

AUSTIN POLICE RETIREMENT SYSTEM POST RETIREMENT OPTION PLAN (PROP)

**ANNUITY DEFERRAL APPLICATION AND ELECTION FORM
FOR MEMBERS WHO ELECT TO DEFER ALL OR A PORTION OF THEIR
MONTHLY ANNUITY INTO THEIR PROP ACCOUNT**

NAME: _____ SOCIAL SECURITY #: _____ - _____ - _____

BY SIGNING THIS APPLICATION AND ELECTION FORM, I ACKNOWLEDGE THE FOLLOWING:

1. I have read and understand the Policy and Procedure for Deferring All or a Portion of a Member's Monthly Annuity into PROP, as adopted by the Board of Trustees of the System (Board).
2. I have had the opportunity to meet with the System's administrative staff and ask them questions regarding the operation of deferring all or a portion of my monthly annuity into PROP.
3. I understand that the administrative staff of the System, although providing some general information, cannot and has not rendered tax advice to me on the effect deferring all or a portion of my monthly annuity into PROP will or may have on the taxation of any benefit I may receive under the System, or any potential benefit that my survivors may receive under the System. Prior to signing this application, I have been advised to consult with a professional tax advisor of my own choosing with regard to the possible tax consequences of electing to defer all or a portion of my annuity payments into a PROP account and of electing to receive distributions from that account.
4. In electing to defer all or a portion of my monthly annuity into PROP, I have relied upon information provided by the System's administrative staff. However, my decision to elect to defer all or a portion of my monthly annuity into PROP is based solely on my understanding of the program as provided in the Act governing the System and in the Policy and Procedure for Deferring All or a Portion of a Member's Monthly Annuity into PROP, as adopted by the Board.

Initial here _____

5. I understand that if I left active service before the year I attained age 50 (age 55 if I was an employee of the System) and my monthly annuity is in pay status, an election made before I attain age 59-1/2 to defer all or a portion of my monthly annuity into PROP may result in my owing additional federal income taxes. I also understand that if I make an election to defer all or a portion of my monthly annuity into PROP and revoke or amend that election before I attain age 59-1/2, I may owe additional taxes.

6. I understand that I can revoke an election to defer all or a portion of my monthly annuity into PROP at any time before age 70-1/2 and that I must revoke it before or at the same time of requesting a distribution from my PROP account. I also understand that once the election is revoked I will not be able to make a second election to defer monthly annuity payments into PROP.

7. I understand that no portion of my monthly annuity can be deferred after age 70-1/2 and that my PROP benefits are subject to the provisions of Section 401(a)(9) of the Internal Revenue Code (minimum required distributions after age 70-1/2).

8. I understand that the amount that will be credited to my PROP account each month is:
 - the amount that would have been paid to me as a monthly annuity if I had not elected to defer my monthly annuity into PROP if I have elected to have the entire annuity deferred; or
 - the specific dollar amount I have elected to defer, if that is less than the full monthly annuity.

9. I understand that my PROP account shall be credited monthly with investment earnings or losses at an annual rate established under a rule adopted by the Board prior to September 1 of each year. In establishing that rate, the Board will consider all information it considers relevant. The rate as so established shall be effective for the next 12 months beginning on September 1 for all PROP accounts during that 12-month period.

10. I understand that my election to defer all or a portion of my monthly annuity into PROP is effective on the later of the last day of the next month following the date this election form is received and approved by the System's Board of Trustees, or _____.¹ I also understand that this form will be deemed not received if it is incomplete.

I have read the pages of this form, and I hereby acknowledge that I have not received any advice or recommendations with respect to this election from the System's Board of Trustees or Employees and that I am not relying on the System, its Trustees or Employees with respect to my decision hereunder. By signing this document, I hereby elect to have [check only one]:

_____ My entire monthly annuity deferred into PROP.

_____ The sum of \$ _____ out of my monthly annuity deferred into PROP.

¹ A date selected by the deferral applicant that must be the last day of a month and that may be later than the last day of the month next following the date this election form is received and approved by the System's Board of Trustees.

I agree to hold the Austin Police Retirement System, its Trustees and Employees, harmless from the consequences of my decision.

Signature: _____ Date: _____

Printed Name: _____