

DROP DISTRIBUTION REQUEST

Complete this form if you are eligible and wish to withdraw your Deferred Retirement Option Plan (DROP) funds. You may be eligible to withdraw if you have retired and at least three full years have elapsed from your DROP effective date or you are a surviving spouse of a DROP participant. Unless you are a surviving spouse of a DROP participant, you must complete a Service Retirement Application before receiving any DROP withdrawals and meet the eligibility guidelines. Before applying to withdraw your DROP funds, OP&F advises that you read the *Special Tax Notice Regarding Plan Payments*. If you have not received this notice, contact OP&F to receive a copy.

Payment methods

You may select from any one, or a combination of the following payment methods:

- up to four distributions per calendar year of at least \$1,000 per request;
- a one-time lump sum distribution of your DROP balance;
- monthly distributions of at least \$100; or
- rollover of your DROP funds to a qualified retirement plan.

Spousal consent is required if you are married and requesting a distribution of your DROP funds.

DROP distributions must be made using electronic Direct Deposit. DROP distributions will not be included with your monthly retirement benefit, but will be distributed separately.

DROP withdrawals are taxable

The IRS has issued a private letter ruling to OP&F on the taxability of the DROP funds. All money in your DROP account is likely to be taxable, in full, upon withdrawal. You may, however, have some basis recovery, or after-tax contributions that will offset a portion of these taxable benefits, but only if:

- you elect to receive a lump sum distribution of your total DROP accrual prior to the date your monthly retirement benefit payment begins; and
- the distribution is made within 90 days from the commencement date of your monthly retirement benefit payments.

For purposes of determining the election date for an entire lump sum distribution, the election date will be deemed to be the date received by OP&F.

Mandatory income tax withholding

OP&F must withhold 20 percent of the taxable portion of your withdrawal if your taxable portion is \$200 or more within one calendar year and is distributed directly to you. It is possible to avoid paying this tax if you rollover your DROP funds to another qualified pension plan, a qualified 401(a) plan, 403(a) plan, 457(b) deferred compensation plan, 403(b) tax-sheltered annuity, or to an individual retirement account (IRA).

As mandated by IRS rules, OP&F may be required to withhold at a higher tax rate.

You may rollover the withdrawal you received from OP&F within 60 days of receipt, but you will have only 80 percent of the taxable, or "pre-tax," portion available for the rollover. You can make up the 20 percent that OP&F deducted from the initial withdrawal from any other funds you have available to you and include them in the rollover. Also, you may ask the IRS to waive the 60-day limit in this type of rollover. Further information on mandatory tax withholding is available in IRS Publication 505 and Special Tax Notice Regarding Plan Payments provided by OP&F.

Income taxes as penalties

In some cases, the Internal Revenue Service (IRS) will impose income tax penalties for early distributions from qualified retirement plans, as well as distributions under annuity contracts. Most penalties are 10 percent of the portion of the distribution that must be included as gross income. This primarily occurs if you will not turn age 55 by the end of the tax year when you receive the payment, age 50 for public safety officers. OP&F does not withhold these penalties. Further information on income taxes as penalties is available in IRS Code Section 72.

Changing your tax withholding amounts

Changes to federal and state of Ohio tax withholdings must be made in writing and include the signature of the benefit recipient and Social Security number, subject to certain limitations. The Withholding Certificate for Ohio State Income Tax and the federal form W-4P are available on the OP&F website at www.op-f.org, or by calling OP&F Customer Service at 800-860-9599.

1099-R

OP&F will send you a 1099-R for any distribution you receive each calendar year. OP&F will issue your 1099-R by January 31 of the year following your distribution(s).

Final contributions and processing time

OP&F cannot determine the exact amount of DROP contributions eligible for withdrawal or rollover until your former employer deposits your final DROP contributions. Employers have until the last day of the month following the month of your termination to report these contributions. A withdrawal or rollover is normally issued within 90 days of your termination date, provided that all information needed by OP&F for processing has been received and is complete.

OP&F strongly encourages you to seek financial, legal and tax advice from professionals before withdrawing your DROP funds. OP&F cannot advise you on these issues.

Section A: Member information

Name: First, MI, Last, suffix (Jr. III, etc.)

- Member
 Survivor

Street Address / Post office box

Social Security number

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City, State, ZIP code

Date of Birth

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Home phone

New

Alternate phone

New

Email address

New

Marital status:

- Single Married Married, but previously divorced Divorced Widowed

Section B: Lump sum distribution of your DROP accrual

You have the option to receive a lump sum distribution from some or all of your DROP accrual. You may initiate a lump sum distribution, using this form, at any time.

- Please check here to request a **partial lump sum** distribution of your DROP accrual, these distributions must be more than \$1,000 each, and cannot exceed four requests per year. **Please indicate the amount of your partial lump sum DROP distribution(s):**

Date of distribution	Example: <i>July 1, 2011</i>				
Amount of distribution	Example: <i>\$1,000</i>	\$	\$	\$	\$

- Please check here to request a one-time lump sum payment of your DROP balance. An initial payment of the balance of your DROP accrual as of the time of request will be made to you, and a final, second payment will be made once final payroll reporting has been made by your employer. This is deemed to be a full, lump sum payment even though there may be several months between the initial and final payments. Once you request a one-time lump sum payment of all your DROP funds, your request is final and cannot be revoked.

Distributions can be mailed to your home address or directly deposited into your bank account.

- Please check this box if you want your lump sum distribution **directly deposited into your bank account**. Be sure to complete Section D: Direct Deposit and attach a voided check or bank deposit slip to this form.
- Please check this box if you want your lump sum distribution **sent to your home address**, as listed in Section A.

Section C: Monthly distributions of your DROP funds

You have the option to receive monthly distributions from your DROP funds. OP&F must receive your monthly DROP distribution request by the 15th of the month in order for your monthly DROP distributions to begin on the first day of the following month. If your request is received after the 15th day of the month, your request will be processed during the next month. You may begin monthly distributions, change the amount of your monthly distributions, or stop them altogether, using this form.

- Please check this box if this is your **first time requesting** a distribution from your DROP funds.
- Please check this box if this is a **change to your previous** monthly DROP distribution request.
- Please check this box if you **wish to terminate** your monthly DROP distribution.

Please indicate the amount and the date you wish to start monthly DROP distributions:

Amount: \$ _____ .00

Effective as of:

				0	1						
				month	day						year

Distributions will be electronically **directly deposited** into your bank account. Be sure to complete Section D: Direct Deposit and attach a voided check to this form.

Section D: Direct Deposit information

To have your DROP funds electronically Direct Deposited to your bank, please complete this section. Your bank's routing number is the first eleven numbers in the bottom left corner of your check. Your bank account number is the next set of nine numbers. Please attach a voided check to activate Direct Deposit. Direct Deposit is provided as a service to you and OP&F assumes no liabilities, including consequential and special damages.

Name of financial institution	<input type="checkbox"/> Checking account <input type="checkbox"/> Savings account	Bank routing number <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Street address / Post office box		Your account number <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
City, State, ZIP code	Telephone	

Section E: Ohio state income tax

Withholding Ohio state income tax is not mandatory for a DROP distribution. However, you do have the choice to select state tax to be withheld. You have the option to either withhold a percentage or a fixed amount of your DROP distribution for Ohio state income tax purposes. Please choose how much you wish to have withheld by marking a selection below.

- Please withhold a percentage of my gross DROP distribution: _____ %
 Please withhold a fixed amount from my gross DROP distribution: \$ _____ .00
 Do not withhold any amount

Section F: Direct rollover of your DROP funds

You have the option to rollover all or some of the taxable "pre-tax" contributions and non-taxable "after-tax" contributions to a traditional IRA, Roth IRA or to an eligible employer plan. An "eligible employer plan" includes a plan qualified under Internal Revenue Code section 401(a), including a 401(k) plan, profit-sharing plan, defined benefit plan, stock bonus plan, and money purchase plan; a 403(a) annuity plan; a 403(b) tax-sheltered annuity; and an eligible 457(b) plan maintained by a governmental employer (a "governmental 457 plan"). Your payment cannot be rolled over to a SIMPLE IRA or a Coverdell Education Savings Account (formerly known as an education IRA).

(Before selecting this option, confirm that your plan administrator accepts rollovers from Section 401(a) employer plans and review the attached *Special Tax Notice Regarding Plan Payments* to understand this option, which may allow you to continue to defer taxes on your payment. This notice also contains information on tax restrictions applicable to lump sum payments and rollovers.)

There are restrictions on which plans can accept a rollover of the non-taxable "after-tax employee" contributions, so you should consult with the plan of your choice before making any elections for a direct rollover. Plans are also required to provide separate accounting for both the taxable and non-taxable portions of any rollovers that they accept. If you elect to rollover all or some of your eligible DROP funds, OP&F will make the check for the rollover amount payable to the trustee or pension plan you select.

Account type (please verify your account type with your plan administrator):

- Traditional IRA Roth IRA An eligible employer plan
 Please check here to rollover all or some of your DROP contributions to the qualified plan named above. **Please indicate the amount you wish to rollover** (if you wish to rollover all accruals, write "All Accruals"):
 \$ _____ .

Name program or retirement plan	Your account number <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Name of corresponding financial institution	
Street address / Post office box	City, State, ZIP code

Section G: Member signature and acknowledgement

If you are married, you must have your spouse complete Sections I and J below **after** you complete this form in its entirety and provide your notarized signature below.

I, the person described in Section A of this *DROP Distribution Request* form, who, have been duly sworn, represent that I am the person herein described; affirm that statements are true and correct and authorize and request OP&F to direct my DROP funds that I may be eligible to receive, as indicated on this *DROP Distribution Request* form. Except as noted above, this authorization revokes all prior direction of DROP distribution notifications.

I acknowledge that, as part of this form, I have received and reviewed the *Special Tax Notice Regarding Plan Payments* addressing my payment and direct rollover rights. After receiving this special tax notice, I understand that I have at least 30 days to consider whether or not to have my payment directly rolled over. If I do not wish to wait until the 30-day notice period ends before my form is processed, I must waive the notice period by making an affirmative election indicating whether or not I wish to make a direct rollover. I further acknowledge that I have been advised of my right to consider my decision of whether or not to make a direct rollover and, in signing this form and submitting it to OP&F, I am affirmatively waiving my right to the 30-day notice period regarding my direct rollover rights, and I authorize OP&F to process my payment based upon this form.

Member's signature: ▶	Date of signature:
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Section H: Notary public requirement for member signature

The notary public in good standing must sign in the space provided in this section and affix their seal.

State of _____, County of _____, ss:

This *DROP Distribution Request* was acknowledged before me by the person named in the foregoing Section A, this _____ day of _____, 20_____.

Affix Seal here	Notary's signature: ▶
	Print name:
	My commission expires:

Section I: Spousal signature and acknowledgement

I am the spouse of the OP&F member identified in Section A of this *DROP Distribution Request* form. I understand that by signing this consent, the member will receive the DROP distribution set forth in Sections B, C, E and/or F of this form.

Spouse's signature: ▶	Date of signature:
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Section J: Notary public requirement for spousal signature

The notary public in good standing must sign in the space provided in this section and affix their seal.

State of _____, County of _____, ss:

This *DROP Distribution Request* form was acknowledged before me by the person named in the foregoing Section I, this _____ day of _____, 20_____.

Affix Seal here	Notary's signature: ▶
	Print name:
	My commission expires: