

**Knox County Retirement & Pension Board**  
 City-County Building, Room 371  
 400 Main Street  
 Knoxville, Tennessee 37902-2409  
 Phone: (865) 215-2323 Fax: (865) 215-2421



**Asset Accumulation Program  
 (401A and 457B)  
 Application for  
 Distribution/Rollover**

Employee # \_\_\_\_\_

**Part 1 EMPLOYEE DATA**

Participant Name		Social Security No.		Date of Birth	
Street		Maiden or Other Names Used		Date of Hire	
City		State	Zip	Daytime Phone	Date of Termination
Check One: <input type="checkbox"/> County Dept: _____ <input type="checkbox"/> Schools Dept: _____ <i>Do you want to pick up your check?</i> <input type="checkbox"/> Yes <input type="checkbox"/> No					

**Part 2 NOTICE OF WITHHOLDING**

All distributions issued directly to former members of KCRS are subject to federal income tax withholding at a rate of 20% of the taxable portion of the distribution. However, the taxable portion of the distribution may be transferred directly from KCRS to an IRA or a new Employer's Plan, with the non-taxable portion (if any) being distributed directly to you. The non-taxable portion is also eligible for rollover to an IRA or Employer's Plan upon consent of the Plan Administrator or IRA Custodian. If you choose to have the taxable portion transferred directly to an IRA or an Employer's Plan, the distribution will not be taxable and federal income tax will not be withheld.

**Part 3 TYPE OF ACCOUNT (Select all that apply) (Complete two forms if electing different payment authorization for each Plan)**

**Asset Accumulation 401A Plan (Mandatory)**  **Deferred Compensation 457 Plan-USI (Voluntary)**  
*If you have invested with another 457 provider (other than USI), you must apply for a distribution directly with the specific provider.*

**Part 4 PAYMENT AUTHORIZATION**

**Check One:**

Lump Sum Distribution, payable to me. 20% of the taxable portion will be withheld for federal income tax.

I elect to have the non-taxable amount distributed to me and the taxable amount transferred directly to the IRA or Employer's Plan listed below. (Complete IRA Direct Transfer Information or Employer's Plan Information and obtain consent of Plan Administrator or IRA Custodian).

I elect to have the non-taxable amount **and** the taxable amount transferred directly to the IRA or Employer's Plan listed below. (Complete IRA Direct Transfer Information or Employer's Plan Information and obtain consent of Plan Administrator or IRA Custodian).

I want \$ \_\_\_\_\_ or \_\_\_\_\_ % of my distribution transferred directly to the IRA or Employer's Plan listed below and the remainder issued to me. (Complete IRA Direct Transfer Information or Employer's Plan Information and obtain consent of Plan Administrator or IRA Custodian).

I want to withdraw my contributions and earnings, leaving the balance of my account at the County until retirement age. (You must have at least 5 years of service to exercise this option).

**Part 5 IRA DIRECT TRANSFER INFORMATION**

Name of IRA Trustee:			Make Check Payable To:		
Address:			Contact Person:		
City	State	Zip Code	Phone No.	Account No.	

The IRA will accept the following type of contributions:  Pre-tax funds only  Pre-tax and post-tax funds

I hereby acknowledge that pursuant to the terms of the above-named plan, such plan will accept the transfer of the above-named participant's account.

Date: \_\_\_\_\_ Name: \_\_\_\_\_ Title: \_\_\_\_\_ Phone Number: \_\_\_\_\_

**Part 6 EMPLOYER'S PLAN TRANSFER INFORMATION**

Upon your termination of employment for any reason, you may elect to transfer you entire vested Individual Account balance to a plan maintained by a subsequent employer provided the following conditions are met:

- The plan that you transfer your account to must be qualified under section 401(a) or 457(b) of the Internal Revenue Code. (It may not be an Individual Retirement Account),
- The plan must accept direct transfers from other plans, 401(a) and 457(b)
- You must transfer and/or withdraw your entire vested Individual Account to the new plan based on above Payment Authorization election.

Once your account is transferred it will be subject only to the provisions of the new plan; the provisions of the Knox County Employee Retirement and Asset Accumulation Plan will no longer apply. By transferring your account, you will defer payment of income tax until you withdraw the funds from the new plan. **If you wish to transfer your account, the employer maintaining the plan to which you are transferring your account must complete the information below.**

**Information Regarding Transferee Plan  
 (TO BE COMPLETED BY PLAN ADMINISTRATOR FOR NEW EMPLOYER'S PLAN)**

Name of Plan: \_\_\_\_\_ Plan Identification Number: \_\_\_\_\_

The Plan will accept the following type of contributions:  Pre-tax funds only  Pre-tax and post-tax funds

Make Check Payable To: \_\_\_\_\_

Mail Check To: \_\_\_\_\_

Special Instructions Regarding Transfer (if any): \_\_\_\_\_

I hereby acknowledge that pursuant to the terms of the above-named plan, such plan will accept the transfer of the above-named participant's account.

Date: \_\_\_\_\_ Name: \_\_\_\_\_ Title: \_\_\_\_\_ Phone Number: \_\_\_\_\_

**Part 7 PARTICIPANT'S SIGNATURE**

I hereby authorize the County to take such actions as are necessary to effectuate my election in Part 4 above. I further understand that my election, once made, is irrevocable. I have read the above Notice of Withholding (Part 2) regarding Plan Payments (if applicable), and hereby represent that I understand the notice.

Signature		Date			
<b>TO BE COMPLETED BY RETIREMENT DEPARTMENT</b>					
Plan Administrator Authorization		Date	Credited Service: _____ year(s) _____ month(s)	401(a) Asset Accumulation Post Tax Amount \$ _____	457(b) Deferred Comp Post Tax Amount \$ _____

**SPECIAL TAX NOTICE  
KNOX COUNTY RETIREMENT SYSTEM  
ASSET ACCUMULATION PLAN DISTRIBUTION PAYMENTS**

This notice contains important information regarding Federal tax rules, which may apply to your distribution. Your distribution will consist of a taxable portion and possibly, a non-taxable portion.

**NON-TAXABLE PORTION OF YOUR DISTRIBUTION**

The non-taxable portion is the amount of your previously taxed Asset Accumulation 401(a) or Deferred Compensation 457(b) contributions (if any.) If you have made any after-tax contributions to KCRS, you may elect to have this amount distributed to you tax-free. You may also choose to have the non-taxable portion of your distribution (1) paid directly to a traditional IRA; or (2) paid to another employer's plan. The administrator of the IRA or Employer's Plan must acknowledge they will accept the non-taxable portion.

**TAXABLE PORTION OF YOUR DISTRIBUTION**

The taxable portion of your distribution includes any accumulated interest and employee tax-deferred contributions made by the County on your behalf. You may choose to have your distribution (1) paid directly to a traditional IRA; or (2) paid to another employer's plan that will accept it; or (3) paid directly to you.

**Direct Rollover Options:** If you choose "direct rollover" option (1) or (2) above, your distribution will not be taxed in the current year and no income tax will be withheld because your payment will be made directly to your traditional IRA or, if you choose, to another employer's plan that accepts your rollover. Your Plan payment cannot be rolled over to a Roth IRA, a SIMPLE IRA, or an education IRA because these are not traditional IRAs. Please note that an employer's plan is not legally required to accept a rollover. If your new employer's plan does not accept a rollover, you can choose a direct rollover to a traditional IRA. Your payment will be taxed later when you withdraw it from the traditional IRA or the employer's plan.

**Payment Made to You:** If you choose to have your distribution paid to you: (1) You will receive only 80% of the payment, because the County is required to withhold 20% of the payment and send it to the IRS as income tax withholding to be credited against your taxes. (2) Your payment will be taxed in the current year unless you roll it over. Under limited circumstances, you may be able to use special tax rules that could reduce the tax you owe. However, if you receive the payment before age 59-1/2, you may also have to pay an additional 10% early withdrawal tax penalty. This 10% early withdrawal tax penalty does not apply to distributions from the Deferred Compensation 457 Plan. (3) You can roll over the payment yourself by paying it to your traditional IRA or to another employer's plan that accepts your rollover within 60 days after you receive the payment. The amount rolled over will not be taxed until you take it out of the traditional IRA, or the employer's plan.

If you want to roll over 100% of the payment to a traditional IRA or another employer's plan, you must find other money to replace the 20% that was withheld. If you roll over only the 80% that you received, you will be taxed on the 20% that was withheld and not rolled over.

**Additional 10% Tax If You Are Under Age 59-1/2.** If you receive a payment before you reach age 59-1/2 and you do not roll it over, then, in addition to the regular income tax, you may have to pay a 10% early withdrawal penalty on the taxable portion of the payment. This 10% early withdrawal tax penalty does not apply to distributions from the Deferred Compensation 457 Plan. Also the additional 10% tax generally does not apply to (1) payments that are paid after you separate from service with the County during or after the year you reach age 55, (2) payments that are paid because you retire due to disability, (3) payments that are paid directly to the government to satisfy a federal tax levy, (4) payments that are paid to an alternate payee under a qualified domestic relations order, or (5) payments that do not exceed the amount of your deductible medical expenses. See IRS Form 5329 for more information on the additional 10% tax.

**Special Tax Treatment If You Were Born before January 1, 1936.** If you choose not to roll over your distribution, the payment will be taxed in the year you receive it. However, if the payment from the Asset Accumulation 401(a) Plan qualifies as a "lump sum distribution," it may be eligible for special tax treatment. A lump sum distribution is a payment, within one year, of your entire balance under the Asset Accumulation Plan that is payable to you after you have reached age 59-1/2 or because you have separated from service with the County. For a payment to be treated as a lump sum distribution, you must have been a participant in the plan for at least five years before the year in which you received the distribution. The special tax treatment for lump sum distributions that may be available to you is described below.

**Ten-Year Averaging.** If you receive a lump sum distribution and you were born before January 1, 1936, you can make a one-time election to figure the tax on the payment by using "10-year averaging" (using 1986 tax rates). Ten-year averaging often reduces the tax you owe.

**Capital Gain Treatment.** If you receive a lump sum distribution and you were born before January 1, 1936 and if you were a participant in the Plan before 1974, you may elect to have the part of your payment that is attributable to your pre-1974 participation in the Plan taxed as long-term capital gain at a rate of 20%.

There are other limits on the special tax treatment for lump sum distributions. See IRS Form 4972 for additional information on lump sum distributions and how you elect the special tax treatment.

**IMPORTANT NOTE:** You will receive a Form 1099-R at the end of January following the year in which you receive a distribution. (Example, for a distribution issued in 2007, form 1099-R will be sent to you at the end of January 2008 to file with your 2007 taxes.)

**How to Obtain Additional Information**

This notice summarizes only the Federal (not state or local) tax rules that might apply to your payment. The rules described above are complex and contain many conditions and exceptions that are not included in this notice. Therefore, you may want to consult with a professional tax advisor before you take a distribution. Also, 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 from your local Internal Revenue Service office, on the Internal Revenue Service's Internet Web Site at [www.irs.gov](http://www.irs.gov), or by calling 1-800-TAXFORMS.