

FULL REFUND OF ANNUITY CONTRIBUTIONS

ELIGIBILITY REQUIREMENTS

You can receive a full refund of your pension contributions if you terminate your employment and you are:

- Less than age 55; or
- Between the ages of 55 and 60, with less than 10 years of contributing service.

Please Note: You may be eligible for a refund in lieu of annuity from this Fund if you qualify for an annuity amounting to less than \$800.00 per month. Please contact the Fund office for more information regarding refund in lieu of annuity.

AMOUNT OF REFUND

Your refund will consist of your pension contributions, plus 3% interest credited by the Fund until your resignation or separation from service. If you received Duty Disability benefits from the Fund after 1981, or Ordinary Disability benefits after 2000, the 8.5% pension contribution paid by the Fund on your behalf would not be refunded to you. Also, any prior overpayment of benefits would be subtracted from your refund.

If you apply for a refund, the full refund of your contributions will be paid at one time. Partial withdrawals of contributions are not allowed, nor can you borrow from your pension account.

TAXABILITY OF REFUND

The interest included in your refund, together with your pension contributions which were previously not included as taxable income on your W-2's, is subject to Federal Income Tax.

For a City of Chicago employee, the taxable amount would include interest paid by the Fund, plus all pension contributions deducted after 1981.

For a Board of Education employee, the taxable amount of the refund would include the interest paid by the Fund, plus the 7% "Pension Pick-up" amounts paid by the Board of Education and the employee's portion of the pension contributions after May 27, 2000.

Federal legislation requires that the Fund withhold Federal Income Tax on the taxable portion of your refund at the rate of 20% unless you elect to rollover the taxable portion of your refund to an IRA or qualified retirement plan. In addition, you may be subject to a 10% penalty tax if you are under age 59 ½ and do not rollover the taxable portion of your refund. See "Special Tax Notice Regarding Plan Payments".

If you have any questions regarding the application process or your benefits please contact the Fund office at (312) 236-4700.

INSTRUCTIONS FOR COMPLETING APPLICATION FOR FULL REFUND FORM

SECTION 1 – MEMBER INFORMATION

Enter all requested information. Please make sure to list an emergency contact name and telephone number.

SECTION 2 –SERVICE ACKNOWLEDGEMENT

If an employee withdraws from service under age 55 with at least 10 years of service credit, he or she may accept a refund of contributions or may let the contributions remain in the Fund and receive an annuity beginning upon application for such annuity after they attain age 55 or age 60. If you have at least 10 years of service credit in the Fund, please indicate if you would like to receive an estimate of your monthly annuity options.

SECTION 3 – CERTIFICATION

Sign and date form and have it notarized.

DIRECT ROLLOVER / DISTRIBUTION ELECTION FORM

You must also complete the Direct Rollover / Distribution Election form indicating how you would like to receive your refund. Indicate whether you want your refund paid directly to you or rolled over to an IRA or eligible retirement plan. Also, indicate if you want your refund check mailed to you or held for pick up at the Fund office. **If the Direct Rollover / Distribution Election form is missing, your refund application will not be processed.**

Return completed Application for Refund form and Direct Rollover / Distribution Election form along with the following documents:

1. Copy of approved resignation letter from your employer
2. Copy of Driver's License (front and back) or State I.D.
3. Copy of Social Security card

IMPORTANT INFORMATION

- In order to begin the processing of your refund, your application must be complete. Processing of your application will take about two months after your resignation and application.
- Please keep in mind that if you accept a position with the Board of Education or the City of Chicago before you receive your refund, the refund will be cancelled and your pension credits will continue to accrue.
- If you have a loan balance with the Municipal Employees Credit Union, the amount owed will be deducted from your refund and sent to the credit union for payment.
- In January of the following year, you will receive a 1099R Form for tax purposes. If you move before then, please notify our office of your new address.
- A member who receives a full refund of his pension contributions forfeits all rights in the Fund for himself and for any other person who might benefit through the employee for service rendered prior to date of application for refund. If, after receiving your refund, you return to City of Chicago or Board of Education service for at least 90 days, or go work for an Illinois Reciprocal Fund for at least 2 years, you would be eligible to re-instate your service credit in the Fund by repaying your refund with interest.



Municipal Employees' Annuity and
Benefit Fund of Chicago
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www.meabf.org

SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS

You are receiving this notice because all or a portion of a payment you are receiving from the Municipal Employees' Annuity and Benefit Fund of Chicago (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.

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 to a traditional IRA or an eligible employer plan, 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. 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.

1) *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.

2) *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. 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
- Certain payments made while you are on active duty if you were a member of a reserve component called to duty after September 11, 2001 for more than 179 days

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 59 ½, 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.

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 you have an outstanding loan that is being offset

If you have an outstanding loan from an employee credit union where you have pledged your Plan refund as security for the loan, your Plan benefit may be offset by the amount of the loan when your employment ends. The loan offset 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 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 59 ½ (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 made after the 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 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 your payments for the year are less than \$200, 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.

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, or by calling 1-800-TAX-FORM.



Municipal Employees' Annuity and Benefit Fund of Chicago
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APPLICATION FOR FULL REFUND

PLEASE READ INSTRUCTIONS BEFORE COMPLETING FORM.

SECTION 1 – MEMBER INFORMATION

NAME (FIRST, MI, LAST)		SOCIAL SECURITY NUMBER
ADDRESS		
CITY, STATE, ZIP		PHONE NUMBER
DATE OF RESIGNATION	E-MAIL ADDRESS (OPTIONAL)	
DEPARTMENT	JOB TITLE	
EMERGENCY CONTACT INFORMATION		
NAME (FIRST, MI, LAST)		PHONE NUMBER

SECTION 2 – SERVICE ACKNOWLEDGEMENT

Do you have 10 or more years of service credit in the Fund? NO YES If YES, please answer the following:

I understand that since I have paid into this Fund for 10 or more years that I have the right to leave my accumulated pension contributions in the Fund until I attain the age of 55 or 60, after which time I may collect a monthly annuity.

I am interested in knowing my annuity options. Please send me an estimate of what the monthly annuity would be at age 55 and age 60. I understand this may delay my refund. NO YES

SECTION 3 – NOTARY CERTIFICATION

I hereby apply for refund of deductions made from my salary for annuity purposes, with interest to my resignation from service date, in accordance with the provisions of the Act applicable to the Municipal Employees' Annuity and Benefit Fund of Chicago.

In making this application, I declare that I was a Municipal Employee of the City of Chicago/ Chicago Board of Education prior to my resignation date but that on said date I became separated from service and am not now a Municipal Employee of the City of Chicago or Chicago Board of Education.

I acknowledge and understand that by taking a refund, I forfeit all rights to future benefits from this Fund.

MEMBER SIGNATURE _____

State of _____

County of _____

Subscribed and sworn to before me this _____ day of _____, _____

NOTARY PUBLIC _____ **SEAL**

- PLEASE MAKE SURE TO INCLUDE THE FOLLOWING DOCUMENTS WITH YOUR APPLICATION
1. Copy of approved resignation letter from your employer.
 2. Copy of Driver's License (front and back) or State I.D.
 3. Copy of Social Security Card.

YOU MUST ALSO COMPLETE DIRECT ROLLOVER / DISTRIBUTION ELECTION

ORIGINAL DOCUMENT REQUIRED. DO NOT FAX

Be advised that under Illinois law (P.A. 97-0651) MEABF is required to report to the State's Attorney for investigation any reasonable suspicion of any falsified statement or record or any fraudulent claim involving the MEABF. Under State law, a person convicted of fraud may be subject to a fine of not more than \$25,000 or imprisonment for not more than five (5) years or both.

DIRECT ROLLOVER / DISTRIBUTION ELECTION

Refunds issued by this Fund to former participants include employee contributions together with accrued interest until date of resignation or withdrawal from the service.

Interest included in refunds together with annuity contributions previously not included in salary for tax purposes is subject to Federal Income Tax. **Federal legislation provides that the Fund must withhold Federal Income Tax on the taxable portion of your refund at the rate of 20% unless you elect to directly rollover the taxable portion of your refund to an IRA or qualified retirement plan.**

SECTION 1 – APPLICANT INFORMATION

NAME (FIRST, MI, LAST)	SOCIAL SECURITY NUMBER
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SECTION 2 – ROLLOVER ELECTION

Please note: If you are under age 59 ½, and you do not rollover the taxable portion of your refund, you may have to pay an extra tax equal to 10% of the taxable portion of the refund. See "Special Tax Notice Regarding Plan Payments" for more information.

Please check **one** of the following

I DO NOT WANT A DIRECT ROLLOVER. The entire amount of the refund (less the required 20% tax withholding amount) should be paid to me. **(Go To Section 4)**

Rollover only all of the taxable contributions. Any previously taxed contributions should be paid to me. The taxable amount will be rolled over to the IRA, 401k, or eligible retirement plan as named below.

Rollover the entire amount, including taxable and previously taxed contributions, and make payable to the IRA, 401k or eligible retirement plan as named below.

Partial rollover _____ % of refund OR \$ _____. The balance of my refund (less any required Federal Income Tax withholding) should be paid to me. The percentage or dollar amount indicated will be rolled over to the IRA, 401k, or eligible retirement plan as named below.

I elect to have \$ _____ of my refund (after any required Federal Income Tax withholding) to be paid to me. The balance of my refund will be rolled over to the IRA, 401K, or eligible retirement plan as named below.

SECTION 3 – FINANCIAL INSTITUTION INFORMATION (REQUIRED FOR DIRECT ROLLOVER ONLY)

Your direct rollover will be accomplished by issuing a check made payable to the order of the trustee (for your benefit) of the IRA or qualified plan which you designate to accept the rollover. The check, however, will be given to you. It is your responsibility to deliver the rollover check to the trustee or financial institution.

NAME OF FINANCIAL INSTITUTION CHECK IS TO BE MADE PAYABLE TO _____

SECTION 4 – CHECK PAYMENT ELECTION

Please check **one** of the following

I would like my Refund Check

MAILED

HELD FOR PICK-UP

SECTION 5 – CERTIFICATION

I certify that the foregoing information is correct and that the retirement plan I have designated (if any) to receive my plan distribution in the form of a direct rollover is an individual retirement arrangement or annuity or a qualified retirement plan that is eligible to receive and will accept my plan distribution as a direct rollover.

APPLICANT SIGNATURE

DATE

ORIGINAL DOCUMENT REQUIRED. DO NOT FAX

Be advised that under Illinois law (P.A. 97-0651) MEABF is required to report to the State's Attorney for investigation any reasonable suspicion of any falsified statement or record or any fraudulent claim involving the MEABF. Under State law, a person convicted of fraud may be subject to a fine of not more than \$25,000 or imprisonment for not more than five (5) years or both.