**STATE OF CALIFORNIA**
**SAVINGS PLUS PROGRAM**

# PART-TIME, SEASONAL, AND TEMPORARY EMPLOYEES RETIREMENT PROGRAM (PST PROGRAM)

## Benefit Payment Booklet

This booklet contains information for your use. Use the applicable information to create the payment method that best meets your needs. Enclosed are the following:

- PST Program Benefit Payment Application
- Section 402(f) Special Tax Notice Regarding Plan Payments

These instructions summarize the major provisions of federal and State of California tax rules that may apply to your payment. The tax rules are complex and contain many conditions and exceptions that are not included in these instructions. You can find more specific information on the tax treatment of payments from retirement plans in Internal Revenue Service (IRS) Publication 575*, Pension and Annuity Income*, and IRS Publication 590, *Individual Retirement Arrangements*. These publications are available from your local IRS office or by calling 1-800-TAX-FORM (1-800-829-3676).

***All information is current as of the date this application was printed. The Plan Administrator reserves the right to amend any of the procedures or plan provisions as outlined in this application or the official Plan Document. Such changes may be enacted without prior announcement or the expressed consent or agreement of plan participants. If there is any contradiction between the terms of the official Plan Document and this application, the official Plan Document will govern.***

## INFORMATION AND INSTRUCTIONS

You are eligible for a distribution after you retire or separate from all state employment, or have attained California Public Employees' Retirement System (CalPERS) eligibility. Eligibility will be verified before payment is issued. Your payment will be mailed to the address you provide on this application.

**Section I - Participant Information**
Complete the information requested. Provide either your separation date ***or*** your CalPERS eligible date. Print clearly.

**Section II - Payment Methods (Check one box only)**
**Direct Payment**
This option allows you to receive your entire account balance. This payment will be reported to the Internal Revenue Service (IRS) as ordinary income. If your account balance is less than $200, federal and state income taxes will **NOT** be withheld. There will be a **mandatory** 20% withholding for federal income taxes on amounts of $200 or more. State of California income taxes will be withheld at a rate of single with 0 (zero) allowances. A 1099-R will be issued by January 31 of the following year for tax reporting purposes.

**Direct Rollover to Savings Plus 457 Deferred Compensation Plan (DCP)**
As a member of CalPERS, this option allows a rollover from your Part-Time, Seasonal, and Temporary Employees Retirement Program (PST Program) account to the Savings Plus Program (Savings Plus) 457 DCP's Savings Pool or other fund selected by Savings Plus.

This form initiates the deposit of your rollover funds into the Savings Plus 457 DCP. If you are not already enrolled with Savings Plus this form initiates the process to enroll in a 457 DCP. Submitting the form authorizes Savings Plus to establish an account for you, but it does not establish your payroll deferral amount or your investment option(s). To begin payroll deferrals and elect your investment option(s), you will be sent an information kit with instructions for completing this process. This kit will be sent within 10 business days of receipt of this form.

If this form is processed on or before the 15th day of any month, you will have an account established by the 25th day of that month. You have until 1:00 p.m. (PT) on the last business day of that month to access the Savings Plus electronic system(s) to start your payroll deferral for the next payroll cycle and elect your investment option(s). For example, if your initial deferral and investment option(s) election are completed by 1:00 p.m. (PT) on September 30 (the last business day of the month), your deferral(s) will begin with the October **pay period** (for most employees the warrant/check you receive in early November).

*The Savings Plus Investment Guide* and *Getting Started in Savings Plus* handbooks are available online at the Savings Plus Web site. These publications will also be included in the information kit mentioned above.

**Direct Rollover to Another Entity**
This option allows a rollover from your PST Program account to an IRA, 401(k), or 403(b) Tax Sheltered Annuity as long as the entity sponsoring the plan accepts 457 funds. A certification from the receiving entity must be attached to the PST Benefit Payment Application.

If you are age 70½ or older and elect to rollover your funds, the Required Minimum Distribution (RMD) will be processed and paid directly to you before the funds are rolled over to the provider. Please refer to the enclosed Section 402(f) Special Tax Notice Regarding Plan Payments for information regarding RMDs.

If you wish to transfer your PST account to purchase service credit from: CalPERS, California State Teachers' Retirement System (CalSTRS), or other governmental agency within the State of California do not use this form. You must first contact CalPERS at (800) 352-2238, CalSTRS at (800) 228-5453, or the other governmental agency to request information regarding the purchase of service credit and for the dollar amount of your service credit purchase. Second, complete the *457 Deferred Compensation Plan (457 DCP) or Part-Time, Seasonal, and Temporary Employees Retirement Program (PST Program) Purchase of Service Credit Form*. This form is available on the Savings Plus Web site or by calling our automated Voice Response System. This form will also provide additional information and instruction on how to complete the process.

**Section III - Participant Certification**
Read the Section 402(f) Special Tax Notice Regarding Plan Payments, sign, and date the application.

**STATE OF CALIFORNIA SAVINGS PLUS PROGRAM**
**Part-Time, Seasonal, Temporary Employees Retirement Program**

**Benefit Payment Application**

**Please read the information and instructions in this booklet before completing.**
**Payments will be issued within 90-120 days after your last contribution posts.**

## SECTION I – PARTICIPANT INFORMATION

| Last Name First Name MI | | Social Security Number (SSN) |
|---|---|---|
| Street Address | | Date of Birth (mmddyyyy) |
| City, State, Zip Code | Telephone Number with Area Code | Retirement/Separation Date (mmddyyyy) OR CalPERS Eligible Date |

Privacy Statement: The Information Practices Act of 1977 (Civil Code Section 1798.17) and the Federal Privacy Act (Public Law 93-579) require that this notice be provided when collecting personal information from individuals. Information requested on this form is used by the Savings Plus Program for purposes of identification and account processing. It is mandatory that you furnish all information requested on this form. Failure to provide the information may result in the action requested not being processed.

## SECTION II - PAYMENT METHODS (Check **one** box only)

| | |
|---|---|
| ❒ Direct Payment | 100% of account balance to be distributed to you. Payment will be reported to the IRS as ordinary income. A 1099-R will be issued by January 31 of the following year for tax reporting purposes. |
| ❒ Direct Rollover to Savings Plus 457 DCP | 100% of the account balance to be rolled over to Savings Plus 457 DCP<br><br>**Pay Frequency:** ❑ **Monthly** ❑ **Semi-Monthly**<br><br>**Payroll Warrant/Check Issued By:** ❑ State Controller's Office ❑ Senate Rules Committee<br><br>❑ CDFA/Marketing Council ❑ Assembly Rules Committee ❑ California Exposition<br><br>❑ Joint Legislative Budget Committee ❑ District Agricultural Assoc. (Fairs)<br><br>**Note:** Check only one box, incorrect payroll office may delay processing. |
| ❒ Direct Rollover to Another Entity | 100% of the account balance to be rolled over to another entity. Check the plan type into which you want your funds rolled. If you are age 70½ or older and elect to roll over your funds, the annual RMD portion will be paid directly to you ***before*** the remaining funds are rolled over to the receiving entity.<br><br>❒ Direct Rollover to an Individual Retirement Account (IRA)<br><br>❒ Direct Rollover to IRC Section 457 Plan<br><br>❒ Direct Rollover to IRC Section 401(k) Plan<br><br>❒ Direct Rollover to IRC Section 403(b) Plan<br><br>The rollover check will be made payable to the Trustee/Custodian listed below for your benefit. **The check will be mailed directly to your address of record for forwarding to the Trustee/Custodian.** You **must** attach a certification from the receiving entity agreeing to accept PST Program funds, which is an eligible 457 DCP under the IRC, before the distribution will occur. |
| Name of Trustee/Custodian | |

**SEE REVERSE SIDE OF APPLICATION FOR SECTION III AND ADDITIONAL INFORMATION**

**SECTION III - PARTICIPANT CERTIFICATION**

I request distribution to be made in accordance with the Plan Document, Internal Revenue Code, and my election above. I certify that I have been informed of the different payment methods and the tax implications of distributions from my account. I certify that I have read Section 402(f) Special Tax Notice Regarding Plan Payments.

If not already enrolled, I agree to read the Summary Plan Description (*Getting Started in Savings Plus* handbook) and agree to all terms and conditions of the plan. It is my responsibility to obtain and read a copy of the prospectus or other disclosure information pertaining to the investment option(s) I select. I hereby authorize my payroll office to deduct and transmit any deferral amount I subsequently elect for the 457 DCP.

I agree to use the Savings Plus electronic systems to initiate account transactions. These electronic systems will require me to furnish information confirming my identity as the sole person authorized to access my account. I understand it is within the authority of the State of California to approve or disapprove this request. I hereby certify under penalty of perjury that this information is true and accurate to the best of my knowledge.

✎ ______________________________ ______________________________

**Signature** **Date**

**RETURN APPLICATION TO:**

Savings Plus Program
PST Program
1800 15$^{TH}$ Street
Sacramento, CA 95814-6614

**CONTACT INFORMATION**

| | |
|---|---|
| Voice Response System: | (866) 566-4777 24 hours a day, 7 days a week |
| Customer Service: | 8:30 a.m.- 4:00 p.m. (PT), Monday - Friday.<br>To speak with a customer service representative, press *0. |
| Office: | Open 8:00 a.m.- 5:00 p.m. (PT), Monday - Friday |
| TDD: | (916) 327-4266 |
| Fax: | (916) 327-1885 |
| Web site: | www.sppforu.com |

## SECTION 402(f) SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS

This notice explains how you can continue to defer federal income tax on your retirement savings in your retirement plan (the "Plan") and contains important information you will need before you decide how to receive your Plan benefits.

This notice is provided to you by your Plan Administrator because all or part of the payment that you will soon receive from the Plan may be eligible for rollover by you or your Plan Administrator to a traditional IRA or an eligible employer plan. 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. Your payment cannot be rolled over to a Roth IRA, a SIMPLE IRA, or a Coverdell Education Savings Account (formerly known as an education IRA). An "eligible employer plan" includes a plan qualified under section 401(a) of the Internal Revenue Code, including a 401(k) plan, profit-sharing plan, defined benefit plan, stock bonus plan, and money purchase plan; a section 403(a) annuity plan; a section 403(b) tax-sheltered annuity; and an eligible section 457(b) plan maintained by a governmental employer (governmental 457 plan).

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. You should also find out about any documents that are required to be completed before the receiving plan will accept 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 a traditional IRA or split your rollover amount between the employer plan in which you will participate and a traditional IRA. 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 may also be subject to different tax treatment than distributions from this Plan. Check with the administrator of the plan that is to receive your rollover prior to making the rollover. If you have additional questions after reading this notice, you can contact your plan administrator.

### SUMMARY

There are two ways you may be able to receive a Plan payment that is eligible for rollover:

(1) Certain payments can be made directly to a traditional IRA that you establish or to an eligible employer plan that will accept it and hold it for your benefit ("DIRECT ROLLOVER"); or

(2) The payment can be PAID TO YOU.

If you choose a DIRECT ROLLOVER:

- Your payment will not be taxed in the current year and no income tax will be withheld.
- You choose whether your payment will be made directly to your traditional IRA or to an eligible employer plan that accepts your rollover. Your payment cannot be rolled over to a Roth IRA, a SIMPLE IRA, or a Coverdell Education Savings Account because these are not traditional IRAs.
- Your payment will be taxed later when you take it out of the traditional 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 choose to have a Plan payment that is eligible for rollover PAID TO YOU:

- You will receive only 80% of the taxable amount of the payment, because the Plan Administrator is required to withhold 20% of that amount and send it to the IRS as income tax withholding to be credited against your taxes.
- The taxable amount of your payment will be taxed in the current year unless you roll it over. Under limited circumstances, you may be able to use special tax rules that could reduce the tax you owe. However, if you receive the payment before age 59½, you may have to pay an additional 10% tax for distributions form a 401(k) plan.
- You can roll over all or part of the payment by paying it to your traditional IRA or to an eligible employer plan that accepts your rollover within 60 days after you receive the payment. The amount rolled over will not be taxed until you take it out of the traditional IRA or the eligible employer plan.
- If you want to roll over 100% of the payment to a traditional IRA or an eligible employer plan, you must find other money to replace the 20% of the taxable portion that was withheld. If you roll over only the 80% that you received, you will be taxed on the 20% that was withheld and that is not rolled over.

Your Right to Waive the 30-Day Notice Period

Generally, neither a direct rollover nor a payment can be made from the plan until at least 30 days after your receipt of this notice. Thus, after receiving this notice, you have at least 30 days to consider whether or not to have your withdrawal 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 initialing where indicated on the enclosed payout request form. Your withdrawal will then be processed in accordance with your election as soon as practical after it is received by the Plan Administrator.

**MORE INFORMATION**

I. PAYMENTS THAT CAN AND CANNOT BE ROLLED OVER

Payments from the Plan may be "eligible rollover distributions." This means that they can be rolled over to a traditional IRA or to an eligible employer plan that accepts rollovers. Payments from a plan cannot be rolled over to a Roth IRA, a SIMPLE IRA, or a Coverdell Education Savings Account. Your Plan administrator should be able to tell you what portion of your payment is an eligible rollover distribution.

The following types of payments cannot be rolled over:

Payments Spread over Long Periods. You cannot roll over a payment if it is part of a series of equal (or almost equal) payments that are made at least once a year and that will last for:

- your lifetime (or a period measured by your life expectancy), or
- your lifetime and your beneficiary's lifetime (or a period measured by your joint life expectancies), or
- a period of 10 years or more.

Required Minimum Payments. Beginning when you reach age 70½ or retire, whichever is later, a certain portion of your payment cannot be rolled over because it is a "required minimum payment" that must be paid to you.

401(k) Plan Hardship Distributions. A hardship distribution cannot be rolled over.

457 Plan Unforeseeable Emergencies. A distribution on account of an unforeseeable emergency from a 457(b) governmental plan cannot be rolled over.

Corrective Distributions. A distribution that is made because legal limits on certain contributions were exceeded cannot be rolled over.

Loans Treated as 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 III below. Ask the Plan Administrator of this Plan if distribution of your loan qualifies for rollover treatment.

II. DIRECT ROLLOVER

A DIRECT ROLLOVER is a direct payment of the amount of your Plan benefits to a traditional IRA or an eligible employer plan that will accept it. You can choose a DIRECT ROLLOVER of all or any portion of your payment that is an eligible rollover distribution, as described in Part I above. You are not taxed on any taxable portion of your payment for which you choose a DIRECT ROLLOVER until you later take it out of the traditional IRA or eligible employer plan. In addition, no income tax withholding is required for any taxable portion of your Plan benefits for which you choose a DIRECT ROLLOVER. This Plan might not let you choose a DIRECT ROLLOVER if your distributions for the year are less than $200.

- DIRECT ROLLOVER to a Traditional IRA. You can open a traditional IRA to receive the direct rollover. If you choose to have your payment made directly to a traditional IRA, contact an IRA sponsor (usually a financial institution) to find out how to have your payment made in a direct rollover to a traditional IRA at that institution. If you are unsure of how to invest your money, you can temporarily establish a traditional IRA to receive the payment. However, in choosing a traditional IRA, you may wish to make sure that the traditional IRA you choose will allow you to move all or a part of your payment to another traditional IRA at a later date, without penalties or other limitations. See IRS Publication 590, Individual Retirement Arrangements, for more information on traditional IRAs (including limits on how often you can roll over between IRAs).

- DIRECT ROLLOVER to a Plan. If you are employed by a new employer that has an eligible employer plan, and you want a direct rollover to that plan, ask the plan administrator of that plan whether it will accept your rollover. An eligible employer plan is not legally required to accept a rollover. Even if your new employer's plan does not accept a rollover, you can choose a DIRECT ROLLOVER to a traditional IRA. If the employer plan accepts your rollover, the plan may provide restrictions on the circumstances under which you may later receive a distribution of the rollover amount or may require spousal consent to any subsequent distribution. Check with the plan administrator of that plan before making your decision.

- DIRECT ROLLOVER of a Series of Payments. If you receive a payment that can be rolled over to a traditional IRA or an eligible employer plan that will accept it, and it is paid in a series of payments for less than 10 years, your choice to make or not make a DIRECT ROLLOVER for a payment will apply to all later payments in the series until you change your election. You are free to change your election for any later payment in the series.

Change in Tax Treatment Resulting from a DIRECT ROLLOVER. The tax treatment of any payment from the eligible employer plan or traditional IRA receiving your DIRECT ROLLOVER might be different than if you received your benefit in a taxable distribution directly from the Plan.

## III. PAYMENT PAID TO YOU

If your payment can be rolled over (see Part I above) and the payment is made to you in cash, it is subject to 20% federal income tax withholding on the taxable portion (state tax withholding may also apply). The payment is taxed in the year you receive it unless, within 60 days, you roll it over to a traditional IRA or an eligible employer plan that accepts rollovers. If you do not roll it over, special tax rules may apply.

Income Tax Withholding:

- Mandatory Withholding. If any portion of your payment can be rolled over under Part I above and you do not elect to make a DIRECT ROLLOVER, the Plan is required by law to withhold 20% of the taxable amount. This amount is sent to the IRS as federal income tax withholding. For example, if you can roll over a taxable payment of $10,000, only $8,000 will be paid to you because the Plan must withhold $2,000 as income tax. However, when you prepare your income tax return for the year, unless you make a rollover within 60 days (see "Sixty-Day Rollover Option" below), you must report the full $10,000 as a taxable payment from the Plan. You must report the $2,000 as tax withheld, and it will be credited against any income tax you owe for the year. There will be no income tax withholding if your payments for the year are less than $200.

- Voluntary Withholding. If any portion of your payment is taxable but cannot be rolled over under Part I above, the mandatory withholding rules described above do not apply. In this case, you may elect not to have withholding apply to that portion. If you do nothing, an amount will be taken out of this portion of your payment for federal income tax withholding. To elect out of withholding, ask the Plan Administrator for the election form and related information.

- Sixty-Day Rollover Option. If you receive a payment that can be rolled over under Part I above, you can still decide to roll over all or part of it to a traditional IRA or to an eligible employer plan that accepts rollovers. If you decide to roll over, you must contribute the amount of the payment you received to a traditional IRA or eligible employer plan within 60 days after you receive the payment. The portion of your payment that is rolled over will not be taxed until you take it out of the traditional IRA or the eligible employer plan.

You can roll over up to 100% of your payment that can be rolled over under Part I above, including an amount equal to the 20% of the taxable portion that was withheld. If you choose to roll over 100%, you must find other money within the 60-day period to contribute to the traditional IRA or the eligible employer plan, to replace the 20% that was withheld. On the other hand, if you roll over only the 80% of the taxable portion that you received, you will be taxed on the 20% that was withheld.

> Example: The taxable portion of your payment that can be rolled over under Part I above is $10,000, and you choose to have it paid to you. You will receive $8,000, and $2,000 will be sent to the IRS as income tax withholding. Within 60 days after receiving the $8,000, you may roll over the entire $10,000 to a traditional IRA or an eligible employer plan. To do this, you roll over the $8,000 you received from the Plan, and you will have to find $2,000 from other sources (your savings, a loan, etc.). In this case, the entire $10,000 is not taxed until you take it out of the traditional IRA or an eligible employer plan. If you roll over the entire $10,000, when you file your income tax return you may get a refund of part or all of the $2,000 withheld.
>
> If, on the other hand, you roll over only $8,000, the $2,000 you did not roll over is taxed in the year it was withheld. When you file your income tax return, you may get a refund of part of the $2,000 withheld. (However, any refund is likely to be larger if you roll over the entire $10,000.)

Additional 10% Tax If You Are under Age 59½. If you receive a payment before you reach age 59½ and you do not roll it over, then, in addition to the regular income tax, you may have to pay an extra tax equal to 10% of the taxable portion of the payment. The additional 10% tax generally does not apply to (1) payments that are paid after you separate from service with your employer during or after the year you reach age 55, (2) payments that are paid because you retire due to disability, (3) payments that are paid as equal (or almost equal) payments over your life or life expectancy (or your and your beneficiary's lives or life expectancies), (4) payments that are paid directly to the government to satisfy a federal tax levy, (5) payments that are paid to an alternate payee under a qualified domestic relations order, or (6) payments that do not exceed the amount of your deductible medical expenses. See IRS Form 5329 for more information on the additional 10% tax.

The additional 10% tax will not apply to distributions from a governmental 457(b) plan, except to the extent the distribution is attributable to an amount you rolled over to that plan (adjusted for investment returns) from another type of eligible employer plan or IRA. Any amount rolled over from a governmental 457(b) 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 Plan Loans. If your employment ends and you have an outstanding loan from your Plan, your employer may reduce (or "offset") your balance in the Plan by the amount of the loan you have not repaid. The amount of your loan offset is treated as a distribution to you at the time of the offset and will be taxed unless you roll over an amount equal to the amount of your loan offset to another qualified employer plan or a traditional IRA within 60 days of the date of the offset. If the amount of your loan offset is the only amount you receive or are treated as having received, no amount will be withheld from it. If you receive other payments of cash or property from the Plan, the 20% withholding amount will be based on the entire amount paid to you, including the amount of the loan offset. The amount withheld will be limited to the amount of other cash or property paid to you. The amount of a defaulted plan loan that is a taxable deemed distribution cannot be rolled over.

## IV. SURVIVING SPOUSES, ALTERNATE PAYEES, AND OTHER BENEFICIARIES

In general, the rules summarized above that apply to payments to employees also apply to payments to surviving spouses of employees and to spouses or former spouses who are "alternate payees." You are an alternate payee if your interest in the Plan results from a "qualified domestic relations order," which is an order issued by a court, usually in connection with a divorce or legal separation.

If you are a surviving spouse or an alternate payee, you may choose to have a payment that can be rolled over, as described in Part I above, paid in a DIRECT ROLLOVER to a traditional IRA or to an eligible employer plan or paid to you. If you have the payment paid to you, you can keep it or roll it over yourself to a traditional IRA or to an eligible employer plan. Thus, you have the same choices as the employee.

If you are a beneficiary other than a surviving spouse or an alternate payee, you cannot choose a direct rollover, and you cannot roll over the payment yourself.

If you are a surviving spouse, an alternate payee, or another beneficiary, your payment is generally not subject to the additional 10% tax described in Part III above, even if you are younger than age 59½.

If you are a surviving spouse, an alternate payee, or another beneficiary, you may be able to use the special tax treatment for lump sum distributions and the special rule for payments that include employer stock, as described in Part III above.

## HOW TO OBTAIN ADDITIONAL INFORMATION

This notice summarizes only the federal (not state or local) tax rules that might apply to your payment. The rules described above are complex and contain many conditions and exceptions that are not included in this notice. Therefore, you may want to consult with the Plan Administrator or a professional tax advisor before you take a payment of your benefits from your Plan. Also, you can find more specific information on the tax treatment of payments from qualified employer plans in IRS Publication 575, Pension and Annuity Income, and IRS Publication 590, Individual Retirement Arrangements. These publications are available from your local IRS office, on the IRS's Internet Web Site at *www.irs.gov*, or by calling 1-800-TAX-FORMS.