MENDOCINO COUNTY EMPLOYEES RETIREMENT ASSOCIATION

Disposition of Retirement Distributions

(Following Separation from Employment)

If you are in the process or have already separated from all MCERA-covered employment, you will need to consider whether you want to keep your retirement contributions on deposit with MCERA or receive a refund. **Please read all the enclosed information and complete this form in its entirety. An incomplete form will be returned to you.** If you have left employment due to illness or disability you may be eligible for a disability retirement. Please contact MCERA for more information.

Part I. Member Information

Name ______________________ Social Security Number ______________________

Street Address/PO Box ______________________

City ______________________ State ________ Zip Code ______________________

Phone Number ______________________ Email Address ______________________

Part II. Distribution Election

Choose and initial one of the following options, per the provisions in the enclosed "Information Regarding the Disposition of Your Retirement Account," and after reading the enclosed "Special Tax Notice Regarding Plan Payments and Federal Income Tax."

Leave Funds on Deposit

___________ **Reciprocity:** I hereby elect to leave my contributions on deposit with MCERA and request reciprocity. I have, or will become, a member of the following reciprocal Retirement System within 180 days of my date of termination. I understand that my date of termination is the last day of the pay period following my last day of work and that my service must not overlap.

Name of Reciprocal System ______________________ Date of Employment ______________________

___________ **Deferred Retirement:** Having 5 or more years of retirement service credit, I hereby elect to leave my contributions on deposit with MCERA and request to defer retirement until a later date. I understand my funds will continue to accrue interest semi-annually. I also understand that I may revoke this election at any time, prior to retirement, assuming I meet the Withdrawal/Rollover Employment Requirements outlined on page 3 of the "Information Regarding the Disposition of your Retirement Account".

Member Name: ______________________________________ Social Security Number: ________________

___________ **Retirement Funds to Remain on Deposit:** I elect to leave my contributions on deposit with MCERA. I am aware that if I have less than 5 years of service, I am not vested and therefore not eligible to receive a retirement benefit unless I establish membership in a reciprocal system within the statutory time limit or return to service with a Mendocino County plan sponsor and meet all other requirements for retirement eligibility.

I understand my contributions will continue to accrue interest semi-annually and will remain in the retirement fund until I elect to withdraw them. I am aware that they must be distributed in accordance with governing law, paid upon my death, or, in the event my funds are still on deposit when I reach age 72, I will be required to receive a lump sum distribution of all my retirement contributions and interest.

Withdrawal of Funds

I elect to receive a refund of my contributions and interest on deposit with MCERA. I understand that by doing so, I am forfeiting any right I might have to receive retirement benefits from MCERA, including disability retirement benefits. I have received the "Special Tax Notice Regarding Plan Payments and Federal Income Tax" and I understand that MCERA cannot provide tax advice and that any representations made by MCERA do not constitute tax advice. I have been advised to consult with an investment or tax professional prior to making any decision regarding the distribution of any amounts I am to receive from MCERA. I have a full understanding of the financial impact of the option I have chosen and any income tax consequences of my distribution. I elect the following method for distribution of my retirement contributions:

___________ **Direct Refund:** I elect to receive a refund of my contributions and interest. I understand that 20% of the taxable amount will be withheld for Federal Income Tax. I also understand that the taxable amount may be subject to CA State Tax, and I may elect to have CA State Tax withheld. I also understand that unless I rollover the taxable portion into an Individual Retirement Account (IRA) or another qualified plan within 60 days after distribution, it may be subject to early withdrawal penalties. Direct deposit of your refund is available by completing a Direct Deposit Authorization for Refund of Contributions.

Choose and initial one of the options below regarding CA State Tax.

___________ I elect to have 2% CA State tax withheld.

___________ Do not withhold CA State tax.

___________ **Direct Rollover:** I elect to directly rollover my contributions and interest to the qualified retirement plan listed. I understand it is my responsibility to designate an Individual Retirement Account (IRA) or other qualified plan that is eligible to receive the funds on my behalf in accordance with applicable tax laws and provide accurate information to MCERA. I declare under penalty of perjury under the laws of the State of California that I meet the employment requirements required to process this withdrawal/rollover as explained on page 3 of the "Information Regarding the Disposition of your Retirement Account."

Member Name: ______________________________ Social Security Number: ______________

Member: Choose and initial one of the following options if electing direct rollover.*

__________ I elect to directly rollover 100% of my pre-tax contributions. I understand MCERA will pay any after-tax contributions directly to me.

__________ I elect to directly rollover $ __________ of my contributions and to have any remaining funds paid directly to me. I understand that federal taxes will be withheld from the taxable portion of the funds that are paid to me directly. I also understand MCERA will pay any after-tax contributions directly to me.

Name of Qualified Plan	Account Number

Address	City	State	Zip Code

Part III. Member Acknowledgment

I have received and understand the important information regarding the disposition of my retirement account as explained in the publication "Information Regarding the Disposition of Your Retirement Account" and the "Special Tax Notice Regarding Plan Payments and Federal Income Tax" that accompanies this form. I fully understand the distribution options available to me. I also understand I have at least 30 days after my receipt of the "Special Tax Notice" to consider whether to have my funds directly rolled over, and I elect to waive this 30-day waiting period. I am aware that once my election has been processed by MCERA it is irrevocable. Please process my MCERA account as requested in Part II.

Member Signature	Date

Part IV. Spouse/Registered Domestic Partner Release

Government Code Section 31760.3 requires notification to the member's current spouse or registered domestic partner of the selection of benefits or change of beneficiary made by the member. The spouse/registered domestic partner must acknowledge the request for a refund of contributions. **You must complete this section if you are withdrawing or rolling over your funds. If a spouse/registered domestic partner's signature does not appear, Part V of this form must be completed by the member.**

I am the spouse/registered domestic partner of the member. I hereby acknowledge that I am informed about this form and its election.

Name of Spouse/Registered Domestic Partner (Print)

Spouse/Registered Domestic Partner Signature	Date

* Your direct rollover check will be issued in the name of your financial institution but must be mailed to your home address. You are required to present/deposit the check with your financial institution.

Member Name: ______________________________ Social Security Number: _____________

Part V. Declaration of Reason for Absence of Spouse/Registered Domestic Partner Signature

This section must be completed if you are withdrawing or rolling over your funds and have no spouse/registered domestic partner or if your spouse/registered domestic partner did not sign Part IV of this form. If you are divorced, please provide a copy of the complete final judgment, including signed agreements. If widowed, please provide a certified copy of the death certificate.

I declare under penalty of perjury under the laws of the State of California that (please select one of the following):

☐ I am not married or in a registered domestic partnership.

☐ I am widowed.

☐ My current spouse/registered domestic partner has no identifiable community property interest in any benefits earned through my employment.

☐ I do not know and have taken reasonable steps to determine the whereabouts of my current spouse/registered domestic partner.

☐ My current spouse/registered domestic partner has been advised of my election and has refused to sign the written acknowledgement.

☐ My current spouse/registered domestic partner is incapable of executing the written acknowledgment because of an incapacitating mental or physical condition.

☐ My current spouse/registered domestic partner and I have executed a marriage settlement agreement pursuant to Part 5 (commencing with Section 1500) of Division 4 of the California Family Code which makes the community property law inapplicable to the marriage.

______________________________________ ______________

Member Signature Date

RETIREMENT USE ONLY

Term Date: ____________ Tier: ________ Dept.: ____________ Amt.: ______________

Date: ________________ Check # _________________ Reg. Cont.: ___________________

Reg. Int.: _____________ COL Cont.: _______________ COL Int.: ___________________

Fed WH: _____________ State WH: _________________

Direct Deposit Authorization for Lump Sum Payments

I hereby authorize the Mendocino County Employees Retirement Association (MCERA) to deposit the lump sum payment due to me from MCERA directly into the account identified below. I understand that I must give MCERA enough notice to allow reasonable time to act on my instructions. In the event an overpayment from MCERA is credited to my account during or after my lifetime, I authorize MCERA to direct my financial institution to refund the same to MCERA and to charge such payment to my account. I understand that I will not receive a notice of deposit by mail with direct deposit but can obtain this information online at MemberDirect or by contacting MCERA.

Direct deposit is not available for rollovers. Refunds are processed once a month. Authorizations received after the 15th of the month may result in a delay in processing your payment.

Member Information

Name _______________ Social Security Number Last 4 _______________

Street Address/PO Box _______________

City _______________ State _______________ Zip Code _______________

Birth Date _______________ Phone Number _______________ Email Address _______________

Signature _______________ Date _______________

Financial Institution

Tape Your Voided Blank Check Here.

(or)

Attach Typed Confirmation of Savings Account Number and Routing Number from the Financial Institution on their Letterhead. **Handwritten Account Numbers Cannot Be Accepted.**

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Information Regarding the Disposition of Your Retirement Account

When you separate from employment you will need to consider whether you want to keep your retirement contributions on deposit with MCERA or receive a refund. Your options are explained below.

If you have left employment due to health reasons, you may be eligible for a disability retirement. Please contact MCERA for more information.

Retirement

If you meet the eligibility requirements and are ready to retire you will need to submit a Service Retirement Application Packet to MCERA. You can download the packet from our website or contact MCERA and we can mail it to you.

Reciprocity

If you are eligible, you can elect to establish reciprocity with another California public retirement system. Service credit earned with MCERA will be combined with the other system's service when establishing your vesting rights and eligibility to retire. All reciprocal systems will use your highest compensation in your benefit calculation, no matter which system you belong to at the time of retirement. Be aware of the following requirements:

- Reciprocity is not automatic. It must be requested from the system you are leaving.
- You must become a member of another reciprocal California public retirement system within 180 days of termination from a MCERA employer.
- You must retire on the same date from all reciprocal systems.
- Your contributions will remain on deposit with the system you are leaving and cannot be withdrawn unless or until you terminate membership with the reciprocal system and withdraw your funds from that system.
- Accumulated MCERA contributions earn the MCERA assumed interest rate semi-annually.

Reciprocal Retirement Systems:

1937 Act County Retirement Systems: Alameda, Contra Costa, Fresno, Imperial, Kern, Los Angeles, Marin, Merced, Orange, Sacramento, San Bernardino, San Diego, San Joaquin, San Mateo, Santa Barbara, Sonoma, Stanislaus, Tulare, and Ventura.

State Retirement Systems: CA Public Employees' Retirement System (CalPERS) and CA State Teachers' Retirement System (CalSTRS).

Other Reciprocal Retirement Systems: City and County of San Francisco, San Luis Obispo County Pension Trust, Judges' Retirement System, and Retirement Systems to which reciprocity provisions apply.

Deferred Retirement

If you have 5 years of retirement service credit, you are vested and eligible to defer your retirement until a later date. You can leave your retirement contributions on deposit until you are eligible and ready to retire in the future. Here is what you need to know about deferring your retirement:

- You may apply for service retirement upon reaching the date you would have been eligible to retire had you remained a MCERA member in a full-time position. Retirement is not automatic. You will need to submit a completed Retirement Application Packet to MCERA.
- Accumulated MCERA contributions earn the MCERA assumed interest rate semi-annually.
- An election to allow contributions to remain on deposit may be revoked at any time, prior to retirement, if you meet the Withdrawal of Funds employment requirements.

Retirement Funds to Remain on Deposit

If you do not have 5 years of service credit you are not vested, therefore not eligible to receive a retirement benefit, but you can leave your contributions on deposit. Here is what you need to know about leaving your contributions on deposit:

- You are not eligible to receive future retirement benefits, unless you establish membership in a reciprocal system within the statutory time limit or return to service with a Mendocino County plan sponsor and meet all other requirements for retirement eligibility.
- Accumulated MCERA contributions earn the MCERA assumed interest rate semi-annually.
- An election to allow contributions to remain on deposit may be revoked at any time, prior to retirement, if you meet the Withdrawal of Funds employment requirements.
- If your funds are still on deposit when you reach age 72, you will be required to receive a lump sum distribution of all your retirement contributions and interest.

Withdrawal of Funds

In most cases, you have the option to withdraw your retirement contributions and interest. However, an election to withdraw your funds is not allowed if you are employed in any capacity with a MCERA employer or are employed by a reciprocal system and are eligible to establish reciprocity. Once you withdraw your funds, you will not be eligible for any future retirement benefits, including disability retirement, unless you re-enter MCERA membership and redeposit the withdrawn funds plus interest.

Please read the "Special Tax Notice Regarding Plan Payments and Federal Income Tax" included with this notice and consider consulting with an investment or tax professional prior to making a decision regarding the distribution of any amounts you may receive from MCERA. If you elect to withdraw your contributions and interest, the following options are available:

Direct Refund

You can withdraw your contributions and interest and receive a refund that will be paid directly to you. Here is what you need to know about receiving a direct refund:

- Refunds of taxable contributions and interest in an amount over $200 (not rolled over to an eligible retirement plan) will be subject to a mandatory 20% Federal tax that MCERA will withhold before issuing a refund.
- If you are less than 59 ½ years old, and unless you rollover the taxable portion into an Individual Retirement Account (IRA) or another qualified plan within 60 days after distribution, your refund may be subject to early withdrawal penalties.
- Refunds of less than $200 will not be subject to withholding.
- Any retirement contributions that have already been taxed are not subject to withholding.
- Refunds are paid by check which will be mailed to your home mailing address. Please notify MCERA if your home mailing address has changed after you have submitted your request to receive a direct refund.

Direct Rollover

You can elect to have your retirement contributions and interest rolled over to an Individual Retirement Account (IRA) or other qualified retirement plan (401k, 457b, or 403b). Please contact MCERA with any questions regarding qualified retirement plans and Direct Rollover. Here is what you need to know about receiving a direct rollover:

- Choosing a Direct Rollover avoids any taxes and early withdrawal penalties that a member would incur with the Direct Refund Option.
- Direct Rollover checks will be issued in the name of your financial institution but must be mailed to your home address. Please notify MCERA if your home mailing address has changed after you have submitted your request to receive a direct rollover.
- You are required to present/deposit the check with your financial institution.

Special Tax Notice Regarding Plan Payments and Federal Income Tax

This notice explains how you can continue to defer federal income tax on your retirement savings in the Mendocino County Employees Retirement Association ("MCERA" or "Plan") and contains important information you will need before you decide how to receive your Plan benefits. This notice summarizes only the federal (not state or local) tax rules that might apply to your payment. Other tax rules apply for California.

You are receiving this notice because all or a portion of a payment you are receiving from the Plan is eligible to be rolled over to an IRA, Roth IRA, or an eligible employer plan. A rollover is a payment by you or MCERA (your "Plan Administrator") of all or part of your benefit to another plan or IRA that allows you to continue to postpone taxation of that benefit until it is paid to you. 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 that is eligible for rollover (see "How much may I roll over?") 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 (generally, distributions made before age 59½), unless an exception applies. However, if you do a rollover, 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).

What types of retirement accounts and plans may accept my rollover?

You may roll over the payment to either an IRA (an individual retirement account or individual retirement annuity) or an eligible employer plan (a tax-qualified plan, section 403(b) plan, or governmental section 457(b) plan) that will accept the rollover. 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, IRAs are not subject to spousal consent rules, 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 elect a rollover?

There are two ways to elect 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 within 60 days of receiving the payment by making a deposit into an IRA or eligible employer plan that will accept it. **In this case, the Plan is required to withhold 20% of the portion of the payment that is eligible for rollover for federal income taxes**. This means that, in order to deposit the full amount of the 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, the eligible portion not rolled over will be taxed by the required 20% withholding 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).
- Required minimum distributions starting with the year you reach the age of 73 (or after death).
- Corrective distributions of contributions that exceed tax law limitations.

The Plan administrator or payor can tell you what portion of a payment is eligible for rollover.

If I do not elect 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 payments from the Plan:

- 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 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 due to disability;
- Payments after your death;

- Payments made directly to the government to satisfy a federal tax levy;
- Payments made under a qualified domestic relations order (QDRO); or
- Payments up to the amount of your deductible medical expenses

If I elect 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 on the part of the distribution that you must include in income, 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 a 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 qualified domestic relations orders 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 additional exceptions for (1) payments for qualified higher education expenses, (2) payments up to $10,000 used in a qualified first-time home purchase, and (3) payments for health insurance premiums after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

Will I owe state income taxes?

This notice does not describe any state or local income tax rules (including withholding rules).

Will my payment be subject to withholding?

If your payment is eligible for rollover, payments other than a direct rollover, are subject to the required 20% federal withholding. If any portion of your payment is taxable and cannot be rolled over, the default withholding rate is 10% of the portion that is not eligible for rollover. However, you may elect to withhold at any rate from 0% to 100% using a Form W-4R, Withholding Certificate for Nonperiodic Payments and Eligible Rollover Distributions for that portion of your payment. If you do nothing, 10% will be withheld from this portion of your payment for federal income tax withholding. To wish to elect a different amount of withholding, ask MCERA for the Form W-4R and related information.

What are the consequences for failing to defer receipt of an eligible rollover distribution?

If you choose to have an eligible rollover distribution (or a distribution that is not eligible for rollover) paid to you now rather than deferring receipt, for example, by leaving the money in the Plan, or by rolling over the eligible rollover distribution to a traditional IRA or an eligible employer plan:

- You could lose your ability to defer income taxes on the distribution until a later date.
- You may be subject to the additional 10% early distribution penalty if you receive payment before age 59½.
- Your benefit may be less now than it will be if you defer receipt until a later date.
- Your retirement savings may be reduced.

How much time do I have to decide whether to rollover?

After receiving this notice, you have at least 30 days to consider whether to have your payment directly rolled over. If your Disposition of Retirement Contributions form is received by MCERA prior to the end of the 30 day notice period, MCERA will consider that (a) you have elected to waive your right to the 30-day notice period regarding your direct rollover rights and (b) you authorize MCERA to process your payment based on your election on the Disposition of Retirement Contributions form.

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, so you cannot take a rollover of only after-tax contributions.

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). The Plan Administrator can tell you the amount of any after-tax contributions included in your distribution request. If you do a direct rollover to an IRA of only a portion of the amount paid from the Plan and at the same time the rest is paid to you, the portion rolled over consists first of the amount that would be taxable if not rolled over. For example, assume you are receiving a distribution of $12,000, of which $2,000 is after-tax contributions. In this case, if you directly roll over $10,000 to an IRA that is not a Roth IRA, no amount is taxable because the $2,000 amount not directly rolled over is treated as being after-tax contributions.

If you do a 60-day rollover to an IRA of only a portion of a payment made to you, the after-tax contributions are treated as rolled over last. For example, assume you are receiving a distribution of $12,000, of which $2,000 is after-tax contributions, and no part of the distribution is directly rolled over. In this case, if you roll over $10,000 to an IRA that is not a Roth 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. The IRS provides a self-certification procedure that you may use to show that you meet the conditions for a waiver. For more information, see IRS Revenue Procedure 2016-47 and IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs).

If you were born on or before January 1, 1936

If you were born on or before January 1, 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 a payment from the Plan 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. In general, the 10% additional income tax on early distributions will not apply. 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. For more information, see IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs) and IRS Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs).

You cannot roll over a payment from the Plan to a designated Roth account in an employer plan.

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, and the special rule described under the section "If you were born on or before January 1, 1936" applies only if the participant was born on or before January 1, 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 73.

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. However, if the participant had started taking required minimum distributions, you will have to receive required minimum distributions from the inherited IRA. If the participant had not started taking required minimum distributions from the Plan, you will not have to start receiving required minimum distributions from the inherited IRA until the year the participant would have been age 73.

Under current IRS guidance, effective June 26, 2013, same-sex couples legally married in a jurisdiction with laws authorizing same-sex marriage will be treated as married for federal tax purposes and the rules described in this Notice for surviving spouses will be applicable. Note that individuals who are in registered domestic partnerships, civil unions, or other similar relationships that may be recognized under state law but are not considered a legal marriage under state law, will not be treated as married for federal tax purposes. Individuals who are not considered married spouses for federal tax purposes would be covered by the rules described under the section below titled "If you are a surviving beneficiary other than a spouse."

Note that California state law recognizes same-sex spouses and, for California state tax purposes, also treats registered domestic partners in the same manner as spouses. This means that it appears there will continue to be a difference in treatment of registered domestic partners for federal and California tax purposes. This area of the law is evolving and anyone affected by these situations may wish to consult with a professional financial or tax advisor.

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 qualified domestic relations order. If you are the spouse or former spouse of the participant who receives a payment from the Plan under a qualified domestic relations order (QDRO), 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 QDRO 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 a payment is one in a series of payments for less than 10 years, your choice whether to make a direct rollover will apply to all later payments in the series (unless you make a different choice for later payments).

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 federal income taxes. However, you may do a 60-day rollover.

You may not elect to have separate portions of an eligible rollover distribution directly rolled over to multiple trustees or custodians.

You may have special rollover rights if you recently served in the U.S. Armed Forces. For more information on special rollover rights related to the U.S. Armed Forces, see IRS Publication 3, Armed Forces' Tax Guide.

For More Information

You may wish to consult with MCERA, or a professional tax advisor, before taking a payment from the Plan. 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; IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs); IRS Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs); and IRS Publication 571, Tax-Sheltered Annuity Plans (403(b) Plans). These publications are available from a local IRS office, on the web at www.irs.gov, or by calling 1-800-TAX-FORM.

If you have additional questions after reading this notice, you can contact MCERA at (707) 463-4328 or email retirementassociation@mendocinocounty.gov.