

DROP Distribution Request



DROP funds may be distributed under the following circumstances:

- After two years of DROP participation (if you entered DROP at age 52 or later)
- After three years of DROP participation (if you entered DROP at less than age 52)
- If you have been granted a disability retirement in the line of duty and you waive the disability retirement benefit
- To a surviving spouse, designated beneficiary, or estate of a DROP participant
- Application will not be held more than 90 days from signature date

Section 1 – Member Information

Last Name		First Name	Middle Initial
Street Address			
City		State	Zip Code
XXX-XX-SSN	DOB	Home Phone (if applicable)	
Email Address		Cell Phone	
Marital Status (Single, Married, Divorced, Widowed)		Marriage Date (if applicable)	Divorce Date (if applicable)
Spouse's Name		Spouse's SSN	Spouse's DOB

Section 2 – Distribution Methods

You may select from any one (or a combination) of the following distribution methods:

- A one-time lump sum distribution to member
- Partial lump-sum distributions (\$1,000 minimum; up to four requests each calendar year) to member
- Monthly distributions (\$100 minimum) added to member's monthly benefit check

Please allow up to ninety (90) days for processing of your initial DROP Distribution Request. All distributions (except rollovers) will be electronically deposited to your bank account. Unless your entire DROP distribution request is a rollover, please provide the following information for Electronic Deposit. Failure to complete this section will delay your refund or transfer. If the funds are to be deposited into a checking account, please forward a VOIDED check (not a deposit slip).

Financial Institution: _____

9-digit Routing Number: _____

Account Number: _____

Checking Savings

Section 3 – Select Distribution Method

Lump Sum Distribution: 20% federal taxes will be withheld unless specific withholding instructions are provided on the HPRS Benefits Tax Withholding Certification form.

In addition to federal tax, I elect to have State of Ohio tax withheld in the amount of _____ .
(\$ or %)

Partial Lump Sum Distribution: \$1,000 minimum; up to four requests each calendar year; 20% federal taxes will be withheld unless specific withholding instructions are provided on the HPRS Benefits Tax Withholding Certification form.

One-time amount \$ _____

In addition to federal tax, I elect to have State of Ohio tax withheld in the amount of _____ .
(\$ or %)

Monthly Distribution included with your monthly pension: \$100 minimum and standard monthly taxes will apply.

Monthly amount \$ _____

Rollover: \$100 minimum.

One-time amount \$ _____ (leave amount blank if full account will be transferred)

Section 4 – Transfer / Rollover Qualifying Contributions

Please complete this section to authorize the transfer of your DROP proceeds to an IRA or other qualified plan. **Please contact the plan administrator to request initiation of the transfer.**

IRA or Qualified Plan Custodian

Street Address

City

State

Zip Code

Contact Person

Phone Number

FAX Number

Account Number

Section 5 – To be Completed in the Presence of a Notary Public

I authorize HPRS to distribute my DROP proceeds in accordance with this request. This authorization revokes all prior DROP Distribution Requests. I understand that I cannot revoke a request after payment has been issued.

▶ _____
Signature Date

Notary Public Acknowledgement

State of Ohio, County of _____

On this day appeared before me _____ and attested that the information provided in this form is true and correct.

Sworn to and subscribed before me in my presence this _____ day of _____, _____

(Seal)

▶ _____
Notary's Signature

Print Name

Commission Expiration Date

Tax Notice – DROP Distribution

General Information

This notice, required by the Internal Revenue Service, contains important tax information you will need before you decide to receive your monthly pension and DROP proceeds.

Pension income and DROP distributions are subject to federal and state income tax regulations. HPRS will withhold and remit federal and Ohio income taxes on your behalf. If you are a resident of another state, please check with your state taxation department for any state tax obligation.

Pension income and DROP distributions may also be subject to city and/or school tax regulations. Many cities and school districts exempt pension income from taxation. Please check with your local tax department(s) for any local tax obligations.

Pension income and DROP distributions may be subject to division of property orders, withholding orders for spousal or child support, and federal tax liens, pursuant to Ohio Revised Code Sections 3105.80 to 3105.90.

Distribution Rollover

You may rollover all -- or any portion -- of your DROP proceeds to an IRA or another qualified plan. With a direct rollover, the eligible distribution is issued directly from HPRS to another qualified plan. You will not be taxed on the distribution until the funds are withdrawn from the qualified plan.

In choosing an administrator, you may want to consider any restrictions on future rollovers from the plan.

Lump Sum Distribution

If your refund of DROP proceeds exceeds \$200, 20% will be withheld and remitted to the IRS. The 80% balance will be paid to you. The gross amount of the refund will be taxable income to you in the year it is paid.

Sixty-Day Rollover option. If you have an eligible distribution paid to you, you may still rollover all -- or any portion -- to an IRA or another qualified plan within sixty (60) days of receipt. The portion of your DROP proceeds that are rolled over will not be subject to immediate taxation.

You may rollover up to 100% of the distribution, including an amount equal to the 20% tax withholding; however, HPRS cannot refund the tax withholding to you. If you only deposit 80% of the distribution as a rollover, you will be taxed on the amount that you did not rollover (i.e., the 20% tax withheld).

Example 1:

Of your \$1,000 distribution, you receive \$800, and \$200 is withheld for federal taxes. You decide to contribute \$1,000 to an IRA within sixty days as a rollover. You may contribute the \$800 that you received and \$200 additional dollars to defer taxation on the entire \$1,000. You will include the \$200 withholding on your annual tax returns.

Example 2:

Of your \$1,000 distribution, you receive \$800, and \$200 is withheld for federal taxes. You decide to contribute \$800 to an IRA within sixty days as a rollover. You will be taxed on the \$200 as income, while deferring taxation on the \$800. You will include the \$200 withholding on your annual tax returns.

Additional 10 percent tax if you are under age 50. If you receive a refund before you reach the age of 50, you may owe an additional ten (10%) percent penalty in addition to the regular income tax. See IRS Form 5329 for more information.

This notice only seeks to summarize federal tax rules that might apply to your refund, and it should not be relied upon. The rules described above are complex and contain many conditions and exceptions that are not included in this notice. You should consult with a professional tax advisor before you take a payment of your refund from HPRS. 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 at www.irs.gov, from your local IRS office, or by calling 1-800-TAX-FORMS.