

# DROP Exit Notification

Last Name:		First Name:		Middle Initial:
Address:		City:	State:	Zip:
Social Security #:	Phone #:		Date of Birth: Month Day Year	
Non-county email:	Department and position:			
Address for your retirement pay advices/other information, if different from above:				
Last Day Worked/DROP Exit Date:				

This form MUST be completed when you terminate the Deferred Retirement Option Program (DROP). This form must be received by the Retirement Systems NO LESS than 60 days prior to DROP exit date. **If you do NOTHING with this form**, and do not choose elections for your DROP account disbursement, your DROP account balance will be used to increase your monthly retirement benefit. The amount of the increase will be determined based on the actuarial equivalent of your DROP account balance.

After you have returned a completed form and you have been paid for final hours worked, your disbursement will be processed no later than the last business day of the following month.

**This form MUST be received by the Retirement Systems Office NO LESS THAN 60 days prior to DROP Exit date!**

Indicate below, how you want to receive payment of your DROP balance. **SELECT ONLY ONE BOX**

A.  Lump Sum Refund

B.  Rollover\* \*Any post-tax portion of your account balance will be paid directly to you in the form of a check as that portion of your balance can NOT be rolled over since you have already paid taxes on those dollars.

C.  \_\_\_\_\_ \$ or % Rolled Over and \_\_\_\_\_ \$ or % Lump Sum Refund

D.  Use 100% of your DROP balance to *increase* your retirement benefit

E.  Use 50% of your DROP balance to *increase* your retirement benefit and 50% distribution in the following manner:  
 \_\_\_\_\_ \$ or % Rolled Over and \_\_\_\_\_ \$ or % Lump Sum Refund

~ Please complete the front and back of this form and retain a copy for your records ~

Please return this original form to:

**Refunds and Taxes**

You will receive your lump sum refund by direct deposit. You may also choose to have all or part of your refund rolled over via a check into an Individual Retirement Account (IRA) or to an employer's Plan that will accept the funds. This "direct rollover" or "eligible rollover distribution" is explained on the attached sheets.

The amount or percentage of any lump sum refund is subject to a mandatory 20% federal tax-withholding. In addition, it is subject to Virginia state tax withholding at the rate of 4% unless you indicate below that you are not subject to paying those taxes because: (1) you are not a resident of Virginia; (2) you incurred no income tax liability for last year and do not expect to incur a liability for this year; or (3) you expect your Virginia adjusted gross income to be less than \$5,000 if single; \$8,000 if married filing a joint return; or \$4,000 if married filing a separate return. If under the age of 55, you may also be subject to a penalty from the IRS.

I certify that I am **not** subject to Virginia tax withholding for one of the reasons listed above. \_\_\_\_\_  
*Initial here*

**PLEASE NOTE:** For a rollover by direct transfer of funds, the box below **MUST** be completed and signed by a designated official **AND you must sign below** in addition to signing in the other required signature spots. The box does not need to be completed if you are requesting a **refund** be paid to you.

★ **Signature** \_\_\_\_\_ **Date** \_\_\_\_\_  
*(Your signature above authorizes the distribution of your DROP balance and interest according to the election on the reverse.)*

**ROLLOVER INFORMATION**

Please have an official of the financial institution or employer's plan, which will be receiving a direct rollover of a portion of your refund complete and sign the section below. Please note that only one such rollover will be permitted. All requested information must be supplied before any funds are transferred.

**I certify that the account below is eligible to receive the direct rollover of the taxable portion of this distribution.**

Name of Financial Institution/Fund		Financial Institution Phone Number	
Address of Financial Institution	City	State	Zip
Rollover Account Number	Date		
Printed Name and Title of Official	Signature of Official		

**Note:** Any taxable DROP exit lump sum payment (not a rollover) that you receive directly may be subject to a 10% IRS penalty when you file your taxes. For example: in 2016, if you are under age 55, you may be subject to a 10% penalty.

*\*This information is provided only as general information and should not be considered as legal or tax advice. Please consult a tax professional before taking a distribution from your DROP Account.*