



Employee # _____

Part 1 EMPLOYEE DATA				
Participant Name			Social Security No.	
Street		Maiden or Other Names Used		Date of Birth
City		State	Zip	Date of Termination
			Daytime Phone	Date of Last Paycheck
Check One: <input type="checkbox"/> County Dept: _____ <input type="checkbox"/> Schools Dept: _____				
Part 2 NOTICE OF WITHHOLDING				
All distributions issued directly to former members of KCRS are subject to federal income tax withholding at a rate of 20% of the taxable portion of the distribution. However, the taxable portion of the distribution may be transferred directly from KCRS to an IRA or a new Employer's Plan, with the non-taxable portion (if any) being distributed directly to you. The non-taxable portion is also eligible for rollover to an IRA or Employer's Plan upon consent of the Plan Administrator or IRA Custodian. If you choose to have the taxable portion transferred directly to an IRA or an Employer's Plan, the distribution will not be taxable and federal income tax will not be withheld.				
Part 3 TYPE OF ACCOUNT (Select all that apply) (Complete two forms if electing different payment authorization for each Plan)				
<input type="checkbox"/> Asset Accumulation 401A Plan (Mandatory) <input type="checkbox"/> Deferred Compensation 457 Plan – Knox Co. (Voluntary) <i>If you have invested with another 457 provider (other than Knox County), you must apply for a distribution directly with the specific provider.</i>				
Part 4 PAYMENT AUTHORIZATION				
Check One:				
<input type="checkbox"/> Lump Sum Distribution, payable to me. 20% of the taxable portion will be withheld for federal income tax. <input type="checkbox"/> Direct Deposit (complete attached Direct Deposit form) <input type="checkbox"/> Check (Choose One) Mail Check <input type="checkbox"/> Pick-up Check <input type="checkbox"/>				
<input type="checkbox"/> I elect to have the non-taxable amount distributed to me and the taxable amount transferred directly to the IRA or Employer's Plan listed below. (Complete IRA Direct Transfer Information or Employer's Plan Information and obtain consent of Plan Administrator or IRA Custodian).				
<input type="checkbox"/> I elect to have the non-taxable amount and the taxable amount transferred directly to the IRA or Employer's Plan listed below. (Complete IRA Direct Transfer Information or Employer's Plan Information and obtain consent of Plan Administrator or IRA Custodian).				
<input type="checkbox"/> I want \$_____ or _____% of my distribution transferred directly to the IRA or Employer's Plan listed below and the remainder issued to me. (Complete IRA Direct Transfer Information or Employer's Plan Information and obtain consent of Plan Administrator or IRA Custodian).				
<input type="checkbox"/> I want to withdraw my contributions and earnings, leaving the balance of my account at the County until retirement age. <input type="checkbox"/> Direct Deposit <input type="checkbox"/> Check 20% of the taxable portion will be withheld for federal income tax. (You must have at least 5 years of service to exercise this option).				
Part 5 IRA DIRECT TRANSFER INFORMATION IRA Type: <input type="checkbox"/> Traditional <input type="checkbox"/> Roth				
Name of IRA Trustee			Make Check Payable To	
Address			Contact Person	
City	State	Zip Code	Phone No.	Account No.
The IRA will accept the following type of contributions: <input type="checkbox"/> Pre-tax funds only <input type="checkbox"/> Pre-tax and *Post-tax funds				
I hereby acknowledge that pursuant to the terms of the above-named plan, such plan will accept the transfer of the above-named participant's account.				
Date: _____ Name: _____ Title: _____ Phone Number: _____				
*SIGNATURE IS REQUIRED WHEN ACCEPTING POST-TAX FUNDS				
Part 6 EMPLOYER'S PLAN TRANSFER INFORMATION				
Upon your termination of employment for any reason, you may elect to transfer your entire vested Individual Account balance to a plan maintained by a subsequent employer provided the following conditions are met:				
1) The plan that you transfer your account to must be qualified under section 401(a) or 457(b) of the Internal Revenue Code. (It may <u>not</u> be an Individual Retirement Account)				
2) The plan must accept direct transfers from other plans, 401(a) and 457(b)				
3) You must transfer and/or withdraw your entire vested Individual Account to the new plan based on above Payment Authorization election.				
Once your account is transferred it will be subject only to the provisions of the new plan; the provisions of the Knox County Employee Retirement and Asset Accumulation Plan will no longer apply. By transferring your account, you will defer payment of income tax until you withdraw the funds from the new plan.				
If you wish to transfer your account, the employer maintaining the plan to which you are transferring your account must complete the information below.				
Information Regarding Transferee Plan				
<u>(TO BE COMPLETED BY PLAN ADMINISTRATOR FOR NEW EMPLOYER'S PLAN)</u>				
Name of Plan: _____			Plan Identification Number: _____	
The Plan will accept the following type of contributions: <input type="checkbox"/> Pre-tax funds only <input type="checkbox"/> Pre-tax and *Post-tax funds				
Make Check Payable To: _____				
Mail Check To: _____				
Special Instructions Regarding Transfer (if any): _____				
I hereby acknowledge that pursuant to the terms of the above-named plan, such plan will accept the transfer of the above-named participant's account.				
Date: _____ Name: _____ Title: _____ Phone Number: _____				
*SIGNATURE IS REQUIRED WHEN ACCEPTING POST-TAX FUNDS				
Part 7 PARTICIPANT'S SIGNATURE				
I hereby authorize the County to take such actions as are necessary to effectuate my election in Part 4 above. I further understand that my election, once made, is irrevocable. I have read the above Notice of Withholding (Part 2) regarding Plan Payments (if applicable), and hereby represent that I understand the notice.				
I UNDERSTAND MY DISTRIBUTION MAY TAKE 4-6 WEEKS FOR PROCESSING				
Signature			Date	
TO BE COMPLETED BY RETIREMENT DEPARTMENT				
Plan Administrator Authorization		Date	Credited Service: ____ year(s) ____ month(s)	Post Tax Amount \$ _____

**SPECIAL TAX NOTICE
KNOX COUNTY RETIREMENT SYSTEM
ASSET ACCUMULATION PLAN DISTRIBUTION PAYMENTS**

This notice contains important information regarding Federal tax rules, which may apply to your distribution. Your distribution will consist of a taxable portion and possibly, a non-taxable portion.

TAXABLE PORTION OF YOUR DISTRIBUTION

The taxable portion of your distribution includes any accumulated interest and employee tax-deferred contributions made by the County on your behalf. You may choose to have your distribution (1) paid directly to a traditional IRA; or (2) paid to another employer's plan that will accept it; or (3) paid directly to you.

Note: To rollover to a Roth IRA, you must meet IRS income limits.

NON-TAXABLE PORTION OF YOUR DISTRIBUTION

The non-taxable portion is the amount of your previously taxed Asset Accumulation 401(a) contributions (if any.) If you have made any after-tax contributions to KCRS, you may elect to have this amount distributed to you tax-free. You may also choose to have the non-taxable portion of your distribution (1) paid directly to a traditional or Roth IRA; or (2) paid to another employer's plan.

The administrator of the IRA or Employer's Plan must acknowledge they will accept the non-taxable portion.

Direct Rollover Options: If you choose "direct rollover", your distribution will not be taxed in the current year and no income tax will be withheld because your payment will be made directly to your traditional IRA or, if you choose, to another employer's plan that accepts your rollover. If you choose a rollover to a Roth IRA or to a designated Roth account in a Qualified Plan, you will be subject to income tax at the time of the rollover. Your Plan payment cannot be rolled over to a SIMPLE IRA, or an education IRA because these are not traditional IRAs. Please note that an employer's plan is not legally required to accept a rollover. If your new employer's plan does not accept a rollover, you can choose a direct rollover to a traditional or Roth IRA. Your payment will be taxed later when you withdraw it from the traditional IRA or the employer's plan.

Payment Made to You: If you choose to have your distribution paid to you: (1) You will receive only 80% of the payment, because the County is required to withhold 20% of the payment and send it to the IRS as income tax withholding to be credited against your taxes. (2) Your payment will be taxed in the current year unless you roll it over. Under limited circumstances, 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 also have to pay an additional 10% early withdrawal tax penalty. This 10% early withdrawal tax penalty does not apply to distributions from the Deferred Compensation 457 Plan. (3) You can roll over the payment yourself by paying it to your traditional IRA or to another employer's plan that accepts your rollover within 60 days after you receive the payment. The amount rolled over will not be taxed until you take it out of the traditional IRA, or the employer's plan.

If you want to roll over 100% of the payment to a traditional IRA or another employer's plan, you must find other money to replace the 20% that was withheld. If you roll over only the 80% that you received, you will be taxed on the 20% that was withheld and not rolled over.

Additional 10% Tax If You Are Under Age 59-1/2. If you receive a payment before you reach age 59-1/2 and you do not roll it over, then, in addition to the regular 20% income tax, you may have to pay a 10% early withdrawal penalty on the taxable portion of the payment. This 10% early withdrawal tax penalty does not apply to distributions from the Deferred Compensation 457 Plan. Also the additional 10% tax generally does not apply to (1) payments that are paid after you separate from service with the County during or after the year you reach age 55, (2) payments that are paid because you retire due to disability, (3) payments that are paid directly to the government to satisfy a federal tax levy, (4) payments that are paid to an alternate payee under a qualified domestic relations order, or (5) payments that do not exceed 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 you choose not to roll over your distribution, the payment will be taxed in the year you receive it. However, if the payment from the Asset Accumulation 401(a) Plan 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 the Asset Accumulation Plan that is payable to you after you have reached age 59-1/2 or because you have separated from service with the County. 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 "10-year averaging" (using 1986 tax rates). Ten-year averaging often reduces the tax you owe.

There are other limits on the special tax treatment for lump sum distributions. See IRS Form 4972 for additional information on lump sum distributions and how you elect the special tax treatment.

IMPORTANT NOTE: You will receive a Form 1099-R at the end of January following the year in which you receive a distribution. (Example, for a distribution issued in 2008, form 1099-R will be sent to you at the end of January 2009 to file with your 2008 taxes.)

How to Obtain Additional Information

This notice summarizes only the Federal (not state or local) 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. After receiving this notice, you have at least 30 days to consider whether to receive your distribution or have the distribution directly rolled over. If you do not wish to wait until this 30-day notice period ends, you may waive the notice period by making an election and filing this form. Therefore, you may want to consult with a professional tax advisor before you take a distribution. Also, you can find more specific information on the tax treatment of payments from qualified retirement plans in IRS Publication 575, Pension and Annuity Income, and IRS Publication 590, Individual Retirement Arrangements. These publications are available from your local Internal Revenue Service office, on the Internal Revenue Service's Internet Web Site at www.irs.gov, or by calling 1-800-TAXFORMS.

Knox County Retirement & Pension Board



Acknowledgement & Release

**MUST COMPLETE IF *FULLY VESTED
* (5 OR MORE YEARS OF SERVICE)**

Employee # _____

I, _____, acknowledge that by withdrawing all the funds in my account in the Knox County Retirement and Pension System in a "lump sum" I will no longer be a participant or member in the System, and I will not be eligible to receive or enjoy any benefit or opportunity available to Plan Participants. I waive any claim for benefits or investment opportunities I might have received if I decided to keep my account in the System. In return for the payment to me of all of my account in the System, the receipt and the amount of which I acknowledge, for myself and my heirs, successors, and assigns, I release and hold harmless the Knox Count Retirement and Pension Board, its Directors, Employees, heirs successors and assigns, from any claims, lawsuits, or damages which could be asserted against any of them arising out of this distribution of my account, or any future benefits or amendments to the Plan. I agree I will not institute or maintain any claim or lawsuit against the Board or its Directors, Employees, heirs, successors, or assigns regarding my decision.

I intend for the Board, its Directors and Employees, and the Knox County Retirement and Pension System to be release from any liability regarding my decision to receive this "lump sum" distribution.

I also certify that choosing this distribution is my sole decision, made freely and without any duress, and after I carefully considered the investments, benefits, and options available under the Knox County Retirement and Pension Board Plan. I have read this **Acknowledgement and Release** before signing it.

Signed this _____ day of _____, 20_____.

Employee Signature: _____

TO BE COMPLETED BY A NOTARY PUBLIC:

Sworn to and subscribed before me this _____ day of _____, 20_____.

Notary Public Signature: _____

(Seal)

My commission expires: _____