a lump sum payment that you don't roll over, special rules for calculating the amount of the tax on the payment might apply to you. For more information, see IRS Publication 575, *Pension and Annuity Income*.

If you are an eligible retired public safety officer and your payment is used to pay for health coverage or qualified long-term care insurance

If the Plan is a governmental plan, you retired as a public safety officer, and your retirement was by reason of disability or was after normal retirement age, you can exclude from your taxable income, not to exceed \$3,000, the amounts (1) that were paid by the Plan directly to an insurer of health coverage or qualified long-term care insurance or (2) that were received by you from the Plan and used to pay for premiums to an accident or health plan (or a qualified long-term care insurance contract) that your employer maintains for you, your spouse, or your dependents. For this purpose, a public safety officer is a law enforcement officer, firefighter, chaplain, or member of a rescue squad or ambulance crew.

If you roll over your payment to a Roth IRA

If you roll over the payment to a Roth IRA, a special rule applies under which the amount of the payment rolled over (reduced by any after-tax amounts) will be taxed. However, the 10% additional income tax on early distributions will not apply (unless you take the amount rolled over out of the Roth IRA within 5 years, counting from January 1 of the year of the rollover).

If you roll over the payment to a Roth IRA, later payments from the Roth IRA that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a Roth IRA is a payment made after you are age 59 ½ (or after your death or disability, or as a qualified first-time homebuyer distribution of up to \$10,000) and after you have had a Roth IRA for at least 5 years. In applying this 5-year rule, you count from January 1 of the year for which your first contribution was made to a Roth IRA. Payments from the Roth IRA that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10% additional income tax on early distributions (unless an exception applies). You do not have to take required minimum distributions from a Roth IRA during your lifetime. For more information, see IRS Publication 590-A *Contributions to Individual Retirement Arrangements (IRAs)*, and IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*.

You cannot roll over a payment from the MECRS to a designated Roth account in an employer plan.

If you are not a plan participant

Payments after the death of the participant. If you receive a distribution after the participant's death that you do not roll over, the distribution will generally be taxed in the same manner described elsewhere in this notice. However, the 10% additional income tax on early distributions and the special rules for public safety officers and the special rule described under the section "If you were born on or before January 1, 1936" applies only if the deceased participant was born on or before January 1, 1936.

If you are a surviving spouse. If you receive a payment from the Plan as the surviving spouse of a deceased participant, you have the same rollover options that the participant would have had, as described elsewhere in this notice. In addition, if you choose to do a rollover to an IRA, you may treat the IRA as your own or as an inherited IRA.

An IRA you treat as your own is treated like any other IRA of yours, so that payments made to you before you are age 59 ½ will be subject to the 10% additional income tax on early distributions (unless an exception applies) and required minimum distributions from your IRA do not have to start until after you are the applicable required beginning age under federal law (currently age 73 for most individuals).

If you treat the IRA as an inherited IRA, payments from the IRA will not be subject to the 10% additional income tax on early distributions. However, if the participant had started taking required minimum distributions, you will have to receive required minimum distributions from the inherited IRA. If the participant had not started taking required minimum distributions from the Plan, you will not have to start receiving required minimum distributions from the inherited IRA until the year the participant would have been the applicable required beginning age under federal law (currently age 73 for most individuals).

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

receive required minimum distributions from the inherited IRA. Federal law includes special distribution timing rules for inherited retirement accounts, including a general requirement that many non-spouse beneficiaries fully distribute inherited benefits within 10 years following the participant's death, subject to exceptions and further IRS guidance. Beneficiary distribution rules are complex and depend on individual circumstances.

If you are a nonresident alien

If you are a nonresident alien and you do not do a direct rollover to a U.S. IRA or U.S. employer plan, instead of withholding 20%, MECRS is generally required to withhold 30% of the payment for federal income taxes. If the amount withheld exceeds the amount of tax you owe (as may happen if you do a 60-day rollover), you may request an income tax refund by filing Form 1040 NR and attaching your Form 1042-S. See Form W-8BEN for claiming that you are entitled to a reduced rate of withholding under an income tax treaty. For more information, see also IRS Publication 519, *U.S. Tax Guide for Aliens*, and IRS Publication 515, *Withholding of Tax on Nonresident Aliens and Foreign Entities*.

Other special rules

If your payments for the year are less than \$200, MECRS is not required to allow you to do a direct rollover and is not required to withhold for federal income taxes. However, you may do a 60-day rollover.

You may have special rollover rights if you recently served in the U.S. Armed Forces. For more information, see IRS Publication 3, *Armed Forces' Tax Guide*. You also may have special rollover rights if you were affected by a federally declared disaster (or similar event), or if you received a distribution on account of a disaster. For more information on special rollover rights related to disaster relief, see the IRS website at www.irs.gov.

NOTICE PERIOD

Generally, payment cannot be made by MECRS until at least 30 days after you receive this notice. Thus, you have at least 30 days to consider whether or not to have your payment rolled over. If you do not wish to wait until the 30-day notice period ends before your election is processed, you may waive the notice period by making an affirmative election indicating whether or not you wish to make a direct rollover. Your payment will then be processed in accordance with your election as soon as practical after it is received by MECRS.

FOR MORE INFORMATION

You may wish to consult with a professional tax advisor before taking a payment from MECRS. Federal tax rules governing retirement plan distributions have changed significantly in recent years. Some rules described in this notice depend on applicable law at the time distributions are made and on individual circumstances. Also, you can find more detailed information on the federal tax treatment of payments from employer plans in: IRS Publication 575, *Pension and Annuity Income*; IRS Publication 590, *Individual Retirement Arrangements (IRAs)*; and IRS Publication 571, *Tax-Sheltered Annuity Plans (403(b) Plans)*. These publications are available from a local IRS office, on the web at www.irs.gov, or by calling 1-800-TAX-FORM.