

**CITY OF BOYNTON BEACH POLICE OFFICERS'  
PENSION FUND**



**DEFERRED RETIREMENT OPTION PLAN**

**DROP APPLICATION PACKAGE**



# **CITY OF BOYNTON BEACH POLICE OFFICERS’ PENSION FUND**

## **Index**

	Pages
Application for Deferred Retirement Option Program (DROP) .....	1
Election to Participate in DROP and Information Checklist for the Review of DROP Program Information .....	2
Affidavit Regarding Marital Status .....	6
Age Discrimination in Employment Act Notice .....	7
DROP Investment Selection Form .....	8
Beneficiary Designation Form.....	9



**CITY OF BOYNTON BEACH POLICE OFFICERS' PENSION FUND  
APPLICATION FOR DEFERRED RETIREMENT  
OPTION PROGRAM (DROP)**

Name: \_\_\_\_\_ SS:xxx-xx \_\_\_\_\_

Home Address: \_\_\_\_\_ City/State/Zip: \_\_\_\_\_

Birth Date: \_\_\_\_\_ Employment Date: \_\_\_\_\_ DROP Entry Date \_\_\_\_\_

DROP Termination and Retirement Date: \_\_\_\_\_

Spouse's Name: \_\_\_\_\_ SS#: xxx-xx- \_\_\_\_\_ Birth Date: \_\_\_\_\_

I elect to participate in the DROP in accordance with the provisions of the City of Boynton Beach Police Officers' Pension Fund and all of the City of Boynton Beach ordinances and State of Florida laws. I elect to retire from employment on the date I terminate my participation in the DROP. I understand that the earliest date my participation in the DROP can begin is the first day of the month after attainment of (a) completion of 20-years of Credited Service, regardless of age, (b) or age fifty-five (55) with completion of ten or more years of service or (c) age 50 with completion of 15 years of Credited Service. I also understand that my DROP participation cannot exceed a maximum of sixty (60) months, although I may elect to participate in DROP for less than sixty (60) months. Participation in the DROP does not guarantee my employment for the DROP period. I understand that when my participation in the DROP begins, my DROP benefit will be based upon the years of service and compensation levels as of the date of DROP participation. Such DROP benefits shall accrue under my name with any applicable earnings for the duration of my DROP participation. I understand that my DROP account balance will be credited or debited, as appropriate, with investment earnings or losses at a rate equal to the Pension Fund's actual investment return, net of investment expenses or a fixed rate of return depending on the selections that I decide up. Upon termination of my employment and DROP participation, I must elect one of the optional methods of payment within ninety (90) days of termination. If I do not make an election of one of the optional methods of payment within the ninety (90) day period, the Pension Plan will pay directly to me the accrued DROP benefits in a lump sum, less applicable taxes and/or penalties. I understand that I cannot add additional service or purchase additional service after my DROP participation has begun. **I also understand that my election to participate in DROP is irrevocable** and termination from employment with the City of Boynton Beach and DROP participation must occur on or prior to the specified DROP termination date. I also understand that this application represents a binding agreement to participate in DROP and to terminate employment once fully executed upon the approval of the Board of Pension Trustees. However, until such time as this application is approved by the Board of Pension Trustees, I may cancel the effectiveness of this application upon delivery of a written request for such cancellation. In addition to the foregoing representations and acknowledgments, I hereby acknowledge that I have read and understand each of the statements and all of the materials contained in the following documents and agree to the provisions contained herein:

1. Election to Participate in DROP and information checklist for review of DROP Program information.
2. DROP provisions contained in the City Ordinances

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**CITY OF BOYNTON BEACH POLICE OFFICERS' PENSION FUND**  
**Election to Participate in DROP and Information Checklist**  
**for the Review of DROP Program Information**

NAME: \_\_\_\_\_ SS#:xxx-xx\_\_\_\_\_

If you are a Member of the City of Boynton Beach Police Officers' Pension Fund and have the service necessary to be eligible for time service retirement, you may elect to participate in DROP.

If you elect to participate in DROP, you must terminate your employment with the City of Boynton Beach Police Department and retire from service no later than the end of the DROP participation period you designate. There is a cap on your participation in DROP. You may not participate in DROP for a period longer than sixty (60) months. **Your election to participate in DROP and your agreement to terminate employment and retire are IRREVOCABLE.**

Your election to participate in DROP and your agreement to retire and terminate from employment are irrevocable regardless of what may happen between now and your retirement date. For example, if you elect to participate in DROP and your family circumstances change such that you would rather continue working as a police officer, you still must retire and terminate employment at the end of the period of time you designated for your participation in DROP.

You should consider an election to participate in DROP very carefully. This election to participate and information checklist is designed to help you think carefully about your decision to participate in DROP. A written election to participate in the DROP is a requirement of DROP participation. This document asks you specific questions to provide assurances to the Board of Pension Trustees that you have in fact carefully considered your decision to participate in DROP and understand the consequences of that decision.

Please take the information contained in this document seriously. If anything is unclear, please talk to the Pension Administrator for clarification.

The acknowledgments requested on the following pages are important because they demonstrate that you have carefully considered your election to participate in DROP.

By providing an initial on each page and by signing this election form, I acknowledge the following:

**General Statements and Acknowledgments**

- I have read and understand the provisions of the DROP ordinance which sets forth the terms and conditions for participation in DROP.
- I have had the opportunity to meet with the Pension Plan Administrator and ask questions regarding the operation of DROP and its effect on my benefits under the Pension Plan, as well as any potential benefit that may be received by my survivors under the Pension Plan.
- I have had the opportunity to seek advice from a professional tax advisor, or certified financial planner or an attorney with experience in this area and I understand that the administrative staff of the Pension Office or Pension Administrator or the Board of Trustees for the Fund, although providing some general

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information, cannot and has not rendered legal advice to me on the effect DROP will or may have on the taxation of any benefit I may receive under the Pension Plan, or any potential benefit that may be received by my survivors under the Pension Plan.

- I understand that upon the effective date of my participation in DROP, my obligation to make contributions to the Pension Plan will be eliminated.
- I will retire under the Pension Plan and terminate my employment with the City of Boynton Beach no later than completion of my DROP participation period.
- I will abide by the terms and conditions of the DROP, comply with the administrative rules established by the Board of Pension Trustees and all Ordinances by the City of Boynton Beach.
- I have not been subject to any pressure, coercion, intimidation or threats by the City of Boynton Beach or its employees, or the Pension Board of Trustees or any of the agents of the foregoing in connection with my election to participate in DROP.
- I have had sufficient time to consider my options regarding my employment with the City of Boynton Beach Police Department.
- I understand my election to participate in DROP means I will retire and terminate my employment with the City of Boynton Beach Police Department no later than the period of time I designate to participate in DROP.
- I further understand there is a maximum period of sixty (60) months of DROP participation. A DROP participant's years of credited service and years of DROP participation may not exceed a total of thirty (30) years. A member who does not enter the DROP prior to attaining thirty (30) years of credited service is precluded from DROP participation.
- Members may enter the Deferred Retirement Option Plan (DROP) after reaching their Normal Retirement date. Participants may remain in the DROP for up to five (5) years. In no event may the total of the sum of years of credited serve and years of DROP participation exceed thirty (30) years for a member who enters the DROP.
- I understand my election to participate in DROP has very important consequences for me. I have been advised by the Pension Board to consult an advisor such as an accountant or a certified financial planner or an attorney with experience in this area of law of my choosing if I have any questions about my participation in DROP.
- I understand that DROP participation has very important consequences for me and is legally binding on me. I have been advised by the Pension Board to consult an attorney of my choosing if I have any questions about the DROP and the execution of any document related thereto.
- I understand that my DROP account balance will be credited or debited, as appropriate, with investment earnings or losses at a rate equal to the Pension Fund's actual investment return or at a fixed rate which I must select prior to entering the DROP.
- I understand that I may withdraw my DROP application at any time before the Board of Pension Trustees approves the application. I further understand that my request to withdraw must be made in writing and received by the Trustees prior to its approval, and that once acted upon by the Trustees, the irrevocability of my DROP participation is in effect.

- I understand that the beginning date of the DROP period will be the first day of the month subsequent to the date this election form is received and accepted by action of the Board of Pension Trustees.
- I understand that my retirement benefits as calculated under the terms of the Pension Plan will be determined as of the effective date of my participation in DROP. I also understand that as a consequence of my election to participate in DROP, the following will apply as of and after the effective date of my DROP participation:
  - \* My eligibility for future negotiated pension benefits will be determined as of the effective date of my participation in DROP (unless otherwise provided);
  - \* I will forgo any otherwise applicable additional improvements in my retirement pension attributable to increase in pay or years of service with the City of Boynton Beach unless otherwise provided;
  - \* As of the effective date of my participation in DROP, I will be ineligible to receive a disability pension under the terms of the Pension Plan.
  - \*As of the effective date of my participation in DROP, I will not be eligible for death benefits that may otherwise be available to active employees.
  - \* In the event of my death, my designated beneficiary or estate is entitled to receive the accumulated value of my DROP account; and
- I understand that steps have been taken to structure the DROP in a way which complies with the provisions of the Internal Revenue Code and that the Board will not knowingly take any action which may jeopardize the qualified status of the Pension Fund. I further understand that the final authority in all matters is the Internal Revenue Service. The Board cannot guarantee, absent IRS approval, any particular tax treatment of my DROP account. I understand that in order to address the goal of continued tax qualification, my DROP account must be administered and distributed in such a manner as to comply with IRS regulations so as to preserve the tax qualified status of the Pension Fund. I further understand that this means that if IRS procedures change, that the Board may have to make certain changes in the DROP plan to comply with those tax requirements.
- Upon termination of my employment and DROP, I understand that I must elect one of the following methods of payment within ninety (90) days of termination:
  1. Single Lump Sum;
  2. Five Equal Annual Payments;
  3. Combination of Lump Sum and Periodic Distributions;
  4. Monthly Distribution until the balance is paid out with the monthly amount determined by actuarial tables;
  5. Quarterly or Annual Distribution.
  6. Partial Lump Sum withdrawals upon approval of the Board of Trustees;
  7. Direct Rollover (as permitted by the Internal Revenue Code).
- I also understand that if I fail to elect a method of payment within ninety (90) days of termination of the DROP, the Board will pay directly to me the accrued benefits in a lump sum, less applicable taxes and/or penalties.

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- I understand that any form of payment that I select must comply with the minimum distribution requirements per Section 401(a)(9) of the Internal Revenue Code. Payment Must begin at age 70 1/2.

**Waiver**

I release the City of Boynton Beach, the City of Boynton Beach Police Officers' Pension Fund Board of Pension Trustees and all vendors who work for or are outside contractual firms or workers for the City of Boynton Police Officers' Pension Fund from any and all claims based on my election to participate in DROP and my agreement to retire and terminate my employment with the City of Boynton Beach Police Department upon completion of my participation in DROP. I release the City of Boynton Beach and the Board of Pension Trustees from any and all such claims under the Florida and Federal Age Discrimination in Employment laws and Civil Rights laws as these laws relate to my participation in DROP and my agreement to terminate employment with the City of Boynton Beach upon the completion of my participation in DROP.

**Covenant Not to Sue**

I will not sue the City of Boynton Beach or the City of Boynton Beach Police Officers' Pension Fund Board of Pension Trustees or their employees, officers, contractual workers and agents for any claim arising out of my election to participate in DROP, my participation in DROP or my decision to retire and terminate City of Boynton Beach employment upon the completion of my participation in DROP.

**Acknowledgment**

I acknowledge receipt of this Election to Participate Form. By signing this form, I am acknowledging that I have carefully read this form and that I understand the Election Form. In addition, I am acknowledging that I do not challenge or disagree with any of the representations or statements made in this Election Form and that I have signed my name voluntarily. I further acknowledge that the initials located in the bottom left corner of the pages of this application are my initials.

***NOTE: An Election Form will be deemed not received if it is incomplete or submitted without an Application for DROP Participation.***

\_\_\_\_\_  
Signature of Applicant Date: \_\_\_\_\_

STATE OF FLORIDA                    )  
County of \_\_\_\_\_)

The foregoing instrument was subscribed, sworn to, and acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, by \_\_\_\_\_, who is personally known to me or has produced \_\_\_\_\_ as identification and did/did not take an oath.

(Seal) \_\_\_\_\_  
Notary Public Signature  
Print Name of Notary: \_\_\_\_\_  
My Commission Expires: \_\_\_\_\_  
Commission #: \_\_\_\_\_

**OFFICIAL USE ONLY**

This application was approved by the Board of Pension Trustees at their meeting of: \_\_\_\_\_, for enrollment as a DROP participant effective on \_\_\_\_\_ with DROP participation continuing until \_\_\_\_\_ at which time DROP participation shall cease and employment shall terminate.

Initial Here: \_\_\_\_\_



# CITY OF BOYNTON BEACH POLICE OFFICERS' PENSION FUND



2100 North Florida Mango Road  
West Palm Beach, Florida 33409

Telephone: 954.636.7170

Toll Free Fax: 866.769.0678

## AFFIDAVIT REGARDING MARITAL STATUS

STATE OF FLORIDA )  
COUNTY OF \_\_\_\_\_ ) SS.

I \_\_\_\_\_, being duly sworn, hereby depose and state the following:

I am a member of the City of Boynton Beach Police Officers' Pension Fund applying for benefits or a refund of contributions from the City of Boynton Beach Police Officers' Pension Fund.

**INITIAL THE APPLICABLE LINE BELOW:**

- A. \_\_\_\_\_ I have been involved in a divorce proceeding(s) and hereby represent that I have attached a copy of all divorce decrees, property settlement agreements, income deduction orders and child support orders concerning my divorce.
- B. \_\_\_\_\_ At the time of submission of this application, I affirm that I have never been divorced and I am not subject to any divorce decrees, property settlement agreements, income deduction orders or court-ordered child support awards.

FURTHER AFFIANT SAYETH NAUGHT.

\_\_\_\_\_  
Signature of Member

The foregoing instrument was subscribed, sworn to, and acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by \_\_\_\_\_, (name of personal acknowledging) who is personally known to me or has produced \_\_\_\_\_ (type of identification) as identification and did/did not take an oath.

(Seal)

\_\_\_\_\_  
Signature of Notary Public  
Print Name of Notary: \_\_\_\_\_  
My Commission Expires: \_\_\_\_\_  
Commission Number: \_\_\_\_\_

Initial Here: \_\_\_\_\_





# **CITY OF BOYNTON BEACH POLICE OFFICERS' PENSION FUND**



**2100 North Florida Mango Road  
West Palm Beach, Florida 33409**

**Telephone: 954.636.7170**

**Toll Free Fax: 866.769.0678**

## **AGE DISCRIMINATION IN EMPLOYMENT ACT**

### **NOTICE**

I acknowledge that I have been given not less than 45 days advance notice of program availability in which to consider participation in the DROP plan and was provided at least 7 days following the submittal of the DROP application in which to revoke my application.

Acknowledgment of Notice:

\_\_\_\_\_  
Employee Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Employee Name (Please Print)

xxx-xx-\_\_\_\_\_  
Employee SS#

Initial Here:\_\_\_\_\_



# CITY OF BOYNTON BEACH POLICE OFFICERS' PENSION FUND



2100 North Florida Mango Road  
West Palm Beach, Florida 33409

Telephone: 954.636.7170

Toll Free Fax: 866.769.0678

## DROP ACCOUNT INVESTMENT SELECTION

Name: \_\_\_\_\_ SS: xxx-xx \_\_\_\_\_

Home Address: \_\_\_\_\_ City/State/Zip: \_\_\_\_\_

Birth Date: \_\_\_/\_\_\_/\_\_\_ Date of Selection: \_\_\_/\_\_\_/\_\_\_

### **INITIAL ENROLLMENT ( ) Check Here**

Effective with the first benefit payment due on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, I direct the DROP Pension Benefit to be invested in the Boynton Beach Police Officers' Pension Fund, as follows:

Two Options:

- A. **Investment Earnings of the Fund:** I elected to have \_\_\_\_\_% of my DROP account invested with the Investment earning option.
- B. **Fixed Guaranteed Return (7%):** I elect to have \_\_\_\_\_% of my DROP account invested in the Guaranteed 7% Fixed earning option.

**(NOTE: all amounts must be whole numbers and both must total 100%)**

NOTE: The investment selection may be changed each year effective the 1<sup>st</sup> of January as provided by City of Boynton Beach Ordinance 02-065.

### **SUBSEQUENT ELECTION ( ) Check Here**

Effective with the first benefit payment due on the 1<sup>ST</sup> day of January, 20\_\_\_\_, I direct the DROP Pension Benefit to be invested in the Boynton Beach Police Officers' Pension Fund, as follows:

Two Options:

- C. **Investment Earnings of the Fund:** I elected to have \_\_\_\_\_% of my DROP account invested with the Investment earning option.
- D. **Fixed Guaranteed Return (7%):** I elect to have \_\_\_\_\_% of my DROP account invested in the Guaranteed 7% Fixed earning option.

**(NOTE: all amounts must be whole numbers and both must total 100%)**

\_\_\_\_\_  
Signature of Member

Official Use Only

Received By: \_\_\_\_\_ Date Received: \_\_\_\_\_ Date Entered into System: \_\_\_\_\_

# **CITY OF BOYNTON BEACH POLICE OFFICERS' PENSION FUND SPECIAL TAX NOTICE**

## **YOUR ROLLOVER OPTIONS**

You are receiving this notice because all or a portion of a payment you are receiving from the City of Boynton Beach Police Officers' Pension Fund (the "Plan") 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.

This notice describes the rollover rules that apply to payments from the Plan that are not from a designated Roth account (a type of account with special tax rules in some employer plans). If you also receive a payment from a designated Roth account in the Plan, you will be provided a different notice for that payment, and the Plan administrator or the payor will tell you the amount that is being paid from each account.

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 the Plan 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). 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 59½ (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, the Plan 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, the Plan is required to withhold 20% of the payment for federal income taxes (up to the amount of cash and property received other than employer stock). 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 the Plan 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 72<sup>1</sup> (or after death)
- Hardship distributions
- ESOP dividends
- Corrective distributions of contributions that exceed tax law limitations
- Loans treated as deemed distributions (for example, loans in default due to missed payments before your employment ends)
- Cost of life insurance paid by the Plan
- Payments of certain automatic enrollment contributions requested to be withdrawn within 90 days of the first contribution
- Amounts treated as distributed because of a prohibited allocation of S corporation stock under an ESOP (also, there will generally be adverse tax consequences if you roll over a distribution of S corporation stock to an IRA).

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<sup>1</sup>

Effective January 1, 2020, if you had not already attained age 70½ by December 31, 2019, you may wait until age 72 to begin taking the required minimum distributions.

The Plan administrator or the payor 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 the Plan (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 the Plan:

- 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
- Payments made due to disability
- Payments after your death
- Payments of ESOP dividends
- Corrective distributions of contributions that exceed tax law limitations
- Cost of life insurance paid by the Plan
- 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
- Certain payments made while you are on active duty if you were a member of a reserve component called to duty after September 11, 2001 for more than 179 days
- Payments of certain automatic enrollment contributions requested to be withdrawn within 90 days of the first contribution
- Payments for certain distributions relating to certain federally declared disasters
- Phased retirement payments made to federal employees.

## **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).

## **Will I owe State income taxes?**

This notice does not describe 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 included in the payment, so you cannot take a payment of only after-tax contributions. However, 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. 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 the Plan 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 the plan 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 a 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, *Individual Retirement Arrangements (IRAs)*.

### **If your payment includes employer stock that you do not roll over**

If you do not do a rollover, you can apply a special rule to payments of employer stock (or other employer securities) that are either attributable to after-tax contributions or paid in a lump sum after separation from service (or after age 59½, disability, or the participant's death). Under the special rule, the net unrealized appreciation on the stock will not be taxed when distributed from the Plan and will be taxed at capital gain rates when you sell the stock. Net unrealized appreciation is generally the increase in the value of employer stock after it was acquired by the Plan. If you do a rollover for a payment that includes employer stock (for example, by selling the stock and rolling over the proceeds within 60 days of the

payment), the special rule relating to the distributed employer stock will not apply to any subsequent payments from the IRA or employer plan. The Plan administrator can tell you the amount of any net unrealized appreciation.

### **If you have an outstanding loan that is being offset**

If you have an outstanding loan from the Plan, your Plan benefit may be offset by the amount of the loan, typically when your employment ends. The loan offset amount is treated as a distribution to you at the time of the offset and will be taxed (including the 10% additional income tax on early distributions, unless an exception applies) unless you do a 60-day rollover in the amount of the loan offset to an IRA or employer plan.

How long you have to complete the rollover depends on what kind of plan loan you have. If you have a qualified plan loan offset, you will have until your tax return date (including extensions) for the tax year during which the offset occurs to complete your rollover. A qualified plan loan offset occurs when a plan loan in good standing is offset because your employer plan terminates, or because you sever from employment. If your plan loan offset occurs for any other reason, then you have 60 days from the date the offset occurs to complete your rollover.

### **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 your payment is from a governmental section 457(b) plan**

If the Plan is a governmental section 457(b) plan, the same rules described elsewhere in this notice generally apply, allowing you to roll over the payment to an IRA or an employer plan that accepts rollovers. One difference is that, if you do not do a rollover, you will not have to pay the 10% additional income tax on early distributions from the Plan even if you are under age 59½ (unless the payment is from a separate account holding rollover contributions that were made to the Plan from a tax-qualified plan, a section 403(b) plan, or an IRA). However, if you do a rollover to an IRA or to an employer plan that is not a governmental section 457(b) plan, a later distribution made before age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies). Other differences are that you cannot do a rollover if the payment is due to an "unforeseeable emergency" and the special rules under "If your payment includes employer stock that you do not roll over" and "If you were born on or before January 1, 1936" do not apply.



## **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 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 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 roll over your payment to a Roth IRA**

If you roll over the payment from the Plan 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)*.

## **If you are not a plan participant**

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 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 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 72, provided you had not already attained age 70½ by December 31, 2019.

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 72.

**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.

Payments under a qualified domestic relations order. If you are the spouse or former spouse of the participant who receives a payment from the Plan under a qualified domestic relations order (QDRO), you generally have the same options the participant would have (for example, you may roll over the payment to your own IRA or an eligible employer plan that will accept it). 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 (not including payments from a designated Roth account in the Plan), 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.

Unless you elect otherwise, a mandatory cashout of more than \$1,000 (not including payments from a designated Roth account in the Plan) will be directly rolled over to an IRA chosen by the Plan administrator or the payor. A mandatory cashout is a payment from a plan to a participant made before age 62 (or normal retirement age, if later) and without consent, where the participant's benefit does not exceed \$5,000 (not including any amounts held under the plan as a result of a prior rollover made to the plan).

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 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-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](http://www.irs.gov), or by calling 1-800-TAX-FORM.

\* \* \*

**I HAVE RECEIVED THE PRECEDING 9-PAGE SPECIAL TAX NOTICE:**

Date: \_\_\_\_\_

\_\_\_\_\_  
Participant's Signature

\_\_\_\_\_  
Print Clearly Participant's Name

**Note:** Return **ONLY** this last page (numbered 10 of 10) to:

**City of Boynton Beach Police Officers' Pension Fund**

c/o Louis Penque  
Plan Administrator  
2100 N. Florida Mango Road  
West Palm Beach, FL 33409  
Email: [loup@bbpdp.org](mailto:loup@bbpdp.org)  
Telephone: (561) 340-3470