# FIREFIGHTERS' RETIREMENT SYSTEM

**PO Box 94095, Capitol Station, Baton Rouge, LA 70804-9095**

**Phone: (225) 925-4060 Fax: (225) 925-4062**


## REQUEST FOR WITHDRAWAL FROM DROP/IBO ACCOUNT

## MEMBER'S STATEMENT (To be completed by applicant)

| | | | | |
|---|---|---|---|---|
| Last Name | First Name | Middle Name | | Social Security Number |
| Street Address | | | | Phone Number |
| City | State | Zip Code | Date | Birth Date |

## Safe Harbor Explanation/ Wavier of 30-Day Notice Period

CAUTION: Some people have been surprised by large tax bills after rolling over funds from FRS and then taking a withdrawal or distribution. Many tax rules apply when a person takes a distribution of funds directly from FRS or rolls over funds from FRS to another qualified retirement plan or IRA. Those rules are explained in the attached brochure. Two of the many rules that might apply to you in a rollover situation are first: (1) When DROP funds are rolled over from FRS to another qualified retirement plan or IRA, the funds will probably lose the exemption from state tax and will probably be subject to both state and federal tax when withdrawals or distributions are taken from the receiving retirement plan or IRA, and (2) Any such withdrawal or distribution will probably be subject to an additional 10% penalty tax if the withdrawal or distribution is taken from the receiving plan or IRA before you attain age 59½. You must read the attached IRS brochure and you are strongly encouraged to seek advice from a tax advisor prior to making a withdrawal or rollover of DROP funds from FRS.

No withdrawal is required until you reach age 73. Do not complete this form if you do not wish to make a withdrawal from your DROP/IBO account currently. Amounts withdrawn from your DROP/IBO account are subject to federal income tax in the year you receive them. Under the provisions of the Federal Unemployment Compensation Act of 1992, the method of withdrawal you select will determine if the amount is eligible for rollover to an IRA or other qualified plan and subject to mandatory federal income tax withholding of 20%. You must read the "IRS Federal Tax Notice 2018-74: Special Tax Notice Regarding Plan Payments" before making your selection of the method of withdrawal. If you wish to rollover the amount to an IRA or other qualified plan, the rollover must be made directly from FRS to the other financial institution to avoid the mandatory withholding of 20%. Internal Revenue Service regulations require minimum distributions to begin being paid to you by April 1st of the calendar year after you reach age 73. These funds are not eligible for rollover to an IRA or other qualified plan. Withdrawals from FRS are not subject to Louisiana Income Tax.

**By my signature below**, I acknowledge that I have read these instructions and the attached IRS brochure titled "Safe Harbor Explanation" (IRS Notice 2020-62).

**By my signature below**, I hereby certify that I received from the FRS Plan Administrator a copy of the special tax notice regarding plan payments (IRS Notice 2020-62). I read and understand the notice. I do not wish to wait until the 30-day notice period ends before my DROP/IBO withdrawal selection is processed. I hereby affirmatively elect to waive the 30-day notice period.

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|---|---|
| Signature: | Date: |

## METHOD OF WITHDRAWAL

Disbursements from the DROP/IBO account will be made on the first day of each month in the same manner you receive your monthly retirement benefit (if a weekend or holiday, the disbursement will be made the following workday). Requests for changes in the type of disbursement or amount must be made in writing and must be received by FRS by the fifteenth of the preceding month. The method of disbursement you select will determine if the amount is eligible for rollover to an IRA and subject to mandatory federal income tax withholding of 20%. By completing a rollover, you may lose any exemption regarding Louisiana Income Tax and you may lose your exemption regarding the additional 10% IRS penalty depending on the type of plan you rollover into. You are strongly advised to consult with a tax professional prior to completing any withdrawals or rollovers. Please note that if you withdraw your account balance during any fiscal year, estimated interest may be posted to the account at that time and the account closed. If at any point the account balance reaches $1,000.00 or less, estimated interest may be posted to the account and the balance will be forwarded to you and the account closed. If you withdraw your account balance or if the account balance reaches $1,000.00 or less your account will be closed. If any interest is due at the end of the year the interest will be paid to you in the same manner as your original withdrawal.

☐ A. **ROLLOVER** – I elect to rollover $____________________ of my DROP/IBO account to the financial institution below.

***An Acceptance Letter from the financial institution must be attached to this form.***

☐ B. **LUMP SUM** – I elect to be paid the entire balance in a lump sum payment of my DROP/IBO account on the next available disbursement date. I understand that it may take between 30 to 60 days to process my payment.

☐ C. **ONE TIME WITHDRAWAL** – I elect to be paid a one-time amount of $____________________

☐ D. **MONTHLY WITHDRAWAL** – I elect to be paid a monthly amount of $____________________ to be paid each month until all funds in the account are disbursed or until I terminate the monthly withdrawal in writing.

☐ F. **ANNUAL WITHDRAWAL** – I elect to be paid an annual amount of $____________________ to be paid once a year on the disbursement date in the month of ___________________.

**Complete the attached W4-R if you do not wish to have the default IRS Federal withholding of 20%. You can choose a rate greater than 20% by entering the rate on line 2 of the W4-R. A W4-R must be completed for each One Time withdrawal request.**

| Signature: | Date: |
|---|---|