



Guaranteed Income From Your Plan 3 Investment Account

Introducing the Annuity Withdrawal Option



WHAT IS A LIFE ANNUITY?

A life annuity is a contract that provides guaranteed income for the rest of your life in exchange for a lump-sum dollar amount that you pay up front.

- Single Life Annuity – provides guaranteed payments for your lifetime.
- Joint Life Annuity – provides guaranteed payments for your lifetime and then for a beneficiary's lifetime.
- Term Certain – provides guaranteed payments for your lifetime and for a specific term length. If you should die before the specified period of time, payments will continue to your beneficiary for the balance of the specified period.

HOW MUCH WOULD I RECEIVE EACH MONTH?

The amount of your annuity payment is calculated using many factors such as the purchase price, your age, your joint annuitant's age, survivorship percentage, cost of living adjustments, and the refund component. For example, a Single Life Annuity without a COLA or refund component would bring in more each month for you, but it would not provide for an annual payment increase, refund of the remaining balance after you die, or a lifetime payment to a survivor. A Joint Life Annuity with a COLA and refund component would include those benefits.

- Visit the Plan 3 website to estimate the amount of your annuity payments with the TAP Annuity Calculator. (<https://mp1.newkirkone.com/summitup/control.aspx>.)
- Or call ICMA-RC to estimate the amount of your annuity payments or discuss purchasing an annuity from the Self-Directed investment program. (888-711-8773)

IS AN ANNUITY RIGHT FOR ME?

Retirees often choose annuities because they provide guaranteed income for life. They like the security of a set monthly payment that covers part or all of their fixed expenses. However, flexibility is not a feature of annuities. If fixed expenses increase, annuities do not allow retirees to adjust their payment amounts to meet those changing needs. With annuities, you are trading market risk and account growth for the guarantee of a steady, fixed lifetime income stream. Annuities are the only withdrawal option that guarantee you will not outlive your account balance.

WHEN CAN I PURCHASE AN ANNUITY FROM PLAN 3?

You can purchase an annuity with all, or part, of your Plan 3 investment account upon separation from service or any time thereafter.

WHEN CAN I EXPECT MY FIRST ANNUITY PAYMENT?

You may experience a delay of up to 70 days in receiving your first payment depending on which investment program you use to purchase your annuity.

WHAT ARE THE TAX CONSEQUENCES OF PURCHASING AN ANNUITY?

You will receive a tax information statement indicating the taxable portion of your annuity payments each year. By submitting a Form W-4P, you may choose the amount you'd like withheld from your payments for federal and/or state taxes. Without a Form W-4P, withholding amounts will follow the IRS guidelines, using a filing status of married with three exemptions. If the purchase was made with a combination of pre-tax and after-tax dollars, please contact ICMA-RC at 888-711-8773.

For more information about tax consequences, review IRS Publication 575, Pension and Annuity Income (available at www.irs.gov or by calling 800-829-1040), or consult a professional tax advisor. DRS and ICMA-RC representatives are not authorized to give tax advice.

WHO PROVIDES THE ANNUITIES FOR PLAN 3?

If you use funds from the Washington State Investment Board (WSIB) Investment Program, you will purchase a Total Allocation Portfolio (TAP) Annuity, which is administered by the state of Washington.

If you use funds from the Self-Directed Investment Program account, ICMA-RC will arrange the annuity purchase through an insurance company on your behalf.

ARE THE ANNUITIES IDENTICAL?

No. The annuities offered by the two investment programs have distinctly different features and options. They are described in the table on the next page.

	WSIB Investment Program	Self-Directed Investment Program
Contract Provider	Washington State	Private Insurance Company
Minimum Purchase Price	\$25,000	\$5,000
Payment Frequency	Monthly	Monthly, Quarterly, Semi-Annually, or Annually
Length of Contract	Provides regular payments for your lifetime (Single Life Annuity) and, if selected, a beneficiary's lifetime (Joint Life Annuity)	Provides regular payments for your lifetime (Single Life Annuity) and, if selected, a beneficiary's lifetime (Joint Life Annuity)
Cost of Living Adjustment	Automatic annual 3% COLA	Optional COLA
Conversion Option	May be converted to a Joint Life Annuity	No conversion option
Joint Annuitant Option	Yes	Yes
Joint Annuitant Survivorship Payment Options	100%, 66 ² / ₃ %, or 50%	100%, 75%, 66 ² / ₃ %, or 50%
Multiple Purchase Option	No. Only one TAP Annuity may be purchased per Plan 3 member account.	Yes. Multiple Self-Directed annuities may be purchased per Plan 3 member account over member's lifetime.
Balance Refund	Yes	Optional balance refund
Term Certain Option	No	Yes. Provides regular payments for as long as you live. If you should die before the specified period of time (term certain), payments will continue to your beneficiary for the balance of the period. Term certain period options: 5, 10, 15 or 20 years.
Rescission Period (length of time during which you may alter or cancel the contract)	15 days from date of purchase	Varies. Typically 7-15 days from date of purchase. Contact ICMA-RC for more details.

HOW DO I USE MY PLAN 3 ACCOUNT TO PURCHASE AN ANNUITY?

Step 1: Make sure there is enough money in the appropriate investment account (WSIB or Self-Directed Investment Program) to cover the purchase price. Move funds from one investment program to the other if necessary. It may take up to 70 days to complete the transfer, but you may do this at any time before purchasing your annuity. You do not need to wait until your employment has ended before you transfer funds between investment programs.

Step 2: Complete and provide the following:

- Plan 3 Request for Payment of Defined Contributions Funds Form
- Plan 3 Annuity Payment Request Form
- Form W-4P
- Plan 3 Authorization for Deposit of Payments

- Proof of age. Acceptable documents include: birth certificate, passport, driver license, and Certificate of Armed Services Record—US DD-214.
- Proof of age for your joint annuitant (required for a joint annuity)

Step 3: Mail completed forms and proof of age to:

ICMA Retirement Corporation
P.O. Box 96220
Washington, DC 20090-6220

Step 4: Your official annuity policy will be mailed to you. If you do not receive your annuity policy within 10 days or if you discover a discrepancy or wish to alter the contract, notify ICMA-RC immediately. Your payments will begin according to the terms of the contract if you do not notify ICMA-RC before the end of the rescission period (noted in the chart above).



PLAN 3 ANNUITY PAYMENT REQUEST FORM

To request an annuity purchase from Plan 3, complete and return this form and the Plan 3 Request for Payment form (available at www.icmarc.org/plan3) to:

ICMA-RC
P.O. Box 96220
Washington, DC 20090-6220

Section A: Payee Information

Name: _____ Social Security Number: _____ - _____ - _____ Retirement System: (check one)
☐ PERS ☐ SERS ☐ TRS

Address: _____

Daytime Phone Number: _____ - _____ - _____ Evening Phone Number: _____ - _____ - _____ Date of Birth _____ / _____ / _____

Section B: Investment Program and Annuity Amount

Select the investment program from which you will be making your annuity purchase:

- ☐ WSIB Investment Program TAP Annuity (minimum purchase amount is \$25,000)
☐ Self-Directed Investment Program Annuity (minimum purchase amount is \$5,000)

I authorize the purchase of an annuity using _____% OR \$_____ from my Plan 3 defined contribution account.

Department of Retirement Systems (DRS) requires that you provide your Social Security number for this form.

- DRS will use your Social Security number as a reference number and to ensure that any funds disbursed under your account are correctly reported to the IRS.
- DRS will not disclose your Social Security number unless required by law.
- Internal Revenue Code Sections 6041(a) and 6109 allow DRS to request your Social Security number.

Section C: Annuity Type

Review the Comparison Table from this publication before selecting the type of annuity: (check one)

☐ **Single Life Annuity**

☐ **Joint Life Annuity**

Specify survivorship percentage:

☐ 100% ☐ 66²/₃% ☐ 50% ☐ 75% (Self-Directed Investment Program Annuity Option)

Name of joint annuitant: _____

Social Security Number: _____

Date of Birth: _____

_____ - _____ - _____ / _____ / _____

☐ **Single Life with Cash Refund** (Self-Directed Investment Program Annuity Option)

☐ **Joint Life with Cash Refund** (Self-Directed Investment Program Annuity Option)

Specify survivorship percentage:

☐ 100% ☐ 75% ☐ 66²/₃% ☐ 50%

Name of joint annuitant: _____

Social Security Number: _____

Date of Birth: _____

_____ - _____ - _____ / _____ / _____

☐ **Term Certain Single Life Annuity** (Self-Directed Investment Program Annuity Option)

☐ **Term Certain Joint Life Annuity** (Self-Directed Investment Program Annuity Option)

Specify survivorship percentage:

☐ 100% ☐ 75% ☐ 66²/₃% ☐ 50%

Name of joint annuitant: _____

Social Security Number: _____

Date of Birth: _____

_____ - _____ - _____ / _____ / _____

Section D: Beneficiary Information

Indicate the beneficiaries who are to receive a cash refund, if applicable.

Primary Beneficiary(ies):

Name: _____

Date of Birth: _____ / _____ / _____

SSN: _____ - _____ - _____

Relationship: _____

Name: _____

Date of Birth: _____ / _____ / _____

SSN: _____ - _____ - _____

Relationship: _____

Contingent Beneficiary(ies):

Name: _____

Date of Birth: _____ / _____ / _____

SSN: _____ - _____ - _____

Relationship: _____

Name: _____

Date of Birth: _____ / _____ / _____

SSN: _____ - _____ - _____

Relationship: _____

Section E: Purchaser's signature (notarization required)

I hereby request the purchase of an annuity with funds from my Plan 3 account as selected on the front of this form. I attest that all statements on this form are true and correct.

**Your request cannot be processed
without a Notary Public Signature
and Seal.**

Purchaser's Signature

Signed and attested to before me this _____, _____,
Month Day Year

Notary Public Signature and Seal

City of Residence

**Seal
or
Stamp**

Section F: Spouse's Declaration of Consent (notarization required)

If you are married, and select an annuity option other than the Joint and 100% Survivor, your spouse must complete and sign this section. If your spouse does not sign, DRS is legally mandated to issue a joint and 100% survivorship annuity.

I, _____, being the spouse of the purchaser, do hereby declare that I am aware of the annuity purchase and its effect on me. I consent to the choice made by my spouse as indicated on this form.

**Your request cannot be processed
without a Notary Public Signature
and Seal.**

Spouse's Signature

Signed and attested to before me this _____, _____,
Month Day Year

Notary Public Signature and Seal

City of Residence

**Seal
or
Stamp**

Please include a copy of proof of age for you and your joint annuitant (if applicable).

**Withholding Certificate for
Pension or Annuity Payments**

OMB No. 1545-0074

2012

Purpose. Form W-4P is for U.S. citizens, resident aliens, or their estates who are recipients of pensions, annuities (including commercial annuities), and certain other deferred compensation. Use Form W-4P to tell payers the correct amount of federal income tax to withhold from your payment(s). You also may use Form W-4P to choose (a) not to have any federal income tax withheld from the payment (except for eligible rollover distributions or payments to U.S. citizens delivered outside the United States or its possessions) or (b) to have an additional amount of tax withheld.

Your options depend on whether the payment is periodic, nonperiodic, or an eligible rollover distribution, as explained on pages 3 and 4. Your previously filed Form W-4P will remain in effect if you do not file a Form W-4P for 2012.

What do I need to do? Complete lines **A** through **G** of the **Personal Allowances Worksheet**. Use the additional worksheets on page 2 to further adjust your withholding allowances for itemized deductions, adjustments to income, any additional standard deduction, certain credits, or multiple pensions/more-than-one-income situations. If you do not want any federal income tax withheld (see *Purpose*, earlier), you can skip the worksheets and go directly to the Form W-4P below.

Sign this form. Form W-4P is not valid unless you sign it.

Future developments. The IRS has created a page on IRS.gov for information about Form W-4P and its instructions, at www.irs.gov/w4p. Information about any future developments affecting Form W-4P (such as legislation enacted after we release it) will be posted on that page.

Personal Allowances Worksheet (Keep for your records.)

A	Enter "1" for yourself if no one else can claim you as a dependent	A	_____
B	Enter "1" if: <div style="display: inline-block; vertical-align: middle;"><div style="display: inline-block; vertical-align: middle;">• You are single and have only one pension; or • You are married, have only one pension, and your spouse has no income subject to withholding; or • Your income from a second pension or a job or your spouse's pension or wages (or the total of all) is \$1,500 or less.</div><div style="font-size: 3em; vertical-align: middle;">}</div></div>	B	_____
C	Enter "1" for your spouse . But, you may choose to enter "-0-" if you are married and have either a spouse who has income subject to withholding or more than one source of income subject to withholding. (Entering "-0-" may help you avoid having too little tax withheld.)	C	_____
D	Enter number of dependents (other than your spouse or yourself) you will claim on your tax return	D	_____
E	Enter "1" if you will file as head of household on your tax return	E	_____
F	Child Tax Credit (including additional child tax credit). See Pub. 972, Child Tax Credit, for more information. • If your total income will be less than \$61,000 (\$90,000 if married), enter "2" for each eligible child; then less "1" if you have three to seven eligible children or less "2" if you have eight or more eligible children. • If your total income will be between \$61,000 and \$84,000 (\$90,000 and \$119,000 if married), enter "1" for each eligible child	F	_____
G	Add lines A through F and enter total here. (Note. This may be different from the number of exemptions you claim on your tax return.) ►	G	_____
<div style="display: flex; align-items: center;"><div style="border-left: 1px solid black; padding-left: 10px; margin-right: 10px;">For accuracy, complete all worksheets that apply.</div><div><ul style="list-style-type: none">• If you plan to itemize or claim adjustments to income and want to reduce your withholding, see the Deductions and Adjustments Worksheet on page 2.• If you are single and have more than one source of income subject to withholding or are married and you and your spouse both have income subject to withholding and your combined income from all sources exceeds \$40,000 (\$10,000 if married), see the Multiple Pensions/More-Than-One-Income Worksheet on page 2 to avoid having too little tax withheld.• If neither of the above situations applies, stop here and enter the number from line G on line 2 of Form W-4P below.</div></div>			

----- Separate here and give Form W-4P to the payer of your pension or annuity. Keep the top part for your records. -----

**Withholding Certificate for
Pension or Annuity Payments**

OMB No. 1545-0074

2012

► For Privacy Act and Paperwork Reduction Act Notice, see page 4.

Your first name and middle initial	Last name	Your social security number
Home address (number and street or rural route)		Claim or identification number (if any) of your pension or annuity contract
City or town, state, and ZIP code		

Complete the following applicable lines.

1	Check here if you do not want any federal income tax withheld from your pension or annuity. (Do not complete line 2 or 3.) ► <input type="checkbox"/>	
2	Total number of allowances and marital status you are claiming for withholding from each periodic pension or annuity payment. (You also may designate an additional dollar amount on line 3.) ►	
	Marital status: <input type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Married, but withhold at higher Single rate	(Enter number of allowances.)
3	Additional amount, if any, you want withheld from each pension or annuity payment. (Note. For periodic payments, you cannot enter an amount here without entering the number (including zero) of allowances on line 2.) ►	\$

Your signature ►

Date ►

Deductions and Adjustments Worksheet**Note.** Use this worksheet *only* if you plan to itemize deductions or claim certain credits or adjustments to income.

- 1** Enter an estimate of your 2012 itemized deductions. These include qualifying home mortgage interest, charitable contributions, state and local taxes, medical expenses in excess of 7.5% of your income, and miscellaneous deductions **1** \$ _____
- 2** Enter: $\left\{ \begin{array}{l} \$11,900 \text{ if married filing jointly or qualifying widow(er)} \\ \$8,700 \text{ if head of household} \\ \$5,950 \text{ if single or married filing separately} \end{array} \right\}$ **2** \$ _____
- 3** **Subtract** line 2 from line 1. If zero or less, enter "-0-" **3** \$ _____
- 4** Enter an estimate of your 2012 adjustments to income and any additional standard deduction (see Pub. 505) **4** \$ _____
- 5** **Add** lines 3 and 4 and enter the total. (Include any credit amounts from the *Converting Credits to Withholding Allowances for 2012 Form W-4* worksheet in Pub. 505.) **5** \$ _____
- 6** Enter an estimate of your 2012 income not subject to withholding (such as dividends or interest) **6** \$ _____
- 7** **Subtract** line 6 from line 5. If zero or less, enter "-0-" **7** \$ _____
- 8** **Divide** the amount on line 7 by \$3,800 and enter the result here. Drop any fraction **8** _____
- 9** Enter the number from the **Personal Allowances Worksheet**, line G, page 1 **9** _____
- 10** **Add** lines 8 and 9 and enter the total here. If you use the **Multiple Pensions/More-Than-One-Income Worksheet**, also enter this total on line 1 below. Otherwise, **stop here** and enter this total on Form W-4P, line 2, page 1 **10** _____

Multiple Pensions/More-Than-One-Income Worksheet**Note.** Complete *only* if the instructions under line G, page 1, direct you here. This applies if you (and your spouse if married filing jointly) have more than one source of income subject to withholding (such as more than one pension, or a pension and a job, or you have a pension and your spouse works).

- 1** Enter the number from line G, page 1 (or from line 10 above if you used the **Deductions and Adjustments Worksheet**) **1** _____
- 2** Find the number in **Table 1** below that applies to the **LOWEST** paying pension or job and enter it here. **However**, if you are married filing jointly and the amount from the highest paying pension or job is \$65,000 or less, do not enter more than "3" **2** _____
- 3** If line 1 is **more than or equal to** line 2, subtract line 2 from line 1. Enter the result here (if zero, enter "-0-") and on Form W-4P, line 2, page 1. **Do not** use the rest of this worksheet **3** _____

Note. If line 1 is **less than** line 2, enter "-0-" on Form W-4P, line 2, page 1. Complete lines 4 through 9 below to figure the additional withholding amount necessary to avoid a year-end tax bill.

- 4** Enter the number from line 2 of this worksheet **4** _____
- 5** Enter the number from line 1 of this worksheet **5** _____
- 6** **Subtract** line 5 from line 4 **6** _____
- 7** Find the amount in **Table 2** below that applies to the **HIGHEST** paying pension or job and enter it here **7** \$ _____
- 8** **Multiply** line 7 by line 6 and enter the result here. This is the additional annual withholding needed **8** \$ _____
- 9** **Divide** line 8 by the number of pay periods remaining in 2012. For example, divide by 12 if you are paid every month and you complete this form in December 2011. Enter the result here and on Form W-4P, line 3, page 1. This is the additional amount to be withheld from each payment **9** \$ _____

Table 1**Table 2**

Married Filing Jointly		All Others		Married Filing Jointly		All Others	
If wages from LOWEST paying job or pension are—	Enter on line 2 above	If wages from LOWEST paying job or pension are—	Enter on line 2 above	If wages from HIGHEST paying job or pension are—	Enter on line 7 above	If wages from HIGHEST paying job or pension are—	Enter on line 7 above
\$0 - \$5,000	0	\$0 - \$8,000	0	\$0 - \$70,000	\$570	\$0 - \$35,000	\$570
5,001 - 12,000	1	8,001 - 15,000	1	70,001 - 125,000	950	35,001 - 90,000	950
12,001 - 22,000	2	15,001 - 25,000	2	125,001 - 190,000	1,060	90,001 - 170,000	1,060
22,001 - 25,000	3	25,001 - 30,000	3	190,001 - 340,000	1,250	170,001 - 375,000	1,250
25,001 - 30,000	4	30,001 - 40,000	4	340,001 and over	1,330	375,001 and over	1,330
30,001 - 40,000	5	40,001 - 50,000	5				
40,001 - 48,000	6	50,001 - 65,000	6				
48,001 - 55,000	7	65,001 - 80,000	7				
55,001 - 65,000	8	80,001 - 95,000	8				
65,001 - 72,000	9	95,001 - 120,000	9				
72,001 - 85,000	10	120,001 and over	10				
85,001 - 97,000	11						
97,001 - 110,000	12						
110,001 - 120,000	13						
120,001 - 135,000	14						
135,001 and over	15						



Plan 3 Annuity Guide

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