

Instructions for Completing Form EC&B-123B: Direct Rollover Options

Complete Form EC&B-123B if you are receiving a payment from the Employees' Retirement System ("ERS") that is eligible for rollover. Generally, the only payments that are eligible for rollover are: (1) a one-time payment to you or your beneficiary that represents a refund of your own contributions, (2) a one-time payment made in connection with an ordinary death benefit for a Contributory Plan member, or (3) a lump-sum death benefit paid in connection with retirement Option 1.

Before completing this Form, please read the enclosed Special Tax Notice Regarding Rollover Options, which explains your rollover rights and limitations on such rights. This Form directs the ERS what to do with a payment that is eligible for rollover. Generally, you have three choices:

1. **NO DIRECT ROLLOVER.** Choose this option if you do not want any amount to be directly rolled over to an IRA or a qualified employer plan. The full amount that is eligible for rollover will be paid to you. The taxable portion will be taxable to you in the year distributed. Also, federal law mandates that at least 20% of the taxable amount be withheld for federal income taxes. You may also be subject to an early distribution penalty if you are under age 59½ (unless an exception applies). If you choose this option, you may still do a traditional 60-day rollover. Please see page 2 of the Special Tax Notice Regarding Rollover Options.
2. **FULL DIRECT ROLLOVER.** Choose this option if you want the full amount of the eligible rollover payment to be rolled over in a direct rollover to a qualified employer plan or IRA designated by you. No amount will be paid to you and no amount will be taxable to you until later distributed from the qualified employer plan or IRA to which the direct rollover is made.
3. **PARTIAL DIRECT ROLLOVER.** Choose this option if you want to roll over some but not all of the eligible rollover payment. The taxable portion of the payment made to you will be taxable to you in the year distributed. Also, federal law mandates that at least 20% of the taxable amount be withheld for federal income taxes. You may also be subject to an early distribution penalty if you are under age 59½ (unless an exception applies).

Special Note for Nonspouse Beneficiaries

Effective July 1, 2010, if you are a nonspouse beneficiary and you receive an eligible rollover payment, you will be able to do a direct rollover to an inherited IRA (which may be either a traditional IRA or a Roth IRA). Please see page 5 of the Special Tax Notice Regarding Rollover Options.

Because each person's situation may be different, you should consult with a qualified tax advisor with regard to your specific situation.

EMPLOYEES' RETIREMENT SYSTEM
201 Merchant Street, Suite 1400
Honolulu, Hawaii 96813-2980

DIRECT ROLLOVER OPTIONS
(For use by Contributory and Hybrid Plan Members)

Name: _____ S. S. No.: _____ Retirement Date: _____

The following chart is provided for your use in retirement planning.

Estimated Taxable Portion of Eligible Rollover Payment		Estimated Nontaxable Portion of Eligible Rollover Payment	
1) Pre-Tax Contributions	\$ _____	1) After-Tax Contributions	\$ _____
2) Regular Interest on Pre-Tax and After-Tax Contributions	+ _____		
3) Total	= \$ _____	2) Total	= \$ _____

SELECT ONLY ONE OF THE FOLLOWING:

1. _____ **NO DIRECT ROLLOVER**
I do not want to do a direct rollover of any portion of my eligible rollover payment. Please pay the entire amount to me. By federal law, at least 20% of the taxable portion that is not directly rolled over must be withheld for federal income taxes. Therefore, please withhold:
_____ % (must be at least 20%) of the taxable portion of my eligible rollover payment.
(Note: 20% will be withheld if no percentage is indicated above or if the percentage is less than 20%.)
2. _____ **FULL DIRECT ROLLOVER (Including After-Tax Contributions)**
I want to do a direct rollover of the entire eligible rollover payment to the institution listed below.
3. _____ **PARTIAL DIRECT ROLLOVER**
Please pay directly to me \$ _____ of the amount that I am eligible to roll over. I want to directly roll over to the institution listed below the remaining balance of my eligible rollover payment. By federal law, at least 20% of the taxable portion that is not directly rolled over must be withheld for federal income taxes. Therefore, please withhold:
_____ % (must be at least 20%) of the taxable portion of my eligible rollover payment that is not directly rolled over.
(Note: 20% will be withheld if no percentage is indicated above or if the percentage is less than 20%.)

Read and Initial Regarding Making a Direct Rollover of After-Tax Contributions to a Qualified Employer Plan (QEP)

_____ I understand and acknowledge that if I am doing a direct rollover of after-tax contributions to a qualified employer plan (which may not include a governmental section 457(b) plan), the receiving plan must separately account for the after-tax contributions rolled over. I have confirmed with the administrator of the receiving qualified employer plan that the receiving plan will separately account for the after-tax contributions.

Qualified Employer Plan or IRA to Which Direct Rollover Will Be Made:

**Institution
Name** _____

Address 1 _____

Address 2 _____

Address 3 _____

City _____

State _____ **Zip** _____

Phone Number _____

Acct No _____

Select Plan Type (from the following):

____ **Traditional IRA** ____ **Roth IRA**

____ **Qualified Employer Plan-(QEP)**

If a QEP, is this a governmental section 457(b) plan? ____ **YES** ____ **No**

The rollover check will be mailed to the institution shown above. I understand that I must return this form before my retirement date in order for the ERS to complete the rollover as part of my retirement.

Signature _____

Date _____

Phone _____