

DROP Member or Pensioner Distribution Election Form



D A L L A S
POLICE & FIRE
PENSION SYSTEM



Member's name _____

Member's Social Security number: _____
Police Department Fire Department

I hereby elect the following form of distribution from DROP benefits that are separately accounted for in my name by the Dallas Police and Fire Pension System. I understand that my election will not take effect earlier than thirty (30) days after the date this form is accepted by the Pension System's administrative office.

Notwithstanding the date a person requests a distribution to begin, no distribution may begin before the DROP participant terminates Active Service.

(Select one)

- _____ I. An annuity that is payable over my life, to commence on ____/____/____.
- _____ II. A joint and survivor annuity that is payable over my life and the life of my designated beneficiary, to commence on ____/____/____.
- _____ III. A lump-sum distribution of the entire amount of my DROP benefits to be made as soon as administratively feasible after ____/____/____.
- _____ IV. A lump-sum distribution of \$ _____ to be made as soon as administratively feasible after ____/____/____.
- _____ V. Distributions in substantially equal monthly payments of \$ _____ over a period of approximately ____ year(s) to commence on ____/____/____.
- _____ VI. No distribution at this time.

I understand:

- With the exception of an election of a life annuity or a joint and survivor annuity (options I and II above), which may not be changed after payments commence, I understand that I can revoke or amend my Distribution Election at any time before I attain seventy and one-half (70½) years of age to receive an additional distribution (or distributions) or to accelerate or delay any distribution (or distributions) not then due, provided that any change will not take effect for a minimum of thirty (30) days after such election is accepted by the Pension System's administrative office. However, if I am a Pensioner who has been deferring my pension into DROP, I understand that this distribution will revoke my election to defer my pension into DROP, and I will thereafter receive my pension directly.

- Any remaining DROP benefits that are separately accounted for in my name must be distributed or commence to be distributed on or before April 1st of the year after I attain the age of seventy and one-half (70½) in a lump sum or in substantially equal amounts over my life expectancy.
- If I take a full or partial lump sum payment, I will be able to make a tax-free rollover of the taxable portion of that distribution of my DROP benefits into an individual retirement account or a tax qualified plan of my new employer that will accept the rollover. The taxable portion of any distribution of my DROP benefits generally will be an eligible rollover distribution, if it is not a part of a series of substantially equal periodic payments made at least annually over a period of 10 years or more.
- If I begin to receive annual (or more frequent) installment payments over a period of 10 or more years and later decide to take an extra distribution, it may be eligible for rollover distribution. If the extra distribution results in a significant change in the amount or duration of their remaining periodic payments, a new determination will be required at that time as to whether the remaining payments will be substantially equal periodic payments.
- If any distribution of my DROP benefits is an eligible rollover distribution, I understand that the Pension System is required by law to withhold federal income tax at the rate of 20 percent (20%) of such distribution unless I direct the Pension System’s administrative office to pay the distribution directly into a tax qualified plan or an IRA established on my behalf. If the distribution is not an eligible rollover distribution, I will be able to elect whether or not federal income tax shall be withheld from the distribution.
- Under current law, if my Spouse or former spouse receives a distribution of my DROP benefits because I die before all amounts from my DROP account have been distributed or because my Spouse or former spouse is an “Alternate Payee” under a “Qualified Domestic Relations Order,” the determination of whether such distribution is an eligible rollover distribution and subject to mandatory federal income tax withholding will be made by applying the same rules that apply to me.
- Under current law, distributions to a beneficiary, who is not a Spouse or former spouse (including distributions to Dependent Children or Dependent Parent), although generally subject to federal income tax, are not eligible rollover distributions and are not subject to mandatory federal income tax withholding.
- If I terminated active employment with the Police Department or Fire Department before the year I attained age 55, it has also been explained to me that distributions made before the later of the date I attain age 59½ or have been in pay status for five years may be subject to an additional 10% early distribution tax unless the distribution is part of a program of substantially equal periodic payments, or the distribution is rolled into an IRA or my new employer’s tax qualified plan.
- Finally, that whether and the extent to which I, my Spouse or my former spouse may be entitled to receive a distribution, or rollover a distribution, is subject to federal tax laws. These laws, which change from time to time, could restrict the way my DROP benefits can be received or rolled over, by me, my Spouse, or my former spouse.

Member’s signature _____

Date ____/____/____