



Active Employee # _____

CITY OF PROVIDENCE

MEMBER APPLICATION FOR RETURN OF CONTRIBUTIONS AND INTEREST

Date _____

To the Employee Retirement System of the City of Providence:

I, _____, residing at _____
(Name) (Home Address)

do hereby make application for the return of the total contributions and accrued interest thereon, standing to my credit in the Employee Retirement System Annuity Savings Fund. In consideration of the return of such amount, I do hereby waive for myself and my heirs and assigns all my right, title, and interest in said Annuity Savings Fund and in any and all funds under the care and control of the Employee Retirement System of the City of Providence and to any pension which I may have been entitled.

I understand that by withdrawing my accumulated contribution as herein requested, my membership and right for past service will be ended. If I so elect, I could without further contributions allow my annuity contributions to remain within the Employee Retirement System and draw interest at the existing contribution percentage, for my benefit, and thereby continue my membership in the Employee Retirement System and my past service rights until I shall have not been an employee of the city for more than five (5) years in any ten (10) consecutive years.

I ____ resigned ____ was dismissed from my position as _____
within the _____ Department on the ____ day of _____, 20____
and I am not now employed by the City of Providence.

Signature of Member Date _____

ACKNOWLEDGEMENT

State of _____ County of _____

On this ____ day of _____, 20 ____, personally appeared before me the said _____ known to me to be the individual described in and who executed the foregoing instrument, and he/she duly acknowledged to me that he/she executed the same, and being duly sworn by me made oath that the statements contained therein are true.

Notary Public Commission Expiration Date



CITY OF PROVIDENCE

MEMBER APPLICATION FOR RETURN OF CONTRIBUTIONS AND INTEREST
ROLLOVER AUTHORIZATION

NAME: _____

(Last)

(First)

(Middle)

Date of Birth: _____ SSN: _____

Home Address: _____

Telephone Number: _____ Employment Termination Date: _____

DIRECT ROLLOVER ELECTION

The taxable portion of your distribution is subject to a twenty percent (20%) federal income tax withholding. You can, authorize the Retirement Board to roll over all or a portion of the taxable amount directly into an Individual Retirement Account (IRA) or another qualified plan and, thereby, avoid the mandatory tax withholding of your distribution.

NOTE: The Retirement Board will withhold twenty percent (20%) of the taxable portion of your distribution that is not directly rolled over.

I have read the "Memorandum of Tax Implications" and

_____ I DO NOT wish to authorize a rollover of the taxable portion of my distribution

_____ I hereby authorize the Retirement Board to directly roll over the taxable portion of my distribution to:

_____ an IRA _____ other qualified plan, as specified below.

I understand that I will need to submit a statement from the financial institution or other plan that it is qualified to accept, and that it will accept, the rollover distribution from the Employee Retirement System of the City of Providence.

Financial Institution/Employer Plan Name: _____

Financial Institution/Employer Plan Address: _____

IRA Account Number/Description: _____

Signature of Member

Date



CITY OF PROVIDENCE

Internal Revenue Service (IRS) rules require a twenty percent (20%) tax withholding from certain payments made to you from the Employee Retirement System of the City of Providence (the "Retirement System").

Payments from the Retirement System that are subject to a twenty percent (20%) withholding include:

1. *Refunds of employee contributions before retirement*

Twenty percent (20%) of the taxable portion of employee contributions and/or the interest earned thereon will be withheld by the Retirement System.

2. *Lump sum payments issued pursuant to an Option IV retirement allowance selection*

Twenty percent (20%) of the taxable portion of an Option IV retirement option are subject to federal tax withholding.

Your after-tax contributions will be returned to you without any additional tax withholding.

Required federal tax withholding may be avoided by electing a direct rollover of the taxable portion of your distribution to an IRA or other qualified plan using the form designated by the Retirement System. Please note that only taxable portions of the distribution may be included in a direct rollover.

The following is a brief description of the tax rules that apply to your distribution.

1. DIRECT ROLLOVER

You may choose a direct rollover of any or all of the taxable portion of your distribution. In a direct rollover, the distribution is paid directly to an IRA (or another qualified plan that accepts rollovers) directly from the Retirement System. Should you choose a direct rollover, such amount is not taxed until the time that it is distributed to you from the IRA or other qualified plan.

Direct Rollover to an IRA

You may open an IRA to receive the direct rollover. (The term "IRA" used in this notice includes individual retirement accounts and individual retirement annuities.) Please contact an IRA sponsor or other financial institution to determine how to have your distribution included as a direct rollover. If you are unsure of how to invest your money, you may temporarily establish an IRA to receive the money. However, in choosing an IRA, you may wish to consider whether it will allow you to move all or part of your payment at a later date, without penalties or other limitations. (See IRS Publication 590, Individual Retirement Arrangements for more information, including limits on how often you can roll over your IRA).

Direct Rollover to a Plan

If you are hired by an employer that has a qualified plan, and you want to roll over your contributions to that plan, ask the administrator of that plan whether it will accept your direct rollover. An employer plan is not legally required to accept a direct rollover. If your new employer's plan does not accept a rollover, you can choose a direct rollover to an IRA.

2. DISTRIBUTION DIRECTLY TO YOU

If the distribution is made to you, the taxable portion of such distribution is subject to a twenty percent (20%) federal income tax withholding. The payment is taxed in the same year that you receive it unless, within sixty (60) days of its receipt, you roll it over to an IRA or other plan.



CITY OF PROVIDENCE

INCOME TAX WITHHOLDING

Mandatory Withholding

If the distribution made payable to you has a taxable portion, the Retirement System is required under IRS rules to withhold twenty percent (20%) of the distribution amount if it exceeds two hundred dollars (\$200.00). However, the Retirement System elects to withhold twenty percent (20%) of each distribution, irrespective of the amount. Such twenty percent (20%) is sent to the IRS as an income tax withholding. For example: If your taxable distribution is three thousand dollars (\$3,000.00), then two thousand four hundred dollars (\$2,400.00) will be distributed to you and the Retirement System will send six hundred dollars (\$600.00) to the IRS. However, when you prepare your income tax return for the year, you will report the entire three thousand dollars (\$3,000.00) as a payment from the Retirement System. You will report six hundred dollars (\$600.00) as withheld taxes, and it will be credited against any income tax you may owe for that year.

Sixty Day Rollover Option

If you have an eligible rollover distribution paid to you, you can still decide to roll over all or part of the taxable amount to an IRA or another plan that accepts rollovers. If you decide to roll over, you must make the rollover within sixty (60) days after you receive the payment. The taxable portion of your payment that is rolled over will not be taxed until that portion is distributed to you.

You can rollover up to one hundred percent (100%) of the taxable portion of your distribution, including an amount equal to the twenty percent (20%) that was withheld. If you choose to roll over one hundred percent (100%) of your distribution you must find other money, within the following sixty (60) days of the direct rollover date, to contribute to the IRA or employer plan to replace the twenty (20%) tax withholding. If you roll over only the eighty percent (80%) of your distribution that you received, the remaining twenty percent (20%) will be forwarded to the IRS as a tax withholding.

For example: If your taxable distribution is three thousand dollars (\$3,000.00), you will receive two thousand four hundred dollars (\$2,400.00) and the remaining six hundred dollars (\$600.00) will be sent to the IRS as income tax withholding. Within sixty (60) days after receiving the two thousand four hundred dollars (\$2,400.00), you may roll over the entire three thousand dollars (\$3,000.00) to an IRA or employer plan. To do this, you roll over the two thousand four hundred dollars (\$2,400.00) you received from the Retirement System and find six hundred dollars (\$600.00) from other sources (such as your savings, a loan, etc.) to include with your rolled over amount. In this instance, the entire three thousand dollars (\$3,000.00) is not taxed until you later receive it from the IRA or employer plan. If you roll over the entire three thousand dollars (\$3,000.00), upon filing your income tax return, you may get a refund of the six hundred dollars (\$600.00) withheld as income taxes.

If, you choose to roll over only the two thousand four hundred dollars (\$2,400.00), the six hundred dollars (\$600.00) you did not roll over is taxed in the same year that it was withheld as income taxes.

Additional 10% Tax If You Are Under 59½

If you receive a distribution from the Retirement System before you reach age 59½ and you do not roll it over, then you may be required to pay an additional income tax equal to ten percent (10%) of the taxable portion of the payment. The additional ten percent (10%) tax does not apply to your distribution if it is: (1) paid to you because you separate from service during or after the year you reach age fifty-five (55); (2) paid because you retire due to disability; or (3) used to pay certain medical expenses. (See IRS Form 5329 for more information on the additional ten percent (10%) tax.)



CITY OF PROVIDENCE

Special Tax Treatment

If your distribution is not rolled over, it will be taxed in the year you receive it. However, you may be eligible for special tax treatment if you are age 59½ and you have been a participant in the Retirement System for at least five (5) years. The special tax treatment for lump sum distributions permits you to use "five (5) year averaging". Five (5) year averaging may reduce the federal taxes you owe because it treats the distribution as if it were paid over five (5) years. You should consult a tax advisor if you are considering a lump sum distribution.

HOW TO OBTAIN ADDITIONAL INFORMATION

This notice summarizes only the federal (not state or local) tax rules that may apply to your distribution from the Retirement System. The rules described above are complex and contain many conditions and exceptions that are not included in this notice. Therefore, it is recommended that you consult with a professional tax advisor. Also, you can find more specific information on the tax treatment of payments from retirement plans in IRS Publication 575, Pension and Annuity Income, and IRS Publication 590, Individual Retirement Arrangements which are made available by your local IRS office or by calling 1-800-TAX-FORM.