



1. Purpose

This booklet contains information and a payment application to help you select the payment method that best meets your needs. Your decisions regarding distributions from your account may have income tax implications. You may wish to obtain the advice of a tax advisor before you request a payment.

2. Document and IRS Information

Enclosed in this booklet are the following items:

- ARP Benefit Payment Application for Separated Employees
- Summary 402(f) Notice

The instructions contained in this booklet summarize the major provisions of federal and State of California tax rules applicable to your payment. **Tax rules are complex and contain conditions and exceptions not included in these instructions.** You can find more specific information on the tax treatment of payments drawn from retirement plans in the Internal Revenue Service (IRS) Publication 575, *Pension and Annuity Income*, and IRS Publication 590, *Individual Retirement Arrangements*. These publications are available from your local IRS office, the IRS website at irs.gov, or the IRS Tax Forms Distribution Center by calling 800-TAX-FORM (800-829-3676). For more information on California state tax withholding, refer to *Withholding From Pensions, Annuities, and Certain Other Deferred Income*, available at edd.ca.gov

3. Eligibility to Withdraw Funds

You must be permanently separated from State service and have had no contributions (positive or negative) post to your ARP account for 90 calendar days. Savings Plus will verify eligibility to withdraw funds from your ARP account before a payment is issued.

ARP Tax Penalty Withdrawal Rules:

You must meet the following criteria to receive payment from your ARP account without a tax penalty:

1. Separated from State service during or after the year you turned age 55; or
2. Age 59½ or older, regardless of your employment status.

Please consult IRS Publication 575, *Pension and Annuity Income*, and IRS Publication 590, *Individual Retirement Arrangements*, for more information.

4. Payment Methods

Direct Payment

A Direct Payment allows you to receive your entire account balance. Savings Plus will report your payment to the IRS as ordinary income.

Direct Rollovers

If you would like to roll your account over to an Individual Retirement Account (IRA) or to another qualified plan, please contact Savings Plus. If you are 70½ or older Savings Plus must issue your RMD before we process your application.

5. General Information

Payment Dates

We issue payment within 3 - 5 business days of receipt of a properly completed application and you have met the eligibility requirements noted in the Eligibility to Withdrawal Funds section. Payment dates may vary, depending on the type of payment you request.

Payment Information

Payments are issued via direct deposit at no charge to one financial institution of your choice or via check to your address on file.

To issue payment via direct deposit, you must provide the following information.

- Name and mailing address of your financial institution
- 9-digit Automated Clearing House (ACH) routing number
- Account number

All information contained in this booklet was current as of the print date. The Plan reserves the right to amend any of the procedures or plan provisions outlined in this booklet or the Plan Document. Such changes may be enacted without prior announcement or the express consent or agreement of plan participants. The Plan Document will govern if any contradiction arises between the terms of the Plan Document and this booklet.

5. General Information (continued)

If you change financial institutions, change your account number, or automated clearing house (ACH) routing number, you must complete a new Direct Deposit Form. Submission of a new Direct Deposit Form overrides any previous direct deposit information on file. This change may take 3 - 5 business days to become effective.

If any of the required information is incomplete, invalid, or not provided, you will be mailed a check.

Check Fee

A \$2.00 processing fee is charged for payment issued by check. This fee is deducted from your account.

Overnight Mail

If you receive payment by check, you may request to have your check sent to your home address via overnight mail for a \$25 fee. The fee is deducted from your account.

Stale-Dated Checks

Checks are valid for 120 days from the date of issuance. After 120 days the check becomes stale and may not be negotiated by your financial institution. If you have a stale-dated check, you must call Savings Plus to speak with a customer service representative who will ask you for specific information so that a replacement check can be issued.

Lost or Stolen Checks

You may report a check as lost or stolen if you do not receive it within 14 days from the issue date.

Mail in Your Application

Mail the original application to Nationwide Retirement Solutions, PO Box 182797, Columbus, OH 43218-2797 or fax to 877-677-4329.

6. Tax Withholding Information

Federal Tax Withholding

Federal income taxes are withheld based on the payment method. Refer to the enclosed Section 402(f) Special Tax Notice Regarding Plan Payments.

- **Direct Payment:** The payment is reported to the IRS as ordinary income. The mandatory federal tax withholding is 20% on amounts over \$200. If you wish to increase the federal withholding, complete a Withholding Certificate for Pension or Annuity Payments (W-4P).

Federal Withholding Certificate for Pension or Annuity Payments (W-4P)

A W-4P indicates the amount of federal income tax to withhold from your payment(s). The IRS prohibits specific dollar-amount withholding designations. However, you may supplement your withholding amount by designating an additional dollar amount to be withheld. You may not designate an additional percentage.

You may submit a W-4P at any time and it will remain in effect until you change or revoke it.

Special withholding rules apply on payments to foreign persons and payments outside the United States. Please refer to IRS Publication 505, Tax Withholding and Estimated Tax, IRS Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities, and IRS Publication 519, U.S. Tax Guide for Aliens for further information. The W-4P form is available at savingsplusnow.com under the "Support & Forms" tab or call Savings Plus to request to have one mailed to you.

State Tax Withholding

All California residents are subject to California state income tax withholding at the rate that applies to married with three allowances unless you request otherwise by completing a California State Withholding Certificate for Pension or Annuity Payments (DE 4P).

California State Withholding Certificate for Pension or Annuity Payments (DE 4P)

A DE 4P indicates the amount of California state income tax to withhold from your payment(s). The State of California does not allow specific dollar amount withholding designations. However, you may claim the number of allowances, note your marital status, and designate an additional dollar amount to be withheld. You may not designate an additional percentage. You may submit a DE 4P at any time, and it will remain in effect until you change or revoke it. If you live outside California, consult your state taxing authority for more information. The DE 4P form is available at edd.gov or savingsplusnow.com under the "Support & Forms" tab or call Savings Plus to have one mailed to you.

1099-R Tax Document

For tax reporting, a 1099-R will be issued by January 31 of the following year.

7. Summary 402(f) Special Tax Notice Regarding Plan Payments

This is a summary of the provisions of the model Section 402(f) notice issued by the Internal Revenue Service in Notice 2009-68 and explains how you can continue to defer federal income tax on your retirement savings in the State of California Savings Plus Program (the “Plan”) and contains important information you will need before you decide how to receive your Plan benefits. A copy of the model Section 402(f) notice will be provided to you upon request without charge. If you would like a copy of the model 402(f) notice or have additional questions after reading this summary, you can contact Savings Plus.

This summary is provided to you by the State of California Department of Human Resources, Savings Plus Program (your “Plan Administrator”) because all or part of the payment you will soon receive from the Plan may be eligible for rollover by you or your Plan Administrator to a traditional or Roth IRA or an eligible employer plan. A rollover is a payment by you or the Plan Administrator of all or part of your benefit to another plan or to a traditional IRA that may allow you to continue to postpone taxation of that benefit until it is paid to you. Your payment cannot be rolled over to a SIMPLE IRA or a Coverdell Education Savings Account (formerly known as an education IRA). An “eligible employer plan” includes a plan qualified under Section 401(a) of the Internal Revenue Code, including a 401(k) plan, profit-sharing plan, defined benefit plan, stock bonus plan, and money purchase plan; a Section 403(a) annuity plan; a Section 403(b) Tax-Sheltered Annuity; and an eligible Section 457(b) plan maintained by a governmental employer (governmental 457 plan).

An eligible employer plan is not legally required to accept a rollover. Before you decide to roll over your payment to another employer plan, you should find out whether the plan accepts rollovers and, if so, the types of distributions it accepts as a rollover. You should also find out about any documents that are required to be completed before the receiving plan will accept a rollover. If an employer plan accepts your rollover, the plan may restrict subsequent distributions of the rollover amount or may require your spouse’s consent for any subsequent distribution. A subsequent distribution from the plan that accepts your rollover may also be subject to different tax treatment than distributions from this Plan. Check with the administrator of the plan that is to receive your rollover prior to making the rollover.

You will be taxed on a payment from the Plan if you do not roll it over. Under certain circumstances, you also may be subject to additional income tax. Please see the model 402(f) notice for more information.

The model 402(f) notice does not describe any State or local income tax rules (including withholding rules).

There are two ways you may be able to receive a Plan payment that is eligible for rollover:

1. Certain payments can be made directly to a traditional or Roth IRA that you establish or to an eligible employer plan that accepts it and holds it for your benefit (“DIRECT ROLLOVER”); or
2. The payment can be paid to you (“60-DAY ROLLOVER”).

If you choose a DIRECT ROLLOVER:

- You choose whether your payment will be made directly to your traditional or Roth IRA or to an eligible employer plan that accepts your rollover. Your payment cannot be rolled over to a SIMPLE IRA or a Coverdell Education Savings Account because these are not traditional or Roth IRAs. You should contact the IRA sponsor or the administrator of the employer plan for information on how to make a direct rollover.
- Your payment will not be taxed in the current year and no income tax will be withheld, if you roll over the payment to a traditional IRA or an eligible employer plan. It will be taxed later when you take it out of the traditional IRA or the eligible employer plan. Depending on the type of plan, the later distribution may be subject to different tax treatment than it would be if you received a taxable distribution from this Plan.

If you choose a 60-DAY ROLLOVER:

- You will receive only 80% of the taxable amount of the payment, because the Plan Administrator is required to withhold 20% of that amount and send it to the IRS as income tax withholding to be credited against your taxes.
- The taxable amount of your payment will be taxed in the current year unless you roll it over to a traditional IRA or eligible employer plan. 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 59½, you may have to pay an additional 10% tax.
- You can roll over all or part of the payment by paying it to your traditional or Roth IRA or to an eligible employer 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 eligible employer plan; however, if you roll the payment to a Roth IRA, it is still taxable in the current year.
- If you want to roll over 100% of the payment to a traditional IRA or an eligible employer plan, you must replace the taxable portion that was withheld. If you roll over only the 80% that you received, you will be taxed on the 20% that was not rolled over.
- The 60-day rollover deadline cannot be extended except under certain extraordinary circumstances. For more information see IRS Publication 590, Individual Retirement Arrangements (IRAs).

7. Summary 402(f) Special Tax Notice Regarding Plan Payments (continued)

If you roll over your payment to 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 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).

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 59½ (or after your death or disability, or as a qualified first-time home buyer distribution of up to \$10,000) and after you have had a Roth IRA for at least five years. In applying this five-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.

Other Special Rules and Options

Please refer to the model 402(f) notice for additional information if:

- You have an outstanding loan that is being offset
- You were born on or before January 1, 1936
- You are receiving payment(s) as a beneficiary of a deceased participant
- You are receiving payment(s) under a qualified domestic relations order (QDRO)
- You are a nonresident alien

Your Right to Waive the 30-Day Notice Period

Generally, neither a direct rollover nor a payment can be made from the plan until at least 30 days after your receipt of this summary. Thus, after receiving this summary, you have at least 30 days to consider whether or not to have your withdrawal directly rolled over. If you do not wish to wait until this 30-day notice period ends before your election is processed, you may waive the notice period by signing the payout election form. Your withdrawal will then be processed in accordance with your election as soon as practical after it is received by the Plan Administrator.



ARP Benefit Payment Application for Separated Employees

Savings Plus

Phone: 855-616-4SPN (4776) • savingsplusnow.com

1. Participant Information

Name: _____ Account Number or SSN: _____

Email: _____ Preferred Phone: _____

Phone type: Home Work Cell

2. Acknowledgment of Distribution Consequences

By initialing the items below, you certify that you have read and understand these distribution consequences.

If you elect to take a payment of your ARP account:

(initial) Your decision is irrevocable.

(initial) You cannot redeposit your ARP distribution into Savings Plus if you return to work for the State of California.

(initial) If you return to State employment, you may be allowed to purchase retirement service credit for your previous period of State service. If so, you will be required to pay both the employee and employer share of the cost.

(initial) Taking a payment of your ARP account may affect CalPERS reciprocity, eligibility, and other benefits available to you under CalPERS. For details, refer to the CalPERS website at calpers.ca.gov.

3. Payment Type (select one)

- 1. **Direct Payment** 100% of your account balance (after any taxes and/or fees) is paid directly to you.
- 2. **Direct Rollover to an Individual Retirement Account (IRA) or Employer Plan (select one):** Select the type of plan into which 100% of your account balance (after any taxes and/or fees) will be rolled. Provide the name of the Trustee/Custodian of the new Plan.
 - Traditional IRA Trustee/Custodian: _____
 - Roth IRA Trustee/Custodian: _____
 - 401(k) Plan Trustee/Custodian: _____
 - 403(b) Plan Trustee/Custodian: _____
 - 457 Plan Trustee/Custodian: _____
 - 401(a) Plan Trustee/Custodian: _____

The rollover check will be made payable for the benefit of your name to the trustee/custodian named above. The check will be mailed to your address of record for you to forward to the trustee/custodian.

NOTE: If you are rolling over your plan assets to a different plan type(s) - for example, rolling over a 401(a) into a 457 - you **must** attach a certification from the receiving entity(ies) that agrees to accept the funds before the distribution will occur.

4. Payment Method for Direct Payment

Select One:

- ACH Instructions on File - Send funds to my bank account that Savings Plus has on file.
- Send check by first class mail to my address of record. Allow 5 to 10 business days from process date for delivery. (Default option, if no other option is selected) (\$2.00 fee - deducted from your account balance)
- Send check overnight at my expense to my address of record. I understand there is an additional \$25.00 fee that will be deducted from my account. PO Box addresses are not eligible for overnight delivery and Saturday delivery may not be available in your area. Allow 2 to 4 business days from process date for delivery.
- Direct Deposit ACH (complete bank info below) into Checking **OR** Savings

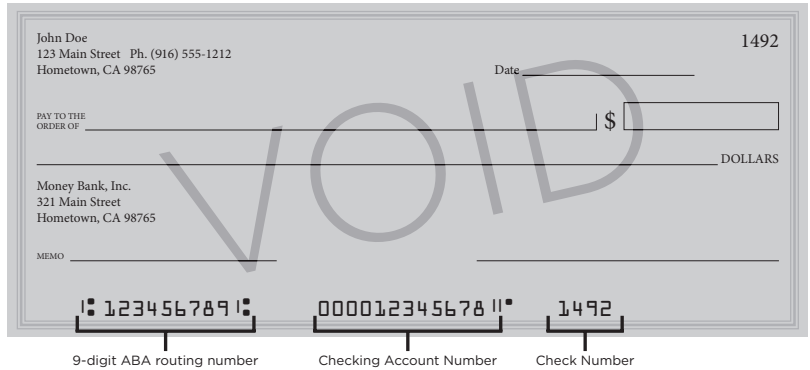
Financial Institution Information:

Name

Phone

ABA (routing) Number

Account Number



NOTE: Direct Deposit is only offered through members of the Automatic Clearing House (ACH). We cannot accept a deposit slip or starter check for banking numbers. If ACH information is not completed correctly a check will be sent to your address on file.

- Is this account associated with a brokerage firm or other investment firm? Yes No
- If yes, have you confirmed that the ABA and account numbers are correct? Yes No

I hereby authorize Savings Plus to initiate automatic deposits to my account at the financial institution named above. In the event an error is made, I authorize Savings Plus to make a corrective reversal from this account. Further, I agree not to hold Savings Plus responsible for any delay or loss of funds due to incorrect or incomplete information supplied by me or by my financial institution or due to an error on the part of my financial institution in depositing funds to my account. This agreement will remain in effect until Savings Plus receives a written notice of cancellation from me or my financial institution, or until I submit a new direct deposit authorization form to Savings Plus. In the event this direct deposit authorization form is incomplete or contains incorrect information, I understand a check will be issued to my address of record.

5. Tax Information

Taxes will be withheld as stated in Section 6 of the Booklet unless you provide a W-4P (for federal withholding) and/or a DE 4P (for state withholding).

6. Certification

I request payment to be made in accordance with the Plan Document, Internal Revenue Code, and my election. I understand that the State of California has the authority to approve or reject this request. I certify that I have been informed of the different payment methods and the tax implications. I certify that I have read Summary 402(f) Special Tax Notice Regarding Plan Payments and, by signing, I waive the 30-day notice. I hereby certify under penalty of perjury that this information is true and accurate to the best of my knowledge.

Participant Signature: _____ **Date:** _____

California Department of Human Resources Privacy Notice on Information Collection (rev. 9/15)
This notice is provided pursuant to the Information Practices Act of 1977. The California Department of Human Resources (CalHR), Savings Plus Program, is requesting the information specified on this form pursuant to California Government Code sections 19993 and 19999.5. The information collected will be used for identification of your account and will be disclosed to the Savings Plus Third Party Administrator (Nationwide) for processing of your request as indicated on the form. Individuals should not provide personal information that is not requested or required. The submission of all information requested is mandatory unless otherwise noted. If you fail to provide the information requested, CalHR will not be able to process the action(s) indicated on the form as requested.
Department Privacy Policy
The information collected by CalHR is subject to the limitations in the Information Practices Act of 1977 and state policy. For more information on how we care for your personal information, please read our Privacy Policy at <https://www.calhr.ca.gov/pages/privacy-policy.aspx>.
Access to Your Information
Nationwide is responsible for maintaining collected records. You have a right to access records containing your personal information we maintain. To request access, contact: CalHR Privacy Officer, 1515 S Street 400N, Sacramento, CA 95811 / 916-324-0455 / CalHRPrivacy@calhr.ca.gov or contact Nationwide at 855-616-4776.

Mail the original application to Nationwide Retirement Solutions, PO Box 182797, Columbus, OH 43218-2797 or fax to 877-677-4329.