

**FEDERAL TAX WITHHOLDING ON
LUMP SUM PENSION BENEFIT PAYMENT**

You are entitled to receive a lump sum payment of your benefit from the Municipal Employees' Retirement Plan (MERP). Before the MERP pays this benefit to you, we wish to alert you to an important federal tax law that will reduce the taxable portion of your benefit by 20% if you do not instruct us to pay that money directly to an IRA or another retirement plan. Please read carefully the enclosed "**Special Tax Notice Regarding Plan Payments**" and then complete the following payment election form. **NOTE:** This election and the attached explanation of 20% federal income tax withholding rules only apply to the taxable portion of your MERP benefit (contributions made after January 1, 1989). These rules **do not** apply to a refund of after-tax employee contributions you made to the MERP before January 1, 1989.

PAYMENT ELECTION FORM

I have read the attached explanation of 20% federal income tax withholding rules.

- _____ 1. I elect to receive direct payment of the following portion of my taxable benefit. Check (a) or (b) if you check 1:
- _____ (a) Pay me the entire benefit.
- _____ (b) Pay me \$ _____ of the benefit and pay the remainder according to Item 2. *(This option is not available if the remainder is less than \$500.00)*

- _____ 2. I elect to have my taxable benefit paid to an eligible retirement plan (20% withholding will not be deducted). Please make check payable to the following:

fbo (for the benefit of)

Name of Custodian if an Individual Retirement Account or Name of Retirement Plan

Employee Name and Social Security Number

Employee Address

Employee City, State, Zip Code

The IRA or Plan named above is, or is intended to be, an Individual Retirement Account, an individual retirement annuity, or the qualified trust of a defined contribution plan described in the Internal Revenue Code Section 401(a). The IRA or Plan named above will accept the rollover for my benefit and the payment will be mailed to me at the address listed above.

Date

Signature of Participant (or Surviving Spouse)

Employee

ID:

Print Name and Social Security Number

NOTE: If you are receiving this benefit because of the participant's death and you are not the spouse or former spouse of the deceased participant, different federal income tax withholding rules apply.