

## Lump Sum Distribution

Dear Employee,

If you are vested but have not yet reached your normal retirement date, you may elect to take a lump sum distribution of your pension benefit. As a participant in the Public Health Trust Defined Benefit Retirement Plan, you will have the option to select a lump-sum payment of your vested accrued pension benefit once you terminate employment from Jackson Health System. Your election of the lump sum distribution is the Actuarially Equivalent present value of the Option 1 monthly benefit which would be payable to you at Normal Retirement Date, including the value of any cost-of-living increases which may be applicable to the benefit at Normal Retirement Date, but excluding the value of any health insurance subsidy.

Eligible Jackson employees will be able to access their retirement benefits online via the eePoint Employee Self-Service system. This system is a web-based tool that allows you to calculate estimated retirement funds and forecast various payment scenarios based on age and retirement date. You can also review current plan information, view your summary pension plan description online, and access contact information to learn more about your pension and other benefits. The web address is <https://eepoint.towerswatson.com/sites/jhs/ess/>.

Although you may decide to take a distribution, you do not meet the eligibility criteria under the Retiree Group. Employee group coverage is cancelled the last day of the pay period in which the separation of employment date falls and for which you experience a regular insurance deduction or made direct payment to Jackson Health System. You may exercise your rights under COBRA for your medical and dental by contacting Fringe Benefits Management Company at 305-585-6512. Please contact Lance Small at 786-466-8378 to request the application for the conversion of the group life insurance.

In order to help you understand Option 5 (lump sum distribution), attached to this letter you will find the following information:

- **Lump Sum Payment Election Reference Guide** – This guide will provide you with information regarding the lump sum distribution. The guide contains a framework to help you understand the key decision points as you consider the form of payment that will meet your current and future retirement needs. The guide also contains a series of frequently asked questions which may be helpful to you as you consider this new option.
- **Special Tax Notice** – This notice provides information regarding the federal taxation of your retirement benefit, potential penalty taxes for early distribution, as well as the tax free roll-over option that is available with a lump sum distribution.

If you elect a lump-sum payment and want to “roll-over” your payment into another qualified account (e.g. an Individual Retirement Account (“IRA”) or another employer’s qualified retirement plan that accepts rollovers from a defined benefit plan, you will be provided with Lump Sum Payment Selection form. If you do not rollover your payment, there could be tax consequences that would significantly reduce the amount of your lump-sum payment. Jackson Health System encourages you to consult a tax professional and/or financial advisor to discuss your personal tax situation. Be advised that you should receive your lump sum payment approximately 3 to 4 months from the retirement effective date. In the event that you decide to request your lump-sum distribution, please contact Benefits at 786-466-8355 to request your distribution packet.

Regards,

Benefits  
Human Resources Capital Management

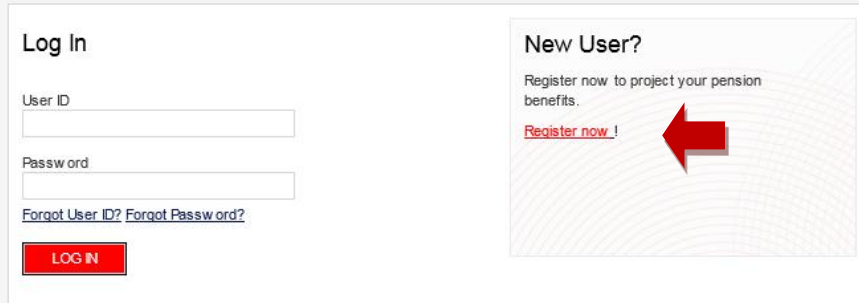
# PHT Pension Modeling Tool

## Accessing the Pension Modeling Tool and Logging On

Access the tool by logging on at: <https://eepoint.towerswatson.com/sites/jhs/ess/>

The first time you access the system, you will need to set up your user name and password by clicking on the **Register now** link.

## Pension Self Service



**Log In**

User ID

Password

[Forgot User ID? Forgot Password?](#)

**LOG IN**

**New User?**

Register now to project your pension benefits.

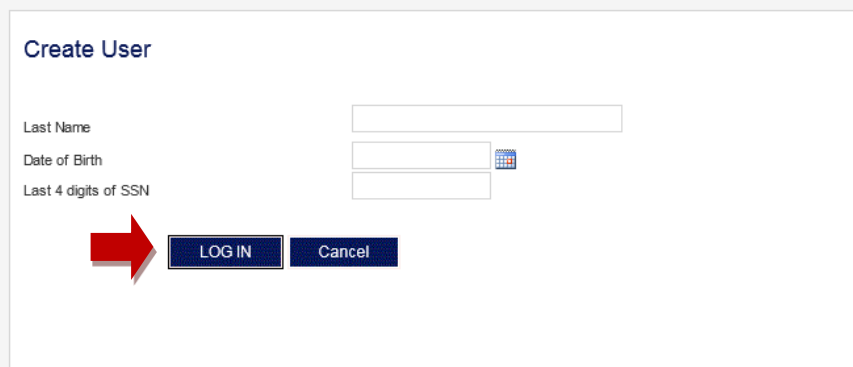
[Register now !](#)

You will need to enter the following information to validate your eligibility:

- Your last name
- Your date of birth (MM/DD/YYYY)
- The last four (4) digits of your Social Security number


Then, click the **Log In** button.

## Pension Self Service



**Create User**

Last Name

Date of Birth  

Last 4 digits of SSN

**LOG IN** **Cancel**

Once your eligibility is validated, your name should appear in the top left corner of the screen. Enter the following in the fields provided:

- **User name:** Enter the user name you would like to use. You may want to consider using First Name.Last Name as an option. **Ex:** If your name is Jane Doe, enter Jane.Doe in the field.
- **Confirm user name:** Re-enter the user name entered (**Ex:** Jane.Doe).
- **New password and confirm password:** Click the **Password Policy** link to review the criteria needed for your password *before* you create it.
- **Security Questions 1 and 2:** Select a question and provide the correct answer in the field below. The two questions must be different.

Click the **Log In** button.

## Pension Self Service

**Create User**

Person, Test

User Name

Confirm User Name

New Password  [Password Policy](#)

Confirm Password

Security Question 1

Security Question 2

**IMPORTANT** Please keep your access information in a secure location and do not share your access with others.

To begin using the modeling tool, you must accept the terms of use. Click the **Accept the Terms** button to complete the account creation process.

## Pension Self Service

### eePOINT ESS — Terms of Use

Welcome to the eePOINT ESS website (the "Site"). The Site is maintained by Towers Watson Delaware Inc. and its affiliates ("Towers Watson") and contractors. Towers Watson provides services to benefit plan sponsors and their employees.

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"Mark" means trademark, trade name, service mark, trade dress, custom graphics, or icons.

"Services" means the software, applications, and other services that are available on the Site.



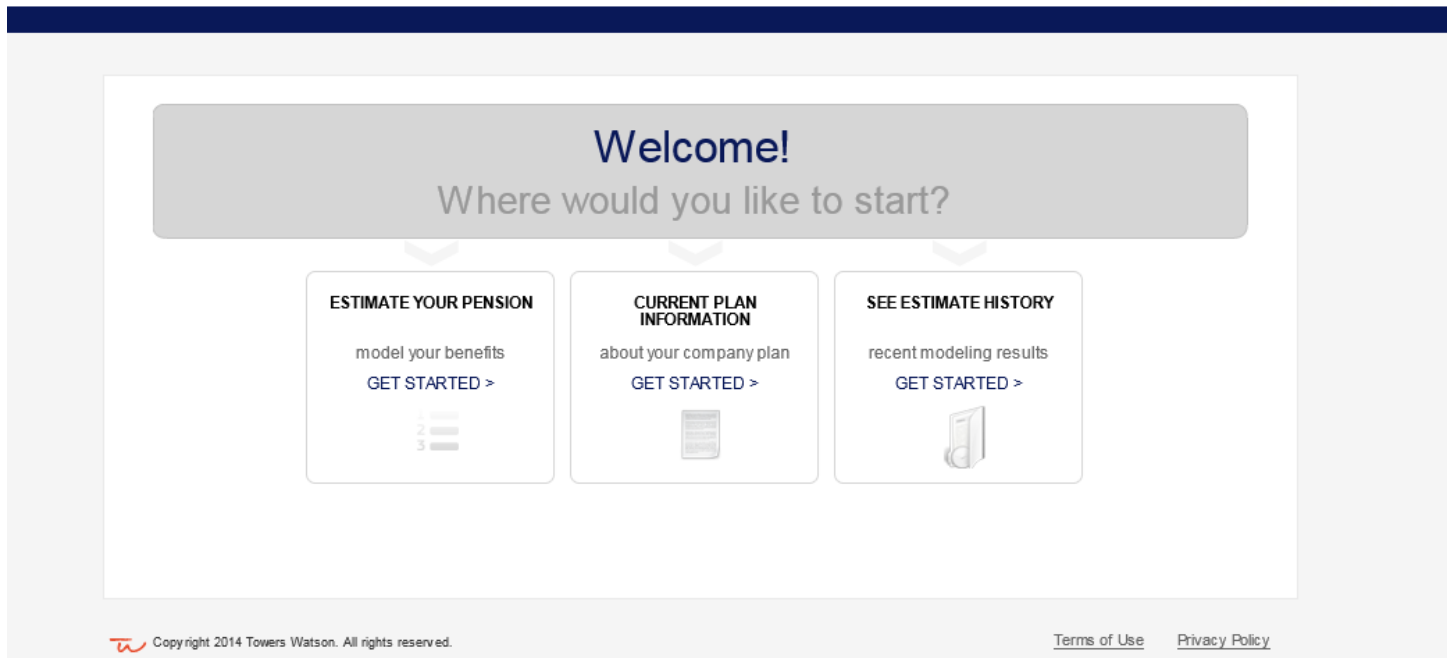
Accept the Terms

Decline

## Using Pension Self Service

As soon as your account is created, you will be taken to the **Pension Self Service Welcome Screen**.

### Pension Self Service



Use **Estimate Your Pension** to create different payout scenarios based on age and retirement date.

Review **Current Plan Information**, view your summary pension plan description online and access contact information to learn more about your pension and other benefits.

Manage your **Estimate History** by reviewing prior scenarios and deleting unwanted ones.

### Running Your Estimates

On **My Assumptions**, under **Estimate Your Pension**, enter your estimated retirement date or age at retirement and when you want payments to commence. Be sure to include your beneficiary's date of birth to see the joint and survivor optional forms of payment that may be available to you. You can enter three different combinations at one time.

Click **Next** to generate your estimate results.

**Note:** All results are estimates only and do not represent a guarantee of retirement income.

HOME CONTACT Change Password Log Out

## Pension Modeling

1 MY PERSONAL INFORMATION 2 MY ASSUMPTIONS 3 MY RESULTS

Specify the Retirement Date and other modeling assumptions to project your benefits for up to three scenarios. Click NEXT to see your results.

My Assumptions		Scenario 1	Scenario 2	Scenario 3
I plan to work until:				
Quick Date	<input checked="" type="radio"/> Age 65: 10/31/2046	<input checked="" type="radio"/> [ ]	<input checked="" type="radio"/> [ ]	
Age	<input type="radio"/> 65	<input type="radio"/> [ ]	<input type="radio"/> [ ]	
Date	<input type="radio"/> [ ]	<input type="radio"/> [ ]	<input type="radio"/> [ ]	
I will start my pension payments				
	Immediately upon termination	[ ]	[ ]	
Joint Annuitant Date of Birth				
	[ ]	[ ]	[ ]	

**Joint Annuitant Information**

It is critical that you provide the date of birth of your joint annuitant. This date is used in the calculation of Options 3 and 4. Please note that the information used does not change your beneficiary designation on file. To change your beneficiary designation, please complete the Pension Beneficiary Form and return it to the Employee Shared Service Center / 305-585-6771.

BACK 1 2 3 NEXT

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**NOTE: Need to change your password? Click **Estimate Your Pension, Current Plan Information** or **Estimate History** and in the top right corner is a **Change Password** link. Enter your old password and a new password, confirm your new password and then confirm your security questions and click **Log In**.**



**Public Health Trust of Miami-Dade County**

**Florida Defined Benefit Retirement Plan**

**“PHT Retirement Plan”**

**Lump-sum Payment Election**

**Reference Guide**

## **LUMP SUM PAYMENT ELECTION REFERENCE GUIDE**

Jackson Health System (JHS) is providing a new retirement payment option that has been added to the Public Health Trust of Miami-Dade County, Florida Defined Benefit Retirement Plan also referred to as the PHT Retirement Plan. As a participant in the PHT Retirement Plan, you now have the option to select a lump-sum payment of your vested accrued pension benefit once you terminate employment from JHS.

As you consider whether to take your vested accrued pension benefit as a lump-sum or as a monthly annuity, you need to determine which form of payment best meets your current and future needs. To help you make this important decision, we are providing a variety of resources, including this Lump-sum Payment Election Reference Guide.

Please review this guide carefully as you consider your election and share this information with your family and with your financial planner or tax advisor.



## What You Will Find in This Guide:

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Understanding Your Pension Calculation & Payment Options .....	Pg. 5
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## **ELIGIBILITY FOR THE LUMP SUM OPTION**

As a participant in the PHT Retirement Plan, you now have the option to select a lump-sum payment of your accrued pension benefit once you have terminated employment with a vested benefit.

## **PAYMENT OPTIONS**

In this guide you will find detailed information on the payment options available to you.

Please note, that you are not required to make a decision at termination of employment. You may select a form of payment for your vested accrued pension benefit at a later date.

## **TAKE ACTION FOR YOUR FUTURE**

While a number of payment options are available to you, the key decision you will need to make about the payment form of your Retirement Plan benefit is whether you want a monthly annuity or a lump-sum payment. There are three key things to consider in making your decision. These include:

1. Understanding your pension payment options
2. Planning for your future – evaluating your future expectations and goals, considering all of your retirement income sources and expenses
3. Determining your tolerance for investment risk and your need for financial flexibility

Let's take a closer look at each of these categories.

## STEP ONE: Understanding your pension payment options

The PHT Retirement Plan offers you a choice of payment forms, including various annuity options or a lump-sum payment of the Retirement Plan benefit. Before you make a decision about which payment form is right for you, it is helpful to understand the difference between a monthly annuity and a lump-sum payment.

<b>Monthly Annuity</b>	<b>Lump-sum Payment</b>
A monthly annuity provides guaranteed income for the rest of your life and based on your option selection, provides a guaranteed benefit for your joint annuitant upon your death.	A lump-sum payment provides the total value of your vested accrued pension benefit in <u>one single payment</u> .  The lump-sum is the present value of the monthly annuity you would receive at normal retirement age, as defined in the Retirement Plan, payable as a single life annuity (including the value of any cost-of-living increase that may apply to your annuity benefit after you commence benefits, and excluding the value of the health insurance subsidy).  <b>Once you receive a lump-sum, you are no longer entitled to any future payments from the Retirement Plan.</b>

As you consider your pension payment options, please keep in mind that there are many circumstances where a monthly annuity is more valuable and circumstances where a lump-sum payment may be more valuable. Other financial resources, personal health considerations, and dependent obligations are just a few of the considerations that may impact which payment form is best for you.

## STEP TWO: Planning for the future

A concern many people have as they plan for retirement is whether or not they will outlive their retirement income resources. When deciding the form of payment for your PHT Retirement Plan benefit, it is important to remember that this benefit is only one source of retirement income.

A lump-sum payment option provides you with less certainty because there is a risk that you may exhaust those funds in your lifetime. The main factors that will help you decide whether or not you can expect to outlive your lump-sum payment are how long you expect to live, the return on your investment that you expect to earn and the pace at which you spend the lump-sum principal.

**Life Expectancy** The longer you live, the longer your lump-sum payment will need to last. While estimating your projected lifetime involves great uncertainty, you can consider factors such as age, health, family medical history and lifestyle to help make an assumption. The chart below shows you an estimate of the average life expectancy based on a study of the U.S. Population by the Society of Actuaries.

Current Age	Female Life Expectancy	Male Life Expectancy
25	84	82
35	84	82
45	84	82
55	85	83
60	85	83
65	86	84

### Investment Return

If you elect a lump-sum payment of your Retirement Plan benefit and invest it, the greater return on your investment, the longer it will last. While the return on your investment is uncertain, particularly in today's unpredictable economic environment, you should consider a variety of options for investing your lump-sum payment. It is recommended that you consult a personal financial advisor to help you determine the right mix of investments for your lump-sum payment.

### Retirement Expenses

As you consider your sources of retirement income, you should compare that to your expected retirement expenses. You'll also want to examine if your expected retirement expenses are fixed (e.g., rent, mortgage, taxes) or variable (e.g., vacations, home repair,

etc.). In addition, during retirement certain expenses may go away, such as commuting expenses, savings for retirement or children's education.

Some examples of expected retirement expenses you should consider include:

- Housing, utilities
- Food
- Clothing
- Medical and other insurance premiums
- Transportation
- Taxes – both property and income

Providing for the financial security of your beneficiaries may also be part of your financial plan. If so, it is important to choose a payment option that will enable you to provide for your beneficiaries and still enjoy your retirement. In some cases, this may be done with the lump-sum payment option – as long as you invest wisely. In other cases, this may be better achieved by electing a monthly annuity with a survivor benefit.

### **STEP THREE: Your Tolerance for Investment Risk and Need for Financial Flexibility**

If you choose a lump-sum payment of your PHT Retirement Plan vested accrued pension benefit, you must be comfortable with making investment decisions and living with the fluctuations of your investments. This will require investment knowledge or the ability to retain financial advisors who will help you manage your retirement investments. In addition, electing a lump-sum payment requires an ongoing commitment to monitoring your investments. While there is potential to earn significant additional income through wise investing, there is also significant risk involved.

If you choose a monthly annuity of your vested accrued benefit, your benefit is fixed for the rest of your life. JHS is responsible for ensuring there is enough funding to pay your monthly pension benefit throughout your lifetime (and the lifetime of your joint annuitant, if applicable).

#### **Financial Flexibility**

If you elect a lump-sum payment, you may want to “roll over” your payment into another qualified account (e.g. an Individual Retirement Account (“IRA”) or another employer’s qualified retirement plan that accepts rollovers from a defined benefit plan). Once you rollover your payment, you will have to decide how to invest your money. If you do not rollover your payment, there could be tax consequences that would significantly reduce the amount of your lump-sum payment. JHS encourages you to consult a tax professional and/or financial advisor to discuss your personal tax situation.

Choosing a lump-sum payment enables you to decide when and at what rate you will spend your pension benefit. For example, if you rollover your lump-sum to an IRA, you can choose one with flexible payment options and easy access to your money. In that case, you can use any amount of money from your lump-sum whenever you need it. However, this option requires a commitment to manage your withdrawals to ensure that your lump-sum benefit will be sufficient to meet your financial needs.

## TAX IMPLICATIONS

When considering the lump sum or monthly annuity payment options, you should also consider the tax implications. For example, you may incur a 10% penalty tax if you receive your lump sum too early (depending on your age when you terminated employment with JHS but generally before 59-1/2) and you do not rollover the lump-sum into an IRA or other qualified retirement plan. In addition, your lump-sum payment may put you in a higher tax-bracket, so you may have a larger tax liability in the year in which you receive your lump-sum payment if you do not roll it over. This is not typical with monthly annuity payments. **JHS strongly encourages you to consult a tax professional and/or financial advisor to discuss your personal tax situation.**

**Individual Retirement Account (IRA) Providers** If you elect a lump-sum payment, you can determine how best to invest that money. An Individual Retirement Account, or “IRA,” is often an attractive option. The following lists financial and other institutions that offer IRAs (including Roth IRAs). Your decision to establish an IRA is a personal one. Before selecting one, as with any investment vehicle, it is wise to do some research to determine which institution and which IRA are best-suited to your situation.

<b>Provider</b>	<b>Website</b>
American Funds	<a href="http://www.americanfunds.com">www.americanfunds.com</a>
Bank of America/Merrill Lynch	<a href="http://www.bankofamerica.com">www.bankofamerica.com</a>
Charles Schwab	<a href="http://www.schwab.com">www.schwab.com</a>
Edward Jones	<a href="http://www.edwardjones.com">www.edwardjones.com</a>
Fidelity	<a href="http://www.fidelity.com">www.fidelity.com</a>
VOYA Financial	<a href="http://www.voya.com">www.voya.com</a>
JPMorgan Chase	<a href="http://www.retireonline.com">www.retireonline.com</a>
Lincoln Financial Group	<a href="http://www.lfg.com">www.lfg.com</a>
Morgan Stanley Smith Barney	<a href="http://www.morganstanleysmithbarney.com">www.morganstanleysmithbarney.com</a>
Nationwide Retirement Solutions	<a href="http://www.nationwide.com">www.nationwide.com</a>
Valic	<a href="http://www.valic.com">www.valic.com</a>
Vanguard	<a href="http://www.vanguard.com">www.vanguard.com</a>
Wells Fargo	<a href="http://www.wellsfargo.com">www.wellsfargo.com</a>

**Note: JHS has provided this list of financial institutions for informational purposes and this list is not all inclusive. JHS is not making an endorsement of any particular institution and is not responsible for any advice or counsel provided by one of the financial institutions.**

## LUMP SUM PAYMENT OPTION

### FREQUENTLY ASKED QUESTIONS

#### **Why am I receiving the information from JHS at this time?**

We want to inform you of an important option for payment of your vested accrued benefit from the Retirement Plan. You now have the option to select a lump-sum payment of your vested accrued pension benefit.

#### **What are my options?**

You may elect to receive a lump-sum (single payment) of your Retirement Plan vested accrued pension benefit, or you may be entitled to receive a monthly annuity if you are currently within 20 years of your normal retirement age. Due to the early retirement reduction factors under the Retirement Plan, the monthly annuity would not be available until you are within 20 years of the normal retirement age (age 62 or 65 depending on your date of hire).

#### **When do I have to make my decision?**

You do not have to make your election now. You may make your decision upon terminating your employment and applying for retirement benefits. Making your election involves reviewing all of the materials included in this guide, and fully completing and returning all of the necessary forms.

Remember, you do not have to make a decision at this time. You may elect your form of payment at a future date or when you attain retirement age according to the Plan. **Once you begin to receive monthly payments as an annuity, you DO NOT have the option to re-elect a lump sum.**

#### **What happens if I decide not to make an election?**

The offer is completely voluntary and you only have to take action if you want to receive your benefit now either as a lump-sum or a monthly annuity. If you do not make any election at this time, you may begin receiving your benefit at any future date.

#### **What interest rate is used to determine the lump-sum?**

Lump-sum payments are based actuarial equivalency as defined in the Retirement Plan document. The interest rate is 7.0%. The lump-sum calculation also involves the use of a standard mortality table, also defined in the Retirement Plan document.



### **Can I roll over my lump-sum?**

Yes, your lump sum can be rolled over to an Individual Retirement Account (“IRA”) or other qualified retirement plan (e.g., another employer’s 401(k) or 403(b) plan which accepts rollovers).

### **What happens if I have previously made employee contributions to the PHT Retirement Plan?**

Since your employee contributions have not already been taxed, the portion of your lump-sum attributable to those contributions may also be rolled over and are included in your lump-sum payment.

### **Do I need spousal consent to take a lump sum?**

Yes, if you take a lump sum payment, your spouse must indicate his or her approval by signing the Spousal Acknowledgement Form included in the Lump-sum Election Kit in the presence of a Notary Public. It is very important to note that this form must be notarized.

### **What if I am divorced?**

If you are divorced and have a Qualified Domestic Relations Order (“QDRO”) in place, you can only make an election for the portion of the benefit that is allocated to you. If you are unsure, or you have not previously reported your QDRO to JHS, please email [PhtRetirement@jhsmiami.org](mailto:PhtRetirement@jhsmiami.org).

### **Who do I contact for more information?**

For more information contact the Employee Benefits department at Employee Benefits department at [PhtRetirement@jhsmiami.org](mailto:PhtRetirement@jhsmiami.org).

## **MAKING YOUR ELECTION**

Thank you for reviewing the guide about your JHS pension benefit and how you might choose to begin taking it.

Please remember, if you elect a monthly annuity payment, you will not be able to change that election to a lump-sum payment in the future. If you elect a lump-sum payment, you will not be entitled to any future benefits from the Retirement Plan, and you will also need to select how you wish to receive your lump-sum payment.

**JHS retains the right to amend or terminate benefit plans for active for former employees at any time, for any reason, subject to the terms and conditions of any applicable collective bargaining agreement.**

*\*Please note that your Lump-sum Payment Election is your responsibility. This Lump-sum Payment Election Reference Guide is intended to assist you in making that election; it is not intended as an endorsement of any payment option. In addition, this Guide is not intended as tax or investment advice. You should consult a tax professional and/or financial advisor when making this decision. This Guide summarizes some of the highlights of the Retirement Plan. If any statement in this Guide or in any other communication conflicts with the plan document, the plan document will govern.*

**SPECIAL TAX NOTICE**  
**YOUR ROLLOVER OPTIONS**

You are receiving this notice because all or a portion of a payment you are receiving from the Public Health Trust of Miami-Dade County, Florida Defined Benefit Retirement Plan (the “Plan”) is eligible to be rolled over to an IRA or an employer plan. This notice is intended to help you decide whether to do such 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). If you also receive a payment from a designated Roth account in the Plan, you will be provided a different notice for that payment, and the Plan administrator or the payer will tell you the amount that is being paid from each account.

Rules that apply to most payments from a plan are described in the “General Information About Rollovers” section. Special rules that only apply in certain circumstances are described in the “Special Rules and Options” section.

**GENERAL INFORMATION ABOUT ROLLOVERS**

**How can a rollover affect my taxes?**

You will be taxed on a payment from the Plan 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). However, if you do a rollover, you will not have to pay tax until you receive payments later and the 10% additional income tax will not apply if those payments are made after you are age 59½ (or if an exception applies).

**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 plan, section 403(b) plan, or governmental section 457(b) 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, the Plan 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 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 (up to the amount of cash and property received other than employer stock). This means that, in order to roll over the entire payment in a 60-day rollover, you must use other funds to make up for the 20% withheld. If you do not roll over the entire amount of the payment, 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 the Plan 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)
- Required minimum distributions after age 70½ (or after death)

The Plan administrator or the payer 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 the separation
- Payments made due to disability
- Payments after your death
- Payments made directly to the government to satisfy a federal tax levy
- Payments made under a qualified domestic relations order (QDRO)
- Payments up to the amount of your deductible medical expenses

### **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 (QDROs) 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 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 generally included in the payment. 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.

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 a portion is paid to you, each of the payments will include an allocable portion of the after-tax contributions. If you do a 60-day rollover to an IRA of only a portion of the payment made to you, the after-tax contributions are treated as rolled over last. For example, assume you are receiving a complete distribution of your benefit which totals \$12,000, of which \$2,000 is after-tax contributions. In this case, if you roll over \$10,000 to an 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, Individual Retirement Arrangements (IRAs).

### **If your payment includes employer stock that you do not roll over**

If you do not do a rollover, you can apply a special rule to payments of employer stock (or other employer securities) that are either attributable to after-tax contributions or paid in a lump sum after separation from service (or after age 59½, disability, or the participant's death). Under the special rule, the net unrealized appreciation on the stock will not be taxed when distributed from the Plan and will be taxed at capital gain rates when you sell the stock. Net unrealized appreciation is generally the increase in the value of employer stock after it was acquired by the Plan. If you do a rollover for a payment that includes employer stock (for example, by selling the stock and rolling over the proceeds within 60 days of the payment), the special rule relating to the distributed employer stock will not apply to any subsequent payments from the IRA or employer plan. The Plan administrator can tell you the amount of any net unrealized appreciation.

### **If you have an outstanding loan that is being offset**

If you have an outstanding loan from the Plan, your Plan benefit may be offset by the amount of the loan, typically when your employment ends. The loan offset amount is treated as a distribution to you at the time of the offset and will be taxed (including the 10% additional income tax on early distributions, unless an exception applies) unless you do a 60-day rollover in the amount of the loan offset to an IRA or employer plan.

**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 your payment is from a governmental section 457(b) plan**

If the Plan is a governmental section 457(b) plan, the same rules described elsewhere in this notice generally apply, allowing you to roll over the payment to an IRA or an employer plan that accepts rollovers. One difference is that, if you do not do a rollover, you will not have to pay the 10% additional income tax on early distributions from the Plan even if you are under age 59½ (unless the payment is from a separate account holding rollover contributions that were made to the Plan from a tax-qualified plan, a section 403(b) plan, or an IRA). However, if you do a rollover to an IRA or to an employer plan that is not a governmental section 457(b) plan, a later distribution made before age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies). Other differences are that you cannot do a rollover if the payment is due to an “unforeseeable emergency” and the special rules under “If your payment includes employer stock that you do not roll over” and “If you were born on or before January 1, 1936” do not apply.

**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**

If the Plan is a governmental plan, 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 member of a rescue squad or ambulance crew.

**If you roll over your payment to a Roth IRA**

You can roll over a payment from the Plan made before January 1, 2010 to a Roth IRA only if your modified adjusted gross income is not more than \$100,000 for the year the payment is made to you and, if married, you file a joint return. These limitations do not apply to payments made to you from the Plan after 2009. If you wish to roll over the payment to a Roth IRA, but you are not eligible to do a rollover to a Roth IRA until after 2009, you can do a rollover to a traditional IRA and then, after 2009, elect to convert the traditional IRA into a Roth IRA.

If you roll over the payment 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). For payments from the Plan during 2010 that are rolled over to a Roth IRA, the taxable amount can be spread over a 2-year period starting in 2011.

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 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, Individual Retirement Arrangements (IRAs).

You cannot roll over a payment from the Plan to a designated Roth account in an employer plan.

### **If you are not a plan 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 this 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 the Plan 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 the Plan, 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 the Plan 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 order. If you are the spouse or former spouse of the participant who receives a payment from the Plan under a qualified domestic relations order (QDRO), 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 QDRO 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%, the Plan 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 (not including payments from a designated Roth account in the Plan), the Plan 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 payer. 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.

### **FOR MORE INFORMATION**

You may wish to consult with the Plan administrator or payer, or a professional tax advisor, before taking a payment from the Plan. 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, 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](http://www.irs.gov), or by calling 1-800-TAX-FORM.



**Tax Sheltered Annuity(TSA) Contact List**  
**403(b) Retirement Plans & 457 Deferred Compensation Plans**

Please contact the following providers for information and/or assistance with the Tax Sheltered Annuity 403(b) Retirement Plans and Deferred Compensation 457 Plans.

**FIDELITY Investments:**  
**403(b)**

**1-800-343-0860**  
#51502 (Employer Plan Number)  
**Julie Cornell-Armengol**  
800-603-4015  
[Julie.Cornell@FMR.com](mailto:Julie.Cornell@FMR.com)

**LINCOLN Financial Group:**  
**403(b) & 457**

**Doris Obregon**  
786-720-9728  
[Doris.Obregon@LFG.com](mailto:Doris.Obregon@LFG.com)

**Nationwide Retirement Solutions:**  
**457**

**Aaron R. Schwartz**  
305-439-9550  
[schwara5@nationwide.com](mailto:schwara5@nationwide.com)  
#609177 (Employer Plan Number)

**VALIC:**  
**403(b) & 457**

**Denise Abi-Fadel**  
305-505-8290  
[denise.abi-fadel@valic.com](mailto:denise.abi-fadel@valic.com)  
**Dida Langsdale**  
305-984-2236  
[candida.langsdale@valic.com](mailto:candida.langsdale@valic.com)  
**Molly Shrauner**  
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[molly.shrauner@valic.com](mailto:molly.shrauner@valic.com)  
**Armando Vazquez**  
305-409-3156  
[armando.vazquez@valic.com](mailto:armando.vazquez@valic.com)  
**Al Wishneff**  
954-224-7018  
[albert.wishneff@valic.com](mailto:albert.wishneff@valic.com)

**VOYA Financial**  
**403(b) & 457**

**Pam Boatman**  
305-234-3246  
[pam.boatman@voyafa.com](mailto:pam.boatman@voyafa.com)  
  
**Gwenn Wayne**  
954-486-2236  
[gwenn.wayne@voyafa.com](mailto:gwenn.wayne@voyafa.com)  
Group#09058

## Personal Leave

Payout of 100% of accrued bank up to 500 hours at current base hourly rate of pay. The 500-hour accrual maximum includes converted sick leave.

## Extended Illness

For employees covered under the AFSCME Bargaining Unit, please refer to your Union contract or contact your local representative.

Payout after a minimum of ten years of full-time continuous employment in accordance with the following schedule:

Less than 10 years	No payment
10 years but less than 11 years	25% payment
11 years but less than 12 years	30% payment
12 years but less than 13 years	35% payment
13 years but less than 14 years	40% payment
14 years but less than 15 years	45% payment
15 years but less than 16 years	50% payment
16 years but less than 17 years	55% payment
17 years but less than 18 years	60% payment
18 years but less than 19 years	65% payment
19 years but less than 20 years	70% payment
20 years but less than 21 years	75% payment
21 years but less than 22 years	77.5% payment
22 years but less than 23 years	80% payment
23 years but less than 24 years	82.5% payment
24 years but less than 25 years	85% payment
25 years but less than 26 years	87.5% payment
26 years but less than 27 years	90% payment
27 years but less than 28 years	92.5% payment
28 years but less than 29 years	95% payment
29 years but less than 30 years	97.5% payment
30 years or more	100% payment

Employees with less than thirty (30) years full-time continuous Trust/County employment who retire or resign from the Trust will be eligible to receive payment for up to a maximum of 1,000 hours of accrued extended illness leave.