



**City of Austin  
Employees' Retirement System**

**Designation of Retirement Deposits  
Form & Instructions**

Please read the following attachments before completing the COA ERS Designation of Retirement Deposits Form:

*COA ERS Retirement Options for Terminating Employees*

*“Special Tax Notice Regarding Your Rollover Options Under a Governmental 401(a) Plan”*

**Please return completed form to:**

***COA ERS  
418 E. Highland Mall Blvd.  
Austin, Texas 78752-3720***

Refund disbursement checks, rollover receipts, and Forms 1099-R  
will be mailed to the address provided on the  
COA ERS Designation of Retirement Deposits Form.

For additional information, please contact us at (512) 458-2551.

# COA ERS Retirement Options for Terminating Employees

*Note: State and Federal laws do not allow Active Members to make a partial withdrawal of deposits or to receive loans from their retirement funds.*

## IF YOU HAVE LESS THAN FIVE YEARS CREDITABLE SERVICE:

### You May Receive a Refund after Terminating City Employment...

You may choose to have your deposits refunded after you terminate your employment with the City of Austin. Generally, your retirement contribution refund check (less mandatory 20% tax withholding) will be issued 60 days after you receive your final City payroll check that will include your final contribution to the System. In order for your refund to be processed, you must no longer be active on the City payroll system, and COA ERS must have received your COA ERS Designation of Retirement Deposits Form with any required attachments. If you do not receive your check in the mail within 60 days of submitting all documents, please contact COA ERS.

### You May Delay Your Refund Until After Interest Posting...

You may choose to leave your deposits in the System through the end of the calendar year. You will receive interest on your deposits, and your refund check will be issued in January and mailed to the address provided on the COA ERS Designation of Retirement Deposits Form. Retirement interest is accrued on the last day of the calendar year based on the amount that you had in the System on the first day of that calendar year. Your money must remain on deposit for the entire calendar year in order to accrue interest.

### You May Leave Your Funds for Proportionate Retirement...

You may choose to retain your deposits in COA ERS if you are eligible to participate in the Proportionate Retirement Program. To qualify, you must be or become a member of one of the participating retirement systems under the statewide Proportionate Retirement Program. The retirement systems currently participating are:

Teachers Retirement System of Texas	Employees' Retirement System of Texas
Texas Municipal Retirement System	Judicial Retirement System of Texas I & II
Texas County and District Retirement System	City of Austin Employees' Retirement System
The El Paso City Employees' Pension Fund	El Paso Firemen and Policemen's Pension Fund
	Austin Police Retirement System

Proportionate Service with the Travis County Healthcare District (District) – A special proportionate relationship was established for the benefit of COA ERS members who are also members of a retirement system for employees of the District. This arrangement is similar to the general proportionate program except that it applies only between COA ERS and the District.

Once you meet retirement eligibility as described below AND have at least five years of combined Creditable Service with one or more retirement systems, you may retire from COA ERS if you select this option. It is your responsibility to contact COA ERS upon reaching eligibility for retirement.

### You May Roll Over Contributions to an IRA or Other Qualified Plan...

You may choose to roll over, tax-free, all or any portion of your “eligible rollover distribution” to an Individual Retirement Account (IRA), state or local government Section 457 deferred compensation plan, or other qualified employer plan that accepts rollovers. The eligible rollover distribution is paid directly from the COA ERS plan to the designated qualified plan. You must read the enclosed “Special Tax Notice Regarding Your Rollover Options Under a Governmental 401(a) Plan” to understand your rollover options, tax consequences, and any special rules which may apply to you. For additional information on rollovers, refer to Internal Revenue Service Publication 575. This publication is available from your local IRS office or online at [www.irs.gov](http://www.irs.gov).

To complete the rollover, *one of the following forms of documentation* must also be provided to COA ERS from the receiving plan or financial institution: 1) a Trustee to Trustee Transfer letter on company letterhead; 2) a Letter of Acceptance; 3) an Automated Customer Account Transfer (ACAT) form; or 4) a Direct Transfer/Rollover form. **This third party document must be an original, signed by a representative of the receiving plan or financial institution and include the following information:**

Member Information:	Transfer From:	Transfer To:
<ul style="list-style-type: none"> <li>• Name of the Member</li> <li>• Member's SSN</li> <li>• Type of Account (ie. IRA)</li> <li>• Account Number</li> <li>• Certification of ability to accept after-tax funds (if applicable)</li> </ul>	City of Austin Employees' Retirement System 418 E. Highland Mall Blvd Austin, Texas 78752-3720 Type of Plan – 401(a) Defined Benefit Plan	Name of company to make check payable Mailing address Contact person/phone number

*Note: All rollover checks are mailed to the receiving plan or financial institution. COA ERS does not offer wire transfer for rollover transactions.*

## ***COA ERS Retirement Options for Terminating Employees*** (continued)

### **IF YOU HAVE FIVE OR MORE YEARS CREDITABLE SERVICE:**

#### **You May Declare Vested Status and Receive a Monthly Annuity When You Reach Retirement Eligibility...**

You may choose to declare and become a Vested Member if you have five or more years of Creditable Service with COA ERS. This means, in addition to the four refund/rollover choices available to Members with less than five years Creditable Service with COA ERS, a Vested Member also has a fifth choice for designation of deposits. As a Vested Member who leaves City employment before reaching retirement eligibility, you may leave your deposits in the System. When you reach age 62, or when you meet other age and service requirements for retirement eligibility (see below requirements), you must apply to begin drawing a monthly retirement annuity.

Upon leaving the City, you should indicate on the COA ERS Designation of Retirement Deposits Form that you want to retain your deposits in the System as a Vested Member. Your deposits will remain in COA ERS until you reach retirement eligibility and you apply for retirement from COA ERS. Your deposits will continue to earn interest until you begin to receive your monthly annuity. In addition to the COA ERS Designation of Retirement Deposits Form, a COA ERS Beneficiary Designation Form should also be completed. If you select this option and do not return to work for the City of Austin, you can withdraw your funds at any time, however, withdrawal will forfeit your Vested status and retirement eligibility.

### **RETIREMENT ELIGIBILITY**

Members are eligible for normal, unreduced retirement when they meet one of the following age and service requirements:

#### **Age 62**

**Age 55 with 20 years Creditable Service, or**

**Any age with 23 years Creditable Service**

If you leave active membership before attaining retirement eligibility, you must have five years of Creditable Service to be considered "Vested". Members may apply for disability retirement benefits if they are mentally or physically incapacitated for the performance of *all employment duties* and the incapacity is likely to be permanent. Applications for disability retirement are available from our website, [www.coaers.org](http://www.coaers.org), or by contacting COA ERS. The COA ERS Board of Trustees has final authority in granting disability retirement allowances.

### **REQUIRED DISTRIBUTIONS**

Terminated Members must begin to receive distributions by age 70½. Refer to Internal Revenue Service Publication 575 for additional information. This publication is available from your local IRS office or online at [www.irs.gov](http://www.irs.gov).

### **SOCIAL SECURITY NUMBER VERIFICATION**

The Internal Revenue Service requires verification of the name of all recipients of pension funds. The name you use on the COA ERS Designation of Retirement Deposits Form **MUST** match the name on your government issued social security card. You must certify that the name you have printed on the COA ERS Designation of Retirement Deposits Form matches the name on your government issued social security card.

## 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 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 the Plan 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. For more information, see IRS Publication 590, 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

You can roll over a payment from the Plan made before January 1, 2010 to a Roth IRA only if your modified adjusted gross income is not more than \$100,000 for the year the payment is made to you and, if married, you file a joint return. These limitations do not apply to payments made to you from the Plan after 2009. If you wish to roll over the payment to a Roth IRA, but you are not eligible to do a rollover to a Roth IRA until after 2009, you can do a rollover to a traditional IRA and then, after 2009, elect to convert the traditional IRA into a Roth IRA. The Plan administrator is not responsible for verifying your eligibility to make a rollover to a Roth IRA. (IRS Notice 2008-30)

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). For payments from the Plan during 2010 that are rolled over to a Roth IRA, the taxable amount can be spread over a 2-year period starting in 2011.

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.

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

For more information, see IRS Publication 590, Individual Retirement Arrangements (IRAs). You should consult your tax advisor if you are interested in rolling over your distribution to a Roth IRA.

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

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.

The Form 1099-R that you receive from the Plan administrator will report the deducted insurance premium as taxable. If you want to take advantage of this \$3,000 exclusion, you must report the amount claimed on Form 1040. The instructions to Form 1040 explain that the taxable amount received from the Plan, reduced by the amount of qualified premiums deducted and paid by the Plan (not to exceed \$3,000), must be entered on line 16b of the Form 1040. Next to the entry, in the margin, you must write the letters "PSO." This is an annual election—you will need to report the exclusion for each year in which you want to claim the exclusion.

If you are not a plan member

**Payments after death of the member.** If you receive a distribution after the member'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 member 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 member, you have the same rollover options that the member 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.

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 member had started taking required minimum distributions, you will have to receive required minimum distributions from the inherited IRA. If the member 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 member would have been age 70½.

**If you are a surviving beneficiary other than a spouse.** If you receive a payment from the Plan because of the member'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 member who receives a payment from the Plan under a qualified domestic relations order (QDRO), you generally have the same options the member would have (for example, you may roll over the payment to your own IRA or an eligible employer plan that will accept it). If you are an alternate payee other than the spouse or former spouse of the member, you generally have the same options as a surviving beneficiary other than the spouse, so that the only rollover option you have is to do a direct rollover to an inherited IRA. Payments under the QDRO will not be subject to the 10% additional income tax on early distributions.

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%, the Plan 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.

Other special rules

If a payment is one in a series of payments for less than 10 years, your choice whether to make a direct rollover will apply to all later payments in the series (unless you make a different choice for later payments).

If your payments for the year are less than \$200, the Plan 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.

#### NOTICE PERIOD

Generally, payment cannot be made from the Plan 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 this 30-day notice period ends before your election is processed, you may waive the notice period by making an affirmative election indicating whether or not you wish to make a direct rollover. Your payment will then be processed in accordance with your election as soon as practical after it is received by the Plan administrator.

#### FOR MORE INFORMATION

You may wish to consult with the Plan administrator or payor, or a professional tax advisor, before taking a payment from the Plan. 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 <http://www.irs.gov/>, or by calling 1-800-TAX-FORM.



City of Austin Employees' Retirement System

# City of Austin Employees' Retirement System Designation of Retirement Deposits Form

Original forms must be submitted and must be legible.

Please read COA ERS Retirement Options for Terminating Employees and "Special Tax Notice Regarding Your Rollover Options Under a Governmental 401(a) Plan" before completing all applicable sections of this form. COA ERS will not accept incomplete forms. Any corrections must be initialed.

Name as it appears on your Social Security Card (Please print)

Social Security Number

Permanent Mailing Address

City

State

Zip Code

Telephone Number

**1. Refund of Contributions and Interest** – Mark the box beside the option selected.

By selecting one of the refund options, you acknowledge that Federal Income Tax at a tax rate of 20% will be withheld on all untaxed contributions and interest paid directly to you. You acknowledge that you may also be subject to an additional 10% tax on this refund.

Refund directly to me.

Refund directly to me after the interest allocation in January of the following year.

Refund a portion of my contributions and interest directly to me and roll over the balance to a qualified plan.

\$ \_\_\_\_\_ or \_\_\_\_\_ % to be paid directly to me.

Specific original documentation from the receiving plan or financial institution must be attached.

Roll over my contributions and interest to a qualified plan.

Specific original documentation from the receiving plan or financial institution must be attached.

**2. Retain in Retirement System** -- Mark the box beside the option selected.

Note: If you select an option in this section, it is very important that you notify COA ERS of any future address changes. In addition to the COA ERS Designation of Retirement Deposits Form, a COA ERS Beneficiary Designation Form should also be completed (contact the Retirement Office at 512-458-2551 or online at [www.coaers.org](http://www.coaers.org)).

Declare Vested Status.

This option is only available if you have five or more years of Creditable Service with COA ERS. When you reach eligibility for retirement, you must apply to begin receiving a monthly annuity. Your annuity will be based on benefit criteria in effect at the time of retirement.

Retain as Proportionate Retirement Program "Participant" (No minimum years of service required).

Proportionate Retirement is only available with membership in two or more of the following retirement systems:

- Teachers Retirement System of Texas
- Texas Municipal Retirement System
- Texas County and District Retirement System
- The El Paso City Employees' Pension Fund

- Employees' Retirement System of Texas
- Judicial Retirement System of Texas I & II
- City of Austin Employees' Retirement System
- El Paso Firemen and Policemen's Pension Fund
- Austin Police Retirement System

Travis County Healthcare District (District) – A special proportionate service arrangement has been established *exclusively* for members of COA ERS and the District.

My employment with a COAERS employer has terminated. I am making the above selection with respect to my contributions and any accrued interest in the City of Austin Employees' Retirement System. I understand that any refund disbursement check will be mailed to me at the address provided above. I understand that if I choose to withdraw my contributions and interest from COA ERS, I forfeit my right to any future benefits with COA ERS. I have read and understand the "Special Tax Notice Regarding Your Rollover Options Under a Governmental 401(a) Plan" and waive my right to the 30-day waiting period. I further certify that the name I have printed on this form matches the name on my government issued social security card.

Member's Signature

Date

Notary Public

Date