



DISTRIBUTION/ROLLOVER CERTIFICATION INSTRUCTIONS

IMRF Form BW-60-Q (QILDRO) (Rev. 08/2014)
BW6Q

INSTRUCTIONS FOR COMPLETING THIS FORM

Section 1 — Member/Your Information

Enter the requested information. Be sure to include the member's name and IMRF Member ID Number or the last four digits of the member's Social Security Number, as well as your name and Social Security Number.

Section 2 — Certification

Payments directly to you

If you are having your entire distribution paid directly to you, check the box provided. Because the distribution will be paid directly to you, federal law requires IMRF to withhold 20% of the taxable portion of this payment. The 20% withholding is not required if you transfer the taxable portion directly to an IRA or some other qualified retirement plan. (See next paragraph.)

Transfers (rollovers)

If you are having all of your distribution directly rolled over to an Individual Retirement Account (**not** a Roth IRA) or other eligible plan, check the box provided. If you are having **part** of your distribution rolled over, indicate **EITHER** a percentage **OR** a dollar amount in the space provided. The payment will be mailed to you but the check will be made payable to the custodian of your account or plan. If you indicate anything less than the full amount of your distribution, the balance — less the 20% withholding on the taxable portion — will be distributed directly to you.

Section 3 — Account Information (This section required for direct rollovers only.)

Take this form to your financial institution or the custodian of your account or plan and have its representative complete Section 3. If you wish, you may instead attach a completed transfer form from your financial institution.

ADDITIONAL TAX INFORMATION

Whether you are having your distribution paid directly to you or rolled over, the taxable portion of your payment is subject to federal income taxes at your marginal tax rate. It is not subject to Illinois income tax nor to the 10% federal penalty on early distributions from retirement plans.

Illinois Municipal Retirement Fund

2211 York Road Suite 500 Oak Brook, IL 60523-2337

Member Services Representatives 1-800-ASK IMRF (275-4673) Fax: (630) 706-4289

www.imrf.org



DISTRIBUTION/ROLLOVER CERTIFICATION

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PLEASE PRINT

SECTION 1 — MEMBER INFORMATION

| MEMBER'S LAST NAME | FIRST NAME | MIDDLE INITIAL | JR., SR., II, ETC. | IMRF MEMBER ID NUMBER OR LAST 4 DIGITS OF SSN |
|--------------------|------------|----------------|--------------------|-----------------------------------------------|
|--------------------|------------|----------------|--------------------|-----------------------------------------------|

YOUR INFORMATION (if different from above)

| LAST NAME | FIRST NAME | MIDDLE INITIAL | JR., SR., II, ETC. | SOCIAL SECURITY NUMBER (SSN) |
|-----------|------------|----------------|--------------------|------------------------------|
|-----------|------------|----------------|--------------------|------------------------------|

SECTION 2 - CERTIFICATION

In order for IMRF to process your payment, you must choose one. I direct IMRF to:

- ☐ Roll over nothing and make the entire distribution payable to me, less the 20% withholding.
- ☐ Roll over the entire amount and make payable to the IRA, 401k, or eligible retirement plan as named below.
- ☐ Roll over _____% **OR** \$ _____
(Enter **EITHER** a percentage **OR** a dollar amount. The percentage **OR** dollar amount indicated will be rolled over to the IRA, 401k, or eligible retirement plan named below.)

I certify that this account is an individual retirement plan or a qualified plan, and is eligible to receive this rollover distribution. I hereby waive my right to 30 days prior notice of the tax consequences of this distribution and demand immediate payment.

Note: IMRF is required by federal law to withhold 20% of the taxable portion of your payment not directly rolled over to an I.R.A. or other qualified retirement plan. This direct rollover is limited to the **taxable** portion of your payment. Any portion that was previously taxed will be paid directly to you without withholding unless you submit IMRF Form 5.10B with additional instructions.

SIGNATURE (WRITE - DO NOT PRINT)

DATE (MM/DD/YYYY)

X

SECTION 3 - ACCOUNT INFORMATION (REQUIRED FOR DIRECT ROLLOVERS ONLY)

Financial organization: These funds are currently in a qualified retirement plan (QRP) under section 401(a) of the IRC. IMRF will mail the recipient a check made payable to the financial institution named below.

NAME OF FINANCIAL ORGANIZATION CHECK IS TO BE MADE PAYABLE TO:

DEPOSIT ACCOUNT NUMBER (OPTIONAL)

PERSON TO CONTACT AT FINANCIAL ORGANIZATION

TELEPHONE NUMBER (w/Area Code)

ACCOUNT IS: (SELECT ONE)

- ☐ IRA (**not** a Roth IRA)
- ☐ RETIREMENT PLAN (I.e IRC 401)
- ☐ DEFERRED COMPENSATION PLAN
(457 OR 403B, ETC.)
- ☐ OTHER

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SPECIAL TAX NOTICE REGARDING IMRF PAYMENTS

This notice explains how you can continue to defer federal income tax on your IMRF contributions. It also contains important information you will need before you decide how to receive your IMRF benefits.

MEMBER REFUNDS

All or part of the payment that you will receive may be eligible for a rollover to an "Eligible Account," such as a traditional IRA or an eligible employer plan. A rollover is a payment of all or part of your refund to another plan or IRA that allows you to continue to postpone taxation of the refund until it is paid to you. Your payment cannot be rolled over to a Roth IRA, a SIMPLE IRA, or a Coverdell Education Savings Account (formerly known as an education IRA). An "eligible employer plan" includes a plan qualified under section 401(a) of the Internal Revenue Code, including a 401(k) plan, profit-sharing plan, defined benefit plan, stock bonus plan, and money purchase plan; a section 403(a) annuity plan; a section 403(b) tax-sheltered annuity; and an eligible section 457(b) plan maintained by a governmental employer (governmental 457 plan).

An eligible employer plan is not legally required to accept a rollover. Before you decide to roll over your payment to another employer plan, you should find out whether the plan accepts rollovers and, if so, the types of distributions it accepts as a rollover. You should also find out about any documents that are required to be completed before the receiving plan will accept a rollover. Even if a plan accepts rollovers, it might not accept rollovers of certain types of distributions, such as after-tax amounts. If this is the case, and your distribution includes after-tax amounts, you may wish instead to roll your distribution over to a traditional IRA or split your rollover amount between the employer plan in which you will participate and a traditional IRA. If an employer plan accepts your rollover, the plan may restrict subsequent distributions of the rollover amount or may require your spouse's consent for any subsequent distribution. A subsequent distribution from the plan that accepts your rollover may also be subject to different tax treatment than distributions from IMRF. Check with the plan administrator that will receive your rollover prior to making the rollover.

If you have additional questions after reading this notice, you can contact an IMRF Member Service Representative at 1-800-ASK-IMRF (1-800-275-4673), Monday through Friday, from 7:30 AM to 5:30 PM.

SUMMARY

There are two ways you may be able to receive an IMRF refund that is eligible for rollover:

- (1) Certain payments can be made directly to an "Eligible Account" ("**Direct Rollover**"); or
- (2) The payment can be **paid** to you.

If you choose a **direct rollover**:

- Your payment will not be taxed in the current year and no income tax will be withheld.
- Your payment will be made directly to the eligible account.
- The taxable portion of your payment will be taxed later when you take it out of the eligible account. Depending on the type of plan, the later distribution may be subject to different tax treatment than it would be if you received a taxable distribution from IMRF.

If you choose to have an IMRF refund that is eligible for rollover **paid to you**:

- You will receive only 80% of the taxable amount of the payment. IMRF is required to withhold 20% of that amount and send it to the IRS as income tax withholding to be credited against your taxes.
- The taxable amount of your payment will be taxed in the current year unless you roll it over. You may be able to use special tax rules that could reduce the tax you owe. However, if you receive the payment before age 59-1/2, you may have to pay an additional 10% tax.
- You can roll over all or part of the payment by paying it into an eligible account within 60 days after you receive the payment. The amount rolled over will not be taxed until you take it out of the eligible account (see "Member Refunds" in the previous column for a listing of eligible accounts).
- If you want to roll over 100% of the payment to an eligible account, you must find other money to replace the 20% of the taxable portion that was withheld. If you roll over only the 80% that you received, you will be taxed on the 20% that was withheld and that is not rolled over.

I. ROLLOVERS IN GENERAL

IMRF refunds are "eligible rollover distributions." This means that they can be rolled over to an eligible account. Payments from IMRF **cannot** be rolled over to a Roth IRA, a SIMPLE IRA, or a Coverdell Education Savings Account (formerly known as an education IRA).

After-tax Contributions: If you made after-tax (also known as "previously taxed") contributions to IMRF, these contributions may be rolled over into either traditional IRA or to certain employer plans that accept rollovers of the after-tax contributions. See IMRF Form 5.10B — "Previously Taxed Rollover Request." The following rules apply:

Rollover into a Traditional IRA: You can roll over your after-tax contributions to a traditional IRA either directly or indirectly. If you roll over after-tax contributions to a traditional IRA, it is your responsibility to keep track of, and report to the IRS on the applicable forms, the amount of these after-tax contributions. This will enable the nontaxable amount of any future distributions from the traditional IRA to be determined.

Once you roll over your after-tax contributions to a traditional IRA, those amounts **cannot** later be rolled over to an employer plan.

Rollover into an Employer Plan: You can roll over after-tax contributions from IMRF to another employer plan under 401(a), 401(k) or 403(b), using a direct rollover if the other plan provides separate accounting for amounts rolled over, including separate accounting for the after-tax employee contributions and earnings on those contributions. You **cannot** roll over after-tax contributions to a governmental 457 plan. If you want to roll over your after-tax contributions to an employer plan that accepts these rollovers, you cannot have the after-tax contributions paid to you first. You must instruct IMRF to make a direct rollover

on your behalf by completing this form and then submitting IMRF Form 5.10B, "Previously Taxed Rollover Request" with additional instructions. Also, you cannot first roll over after-tax contributions to a traditional IRA and then roll over that amount into an employer plan.

II. DIRECT ROLLOVER

A "Direct Rollover" is a direct payment of the amount of your refund to an eligible account. You can choose a direct rollover of all or any portion of your payment to a plan that will accept it. You are not taxed on any taxable portion of your payment for which you choose a direct rollover until you take it out of the eligible account. In addition, no income tax withholding is required for any taxable portion of your refund for which you choose a direct rollover.

Direct Rollover to a Traditional IRA: You can open a traditional IRA to receive the direct rollover. If you choose to have your payment made directly to a traditional IRA, contact an IRA sponsor (usually your financial institution) to find out how to have your payment made in a direct rollover to a traditional IRA at that institution. If you are unsure of how to invest your money, you can temporarily establish a traditional IRA to receive the payment. However, in choosing a traditional IRA, you may wish to make sure that the traditional IRA you choose will allow you to move all or a part of your payment to another IRA at a later date, without penalties or other limitations. See IRS Publication 590, "Individual Retirement Arrangements," for more information on traditional IRAs (including limits on how often you can roll over between IRAs).

Direct Rollover to a Plan: if you are employed by a new employer that has an eligible employer plan, and you want a direct rollover to that plan, ask the plan administrator whether it will accept your rollover. An eligible employer plan is not legally required to accept a rollover. Even if your new employer's plan does not accept a rollover, you can choose a direct rollover to a traditional IRA. If the employer plan accepts your rollover, the plan may provide restrictions on the circumstances under which you may later receive a distribution of the rollover amount or may require spousal consent to any subsequent distribution. Check with the plan administrator before making your distribution.

Change in Tax Treatment Resulting from a Direct Rollover: The tax treatment of any payment from the eligible account receiving your direct rollover might be different than if you received the payment in a taxable distribution directly from IMRF. For example, if you were born before January 1, 1936, you might be entitled to ten-year averaging or capital gain treatment, as explained below. However, if you have your refund rolled over to an eligible account in a direct rollover, your refund will no longer be eligible for that special treatment. See the sections below entitled "Additional 10% Tax if You Are Under Age 59-1/2" and "Special Tax Treatment if You Were Born Before January 1, 1936."

II. PAYMENT PAID TO YOU

If your refund is paid directly to you, it is subject to a 20% federal income tax withholding on the taxable portion. The payment is taxed in the year you receive it unless within 60 days you roll it over to an eligible account that accepts rollovers. If you do not roll it over, special tax rules may apply.

Income Tax Withholding:

Mandatory Withholding: If you do not elect a direct rollover, IMRF is required by law to withhold 20% of the taxable amount of your refund. This amount is sent to the IRS as federal income tax withholding. For example, if the taxable amount of your refund is \$10,000, only \$8,000 will be paid to you because the IMRF must withhold \$2,000 as income tax. However, when you prepare your income tax return for the year, unless you make a rollover within 60 days (see "Sixty-Day Rollover Option" below), you must report the full \$10,000 as a taxable payment from IMRF. You must report the \$2,000 as tax withheld, and it will be credited against any income tax you owe for the year.

Sixty-Day Rollover Option: If you receive your IMRF refund directly, you can still decide to roll over all or part of it to an eligible account. If you decide to roll it over, you must contribute the amount of the payment you received to an eligible account within 60 days after you receive the payment. The portion of your payment that is rolled over will not be taxed until you take it out of the eligible account.

You can roll over up to 100% of your refund, including an amount equal to the 20% of the taxable portion that was withheld. If you choose to roll over 100%, you must find the other money within the 60-day period to contribute to the eligible account, to replace the 20% that was withheld. On the other hand, if you roll over only the 80% of the taxable portion that you received, you will be taxed on the 20% that was withheld.

Example: The taxable portion of your payment that can be rolled over under Part I (above) is \$10,000, and you choose to have it paid to you. You will receive \$8,000, and \$2,000 will be sent to the IRS as income tax withholding. Within 60 days after receiving the \$8,000, you may roll over the entire \$10,000 to an eligible account. To do this, you will roll over the \$8,000 you received from IMRF, and you will have to find \$2,000 from other sources (your savings, a loan, etc.). In this case, the entire \$10,000 is not taxed until you take it out of the eligible account. If you roll over the entire \$10,000, when you file your income tax return you may get a refund of part or all of the \$2,000 withheld.

If, on the other hand, you roll over only \$8,000, the \$2,000 you did not roll over is taxed in the year it was withheld. When you file your income tax return, you may get a refund of a part of the \$2,000 withheld. (However, any refund is likely to be larger if you roll over the entire \$10,000.)

Additional 10% Tax if You Are Under 59-1/2: If you receive your refund before you reach age 59-1/2 and you do not roll it over, then, in addition to the regular income tax, you may have to pay an extra tax equal to 10% of the taxable portion of the payment. The additional 10% tax generally does not apply to your payment if it is:

- (1) paid after you separate from service with your employer during or after the year you reach age 55,

- (2) paid because you retire due to disability,
- (3) paid as equal (or almost equal) payments over your life or life expectancy (or your and your beneficiary's lives or life expectancies),
- (4) paid directly to the government to satisfy a federal tax levy,
- (5) paid to an alternate payee under a Qualified Illinois Domestic Relations Order (QILDRO), of
- (6) not in excess of the amount of your deductible medical expenses. See IRS Form 5329 for more information on the additional 10% tax.

Special Tax Treatment if You Were Born Before January 1, 1936: If the payment qualifies as a "lump sum distribution," it may be eligible for special tax treatment. A lump sum distribution is a payment, within one year, of your entire balance under IMRF (and certain other similar plans of the employer) that is payable to you after you have reached age 59-1/2 or because you have separated from service with your employer. For a payment to be treated as a lump sum distribution, you must have been a participant in the plan for at least five years before the year in which you received the distribution. The special tax treatment for lump sum distributions that may be available to you is described below.

Ten-Year Averaging: If you receive a lump sum distribution and you were born before January 1, 1936, you can make a one-time election to figure the tax on the payment by using a "10-year averaging" (using 1986 tax rates). Ten-year averaging often reduces the tax you owe.

Capital Gain Treatment: If you receive a lump sum distribution and you were born before January 1, 1936, and you were a participant in IMRF before 1974, you may elect to have the part of your payment that is attributable to your pre-1974 participation in IMRF taxed as long-term capital gain at a rate of 20%.

There are other limits on the special tax treatment for lump sum distributions. For example:

- You can generally elect this special tax treatment only once in your lifetime, and the election applies to all lump sum distributions that you receive in that same year.
- You may not elect this special tax treatment if you rolled amounts into IMRF from a 403(b) tax-sheltered annuity contract, a governmental 457 plan, or from an IRA not originally attributable to a qualified employer plan.
- If you have previously rolled over a distribution from IMRF (or certain similar plans of the employer), you cannot use this special averaging treatment for later payments from IMRF.
- If you roll over your payment to a traditional IRA, governmental 457 plan, or 403(b) tax-sheltered annuity, you will not be able to use special tax treatment for later payments from that IRA, plan, or annuity
- If you roll over only a portion of your payment to a traditional IRA, governmental 457 plan, or 403(b) tax-sheltered annuity, this special tax treatment is not available for the rest of the payment. See IRS Form 4972 for additional information on lump sum distributions and how you elect special tax treatments.

IV. SURVIVING SPOUSES, ALTERNATE PAYEES, AND OTHER BENEFICIARIES

In general, the rules summarized above that apply to payments to employees also apply to payments to surviving spouses of employees and to spouses or former spouses who are "alternate payees." You are an alternate payee if your interest in IMRF results from a Qualified Illinois Domestic Relations Order (QILDRO), which is an order issued by a court, usually in connection with a divorce or legal separation.

If you are a surviving spouse or an alternate payee: You may choose to have a payment that can be rolled over, as described in Part I above, paid in a direct rollover to an "Eligible Account," or paid to you. If you have the payment paid to you, you can keep it or roll it over yourself into an eligible account. Thus, you have the same choices as the employee.

If you are a beneficiary other than a surviving spouse or an alternate payee: You cannot choose a direct rollover, and you cannot roll over the payment yourself.

If you are a surviving spouse, an alternate payee, or another beneficiary: Your payment is not subject to the additional 10% tax described in Part III above, even if you are younger than age 59-1/2.

If you are a surviving spouse, an alternate payee, or another beneficiary: You may be able to use the special tax treatment for lump sum distributions and the special rule for payments as described in Part III above. If you receive a payment because of the employee's death, you may be able to treat the payment as a lump sum distribution if the employee met the appropriate age requirements, whether or not the employee had FIVE years of participation in IMRF.

HOW TO OBTAIN ADDITIONAL INFORMATION

This notice summarizes only the federal tax rules that might apply to your payment. The rules described above are complex and contain many conditions and exceptions that are not included in this notice. Therefore, you may want to consult with a professional tax advisor before you receive your IMRF benefits. Also, you can find more specific information on the tax treatment of payments from qualified employer plans, like IMRF, in IRS Publication 575, "Pension and Annuity Income," and IRS Publication 590, "Individual Retirement Arrangements." These publications are available from your local IRS office, on the IRS's web site at www.irs.org, or by calling 1-800-TAX-FORM.