*** Do not return these documents to the City of De Pere ***
*** Please keep with your other important financial documents ***

The Social Security Alternative Savings Plan (3121 Plan)
Information Sheet

The City of De Pere implemented the Social Security Alternative Savings Plan in May 2004.
Listed below are some questions and answers that will help you to better understand this Plan.

QUESTION	ANSWER
Is Enrollment Mandatory?	Enrollment is mandatory for City employees working fewer than 600/1200 hours per year. We will have you complete an enrollment form at the time of your hire. Enrollment is effective immediately.
How Does The Plan Work?	Instead of reducing your gross wages by the mandatory 6.2% FICA tax and sending it to Social Security, you will contribute 7.5% of your gross wages on a pre-tax basis. Since the 7.5% pre-tax contribution has the same impact as the 6.2% after-tax contribution, your net payroll check remains the same.
Who Administers This Plan?	Pelion Benefits, Inc. P.O. Box 3713-C University Drive, Durham, NC 27707 Toll Free Number: 1-888-532-7526 Fax: 1-919-942-2804
What Happens To My Money When I No Longer Work For The City?	Once your employment ends, you can request a distribution of your money. Attached, please find the Distribution Election Form. You will need to complete this form and send it to the Plan Administrator for processing.
How Long Will It Take To Receive My Distribution?	It typically takes the Plan Administrator 2-4 weeks to process your distribution request.
Will My Distribution Be Subject to Taxes?	Per IRS regulations, distributions are subject to federal tax in the year distributed. Your distribution may also be subject to state tax in the year distributed, depending on the state you live in. Please consult a tax advisor.
Can I Avoid Paying Taxes?	If you rollover your funds into a qualified plan or a Traditional IRA, you may be able to avoid paying taxes. Please consult a tax advisor.
Will I Receive An Annual Statement?	The Plan Administrator sends benefits statements annually in February.
Who Can I Call With Questions?	The Plan Administrator – Pelion Benefits - 1-888-532-7526.
What If My Address Changes?	**You will need to keep the Plan Administrator advised of changes to your address for as long as the account is active.**

(Updated: August 2012)

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www.pelionbenefits.com
3713-C University Drive, Durham, NC 27707
Tel: 888-532-7526
Fax: 919-942-2804

Distribution Election Form

Print Name: ________________________________ Social Security Number: XXX-XX-________

Address: ____ Date of Birth:__ __ ___________

City: ___________________________ State: ___________ Zip: ____________________

Phone: ___________________________ E-mail: ___________________________________

Employer: ________________________________ Date Last Employed: ____________________

Signature: ____ Date: ___________________

Employer Signature: I certify the Participant named above has separated from employment as of the date provided and the requested benefits are permitted in accordance with the terms of the Plan Document.

Signature: _______________________________ Name: ___________________________________

Title: ____ Date: ________________________

Please complete the form in a legible manner. Currently, there are no processing fees for Special Pay distributions, with the exception of 3121 FICA Alternative participants whose fee is the lesser of $12.00 or interest earned. Please read the Special Tax Notice that describes the tax implications of the payment and transfer options included with this form. By signing this form prior to 30 days after you receive it, you are electing to waive the 30-day notice period. The ACH Direct Deposit Authorization Agreement is not required and only applicable to Option 1. Fill out the form, print it, sign it, then either fax the completed Distribution Election Form to 919-942-2804, email the form to **distributions@pelionbenefits.com** or mail the form to Pelion Benefits, Inc., 3713-C University Drive, Durham, NC 27707.

Option 1 – Direct Payment to Participant or Beneficiary

Distribute: 1. ☐ My entire account balance, or 2. ☐ $____________ (insert dollar amount of at least $ 500.00). I understand that any amount paid to me directly will be subject to mandatory Federal income tax withholding at twenty percent (20%) as well as State withholding where required. I am a legal resident of the State of ____________________________.

Option 2 – Direct Rollover to Traditional IRA or Another Qualified Plan

Rollover funds to: 1. ☐ Traditional IRA, or 2. ☐ Another Qualified Plan

I want: 1. ☐ My entire account balance or 2. ☐ $______ (insert amount of at least $500.00).

Name and address of rollover custodian or trustee:

Make check payable to: ____

Mail check to: ____

Address: ____

City: ________________________ State: _________ Zip: __________________

Account number: ___________________________________Attn:___________________

PELION BENEFITS

www.pelionbenefits.com

3713-C University Drive, Durham, NC 27707

Tel: 888-532-7526

Fax: 919-942-2804

ACH Direct Deposit Authorization Agreement

- For your security, and to assure an accurate transfer of funds, complete this entire form in a legible manner and attach a voided check where indicated below.
- The routing and account numbers on this form must be identical to the routing and account numbers on your voided check.
- The payer name on the voided check must match the plan participant's name.
- If a voided check is not available, or if the account number or routing number provided on this form is different than on the voided check, include a letter from the bank or financial institution on their letterhead. Have the letter signed by an authorized representative of the bank and indicate the name of the account holder and provide the routing and account numbers to be used by Pelion Benefits, Inc. for ACH purposes.

I hereby authorize Pelion Benefits, Inc. to initiate credit entries or such adjusting entries, either debit or credit which are necessary for corrections, to my checking or savings account indicated below and the financial institution named below to credit (or debit) the same to such account.

Financial Institution ______________________________ Checking ☐ Savings ☐

Address: ______________________________

City: ____________ State: ____________ Zip: ____________

Routing Number: ☐☐☐☐☐☐☐☐☐ Account Number: ____________

This authority is to remain in full force and effect until Pelion Benefits, Inc. has received written notification of its termination in such time and in such manner as to afford Pelion Benefits, Inc. a reasonable opportunity to act on it.

Print Name: ______________________ Social Security Number: XXX-XX-________

Address: ______________________________

City: ____________ State: ____________ Zip: ____________

Employer: ____________ Phone:____________ E-mail ____________

Signature: ______________________ Date: ____________

ATTACH A VOIDED CHECK HERE

PELION
BENEFITS

www.pelionbenefits.com
3713-C University Drive, Durham, NC 27707
Tel: 888-532-7526
Fax: 919-942-2804

Instructions For Uploading Forms To Our Website

1. Scan your documents and save. Usually, you can scan multiple pages in the same file. If you do not have a scanner, take a photo of your document with your phone. Turn the flash on, hold the phone directly above the document, center the document in the frame, then take the picture. Check the picture to make sure it is in focus. Plug your phone into your computer and save the picture.

2. Open your internet browser.

3. Go to www.pelionbenefits.com

4. Select Upload Forms. It is the second tab at the top of the home page. Click "Please use this link to securely upload your files."

5. Enter your email, first name, last name and your employer.

6. Click the blue Continue button.

7. Click the "Browse files" text in the middle of the screen.

8. Locate your saved files that you want to upload. Click on the file, then click "Open." If you need to upload another document, click "+Add more" and repeat step 7.

9. Once you have all the files you wish to upload, click the blue Upload button in the bottom left corner.

10. Wait for the progress bar to reach 100% for each item. Once each item has "Uploaded" written and highlighted in green, you are finished.

11. Click the x to close your session.

12. You will receive an email verification indicating your file has been uploaded successfully.

IMPORTANT

Employer Signature Required: In order to receive a distribution from the Plan, please have the employer who sponsored the Plan complete the Employer Signature section of the Distribution Election Form.

SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS

This notice explains how you can continue to defer federal income tax on your retirement plan savings in the Plan and contains important information you will need before you decide how to receive your Plan benefits. All references to "the Code" are references to the Internal Revenue Code of 1986, as amended. This notice summarizes only the federal (not state or local) tax rules which apply to your distribution. Because these rules are complex and contain many conditions and exceptions which we do not discuss in this notice, you may need to consult with a professional tax advisor before you receive your distribution from the Plan.

A. TYPES OF PLAN DISTRIBUTIONS

Eligibility for rollover. The Code classifies distributions into two types: (1) distributions you may roll over ("eligible rollover distributions") and (2) distributions you may not roll over. See "Distributions not eligible for rollover" below. You also may receive a distribution under which part of the distribution is an eligible rollover distribution and part is not eligible for rollover. 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 (except for a rollover from a pre-tax account to a Roth IRA, described in the last paragraph of Section B below). The Plan Administrator will assist you in identifying which portion of your distribution is an eligible rollover distribution and which portion is not eligible for rollover.

Plans that may accept a rollover. You may roll over an eligible rollover distribution (other than Roth 403(b) plan deferrals and earnings) either to a Roth IRA, to a traditional IRA or to an eligible employer plan that accepts rollovers. An "eligible employer plan" includes a plan qualified under Code §401(a), including a 403(b) plan, profit sharing plan, defined benefit plan, stock bonus plan (including an ESOP) or money purchase plan; a §403(a) annuity plan; a 403(b) plan; and an eligible §457(b) plan maintained by a governmental employer (governmental 457 plan). Special rules apply to the rollover of after-tax contributions and of Roth 403(b) deferrals. After the first 2 years of participation in a SIMPLE retirement account, you may roll over amounts from the plan into the SIMPLE retirement account. YOU MAY NOT OTHERWISE ROLL OVER ANY DISTRIBUTION TO A SIMPLE IRA OR A COVERDELL EDUCATION SAVINGS ACCOUNT (FORMERLY KNOWN AS AN EDUCATIONAL IRA).

Deciding where to roll over a distribution. 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, 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 to split your rollover amount between the employer plan in which you will participate and an IRA. You also should find out about any documents you must complete before a receiving plan or IRA sponsor will accept a rollover. If an 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 also may be subject to different tax treatment than distributions from this Plan. Check with the administrator of the plan that is to receive your rollover regarding subsequent distributions and taxation of the amount you will roll over, prior to making the rollover.

Distributions not eligible for rollover. An eligible rollover distribution means any distribution to you of all or any portion of your account balance under the Plan except: (1) a distribution which is part of a series of substantially equal periodic payments; (2) a required minimum distribution; (3) a hardship distribution; (4) an ESOP dividend; (5) a corrective distribution; (6) a loan treated as a distribution; (7) life insurance cost; (8) 90-day automatic enrollment withdrawals; or (9) ESOP prohibited allocations.

Substantially equal periodic payments. You may not roll over a distribution if it is part of a series of substantially equal payments made at least once a year and which will last for: (1) your lifetime (or your life expectancy), (2) your lifetime and your beneficiary's lifetime (or life expectancies), or (3) a period of 10 years or more.

Required minimum distributions. The Setting Every Community Up for Retirement Enhancement Act of 2019 (SECURE Act) became law on December 20, 2019. The Secure Act made major changes to the Required Minimum Distribution (RMD) rules. If you reached the age of 70½ in 2019, the prior rule applies, and you must take your first RMD by April 1, 2020, and the second RMD by December 31, 2020 and every year thereafter. If you reach age 70 ½ in 2020 or later, you must take your first RMD by April 1 of the year after you reach 72, and the second RMD by December 31st and every year thereafter. If you are still employed and not a 5% owner, you may defer the start of your RMD distributions until the April 1st after you retire.

Hardship distributions. A hardship distribution is not eligible for rollover.

ESOP dividends. Cash dividends paid to you on employer stock held in an employee stock ownership plan cannot be rolled over.

Corrective distributions. A distribution from the plan to correct a failed nondiscrimination test or because legal limits on certain contributions were exceeded cannot be rolled over.

Loans treated as taxable "deemed" distributions. The amount of a plan loan that becomes a taxable deemed distribution because of a default cannot be rolled over. However, a loan offset amount is eligible for rollover, as discussed in Part C. below. Ask the Plan Administrator if distribution of your loan qualifies for rollover treatment.

30-Day Notice Period/Waiver. After receiving this notice, you have at least 30 days to consider whether to receive your distribution or have the 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 then will be processed in accordance with your election as soon as practical after the Plan Administrator receives your election.

B. DIRECT ROLLOVER

Direct rollover process. You may elect a direct rollover of all or any portion of an eligible rollover distribution. If you elect a direct rollover, the Plan Administrator will pay the eligible rollover distribution directly to your IRA or to another eligible employer plan (or, in the case of a distribution of Roth deferrals, to a Roth IRA, a Roth 403(b) plan, a Roth 403(b) plan, or a Roth governmental 457 plan) which you have designated. Alternatively, for the cash portion of your distribution, if any, the Plan

Administrator may give you a check negotiable by the trustee or custodian of the recipient eligible employer plan or IRA. To complete the direct rollover, you must deliver the check to that trustee/custodian. A direct rollover amount is not subject to taxation at the time of the rollover, unless the direct rollover is from a pre-tax account to a Roth IRA. Except for a direct rollover of a pre-tax amount to a Roth IRA, the taxable portion of your direct rollover will be taxed later when you take it out of the IRA or the eligible employer plan. Depending on the type of plan, 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 elect a direct rollover, your election form must include identifying information about the recipient IRA or plan.

Treatment of periodic distributions. If your Plan distribution is a series of payments over a period of less than ten years, each payment is an eligible rollover distribution. Your election to make a direct rollover will apply to all payments unless you advise the Plan Administrator of a change in your election. The Plan might not let you choose a direct rollover if your distributions for the year are less than $200. The $200 limit may apply separately to Roth distributions and non-Roth account distributions.

Splitting a distribution/small distributions. If your distribution exceeds $500, you may elect a direct rollover of only a part of your distribution, provided the portion directly rolled over is at least $500. If your distribution is $500 or less, you must elect either a direct rollover of the entire amount or payment of the entire amount.

Taxation of direct rollover of pre-tax distribution to Roth IRA. If you directly roll over a pre-tax distribution to a Roth IRA, the taxable portion of the distribution is subject to taxation for the taxable year in which the distribution occurs.

After you roll over a pre-tax distribution 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 59½ (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. For more information, see IRS Publication 590, Individual Retirement Arrangements (IRAs).

If you roll over a payment from the Plan 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).

You cannot roll over a distribution from a non-Roth account to a designated Roth account in another employer's plan.

C. DISTRIBUTIONS YOU RECEIVE

Taxation of eligible rollover distributions. The taxable portion of an eligible rollover distribution which you elect to receive is taxable to you in the year you receive it unless, within 60 days following receipt, you roll over the distribution to an IRA or to another eligible employer plan.

Withholding on eligible rollover distributions. The taxable portion of your eligible rollover distribution is subject to 20% federal income tax withholding. You may not waive this withholding. For example, if you elect to receive a taxable eligible rollover distribution of $5,000, the Plan will pay you only $4,000 and will send to the IRS $1,000 as income tax withholding. You will receive a Form 1099-R from the Plan reporting the full $5,000 as a distribution from the Plan. The $1,000 withholding amount applies against any federal income tax you may owe for the year. The direct rollover is the *only* means of avoiding this 20% withholding.

60-day rollover option. The direct rollover explained in Section B above is not the only way to make a rollover. If you receive payment of an eligible rollover distribution, you still may roll over all or any portion of the distribution to an IRA (including a Roth IRA) or to another eligible employer plan that accepts rollovers, except to the extent the distribution consists of Roth deferrals and earnings on the Roth deferrals. You may roll over the Roth deferrals and earnings on the Roth deferrals to a Roth IRA, or you may roll over only the taxable earnings (if any) on the Roth deferrals (but not the Roth deferrals) to a Roth 403(b) plan, a 403(b) plan, or a governmental 457 plan. If you decide to roll over the distribution, *you must make the rollover within 60 days of your receipt of the payment.* The portion of your distribution which you elect to roll over generally is not subject to taxation until you receive distributions from the IRA or eligible employer plan. However, see "Taxation of direct rollover of pre-tax distribution to Roth IRA," above.

You may roll over 100% of your eligible rollover distribution even though the Plan Administrator has withheld 20% of the distribution for income tax withholding. If you elect to roll over 100% of the distribution, you must obtain *other money* within the 60-day period to contribute to the IRA or eligible employer plan to replace the 20% withheld. If you elect to roll over only the 80% which you receive, the 20% withheld will be subject to taxation.

Example. Assume the taxable portion of your eligible rollover distribution is $5,000, and you do not elect a direct rollover. The Plan pays you $4,000, withholding $1,000 for income taxes. However, assume within 60 days after receiving the $4,000 payment, you decide to roll over the entire $5,000 distribution. To make the rollover, you will roll over the $4,000 you received from the Plan and you will contribute $1,000 from other sources (your savings, a loan, etc.). In this case, you will not have any tax liability with respect to the Plan distribution. The Plan will report a $5,000 distribution for the year and you will report a $5,000 rollover. When you file your income tax return, you may receive a refund of the $1,000 withheld. If you roll over only the $4,000 paid from the Plan, the $1,000 you do not roll over is taxable. In addition, the $1,000 you do not roll over may be subject to a 10% penalty tax. See "10 penalty tax if you are under age 59½" below. When you file your income tax return, you still may receive an income tax refund, but the refund likely will be smaller because $1,000 of the distribution is taxable.

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).

Withholding on distributions not eligible for rollover. The 20% withholding described above does not apply to any taxable portion of your distribution that is *not* an eligible rollover distribution. You may elect whether to have federal income tax withholding apply to that portion. If you do not wish to have any income taxes withheld on that portion of your distribution, of if you wish to have an amount other than 10% withheld, you will need to sign and date IRS Form W-4P, checking the box opposite line 1. The Plan Administrator will provide you Form W-4P if your distribution includes an amount that does not constitute an eligible rollover distribution. If you do *not* return the Form W-4P to the Plan Administrator prior to the distribution, the Plan Administrator will treat the failure to return the form as an *affirmative election* to have 10% withholding apply.

10% penalty tax if you are under age 59½. If you receive a distribution from the Plan before you reach age 59½ and you do not roll over the distribution, the taxable portion of your distribution is subject to a 10% penalty tax in addition to any federal income taxes unless an exception applies. The exceptions are as follows:

- Payments made after you separate from service if you will be at least 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 50 in the year of the separation.
- Payments made due to disability.
- Payments after your death.
- Payments of ESOP dividends.
- Corrective distribution of contributions that exceed tax law limitations.
- Cost of life insurance paid by the Plan.
- 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.
- Certain payments made while you are on active duty if you were a member of a reserve component called to duty after September 11, 2001, for more than 179 days.
- Payments of certain automatic enrollment contributions that you request to withdraw within 90 days of the first contribution.

If you roll over the distribution to an IRA, and receive a distribution from the IRA when you are under age 59½, you will have to pay the 10% additional penalty tax unless an exception applies. While the exceptions generally are the same as those listed above, there are some differences. See IRS Publication 590 for a discussion of the IRA distribution rules.

If you directly roll over a pre-tax distribution to a Roth IRA, the 10% penalty will not apply to the taxable portion of the distribution. However, if a taxable amount you rolled over into a Roth IRA from a pre-tax account is distributed within five years, the 10% penalty will apply to the distribution as if the distribution were includible in gross income.

The 10% penalty tax will not apply to distributions from a governmental 457 plan, except to the extent the distribution (including earnings) is attributable to an amount you rolled over *to* that plan from another type of eligible employer plan or IRA. Any amount rolled over *from* a governmental 457 plan to another type of eligible employer plan or to a traditional IRA will become subject to the additional 10% tax if it is distributed to you before you reach age 59½, unless one of the exceptions applies.

Repayment of participant loans. If you have an outstanding participant loan when you separate from service with the Employer, the Employer may reduce (“offset”) your account balance by the outstanding loan balance. The loan offset is a distribution and is taxable to you (including the 10% penalty tax on early distributions, unless an exception applies) unless you roll over the amount of the offset within 60 days of the date of the offset. Withholding does not apply if the loan offset is your only distribution. If you receive a distribution of cash or property in addition to the offset, withholding will apply to the entire distribution, but the withholding amount will not exceed the amount of cash or property (other than employer securities) you receive in addition to the offset. You may not roll over the amount of a defaulted plan loan that is a taxable *deemed* distribution.

U.S. Armed Forces service. 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.

Government publications. IRS Publication 575, Pension and Annuity Income, IRS Publication 571, Tax-Sheltered Annuity Plans (403(b) Plans), and IRS Publication 590, Individual Retirement Arrangements (IRAs), provide additional information about the tax treatment of plan distributions and rollovers. The IRS plans to split Publication 590 into Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs), and IRS Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs). These publications are available from a local IRS office, on the IRS's Internet Website at www.irs.gov, or by calling 1-800-TAX-FORMS.

Nonresident aliens. 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.