



## 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 the minimum number of years have elapsed from your DROP effective date or you are a surviving spouse of a DROP participant. If your DROP effective date is on or before July 1, 2013, the minimum participation period is three years. If your DROP effective date is after July 1, 2013, the minimum participation period is five years.

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.

### Section A: Member information

Name: First, MI, Last, suffix (Jr. III, etc.)		<input type="checkbox"/> Member	Social Security number											
		<input type="checkbox"/> Survivor	<table border="1" style="width: 100%; text-align: center;"> <tr> <td>X</td><td>X</td><td>X</td><td>X</td><td>X</td><td>X</td><td></td><td></td><td></td><td></td> </tr> </table>		X	X	X	X	X	X				
X	X	X	X	X	X									
Street Address / Post office box														
City, State, ZIP code		Date of Birth												
		<table border="1" style="width: 100%; text-align: center;"> <tr> <td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td> </tr> </table>												
Home phone	Alternate phone	Email address												
Marital status:														
<input type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Married, but previously divorced <input type="checkbox"/> Divorced <input type="checkbox"/> Widowed														

### Section B: Lump sum distribution of your DROP accrual

Use this section to request a lump sum distribution of some, or all, of the funds in your DROP account:

- Partial lump sum:** Check this box to request a partial lump sum distribution of funds in your DROP account. Please indicate the distribution amount(s) and effective date(s). *A maximum of four distributions per calendar year, of at least \$1,000 per request may be taken.*

<b>Date of distribution</b>	Example: <i>July 1, 2020</i>				
<b>Amount of distribution</b>	Example: <i>\$1,000</i>	\$	\$	\$	\$

- Entire lump sum:** Check this box to request a one-time entire lump sum distribution of funds in your DROP account. Once submitted, this request is final and cannot be revoked.

- **All DROP distributions take a *minimum* of seven days to process.**
- DROP distribution requests in excess of **\$300,000** require 30 days to process.
- All DROP distributions will be directly deposited into the account on file with OP&F.
- **Please complete the *entire* DROP Distribution Request form.** Forms not returned in their entirety will be rejected.

### Section C: Monthly distributions of your DROP funds

Use this section to request a monthly distribution of funds of at least \$100 from your DROP account. Requests received after the 15th day of the month will be processed the following month.

- Check this box if you are requesting a **new** monthly distribution request.
- Check this box if you are **changing** an existing monthly DROP distribution request.
- Check this box if you are **terminating** an existing monthly DROP distribution.

List the amount and effective date that your monthly DROP distributions will begin:

Amount: \$ \_\_\_\_\_ .00

Effective date:

		0	1			
month		day		year		

### Section D: 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. *Federal income tax is withheld automatically at a rate of 20 percent.*

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 E: 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"):  
\$ \_\_\_\_\_ .


A rollover of your entire DROP balance cannot be processed until all contributions are posted into your DROP account, which can be approximately 90 days after your retirement date.

Firm name	Your account number <table border="1"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>																				
Name of plan administrator (where funds are to be deposited)	Phone number																				
Street address (OP&F is not able to mail to a P.O. box)	City, State, ZIP code																				

**Section F: Member signature and acknowledgement**

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 G: 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:

### **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 your withdrawal if it 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.

### **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.**