

# Beneficiary Guide for the 457 & 401(k) Plans



**New York City  
Deferred Compensation Plan**





OFFICE OF LABOR RELATIONS

***Deferred Compensation Plan***

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Dear Sir/Madam:

If you have been named a beneficiary by a New York City Deferred Compensation Plan participant, you may be entitled to receive funds from his or her account.

This booklet will explain the distribution choices available to you so that you can make an informed decision about what is best for your personal situation. You should, however, seek the advice of a financial planner or tax consultant before making your choices.

The date when you must begin to receive benefit payments and the maximum period over which you may receive benefits depends on:

- The age of the Plan Participant when he or she died;
- Whether the Plan Participant was receiving benefits from the Plan;
- Whether you are the Participant's spouse, another individual, or the representative of a non-individual (charity, trust, institution).

If you have any questions, or would like additional information or assistance, please call our office at (212) 306-7760 between the hours of 9 a.m. and 5 p.m., Monday through Friday, or visit us online at [nyc.gov/deferredcomp](http://nyc.gov/deferredcomp).

Sincerely,

Georgette Gestely  
Director

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If you have additional questions after reading this brochure, please contact the Plan's Client Service Department between the hours of 9 a.m. and 5 p.m., Monday through Friday, at (212) 306-7760 or visit the Plan's Web site at [nyc.gov/deferredcomp](http://nyc.gov/deferredcomp).

Also available:

- ◆ Investment Planning Video
- ◆ New York City Deferred Compensation Plan Summary Guide of 457 & 401(k) Plan Provisions
- ◆ Internet site: <http://nyc.gov/deferredcomp>

Please Note: This booklet does not constitute the offering of investment, financial, tax or legal advice or other expert advice. The material contained in this booklet is for informational purposes only. You may wish to consult a professional financial planner, investment advisor, legal counsel or other expert before reaching any decisions. In addition, the material in this booklet is subject to the terms of the 401(k) Plan for Employees of the City of New York and Related Agencies and Instrumentalities and the Deferred Compensation Plan for Employees of the City of New York and Related Agencies and Instrumentalities and any other applicable federal, state and local laws and regulations. In the event of any conflict between the 401(k) Plan for Employees of the City of New York and Related Agencies and Instrumentalities or the Deferred Compensation Plan for Employees of the City of New York and Related Agencies and Instrumentalities and applicable law or regulations, then the applicable laws and regulations shall govern.

The New York City Deferred Compensation Plan Beneficiary Guide is provided to beneficiaries in order to satisfy Section 402(f) of the Internal Revenue Code.

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## ***Beneficiaries' Frequently Asked Questions About Distributions***

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### ***Must I take a full withdrawal of the account once a beneficiary account has been established for me?***

No. Immediate lump sum distributions are not required. The Plan offers an array of distribution options. Please refer to "Length of Distribution" on page 7.

### ***Can I maintain the tax-favored advantage of the participant's account by rolling the account into an Individual Retirement Account or another plan?***

A spousal beneficiary is eligible to roll over his/her beneficiary account only to an Individual Retirement Account (IRA). However, all beneficiaries can maintain their tax advantage by leaving their funds in the Plan to grow on a tax-favored basis until distributions are required to begin.

### ***What is my tax obligation when I take a distribution from my beneficiary account?***

Your tax obligations depend on whether: 1) you are a spousal or non-spousal beneficiary, and 2) the beneficiary account contains Roth 401(k) contributions. Distributions from the 457 Plan and the pre-tax 401(k) Plan will be subject to all applicable, federal, state and local taxes. Please refer to "Income Tax Consequences" on page 6.

### ***What happens to an outstanding loan upon the death of the participant?***

All outstanding loan principal and accrued interest shall be treated as a distribution from the Plan on the date of the participant's death. The loan cannot be transferred to, or assumed by, the beneficiary. If the loan was not repaid prior to the date of death, any distribution from the Plan will be made net of any outstanding loan obligation. In addition, the amount of the outstanding loan will be reported as a distribution to the participant's estate.

### ***Since I cannot make contributions to my beneficiary account, can the value of the account change?***

The beneficiary account can continue to have the opportunity to grow (or lose value), subject to market fluctuations, for as long as you leave money in the Plan. Any appreciation, interest, or dividends will continue to be reflected in the beneficiary account on a tax-favored basis.

### ***Can I change the investment fund options the participant selected prior to his or her death?***

Yes. You can make investment decisions as if you were the participant. Therefore, you can move the assets in your beneficiary account among the various funds offered by the Plan as frequently as you wish, subject to Plan rules. Investment changes are made using the Plan's voice response system or through the Plan's Web site. Contact the Plan for more information on the investment funds or refer to the Summary Guide of 457 & 401(k) Plan Provisions which is available by calling (212) 306-7760 or online at [nyc.gov/deferredcomp](http://nyc.gov/deferredcomp).

### ***What administrative fees and services are associated with the Plan?***

Administrative fees (currently \$12.50 per quarter) will be withheld from your beneficiary account while funds remain in the Plan. Beneficiaries will receive quarterly statements, newsletters, and annual reports and can make investment changes (transfer among the Plan's investment options). Beneficiaries are also welcome to attend any seminars offered by the Plan.

### ***Is it advantageous to take a full lump sum withdrawal and use the cash to purchase an annuity?***

Not necessarily. With a lump sum full withdrawal, the entire account will be subject to applicable taxes in the year it is received, leaving less to invest in an annuity. Furthermore, the annuity may charge you set-up costs in addition to administrative fees. The Plan offers beneficiaries the opportunity to set up periodic payments, which can be made monthly, quarterly, semi-annually, or annually. Annuity payments may be best for some, however, you are encouraged to consult with your tax advisor.

### ***Once a beneficiary account has been established for me, can I select my own beneficiary?***

No. A beneficiary is not permitted to choose a beneficiary.

### ***What happens to the account after my death?***

If you die prior to receiving a complete distribution of your beneficiary account, the remaining amount will be paid to your estate.

### ***Can I get better returns if I move my money from the Plan to outside investments?***

The performance of the Plan's funds is competitive with the performance of investments offered outside the Plan. In addition, the Plan's total asset size has allowed it to convert all its mutual funds to separate accounts, which means you may pay less in investment management fees than you would pay if you bought similar fund shares outside of the Plan. Remember, fees count. Every dollar paid in higher fees reduces your return by that dollar. Before you consider moving your money into any new plan or IRA, if applicable, where you may be paying higher individual retail rates, seek the advice of an independent financial planner or tax consultant and compare the applicable surrender fees, mortality and expense risk fees, administrative fees and investment management fees, as well as the initial investment requirements.

### What are my distribution options?

	<i>Surviving Spouse Beneficiary</i>	<i>Other Designated Beneficiary**</i>	<i>Non-Designated Beneficiary**</i>
<i>Commencement Date *</i>	Any time after the participant's death, but no later than the later of: a) December 31st of the calendar year in which the participant would have reached age 70 1/2 b) December 31st of the calendar year immediately following the calendar year in which the participant died if age 70 1/2 or older	Any time after the participant's death, but no later than December 31st of the calendar year immediately following the calendar year in which the participant died	Any time after the participant's death, but no later than December 31st of the calendar year immediately following the calendar year in which the participant died
<i>Method</i>	a) Lump sum payment b) Periodic payments (monthly, quarterly, semi-annually, annually) c) Amount certain payment d) Amount certain with periodic payments (a single payment with the balance paid out as periodic payments) e) Rollover only to an IRA	a) Lump sum payment b) Periodic payments (monthly, quarterly, semi-annually, annually) c) Amount certain with periodic payments (a single payment with the balance paid out as periodic payments)	a) Lump sum payment b) Periodic payments (monthly, quarterly, semi-annually, annually) c) Amount certain with periodic payments (a single payment with the balance paid out as periodic payments)
<i>Maximum Length</i>	Distributions must be completed within a period not extending beyond the life expectancy of the beneficiary	Distributions must be completed within a period not extending beyond the life expectancy of the beneficiary	a) Distributions must be completed by December 31st of the calendar year which contains the 5th anniversary of the date of the participant's death b) If the participant died after his/her Required Beginning Date (RBD)*** you can select distribution payments using the participant's remaining life expectancy reduced by 1-year

\* Failure to begin distribution by the dates referenced in the chart above results in the beneficiary having to complete distribution by December 31st of the calendar year which contains the 5th anniversary of the date of the participant's death.

\*\* See definition on page 7

\*\*\* See definition on page 7

## Distribution Rules



### *Distribution of a deceased participant's account is paid out in the following order:*

The participant has the opportunity to choose both primary beneficiaries and contingent beneficiaries. Upon the death of the participant, any amount payable under either the 457 Plan or the 401(k) Plan shall be paid only to the primary beneficiary(ies) who survive the participant. If any of the primary beneficiaries predecease the participant, their share will be distributed proportionately among the remaining primary beneficiaries. Only if all the primary beneficiaries predecease the participant will the contingent beneficiary(ies) be entitled to any amount payable under the Plan. If any of the contingent beneficiaries predecease the participant their share will be distributed proportionately among the remaining contingent beneficiaries. If no beneficiary designation is in effect at the time of the participant's death, or if no primary or contingent beneficiary survives the participant, any amount payable under the Plan will be paid to the participant's surviving spouse, or, if there is no surviving spouse, to the participant's estate. Upon the death of the participant, the determination of beneficiaries is final.

### *Investment Options*

Initially, your beneficiary account will be established based on the participant's investment fund balances. However, you may elect to transfer funds among the Plan's investment options as if you were the participant. You can move the assets in your account among the various funds offered by the Plan as frequently as you wish, subject to Plan rules. Your account can continue to have the opportunity to grow, subject to market fluctuations, for as long as you leave money in the Plan. Any appreciation, interest, or dividends will continue to be reflected in the account on a tax-favored basis.

### *Spousal Rollover*

Only a spousal beneficiary is eligible to roll over the participant's account to only a traditional or Roth IRA. Spousal rollovers are available only with respect to "eligible rollover distributions." An eligible rollover distribution is any distribution of all or a portion of your Plan account except any distribution that is part of a series of substantial equal periodic payments (i.e., installments) made at least annually that extend for either (i) the life expectancy of the spousal beneficiary or (ii) a specified period of at least 10 years.

### *Income Tax Consequences*

Distributions to all beneficiaries will be reported on Form 1099-R in the year when paid. Distributions from the 457 Plan and the pre-tax 401(k) Plan will be subject to all applicable federal, state and local taxes. Unless you live in a state with mandatory tax withholding, you will be responsible for the payment of all applicable state and local taxes.

Distributions of Roth 401(k) assets from the beneficiary account are classified as either "Qualified Distributions" or "Non-Qualified Distributions." A Qualified Distribution is not subject to federal, state or local taxes if the distribution is made after a period of five consecutive taxable years that begins with the first day in which the participant made a Roth contribution and ends when five consecutive taxable years have been completed. A Non-Qualified distribution of Roth 401(k) contributions from the beneficiary account is made before the five-taxable-years period of participation has been completed. The earnings from Non-Qualified Distributions are subject to all applicable income taxes. 401(k) Roth assets from the beneficiary account will be distributed proportionally among contributions and earnings. Distributions from the Roth IRA are subject to Required Distributions.

*Spousal Beneficiaries:* A spousal beneficiary has the option to receive direct payments from the Plan or perform a rollover to an IRA. Lump Sum payments, Amount Certain payments and periodic payments scheduled for less than 10 years from the 457 Plan and the pre-tax 401(k) Plan are Eligible Rollover Distributions (ERD) which, if not directly rolled over to an IRA, will be subject to a 20% mandatory federal tax withholding. The selection of periodic payments scheduled for 10 years or more allow for the beneficiary to determine the withholding based upon the submission Form W-4P. Refer to the instructions on the form W-4P for further explanation. Distributions of Roth 401(k) assets from the beneficiary account are eligible for rollover to a Roth IRA.

*Non-Spousal Beneficiaries:* All payments from the 457 Plan and pre-tax 401(k) Plan to non-spousal beneficiaries will be subject to a 10% federal tax withholding, unless the beneficiary submits a Form W-4P specifying either the withholding rate or exemption. Refer to the instructions on the Form W-4P for further explanation.

New York State residents who are at least age 59 1/2 are entitled to a New York State and City income tax deduction of up to \$20,000 on payments you receive in installments from your 457 and pre-tax 401(k) distributions from the beneficiary account.

Qualified Distributions of Roth 401(k) assets from the beneficiary account are not subject to federal, state, or local withholding tax.

### **“Designated Beneficiary”**

The Internal Revenue Service (IRS) classifies beneficiaries as “designated beneficiaries” and “non-designated beneficiaries.” A designated beneficiary is an individual such as a spouse, sister, nephew, etc. Where the beneficiary is a trust for the benefit of an individual or individuals, the beneficiaries of the trust will, in some cases, be treated as “designated beneficiaries,” even though the trust is the actual beneficiary. Special requirements apply in order to get this treatment, however, and you should consult with an estate planner to see if this treatment applies to you. A non-designated beneficiary is an institution such as a charity or non-profit organization.

### **Commencement of Distribution**

Beneficiaries of the 457 plan, pre-tax 401(k) and Roth 401(k) plan can select to begin receiving distributions as early as 60 days after the establishment of a separate account in their own name. Spousal beneficiaries must begin receiving distributions by the later of: (i) the year the participant would have reached age 70 1/2; or (ii) December 31st of the calendar year immediately following the calendar year in which the participant died. All other beneficiaries must begin receiving distributions by December 31st of the calendar year immediately following the calendar year in which the participant died. Failure to begin distribution by the above date results in the beneficiary having to complete distribution by December 31st of the calendar year which contains the 5th anniversary of the date of the participant’s death.

### **Length of Distribution**

The IRS requires that Plan participant’s begin receiving required minimum distributions as of their “Required Beginning Date” (RBD) which is April 1st of the calendar year following the later of: (i) the calendar year in which the participant attains age 70 1/2; or (ii) the calendar year in which the participant retires from City service.

If the participant died prior to his or her RBD, the IRS requires that all beneficiaries receive the entire interest of the participant’s account within five years of the participant’s death. *However*, the IRS provides an exception to the five-year rule. If any portion of the participant’s account is payable to a “designated beneficiary” (see definition above), that portion can be extended over the life expectancy of such beneficiary or over a period not extending beyond the life expectancy of the beneficiary. If you choose life expectancy, you must

receive a required distribution, at least once annually, in an amount recalculated each year in accordance with the single life expectancy table found on page 12. The yearly required distribution is only the minimum amount you must receive, as you can always select a distribution schedule taking higher periodic payments.

The beneficiary may select the length of time over which to spread out his/her distribution payments after the participant’s death subject to the length restrictions described on this page and on page 5. The decision must be made no later than December 31st of the calendar year immediately following the calendar year in which the participant died.

### **Multiple Beneficiaries**

Beneficiaries are required to establish separate accounts by the December 31st of the year after the year in which the participant has died. If the participant selected more than one beneficiary, and separate accounts are not established for each beneficiary prior to December 31st of the calendar year immediately following the year in which the participant died, then the length of time over which these beneficiaries who did not establish their account, even the spouse, can receive payments is determined by the beneficiary entitled to the shortest amount of time. To establish a separate account, a beneficiary must file with the Plan’s Administrative Office all required documents as requested on the Beneficiary Distribution Form.

#### **Example:**

Participant dies in 2006, prior to RBD, leaving two primary beneficiaries: a spouse and a charity, each entitled to 50% of the participant’s account. The spouse is a designated beneficiary and the charity is a non-designated beneficiary. If separate accounts are established for both the spouse and the charity by December 31, 2007, the spouse is entitled to extend distribution payments up to his/her life expectancy. Failure to establish a separate account results in the spouse being limited to receiving the entire account by December 31st of the calendar year which contains the 5th anniversary of the date of the participant’s death.

In order for a designated beneficiary to be able to take advantage of the maximum length of time in which to receive distribution payments:

- (i) beneficiaries must establish separate accounts prior to December 31st of the calendar year immediately following the year in which the participant died; or
- (ii) the oldest designated beneficiary and/or the non-designated beneficiaries must disclaim entitlement to the benefit in favor of another beneficiary; or
- (iii) the oldest designated beneficiary and/or the non-designated beneficiaries must receive the entire benefit before December 31st of the calendar year immediately following the calendar year in which the participant died.

If any one of the above instances occurs, the remaining designated beneficiaries will be entitled to take advantage of the maximum lengths of time in which to receive their distribution payments.

**Example:**

Participant dies, prior to RBD, leaving two primary beneficiaries: a wife, age 45, and a sister, age 65, each entitled to 50% of the participant's account. Both beneficiaries are designated beneficiaries. Both beneficiaries failed to establish separate accounts and begin taking distributions before December 31st of the calendar year immediately following the calendar year in which the participant died. This example will result in both being only entitled to extend distributions through the December 31st which contains the 5th anniversary of the date of the participant's death.

## *Periodic Payments vs. Full Withdrawal*



### *What are the advantages of periodic payments?*

There are several advantages to choosing periodic payments over a full withdrawal:

Deferring Taxes:

It is important to remember that the IRS considers deferred compensation distributions includible as income in the year in which your distributions are paid to you. By taking periodic payments from your 457 Plan or pre-tax 401(k) Plan beneficiary account, you will be able to spread your tax liability over the years that you receive distributions. Consequently, you will not have the immediate potential tax burden you would have if you elect a lump sum distribution.

**Retirement Income:**

Choosing periodic payments will allow you to utilize your deferred compensation account for years to come.

**Opportunity for Continued Growth of Your Account:**

Until you decide to withdraw the money from your 457 or pre-tax 401(k) Plan beneficiary account, you will not pay taxes on that money. If you elect periodic payments, the money remaining in your Deferred Compensation account will continue to have the opportunity to grow, tax-favored, through interest or appreciation. Your account will continue to be valued daily and you will continue to receive quarterly statements.

### *What are the advantages of taking an amount certain with periodic payments?*

This option allows you to withdraw a portion of your account and withdraw the balance in periodic payments. You get the benefits of both a lump sum (for a major purchase, perhaps) and periodic payments (to supplement income).

Remember, if you set up a distribution schedule you always have the option to change the method of distribution. Of course, once you take money out of the Plan (i.e. in a lump sum) you cannot put it back to select a different distribution option.

### *Is there any merit to my purchasing an outside annuity with my lump sum payment?*

When making this decision you should consider the following factors: (1) you will be subject to applicable taxes on the lump sum payment at the time you receive it; (2) you may be incurring certain costs if you choose to reinvest in such a manner; and (3) the Deferred Compensation Plan's distribution options allow certain beneficiaries to choose an annuity-like payment schedule if they choose to receive installment payments that extend through their life expectancy.

### *What do I have to do to receive periodic payments?*

Choosing periodic payments is easy. Simply mark off the "Periodic Payments" box on the Beneficiary Distribution Form. Then, specify the number of payments or dollar amount of payments you wish to receive. From there, the Deferred Compensation Plan handles the rest. Your checks will be mailed to you in accordance with the schedule you indicated, or you may choose electronic fund transfers (EFT) of your payments directly into your bank account.

### *May I change my mind once I choose a distribution schedule?*

Yes. If you set up a distribution schedule you always have the option to change the method of distribution with respect to any amounts that have not yet been distributed. However, if you selected life expectancy, your change in the method of distribution cannot make your payments lower.



## How to Take a Distribution



### *Your Distribution Choices*

Withdrawing funds from your Deferred Compensation Plan account will be as simple as submitting a Beneficiary Distribution Form.

You can decide how much and in what method you wish to receive funds from your account.

- 1) Direct Payment or Rollover – if you are a spousal beneficiary you must choose whether you want the payment(s) made directly to you, or if you want to roll over your account, or a portion thereof, to a traditional IRA or Roth IRA (non-spousal beneficiaries must choose direct payment only);
- 2) Commencement Date – when you want to start receiving distributions;
- 3) Method – the type of payment(s) you want to receive; and
- 4) Length – the length of time in which you want to extend your distribution payments.

Please Note: The distribution of your account cannot begin prior to the 60th day after the establishment of a separate account in your name.

### *Direct Payment*

As a beneficiary, you can decide how much and in what method you wish to receive direct payments from your account. In addition, if you set up a distribution schedule, you always have the option to change the method of distribution. Beneficiaries will be responsible for payment of all applicable state and local taxes.

Spousal beneficiaries can choose either to directly roll over all or a portion of their account to only a traditional IRA or Roth IRA, or to receive direct payments in their own name.

### *Commencement Date*

Beneficiaries can select to begin receiving distributions as early as 60 days after the establishment of a separate account in their own name. Spousal beneficiaries must begin receiving distribution payments by: (i) the December 31st

of the calendar year in which the participant would have attained age 70 1/2; or (ii) the December 31st of the calendar year immediately following the calendar year in which the participant died, whichever is later. All other beneficiaries must begin receiving distributions by December 31st of the calendar year immediately following the calendar year in which the participant died.

### *Method*

Each Beneficiary Distribution Form submitted must specify in what form you want the funds distributed to you from your account.

- 1) Lump Sum Payment – a distribution of your entire Deferred Compensation account in a single payment;
- 2) Periodic Payments – distributions made over regular intervals totaling your entire Deferred Compensation account;
- 3) Amount Certain with Periodic Payments – an initial distribution of an amount that you specify followed by distributions made over regular intervals totaling your entire remaining Deferred Compensation account.

Periodic payments can be made monthly, quarterly, semi-annually, or annually. You must determine the interval of the distributions and either (1) the exact number of periodic payments you want to receive, (2) the exact dollar amount of the periodic payments you want to receive, or (3) whether your distributions should be paid over your life expectancy. If you elect options 1 or 3, the distribution amount will be recalculated annually and your periodic payment amounts will be adjusted accordingly.

If you want \$500 semi-annually, just indicate this dollar amount on the distribution form. If you want a payment four times a year for ten years, just indicate that you want forty quarterly payments. The Deferred Compensation Plan takes care of the calculations. Your periodic payments cannot be scheduled for a period beyond your life expectancy. You can choose to have your distributions taken proportionally from each of your investment options or, if you prefer, you can specify the investment option from which your distributions are to be taken first.

### **Length**

If the participant dies prior to his/her RBD:

- ◆ A spouse can select required distribution payments over his or her life expectancy, using the single life expectancy table, but must begin receiving those payments no later than the later of: (i) the year the participant would have attained age 70 1/2 or, (ii) December 31st of the calendar year immediately following the calendar year in which the participant died.
- ◆ Other designated beneficiaries (e.g., a sister, nephew, daughter, etc.) can select required distribution payments over their life expectancy, using the single life expectancy table, but must begin receiving those payments no later than December 31st of the calendar year immediately following the calendar year in which the participant died.

Failure to begin distribution by the required date results in the beneficiary having to complete distribution by December 31st of the calendar year which contains the 5th anniversary of the date of the participant's death.

#### ***If the participant dies after his/her RBD:***

- ◆ A spouse can select required distribution payments over his or her life expectancy, using the single life expectancy table, but must begin receiving those payments no later than December 31st of the calendar year immediately following the calendar year in which the participant died.
- ◆ Other designated beneficiaries (e.g., a sister, nephew, daughter, etc.) can select required distribution payments over his or her life expectancy, using the single life expectancy table, but must begin receiving those payments no later than December 31st of the calendar year immediately following the calendar year in which the participant died.
- ◆ A non-designated beneficiary can select distribution payments using the participant's remaining life expectancy reduced by one each year.

If the participant died after his/her RBD and had already started receiving distributions, beneficiaries must receive distributions at least as rapidly as under the method of distribution selected by the participant.

### **Minor Beneficiaries**

The submission of a Beneficiary Distribution Form by a beneficiary who is under the age of majority requires the authorization and signature of the parent or legal guardian. Evidence of guardianship of property must be provided. The check shall be made payable to the "parent or guardian for the benefit of the minor." Checks cannot be made payable directly to the minor.

### **Spousal Rollover**

Upon establishment of a separate account, spousal beneficiaries, can roll over their 457 Plan or pre-tax 401(k) Plan account or portions thereof to a traditional IRA only. Distribution of Roth 401(k) contributions from a beneficiary account are eligible for rollover to a Roth IRA.

Any eligible rollover distributions from your 457 Plan or pre-tax 401(k) Plan beneficiary account, which are not directly rolled over into an IRA, will be includible as income in the year distributed and will be reported on Form 1099-R. Distributions that are eligible for rollover treatment but are not directly rolled over through a trustee-to-trustee transaction will become subject to a 20% mandatory federal tax withholding.

The following types of distributions are not eligible rollover distributions and will be subject to tax withholding based on the information provided on your form W-4P:

Payments spread over long periods (Periodic Payments) - you cannot roll over a payment if it is part of a series of equal (or almost equal) payments that are made at least once a year and that will last for (a) your life expectancy; or (b) a specified period of ten years or more.

Spousal beneficiaries can also leave their money in the Plan until their required commencement date and continue to have the opportunity to earn interest, dividends, or both, subject to market fluctuations of the investment options selected.

#### ***Performing a Rollover***

If you are a spousal beneficiary and wish to roll over all or a portion of your Deferred Compensation account directly to a traditional or Roth IRA, please submit a completed Beneficiary Distribution Form to the Deferred Compensation Plan's Administrative Office. You will need to provide information about the financial institution that is to receive the rollover. The applicable portion of your Plan account will then be transferred directly from the Deferred Compensation Plan to the trustee of the IRA or Roth IRA. The new provider may require you to complete additional paperwork for them to accept the rollover, but their forms will not substitute for the Beneficiary Distribution Form. No rollover will be processed until a completed Beneficiary Distribution Form is received by the Deferred Compensation Plan's Administrative Office.

If you receive a direct payment from the 457 Plan or pre-tax 401(k) Plan beneficiary account in your own name that was eligible for rollover treatment, you will still have 60 days from receipt of the distribution to roll over that distribution into an IRA (an "indirect rollover"). However, any distribution that is eligible for rollover treatment that is distributed to you in your own name (as opposed to being directly rolled over) is subject to a 20% mandatory federal tax withholding. In order to roll over 100% of the distribution, you would then need to contribute other cash in the

amount of the 20% tax withholding to the retirement plan or IRA. You can then request a refund of the 20% tax that was withheld when you file your federal income tax return. If you do not contribute the additional cash to make-up for the 20% withholding, the amount withheld will be treated as a taxable distribution.

Before deciding to roll over your Deferred Compensation account, please seek the advice of a financial planner or tax consultant.

### ***Mode of Payment***

Beneficiaries can either receive checks by mail made payable to them or select to have their periodic payments transferred electronically to their financial institution.

### ***Electronic Fund Transfers***

The Deferred Compensation Plan offers electronic fund transfers (EFT) for your periodic payment distributions. An electronic fund transfer allows your bank account to be credited for each periodic payment, thereby providing quicker access to your funds. Funds will be made available to your bank account two business days from the date the funds are withdrawn from your Deferred Compensation Plan account. You will receive a payment stub by mail for your records.

There is no fee for electing this option. Please note, however, that it is only available when selecting periodic payments as a method of distribution. If you select an amount certain and periodic payments, you will receive a check for the amount certain and periodic payments may be set up for EFT.

An Authorization Agreement for Electronic Fund Transfers (EFT) Form must be completed before an electronic fund transfer can be implemented. This agreement authorizes the Deferred Compensation Plan's recordkeeper to debit/credit your bank account. Please contact the Plan's Administrative Office to request an EFT Form. You will need to allow up to 60 days from the receipt of your form by the Plan's Administrative Office for electronic fund transfers to begin. Until that time, any distributions you may have will be mailed to you.

### ***In Summary***

Complete the attached Beneficiary Distribution Form and have the affidavit notarized. Forward these forms along with a certified copy of the participant's death certificate to the Plan's Administrative Office.

### ***Need Assistance?***

Our office will be happy to help you with any questions you may have. Please call (212) 306-7760 between the hours of 9 a.m. and 5 p.m.

## Single Life Expectancy Table

### ORDINARY LIFE ANNUITIES - ONE LIFE -

Table for Determining Applicable Divisor

Age	Applicable Divisor	Age	Applicable Divisor	Age	Applicable Divisor
01	81.6	38	44.4	75	13.4
02	80.6	39	43.5	76	12.7
03	79.7	40	43.6	77	12.1
04	78.7	41	42.7	78	11.4
05	77.7	42	41.7	79	10.8
06	76.7	43	40.7	80	10.2
07	75.8	44	39.8	81	9.7
08	74.8	45	38.8	82	9.1
09	73.8	46	37.9	83	8.6
10	72.8	47	37.0	84	8.1
11	71.8	48	36.0	85	7.6
12	70.8	49	35.1	86	7.1
13	69.9	50	34.2	87	6.7
14	68.9	51	33.3	88	6.3
15	67.9	52	32.3	89	5.9
16	66.9	53	31.4	90	5.5
17	66.0	54	30.5	91	5.2
18	65.0	55	29.6	92	4.9
19	64.0	56	28.7	93	4.6
20	63.0	57	27.9	94	4.3
21	62.1	58	27.0	95	4.1
22	61.1	59	26.1	96	3.8
23	60.1	60	25.2	97	3.6
24	59.1	61	24.4	98	3.4
25	58.2	62	23.5	99	3.1
26	57.2	63	22.7	100	2.9
27	56.2	64	21.8	101	2.7
28	55.3	65	21.0	102	2.5
29	54.3	66	20.2	103	2.3
30	53.3	67	19.4	104	2.1
31	52.4	68	18.6	105	1.9
32	51.4	69	17.8	106	1.7
33	50.4	70	17.0	107	1.5
34	49.4	71	16.3	108	1.4
35	48.5	72	15.5	109	1.2
36	47.5	73	14.8	110	1.1
37	46.5	74	14.1	111 and over	1.0

For each "Distribution Year," determine: (A) the account balance as of the preceding calendar year end; (B) the participant's age on his or her birthday in the Distribution Year; and (C) the "applicable divisor" for that age from the above table. "A" divided by "C" equals the approximate distribution for the Distribution Year.



# DEFERRED COMPENSATION PLAN BENEFICIARY DISTRIBUTION FORM



Please return to: Deferred Compensation Plan  
Bowling Green Station, P.O. Box 93  
New York, NY 10274-0093

Please Print - Black Ink Preferred

As beneficiary of \_\_\_\_\_ S.S.# 

--	--	--	--	--	--	--	--	--	--

you are entitled to receive \_\_\_\_\_ % of the balance of the participant's Deferred Compensation Plan account.

Participant's distribution status: Participant was receiving Minimum Distribution as of his/her "Required Beginning Date."  Yes  No

*(Please sign page 2 and attach a certified copy of the participant's death certificate and notarized affidavit.)*

### I. BENEFICIARY INFORMATION

Social Security Number/EIN	Date of Birth (MM/DD/YY)	Area Code	Home Telephone No.	Area Code	Work Telephone No.
<table border="1" style="width: 100%; height: 20px;"></table>	<table border="1" style="width: 100%; height: 20px;"></table>	<table border="1" style="width: 100%; height: 20px;"></table>	<table border="1" style="width: 100%; height: 20px;"></table>	<table border="1" style="width: 100%; height: 20px;"></table>	<table border="1" style="width: 100%; height: 20px;"></table>
Last Name		First Name			MI
<table border="1" style="width: 100%; height: 20px;"></table>		<table border="1" style="width: 100%; height: 20px;"></table>			<table border="1" style="width: 100%; height: 20px;"></table>
Home Mailing Address - Number and Street					Apt. No.
<table border="1" style="width: 100%; height: 20px;"></table>					<table border="1" style="width: 100%; height: 20px;"></table>
City		State	Zip Code		Relationship to participant
<table border="1" style="width: 100%; height: 20px;"></table>		<table border="1" style="width: 100%; height: 20px;"></table>	<table border="1" style="width: 100%; height: 20px;"></table>		<input type="checkbox"/> Spouse <input type="checkbox"/> Other

**Distribution from (choose only one):**  457 Plan  Pre-Tax 401(k)  Roth 401(k) Plan  401(k) Plan Special Rollover Account

**This form represents:**  Direct Payment  Change Method of Distribution  Direct Spousal Rollover

Please allow up to 60 days for your distribution request to be processed. If you are changing your distribution, please complete the appropriate section below.

### II. COMMENCEMENT DATE (Check only one box below and choose the month you wish to begin payment.)

- 1)  For surviving spouses: you have up until December 31st of the year in which the participant would have reached age 70 1/2. (If the participant was over age 70 1/2, check box 2, For other beneficiaries, below.)
- 2)  For other beneficiaries: you have up until December 31st of the year following the participant's death.

Starting: \_\_\_\_\_ Month (Jan., Feb., etc.) \_\_\_\_\_ Year

### III. METHOD OF DISTRIBUTION (Check only one.)

- 1)  Full Withdrawal
- 2)  Amount Certain (Spousal beneficiary only) \$ \_\_\_\_\_ or Percentage of balance \_\_\_\_\_  
(Indicate date of amount certain in Section II above.) To be taken from the following investment option: \_\_\_\_\_
- 3)  Periodic Payments:  Monthly  Quarterly  Semi-Annual  Annual (Specify # of periodic payments or dollar amount in Section IV.)
- 4)  Amount Certain of \$ \_\_\_\_\_ or Percentage of balance \_\_\_\_\_ (Indicate date of amount certain in Section II above.)  
To be taken from the following investment option: \_\_\_\_\_  
With remaining balance in periodic payments:  Monthly  Quarterly  Semi-Annually  Annually  
Starting: \_\_\_\_\_ Month \_\_\_\_\_ Year (Specify # of periodic payments or dollar amount in Section IV.)  
**Note:** Periodic payments must start no later than 12 months after the amount certain.

### IV. LENGTH OF PAYMENT (if other than a full withdrawal)

- 1)  Number of Payments (See Beneficiary Distribution Guide for restrictions.)
- 2)  Dollar Amount of Payments (See Beneficiary Distribution Guide for restrictions.) \$ \_\_\_\_\_
- 3)  Life Expectancy: payments guaranteed throughout your life expectancy (See Beneficiary Distribution Guide for restrictions.)

**Please be sure to sign this form on page 2, VII. Signature, and have the affidavit on page 3 notarized before returning this form to the Plan.**

<b>DO NOT WRITE IN THIS BOX OFFICE USE ONLY</b>	<b>LUMP SUM EVENT NUMBER</b>	<b>AMT. CERTAIN EVENT NUMBER</b>	<b>PERIODIC EVENT NUMBER</b>
	<table border="1" style="width: 100%; height: 20px;"></table>	<table border="1" style="width: 100%; height: 20px;"></table>	<table border="1" style="width: 100%; height: 20px;"></table>

Beneficiary's Social Security Number:

**V. MODE OF PERIODIC PAYMENTS** (Do not complete this section if you are electing a full withdrawal.)

1)  Check or 2)  Electronic Fund Transfers (EFT) - You must complete the Authorization Agreement For Electronic Fund Transfers (EFT). EFT is available for periodic payments only. Full withdrawals and amounts certain are made by check.

**VI. SPOUSAL ROLLOVER** (Indicate Commencement Date of rollover in Section II.)

**Direct Rollover to an Individual Retirement Account (IRA/RothIRA)**

Amount of Rollover (Choose one.):  Partial Rollover \$ \_\_\_\_\_  Full Account

**Eligible Rollover Distribution Notice**

- 1) Are you aware that unlike in the 457 Plan, a 10% tax penalty may apply if you withdraw any money from an IRA account before age 59 1/2?  Yes  No
- 2) Has the IRA provider informed you of any and all fees you will be charged for the IRA (setup fees, annual fees, etc.)?  Yes  No
- 3) Has the IRA provider disclosed the expense ratios (investment management fees) for the fund(s) within the IRA you will be purchasing?  Yes  No
- 4) Are you rolling your account into an IRA because (check all that apply):
  - The IRA Institution/Fund manager's name recognition
  - If yes, are you aware the investment managers offered in the Deferred Compensation Plan's options are managed by Board selected professionals, competitively bid and reviewed quarterly for performance?
  - You want more investment fund choices?
  - If yes, are you aware that the Deferred Compensation Plan offers participants the option of investing in a self-directed brokerage account which has over 9,500 mutual funds, including over 850 no-load/no-transaction fee funds?
  - You want to continue making contributions post-employment?
  - An IRA was recommended to you by a  friend  family member  financial planner?

**Trustee or custodian for Plan or IRA Information** (You must be **enrolled** in the IRA before the transfer can be made.)

Name of trustee or custodian for the traditional IRA: \_\_\_\_\_

Name on Account: \_\_\_\_\_ Account Number: \_\_\_\_\_

Contact Name: \_\_\_\_\_ Tel. #: \_\_\_\_\_

Address: \_\_\_\_\_

Please note: You must attach a letter from the trustee or custodian of the IRA affirming plan type or acceptance of rollover.

\* You may not designate a SIMPLE IRA or educational IRA to receive your rollover contribution.

Only certain types of investment vehicles are eligible to receive rollovers and it is solely your responsibility to ensure such eligibility. The Plan will not be held responsible for any tax penalties that may occur for the transfer of Plan funds eligible for rollover treatment which are transferred to an ineligible investment vehicle.

**VII. SIGNATURE**

I have read the and understand the Plan's Beneficiary Distribution Guide. I have also completed and notarized the Affidavit on page 3 of this form. I understand that the Plan reserves the right to recover any amount erroneously credited to my account.

Signature of Beneficiary \_\_\_\_\_ Date \_\_\_\_ / \_\_\_\_ / \_\_\_\_

**AFFIDAVIT FOR NAMED BENEFICIARY'S  
RECEIPT OF DISBURSEMENT OF FUNDS  
UNDER THE DEFERRED COMPENSATION PLAN  
FOR EMPLOYEES OF THE CITY OF NEW YORK**

I, \_\_\_\_\_, hereby attest as follows:

1. \_\_\_\_\_ was a participant in the Deferred  
(Name of Plan Participant)  
Compensation Plan for Employees of the City of New York ("Plan").
2. Said participant died on or about \_\_\_\_\_, 20\_\_\_\_\_.
3. I, \_\_\_\_\_, am a person named as said participant's beneficiary  
(Name of Beneficiary)  
and an entitled to receive a percentage of the account balance of said participant under the Plan.

SIGNED: \_\_\_\_\_

PRINT NAME: \_\_\_\_\_

DATE: \_\_\_\_\_

SOCIAL SECURITY NO.: \_\_\_\_\_

State, City and County of New York,

On this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ before me personally came \_\_\_\_\_

\_\_\_\_\_ known to me to be the same person described and who executed the foregoing instrument and (s)he acknowledged to me that (s)he executed the same for the purpose therein mentioned.

\_\_\_\_\_  
Notary Public or Commissioner of Deeds

[ATTACH A CERTIFIED COPY OF PARTICIPANT'S DEATH CERTIFICATE]



The City of New York Deferred Compensation Plan  
A Division of Tax-Favored & Citywide Programs  
within the Mayor's Office of Labor Relations' Employee Benefits Program

40 Rector Street, 3rd floor, New York, NY 10006  
(212) 306-7760, 1-888-DCP-3113 (Outside NYC), TTY (212) 306-7707  
[nyc.gov/deferredcomp](http://nyc.gov/deferredcomp)

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