Service Retirement Packet

(TMRS-SRP)

Purpose:
When a member becomes eligible for service retirement, he or she may apply for a monthly retirement payment by completing the forms provided in this packet.

In most TMRS cities, you can retire when you have at least 5 years of service credit (some cities require 10 years) and are at least age 60. You may also retire at any age if you have 20 or 25 years of service credit, depending upon the plan your city has chosen. (A few cities require 28 years of service credit at any age.)

FORMS INCLUDED IN THIS PACKET:

- Application for Service Retirement (TMRS-0015)
- Selection of Retirement Plan (TMRS-24)
- Selection of Partial Lump Sum Distribution (TMRS-PLSD)
- Special Tax Notice Notice Regarding Plan Payments
- Acceptable Proofs of Birth (TMRS-27)
- Name Certification (TMRS-30)
- Electronic Direct Deposit Authorization (TMRS-80E)

Texas Municipal Retirement System
P.O. Box 149153
Austin, Texas 78714-9153

800.924.8677 • 512.476.7577 • FAX 512.476.5576 • www.TMRS.com

Application for Service Retirement

MEMBER INFORMATION

Please type or use only black ink and do not highlight. Any corrections must be initialed.

TMRS Identification Number (Not required)

Member's Name (first, middle, last)

Social Security Number

Mailing Address

Daytime Phone Number

City

State

Zip

City of Frisco

Employing City

I certify that **I was** ☐ / **was not** ☐ a Public Safety Employee when I separated from service from the employing city listed below.
(Public Safety Employee is defined in the instructions provided with this form.)

I hereby make formal application for service retirement benefits in accordance with the provisions of

Subtitle G, Title 8, Texas Government Code, to be effective on the last day of _____.
Date (MM/YYYY)

Note: *The retirement date must be the last day of the calendar month, cannot precede the date you terminate employment, and cannot precede the date you file this application. By signing the application below, you agree to waive any requirement to file the application at least 30 days before the effective date of your retirement. In addition, your city may have specific notification requirements. Please check with your city personnel office to ensure all city requirements have been satisfied.*

I do ☐ / **I do not** ☐ elect to receive a **partial lump-sum distribution** upon my retirement.
All lump-sum distributions will be made as a one-time payment, payable at the same time as the first monthly annuity payment. Election of the partial lump-sum distribution will reduce my monthly annuity payment.

MEMBER CERTIFICATION

I understand that if I am employed by any TMRS member city after my retirement, in a position requiring at least 1,000 hours of duty per year, I will resume membership in the System and make required contributions as an active member. If the city is a **different** city than the one I retired from, I understand that I will continue to receive a monthly annuity. However, if I return to work for the **same** city I retired from, I understand that the monthly annuity will be suspended until such time as my employment with the city terminates.

Member's Signature

Date Signed (MM/DD/YYYY)

EMPLOYER CERTIFICATION

I certify that the above named applicant is known to me and that he/she has been an employee of this city. I further certify that this applicant's employment with the city has/will terminate **on** _____ and that all of the applicant's retirement contributions will have been submitted to TMRS with the city's payroll report for the ***month of retirement.***
Date (MM/YYYY)

Signature of City Official

Date Signed (MM/DD/YYYY)

Printed Name and Title

Employing City

Please read the instructions provided with this form.

THE APPLICATION PROCESS

- The Application for Service Retirement form allows you to make formal application for service retirement with the Texas Municipal Retirement System. This form also indicates whether you wish to take a partial lump sum distribution. If you are taking a partial lump sum distribution, you must also complete the Selection of Partial Lump Sum Distribution form and return the form to TMRS along with your retirement application.
- Your retirement date must be the last day of the calendar month, cannot precede the date you terminate employment and cannot precede the date you file this application. By signing this application, you agree to waive any requirement to file the application at least 30 days before the effective date of your retirement. **Note: Your retirement application must be received by TMRS no later than your retirement date and not earlier than 90 days prior to your retirement date.**
- Your employing city may have specific requirements for you to notify them of your retirement. Notifying your city and applying to TMRS for retirement are two separate processes. Please coordinate your retirement with your city personnel office to ensure you have met the city's requirements.
- You must complete the following forms before TMRS issues your first payment:
  - Application for Service Retirement — to be completed by you and certified by your employer
  - Selection of Retirement Plan
  - Selection of Partial Lump Sum Distribution — to be completed by you ONLY if you elect to receive a partial lump sum distribution.
  - Your proof of birth (photocopy)
  - Proof of birth for your designated beneficiary only if you choose one of the Retiree Life with Survivor Benefits options

    NOTE: *If the birth name on the proof of birth is different from the names provided on your application (for you or your beneficiary), a Name Certification will need to be completed.*

  - Electronic Direct Deposit Authorization — Retiring members must have their monthly annuity payments electronically deposited to their financial institutions.

RETURNING TO WORK

- If you become reemployed by this city at a later date, in a membership-eligible position, your monthly benefit payments from this city will be suspended during your post-retirement employment.
- When your post-retirement employment ends, you must apply for the resumption of your suspended monthly benefit payment. At that time, you will also be eligible to elect:
  1. A lump sum refund of your post-retirement deposits and interest earnings, if any, or
  2. An additional monthly benefit payment based on the retirement credits earned during your post-retirement employment.

WHEN TO EXPECT PAYMENT

Retirement payments will begin the last day of the month following the effective date of retirement.

NOTE: *Monthly payments will be electronically deposited to your financial institution.*

TMRS WILL NOT ACCEPT

- Illegible forms. All forms should be typed. Handwritten forms will be accepted only if legible and if completed in black ink.
- Alterations without initials.
- An incomplete form or any attempt to change its provisions.

PUBLIC SAFETY EMPLOYEE

Under the 2006 Pension Protection Act, the 10% early withdrawal tax is waived for distributions made to public safety employees who separate from service during or after attaining age 50. A "qualified public safety employee" is defined as any employee of a state (or political subdivision) whose principal duties include services requiring specialized training in the area of police protection, fire-fighting services, or emergency medical services for any area within the jurisdiction of the state (or political subdivision). TMRS will require city certification from the city of last employment to qualify for this waiver. A certification form will be provided directly to the city once TMRS is notified that an employee may qualify.

INFORMATION ABOUT HEALTH CARE ENHANCEMENT FOR LOCAL PUBLIC SAFETY (HELPS)

The Pension Protection Act of 2006 allows retired or permanently disabled public safety officers (defined below) to elect an amount to be deducted from their TMRS benefit payment to pay for health or long-term care premiums in order to reduce their taxable income. The health insurance or long-term care insurance can include the member, spouse,and dependents. Any amount may be deducted that does not exceed the net monthly annuity. However, the amount that may be excluded from taxable income cannot exceed $3,000 per year. Qualified employees who wish to participate in this deduction program should contact TMRS for an application.

A public safety officer has the same meaning as under Section 1204(9)(A) of the Omnibus Crime Control and Safe Streets Act of 1968, which includes:

- An individual involved in crime and juvenile delinquency control or reduction, or enforcement of the criminal laws (including juvenile delinquency), including, but not limited to police, corrections, probation, parole, and judicial officers
- Professional firefighters
- Officially recognized or designated:
  - Public employee members of a rescue squad or ambulance crew
  - Chaplains or fire departments and police departments

Selection of Retirement Plan

TMRS® Texas Municipal Retirement System

MEMBER INFORMATION • *Please type or use only black ink and do not highlight. Any corrections must be initialed.*

Member's Name (first, middle, last) _____ Social Security Number _____

Mailing Address _____ Daytime Phone Number _____

City _____ State _____ Zip _____ City Number 00486

MARITAL STATUS ***(must check one):*** ☐ Married ☐ Not married
(If married, see Spousal Consent section below)

TMRS Identification Number (not required) _____

BENEFICIARY DESIGNATION (LIMIT 3) *Please read instructions carefully. If desired, alternate beneficiary designations may be completed on page 2.*

Beneficiary's Full Name (first, middle, last) _____ Social Security Number _____

Sex: ☐ Male ☐ Female Relationship (required) _____ Date of Birth (MM/DD/YYYY) _____

Beneficiary's Full Name (first, middle, last) _____ Social Security Number _____

Sex: ☐ Male ☐ Female Relationship (required) _____ Date of Birth (MM/DD/YYYY) _____

Beneficiary's Full Name (first, middle, last) _____ Social Security Number _____

Sex: ☐ Male ☐ Female Relationship (required) _____ Date of Birth (MM/DD/YYYY) _____

CUSTODIAN UNDER THE TEXAS UNIFORM TRANSFERS TO MINORS ACT
You may designate a custodian if any beneficiary is under 21 years of age.

Custodian's Name (first, middle, last) _____ Custodian's Relationship to Beneficiary _____

RETIREMENT OPTIONS *Please read instructions before completing, and* ***check only one box.***

Retiree Life Only Benefit *(up to 3 beneficiaries)*	**Retiree Life – Survivor Benefits** *(only 1 beneficiary)*	**Retiree Life – Guaranteed Term Benefits** *(up to 3 beneficiaries)*
☐	☐ 100% ☐ 75% ☐ 50%	☐ 5 yr ☐ 10 yr ☐ 15 yr

MEMBER SIGNATURE REQUIRED

This beneficiary designation revokes all previous beneficiary designations and will control for all purposes, even if retirement does not become effective. I request that, should I die, my retirement benefits and any Supplemental Death Benefits that may be due be paid as I have designated on this form. I understand that if my designated beneficiary(ies) or I should die before recovering the amount of accumulated deposits and interest in my individual account at the time of retirement, the remaining balance will be paid to my estate or beneficiary. I further understand that if I elect to receive a partial lump sum distribution at retirement, my remaining balance will be reduced by the same dollar amount. By signing this form, I certify that I have read the attached instructions and that my marital status is as indicated above.

Member's Signature _____ Date Signed (MM/DD/YYYY) _____

SPOUSAL CONSENT (NOTARIZATION REQUIRED)

Your spouse must complete this section if your spouse is not your only primary beneficiary or you have named someone other than your spouse as beneficiary, or if you have named your spouse and have not selected one of the Retiree Life-Survivor Benefits (100%, 75%, or 50%) options above. I understand that I may require my spouse to name me as beneficiary under a Survivor Life benefit. Nevertheless, I hereby consent to the beneficiary(ies) designated and the retirement option selected.

Spouse's Signature _____ Date Signed (MM/DD/YYYY) _____

The State of Texas County of _____

This instrument was acknowledged before me on the_____day of _____, 20_____, by _____.
(Name of Spouse)

(SEAL)

_____
Notary Public, State of Texas

Please read the instructions provided with this form.

TMRS • P.O. Box 149153 • Austin, Texas 78714-9153 • 800.924.8677 • 512.476.7577 • FAX 512.476.5576 • www.TMRS.com
TMRS - 0024 • Revised 7-2009

DESIGNATING BENEFICIARIES

- Your beneficiary designation is effective immediately and revokes all previous beneficiary designations even if your retirement does not become effective. The number of beneficiaries you can designate will depend on the retirement option you select.
- Retiree Life - Survivor Benefits: ONLY 1 beneficiary may be designated and you cannot change your beneficiary after your effective retirement date (unless your beneficiary dies before you and you remarry— please call TMRS directly for more information).
- Retiree Life Only and Retiree Life - Guaranteed Term Benefits: 1 – 3 beneficiaries or an Estate may be designated and you can change your beneficiary designation at any time.
- You may designate up to three primary beneficiaries and up to three alternate beneficiaries if you have selected either the Retiree Life Only Benefit or one of the Retiree Life - Guaranteed Term Benefits. Unless otherwise directed in writing on this form, your benefits will be paid equally to the surviving primary beneficiaries, or equally to the surviving alternate beneficiaries if there are no surviving primary beneficiaries. Contact TMRS for instructions on how to provide for unequal distributions.
- If you want to designate alternate beneficiaries, you must complete pages 1 and 2 of this form and submit both pages to our system. Your benefits will be paid to your alternate beneficiary only if your designation with respect to each primary beneficiary is revoked by death or if your relationship to each primary beneficiary terminates.

SUPPLEMENTAL DEATH BENEFITS (SDB)

- If your employer provides Supplemental Death Benefits (SDB) for retirees, at the time of your death, TMRS will pay a one-time lump sum payment of $7,500. The SDB payment will be paid to the beneficiary(ies) designated on this form, even if you have previously designated a different SDB beneficiary.
- If you wish to designate a beneficiary other than the person(s) listed on this form to receive the SDB payment, you will need to complete the Supplemental Death Benefit Beneficiary Designation form.

ESTATE, TRUST, & CHARITY DESIGNATIONS

- If you wish to designate your Estate as beneficiary, please write only the word "ESTATE" in the space provided for the name of the beneficiary.
- If you wish to designate a Charity as beneficiary, please write the name of the charity (i.e., American Heart Association) in the space provided for the name of the beneficiary.
- If you wish to designate a Trust, please write "Trustee of the (enter name of trust here)" in the space provided for the name of the beneficiary. Please ensure that you have a legal trust agreement in place prior to designating a "Trust" on this form.
  - TMRS will accept the designation of a Trust. However, we cannot assure that if and when a benefit becomes payable from this System, the designation will be legally valid. In other words, if the trustee does not accept or has died, or if the Trust has been revoked, or if for any other reason the designation is not legally sufficient at the time of the member's death, the benefit due from the System will be paid in accordance with the provisions of the TMRS Act as if no trust/trustee had been designated.
  - A Trust having more than one beneficiary may not receive benefits to which multiple designated beneficiaries are not eligible. A Trust that may be revoked is not a "designated beneficiary" under the Internal Revenue Code, and may not receive retirement system benefit payments for a period longer than five (5) years.

DESIGNATING MINOR CHILDREN (CUSTODIAN UNDER TUTMA)

Chapter 141 of the Texas Property Code is the Texas Uniform Transfers to Minors Act (TUTMA), which allows you to nominate a "custodian" to receive TMRS benefits on behalf of your minor beneficiary. If you wish to designate a minor child, please do the following:

- Write the full name and all information pertaining to the minor child in the "Primary Beneficiary" or "Alternate Beneficiary" section of the form. Then complete the "Custodian Section" directly under the beneficiary section.

RULES

- Only adults at least 21 years of age, financial institutions, corporations, or other legal entities may serve as custodians.
- You cannot nominate two or more custodians to serve jointly. However, you may designate a substitute custodian to serve in the event the first designated custodian dies before the first payment is made, declines, or is ineligible to serve. Please contact TMRS for instructions on how to nominate a substitute custodian.
- You may designate the same custodian for up to three minors. If one custodian is named for all three minors, that custodian would receive separate benefit payments for each minor.
- When the minor beneficiary reaches age 21, the custodianship for that beneficiary as to TMRS benefits is automatically terminated and any benefits that become payable will be paid directly to that beneficiary.
- The designated custodian can select any benefit option that the minor could select if the minor were an adult.
- If an eligible custodian is designated to receive benefits, there is no limit on the amount that can be paid to the custodian.
- The minor's Social Security number is used for IRS reporting purposes.

Alternate Beneficiary Section (optional)

MEMBER INFORMATION *Please type or use only black ink and do not highlight. Any corrections must be initialed.*

Member's Name (first, middle, last) _____ Social Security Number _____

DESIGNATING AN ALTERNATE BENEFICIARY (LIMIT 3) *Please read instructions before completing. Unless otherwise specified, benefits will be divided equally among surviving alternate beneficiaries, only if the designation with respect to each primary beneficiary designated on page 1 of this form is revoked by death or if your relationship with each primary beneficiary has terminated.*

Beneficiary's Full Name (first, middle, last) _____ Social Security Number _____

Sex: ☐ Male ☐ Female Relationship (required) _____ Date of Birth (MM/DD/YYYY) _____

Beneficiary's Full Name (first, middle, last) _____ Social Security Number _____

Sex: ☐ Male ☐ Female Relationship (required) _____ Date of Birth (MM/DD/YYYY) _____

Beneficiary's Full Name (first, middle, last) _____ Social Security Number _____

Sex: ☐ Male ☐ Female Relationship (required) _____ Date of Birth (MM/DD/YYYY) _____

CUSTODIAN UNDER THE TEXAS UNIFORM TRANSFERS TO MINORS ACT
You may designate a custodian if any beneficiary is under 21 years of age. See attached instructions.

Custodian's Name (first, middle, last) _____ Custodian's Relationship to Beneficiary _____

MEMBER SIGNATURE REQUIRED
If you complete any part of page 2, your signature is required on both pages 1 and 2.

By signing this form, I certify that I have read the attached instructions. I understand that death benefits will only be paid to the alternate beneficiary(ies) listed above in the event I am not survived by any primary beneficiary(ies) designated on page 1 of this form or my relationship with each primary beneficiary has terminated.

Member's Signature _____ Date Signed (MM/DD/YYYY) _____

SPECIAL INSTRUCTION: Completion of this section is optional. If completed, page 2 must accompany page 1 when submitted to our system.

EXPLAINING YOUR RETIREMENT OPTIONS

RETIREE LIFE ONLY BENEFIT

A retirement benefit payable monthly as long as you live. However, upon your death all payments will cease even though you may have received only one monthly payment.*

RETIREE LIFE – SURVIVOR BENEFITS

100% A retirement benefit payable monthly as long as you live. At your death, your beneficiary will receive 100% (the full amount) of the monthly benefit for as long as he or she lives. If your beneficiary dies before you, the monthly payments you receive after that will be increased to the amount that would have been payable as a Retiree Life Only Benefit. *

75% A retirement benefit payable monthly as long as you live. At your death, your beneficiary will receive 75% (three-fourths) of the monthly annuity for as long as he or she lives. If your beneficiary dies before you, the monthly payments you receive after that will be increased to the amount that would have been payable as a Retiree Life Only Benefit. *

50% A retirement benefit payable monthly as long as you live. At your death, your beneficiary will receive 50% (one-half) of the monthly annuity for as long as he or she lives. If your beneficiary dies before you, the monthly payments you receive after that will be increased to the amount that would have been payable as a Retiree Life Only Benefit. *

RETIREE LIFE – GUARANTEED TERM BENEFITS

5 yr A retirement benefit payable monthly as long as you live. However, should you die before the expiration of a 5-year period after the date of retirement, your designated beneficiary will receive the same benefit for the balance of the 5-year period, and then all payments cease.*

10 yr A retirement benefit payable monthly as long as you live. However, should you die before the expiration of a 10-year period after the date of retirement, your designated beneficiary will receive the same monthly benefit for the balance of the 10-year period, then all payments cease.*

15 yr A retirement benefit payable monthly as long as you live. However, should you die before the expiration of a 15-year period after the date of retirement, your designated beneficiary will receive the same monthly benefit for the balance of the 15-year period, then all payments cease.*

* **If you and your designated beneficiary, die prior to having recovered the amount of accumulated contributions and interest in your individual account at the time of retirement, the remaining balance will be paid to your estate or beneficiary. If you elect to receive a partial lump sum distribution on the effective date of your retirement, your remaining balance will be reduced by the same dollar amount.**

TMRS WILL NOT ACCEPT:

- Attachments (listing additional beneficiaries)
- Alterations without initials
- An incomplete form or any attempt to change its provisions
- An unacceptable designation

Selection of Partial Lump Sum Distribution

TMRS®
Texas Municipal Retirement System

MEMBER INFORMATION

Please type or use only black ink and do not highlight. Any corrections must be initialed.

TMRS Identification Number (not required)

Member's Name (first, middle, last)

Social Security Number

Mailing Address

Daytime Phone Number

City

State

Zip

PARTIAL LUMP SUM DISTRIBUTION (PLSD) SELECTION

The Partial Lump Sum Distribution I elect is the amount of the Retiree Life Only* benefit multiplied by (Please check only **one** box):

☐ **12** ☐ **24** ☐ **36**

* *The Retiree Life Only benefit is used here only to calculate the amount of your Partial Lump Sum Distribution. You can select any of the seven retirement options for retirement purposes (see the Selection of Retirement Plan form).*

NOTE: *The amount of your Partial Lump Sum Distribution cannot be more than 75% of your account balance.*

I choose to have my PLSD distributed as follows:

☐ **Direct Payment to Member**
I want the entire Partial Lump Sum Distribution (less 20% withholding) paid directly to me.

NOTE: *The IRS may require you to pay a 10% tax penalty, in addition to regular federal income tax, on your Partial Lump Sum Distribution. You may wish to consult with a tax advisor or the IRS to determine your potential liability.*

☐ **Direct Rollover to IRA/Employer Plan**
I want all or part of my PLSD transferred to the plan named on the attached *Rollover of Refund or PLSD* (TMRS_ROLL) form.

MEMBER CERTIFICATION – I certify and understand that:

- I have received the printed explanation, *Special Tax Notice Regarding Plan Payments*, prior to signing this certification and waive the requirement of 30 days notice.
- Federal income tax law requires TMRS to withhold 20% income tax from the taxable portion of my PLSD subject to federal income taxation unless I elect to have the taxable portion transferred directly to an IRA or other employer plan that accepts rollovers.

X

Member's Signature

Date Signed (MM/DD/YYYY)

Please read the instructions provided with this form.

PURPOSE

The selection of *Partial Lump Sum Distribution* (TMRS-PLSD) form allows you to receive a one-time, partial lump sum payment in addition to your monthly retirement benefit. If you are taking a Partial Lump Sum Distribution, you must complete and return this form to TMRS along with your retirement application. Election of the Partial Lump Sum Distribution (PLSD) will reduce your monthly annuity payment.

INFORMATION ABOUT HOW THE PLSD IS CALCULATED

In the "Partial Lump Sum Election" section, you should check either 12, 24, or 36. The amount of the Partial Lump Sum Distribution is calculated by multiplying the amount of the Retiree Life Only option times 12, 24, or 36. This calculation is part of the estimate that should be provided to you prior to making this election.

WHEN TO EXPECT YOUR PARTIAL LUMP SUM DISTRIBUTION

Your Partial Lump Sum Distribution payment will be deposited electronically along with your first monthly payment to the financial institution and the account indicated on your TMRS *Direct Deposit Authorization* (TMRS-80E) form. Any portion of the payment that is rolled over will be sent directly to the financial institution that you indicate.

If you are rolling over any portion of your PLSD to an eligible plan, that portion of your PLSD will be mailed directly to the financial institution you named. Please review the rollover information included in the attached *Special Tax Notice Regarding Plan Payments* before you complete the *Selection of Partial Lump Sum Distribution* (TMRS-PLSD) form and *Rollover of Refund or PLSD* (TMRS-ROLL) form.

The portion of the payment that is not rolled over to an IRA or eligible employer plan will be mailed to your personal address listed on this form.

Rollover of Refund or PLSD

To be submitted in addition to any Application for a Lump Sum Payment

TMRS®
Texas Municipal Retirement System

PAYEE INFORMATION

Please type or use only black ink and do not highlight. Any corrections must be initialed.

Payee Name (first, middle, last) _____ Social Security Number _____

Home Mailing Address _____ Daytime Phone Number _____

City _____ State _____ Zip _____

I have completed an application for payment and have selected a Direct Rollover to an IRA or Employer Plan for the lump sum distribution payment option. I wish to have the funds transferred to the plan named below and represent to TMRS that it is an eligible plan for the purpose of this transfer. In addition, I do understand that any portion of the lump sum payment that is not rolled over and is paid directly to me will be subject to federal income taxation. In addition, rollovers to Roth IRAs will result in income subject to federal income taxation. ***Note to TMRS members:*** *The IRS may require you to pay a 10% tax penalty, in addition to the regular federal income tax, on a lump sum distribution sent directly to you. You may wish to consult with a tax advisor or the IRS to determine your potential liability.*

ROLLOVER AMOUNT *(Choose only **one**)*:

If you want to rollover any part of the nontaxable portion of this distribution, please contact TMRS for further instructions.

☐ the taxable portion only **OR** ☐ $_____ (specific amount or %)

ACCOUNT DESCRIPTION

For TMRS Members, Retirees, Former Spouses and Surviving Spouses:

☐ Employer Plan
☐ Traditional IRA
☐ Roth IRA: TMRS will not withhold federal income taxes without further instructions. Please contact TMRS for assistance.

For Non-spouse Beneficiary Payees Only:

☐ Inherited IRA

ROLLOVER INFORMATION

Name of Rollover Institution _____

Address of Rollover Institution _____ City _____ State _____ Zip _____

Account Number (if applicable) _____ Phone Number of Rollover Institution _____

X _____ Date Signed (MM/DD/YYYY) _____
TMRS Account Holder's Signature

TMRS WILL NOT ACCEPT

- Attachments (including rollover forms from other retirement plans)
- Alterations without initials
- An incomplete form or any attempt to change its provisions
- Requests for rollovers to SIMPLE IRAs, Coverdell Education Savings Accounts, or nongovernmental 457(b) plans
- Requests for rollovers to the following retirement systems: Texas County and District Retirement System, Employees Retirement System of Texas, Judicial Retirement System of Texas, Teacher Retirement System of Texas, or the City of Austin Employees Retirement Plan, unless the rollover has been approved by the respective system to purchase service credit

SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS FROM THE TEXAS MUNICIPAL RETIREMENT SYSTEM

You are receiving this notice because all or a portion of a payment you are receiving from the Texas Municipal Retirement System (TMRS) is eligible to be rolled over to an IRA or an employer plan. This notice contains important information you will need before you decide how to receive your TMRS benefits.

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

If you have additional questions after reading this notice, you can contact the Texas Municipal Retirement System at (800) 924-8677, by mail at P.O. Box 149153 Austin, Texas 78714-9153, or through email at *help@tmrs.com*.

GENERAL INFORMATION ABOUT ROLLOVERS

How can a rollover affect my taxes?

You will be taxed on a payment from TMRS if you do not roll it over. If you are under age 59½ and do not do a rollover, you will also have to pay a 10% additional income tax on early distributions (unless an exception applies).

If you do a rollover to a traditional IRA or an eligible employer plan, you will not have to pay tax until you receive payments later from the IRA or plan, 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).

If you do a rollover to a Roth IRA, you will be taxed on the amount rolled over (reduced by any after-tax amount). However, if you are under age 59 ½ at the time of the rollover, the 10% additional income tax will not apply. See the section below titled "If you roll over your payment to a Roth IRA" for more details.

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, TMRS 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, TMRS 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 roll over 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 59½ (unless an exception applies).

How much may I roll over?

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

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

TMRS 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 59½, you will have to pay the 10% additional income tax on early distributions for any payment from TMRS (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 from TMRS:

- 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 defined benefit pension plan made after you separate from service if you are a public safety employee and you are at least age 50 in the year of the separation from a TMRS employer
- 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)
- Payments up to the amount of your deductible medical expenses

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 age 59½, 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 a plan. However, there are a few differences for payments from an IRA, including:

- There is no exception for payments after separation from service that are made after age 55.
- The exception for 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 premiums after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

You should contact the IRA administrator for questions regarding early distributions.

Will I owe State income taxes?

This notice does not describe any State or local income tax rules (including withholding rules). Texas does not currently have a personal income tax.

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, so you cannot take a payment of only after-tax contributions. In addition, special rules apply when you do a rollover, as described below.

You may roll over to an IRA a payment that includes after-tax contributions through either a direct rollover or a 60-day rollover. You must keep track of the aggregate amount of the after-tax contributions in all of your IRAs (in order to determine your taxable income for later payments from the IRAs). If you do a direct rollover of only a portion of the amount paid from TMRS and at the same time the rest is paid to you, the portion directly rolled over consists first of the amount that would be taxable if not rolled over. For example, assume you are receiving a distribution of $12,000, of which $2,000 is after-tax contributions. In this case, if you directly roll over $10,000 to an IRA that is not a Roth IRA, no amount is taxable because the $2,000 amount not directly rolled over is treated as being after-tax contributions. If you do a direct rollover of the entire amount paid from TMRS to two or more destinations at the same time, you can choose which destination receives the after-tax contributions.

If you do a 60-day rollover to an IRA of only a portion of the payment made to you, the after-tax contributions are treated as rolled over last. For example, assume you are receiving a distribution of $12,000, of which $2,000 is after-tax contributions, and no part of the distribution is directly rolled over. In this case, if you roll over $10,000 to an IRA that is not a Roth IRA in a 60-day rollover, no amount is taxable because the $2,000 amount not rolled over is treated as being after-tax contributions.

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

If you miss the 60-day rollover deadline

Generally, the 60-day rollover deadline cannot be extended. However, the IRS has the limited authority to waive the deadline under certain extraordinary circumstances, such as when external events prevented you from completing the rollover by the 60-day rollover deadline. To apply for a waiver, you must file a private letter ruling request with the IRS. Private letter ruling requests require the payment of a nonrefundable user fee. For more information, see IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs).

If you were born on or before January 1, 1936

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

If you roll over your payment to a Roth IRA

If you roll over the payment from TMRS 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 59½ (or after your death or disability, or as a qualified first-time homebuyer distribution of up to $10,000) and after you have had a Roth IRA for at least 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 TMRS to a designated Roth account in an employer plan.

SURVIVOR BENEFICIARIES AND QUALIFIED DOMESTIC RELATIONS ORDERS

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

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

An IRA you treat as your own is treated like any other IRA of yours, so that payments made to you before you are age 59½ will be subject to the 10% 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 age 70½. You should contact the IRA administrator for questions regarding early distributions.

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 age 70½.

If you are a surviving beneficiary other than a spouse. If you receive a payment from TMRS 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.

Payments under a qualified domestic relations order. If you are the spouse or former spouse of the participant who receives a payment from TMRS under a qualified domestic relations order (QDRO), you generally have the same options the participant would have (for example, you may be able to roll over the payment to your own IRA or an eligible employer plan that will accept it), if the QDRO so permits. Payments under the QDRO are taxable to the payee and will not be subject to the 10% additional income tax on early distributions.

OTHER SPECIAL RULES

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

Because TMRS is a governmental plan, if 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 plan payments paid directly as 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, up to a maximum of $3,000 annually. 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 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%, TMRS 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 1040NR and attaching your Form 1042-S. See Form W-8BEN for claiming that you are entitled to a reduced rate of withholding under an income tax treaty. For more information, see also IRS Publication 519, U.S. Tax Guide for Aliens, and IRS Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities.

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.

FOR MORE INFORMATION

You may wish to consult with TMRS, or a professional tax advisor, before taking a payment from TMRS. 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-A, Contributions to Individual Retirement Arrangements (IRAs); IRS Publication 590-B, distributions from 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.

Acceptable Proofs of Birth

Purpose:

Date of birth must be verified before payment of any monthly annuity can be made. Date of birth may be established by providing an **unaltered photocopy** of any one of the documents listed below.

- **Texas Drivers License or Texas Identification Card**
- **Official Certificate of Birth** issued by the state in which the birth occurred. Consult the County Clerk for necessary forms and instructions. No hospital issued certificates.
- **Delayed Certificate of Birth** issued by the state in which the birth occurred. Consult the County Clerk for necessary forms and instructions.
- **Bureau of Census Transcript** from Dallas, Texas, 214.640.4470, stating the age of the individual at the time a census was registered.
- **Baptismal or Parish Record** indicating the age of the individual at the time of baptism. Please complete a Baptismal or Parish Record Affidavit if this form of proof of birth is submitted (contact TMRS at 800.924.8677.
- **Family Bible Record** indicating the birth date of the individual. Please complete a Family Bible Record Affidavit if this form of proof of birth is submitted (contact TMRS at 800.924.8677).
- **Naturalization/Immigration Certificate** indicating the age of the individual.
- **Armed Forces Discharge Papers (DD214 or equivalent)**.
- **Signed letter from Social Security Administration** indicating the date of birth of the individual, which has been accepted by Social Security Administration.
- **Passport.**
- **School Record.**
- **Insurance Policy** (must be at least 10 years old).
- **Marriage License** indicating either date of birth or age at time of marriage of individual.
- **Child's Birth Certificate** indicating age of parent (individual whose date of birth is being certified).

Name Certification

If the name provided on the proof of birth is different from the name on TMRS records, a Name Certification (TMRS-30) must be completed by the member or beneficiary that certifies the two names are the same person.

Name Certification

MEMBER INFORMATION

Please type or use only black ink and do not highlight. Any corrections must be initialed.

TMRS Identification Number (not required)

Member's Name (first, middle, last)

Social Security Number

Mailing Address

Daytime Phone Number

City

State

Zip

City Name (required)

00486

City Number

PURPOSE

The purpose of this Name Certification is to certify that even though names may differ on plan records, the person is one and the same. Completion of this form is mandatory **only** if the name(s) on the proof of birth is different from the name(s) on TMRS records.

I, _____, hereby certify and do solemnly swear that I am
(Affiant's name as indicated on TMRS record)

_____, and my true and correct date of birth is_____.
(Affiant's name as indicated on proof of birth) (MM/DD/YYYY)

Affiant's Signature

Date Signed (MM/DD/YYYY)

NOTARIZATION REQUIRED

The State of Texas County of _____

Before me on this day personally appeared _____, known

to me to be the person who signed the above Name Certification and declared to me upon oath that the

statement therein contained are true and correct. Given under my hand and seal of office this _____day

of _____, 20_____.

(SEAL)

Notary Public, State of Texas

NOTICE TO PERSONS SIGNING THIS AFFIDAVIT

Section 851.101 of the Texas Government Code provides for punishment by fine and/or imprisonment of (i) a person who knowingly makes a false statement in a report or application to the retirement system in an attempt to defraud the system or (ii) a person who knowingly makes a false certificate of an official report to the retirement system.

Direct Deposit Authorization

***NOTE**: Please complete the Certification of Trust and Authorization form located on our website for direct deposit of payments to a Trust Account.*

PAYEE'S PERSONAL DATA

Please type or use only black ink and do not highlight. Mail or fax completed form to TMRS.

Name (first, middle, last) _____ Social Security Number _____

Mailing Address _____ Date of Birth (MM/DD/YYYY) _____

City _____ State _____ Zip _____ Daytime Phone Number _____

E-mail Address _____ TMRS Identification Number (not required) _____

FINANCIAL INSTITUTION DATA

Financial Institution Name _____ Financial Institution Phone Number _____

To ensure accuracy, please tape a voided check here *(no deposit slips)*.

JOHN DOE
123 ANYPLACE TRL.
SOMEWHERE, TX

1234

Date _____

Pay to the order of _____ $ _____

_____ Dollars

Bank of Somewhere

SAMPLE

For _____

⑆113000029⑆ 004499123456⑈ 1234

Important Information About Direct Deposit

- **Account Changes**
  If you change your account or account number, you must file another direct deposit authorization.
- **Fund Availability**
  Generally, your money will be deposited to your account and available by the last business day of the month.

Routing Number (first nine digits) _____ **Payee Account Number** _____ **Individual's Name(s) on Financial Account*** _____

** Note: If you are not an account holder on this account, we cannot process your request for direct deposit.*

Please check one.
Type of Account: ☐ **Checking** ☐ **Savings**

PAYEE'S AUTHORIZATION

I authorize the Texas Municipal Retirement System (TMRS) to deposit my TMRS retirement benefit electronically to the financial institution and the account indicated above. I authorize TMRS and the Financial Institution to correct any credit entries made in error. I hereby authorize the financial institution named above to disclose to TMRS at any time my address and contact information, and to disclose the names and address of all joint owners, signatories, beneficiaries or other persons associated with the above referenced account if I pass away. A photocopy of this signed form shall be sufficient authorization for such disclosure. Making false or misleading statements on any form submitted to TMRS is a violation of State law and has criminal and potential civil liability.

Payee's Signature _____ Date (MM/DD/YYYY) _____