

FORT WORTH EMPLOYEES' RETIREMENT FUND

ACTUARIAL EQUIVALENT PACKET

FOR MEMBERS TAKING A REDUCED PENSION AND LUMP SUM AFTER REACHING NORMAL OR 25 YR POLICE RETIREMENT

| | | |
|--|--|--------------------------|
| Planning Ahead | Please make an appointment to see your Member Services Specialist <i>at least</i> thirty days before you plan to retire and take an Actuarial Equivalent Lump Sum. At your appointment you will be provided with all the necessary paperwork, resources and information that are essential to retiring from the City of Fort Worth. A Member Services Specialist will provide you with projections of your monthly pension benefit and guide you through the various options available to you once you have reached your normal retirement date. Along with the application, certain documents are required for your file- please see below for details. You can choose to download the application here or fill it out in the office. Remember, all completed paperwork must be received in our office by the 10 th of the month to take effect the 1 st of the following month (example: to retire effective June 1st, turn in all documents by May 10 th). | <input type="checkbox"/> |
| PACKET | | |
| Application for Actuarial Equivalent | Each page of this application must be initialed and the last page notarized by the member and the member's spouse, if applicable. | <input type="checkbox"/> |
| Application for Retirement Pension | Please fill this form out completely. You, the employee are referred to as "retiree" in this document. Please have someone other than the beneficiary sign as a witness. | <input type="checkbox"/> |
| W4-P, Withholding Certificate for Pension | Your City of Fort Worth pension is considered taxable income. Please fill out this form and elect not to withhold taxes or to have taxes withheld monthly based on your marital status and number of allowances. | <input type="checkbox"/> |
| Electronic Deposit Authorization | (Optional) Please attach a VOIDED CHECK or have this form signed by a bank representative to initiate Direct Deposit for your pension payment. | <input type="checkbox"/> |
| Beneficiary Election Form | Spouse (if applicable) must be primary. Please have birthdates, addresses and social security numbers of contingent beneficiaries you wish to list. | <input type="checkbox"/> |
| Personal Information Election Form | This form must be completed and returned with fourteen (14) days from the date you end service with the City of Fort Worth. | <input type="checkbox"/> |
| Windfall Elimination Provision & Government Pension Offset | Two Social Security provisions that may or may not affect your benefits. These pages are for informational purposes only. | <input type="checkbox"/> |
| OTHER ESSENTIAL ITEMS | | |
| Bring Copies of each of these documents for both you and your spouse. | Bring these documents into our office along with the application packet: <ol style="list-style-type: none"> 1. Driver's license 2. Social Security Card 3. Birth Certificate 4. Marriage license 5. Copy of Birth Certificate and Social Security card for any children under the age of eighteen. | <input type="checkbox"/> |
| Insurance and Final Payout | Debbie Smith in Human Resources will assist you with your health and life insurance, vacation, sick and final pay. You may schedule an appointment with her at 817-392-6275. | <input type="checkbox"/> |
| Deadline | All completed paperwork must be received in our office by the 10 th of the month to take effect the 1 st of the following month. | <input type="checkbox"/> |

IF YOU HAVE ANY QUESTIONS OR TO MAKE AN APPOINTMENT, PLEASE CALL OUR OFFICE AT 817-632-8900.

**FORT WORTH EMPLOYEES' RETIREMENT FUND
3801 HULEN STREET, STE. 101
FORT WORTH TX 76107**

ACTUARIAL EQUIVALENT PENSION PROCEDURES
(ALTERNATE PENSION BENEFIT)
FORT WORTH EMPLOYEES' RETIREMENT FUND

These procedures provide a process by which applicants may elect the Alternative Pension Benefit or “Actuarial Equivalent Pension” option of the Fort Worth Employees’ Retirement Fund (the “Fund”). An Actuarial Equivalent Pension first became available on April 28, 1998. The Actuarial Equivalent process allows a member to take up to twenty-five percent (25%) of his or her defined benefit pension as a one-time lump sum payment, which will reduce the remaining lifetime monthly benefit payments accordingly.ⁱ

1. A Member who wants information regarding an Actuarial Equivalent Pension may request from the Staff general information regarding the Actuarial Equivalent Pension, including a non-binding estimate of the amount of the Member’s Actuarial Equivalent Pension benefits based on the percentage the member intends to elect. Only Members who are eligible for a Standard Pension Benefit are eligible for an Actuarial Equivalent Pension. Members applying for a Vested Termination Pension or Disability Pension are not eligible for an Actuarial Equivalent Pension.

2. The Appointment
 - a. A Member who wants to elect an Actuarial Equivalent Pension must schedule an appointment (the “the Appointment”) to meet with the Staff. Attendance at the Appointment is required.
 - b. The Appointment must be scheduled on or prior to the date the Member submits the Member’s Application (the “Application”, as defined in Subparagraph e) to the Staff. The Appointment must be scheduled during the normal business hours of the Staff, currently 7:30 a.m. to 5:30 p.m., Monday through Friday. The Appointment preferably should be scheduled no later than thirty (30) calendar days prior to the date the Board is to consider the Application.
 - c. If time permits prior to the Appointment, the Staff will mail the Member information regarding the Actuarial Equivalent Pension.
 - d. A Member must bring the following to the Appointment:
 - i. a copy of the Member’s birth certificate, driver’s license, social security card; and
 - ii. if the Member is married, a copy of the marriage license or declaration of informal marriage.
 - e. During the appointment, the Staff will:
 - i. Inform the Member of the contents of these procedures, the Actuarial Equivalent Pension provisions of the Rules, and the application for receipt of an Actuarial Equivalent Pension;

- ii. Respond to questions the Member may have concerning the contents of these procedures, the Actuarial Equivalent Pension provisions of the Rules, and the Application; and
 - iii. Receive the Application if the Member elects to receive an Actuarial Equivalent Pension and is eligible to complete the Application.
 - 1) To be eligible to complete the Application, the Member must intend to retire and begin receiving retirement benefits under the Rules within ninety (90) days.
 - 2) The Application must be signed and initialed by the Member.
 - 3) The Member must verify in the Application that s/he:
 - a. Understands the terms and conditions of an Actuarial Equivalent Pension, as expressed in the Rules, in these procedures, and in the Application;
 - b. Has not relied on any oral representations of the Staff in electing to receive an Actuarial Equivalent Pension; and
 - c. Has had the opportunity to consult a legal and tax advisor regarding the effects of an Actuarial Equivalent Pension.
 - iv. The Member must indicate in the Application the whole-number percentage of their retirement pension which they wish to receive as a lump sum. The percentage cannot be less than five percent (5%) or greater than twenty-five percent (25%).
 - v. If the Member is married, the Member's Spouse must consent to the election of an Actuarial Equivalent Pension and must sign the Application before a notary public, acknowledging that consent.
 - vi. The Member need not submit an Application at the Appointment, but may submit it at a later time, after further consideration.
3. Once the Member has submitted an Application to the Staff, the Staff will review the Application to determine whether it has been completed fully and properly.
4. Upon full and proper completion, the Application will be placed for approval on the Board's agenda in accordance with the same procedures applicable to Members who are applying for retirement pensions but have not elected an Actuarial Equivalent Pension.
5. If the Board approves the Application, the Member's Application becomes irrevocable, and the Staff will make arrangements for payment. The Member must be prepared to execute forms regarding federal income tax withholding and direct deposit of benefits.
6. If the Board rejects the Application, within a reasonable time after that rejection, the Staff will notify the Member of the rejection and will include in that notice the reasons for the rejection.
7. The lump sum shall be paid on the date the first payment of the monthly pension is made.

8. Payment of the entire Actuarial Equivalent Pension benefit, including the lump sum, is subject to the maximum benefit limitations of the Rules. If payment would otherwise violate these limitations, payment of the lump sum shall be reduced until the limitations are met, and the remainder of the lump sum shall be paid in the following year.
9. An Actuarial Equivalent Pension is subject to qualified domestic relations orders (“QDROs”) in accordance with the QDRO procedures of the Fund.
10. The Board has the authority for any reason to amend or otherwise modify these Actuarial Equivalent Pension Procedures at any time, both prospectively and retroactively.

ⁱ The Fund’s Board of Trustees (the “Board”) may change these procedures, and any other rules, policies, procedures, or forms adopted pursuant to the Actuarial Equivalent Pension provisions of the Fort Worth Employees’ Retirement Fund Administrative Rules & Procedures (the “Rules”) at any time, both retroactively and prospectively, with or without notice to participants in the Fund (“Members”). The Board, and the Fund’s administrative staff (the “Staff”), to the extent the Board has delegated responsibilities to the Staff, have absolute discretion in interpreting the Rules, the procedures, and any other rules policies, procedures and the various other rules and forms supplement the Actuarial Equivalent Pension provisions of the Rules, the provisions of the Rules always govern, especially if there are any discrepancies.

ACTUARIAL EQUIVALENT PENSION APPLICATION
(ALTERNATIVE PENSION BENEFIT)
FORT WORTH EMPLOYEES' RETIREMENT FUND

PRINTED NAME: _____

SOCIAL SECURITY #: _____

Effective Retirement Date (month/day/year): _____ / _____ / _____

Date Initially Employed By City of Fort Worth (month/day/year): ____ / ____ / ____

Date of Birth (month/day/year): _____ / _____ / _____

Home Street Address: _____

City: _____ State: _____ Zip Code: _____

Phone: () _____ (H) () _____ (W)

Department: _____ Position: _____

Name of Spouse: _____

Spouse's Social Security Number: _____

Date of Spouse's Birth (month/day/year): _____ / _____ / _____

Date of Marriage (month/day/year): _____ / _____ / _____

1. I read the Alternative Pension Benefit provisions of the Retirement Fund's Administrative Rules and Regulations (the "Rules") that provides for the Fort Worth Employees' Retirement Fund (the "Fund"). I understand that the provisions of the Rules always govern, and that, if a conflict arises between the terms of the Rules and the terms of this Application or any other document or communication, the terms of the Rules will control.

2. I read the Actuarial Equivalent Pension procedures, as adopted by the Fund's Board of Trustees (the "Board"). I understand that the Board can change the procedures, and any other rules or forms regarding the Actuarial Equivalent Pension, at any time, both retroactively and prospectively, with or without notice.

3. I met with the Fund's administrative staff (the "Staff") and had the opportunity to ask them questions regarding the Actuarial Equivalent Pension. However, I have not relied on any oral representations of the Staff in electing to receive an Actuarial Equivalent Pension.

Initial Here: _____

4. Based on the percentage of my retirement benefit which I am electing to receive as a lump sum, I received a written estimate from the Staff of the amount of my Actuarial Equivalent Pension lump sum payment, the amount of my initial Actuarial Equivalent Pension monthly retirement payments, and the amount which my monthly retirement payments initially would have been if I had not elected to receive an Actuarial Equivalent Pension. I understand that these amounts are only estimates and that the actual amounts may differ.

5. I understand that, if I elect to receive an Actuarial Equivalent Pension, my monthly retirement payments will be less than if I elect not to participate because I will also receive a lump sum payment when my monthly retirement payments begin.

6. I had the opportunity to seek advice from a professional tax or legal advisor regarding the Actuarial Equivalent Pension. I understand that the Staff cannot and has not given me tax or legal advice regarding the Actuarial Equivalent Pension.

7. I intend to retire and begin receiving pension benefits within the next 60 days.

8. I understand that the Board must approve my election to receive an Actuarial Equivalent Pension and that my election is made in this Application.

9. I understand that, if I am re-employed by the City after I have retired, I will not be eligible to elect an Actuarial Equivalent Pension when I again retire.

10. I understand that, if I am married, my spouse must consent to the Actuarial Equivalent Pension election and must verify that consent before a notary public where indicated in this Application.

11. I elect to receive an Actuarial Equivalent Pension. I elect to receive the following percentage of my retirement benefit as a lump sum: _____ % [number must be between 5% and 25% and must be a whole number (no fractions or decimals)].

12. I read this Application in its entirety. I understand and agree to all of its provisions, all of the provisions regarding the Actuarial Equivalent Pension in the Rules, and all of the procedures regarding the Actuarial Equivalent Pension. I understand that this Application will be deemed not received if it is incomplete.

Initial Here: _____

Applicant's Signature: _____

Date: _____

Spouse's Signature: _____

Date: _____

STATE OF TEXAS §

COUNTY OF _____ §

BEFORE ME, the undersigned authority, on this day personally appeared the applicant who, being by me duly sworn upon his or her oath, acknowledged that he or she has read and agreed to all of the provisions in the foregoing Application.

SUBSCRIBED AND SWORN TO BEFORE ME this _____ day of _____, _____, to certify which witness my hand and official seal.

Notary Public in and for the State of Texas

Printed Name of Notary Public

STATE OF TEXAS §

COUNTY OF _____ §

BEFORE ME, the undersigned authority, on this day personally appeared _____, who, being by me duly sworn upon his or her oath, stated that he or she is the spouse of the applicant, has been fully advised of his or her rights under the Rules, and consents to this election of Actuarial Equivalent Pension benefits in the foregoing Application.

SUBSCRIBED AND SWORN TO BEFORE ME this _____ day of _____, _____, to certify which witness my hand and official seal.

Notary Public in and for the State of Texas

Printed Name of Notary Public

**Withholding Certificate for
 Pension or Annuity Payments**

2012

Purpose. Form W-4P is for U.S. citizens, resident aliens, or their estates who are recipients of pensions, annuities (including commercial annuities), and certain other deferred compensation. Use Form W-4P to tell payers the correct amount of federal income tax to withhold from your payment(s). You also may use Form W-4P to choose (a) not to have any federal income tax withheld from the payment (except for eligible rollover distributions or payments to U.S. citizens delivered outside the United States or its possessions) or (b) to have an additional amount of tax withheld.

Your options depend on whether the payment is periodic, nonperiodic, or an eligible rollover distribution, as explained on pages 3 and 4. Your previously filed Form W-4P will remain in effect if you do not file a Form W-4P for 2012.

What do I need to do? Complete lines **A** through **G** of the **Personal Allowances Worksheet**. Use the additional worksheets on page 2 to further adjust your withholding allowances for itemized deductions, adjustments to income, any additional standard deduction, certain credits, or multiple pensions/ more-than-one-income situations. If you do not want any federal income tax withheld (see *Purpose*, earlier), you can skip the worksheets and go directly to the Form W-4P below.

Sign this form. Form W-4P is not valid unless you sign it.

Future developments. The IRS has created a page on IRS.gov for information about Form W-4P and its instructions, at www.irs.gov/w4p. Information about any future developments affecting Form W-4P (such as legislation enacted after we release it) will be posted on that page.

Personal Allowances Worksheet (Keep for your records.)

A Enter "1" for **yourself** if no one else can claim you as a dependent **A** _____

B Enter "1" if:
 { • You are single and have only one pension; or
 • You are married, have only one pension, and your spouse has no income subject to withholding; or
 • Your income from a second pension or a job or your spouse's pension or wages (or the total of all) is \$1,500 or less. } **B** _____

C Enter "1" for your **spouse**. But, you may choose to enter "-0-" if you are married and have either a spouse who has income subject to withholding or more than one source of income subject to withholding. (Entering "-0-" may help you avoid having too little tax withheld.) **C** _____

D Enter number of **dependents** (other than your spouse or yourself) you will claim on your tax return **D** _____

E Enter "1" if you will file as **head of household** on your tax return **E** _____

F Child Tax Credit (including additional child tax credit). See Pub. 972, Child Tax Credit, for more information.
 • If your total income will be less than \$61,000 (\$90,000 if married), enter "2" for each eligible child; then **less** "1" if you have three to seven eligible children or **less** "2" if you have eight or more eligible children.
 • If your total income will be between \$61,000 and \$84,000 (\$90,000 and \$119,000 if married), enter "1" for each eligible child **F** _____

G Add lines A through F and enter total here. (**Note.** This may be different from the number of exemptions you claim on your tax return.) ► **G** _____

For accuracy, **complete all worksheets that apply.** {
 • If you plan to **itemize** or **claim adjustments to income** and want to reduce your withholding, see the **Deductions and Adjustments Worksheet** on page 2.
 • If you are **single and have more than one source of income subject to withholding** or are **married and you and your spouse both have income subject to withholding** and your combined income from all sources exceeds \$40,000 (\$10,000 if married), see the **Multiple Pensions/More-Than-One-Income Worksheet** on page 2 to avoid having too little tax withheld.
 • If **neither** of the above situations applies, **stop here** and enter the number from line G on line 2 of Form W-4P below.

----- Separate here and give Form W-4P to the payer of your pension or annuity. Keep the top part for your records. -----

**Withholding Certificate for
 Pension or Annuity Payments**

2012

► For Privacy Act and Paperwork Reduction Act Notice, see page 4.

| | | |
|---|-----------|---|
| Your first name and middle initial | Last name | Your social security number |
| Home address (number and street or rural route) | | Claim or identification number (if any) of your pension or annuity contract |
| City or town, state, and ZIP code | | |

Complete the following applicable lines.

1 Check here if you **do not want any** federal income tax withheld from your pension or annuity. (Do not complete line 2 or 3.) ►

2 Total number of allowances and marital status you are claiming for withholding from each **periodic** pension or annuity payment. (You also may designate an additional dollar amount on line 3.) ► _____

Marital status: Single Married Married, but withhold at higher Single rate (Enter number of allowances.)

3 Additional amount, if any, you want withheld from each pension or annuity payment. (**Note.** For periodic payments, you cannot enter an amount here without entering the number (including zero) of allowances on line 2.) ► \$ _____

Your signature ► _____

Date ► _____

Deductions and Adjustments Worksheet

Note. Use this worksheet *only* if you plan to itemize deductions or claim certain credits or adjustments to income.

| | | | |
|-----------|--|-----------|----------|
| 1 | Enter an estimate of your 2012 itemized deductions. These include qualifying home mortgage interest, charitable contributions, state and local taxes, medical expenses in excess of 7.5% of your income, and miscellaneous deductions | 1 | \$ _____ |
| 2 | Enter: { \$11,900 if married filing jointly or qualifying widow(er) \$8,700 if head of household \$5,950 if single or married filing separately } | 2 | \$ _____ |
| 3 | Subtract line 2 from line 1. If zero or less, enter “-0-” | 3 | \$ _____ |
| 4 | Enter an estimate of your 2012 adjustments to income and any additional standard deduction (see Pub. 505) | 4 | \$ _____ |
| 5 | Add lines 3 and 4 and enter the total. (Include any credit amounts from the <i>Converting Credits to Withholding Allowances for 2012 Form W-4</i> worksheet in Pub. 505.) | 5 | \$ _____ |
| 6 | Enter an estimate of your 2012 income not subject to withholding (such as dividends or interest) | 6 | \$ _____ |
| 7 | Subtract line 6 from line 5. If zero or less, enter “-0-” | 7 | \$ _____ |
| 8 | Divide the amount on line 7 by \$3,800 and enter the result here. Drop any fraction | 8 | _____ |
| 9 | Enter the number from the Personal Allowances Worksheet , line G, page 1 | 9 | _____ |
| 10 | Add lines 8 and 9 and enter the total here. If you use the Multiple Pensions/More-Than-One-Income Worksheet , also enter this total on line 1 below. Otherwise, stop here and enter this total on Form W-4P, line 2, page 1 | 10 | _____ |

Multiple Pensions/More-Than-One-Income Worksheet

Note. Complete *only* if the instructions under line G, page 1, direct you here. This applies if you (and your spouse if married filing jointly) have more than one source of income subject to withholding (such as more than one pension, or a pension and a job, or you have a pension and your spouse works).

| | | | |
|---|--|----------|----------|
| 1 | Enter the number from line G, page 1 (or from line 10 above if you used the Deductions and Adjustments Worksheet) | 1 | _____ |
| 2 | Find the number in Table 1 below that applies to the LOWEST paying pension or job and enter it here. However , if you are married filing jointly and the amount from the highest paying pension or job is \$65,000 or less, do not enter more than “3” | 2 | _____ |
| 3 | If line 1 is more than or equal to line 2, subtract line 2 from line 1. Enter the result here (if zero, enter “-0-”) and on Form W-4P, line 2, page 1. Do not use the rest of this worksheet | 3 | _____ |
| Note. If line 1 is less than line 2, enter “-0-” on Form W-4P, line 2, page 1. Complete lines 4 through 9 below to figure the additional withholding amount necessary to avoid a year-end tax bill. | | | |
| 4 | Enter the number from line 2 of this worksheet | 4 | _____ |
| 5 | Enter the number from line 1 of this worksheet | 5 | _____ |
| 6 | Subtract line 5 from line 4 | 6 | _____ |
| 7 | Find the amount in Table 2 below that applies to the HIGHEST paying pension or job and enter it here | 7 | \$ _____ |
| 8 | Multiply line 7 by line 6 and enter the result here. This is the additional annual withholding needed | 8 | \$ _____ |
| 9 | Divide line 8 by the number of pay periods remaining in 2012. For example, divide by 12 if you are paid every month and you complete this form in December 2011. Enter the result here and on Form W-4P, line 3, page 1. This is the additional amount to be withheld from each payment | 9 | \$ _____ |

Table 1

Table 2

| Married Filing Jointly | | All Others | | Married Filing Jointly | | All Others | |
|--|-----------------------|--|-----------------------|---|-----------------------|---|-----------------------|
| If wages from LOWEST paying job or pension are— | Enter on line 2 above | If wages from LOWEST paying job or pension are— | Enter on line 2 above | If wages from HIGHEST paying job or pension are— | Enter on line 7 above | If wages from HIGHEST paying job or pension are— | Enter on line 7 above |
| \$0 - \$5,000 | 0 | \$0 - \$8,000 | 0 | \$0 - \$70,000 | \$570 | \$0 - \$35,000 | \$570 |
| 5,001 - 12,000 | 1 | 8,001 - 15,000 | 1 | 70,001 - 125,000 | 950 | 35,001 - 90,000 | 950 |
| 12,001 - 22,000 | 2 | 15,001 - 25,000 | 2 | 125,001 - 190,000 | 1,060 | 90,001 - 170,000 | 1,060 |
| 22,001 - 25,000 | 3 | 25,001 - 30,000 | 3 | 190,001 - 340,000 | 1,250 | 170,001 - 375,000 | 1,250 |
| 25,001 - 30,000 | 4 | 30,001 - 40,000 | 4 | 340,001 and over | 1,330 | 375,001 and over | 1,330 |
| 30,001 - 40,000 | 5 | 40,001 - 50,000 | 5 | | | | |
| 40,001 - 48,000 | 6 | 50,001 - 65,000 | 6 | | | | |
| 48,001 - 55,000 | 7 | 65,001 - 80,000 | 7 | | | | |
| 55,001 - 65,000 | 8 | 80,001 - 95,000 | 8 | | | | |
| 65,001 - 72,000 | 9 | 95,001 - 120,000 | 9 | | | | |
| 72,001 - 85,000 | 10 | 120,001 and over | 10 | | | | |
| 85,001 - 97,000 | 11 | | | | | | |
| 97,001 - 110,000 | 12 | | | | | | |
| 110,001 - 120,000 | 13 | | | | | | |
| 120,001 - 135,000 | 14 | | | | | | |
| 135,001 and over | 15 | | | | | | |

Additional Instructions

Section references are to the Internal Revenue Code.

When should I complete the form? Complete Form W-4P and give it to the payer as soon as possible. Get Pub. 505, Tax Withholding and Estimated Tax, to see how the dollar amount you are having withheld compares to your projected total federal income tax for 2012. You also may use the IRS Withholding Calculator at www.irs.gov/individuals for help in determining how many withholding allowances to claim on your Form W-4P.

Multiple pensions/more-than-one income. To figure the number of allowances that you may claim, combine allowances and income subject to withholding from all sources on one worksheet. You may file a Form W-4P with each pension payer, but do not claim the same allowances more than once. Your withholding usually will be most accurate when all allowances are claimed on the Form W-4P for the highest source of income subject to withholding and zero allowances are claimed on the others.

Other income. If you have a large amount of income from other sources not subject to withholding (such as interest, dividends, or capital gains), consider making estimated tax payments using Form 1040-ES, Estimated Tax for Individuals. Call 1-800-TAX-FORM (1-800-829-3676) to get Form 1040-ES and Pub. 505. You also can get forms and publications at www.irs.gov/formspubs.

If you have income from wages, see Pub. 505 to find out if you should adjust your withholding on Form W-4 or Form W-4P.

Note. Social security and railroad retirement payments may be includible in income. See Form W-4V, Voluntary Withholding Request, for information on voluntary withholding from these payments.

Withholding From Pensions and Annuities

Generally, federal income tax withholding applies to the taxable part of payments made from pension, profit-sharing, stock bonus, annuity, and certain deferred compensation plans; from individual retirement arrangements (IRAs); and from commercial annuities. The method and rate of withholding depend on (a) the kind of payment you receive; (b) whether the payments are delivered outside the United States or its commonwealths and possessions; and (c) whether the recipient is a nonresident alien individual, a nonresident alien beneficiary, or a foreign estate. Qualified distributions from a Roth IRA are nontaxable and, therefore, not subject to withholding. See page 4 for special withholding rules that apply to payments outside the United States and payments to foreign persons.

Because your tax situation may change from year to year, you may want to refigure your withholding each year. You can change the amount to be withheld by using lines 2 and 3 of Form W-4P.

Choosing not to have income tax withheld. You (or in the event of death, your beneficiary or estate) can choose not to have federal income tax withheld from your payments by using line 1 of Form W-4P. For an estate, the election to have no income tax withheld may be made by the executor or personal representative of the decedent. Enter the estate's employer identification number (EIN) in the area reserved for "Your social security number" on Form W-4P.

You may not make this choice for eligible rollover distributions. See *Eligible rollover distribution—20% withholding* on page 4.

Caution. There are penalties for not paying enough federal income tax during the year, either through withholding or estimated tax payments. New retirees, especially, should see Pub. 505. It explains your estimated tax requirements and describes penalties in detail. You may be able to avoid quarterly estimated tax payments by having enough tax withheld from your pension or annuity using Form W-4P.

Periodic payments. Withholding from periodic payments of a pension or annuity is figured in the same manner as withholding from wages. Periodic payments are made in installments at regular intervals over a period of more than 1 year. They may be paid annually, quarterly, monthly, etc.

If you want federal income tax to be withheld, you must designate the number of withholding allowances on line 2 of Form W-4P and indicate your marital status by checking the appropriate box. Under current law, you cannot designate a specific dollar amount to be withheld. However, you can designate an additional amount to be withheld on line 3.

If you do not want any federal income tax withheld from your periodic payments, check the box on line 1 of Form W-4P and submit the form to your payer. However, see *Payments to Foreign Persons and Payments Outside the United States* on page 4.

Caution. If you do not submit Form W-4P to your payer, the payer must withhold on periodic payments as if you are married claiming three withholding allowances. Generally, this means that tax will be withheld if your pension or annuity is at least \$1,640 a month.

If you submit a Form W-4P that does not contain your correct social security number (SSN), the payer must withhold as if you are single claiming zero withholding allowances even if you checked the box on line 1 to have no federal income tax withheld.

There are some kinds of periodic payments for which you cannot use Form W-4P because they are already defined as wages subject to federal income tax withholding. These payments include retirement pay for service in the U.S. Armed Forces and payments from certain nonqualified deferred compensation plans and deferred compensation plans described in section 457 of tax-exempt organizations. Your payer should be able to tell you whether Form W-4P applies.

For periodic payments, your Form W-4P stays in effect until you change or revoke it. Your payer must notify you each year of your right to choose not to have federal income tax withheld (if permitted) or to change your choice.

Nonperiodic payments—10% withholding. Your payer must withhold at a flat 10% rate from nonperiodic payments (but see *Eligible rollover distribution—20% withholding* on page 4) **unless** you choose not to have federal income tax withheld. Distributions from an IRA that are payable on demand are treated as nonperiodic payments. You can choose not to have federal income tax withheld from a nonperiodic payment (if permitted) by submitting Form W-4P (containing your correct SSN) to your payer and checking the box on line 1. Generally, your choice not to have federal income tax withheld will apply to any later payment from the same plan. You cannot use line 2 for nonperiodic payments. But you may use line 3 to specify an additional amount that you want withheld.

Caution. If you submit a Form W-4P that does not contain your correct SSN, the payer cannot honor your request not to have income tax withheld and must withhold 10% of the payment for federal income tax.

Eligible rollover distribution—20% withholding. Distributions you receive from qualified pension or annuity plans (for example, 401(k) pension plans and section 457(b) plans maintained by a governmental employer) or tax-sheltered annuities that are eligible to be rolled over tax free to an IRA or qualified plan are subject to a flat 20% federal withholding rate. The 20% withholding rate is required, and you cannot choose not to have income tax withheld from eligible rollover distributions. Do not give Form W-4P to your payer unless you want an additional amount withheld. Then, complete line 3 of Form W-4P and submit the form to your payer.

Note. The payer will not withhold federal income tax if the entire distribution is transferred by the plan administrator in a direct rollover to a traditional IRA or another eligible retirement plan (if allowed by the plan), such as a qualified pension plan, governmental section 457(b) plan, section 403(b) contract, or tax-sheltered annuity.

Distributions that are (a) required by law, (b) one of a specified series of equal payments, or (c) qualifying “hardship” distributions are **not** “eligible rollover distributions” and are not subject to the mandatory 20% federal income tax withholding. See Pub. 505 for details. See also *Nonperiodic payments—10% withholding* on page 3.

Changing Your “No Withholding” Choice

Periodic payments. If you previously chose not to have federal income tax withheld and you now want withholding, complete another Form W-4P and submit it to your payer. If you want federal income tax withheld at the rate set by law (married with three allowances), write “Revoked” next to the checkbox on line 1 of the form. If you want tax withheld at any different rate, complete line 2 on the form.

Nonperiodic payments. If you previously chose not to have federal income tax withheld and you now want withholding, write “Revoked” next to the checkbox on line 1 and submit Form W-4P to your payer.

Payments to Foreign Persons and Payments Outside the United States

Unless you are a nonresident alien, withholding (in the manner described above) is required on any periodic or nonperiodic payments that are delivered to you outside the United States or its possessions. You cannot choose not to have federal income tax withheld on line 1 of Form W-4P. See Pub. 505 for details.

In the absence of a tax treaty exemption, nonresident aliens, nonresident alien beneficiaries, and foreign estates generally are subject to a 30% federal withholding tax under section 1441 on the taxable portion of a periodic or nonperiodic pension or annuity payment that is from U.S. sources. However, most tax treaties provide that private pensions and annuities are exempt from withholding and tax. Also, payments from certain pension plans are exempt from withholding even if no tax treaty applies. See Pub. 515, *Withholding of Tax on Nonresident Aliens and Foreign Entities*, and Pub. 519, *U.S. Tax Guide for Aliens*, for details. A foreign person should submit Form W-8BEN, *Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding*, to the payer before receiving any payments. The Form W-8BEN must contain the foreign person’s taxpayer identification number (TIN).

Statement of Federal Income Tax Withheld From Your Pension or Annuity

By January 31 of next year, your payer will furnish a statement to you on Form 1099-R, *Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.*, showing the total amount of your pension or annuity payments and the total federal income tax withheld during the year. If you are a foreign person who has provided your payer with Form W-8BEN, your payer instead will furnish a statement to you on Form 1042-S, *Foreign Person’s U.S. Source Income Subject to Withholding*, by March 15 of next year.

Privacy Act and Paperwork Reduction Act Notice

We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to provide this information only if you want to (a) request federal income tax withholding from periodic pension or annuity payments based on your withholding allowances and marital status, (b) request additional federal income tax withholding from your pension or annuity, (c) choose not to have federal income tax withheld, when permitted, or (d) change or revoke a previous Form W-4P. To do any of the aforementioned, you are required by sections 3405(e) and 6109 and their regulations to provide the information requested on this form. Failure to provide this information may result in inaccurate withholding on your payment(s). Providing false or fraudulent information may subject you to penalties.

Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation, and to cities, states, the District of Columbia, and U.S. commonwealths and possessions for use in administering their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The average time and expenses required to complete and file this form will vary depending on individual circumstances. For estimated averages, see the instructions for your income tax return.

If you have suggestions for making this form simpler, we would be happy to hear from you. See the instructions for your income tax return.



ELECTRONIC DEPOSIT AUTHORIZATION FORM

I hereby make the following requests and authorizations relating to my periodic benefit payments from the employee benefit plan described below: (1) I request and authorize you to initiate credit entries to my Account indicated below; (2) I request and authorize you to initiate debit entries and adjustments for any credit entries made in error to the Account; and (3) I request and authorize the Financial Institution named below to credit and/or debit any such entries to the Account.

1. NAME OF PARTICIPANT COMPANY: FORT WORTH EMPLOYEES' RETIREMENT FUND

2. PARTICIPANT NAME (Please Print)

(First Name) (M.I.) (Last Name)

3. TELEPHONE NUMBER (____) - ____ - _____

4. SOCIAL SECURITY NUMBER _____ - _____ - _____

5. FINANCIAL INSTITUTION NAME AND ADDRESS

BANK NAME: _____

CITY _____ STATE _____

*****A Voided Check MUST be attached to process this request*****

(A Bank Representative can fill out the following portion if a voided check is not included)

[ATTACH CHECK HERE]

6. ACCOUNT TYPE: Checking Savings

7. BANK ROUTING NUMBER _____ - _____ - _____

8. ACCOUNT NUMBER _____

Signature of Bank Representative

Printed Name

Phone Number

I understand this completed form must be received by the Employees' Retirement Fund by the 10th of the month to take effect the 1st of the following month.

In the event of a discrepancy, I understand that I will be required to provide corrected information by completing a new form.

The authority granted by me on this form is to remain in full force and effect until you have received written notification of its termination in such time and in such manner as to afford you and my Financial Institution a reasonable opportunity to act on it.

I hereby discharge you from all liability whatsoever for any actions taken by you in accordance with the above request and authorization.

PARTICIPANT SIGNATURE _____ DATE _____

EMAIL ADDRESS: _____

(This will not be sold to third party administrators. Email sent to you will be for Retirement Fund purposes only.)



PUBLIC ACCESS TO PERSONAL INFORMATION ELECTION FORM

The Fort Worth Employees' Retirement Fund may receive a request for your address, telephone number and other personal information. The Texas Public Information Act allows retired Employees, Police Officers, and Firefighters to choose not to allow public access to their home addresses, home telephone numbers, Social Security numbers, or information that reveals whether they have family members.

This form must be completed **within fourteen (14) days from the date you ended service with the City of Fort Worth** if you do not want to allow the public access to the information set forth below. Without this form, your information can be accessed by the public. Therefore, if you do not want such information about you released to the public, you must indicate your decision on this form to avoid any misinterpretation of your wishes.

Please indicate your choices by checking the appropriate boxes:

| PUBLIC ACCESS TO: | NO | YES |
|--|----|-----|
| Home Address | | |
| Home Phone Number | | |
| Cell Phone Number* | | |
| Information that reveals you have family members | | |

PRINTED NAME

XXX – XX – _____
LAST FOUR OF SSN

SIGNATURE

TODAY'S DATE

* Please indicate here if your cell phone number is a cell phone owned by the City of Fort Worth

_____ YES

_____ NO



Newsletter Election and Retiree ID

The Texas Legislature recently enacted Section 552.0038 of the Texas Government Code which makes your retirement information confidential. We would like to share the news of your retirement with the other members of the Fort Worth Employees' Retirement Fund ("Fund") in our newsletter. Please indicate below whether you would like us to use your name in the newsletter.

Only your name will be placed in the newsletter. No other information will be used. Your name will not be given to any marketers; however, the Fund's newsletter is posted on the Fund's website and available for viewing by the general public.

Please select one of the following options:

YES, the Fund can use my name in the newsletter

NO, the Fund may not use my name in the newsletter

Signed: _____

Print Name: _____

Department From Which You Are Retiring: _____

Last 4 Digits of Social Security #: _____

Today's Date: _____ Effective Date of Retirement: _____

Would you like a Retiree Identification Card? YES NO





Your Social Security retirement or disability benefits may be reduced

If you work for an employer who does not withhold Social Security taxes from your salary, such as a government agency or an employer in another country, the pension you get based on that work may reduce your Social Security benefits.

The Windfall Elimination Provision affects how the amount of your retirement or disability benefit is calculated if you receive a pension from work where Social Security taxes were not taken out of your pay. A modified formula is used to calculate your benefit amount, resulting in a lower Social Security benefit than you otherwise would receive.

When your benefits may be affected

The Windfall Elimination Provision primarily affects you if you earned a pension in any job where you did not pay Social Security taxes and you also worked in other jobs long enough to qualify for a Social Security retirement or disability benefit.

For example, this provision affects Social Security benefits when any part of a person's federal service after 1956 is covered under the Civil Service Retirement System (CSRS). However, federal service where Social Security taxes are withheld (Federal Employees' Retirement System or CSRS Offset) will not reduce your Social Security benefit amounts.

The Windfall Elimination Provision may apply if:

- You reached 62 after 1985; or
- You became disabled after 1985; and
- You first became eligible for a monthly pension based on work where you did not pay Social Security taxes after 1985, even if you are still working.

Why a different formula is used

Social Security benefits are intended to replace only a percentage of a worker's pre-retirement earnings. The way Social Security benefit amounts are figured, lower-paid workers get a higher return than highly paid workers. For example, lower-paid workers could get a Social Security benefit that equals about 55 percent of their pre-retirement earnings. The average replacement rate for highly paid workers is about 25 percent.

Before 1983, people who worked mainly in a job not covered by Social Security had their Social Security benefits calculated as if they were long-term, low-wage workers. They had the advantage of receiving a Social Security benefit representing a higher percentage of their earnings, plus a pension from a job where they did not pay Social Security taxes. Congress passed the Windfall Elimination Provision to remove that advantage.

How it works

Social Security benefits are based on the worker's average monthly earnings adjusted for inflation. We separate your average earnings into three amounts and multiply the amounts using three factors. For example, for a worker who turns 62 in 2009, the first \$744 of average monthly earnings is multiplied by 90 percent; the next \$3,739 by 32 percent; and the remainder by 15 percent. The sum of the three amounts equals the total monthly payment amount.

The 90 percent factor is reduced in the modified formula and phased in for workers who reached age 62 or became disabled between 1986 and 1989. For those who reach 62 or became disabled in 1990 or later, the 90 percent factor is reduced to 40 percent.

There are exceptions to this rule. For example, the 90 percent factor is not reduced if you have 30 or more years of

(over)

| Year | Substantial earnings |
|-----------|----------------------|
| 1937-1950 | \$900 |
| 1951-1954 | \$900 |
| 1955-1958 | \$1,050 |
| 1959-1965 | \$1,200 |
| 1966-1967 | \$1,650 |
| 1968-1971 | \$1,950 |
| 1972 | \$2,250 |
| 1973 | \$2,700 |
| 1974 | \$3,300 |
| 1975 | \$3,525 |
| 1976 | \$3,825 |
| 1977 | \$4,125 |
| 1978 | \$4,425 |
| 1979 | \$4,725 |
| 1980 | \$5,100 |
| 1981 | \$5,550 |
| 1982 | \$6,075 |
| 1983 | \$6,675 |
| 1984 | \$7,050 |
| 1985 | \$7,425 |
| 1986 | \$7,875 |
| 1987 | \$8,175 |
| 1988 | \$8,400 |
| 1989 | \$8,925 |
| 1990 | \$9,525 |
| 1991 | \$9,900 |
| 1992 | \$10,350 |
| 1993 | \$10,725 |
| 1994 | \$11,250 |
| 1995 | \$11,325 |
| 1996 | \$11,625 |
| 1997 | \$12,150 |
| 1998 | \$12,675 |
| 1999 | \$13,425 |
| 2000 | \$14,175 |
| 2001 | \$14,925 |
| 2002 | \$15,750 |
| 2003 | \$16,125 |
| 2004 | \$16,275 |
| 2005 | \$16,725 |
| 2006 | \$17,475 |
| 2007 | \$18,150 |
| 2008 | \$18,975 |
| 2009 | \$19,800 |

| Years of substantial earnings | Percentage |
|-------------------------------|------------|
| 30 or more | 90 percent |
| 29 | 85 percent |
| 28 | 80 percent |
| 27 | 75 percent |
| 26 | 70 percent |
| 25 | 65 percent |
| 24 | 60 percent |
| 23 | 55 percent |
| 22 | 50 percent |
| 21 | 45 percent |
| 20 or less | 40 percent |

“substantial” earnings in a job where you paid Social Security taxes. See the first table that lists the amount of substantial earnings for each year.

The second table shows the percentage used depending on the number of years of substantial earnings. If you have 21 to 29 years of substantial earnings, the 90 percent factor is reduced to between 45 and 85 percent.

To see the maximum amount your benefit could be reduced, visit www.socialsecurity.gov/retire2/wep-chart.htm.

Some exceptions...

The Windfall Elimination Provision does not apply to survivors benefits. It also does not apply if:

- You are a federal worker first hired after December 31, 1983;
- You were employed on December 31, 1983, by a non-profit organization that did not withhold Social Security taxes from your pay at first, but then began withholding Social Security taxes from your pay;
- Your only pension is based on railroad employment;
- The only work you did where you did not pay Social Security taxes was before 1957; or
- You have 30 or more years of substantial earnings under Social Security.

...and a guarantee

If you get a relatively low pension, you are protected. The reduction in your Social Security benefit cannot be more than one-half of the amount of your pension that is based on earnings after 1956 on which you did not pay Social Security taxes.

Contacting Social Security

For more information and to find copies of our publications, visit our website at www.socialsecurity.gov or call toll-free, **1-800-772-1213** (for the deaf or hard of hearing, call our TTY number, **1-800-325-0778**). We treat all calls confidentially. We can answer specific questions from 7 a.m. to 7 p.m., Monday through Friday. We can provide information by automated phone service 24 hours a day.

We also want to make sure you receive accurate and courteous service. That is why we have a second Social Security representative monitor some telephone calls.





A law that affects spouses and widows or widowers

If you receive a pension from a federal, state or local government based on work where you did not pay Social Security taxes, your Social Security spouse's or widow's or widower's benefits may be reduced. This fact sheet provides answers to questions you may have about the reduction.

How much will my Social Security benefits be reduced?

Your Social Security benefits will be reduced by two-thirds of your government pension. In other words, if you get a monthly civil service pension of \$600, two-thirds of that, or \$400, must be deducted from your Social Security benefits. For example, if you are eligible for a \$500 spouse's, widow's or widower's benefit from Social Security, you will receive \$100 per month from Social Security (\$500 – \$400 = \$100).

If you take your government pension annuity in a lump sum, Social Security still will calculate the reduction as if you chose to get monthly benefit payments from your government work.

Why will my Social Security benefits be reduced?

Benefits we pay to wives, husbands, widows and widowers are "dependent's" benefits. These benefits were established in the 1930s to compensate spouses who stayed home to raise a family and who were financially dependent on the working spouse. But as it has become more common for both spouses in a married couple to work, each earned his or her own Social Security retirement benefit. The law has always required that a person's benefit as a spouse, widow or widower be offset dollar for dollar by the amount of his or her own retirement benefit.

In other words, if a woman worked and earned her own \$800 monthly Social Security retirement benefit, but she also was due a \$500 wife's benefit on her husband's Social Security record, we could not pay that wife's benefit because her own Social Security benefit offset it. But, before enactment of the Government Pension Offset provision, if that same woman was a government employee who did not pay into Social Security, and who earned an \$800 government pension, there was no offset, and we were required to pay her a full wife's benefit in addition to her government pension.

If this government employee's work had instead been subject to Social Security taxes, any Social Security benefit payable as a spouse, widow or widower would have been reduced by the person's own Social Security retirement benefit. In enacting the Government Pension Offset provision, Congress intended to ensure that when determining the amount of spousal benefit, government employees who do not pay Social Security taxes would be treated in a similar manner to those who work in the private sector and do pay Social Security taxes.

When won't my Social Security benefits be reduced?

Generally, your Social Security benefits as a spouse, widow or widower will not be reduced if you:

- Are receiving a government pension that is not based on your earnings;
- Are a state or local employee whose government pension is based on a job where you were paying Social Security taxes
 - on the last day of employment and your last day was before July 1, 2004;

(over)

—during the last five years of employment and your last day of employment was July 1, 2004, or later (Under certain conditions, fewer than five years may be required for people whose last day of employment falls after June 30, 2004, and before March 2, 2009.);

- Are a federal employee, including Civil Service Offset employee, who pays Social Security taxes on your earnings (A Civil Service Offset employee is a federal employee who was rehired after December 31, 1983, following a break in service of more than 365 days and had five years of prior civil service retirement system coverage.);
- Are a federal employee who elected to switch from the Civil Service Retirement System to the Federal Employees' Retirement System (FERS) on or before June 30, 1988. If you switched after that date, including during the open season from July 1, 1998, through December 31, 1998, you need five years under FERS to be exempt from the Government Pension Offset;
- Received or were eligible to receive a government pension before December 1982 **and** meet all the requirements for Social Security spouse's benefits in effect in January 1977; or
- Received or were eligible to receive a federal, state or local government pension before July 1, 1983, and were receiving one-half support from your spouse.

What about Medicare?

Even if you do not receive cash benefits based on your spouse's work, you still can get Medicare at age 65 on your spouse's record if you are not eligible for it on your own record.

Can I still get Social Security benefits from my own work?

The offset applies only to Social Security benefits as a spouse or widow or widower. However, your own benefits may be reduced because of another provision of the law. For more information, ask for *Windfall Elimination Provision* (Publication No. 05-10045).

Contacting Social Security

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