

## **Information for Retiring Public Safety Officers and Government/Public Sector Employees**

The following information is provided to assist you with questions concerning rollover(s) into government/public sector Employer Deferred Compensation Plans (Code Section 457), for eligible public safety officer and other governmental/public sector employees. As with all income tax-related concerns, retirees should consult with the Internal Revenue Service or their Tax Advisor.

There is a misconception regarding the **10% additional excise tax for early rollover distributions** of an employer Deferred Retirement Option Plan (DROP) into a government 457b plan.

To be eligible for a distribution to be **exempt** from the additional 10% excise tax for early distributions from your government employer 457b plan, you **must** meet the following criteria:

- Served as a Qualified Public Safety Officer (PSO) at the time of employer separation during the year when the retiree turns age 50 or older.
- The employee separates from employer service during or after the year the employee reaches age 55.
- The IRA owner/participant reaches age 59 ½.

**NOTE:** Amounts distributed from a governmental 457b Plan are **subject to the additional 10% tax on early distributions**, if they are attributable to **rollovers** from a Code Section 401(a) qualified plan, a Code Section 403(a) qualified annuity, or a Code Section 403(b) tax-sheltered annuity, or an IRA.

Thus the governmental Code Section 457 plan **cannot** be used to avoid the additional 10% tax on early distributions.

More information is available on the IRS Website ([www.irs.gov](http://www.irs.gov)). You can also use the Telephone Assistance for Individuals toll-free at 800-829-1040 between the hours of 7:00 a.m. - 10:00 p.m. your local time (Alaska & Hawaii follow Pacific Time) Monday through Friday.

**SOURCE:** IRS Code Section 72(t), 72(t)(9) and 4974(c)

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