

MARYLAND STATE RETIREMENT AGENCY
120 EAST BALTIMORE STREET
BALTIMORE, MARYLAND 21202-6700

**APPLICATION FOR WITHDRAWAL
OF ACCUMULATED CONTRIBUTIONS**

RETIREMENT USE ONLY Form 5 (REV. 3/12)

TO BE COMPLETED BY MEMBER AND FORWARDED TO THE AGENCY FROM WHICH YOU RESIGNED, OR WERE LAST EMPLOYED: SEE INSTRUCTIONS (Please print in ink or type. Use one space per letter or number and skip a space between words. Keep a copy of the completed form for your records. If you need assistance in completing this application, telephone a retirement benefits specialist at 410-625-5555 or toll free at 1-800-492-5909.)

SOCIAL SECURITY NUMBER

____ - ____ - _____

Name of the Employing Agency at Resignation/Termination

NAME _____ First Initial Last

MISCELLANEOUS

Daytime Phone Number

() _____

HOME ADDRESS

Ext _____

Number and Street

____ - _____

City _____
County/Baltimore City (If Maryland Resident) _____

State _____ Zip Code _____

Resignation/Termination Date: _____ Mo. Day Yr. If date entered is less than 90 days from date this form is signed, return completed form to your employer for completion of bottom portion.

Have you submitted a claim for disability? () Yes () No If Yes, know that by completing and submitting this form, you are forfeiting all rights to a future benefit, including disability, and your disability claim will be terminated.

Are you terminating from an approved leave of absence and from employment? () Yes () No If Yes, give date terminated: _____ Mo. Day Yr.

Are you transferring to a State Agency, County Board of Education, or Participating Governmental Unit? () Yes () No

If yes, give name of new employing agency _____

PLEASE READ REVERSE SIDE FOR INSTRUCTIONS AND FOR IMPORTANT TAX INFORMATION BEFORE SELECTING YOUR CHOICE. CHECK ONE:

| | | |
|---|---|--|
| <p>REFUND CHOICE NO. 1</p> <p><input type="checkbox"/> Entire amount refunded to me.</p> | <p>REFUND CHOICE NO. 2 (Complete Form 193)</p> <p><input type="checkbox"/> Refund \$ _____ to me. Balance transferred to an "eligible retirement plan" (Traditional IRA, 401(a) plan, 403(a) or (b) annuity, or 457(b) plan.) (For 457(b) plans, the minimum payable to me is the non-taxable amount, if any.)</p> | <p>REFUND CHOICE NO. 3 (Complete Form 193)</p> <p><input type="checkbox"/> Entire amount transferred to an "eligible retirement plan" (Traditional IRA, 401(a) plan, 403(a) or (b) annuity, or 457(b) plan.) (457(b) plans prohibit a rollover of non-taxable funds.)</p> |
|---|---|--|

Any employer pick-up contributions transferred under payment choices 2 or 3 lose their post tax status for Maryland income tax purposes. Mandatory federal income tax withholding is at the rate of 20% on the taxable amount paid to you. Are you a resident of Maryland? No ___ Yes ___ (For Maryland residents, State income tax withholding of 7.75% will be withheld from the taxable amount paid to you.)

TO THE BOARD OF TRUSTEES: I apply for the withdrawal of my accumulated contributions with interest earned and thereby terminate my membership in the Maryland State Retirement and Pension System **and forfeit any further right to receive a future benefit, including disability retirement benefits.** I have read and understand the Summary of Major Retirement Benefits. I have read and understand the Special Tax Notice Regarding Plan Payments (IRS Safe Harbor Explanation).

Member's Signature (Must sign in presence of notary) _____ Date _____

State of _____ County of _____ (or City of Baltimore) On this _____ day of _____, 20 _____, before me, the undersigned officer, personally appeared _____, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument and acknowledged that (he/she) executed the same for the purposes therein contained. In witness whereof I hereunto set my hand and official seal. Signature of Notary Public _____ Printed Name of Notary Public _____ My Commission Expires _____

{ Official Seal }
must be
affixed }

RETIREMENT COORDINATOR COMPLETES THIS SECTION EMPLOYING AGENCY NAME: _____

This member's resignation/termination date is: _____
Section 828 of the Pension Protection Act of 2006 provides for a waiver of the ten percent (10%) early withdrawal penalty tax on certain distributions by pension plans to qualified public safety employees. Qualified public safety employees are defined by the Act as any employee of a State or political subdivision of a State who provides police protection, fire-fighting services or emergency medical services. Does this member or former member meet the definition of a qualified public safety employee with respect to his/her employment with you? ___ Yes ___ No
I certify that the above information regarding resignation/termination date and eligibility under section 828 of the Pension Protection Act is true and accurate to the best of my knowledge and that I am authorized to certify this information by my employer.

Retirement Coordinator Signature _____ Date _____ Telephone Number _____

INSTRUCTIONS

1. Upon completion, retain a copy of this form. If your termination date is less than 90 days from the date you complete this form, forward the original to the Retirement Coordinator at the agency where you resigned/terminated.
2. Allow up to 90 days from the latter of date of resignation/termination or the date of receipt of this application for processing of your application.
3. If you are on an approved leave of absence, please follow your agency's procedures for cancellation of such approved leave of absence.
4. Withdrawal of accumulated contributions can not be paid by direct deposit. Enter in the spaces marked 'address' the location to which you want your refund check mailed. Be sure to notify the Post Office of any subsequent changes.
5. If you are exercising Refund Choices No. 2 or No. 3, you must complete the Trustee-to-Trustee Distribution Form 193. Payment shall be made after this Application, the Trustee-To-Trustee Distribution Form, and any other required forms are properly completed and received by SRA. Be sure to include your current address on all forms.
6. Non-Taxable Amounts - These are amounts that have already been subject to federal tax. If that is the only amount you wish refunded to you, write "NON-TAXABLE" on the line provided in Choice No. 2.

NOTE: The non-taxable amount will be calculated at the time of refund.

7. Some "eligible retirement plans" do not accept rollovers and some do not accept rollovers of after-tax amounts. 457(b) plans do not accept transfers of non-taxable amounts. Be sure to check with the receiving plan as to whether or not they can accept the rollover.
9. In order to receive a refund, you must also complete and submit form 746, "Acknowledgement of Receipt of Safe Harbor Notice and Affirmative Election." Call the State Retirement Agency at 410-625-5555 or toll free at 1-800-492-5909 if you do not have a copy of this form.
10. Before signing this form, read the enclosed Summary of Benefits. You will be forfeiting any further rights to these benefits, including, but not limited to, disability retirement.

IMPORTANT TAX INFORMATION ON REFUNDS

Before signing this Form, it is important that you read the SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS (IRS Safe Harbor Explanation) which describes the Federal tax consequences of receiving a refund. Call the State Retirement Agency at 410-625-5555 or toll free at 1-800-492-5909 if you do not have a copy of this notice.

For Maryland residents who elect not to roll their payment over into another eligible retirement plan, Maryland income tax withholding of 7.75% (the sum of 3% and the maximum, marginal state income tax rate, 4.75%) will be withheld from the taxable amount paid to you.

You should consult with your financial advisor, CPA or the IRS if you have any questions about your specific tax situation.

(CONTINUED ON FOLLOWING PAGE)

IMPORTANT: PLEASE READ “SUMMARY OF MAJOR RETIREMENT BENEFITS”

BENEFITS

SYSTEMS

| | Non-Contributory /Contributory Pension System | Alternate Contributory Pension Selection Plan – enrolled before 7/1/2011 | Reformed Contributory Pension Benefit – Enrolled on or after July 1, 2011 | Retirement System – <i>Note: Bifurcated members are in the Retirement System but receive a combination benefit from both the Retirement & applicable Pension System</i> |
|--|--|---|--|---|
| <p>Service Retirement Eligibility</p> | <p><u>Members enrolled prior to 7/1/2011:</u> Age 62 with at least 5 years of eligibility service, OR Age 63 with at least 4 years of eligibility service, OR Age 64 with at least 3 years of eligibility service, OR Age 65 or older with at least 2 years of eligibility service, OR At least 30 years of eligibility service regardless of age.</p> <p><u>Members enrolled 7/1/2011 or later:</u> See Reformed Contributory Pension section</p> | <p>Age 62 with at least 5 years of eligibility service, OR Age 63 with at least 4 years of eligibility service, OR Age 64 with at least 3 years of eligibility service, OR Age 65 or older with at least 2 years of eligibility service, OR At least 30 years of eligibility service regardless of age.</p> | <p>Age 65 with at least 10 years of eligibility service, OR Rule of 90 (sum of age and eligibility service equal 90).</p> | <p>At least age 60, regardless of creditable service, OR At least 30 years of creditable service, regardless of age.</p> |
| <p>Formula</p> | <p><u>Non-Contributory Pension:</u> .8% of average final compensation up to Social Security integration level, plus 1.5% of average final compensation in excess of the Social Security Integration Level, times creditable service.</p> <p><u>Contributory Pension:</u> 1.2% of average final compensation times service credit as of June 30, 1998, plus 1.4% of average final compensation times service credit earned after June 30, 1998.</p> | <p>1.2% of average final compensation times service credit as of June 30, 1998, plus 1.8% of average final compensation after June 30, 1998.</p> | <p>1.5% of average final compensation times service credit.</p> | <p>1.8% of average final compensation times creditable service.</p> |
| <p>Early Retirement Eligibility</p> | <p><u>Member enrolled prior to 7/1/2011:</u> At least age 55 with at least 15 years of eligibility service.</p> <p><u>Member enrolled 7/1/2011 or later:</u> At least age 60 with at least 15 years of</p> | <p>At least age 55 with at least 15 years of eligibility service.</p> | <p>At least age 60 with at least 15 years of eligibility service.</p> | <p>At least 25 years of creditable service.</p> |

| | | | | |
|--|---|--|--|---|
| Formula | <p>eligibility service</p> <p><u>Member enrolled prior to 7/1/2011:</u> Same as service retirement formula, but reduced .005 times the number of months to age 62. Maximum reduction of 42%.</p> <p><u>Member enrolled 7/1/2011 and later:</u> Same as service retirement formula, but reduced .005 times the number of months to age 65. Maximum reduction of 30%.</p> | Same as service retirement formula, but reduced .005 times the number of months to age 62. Maximum reduction of 42%. For members who earn service credit on a ten month basis, the reduction is .006 for each month prior to age 62. | Same as service retirement formula, but reduced .005 times the number of months to age 65. Maximum reduction of 30%. For members who earn service credit on a ten month basis, the reduction is .006 for each month prior to age 65. | Same as service retirement formula, but reduced .005 times the lesser of the number of months to age 60 or 30 years of service. For members who earn service credit on a ten month basis, the reduction is .006 for each month prior to 30 years. |
| Vested Service Retirement Eligibility | <p><u>Member enrolled prior to 7/1/2011:</u> At least 5 years of eligibility service.</p> <p><u>Member enrolled 7/1/2011 or later:</u> At least 10 years of eligibility service.</p> | At least 5 years of eligibility service. | At least 10 years of eligibility service. | At least 5 years of eligibility service. |
| Formula | <p><u>Member enrolled prior to 7/1/2011:</u> Same as service formula with benefits beginning at age 62, OR an early service retirement if eligible.</p> <p><u>Member enrolled 7/1/2011 or later:</u> Same as service formula with benefits beginning at age 65, OR an early service retirement if eligible.</p> | Same as service formula with benefits beginning at age 62, OR an early service retirement if eligible. | Same as service formula with benefits beginning at age 65, OR an early service retirement if eligible. | Same as service formula with benefits beginning at age 60. |
| Ordinary Disability Retirement Eligibility | Permanently disabled after 5 years of eligibility service. | Permanently disabled after 5 years of eligibility service. | Permanently disabled after 5 years of eligibility service. | Permanently disabled after 5 years of eligibility service. |
| Formula | <p><u>Member enrolled prior to 7/1/2011:</u> Same as service retirement formula using creditable service projected to age 62.</p> <p><u>Member enrolled prior to 7/1/2011:</u> Same as service retirement formula using creditable service projected to age 65.</p> | Same as service retirement formula using creditable service projected to age 62. | Same as service retirement formula using creditable service projected to age 65. | Same as service retirement formula with a minimum of 25% of average final compensation or a formula using creditable service projected to age 60. |
| Accidental Disability Retirement Eligibility | Permanently and totally disabled by an | Permanently and totally disabled by | Permanently and totally disabled by | Permanently and totally disabled by an |

| | | | | |
|---|---|--|--|--|
| Formula | accident in the performance of duty. 2/3 of average final compensation plus accumulated contributions paid as an annuity. | an accident in the performance of duty. 2/3 of average final compensation plus accumulated contributions paid as an annuity. | an accident in the performance of duty. 2/3 of average final compensation plus accumulated contributions paid as an annuity. | accident in the performance of duty. 2/3 of average final compensation plus accumulated contributions paid as an annuity. |
| Cost of Living Adjustment to Retirement Benefit Eligibility | Retired at least 1 year as of July 1 st . | Retired at least 1 year as of July 1 st . | Retired at least 1 year as of July 1 st . | Retired at least 1 year as of July 1 st . |
| Formula | <u>Member enrolled prior to 7/1/2011:</u> Annual adjustment based on changes in the Consumer Price Index. Annual adjustment limited to a maximum of 3% of the <u>initial/current</u> (for non-Contributory/Contributory plan) retirement benefit for service credit earned by 7/1/2011. Service after 7/1/2011 earns adjustment capped at 2.5% if assumed rate of return for investments in prior calendar year is met otherwise 1% if investment target not met. <u>Member enrolled 7/1/2011 or later:</u> Annual adjustment based on Consumer Price Index. Limited to 2.5% if assumed rate of return for investments is prior calendar year met otherwise 1% if investment target not met. | Annual adjustment based on changes in the Consumer Price Index. Annual adjustment limited to a maximum of 3% of the <u>current</u> retirement benefit for service credit earned by 7/1/2011. Service after 7/1/2011 earns adjustment capped at 2.5% if assumed rate of return for investments in prior calendar year is met otherwise 1% if investment target not met. | Annual adjustment based on Consumer Price Index. Capped at 2.5% if assumed rate of return for investments is prior calendar year met otherwise 1% if investment target not met. | Annual adjustment based on Consumer Price Index. Unlimited annual adjustment for Plan A; maximum of 5% for Plan B; and a combination for Plan C based upon previous and current plans of participation. |
| Death Benefits – If you die before retirement while actively employed or while on an approved leave of absence and you have at least one year of eligibility. Beneficiary may receive: | (1) a single payment of your contributions plus 5% interest; and (2) your annual salary. If your sole primary beneficiary is your spouse, the spouse may choose a monthly allowance <u>instead of</u> the above benefit, if you: (1) were eligible to retire; or (2) had 25 years of eligibility service, or (3) were age 55 or older and had at least 15 years of eligibility service. If you are killed in the line of duty, different benefits are paid to your eligible spouse, minor children, or dependent parent. | (1) a single payment of your contributions plus 5% interest; and (2) your annual salary. If your sole primary beneficiary is your spouse, the spouse may choose a monthly allowance <u>instead of</u> the above benefit, if you: (1) were eligible to retire; or (2) had 25 years of eligibility service, or (3) were age 55 or older and had at least 15 years of eligibility service. If you are killed in the line of duty, different benefits are paid to your eligible spouse, minor children, or dependent parent. | (1) a single payment of your contributions plus 5% interest; and (2) your annual salary. If your sole primary beneficiary is your spouse, the spouse may choose a monthly allowance <u>instead of</u> the above benefit, if you: (1) were eligible to retire; or (2) had 25 years of eligibility service, or (3) were age 55 or older and had at least 15 years of eligibility service. If you are killed in the line of duty, different benefits are paid to your eligible spouse, minor children, or dependent parent. | (1) a single payment of your contributions plus 4% interest; and (2) your annual salary. If your sole primary beneficiary is your spouse, the spouse may choose a monthly allowance <u>instead of</u> the above benefit, if you: (1) were eligible to retire; or (2) had 25 years of creditable service, or (3) were age 55 or older and had at least 15 years of creditable service. If you are killed in the line of duty, different benefits are paid to your eligible spouse, minor children, or dependent parent. |

POLICE PLANS

STATE POLICE RETIREMENT SYSTEM

1. **Service Retirement:** at age 50, or with 22 years (25 years for members enrolled 7/1/2011 or later) of eligibility service.
2. **Vested Retirement:** at age 50 if you have at least 5 years (10 years for members enrolled 7/1/2011 or later) of eligibility service.
3. **Ordinary Disability Retirement:** If you are permanently incapacitated with at least 5 years of eligibility service, regardless of age.
4. **Special Disability Retirement:** If you are permanently incapacitated in the performance of duty, regardless of age or creditable service.
5. **Cost of Living Adjustment to Retirement Benefit:** Annual adjustment based on changes in the Consumer Price Index. Annual adjustment unlimited for service credit earned by 7/1/2011. Service after 7/1/2011 earns adjustment capped at 2.5% if assumed rate of return for investments in prior calendar year is met otherwise 1% if investment target not met.

CORRECTIONAL OFFICERS' RETIREMENT SYSTEM

1. **Service Retirement:** at age 55 for a correctional officer in the first six job classifications; a detention center officer employed by a participating governmental unit; a member serving as a correctional dietary, maintenance, laundry, or supply officer; a member serving as a Maryland Correctional Enterprises officer, officer trainee, plant supervisor, plant manager, or regional manager, OR at age 60 for a security attendant at the Clifton T. Perkins Hospital Center. OR, have 20 years of eligibility service, the last five years of which must be as a member in one of the classifications listed above.
2. **Vested Retirement:** Requires at least 5 years (10 years for members enrolled 7/1/2011 or later) of eligibility service.
3. **Ordinary Disability Retirement:** If you are permanently incapacitated with at least 5 years of eligibility service, regardless of age.
4. **Accidental Disability Retirement:** If you are permanently incapacitated in the performance of duty, regardless of age or creditable service.
5. **Cost of Living Adjustment to Retirement Benefit:** Annual adjustment based on changes in the Consumer Price Index. Annual adjustment unlimited for service credit earned by 7/1/2011. Service after 7/1/2011 earns adjustment capped at 2.5% if assumed rate of return for investments in prior calendar year is met otherwise 1% if investment target not met.

LAW ENFORCEMENT OFFICERS' PENSION PLAN

1. **Service Retirement:** at age 50 or with 25 years of eligibility service.
2. **Vested Retirement:** at age 50 with at least 5 years (10 years for members enrolled 7/1/2011 or later) of eligibility service.
3. **Ordinary Disability Retirement:** If you are permanently incapacitated with at least 5 years of eligibility service, regardless of age.
4. **Accidental Disability Retirement:** If you are permanently incapacitated in the performance of duty, regardless of age or creditable service.
5. **Cost of Living Adjustment to Retirement Benefit:** Annual adjustment based on changes in the Consumer Price Index. Annual adjustment limited to a maximum of 3% of the current retirement benefit for service credit earned by 7/1/2011. Service after 7/1/2011 earns adjustment capped at 2.5% if assumed rate of return for investments in prior calendar year is met otherwise 1% if investment target not met.

OTHER RETIREMENT SYSTEMS

JUDGES' RETIREMENT SYSTEM

1. **A Retirement Allowance** if: (1) You are at least age 60, regardless of the years of creditable service as a Judge; or (2) You resign because of an incapacitating illness, regardless of age or years of creditable service as a judge.
2. **A Vested Retirement Allowance:** At age 60 if you leave your accumulated contributions on deposit with the Maryland State Retirement Agency.

LEGISLATIVE PENSION SYSTEM - For members of the Legislative Pension System, please call the Maryland State Retirement Agency for information.

IF YOU WISH TO APPLY FOR ONE OF THE BENEFITS, CONTACT YOUR EMPLOYER'S RETIREMENT COORDINATOR OR A RETIREMENT BENEFITS SPECIALIST AT 410-625-5555 OR TOLL FREE AT 1-800-492-5090 FOR THE APPROPRIATE FORM OR FOR ADDITIONAL INFORMATION. KEEP THIS INFORMATION FOR YOUR RECORDS.

STATE RETIREMENT AGENCY
120 EAST BALTIMORE STREET
BALTIMORE, MARYLAND 21202

TRUSTEE-TO-TRUSTEE DISTRIBUTION FORM

FORM 193 (REV. 11/07)

SECTION I

To be completed by Payee and forwarded to Payee's financial institution

| | | | |
|----------------|--------|------|-----------------------------|
| Last Name | First | M.I. | Social Security # - - |
| MISCELLANEOUS: | | | Day Time Phone # () - - |
| HOME ADDRESS: | | | Ext _____ |
| CITY: | STATE: | ZIP: | |

TYPE OF DISTRIBUTION: Check [✓] Distribution Type:

- Withdrawal of Accumulated Contributions (Form-5)
- Withdrawal of Voluntary Funds (Form-742)
- Application for Payment of Lump Sum Deferred Vested Benefit (Form-742.1)
- Death Benefit (Surviving Spouse of Employee or Retiree) (Form-745)
- Withdrawal of Deferred Retirement Option Program (DROP) Account (Forms-505; 757)

Based on the distribution option I selected on my Withdrawal of Accumulated Contributions (Form-5), Withdrawal of Voluntary Funds (Form-742), Application for Payment of Lump Sum Deferred Vested Benefit (Form-742.1), Death Benefit Claim Form (Form-745) or Withdrawal of DROP Account (Forms-505; 757), I direct the SRA to do the following:

| |
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| <p>Check [✓] only one option to indicate payment selection.</p> <p><input type="checkbox"/> Pay to me my designated flat dollar refund amount of \$ _____.</p> <p>OR</p> <p><input type="checkbox"/> Pay to me all federal "NON-TAXABLE" funds to be determined at time of payment.</p> |
|---|

AND

The account balance will be made payable to your designated IRA or Eligible Employer Plan. (Note: distributions to a 457(b) governmental plan or a 403(b) tax sheltered annuity may not exceed the taxable amount.)

I understand the Agency may issue two checks to me: one payable to my order and the other payable to the order of the IRA or Eligible Employer Plan that is to receive my distribution. I understand that I am responsible for promptly delivering the check for my distribution directly to the IRA or Eligible Employer Plan for processing, and I agree to do so.

SRA will not process more than one trustee-to-trustee distribution. Thus, if you want to move funds between IRA's and/or Eligible Employer Plans, contact the IRA or Eligible Employer Plan to which you are making the direct rollover to determine whether transfers are allowable.

I understand and agree to the above distribution conditions.

| | |
|-----------------------------------|----------------------|
| _____ PAYEE (Signature) | _____ DATE |
|-----------------------------------|----------------------|

If you need assistance in completing this application, telephone a retirement benefits counselor at 410-625-5555 or toll free at 1-800-492-5909.

REVERSE SIDE MUST ALSO BE COMPLETED

SECTION II

(TO BE COMPLETED BY FINANCIAL INSTITUTION)

Verify Information in Section I.

Send completed form to: State Retirement Agency, 120 East Baltimore Street, Baltimore, Maryland 21202-1600

Payee's Name: _____ Payee's Social Security No. _____ - _____ - _____

NAME AND ADDRESS OF FINANCIAL INSTITUTION/ACCOUNT

Name: _____

Address: _____

City: _____ State: _____ Zip: _____

DEPOSITOR ACCOUNT TITLE: In order to properly prepare the check, the Retirement Agency needs the name of the financial institution/account into which the check will be made payable. Enter in the spaces below this information, up to 34 characters. The check payable to your designated financial institution/account will carry the notation "DIRECT ROLLOVER," and will contain the name for the individual indicated in Section I. For IRA's, the check will read payable to: [Information Below] as trustee of IND. RET. ACCT of [Payee in Section I]. For Eligible Employer Plans, the check will read payable to: [Information Below] FBO [Payee in Section I].

34 character grid for Depositor Account Title

ENTER THE PAYEE'S ACCOUNT NUMBER (OPTIONAL):

17 character grid for Payee's Account Number

The arrangement selected by the Payee is: (Check [✓] one):

Traditional IRA

Eligible Employer Plan

Qualified plan under §401(a), including a 401(k) plan

§403(a) qualified annuity

§403(b) tax sheltered annuity

§457(b) governmental plan

Check [✓] Box to Affirm that Plan Separately Accounts for After-Tax Contributions & Earnings

Check indicates plan separately accounts for after-tax contributions and earnings

Check indicates plan separately accounts for after-tax contributions and earnings

Plan may NOT accept after-tax contributions from a 401(a) qualified plan

Plan may not accept after-tax contributions

I confirm that the payee, account number and title are correct. Further, I confirm that the plan designated by the payee is (or is intended to be) a Traditional IRA, or an Eligible Employer Plan which 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; or an eligible section 457(b) plan maintained by a governmental employer (governmental 457 plan), that the plan designated may accept such payment (including any after-tax contributions, if applicable) and that I am authorized to act on behalf of the designated plan and will accept the direct rollover for the payee and account for it as required by the Internal Revenue Code.

PRINT OR TYPE REPRESENTATIVE'S NAME

SIGNATURE OF REPRESENTATIVE

DATE

AREA CODE/TELEPHONE #: _____ - _____ - _____

PLEASE READ THIS CAREFULLY

All information on this form, including the individual's social security number, is required. The information is confidential and will be used only to process payment data from the State Retirement Agency of Maryland to the financial institution and its agent. Failure to provide the requested information may prevent or delay release or payment.

If you need assistance in completing this application, telephone a retirement benefits counselor at 410-625-5555 or toll free at 1-800-492-5909.

STATE RETIREMENT AGENCY
120 EAST BALTIMORE STREET
BALTIMORE, MARYLAND 21202

ACKNOWLEDGEMENT OF RECEIPT OF SAFE
HARBOR NOTICE AND AFFIRMATIVE ELECTION

FOR RETIREMENT USE ONLY FORM 746 (REV. 4/03)

Name: _____ Soc. Sec. No. : _____

The Internal Revenue Service has advised the State Retirement Agency (the "Agency") that it must provide you with the Safe Harbor Tax Notice entitled "SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS" no earlier than 90 days and no later than 30 days before a payment is made to you. If, after receiving the Safe Harbor Tax Notice, you affirmatively choose to make or not make a direct rollover, then the distribution may be made to you even if the 30 day period has not expired.

So that you are not required to wait 30 days after receipt of the Tax Notice, the Agency will make the distribution in accordance with Agency procedures to you or to the trustee of your traditional IRA or Eligible Employer Plan upon receipt of this form signed by you to evidence your agreement to the following matters:

1. That you have received the Safe Harbor Tax Notice entitled "SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS" from the Agency;
2. That you have had an opportunity to review it with your tax advisor, accountant, attorney or the IRS and understand your options with respect to receipt of a distribution from the Agency at this time;
3. That you affirmatively chose to make or not make a direct rollover by executing the appropriate Agency form; and
4. That you request the Agency to make a distribution of the funds in accordance with your instructions and you understand that the payment may be made less than 30 days after you received the Safe Harbor Tax Notice.

If you have any questions about this form, before signing it, telephone a retirement benefits counselor at 410-625-5555 or toll free at 1-800-492-5909.

.....
ALL OF THE ABOVE IS AS AGREED:

Signature: _____ Date: _____

Address: _____

SPECIAL TAX NOTICE REGARDING YOUR ROLLOVER OPTIONS

You are receiving this notice because all or a portion of a payment you are receiving from the **Maryland State Retirement and Pension System** (the "Plan") is eligible to be rolled over to an IRA or an employer plan. This notice is intended to help you decide whether to do such a rollover.

This notice is provided to you by the **State Retirement Agency** (your "Plan Administrator") because all or part of the payment that you will soon receive from the Plan may be eligible for rollover by you or your Plan Administrator to an 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 IRA that allows 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).

This Notice is designed to satisfy the requirements of Section 402(f) of the Internal Revenue Code. The State Retirement Agency has customized the IRS Safe Harbor Explanation by omitting those portions of the Notice that do not apply to the Plan and by providing additional relevant information.

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. Even if an eligible employer plan accepts rollovers, it might not accept rollovers of certain types of distributions, such as after-tax amounts. If this is the case, and your distribution includes after-tax amounts, you may wish instead to roll your distribution over to an IRA or split your rollover amount between the employer plan in which you will participate and an IRA. If an eligible 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.

Rules that apply to most payments from a plan 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?

You will be taxed on a payment from the Plan if you do not roll it over. If you are under age 59 ½ and do not do a rollover, you will also have to pay a 10% additional income tax on early distributions (unless an exception applies).

If you do a rollover to a traditional IRA or an eligible employer plan, you will not have to pay tax until you receive payments later from the IRA or plan, and the 10% additional income tax will not apply if those payments are made after you are age 59 ½ (or if an exception applies).

If you do a rollover to a Roth IRA, you will be taxed on the amount rolled over (reduced by any after-tax amount). However, if you are under age 59 ½ at the time of the rollover, the 10% additional income tax will not apply. See the section below titled "If you roll over your payment to a Roth IRA" for more details.

Where may I roll over the payment?

You may roll over the payment to either an IRA (an individual retirement account or individual retirement annuity) or an employer plan (a tax-qualified section 401(a) plan, section 403(b) plan, or governmental section 457(b) deferred compensation plan) that will accept the rollover. The rules of the IRA or employer plan that holds the rollover will determine your investment options, fees, and rights to payment of the rolled over amount in the future. Further, the amount rolled over will become subject to the tax rules that apply to the IRA or employer plan.

How do I do a rollover?

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

If you do a direct rollover, the Plan will make the payment directly to your IRA or an employer plan. You should contact the 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, the Plan is required to withhold 20% of the payment for federal income taxes. If you do not do a direct rollover, you may still do a rollover by making a deposit into an IRA or eligible employer plan that will accept it. You will have 60 days after you receive the payment to make the deposit. This means that, in order to roll over the entire payment in a 60-day rollover, you must use other funds to make up for the 20% withheld. If you do not roll over the entire amount of the payment, the portion not rolled over will be taxed and will be subject to the 10% additional income tax on early distributions if you are under age 59 ½ (unless an exception applies).

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 lives or joint life expectancy of you and your beneficiary) (This means that your lifetime monthly benefits are not eligible for rollover.)
- Required minimum distributions after age 70 ½ (or after death)
- Corrective distributions of contributions that exceed tax law limitations

The Plan administrator or the payor can tell you what portion of a payment is eligible for rollover.

If any portion of your payment is taxable but cannot be rolled over, 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, an amount will 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.

If I don't do a rollover, will I have to pay the 10% additional income tax on early distributions?

If you are under age 59 ½, you will have to pay the 10% additional income tax on early distributions for any payment from the Plan (including amounts withheld for income tax) that you do not roll over, unless one of the exceptions listed below applies. This tax is in addition to the regular income tax on the payment 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 lives or joint life expectancy of you and your beneficiary)
- Payments from a governmental defined benefit pension plan made after you separate from service if you are a public safety employee and you are at least age 50 in the year of the 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

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

If you receive a payment from an IRA when you are under age 59 ½, you will have to pay the 10% additional income tax on early distributions from the IRA, unless an exception applies. In general, the exceptions to the 10% additional income tax for early distributions from an IRA are the same as the exceptions listed above for early distributions from a plan. However, there are a few differences for payments from an IRA, including:

- There is no exception for payments after separation from service that are made after age 55.
- 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 an 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, and (3) payments after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

Will I owe State income taxes?

Under Maryland law, any distribution from the Plan, which qualifies as eligible for roll over, is subject to mandatory Maryland State tax of 7.75% of the taxable amount paid directly to you. This applies to Maryland residents only.

SPECIAL RULES AND OPTIONS

If your payment includes after-tax contributions

After-tax contributions included in a payment are not taxed. If a payment is only part of your benefit, an allocable portion of your after-tax contributions is generally included in the payment. If you have pre-1987 after-tax contributions maintained in a separate account, a special rule may apply to determine whether the after-tax contributions are included in a payment.

You may roll over to an IRA a payment that includes after-tax contributions through either a direct rollover or a 60-day rollover. You must keep track of the aggregate amount of the after-tax contributions in all of your IRAs (in order to determine your taxable income for later payments from the IRAs). If you do a direct rollover of only a portion of the amount paid from the Plan and a portion is paid to you, each of the payments will include an allocable portion of the after-tax contributions. If you do a 60-day rollover to an IRA of only a portion of the payment made to you, the after-tax contributions are treated as rolled over last. For example, assume you are receiving a complete distribution of your benefit which totals \$12,000, of which \$2,000 is after-tax contributions. In this case, if you roll over \$10,000 to an IRA in a 60-day rollover, no amount is taxable because the \$2,000 amount not rolled over is treated as being after-tax contributions.

You may roll over to an employer plan all of a payment that includes after-tax contributions, but only through a direct rollover (and only if the receiving plan separately accounts for after-tax contributions and is not a governmental section 457(b) plan). You can do a 60-day rollover to an employer plan of part of a payment that includes after-tax contributions, but only up to the amount of the payment that would be taxable if not rolled over.

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. To apply for a waiver, 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, Individual Retirement Arrangements (IRAs).

If 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 you do not roll over, special rules for calculating the amount of the tax on the payment might apply to you. For more information, see IRS Publication 575, Pension and Annuity Income.

If you roll over your payment to a Roth IRA

You can roll over a payment from the Plan made before January 1, 2010 to a Roth IRA only if your modified adjusted gross income is not more than \$100,000 for the year the payment is made to you and, if married, you file a joint return. These limitations do not apply to payments made to you from the Plan after 2009. If you wish to roll over the payment to a Roth IRA, but you are not eligible to do a rollover to a Roth IRA until after 2009, you can do a rollover to a traditional IRA and then, after 2009, elect to convert the traditional IRA into a Roth IRA. The Plan administrator is not responsible for verifying your eligibility to make a rollover to a Roth IRA. (IRS Notice 2008-30)

If you roll over the payment to a Roth IRA, a special rule applies under which the amount of the payment rolled over (reduced by any after-tax amounts) 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). For payments from the Plan during 2010 that are rolled over to a Roth IRA, the taxable amount can be spread over a 2-year period starting in 2011.

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 59 ½ (or after your death or disability, or as a qualified first-time homebuyer distribution of up to \$10,000) and after you have had a Roth IRA for at least 5 years. In applying this 5-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.

You cannot roll over a payment from the Plan to a designated Roth account in an employer plan.

For more information, see IRS Publication 590, Individual Retirement Arrangements (IRAs). You should consult your tax advisor if you are interested in rolling over your distribution to a Roth IRA.

If you are an eligible retired public safety officer and your pension payment is used to pay for health coverage or qualified long-term care insurance

If 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 plan payments 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.

The Form 1099-R that you receive from the Plan administrator will report the deducted insurance premium as taxable. If you want to take advantage of this \$3,000 exclusion, you must report the amount claimed on Form 1040. The instructions to Form 1040 explain that the taxable amount received from the Plan, reduced by the amount of qualified premiums deducted and paid by the Plan (not to exceed \$3,000), must be entered on line 16b of the Form 1040. Next to the entry, in the margin, you must write the letters "PSO." This is an annual election—you will need to report the exclusion for each year in which you want to claim the exclusion.

If you are not a plan member

Payments after death of the member. If you receive a distribution after the member's death that you do not roll over, the distribution will generally be taxed in the same manner described elsewhere in this notice. However, 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 were born on or before January 1, 1936" applies only if the member 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 member, you have the same rollover options that the member would have had, as described elsewhere in this notice. In addition, if you choose to do a rollover to an IRA, you may treat the IRA as your own or as an inherited IRA. Note that a spouse for federal tax law purposes must be a person of the opposite sex to whom you are married.

An IRA you treat as your own is treated like any other IRA of yours, so that payments made to you before you are age 59 ½ will be subject to the 10% additional income tax on early distributions (unless an exception applies) and required minimum distributions from your IRA do not have to start until after you are age 70 ½.

If you treat the IRA as an inherited IRA, payments from the IRA will not be subject to the 10% additional income tax on early distributions. However, if the member had started taking required minimum distributions, you will have to receive required minimum distributions from the inherited IRA. If the member had not started taking required minimum distributions from the Plan, you will not have to start receiving required minimum distributions from the inherited IRA until the year the member would have been age 70 ½.

If you are a surviving beneficiary other than a spouse. If you receive a payment from the Plan because of the member'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 IRA. Payments from the inherited IRA will not be subject to the 10% additional income tax on early distributions. You will have to receive required minimum distributions from the inherited IRA.

Payments under a qualified domestic relations order. If you are the spouse or former spouse of the member who receives a payment from the Plan under a qualified domestic relations order (QDRO), you generally have the same options the member would have (for example, you may roll over the payment to your own IRA or an eligible employer plan that will accept it). If you are an alternate payee other than the spouse or former spouse of the member, you generally have the same options as a surviving beneficiary other than the spouse, so that the only rollover option you have is to do a direct rollover to an inherited IRA. Payments under the QDRO will not be subject to the 10% additional income tax on early distributions.

If you are a nonresident alien

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

If your payments for the year are less than \$200, the Plan is not required to allow you to do a direct rollover. However, you may do a 60-day rollover.

You may have special rollover rights if you recently served in the U.S. Armed Forces. For more information, see IRS Publication 3, Armed Forces' Tax Guide.

NOTICE PERIOD

Generally, payment cannot be made from the Plan until at least 30 days after you receive this notice. Thus, you have at least 30 days to consider whether or not to have your payment 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 payment will then be processed in accordance with your election as soon as practical after it is received by the Plan administrator.

FOR MORE INFORMATION

You may wish to consult with the Plan administrator 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, 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, or by calling 1-800-TAX-FORM.

The State Retirement Agency strongly urges you to consult with a qualified tax advisor, the Internal Revenue Service, or a Certified Public Accountant regarding the tax consequences of your distribution as it relates to your specific tax situation.