DRAFT

BOARD LETTERHEAD
DATE

CERTIFIED MAIL

IMPORTANT INFORMATION ABOUT YOUR PUBLIC RETIREMENT ACCOUNT IN THE NAME RETIREMENT SYSTEM

NAME
ADDRESS
ADDRESS
ADDRESS

Dear NAME:

State and Federal laws require members of a Retirement System who:

- are not receiving a retirement allowance;
- are no longer employed with the governmental employer; and
- attain age 70½ during calendar year 2012

must begin to receive a distribution from the Retirement System by April 1, 2013. Our records indicate that you reached age 70½ in 2012, you are not receiving a retirement allowance, and you are not employed with a governmental employer. As a result, you must act by March 1, 2013 so a distribution can be made by April 1 to comply with the law.

You may choose to receive a retirement allowance if you are eligible. You may also choose to withdraw your account and have it paid to you. Finally, you may rollover a portion of your account into another eligible retirement plan or account, and coordinate the required minimum distribution with the new plan or account going forward. However, a portion of any lump sum withdrawal will be considered a "required minimum distribution" amount that is not eligible for rollover and must be paid to you. The portion of your lump sum withdrawal that may not be rolled over will be determined by dividing your total withdrawal amount by a distribution period number under IRS rules based on your age in the year of distribution (thus, if you take a distribution in 2012 the amount you can rollover will be slightly more than if you take a distribution in 2013).

For example:

- If you take a lump sum withdrawal in the year you reach 70½ (2012), the portion of your withdrawal that may not be rolled over (the "required minimum distribution" amount for 2012) will be determined by dividing your lump sum amount by a number under IRS rules that are based on life expectancy. For example, if your total withdrawal is $10,000, it would be divided by 27.4, meaning that $365 of the withdrawal could not be rolled over to another plan but would have to be paid directly to you.

- If you wait and take a lump sum withdrawal in the year after you reach 70½ (2013), the portion of your withdrawal that may not be rolled over will also be determined by dividing your lump sum amount by a number under IRS rules that are based on life expectancy, and the amount will be your "required minimum distribution" amount for 2012 and 2013. For example, if your total withdrawal is $10,000, it would be divided by 26.5, meaning that $377 of the withdrawal could not be rolled over to another plan but would have to be paid directly to you.

The choice you make will be final and permanent. There are a number of options and we would urge you to contact the **NAME** Retirement Board, **ADDRESS**, **TELEPHONE**, to discuss the options available and for an estimate of your possible retirement allowance.

1. If you are eligible and wish to apply for a superannuation retirement allowance, you will need to complete an Application for Voluntary Superannuation Retirement and a Choice of Retirement Option Form at Retirement. You may need to provide a copy of your birth certificate, military discharge papers, and marriage certificate. If you are married, your spouse will need to acknowledge your option selection.

2. If you wish to withdraw your account from the Retirement System, you will need to complete an Application for Withdrawal of Accumulated Total Deductions. You will need to review the Special Tax Notice Regarding Lump Sum Distributions for Distributions Made After January 1, 2002 for additional information.

3. If you wish to roll your account into another retirement plan or account, you will need to complete a Pre-Tax Rollover Acknowledgement Form. You will need to review the Special Tax Notice Regarding Lump Sum Distributions for Distributions Made After January 1, 2002 for additional information.

If you do not act before March 1, 2013 so that a distribution can begin prior to April 1, 2013, you may be liable for a federal tax penalty, which is equal to 50% of the amount that should have been distributed as a required minimum distribution.

Again, we urge you to contact the Board to make an appointment or to obtain the forms you will need to comply with the state and federal laws.

Sincerely

NAME
TITLE