

## **ROTH 401(k) PAYOUT OPTION DESCRIPTIONS:**

**TOTAL DISTRIBUTION** - The entire account balance will be paid to you.

**REQUIRED MINIMUM DISTRIBUTION (RMD)** - This option provides for the IRS required minimum to be paid to you in a one-time payment. The amount of your RMD payment is calculated each year using the appropriate IRS table.

**ROLLOVER** - This option provides for the direct rollover of the entire account balance to a ROTH IRA, a ROTH 401(k) or a ROTH 403(b) plan. The check must be made payable to the rollover institution.

### **Instructions for completing a Roth 401(k) Distribution/Rollover Request Form**

Section I: Please complete all personal information.

Section II: Indicate Eligibility for Withdrawal by checking the appropriate box. If you have retired due to disability you must provide your disability approval letter from your respective Kentucky State Retirement System.

Section III: Please choose one distribution method (option A,B or C) to indicate how to pay your benefits. If you choose a Direct Rollover, you must check the appropriate boxes indicating the rollover amount and plan to receive the direct rollover. You must also provide the name of the receiving Trustee/Custodian and account number if applicable.

Section IV: You have the option to request additional Federal and State income tax withholding. The Authority will withhold all required federal tax from the payment you choose. See Special Tax Notice Regarding Plan Payments (for Roth 401(k) accounts only) for specific tax information and IRS required withholding before completing. If you live in a state that mandates state income tax withholding, it will be withheld (Kentucky does not require state tax withholding). You may elect additional state tax withholding above what is required.

Section V: You must elect your payment delivery method. If you do not choose an option a check will be mailed to your address on file. You cannot elect an ACH Direct Deposit for a Direct Rollover.

Section VI: Sign, date, and provide your social security number on the lines provided to authorize your payout.

You need to fully complete, sign, and return the Roth 401(k) Distribution/Rollover Request Form in order to ensure that you obtain the payout you want. Please note that if your request for payout is due to separation from employment, Deferred Compensation will verify your separation date prior to the payout.

Be sure to read the “Special Tax Notice Regarding Plan Payments” (for Roth 401(k) accounts only) for various tax information. It is important to note if you are **under the age of 59½** and request a payout your payment may be subject to a **10% Federal Excise Tax** (in addition to regular taxation). There are several exceptions to the Federal Excise Tax. You should consult a tax advisor for more information regarding the Federal Excise Tax and Rollovers.

If you have questions or need assistance in completing the Roth 401(k) Distribution/Rollover Request Form, please contact a Payout Counselor at 1-800-542-2667.

## **ROTH 401(k) DISTRIBUTION/ROLLOVER REQUEST FORM**

Please read PAYOUT INSTRUCTIONS sheet before completing this form

### **Section I: Personal Information** (PLEASE PRINT)

Last Name		First Name	MI	Social Security Number	Date of Birth
				( ) / ( ) / ( )	
Mailing Address				Home Phone	
				( ) ( ) ( )	
City		State	Zip Code	Alternate Phone	

### **Section II: Eligibility for Withdrawal** (Choose ONE)

- ☐ Distribution Due to Termination/Retirement *If you have retired due to disability you must provide your disability approval letter from your respective Kentucky State Retirement System.*
- ☐ In-Service Distribution (currently working for a Participating Employer\* **AND** age 59½ or older)  
\*An employer whose employees are eligible to make deferrals into the Plan.
- ☐ Distribution due to Alternate Payee status (if checked must choose Total Distribution or Total Rollover)

### **Section III: Distribution Method** (Choose ONE) See Payout Option Description Page

- ☐ A) Total Distribution of the Entire Value.
- ☐ B) Required Minimum Distribution (RMD): Age 73+
- ☐ C) Total Rollover (Must complete information below)

1. Receiving Plan type: ☐ ROTH IRA ☐ ROTH 401(k) ☐ ROTH 403(b) Plan

2. \_\_\_\_\_  
Name of Receiving Trustee/Custodian Account Number

\_\_\_\_\_  
Address of Financial Institution/Trustee/Custodian (If not completed check mailed to address of record)

\_\_\_\_\_  
City State Zip Code

### **Section IV: Federal and State Income Tax Withholding**

**Federal Tax - The Authority will withhold federal tax as required by the IRS from the payment you choose. See Special Tax Notice Regarding Plan Payments for specific tax information and IRS required withholding before completing. You may also elect below to have no withholding from your required minimum distribution.**

If you would like additional federal tax withheld above what is required indicate dollar amount \$ \_\_\_\_\_

☐ Do Not withhold Federal Tax from my Required Minimum Distribution

**State Tax - If you live in a state that mandates state income tax withholding, it will be withheld (Kentucky does not require state tax withholding).**

If you would like additional state tax withheld above what is required indicate dollar amount \$ \_\_\_\_\_

Last Name	First Name	MI	Social Security Number
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Section V: Payment Delivery

- ☐ A) Check mailed to your address on file (Default payment delivery if no option is chosen)
- ☐ B) Direct Deposit by ACH

I authorize the Kentucky Public Employees' Deferred Compensation Authority to directly deposit my benefit payment to my account indicated below.

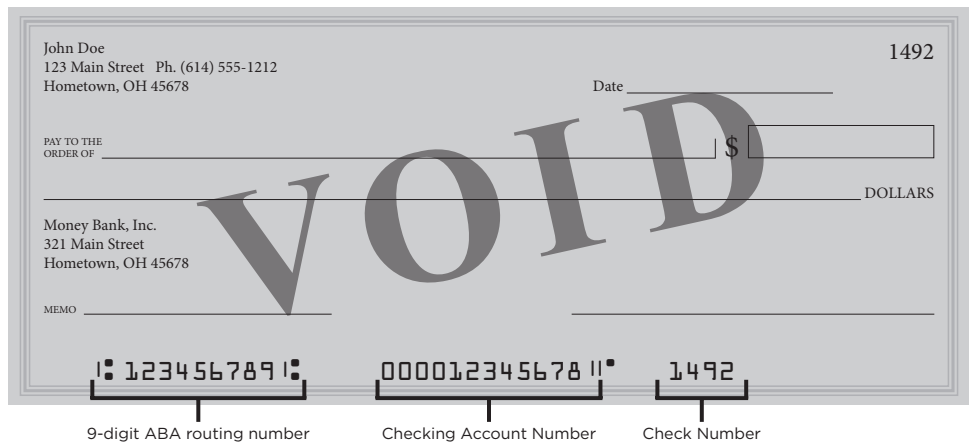
1. ☐ Add Initial Bank Information    ☐ Update Bank Information on file    ☐ Use Information on file
2. ☐ Checking - Attach Voided Check    ☐ Savings

Financial Institution Name

Bank Routing Number (ABA#)	Bank Account Number
(Please contact your financial institution for the correct routing number)	

**NOTE:** Failure to properly complete the above information may result in a paper check being sent to you by mail for the benefit payment. The direct deposit will be sent to your financial institution by ACH. **The deposit of funds into your bank account could take up to 3 business days from the payout date.**

Please attach voided check over example check



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Last Name

First Name

MI

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Social Security Number

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**Section VI: Authorization of Payout**

I certify that my statements made herein are true, complete and accurate and that I am the proper party to receive Roth 401(k) Account funds. I have read and understand the payout option descriptions and instructions page. In accordance with the terms of the Plan Agreement, I hereby agree to the elections as specified above. Rules for ROTH 401(k) distributions are complex and contain many conditions and exceptions. I have received no tax advice from the Authority. I indemnify and hold harmless the Authority, its employees and agents from any liability or claim resulting from reliance on my statements or selections on this form or in connection with processing my request. I have had the opportunity to consult with a professional tax advisor before I selected my payout option from the Plan. I understand I may be asked to provide documentation if my signature cannot be verified through documents on file with Kentucky Public Employees' Deferred Compensation Authority (KPEDCA). **I certify that if taking a distribution due to separation from service that I am no longer working in any capacity with an employer participating with KPEDCA.** I understand that my funds will remain in my plan investments until payment is made.

**I hereby waive the 30-day notice period and elect to receive my payout as soon as administratively practicable. Within the past 180 days I have received, read and understood the Kentucky Public Employees' Deferred Compensation Authority Special Tax Notice Regarding Plan Payments (for Roth 401(k) accounts only).**

**By signing below I confirm I understand I may be contacted before this form is processed by a Kentucky Deferred Comp (KDC) Representative as part of the KDC Participant Counseling Initiative.**

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Signature

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Date

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Printed Name

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Social Security Number

**Please Note: this payout form in its entirety is 3 pages.** Payouts are generally processed within 10 days of receipt of all needed paperwork. Failure to return all 3 pages of a properly completed form may delay your payout and result in the form being returned to you for corrections.

**Return form by fax to (877) 677-4329 or by mail to:**

Nationwide Retirement Solutions  
PO Box 182797  
Columbus, OH 43218-2797

**(FOR INTERNAL USE ONLY)**

Term/Retire Date: \_\_\_\_\_

APPROVED BY: \_\_\_\_\_ DATE: \_\_\_\_\_

QC BY: \_\_\_\_\_ DATE: \_\_\_\_\_

# KENTUCKY PUBLIC EMPLOYEES' DEFERRED COMPENSATION AUTHORITY

## SPECIAL TAX NOTICE

### **YOUR ROLLOVER OPTIONS** (For Roth 401(k)/457 accounts only)

You are receiving this notice because all or a portion of a payment you are receiving from the Kentucky Public Employees' 401(k) Deferred Compensation Plan and/or the Kentucky Employees' 457 Deferred Compensation Plan (the "Plan") is eligible to be rolled over to a Roth IRA or designated Roth account in an employer plan. This notice is intended to help you decide whether to do a rollover. You may request a paper copy of this Notice from the Plan Administrator at no charge.

This notice describes the rollover rules that apply to payments from the Plan that are from a designated Roth account. If you also receive a payment from the Plan that is not from a designated Roth account, you will be provided a different notice for that payment, and the Plan administrator or the payor will tell you the amount that is being paid from each account.

Rules that apply to most payments from a designated Roth account 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?**

After-tax contributions included in a payment from a designated Roth account are not taxed, but earnings might be taxed. The tax treatment of earnings included in the payment depends on whether the payment is a qualified distribution. If a payment is only part of your designated Roth account, the payment will include an allocable portion of the earnings in your designated Roth account.

If the payment from the Plan is not a qualified distribution and you do not do a rollover to a Roth IRA or a designated Roth account in an employer plan, you will be taxed on the earnings in the payment. If you are under age 59½, a 10% additional income tax on early distributions (generally, distributions made before age 59½) will also apply to the earnings (unless an exception applies). However, if you do a rollover, you will not have to pay taxes currently on the earnings and you will not have to pay taxes later on payments that are qualified distributions.

If the payment from the Plan is a qualified distribution, you will not be taxed on any part of the payment even if you do not do a rollover. If you do a rollover, you will not be taxed on the amount you roll over and any earnings on the amount you roll over will not be taxed if paid later in a qualified distribution.

A qualified distribution from a designated Roth account in the Plan is a payment made after you are age 59½ (or after your death or disability) and after you have had a designated Roth account in the Plan for at least 5 years. In applying the 5-year rule, you count from January 1 of the year your first contribution was made to the designated Roth account. However, if you did a direct

rollover to a designated Roth account in the Plan from a designated Roth account in another employer plan, your participation will count from January 1 of the year your first contribution was made to the designated Roth account in the Plan or, if earlier, to the designated Roth account in the other employer plan.

### **What types of retirement accounts and plans may accept my rollover?**

You may roll over the payment to either a Roth IRA (a Roth individual retirement account or Roth individual retirement annuity) or a designated Roth account in an employer plan (a tax-qualified plan, section 403(b) plan, or governmental section 457 plan) that will accept the rollover. The rules of the Roth IRA or employer plan that holds the rollover will determine your investment options, fees, and rights to payment from the Roth IRA or employer plan (for example, Roth IRAs may not provide loans). Further, the amount rolled over will become subject to the tax rules that apply to the Roth IRA or the designated Roth account in the employer plan. In general, these tax rules are similar to those described elsewhere in this notice, but differences include:

- If you do a rollover to a Roth IRA, all of your Roth IRAs will be considered for purposes of determining whether you have satisfied the 5-year rule (counting from January 1 of the year for which your first contribution was made to any of your Roth IRAs).
- If you do a rollover to a Roth IRA, you will not be required to take a distribution from the Roth IRA during your lifetime and you must keep track of the aggregate amount of the after-tax contributions in all of your Roth IRAs (in order to determine your taxable income for later Roth IRA payments that are not qualified distributions).
- Eligible rollover distributions from a Roth IRA can only be rolled over to another Roth IRA.

### **How do I do a rollover?**

There are two ways to do a rollover. You can either do a direct rollover or a 60-day rollover.

If you do a direct rollover, the Plan will make the payment directly to your Roth IRA or designated Roth account in an employer plan. You should contact the Roth IRA sponsor or the administrator of the employer plan for information on how to do a direct rollover.

If you do not do a direct rollover, you may still do a rollover by making a deposit (generally within 60 days) into a Roth IRA, whether the payment is a qualified or nonqualified distribution. In addition, you can do a rollover by making a deposit within 60 days into a designated Roth account in an employer plan if the payment is a nonqualified distribution and the rollover does not exceed the amount of the earnings in the payment. You cannot do a 60-day rollover to an employer plan of any part of a qualified distribution. If you receive a distribution that is a nonqualified distribution and you do not roll over an amount at least equal to the earnings allocable to the distribution, you will be taxed on the amount of those earnings not rolled over, including the 10% additional income tax on early distributions if you are under age 59½ (unless an exception applies).

If you do a direct rollover of only a portion of the amount paid from the Plan and a portion is paid to you at the same time, the portion directly rolled over consists first of earnings.

If you do not do a direct rollover and the payment is not a qualified distribution, the Plan is required to withhold 20% of the earnings for federal income taxes. This means that, in order to roll over the entire payment in a 60-day rollover to a Roth IRA, you must use other funds to make up for the 20% withheld.

### **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 joint lives or joint life expectancies of you and your beneficiary)
- Required minimum distributions after death or after age 70½ (if you were born before July 1, 1949) or after age 72 (if you were born after June 30, 1949)
- Hardship distributions
- Corrective distributions of contributions that exceed tax law limitations
- Loans treated as deemed distributions (for example, loans in default due to missed payments)
- Payments of certain automatic enrollment contributions that you request to withdraw within 90 days of your first contribution.

The Plan administrator or the payor 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 a payment is not a qualified distribution and you are under age 59½, you will have to pay the 10% additional income tax on early distributions with respect to the earnings allocated to the payment that you do not roll over (including amounts withheld for income tax), unless one of the exceptions listed below applies. This tax is in addition to the regular income tax on the earnings 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 joint lives or joint life expectancies of you and your beneficiary)

- Payments from a governmental plan made after you separate from service if you are a qualified public safety employee and you will be at least age 50 in the year of separation
- Payments made due to disability
- Payments after your death
- Corrective distributions of contributions that exceed tax law limitations
- 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 (without regard to whether you itemize deductions for the taxable year)
- 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
- Payments of certain automatic enrollment contributions that you request to withdraw within 90 days of your first contribution
- Payments excepted from the additional income tax by federal legislation relating to emergencies and disasters.

**If I do a rollover to a Roth IRA, will the 10% additional income tax apply to early distributions from the IRA?**

If you receive a payment from a Roth IRA when you are under age 59½, you will have to pay the 10% additional income tax on early distributions on the earnings paid from the Roth IRA, unless an exception applies or the payment is a qualified distribution. In general, the exceptions to the 10% additional income tax for early distributions from a Roth IRA listed above are the same as the exceptions for early distributions from a plan. However, there are a few differences for payments from a Roth IRA, including:

- The exception for payments made after you separate from service if you will be at least age 55 in the year of separation (or age 50 for qualified public safety employees) does not apply
- 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 a Roth 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, (3) payments for health insurance premiums after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status), and (4) qualified birth/adoption distributions.



## **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 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. Under certain circumstances, you may claim eligibility for a waiver of the 60-day rollover deadline by making a written self-certification. Otherwise, to apply for a waiver from the IRS, 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-A, Contributions to Individual Retirement Arrangements (IRAs).

### **If you receive a nonqualified distribution and 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 is not a qualified distribution and that you do not roll over, special rules for calculating the amount of the tax on the earnings in the payment might apply to you. For more information, see IRS Publication 575, Pension and Annuity Income.

### **If your payment is from a governmental section 457(b) plan**

If the Plan is a governmental 457(b) plan, the same rules described elsewhere in this notice generally apply, allowing you to roll over the payment to an IRA or an employer plan that accepts rollovers. One difference is that, if you receive a payment that is not a qualified distribution and you do not roll it over, you will not have to pay the 10% additional income tax on early distributions with respect to the earnings allocated to the payment that you do not roll over, even if you are under age 59½ (unless the payment is from a separate account holding rollover contributions that were made to the Plan from a tax-qualified plan, a section 403(b) plan, or an IRA). However, if you do a rollover to an IRA or to an employer plan that is not a governmental section 457(b) plan, a later distribution that is not a qualified distribution made before age 59½ will be subject to the 10% additional income tax on earnings allocated to the payment (unless an exception applies). Other differences include that you cannot do a rollover if the payment is due to an “unforeseeable emergency” and the special rules under “If you were born on or before January 1, 1936” do not apply.

### **If you receive a nonqualified distribution, are an eligible retired public safety officer, and your payment is used to pay for health coverage or qualified long-term care insurance**

If the Plan is a governmental plan, you retired as a public safety officer, and your retirement was by reason of disability or was after normal retirement age, you can exclude from your taxable

income nonqualified distributions paid directly as premiums to an accident or health plan (or a qualified long-term care insurance contract) that your employer maintains for you, your spouse, or your dependents, up to a maximum of \$3,000 annually. For this purpose, a public safety officer is a law enforcement officer, firefighter, chaplain, or member of a rescue squad or ambulance crew.

**If you are not a plan participant**

Payments after 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, whether the payment is a qualified distribution generally depends on when the participant first made a contribution to the designated Roth account in the Plan. Also, 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 receive a nonqualified distribution and you were born on or before January 1, 1936" applies only if the deceased 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 a Roth IRA, you may treat the Roth IRA as your own or as an inherited Roth IRA.

A Roth IRA you treat as your own is treated like any other Roth IRA of yours, so that you will not have to receive any required minimum distributions during your lifetime and earnings paid to you in a nonqualified distribution before you are age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies).

If you treat the Roth IRA as an inherited Roth IRA, payments from the Roth IRA will not be subject to the 10% additional income tax on early distributions. An inherited Roth IRA is subject to required minimum distributions. If the participant had started taking required minimum distributions from the Plan, you will have to receive required minimum distributions from the inherited Roth IRA. If the participant had not started taking required minimum distributions, you will not have to start receiving required minimum distributions from the inherited Roth IRA until the year the participant would have been age 70½ (if the Participant was born before July 1, 1949) or age 72 (if the Participant was born after June 30, 1949).

**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 Roth IRA. Payments from the inherited Roth IRA, even if made in a nonqualified distribution, will not be subject to the 10% additional income tax on early distributions. You will have to receive required minimum distributions from the inherited Roth IRA.

Payments under a qualified domestic relations order. If you are the spouse or a 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 and the same tax treatment that the participant would have (for example, you may roll over the payment to your own Roth IRA or to a designated Roth account in an eligible employer plan that will accept it).

### **If you are a nonresident alien**

If you are a nonresident alien, you do not do a direct rollover to a U.S. IRA or U.S. employer plan, and the payment is not a qualified distribution, the Plan is generally required to withhold 30% (instead of withholding 20%) of the earnings 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 a payment is one in a series of payments for less than 10 years, your choice whether to do a direct rollover will apply to all later payments in the series (unless you make a different choice for later payments).

You may have special rollover rights if you recently served in the U.S. Armed Forces. For more information on special rollover rights related to the U.S. Armed Forces, see IRS Publication 3, Armed Forces' Tax Guide. You also may have special rollover rights if you were affected by a federally declared disaster (or similar event), or if you received a distribution on account of a disaster. For more information on special rollover rights related to disaster relief, see IRS website at [www.irs.gov](http://www.irs.gov).

### **FOR MORE INFORMATION**

You may wish to consult with the Plan administrator or payor, 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-A, Contributions to Individual Retirement Arrangements (IRAs); IRS Publication 590-B, Distributions from 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](http://www.irs.gov), or by calling 1-800-TAX-FORM.

1/2022