

DEFERRED COMPENSATION
REQUEST FOR DISTRIBUTION OF FUNDS - City of Costa Mesa, CA

- **IMPORTANT-REMEMBER TO PRINT LEGIBLY IN BLACK OR BLUE INK**
- Submit your authorized form to California 457 Benefits by mail, fax, OR email:
nick@walkerfinancial.com.

I, _____, hereby request a distribution from my assets in the City of Costa Mesa's 457(b) Plan account with Charles Schwab Trust Bank (CSTB) in cooperation with California 457 Benefits.

Distribution Start Date ____/____/____
Month/Day/Year

A. WITHDRAWAL QUALIFICATION (Select only one): Please contact California 457 Benefits if you are claiming a loan, in-service disability, or in-service unforeseeable emergency.

____ Separation from Service Date of separation from service: ____/____/____

____ In-service "de minimus" withdrawal (Account value is \$5,000 or less and I have not made contributions for prior 24 months)

____ Tax-Free Distribution for Insurance Premiums (Only for Retired Public Safety Officers. \$3,000 Annual Max)

B. PAYMENT OPTION: Please indicate the amount you want after taxes are withheld. I wish to receive the following schedule:

____ One-time After-Tax Net Sum in the amount of \$ _____ (\$50 Distribution Fee Applicable for All).

____ Annual After-Tax Net Sum in the amount of \$ _____

____ Annual Required Minimum Distribution (RMD) recalculated annually – Age 73 and Older

____ Monthly After-Tax Net Sum in the amount of \$ _____ (Must Use EFT option, \$5 Fee Per Distribution).

____ 100% of my funds as an After-Tax Net Lump Sum (100% Termination Fee of \$50).

C. PAYMENT INSTRUCTIONS (Processing may take up to 10 business days from date of receipt of these instructions.)

Electronically credit (EFT) my checking or savings account. Please see ACH instructions on Page 3.

Send check via regular mail to my address.

Overnight check to my address (\$10.00 will be deducted from your account).

D. TAX WITHHOLDING: Please state the percentage or dollar amount of tax withholding:

____ **EXEMPTION:** I wish to elect an exemption from withholding as I am taking annual or monthly distributions over a period of at least 10 years. If I change my mind and request a full lump sum distribution or a schedule that will not last at least 10 years, I understand CA 457 is required to withhold federal and state minimums.

____ % Federal Withholding (Per federal requirement, a minimum of 20% of gross distribution must be indicated.)

____ % State Withholding (You may instruct us not to withhold state income taxes only when your state of residence allows such an election. CA residents will be subject to 10% of Federal Withholding Amount UNLESS you enter 0% in the space at the left.)

E. PARTICIPANT INFORMATION:

IMPORTANT: Please note, you must provide a current phone number and email address as our record keeper, Spectrum Pension Consultants, will be reaching out to you to confirm and verify your distribution request. Failure to provide a valid email address/phone number, or respond to Spectrum's verification procedure will delay your distribution.

Full Name of Participant _____

_____-_____-_____
Social Security Number

_____-_____-_____
Date of Birth

Daytime Phone Number

Your Mailing Address: _____

Email: _____

City: _____ State: _____ Zip Code: _____

F. AGREEMENT AND AUTHORIZATION

I understand Plan distributions are exempt from early withdrawal penalties, but Plan distributions are taxable as ordinary income and subject to income tax in the year received. I expressly assume the responsibility for tax consequences relating to any distribution, and I agree that neither the City of Costa Mesa, nor the Plan trustees shall be responsible for those tax consequences.

As required by law, and under penalty of perjury, I certify that the Social Security Number (Taxpayer Identification Number) that I have provided is correct. I understand a 1099R tax reporting form will be enclosed with the distribution check. For one-time wire distributions, a 1099R will be mailed within 2 weeks of distribution. For recurring periodic distributions that are transferred electronically, a cumulative 1099R will be mailed in January of the year following distributions.

I understand that CA 457 will deduct any special fees indicated in Section B & C and a prorated management fee prior to distribution.

Funds in your account may be eligible for tax-free rollover to a traditional IRA or to an eligible retirement plan upon separation from service. I have received and read the 402(f) Notice of Special Tax Rules on Distributions from Government 457(b) Plans. Furthermore I understand that after submitting this request to CA 457 Benefits, I have 30 days to consider whether or not to have my distribution directly rolled over.

****Place a checkmark next to one of the following elections (if neither is selected, CA 457 cannot process your request):**

____ I wish to waive my right to wait 30 days to consider a rollover. I DO NOT WISH TO ROLLOVER my funds and instead instruct CA 457 Benefits to PROCESS MY DISTRIBUTION AS SOON AS PRACTICAL.

____ I wish to wait 30 days and exercise my right to consider rolling over my funds to an IRA or Qualified Plan. If I do not contact CA 457 Benefits within the 30-day period, I authorize CA 457 to distribute my funds 30 days after I sign this document.

I hereby understand and agree to the terms of my distribution request.

Participant's Signature

Date

CA 457 Representative Signature

Authorized Signature/Employer

Date

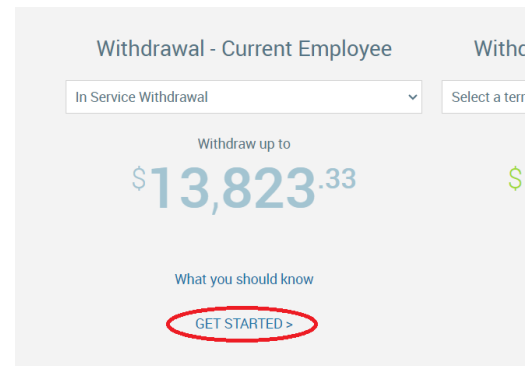
ACH Distribution Instructions

An electronic (ACH) distribution to your checking or savings account is the most expedient and secure method to receive your deferred compensation funds. Spectrum, our online access provider and record keeper, has partnered with Plaid, an identification verification platform that utilizes advanced encryption to securely connect with your bank. The purpose of this service is to verify your identity on both sides of the transaction, protect your data, and prevent fraudulent distributions.

Please follow these steps to initiate an ACH distribution:

1. Complete, sign, and submit a CA 457 distribution form to nick@walkerfinancial.com. You may download a form [here](#). Failure to complete this step will cause delays. If you've previously submitted a distribution form, you will not have to submit another. However, you will have to follow the remaining steps for each ACH distribution request.
2. Visit <http://ca457.com>, click the blue *Spectrum Pension Consultants, Inc.* link and log into your account. If you've never previously logged on or need assistance, please contact nick@walkerfinancial.com for instructions.

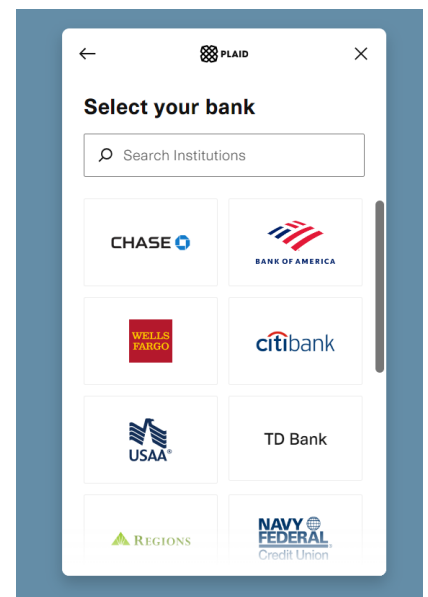
3. Once logged in, select the *Loans & Withdrawals* tab, look for *Withdrawal – Current Employee*, then select *Get Started*. (You will select this option even if you are not a current employee, you will only select *Former Employee* if you wish to withdrawal the entire account balance).



4. On the following page select *Next*. Enter the amount for the distribution then select *Calculate*. Click *Next*.

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5. Under *Payment Method* select *ACH*. You will be directed to link your bank account to Spectrum. Select your bank and log in with your bank credentials.



6. For tax withholdings there is a required minimum of 20% Federal 2% State in order to be approved.

Please select at least 20% under *Federal Tax Withholding Election*. Under *Additional state tax to withhold*, you must calculate the dollar amount. Simply multiply the percentage of state tax withholdings by the total distribution amount

(Ex: For 10% on a \$10,000 transfer = $0.1 \times 10,000 = \$1,000$ State tax withholdings)

Once completed click *Save*, then *Next*.

Below is an illustrated example for reference.

| | |
|--|----------------------|
| Foreign state | Country |
| <input type="text"/> | <input type="text"/> |
| Federal tax withholding election | |
| <input type="text" value="20%"/> | |
| Additional federal tax to withhold | |
| <input type="text" value="\$ 0.00"/> | |
| State taxes will be withheld from your payment based on the requirements of the state in which you live. | |
| Additional state tax to withhold | |
| <input type="text" value="\$ 1000"/> | |

7. On the following screen select the 3 boxes once you have reviewed the above statements then click *Next*.

8. Review your information to be correct and hit *Submit*.

9. Finally, contact Nick Walker at the following to review and approve your distribution or if you need assistance.

Phone: 800-770-0457 or E-mail: nick@walkerfinancial.com

Please be advised it will take up to 10 business days to receive your funds upon final approval. Also, if your distribution is over \$10,000 Spectrum may contact you by phone to verify the transaction.

5. I understand that any account balances pro
that subject to plan terms I still have a respons

Please review and confirm these statements.

- ☒ I have received and read the Special Tax N
- ☒ I acknowledge and understand that the tot
- ☒ I have read and agree to all the certification

402(f) NOTICE OF SPECIAL TAX RULES ON DISTRIBUTIONS

This Special Tax Notice Applies to Distributions from Governmental 457(b) Plans

This notice contains important information you will need before you decide how to receive Plan benefits. It explains when and how you can continue to defer federal income tax on your retirement savings when you receive a distribution.

This notice is provided to you because all or part of the payment that you will soon receive from one or more plans in which you participate may be eligible for rollover by you or your Plan Administrator to a Traditional IRA and effective January 1, 2008, to a Roth IRA, or to an eligible employer plan. A "rollover" is a payment by you or the Plan Administrator of all or part of your benefit to another eligible employer plan or IRA. A rollover to an eligible employer plan or Traditional IRA allows you to continue to postpone taxation of that benefit until it is paid to you. A rollover to a Roth IRA results in current income inclusion, but those amounts are then subject to the special Roth IRA rules regarding taxation upon later distribution. 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). Before January 1, 2008, your payment(s) cannot be rolled over to a Roth IRA, and no rollovers to a SIMPLE IRA, or a Coverdell Education Savings Account (formerly known as an education IRA) are allowed. There are some special considerations before you elect to roll over your Plan benefit. First, 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. Even if a plan accepts rollovers, it might not accept rollovers of certain types of distributions. If this is the case, you may want to roll your distribution over to an IRA instead or split your rollover amount between the eligible employer plan in which you will participate and an IRA. Second, you should find out about any documents that are required to be completed before the receiving plan will accept a rollover. Finally, you should find out what limits the receiving plan will put on later distributions of your rollover account. For example, the receiving 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 may also want to talk to your tax advisor before making any decisions.

If you have additional questions after reading this notice, you can contact your Plan Administrator.

1. General Summary

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

- (1) Certain payments can be made directly to a Traditional IRA and effective January 1, 2008, to a Roth IRA that you establish or to an eligible employer plan that will accept it and hold it for your benefit ("DIRECT ROLLOVER"); or
- (2) The payment can be PAID TO YOU.

If you choose a DIRECT ROLLOVER:

- Unless your rollover is being made to a Roth IRA, your payment will not be taxed in the current year and no income tax will be withheld.
- You choose whether your payment will be made directly to your IRA, including a Roth IRA effective January 1, 2008, 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.
- The taxable portion of your payment will be taxed later when you take it out of the Traditional IRA or the eligible employer plan. Special tax rules apply to later distributions from a Roth IRA. Depending on the type of plan or IRA, 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 to have a Plan payment that is eligible for rollover PAID TO YOU:

- 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. In the case of a rollover to a Roth IRA the amount of your distribution is currently taxable, although special rules may allow you to spread the income inclusion over more than one year.
- You can roll over all or part of the payment by paying it to your Traditional 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.
- If you want to roll over 100% of the payment to a Traditional IRA or an eligible employer plan, you must find other money to replace the 20% of 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 withheld and that is not rolled over.

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 notice. Thus, after receiving this notice, you have at least 30 days to consider whether or not to have your distribution 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 making an affirmative election indicating whether or not you wish to make a DIRECT ROLLOVER. Your distribution will then be processed in accordance with your election as soon as practical after the Plan Administrator receives it.

2. Payments That Can and Cannot Be Rolled Over

Payments from the Plan may be "eligible rollover distributions." This means that they can be rolled over to a Traditional IRA or to an eligible

employer plan that accepts rollovers. Effective January 1, 2008, eligible rollover distributions can also be rolled over to a Roth IRA. Eligible rollover distributions cannot be rolled over to a SIMPLE IRA or a Coverdell Education Savings Account. Your Plan Administrator should be able to tell you what portion of your payment is an eligible rollover distribution.

The following types of payments cannot be rolled over:

Payments Spread over Long Periods. You cannot roll over a payment if it is part of a series of equal (or almost equal) installment payments that are made at least once a year and that will last for:

- Your lifetime (or a period measured by your life expectancy), or
- Your lifetime and your beneficiary's lifetime (or a period measured by your joint life expectancies), or
- A period of 10 or more years.

Required Minimum Payments. Beginning when you reach age 73 or retire, whichever is later, a certain portion of your payment cannot be rolled over because it is a "required minimum payment" that must be paid to you.

Unforeseeable Emergency Distributions. A distribution on account of an unforeseeable emergency cannot be rolled over.

Distributions of Excess Contributions. A distribution that is made because legal limits on certain contributions were exceeded and cannot be rolled over.

The Plan Administrator of this Plan should be able to tell you if your payment includes amounts which cannot be rolled over.

3. Direct Rollover

A DIRECT ROLLOVER is a direct payment of the amount of your Plan benefits to a Traditional IRA, and effective January 1, 2008 to a Roth IRA, or an eligible employer plan that will accept it. You can choose a DIRECT ROLLOVER of all or any portion of your payment that is an eligible rollover distribution, as described in Number 2 above. You are not taxed on any taxable portion of your payment for which you choose a DIRECT ROLLOVER, other than a rollover to a Roth IRA, until you later take it out of the Traditional IRA or eligible employer plan. You will be taxed on a direct rollover to a Roth IRA. In addition, no income tax withholding is required for any taxable portion of your Plan benefits for which you choose a DIRECT ROLLOVER to a Traditional IRA or an eligible employer plan. A DIRECT ROLLOVER to a Roth IRA is included in income at the time of the rollover and may be subject to income tax withholding. There are some special rules that allow the rollover amounts to be included in income over more than one year, and your tax advisor can explain those in greater detail.

This Plan might not let you choose a DIRECT ROLLOVER if your distributions for the year are less than \$200. If a portion of your payment is from a designated Roth 401(k) or 403(b) account, the Plan may treat the Roth account portion of your payment as a separate distribution for purposes of the \$200 rule to determine amounts that are not rollover eligible.

Direct Rollover to a Traditional or Roth IRA

You can establish an IRA to receive the DIRECT ROLLOVER. If you choose to have your payment made directly to an IRA, contact an IRA sponsor (usually a financial institution) to find out how to have your payment made in a DIRECT ROLLOVER to an IRA at that institution. If you are unsure of how to invest your money, you can temporarily establish an IRA to receive the payment. However, in choosing an IRA, you may wish to make sure that the IRA you choose will allow you to move all or a part of your payment to another IRA at a later date, without penalties or other limitations. Please remember that rollovers to Roth IRAs will be allowed only after December 31, 2007. See IRS Publication 590, Individual Retirement Arrangements, for more information on Traditional IRAs (including limits on how often you can roll over between IRAs).

Direct Rollover to a Plan

If you are employed by a new employer that sponsors an eligible employer plan, and you want a DIRECT ROLLOVER to that plan, ask the Plan Administrator of that plan whether it will accept your rollover. An eligible employer plan is not legally required to accept a rollover. Even if your new employer's plan does not accept a rollover, you still can choose a DIRECT ROLLOVER to a Traditional IRA. If the employer plan accepts your rollover, the plan may provide restrictions on the circumstances under which you may later receive a distribution of the rollover amount or may require spousal consent to any subsequent distribution. Check with the Plan Administrator of that plan before making your decision.

Direct Rollover of a Series of Payments

If you receive a payment that can be rolled over to a Traditional IRA or an eligible employer plan that will accept it, and it is paid in a series of payments for fewer than 10 years, your choice to make or not make a DIRECT ROLLOVER for a payment will apply to all later payments in the series until you change your election. You are free to change your election for any later payment in the series.

Change in Tax Treatment Resulting from a Direct Rollover

The tax treatment of any payment from the eligible employer plan or Traditional IRA receiving your DIRECT ROLLOVER might be different than if you received your benefit in a taxable distribution directly from the Plan. See the section below entitled, "Additional 10% Tax May Apply to Certain Distributions."

4. Payment Paid to You

If your payment can be rolled over (see Number 2 above) and the payment is made to you in cash, it is subject to 20% federal income tax withholding on the taxable portion (state tax withholding may also apply). The payment is taxed in the year you receive it unless, within 60 days, you roll it over to a Traditional IRA or effective January 1, 2008, to a Roth IRA or an eligible employer plan that accepts rollovers. If you do not roll it over, special tax rules may apply.

Income Tax Withholding

Mandatory Withholding. If any portion of your payment can be rolled over under Number 2 above, and you do not elect to make a DIRECT ROLLOVER, the plan is required by law to withhold 20% of the taxable amount. This amount is sent to the IRS as federal income tax withholding. For example, if you can roll over a taxable payment of \$10,000 but choose to take the distribution in cash instead, only \$8,000 will be paid to you because the plan must withhold \$2,000 as income tax. However, when you prepare your income tax return for the year, unless you make a rollover within 60 days (see "Sixty-Day Rollover Option" below), you must report the full \$10,000 as a taxable payment from the plan. You must report the \$2,000 as tax withheld, and it will be credited against any income tax you owe for the year.

Voluntary Withholding. If any portion of your payment is taxable but cannot be rolled over under Number 2 above, the mandatory withholding rules described above do not apply. In this case, you may elect not to have withholding apply to that portion. If you do nothing, 10% of the taxable amount will generally be taken out of this portion of your payment for federal income tax withholding. To elect out of withholding, ask the Plan Administrator for the election form and related information.

Sixty-Day Rollover Option. If you receive a payment that can be rolled over under Number 2 above, you can still decide to roll over all or part of it to a Traditional IRA, or a Roth IRA effective January 1, 2008, or to an eligible employer plan that accepts rollovers. If you decide to roll over your payment, you must contribute the amount of the payment you received to an IRA (as described above) or eligible employer plan within 60 days after you receive the payment. The portion of your payment that is rolled over will not be taxed until you take it out of the Traditional IRA or the eligible employer plan.

You can roll over up to 100% of your payment that can be rolled over under Number 2 above, including an amount equal to the 20% of the taxable portion that was withheld. If you choose to roll over 100%, you must find other money within the 60-day period to contribute to the Traditional IRA or the eligible employer plan, to replace the 20% that was withheld. On the other hand, if you roll over only the 80% of the taxable portion that you received, you will be taxed on the 20% that was withheld.

Example: The taxable portion of your payment that can be rolled over under Number 2 above is \$10,000, and you choose to have it paid to you. You will receive \$8,000, and \$2,000 will be sent to the IRS as income tax withholding. Within 60 days after receiving the \$8,000, you may roll over the entire \$10,000 to a Traditional IRA or an eligible employer plan. To do this, you roll over the \$8,000 you received from the Plan, and you will have to find \$2,000 from other sources (your savings, a loan, etc.). In this case, the entire \$10,000 is not taxed until you take it out of the Traditional IRA or an eligible employer plan. If you roll over the entire \$10,000, when you file your income tax return you may get a refund of part or all of the \$2,000 withheld.

If, on the other hand, you roll over only \$8,000, the \$2,000 you did not roll over is taxed in the year it was withheld. When you file your income tax return, you may get a refund of part of the \$2,000 withheld. (However, any refund is likely to be larger if you roll over the entire \$10,000. Also, the amount of any tax refund depends on the total income taxes you owe for the year on all income and the amount you have withheld during the year on all income.)

Additional 10% Tax May Apply to Certain Distributions. Distributions from the Plan are generally not subject to the additional 10% tax that applies to pre-age-59 1/2 distributions from other types of plans. However, any distribution from the Plan that is attributable to an amount you rolled over to the Plan (adjusted for investment returns) from another type of eligible employer plan or IRA amount is subject to the additional 10% tax if it is distributed to you before you reach age 59 1/2, unless an exception applies.

Exceptions to the additional 10% tax generally include (1) payments that are paid as equal (or almost equal) payments over your life or life expectancy (or your and your beneficiary's lives or life expectancies), (2) payments that are paid from an eligible employer plan after you separate from service with your employer during or after the year you reach age 55, (3) payments that are paid because you retire due to disability, (4) payments that are paid directly to the government to satisfy a federal tax levy, (5) payments that are paid to an alternate payee under a qualified domestic relations order, or (6) payments that do not exceed the amount of your deductible medical expenses. These exceptions may be different for distributions from a Traditional IRA. See IRS Form 5329 for more information on the additional 10% tax.

The additional 10% tax does not apply to distributions from the Plan or any other governmental 457(b) plan, except to the extent the distribution is attributable to an amount you rolled over to the governmental 457(b) plan (adjusted for investment returns) from another type of eligible employer plan or IRA.

In addition, any amount rolled over from the Plan to another type of eligible employer plan or to a Traditional IRA will be subject to the additional 10% tax if it is distributed to you before you reach age 59 1/2, unless an exception applies.

5. Surviving Spouses, Alternate Payees, and Other Beneficiaries

In general, the rules summarized above that apply to payments to employees also apply to payments to surviving spouses of employees and to spouses or former spouses who are "alternate payees." You are an alternate payee if your interest in the Plan results from a "qualified domestic relations order" (or a state domestic relations order applicable to certain governmental or church plans), which is an order issued by a court, usually in connection with a divorce or legal separation.

If you are a **surviving spouse or an alternate payee**, you may choose to have a payment that can be rolled over, as described in Number 2 above, paid in a DIRECT ROLLOVER to a Traditional IRA or to an eligible employer plan or paid to you. If you have the payment paid to you, you can keep it or roll it over yourself to a Traditional IRA or to an eligible employer plan. Thus, you have the same choices as the employee.

If you are a **beneficiary other than a surviving spouse or an alternate payee**, the Plan may permit you to choose to have a payment that can be directly rolled over to an Inherited IRA, as described in Part 1 above, or to have the benefit paid to you. You may not roll over the payment that is made directly to you, nor may you choose to roll over the payment to an eligible employer plan. The IRA accepting the transfer is treated like a non-spouse Inherited IRA, under which benefits must be distributed in accordance with the required minimum distribution rules. In general, distributions from the Inherited IRA must either be paid to you in full within 5 years of the deceased participant's death or must commence within 12 months of the participant's death and be paid over your life expectancy. The benefits cannot be rolled over from the Inherited IRA to any other IRA or employer plan.

Unlike surviving spouses and alternate payees, non-spouse beneficiaries do not have the same choices as the employee. Because of this difference, the mandatory withholding rules described in Number 4 above that typically apply to payments that are not rolled over, do not apply to payments made to non-spouse designated beneficiaries.

If you are a surviving spouse, an alternate payee, or another beneficiary, your payment is generally not subject to the additional 10% tax described in Number 4 above, even if you are younger than age 59 1/2.

If you are a surviving spouse, an alternate payee, or another beneficiary, you may be able to use the special tax treatment for lump-sum distributions and the special rule for payments, as described in Number 4 above. If you receive a payment because of the employee's death, you may be able to treat the payment as a lump-sum distribution if the employee met the appropriate age requirements, whether or not the employee had 5 years of participation in the Plan.

How to Obtain Additional Information

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 the Plan Administrator or a professional tax advisor before you take a payment of your benefits from your Plan. Also, you can find more specific information on the tax treatment of payments from qualified employer plans in IRS Publication 575, Pension and Annuity Income, and IRS Publication 590, Individual Retirement Arrangements. These publications are available from your local IRS office, on the IRS's Internet Web Site at www.irs.gov, or by calling 1-800-TAX-FORMS.