Montgomery County Guaranteed Retirement Income Plan (GRIP)
Distribution Form

PARTICIPANT INFORMATION			
Participant Name		Social Security Number	Date of Birth
Home Address	City	State	ZIP Code
Plan Name Montgomery County Guaranteed Retirement Income Plan (GRIP)		Work Telephone Number	Home Telephone Number

DISTRIBUTION OPTIONS – CHOOSE ONE – I understand that my distribution choice is an irrevocable one.

❑ I elect to rollover my vested account balance in the Plan to an eligible IRA or other eligible retirement plan (Please fill out Direct Rollover Election section.)

❑ I elect to receive a lump sum distribution in cash of my vested account balance in the Plan. I understand that by law, 20% will be withheld from the taxable portion of the distribution and an additional 7.75% if I am a Maryland resident.

❑ I elect to transfer __% of my vested account balance to an eligible IRA or other eligible retirement plan (please fill out Direct Rollover Election section) and elect to receive__% of my vested account balance in a lump sum cash distribution. I understand that by law, 20% will be withheld from the taxable portion of the distribution and an additional 7.75% if I am a Maryland resident.

❑ I elect a life time annuity to be converted from my total vested account balance. I understand that I will receive a monthly benefit for my lifetime with no benefits payable upon my death. Please contact the Montgomery County Employee Retirement Plans for more details.

❑ I elect a joint and survivor annuity to be calculated with my vested account balance. I understand that I will receive a monthly benefit for my lifetime. If my joint annuitant survives me, he or she will receive a percentage of the benefit I received for his or her lifetime. Please contact the Montgomery County Retirement Plans for more details.

My joint annuitant must be my spouse, child or eligible domestic partner. I elect ___________________who is my ______as my joint annuitant. I understand that I my choice of joint annuitant is an irrevocable decision. The percentage of my benefit he or she will receive at my death is ___% (you may elect any percentage but not less than 10%. Typical percentages are 100%, 70%, 50%, 30% and 20%.) If my joint annuitant predeceases me, I understand that no benefits will be payable upon my death.

Please contact the Montgomery County Retirement Plans for more details.

Note: Any benefits due to a joint annuitant who is a minor will be paid in accordance with applicable State law. Under most State laws, minors cannot receive pension payments directly.

INCREASE THE PERCENTAGE OF TAX WITHHOLDING FOR A LUMP SUM DISTRIBUTION

For Lump Sum distributions, a minimum of 20% Federal Tax withholding is required and will be automatically withheld. You may request additional withholding below:

❑ Change to _______% Federal Tax withholding (Must be greater than 20%)

For State Tax withholding, please indicate the percentage you would like withheld and the state to which this withholding applies. For Maryland residents a minimum of 7.75% is required and will be automatically withheld. Please note that State Tax withholding does not apply to the District of Columbia.

❑ Change to _______% State Tax Withholding (must for greater than 7.75% for MD residents)

❑ Please indicate state:___________________

DIRECT ROLLOVER ELECTION - Rollovers to an established Fidelity IRA will be processed via Electronic Fund Transfer (EFT). All other rollover checks will be made payable to the financial institution or plan name you have referenced and sent directly to you. It is your responsibility to forward the check, along with any other required documentation to the financial institution for processing.

☐ Pre-tax Direct Rollover ☐ $ _________________ **OR** ☐ Maximum Available

Payable to Trustee for: ____

Type of Plan (check one): ☐ IRA ☐ Qualified Plan

Name of Financial Institution	Mailing Address
Account Number	Administrator Name (please print)
Date	

The section below is only relevant to participants who have made post-tax contribution.
Post-tax contributions can only be rolled over if permitted by the receiving plan. If you wish to rollover post-tax contributions, complete the section below. If you do not complete the section below, any post-tax contributions will be made payable directly to you.

☐ Post-tax Direct Rollover ☐ $ _________________ **OR** ☐ Maximum Available

Payable to Trustee for: ____

Type of Plan (check one): ☐ IRA ☐ Qualified Plan

Name of Financial Institution	Mailing Address
Account Number	Administrator Name (please print)
Date	

PARTICIPANT AUTHORIZATION

I understand I have the right to receive and review the Special Tax Notice Regarding Plan Payments for at least 30 days before this distribution. However, if I elect to receive this distribution before the end of the 30 day minimum notice period, this election shall constitute a waiver of my rights to the 30 day notice requirement. I attest that the information provided on this form is true and that I have received and read the Special Tax Notification. I understand that I may be subject to civil and criminal liability for any false statement on this form or any papers attached to or related to this form or my claim under the Plan.

_______________________________________ _______________________________
Signature of Participant Date

Please mail this completed form to:

Fidelity
101 Monroe Street, 15th Floor
Rockville, MD 20850

If you elected a life annuity or a joint and survivor annuity please return this form to:

Montgomery County Employee Retirement Plans
101 Monroe Street, 15th Floor
Rockville MD 20850

MONTGOMERY COUNTY EMPLOYEE RETIREMENT PLANS
EMPLOYEES' RETIREMENT SYSTEM
Guaranteed Retirement Income Plan (GRIP) – Annuity Application

NAME________________________________

ADDRESS_____________________________

____

____

SSN_________________________________

DATE OF BIRTH_______________________

EMAIL ADDRESS_______________________

PHONE NUMBER________________________

I hereby elect that my GRIP account balance be converted to an annuity option, as selected below, effective ____________________ and certify that the information indicated on this form is correct. The effective date must be the first day of a month and must be after your final GRIP contribution has been processed and earnings have been posted to your account).

BENEFIT PAYMENT OPTIONS: Please refer to the GRIP Summary Plan Description at www.montgomerycountymd.gov/retirement or for a copy call 240-777-8230.

☐ Single Life Annuity

☐ Joint and Survivor Annuity ☐ 100% ☐ 70% ☐ 50% ☐ 30% ☐ 20%

The payment option elected, as well as the designated Joint Annuitant (if applicable), cannot be changed after the first annuity payment has been processed. The first annuity payment will be the processed on the first of the month following the date your final GRIP contribution has been processed and earnings have been posed to your account.

I elect as my Joint Annuitant (name) ________________________________,

(SSN) ____________________ and (date of birth) _______________.

_______ Joint Annuitant Proof of Age submitted
_______ Proof of Marriage submitted
_______ Domestic Partner Affidavit submitted
_______ Joint Annuitant Social Security Card submitted
_______ Birth Certificate (for child annuitant) submitted

____

Participant's Signature Date

MCERP Date Received:_________________ Ret Code:___________

SPECIAL TAX NOTICE REGARDING YOUR ROLLOVER OPTIONS

UNDER THE GUARANTEED RETIREMENT INCOME PLAN

You are receiving this notice because all or a portion of a payment you are receiving from the Guaranteed Retirement Income Plan (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).

If you do a rollover to a traditional IRA or an eligible employer plan, you will not have to pay tax until you receive payments later from the IRA or plan, and the 10% additional income tax will not apply if those payments are made after you are age 59½ (or if an exception applies).

If you do a rollover to a Roth IRA, you will be taxed on the amount rolled over. However, if you are under age 59½ at the time of the rollover, the 10% additional income tax will not apply (unless you take the amount rolled over out of the Roth IRA within 5 years). See the section below titled "If you roll over your payment to a Roth IRA" for more details.

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 section 401(a) plan, section 403(b) plan, or governmental section 457(b) deferred compensation 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 of the rolled over amount in the future. 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, the Plan is required to withhold 20% of the payment for federal income taxes. In addition, the Plan is required to withhold 7.75% for Maryland residents. 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. 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 your life or life expectancy (This means that lifetime monthly benefits are not eligible for rollover.)
- Required minimum distributions after age 70½ (or after death)
- Corrective distributions of contributions that exceed tax law limitations

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

If any portion of your payment is taxable but cannot be rolled over, the mandatory withholding rules described above do not apply.

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 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 over your life or life expectancy
- Payments made after you separate service if you are a public safety employee and you are at least age 50 in the year of separation
- Payments made due to disability
- Payments after your death
- Corrective distributions of contributions that exceed tax law limitations
- Payments made directly to the government to satisfy a federal tax levy
- Payments made under a qualified domestic relations order (QDRO)
- 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 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 (QDR0s) 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 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?

Except as described above in "How do I do a rollover", this notice does not describe any 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 direct rollover of only a portion of the amount paid from the Plan and a portion is paid to you, each of the payments will include an allocable portion of the after-tax contributions. 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 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 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 59 ½ (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 your tax advisor if you are interested in rolling over your distribution to a Roth IRA.

If you are not a plan member

Payments after death of the member. If you receive a distribution after the member'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 does not apply, and the special rule described under the section "If you were born on or before January 1, 1936" applies only if the member 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 member, you have the same rollover options that the member 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. Note that although

state law recognizes same-sex domestic partners, a spouse for federal tax law purposes must be a person of the opposite sex to whom you are married.

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. However, if the member had started taking required minimum distributions, you will have to receive required minimum distributions from the inherited IRA. If the member 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 member 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 member'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 member who receives a payment from the Plan under a qualified domestic relations order (QDRO), you generally have the same options the member would have (for example, you may roll over the payment to your own IRA or an eligible employer plan that will accept it). If you are an alternate payee other than the spouse or former spouse of the member, you generally have the same options as a surviving beneficiary other than the spouse, so that the only rollover option you have is to do a direct rollover to an inherited IRA. 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 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.

NOTICE PERIOD

Generally, payment cannot be made from the Plan 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 payment rolled over. If you do not wish to wait until this 30-day notice period ends before your election is processed, you may waive the notice period by making an affirmative election indicating whether or not you wish to make a direct rollover. Your payment will then be processed in accordance with your election as soon as practical after it is received by the Plan administrator.

FOR MORE INFORMATION

You may wish to consult with the Montgomery County Employee Retirement Plans Office or Fidelity 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, 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.