



Refund Application for Deceased Participant's Contributions (Defined Benefit Plan)

Decedent's Information:		Please attach a copy of the death certificate.		
Name of Deceased (Last, First, Middle)		Last 4 digits of SSN	Date of Birth	Date of Death
Name of Municipality that Employed Deceased			Municipality No.	
Applicant's Information:				
Name of Person Making Application		SSN*	Applicant's Email Address	
Applicant's Mailing Address		City, State, Zip Code		Applicant's Phone No.

Waiver of IRS 30-DAY Notice Requirement: A refund of employee contributions is an "eligible rollover distribution" under the Internal Revenue Code and, pursuant to Code § 402(f), it is subject to a 30-day waiting period to give you adequate time to consider your options. MERS cannot pay your refund until 30 days after you have completed and returned this form, and acknowledged receipt of attached [Special Tax Notice](#), which describes your rollover options and their tax consequences. IRS allows you to waive the 30 day period if, after reviewing the attached [Special Tax Notice](#), you decide that you want the distribution made as soon as possible.

If you wish to **waive** the 30 day waiting period, confirm that choice by reading and checking the following box:
(If you do not check this box, your refund will be processed either 30 days after receipt of this application or the date the deceased participant was separated from employment, whichever is later.)

- I acknowledge receipt of the [Special Tax Notice](#) and understand that I am entitled to not less than 30 days from the date the *Notice* was provided to me to decide whether to rollover my distribution. I hereby waive the 30 day period and direct MERS to make the distribution choice that I have made in this Refund Application as soon as possible. Notwithstanding this waiver, until MERS actually implements my election, I reserve the opportunity to reconsider my decision.

RELATIONSHIP TO DECEASED PARTICIPANT

In what capacity are you making this application? (check one)

- Surviving Spouse
- Beneficiary Designated by Participant in Writing and Filed with MERS
- Alternate Payee (Attach Copy of Eligible Domestic Relations Order)
- Legal Representative Appointed by Court (Attach Copy of Court Order)

FEDERAL INCOME TAX WITHHOLDING

A refund of contributions may include an amount previously not included in taxable income. The taxable portion is the sum of pre-tax contributions plus interest on all contributions. If the refund is paid to you, MERS must withhold 20% of the taxable amount for federal income taxes. However, if you do a direct rollover, you will not be taxed in the current year, and there is no withholding. You can roll over all or part of the payment to either an IRA 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. If the refund is paid to you, you can still do a rollover if within 60 days after receiving the payment you deposit the full distribution amount into an IRA or eligible employer plan (this will require you to use other funds to make up the 20% withheld). Special rules apply for rollovers to Roth IRAs. For a complete description of your rollover options and their tax consequences, see attached [Special Tax Notice](#).

MICHIGAN INCOME TAX WITHHOLDING

MERS will withhold the mandatory Michigan income tax rate from your distribution unless otherwise indicated below.

(If you would like MERS to withhold *additional* Michigan income tax, enter the *additional* percent to be withheld here: ____%)

- Check here if you wish to opt out of tax withholding. If you (and your spouse, if married filing jointly) opt to have no Michigan tax withheld, it may result in a balance due on your MI-1040 as well as penalty and/or interest.
- Check here if you are not subject to Michigan income tax because your primary legal state of residence is _____.

You may obtain more information on Michigan tax withholding at www.michigan.gov/taxes.

Refund Application for Deceased Participant's Contributions (Defined Benefit Plan)

Decedent's Name: _____

PAYMENT ELECTION

Please check one of the following boxes:

1. Pay the refund to me and withhold any of the applicable income taxes described above.
2. Pay the taxable portion of the refund to the custodian or trustee designated below by direct rollover. Pay the non-taxable portion to me. (If you are not a surviving spouse or alternate payee, you can rollover only to an inherited IRA.)
3. Pay \$ _____ of the taxable portion to the custodian or trustee designated below by direct rollover. Pay the remainder of the refund (taxable and non-taxable, if any) to me and withhold any of the applicable income taxes described above. (If you are not a surviving spouse or alternate payee, you can rollover only to an inherited IRA.)
4. Pay the entire refund (both taxable and non-taxable portions) directly to the custodian or trustee designated below by direct rollover. My non-taxable portion, if accepted by the custodian or trustee, shall be placed in an after-tax account, separately and apart from the taxable portion. (If you are not a surviving spouse or alternate payee, you can rollover only to an inherited IRA.)

» If you have elected to have the refund, or any portion of the refund, paid to you (not rolled over), you will receive your payment by Electronic Funds Transfer (EFT). Please provide the following bank account information that you would like the payment deposited into:

Name of Financial Institution: _____

9-Digit Routing Transit No. _ _ _ _ _

Account No. _____ Type of Account: Savings or Checking

ACCOUNT YOU ARE ROLLING FUNDS INTO

If you chose option 2, 3 or 4 in the Payment Election section above, please provide the following information. Direct rollover money will be mailed by check to the Financial Institution/Company or Trustee indicated below.

Financial Institution/Company or Trustee name of eligible qualified plan or IRA		Phone No.	
Address	City	State	Zip
Type of Account <input type="checkbox"/> Traditional IRA (408(a)) <input type="checkbox"/> Other eligible plan (such as 401(a), 401(k), 403(b), 457) <input type="checkbox"/> Roth IRA (408A) (taxable rollover)			
Individual Account No.		Financial Institution's Federal Tax ID	

YOUR SIGNATURE

I have received and read the Special Tax Notice concerning rollovers. I certify that the information I have entered on this form is true, correct, and complete.

Applicant's Signature ▶	Date
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*Protected information required for tax and actuarial purposes only.

If you have speech or hearing difficulties and need assistance completing this form, contact the Michigan Relay Center at 800.649.3777. If you have other disabilities, contact MERS at 800.767.6377 to request special accommodations.

SPECIAL TAX NOTICE REGARDING YOUR ROLLOVER OPTIONS (“Safe Harbor Explanation”)



You are receiving the notice because all or a portion of a payment you will soon receive from the Municipal Employees' Retirement System (MERS) is eligible to be rolled over to an IRA or an employer plan. The notice is intended to help you decide whether to do a rollover.

This Notice describes the rollover rules that apply to payments from the Plan that are not from a designated Roth account (a type of account with special tax rules in some employer plans).

Rules that apply to most types of plan payments are described in “General Information About Rollovers.” Special rules that only apply in certain circumstances are described in “Special Rules and Options.” If you have received this notice electronically, you may request a paper copy from MERS at no charge to you.

GENERAL INFORMATION ABOUT ROLLOVERS

How can a rollover affect my taxes?

You will be taxed on a payment from MERS 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 (reduced by any after-tax amount). However, if you are under age 59½ at the time of the rollover, the 10% additional income tax will not apply. For more details, see the section below titled, “If you roll over your payment to a Roth IRA.”

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 from the IRA or employer plan (for example, no spousal consent rules apply to IRAs and IRAs may not provide loans). 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, MERS 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, you may still have 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. If you do not do a direct rollover, the Plan is

required to withhold 20% of the payment for federal income taxes. This means that, in order to roll over the *entire* payment in a 60-day rollover, you will have to use other funds to make up for the federal income taxes withheld by MERS. If you do not roll over the entire amount, 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 MERS is eligible for rollover, except:

- Certain payments spread over a period of at least 10 years, or over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary) (This means that your 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 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 at least annually in equal or close to equal amounts over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary)
- Payments from a governmental defined benefit pension plan made after you separate from 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
- Payments up to the amount of your deductible medical expenses
- Certain payments made while you were on active duty if you were a member of a reserve component called to duty after September 11, 2001 for more than 179 days
- Payments of certain automatic enrollment contributions requested to be withdrawn within 90 days of the first contribution.

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 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 for health insurance premiums 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?

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 included in the payment, so you cannot take a payment of only after-tax contributions. However, if you have pre-1987 after-tax contributions maintained in a separate account, a special rule may apply to determine whether the after-tax contributions are included in a payment. In addition, special rules apply when you do a rollover, as described below.

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 at the same time the rest is paid to you, the portion directly rolled over consists first of the amount that would be taxable if not rolled over. For example, assume you are receiving a distribution of \$12,000, of which \$2,000 is after-tax contributions. In this case, if you directly roll over \$10,000 to an IRA that is not a Roth IRA, no amount is taxable because the \$2,000 amount not directly rolled over is treated as being after-tax contributions. If you do a direct rollover of the entire amount paid from the Plan to two or more destinations at the same time, you can choose which destination receives the after-tax contributions.

If you do a 60-day rollover to an IRA of only a portion of a payment made to you, the after-tax contributions are treated as rolled over last. For example, assume you are receiving a distribution of \$12,000, of which \$2,000 is after-tax contributions, and no part of the distribution is directly rolled over. In this case, if you roll over \$10,000 to an IRA that is not a Roth 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-A, *Contributions to 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 a payment from the Plan 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 59½ (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 calendar 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. For more information, see IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)* and IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*.

If you are an eligible retired public safety officer and your pension payment is used to pay for health coverage or qualified long-term care insurance

Because MERS is a governmental plan, if you retired as a public safety officer, and your retirement was by reason of disability or was after normal retirement age, you can exclude from your taxable income plan payments paid directly as premiums to an accident or health plan (or a qualified long-term care insurance contract) that your employer maintains for you, your spouse, or your dependents, up to a maximum of \$3,000 annually. For this purpose, a public safety officer is a law enforcement officer, firefighter, chaplain, or participant of a rescue squad or ambulance crew.

The Form 1099-R that you receive from the Plan administrator will report the deducted insurance premium as taxable. If you want to take advantage of this \$3,000 exclusion, you must report the amount claimed on Form 1040. The instructions to Form 1040 explain that the taxable amount received from the Plan, reduced by the amount of qualified premiums deducted and paid by the Plan (not to exceed \$3,000), must be entered on line 16b of the Form 1040. Next to the entry, in the margin, you must write the letters "PSO." This is an annual election – you will need to report the exclusion for each year in which you want to claim the exclusion.

If you are not a MERS participant

Payments after death of the participant. If you receive a distribution after the participant'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 and the special rules for public safety officers do not apply, and the special rule described under the section "If you were born on or before January 1, 1936" applies only if the participant was born on or before January 1, 1936.

If you are a surviving spouse. If you receive a payment from MERS as the surviving spouse of a deceased participant, you have the same rollover options that the participant 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.

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 participant had started taking required minimum distributions, you will have to receive required minimum distributions from the inherited IRA. If the participant had not started taking required minimum distributions from MERS, you will not have to start receiving required minimum distributions from the inherited IRA until the year the participant would have been age 70½.

If you are a surviving beneficiary other than a spouse. If you receive a payment from MERS because of the participant'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 orders. If you are the spouse or former spouse of the participant who receives a payment from MERS under an eligible or qualified domestic relations order, you generally have the same options the participant would have (for example, you may roll over the payment to your own IRA or an eligible employer plan that will accept it). Payments under the eligible or qualified domestic relations order 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%, MERS 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 a payment is one in a series of payments for less than 10 years, your choice whether to make a direct rollover will apply to all later payments in the series (unless you make a different choice for later payments).

If your payments for the year are less than \$200, MERS 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.

Unless you elect otherwise, a mandatory cashout of more than \$1,000 (not including payments from a designated Roth account in the plan) will be directly rolled over to an IRA chosen by the Plan administrator or the payor. A mandatory cashout is a payment from a plan to a participant made before age 62 (or normal retirement age, if later) and without consent, where the participant's benefit does not exceed \$5,000 (not including any amounts held under the plan as a result of a prior rollover made to the plan).

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 by MERS 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 MERS.

FOR MORE INFORMATION

MERS cannot give you tax advice. We urge you to consult with a professional tax advisor before taking a payment from MERS. 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-A, *Contributions to Individual Retirement Arrangements (IRAs)*; IRS Publication 590-B, *Distributions from 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.