New York City Police Pension Fund

233 Broadway, 25th fl.
New York, NY 10279
212-693-5570/5576/5579
www.nyc.gov/nycppf

Office use

Time and date

Refund or Rollover of Account Excess — Tier 2

1) Guidelines for distribution of an excess:

- An **excess** occurs when a member's pension account balance exceeds the required amount as of a specific date. "Distribution of excess" refers to either: (a) **refunding** some or all of the eligible excess to the member or (b) **rolling over** some or all of the eligible excess to a retirement account that can accept the rollover.
- The portion of the refunded excess that consists of previously taxed contributions is the **non-taxable excess**; the portion consisting of funds that have not yet been taxed is the **taxable excess.**
- Any refund or rollover of excess requires the member to have at least **20 years credited police service**.
- NYCPPF will withhold 20% of taxable refunds for federal tax purposes. A taxable refund of excess to a member who is under 59½ years of age may incur an additional 10% penalty.
- To cancel an outstanding loan, submit Loan Cancellation Form PPF 110.
- The NYCPPF will provide IRS Form 1099-R for the year of the refund, which will include any taxable or non-taxable amount refunded. When filing federal taxes, enter the **total** excess refunded in box 16(a) on IRS Form 1040. Enter the **taxable** amount of the excess refunded (if any) in Form 1040 box 16(b).
- If you decide to roll over all or part of your refund to a retirement plan, the rollover must be completed **within 60 days** from the day you received the refund.
- The ***Special Tax Notice:Your Rollover Options*** provided contains important information. Read it carefully and consult a professional tax advisor.

2) Member information (please print):

Date: ____/____/________ (mm dd yyyy) Tax ID #: ______________

First name: ______________________ MI: ____ Last name: ______________________

SSN, last 4 digits: ____________ Command: ______________________

Appointment date: ____/____/________ (mm dd yyyy) Cell / other phone: ______________

Mailing address: ________________________________ Apt.: ______

City: ______________________ State: ______ Zip code: ____________

3) Distribution of excess request:

- ***Read guidelines at right.*** **Write dollar amount or "ALL" in boxes below, as applicable:**

	(A) Refund $ to member	**(B) Roll over $ to IRA/ other ret. plan**
(1) Taxable amount		
(2) Non-taxable amount		

Request guidelines:

- To receive 100% of the excess yourself, write "ALL" in box (A)(1) and/or (A)(2).
- To roll over 100% of the excess, write "ALL" in area (B)(1) and/or (B)(2).
- Taxable and non-taxable amounts may be split between refund and rollover if desired. Fill in boxes as applicable.

4) Retirement account information (please print):

■ Use this section to directly roll over the amount of your excess requested in areas B1 and/or B2 in Section 3 on page 1 to an IRA, 401(k), or other qualified retirement plan.

Financial institution or plan name: ______________________________

Type (check one): ☐ IRA ☐ 401(k) ☐ Other (describe): ______________

Account #: ______________________________

Mailing address: ______________________________

City: ______________ State: ______ Zip code: ______________

5) Member statement:

a. I have received the ***Special Tax Notice: Your Rollover Options.***

b. I personally made the distribution of excess request in Section 3 of this form.

c. The account named in Section 4 is an eligible retirement account under the applicable provisions of the Internal Revenue Code.

d. This statement provides a reasonable basis for the NYC Police Pension Fund to act in its fiduciary capacity on this matter.

e. I am aware that a notice period of not less than thirty (30) days is required before receiving a benefit distribution. I hereby waive this requirement.

Member signature: ______________________________

Date: ____/____/________
mm dd yyyy

Notarization:

[Notarization required if this form is mailed to the NYCPPF.]

State of ______________ County of ______________

On this ____ day of ______________ , 20 ____ before me

personally appeared ______________________________

to me known and known to me to be the same person described herein and who executed the foregoing instrument, and (s)he duly acknowledged to me that (s)he executed the same.

Signature of Notary Public: ______________________________

[Please affix stamp or seal]

Office use only:

Member ID verified by: ______________________________

Type of ID: ______________________________

Date: ____/____/________

New York City Police Pension Fund
233 Broadway, 25th fl.
New York, NY 10279-2501

Special Tax Notice: Your Rollover Options

You are receiving this notice because all or a portion of a payment you will receive from the New York City Police 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.

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 (except to a Roth IRA), 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). You will be taxed on a rollover to a Roth IRA, but you will not have to pay the 10% additional income tax on your Plan payment.

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 NYC Deferred Compensation 457(b) Plan does not accept NYCPPF rollovers; the 401(k) Plan accepts pre-tax NYCPPF rollovers.]* 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 received). 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)

- Loans treated as deemed distributions (for example, a loan on which you make no repayment before your employment ends).

The Plan 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 Plan payments:

- 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 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 after your death
- Payments made directly to the government to satisfy a federal tax levy
- Payments made under a domestic relations order (DRO)
- Payments up to the amount of your deductible medical expenses

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 the 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 domestic relations orders (DROs) 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 several additional exceptions for (1) payments made due to disability, (2) corrective distributions of contributions that exceed tax law limitations, (3) payments for qualified higher education expenses, (4) payments up to $10,000 used in a qualified first-time home purchase, (5) payments after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status), and (6) 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.

Will I owe state income taxes?

You will not owe New York State, New York City, or Yonkers income taxes. This notice does not describe any other 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 generally included in the payment.

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 60-day rollover to an IRA of only a portion of the payment made to you, the after-tax contributions are treated as rolled over last. For example, assume you are receiving a complete distribution of your benefit which totals $12,000, of which $2,000 is after-tax contributions. In this case, if you roll over $10,000 to an 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, *Individual Retirement Arrangements (IRAs).*

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.

If you were born before January 2, 1936

If you were born before January 2, 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 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 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 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. You cannot roll over a payment from the Plan to a designated Roth account in an employer plan.

For more information, see IRS Publication 590, *Individual Retirement Arrangements (IRAs).* You should consult a professional tax adviser before deciding to roll over your payment to a Roth IRA.

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. The special rule described under the section "If you were born before January 2, 1936" applies only if the participant was born before January 2, 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 70½.

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. You will not have to start receiving required minimum distributions from the inherited IRA until the year the participant would have been age 70½.

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 domestic relations order. If you are the spouse or former spouse of the participant who receives a payment from the Plan under a domestic relations order (DRO), 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 DRO 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 your payments for the year are less than $200, 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.

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.*

Your right to waive the 30-day notice period

Generally, neither a direct rollover nor a payment to you can be made until at least 30 days after you receive this notice. Thus, you have at least 30 days to consider whether or not to have your withdrawal directly rolled over. If you do not wish to wait until the 30-day period ends before your election is processed, you may waive the notice period by making an affirmative election indicating whether or not you want a direct rollover. Your withdrawal will then be processed in accordance with your election form as soon as practical after it is received by the Plan.

FOR MORE INFORMATION

Before taking a payment from the Plan, you may want to consult a professional tax adviser. 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,* and IRS Publication 590, *Individual Retirement Arrangements (IRAs).* These publications are available from a local IRS office, on the web at www.irs.gov, or by calling 1-800-TAX-FORM (1-800-829-3676).