

FASCore Documentation

FUNCTIONAL PROCESS: Distributions

PROCEDURE: General Guidelines

DATE: March 2018

Overview

These procedures describe the general processing considerations for lump sum distributions, periodic payments and death benefits. Additional guidance regarding distributions can be found in the Distribution Section of the Plan Administration Guide located on the PSC/PL Plan Information tab. Refer to separate procedures for Required Minimum Distribution Processing and Hardship Processing.

Procedure

- I. Lump Sum Distribution Processing
 - A. Determine type
 1. Based upon the Distribution options listed on the Implementation Worksheet at Plan Setup, FASCore will create a custom distribution form to be available on PSC and the participant website. Variables on the form include:
 - a. Spousal consent section
 - b. Loan section
 2. The Plan Administrator must be familiar with the types of distributions available under the Plan in order to assist Participants in the application process.
 3. Distribution requests may be submitted for the following:
 - a. In-service withdrawals
 - b. Separation from service (including termination of employment)
 - c. Age 59 ½ (if allowed by the Plan)
 - d. Retirement
 - e. Disability
 - f. Contract Exchanges/Transfers
 - B. Determination of the Distribution Amount
 1. Participants may speak with a Retirement Plan Specialist (RPS) concerning the amount available for distribution
 - a. Depending upon the type of distribution desired, the RPS provides the approximate amount, since the exact amount of the total distribution is determined on the date the Distribution Request is processed.
 - b. The Plan Administrator reviews the Plan Document to verify money types and specific parameters of those money types which are eligible for certain distributions (i.e. in-service withdrawals and age 59 ½ distributions).

C. Completion of the Distribution Request

1. Participants obtain a copy of the Distribution Request and accompanying “Special Tax Notice to Plan Participants Regarding Payments from Qualified Plans” from the Plan Administrator or the participant website.
 - a. Participants complete the top portion of the form, “Participant Information”
 - b. Indicate the reason for payment in the following section.
 - c. The Plan Administrator confirms the following:
 - The Separation from Service distribution is a 100% distribution which permanently closes the Participant’s account.
 - For In Service withdrawal requests, the account is being left open for future contributions and / or loan payments (as might occur in case of in-service withdrawals and age 59 ½ distributions).
 - If future contributions are received once the Participant’s account is closed, they are processed in the same manner as the original distribution.
 - d. If the request is a full withdrawal and the Participant has outstanding loans, the appropriate box in the section entitled “Outstanding Loan Payoff Instructions” must be checked.
 - e. If no box is checked, FASCore will reject back to Participant to update.
 - f. If a participant has a loan and wants to take part of the distribution as cash and the balance rolled over, the loan is offset against the rollover portion of the distribution.
2. If partial distribution is requested, the amount is indicated and investment options and money sources from which the distribution is to be paid are shown on the form.
3. The section entitled “How will my income taxes be withheld?” provides information regarding Federal and State withholding taxes if applicable.
4. Section allows the Participants to provide the distribution rollover payee.
5. Participants review the form for accuracy and sign and date the form certifying the information.
6. The Plan Administrator verifies the information provided by the Participant,
 - a. Plan Administrator verifies address, termination date and vesting is correct on PSC for participant
 - b. Plan Administrator signs the form and mails to FASCore
P. O. Box 173768
Denver, Colorado 80217-3768
 - c. Or the form can be faxed to 1-866-745-5766
7. Once the completed form is received at FASCore, the Distribution Request is processed and mailed within three business days, directly to the Participant at the address indicated on the form.

8. The Processing Team at FASCore reviews the Distribution Request and the recordkeeping system (EASY) for the following:
 - a. Participant has funds in the Plan eligible for distribution.
 - b. The recordkeeping system contains hire dates for the Participant
 - c. The form contains the termination date, if not on EASY
 - d. The Participant has outstanding loan(s) and if so, disposition should be addressed on the form
 - e. If “Partial” distribution is selected, whether fund liquidation is:
 - Pro-rata
 - Specific by fund
 - f. Spousal consent is properly supplied, if required by the Plan
 - g. All required signatures are provided
9. If the Distribution Request is incomplete in any respect, the form is returned to the Plan Administrator for correction either by fax or routed via To Do List on PSC (if plan is setup for this feature)
 - a. If the plan is set up with divisional contacts then the paperwork will be faxed to this contact or routed via the To Do List on PSC (if plan is setup for this feature)
 - b. Missing information may be added to the form by the Plan Administrator/Divisional Contact and faxed back to FASCore for processing
 - c. ONE EXCEPTION: If the form is complete in every way but the box to “close account” or “leave account open” has not been checked, FASCore will not reject the form but will process and close the account IF
 - 1). the reason for payment is “Separation from Service”
 - 2). A termination date has been provided
10. If direct rollover instructions are received directly from another vendor and not attached to the Distribution Request, instructions and / or forms are returned to the participant for completion of FASCore forms.
11. Federal withholding tax is taken from each distribution processed, unless the distribution rolls into an Individual Retirement Account (IRA) or other qualified requirement plan.
12. 10% early distribution penalty may be assessed by the Internal Revenue Service if Participants under the age of 59 ½ receive distributions not rolled to an IRA or other qualified retirement plan, unless exception applies.
13. Form 1099-R is mailed to the Participant by January 31 of the year following the year of the distribution.
14. EGTRRA allowed for the rollover of after tax money.
 - a. A letter is sent with the check to the participant advising them of the after tax basis in the Plan.

II. Periodic Payment Processing

A. Determine Type

1. FASCore will create a Plan Specific Periodic Payment Request for the PSC forms and the participant website.
 - a. Periodic Payment Request / with spousal consent
 - b. Periodic Payment Request / without spousal consent

- B. Determination of Distribution Amount
1. Periodic payments are a series of predetermined withdrawals based on requested payment frequency and amount.
 - a. Participants may speak with an RPS concerning:
 - Total amounts available for distribution
 - Plan specific parameters considered in requests that periodic payments be implemented (i.e., whether payments in specific amount and/or paid for specific term).
 - b. Periodic Payment Request Forms are not mailed to Participants. Participants are instructed to obtain the form from Participant Website.
- C. Completion of the Periodic Payment Request
1. Participants obtain a copy of the Periodic Payment Request and accompanying “Special Tax Notice to Plan Participants Regarding Payments from Qualified Plans” from the Plan Administrator or the participant website.
 2. Participants complete the top portion of the form, “Participant Information”, along with the reason for payment, indicated in the following section.
 3. If Participants have outstanding loans, before periodic payment is processed, loans must be paid off by:
 - a. Cashier’s check
 - b. Bank money order
 - c. Offset against Participants’ account balances
 4. To insure that the first payment is processed in a timely basis, FASCore must receive the Periodic Payment Request at least 15 days prior to the payment start date.
 5. In the section entitled “Periodic Payment”, Participants indicate whether the option selected is:
 - a. Amount specific and / or
 - b. Payment term specific
 6. Payments are prorated across all investment funds.
 7. For direct deposit payments, a special form entitled “Authorization Agreement for Electronic Fund Transfers (ACH credits)” is completed and submitted to FASCore with the Periodic Payment Request. The form is available on PSC and the participant website.
 8. The Plan Administrator verifies the information provided by Participants.
 - a. Plan Administrator verifies address, termination date and vesting is correct on PSC for participant
 - b. Plan administrator signs and dates form
 - c. Plan Administrator mails form to:

P. O. Box 173768
Denver, Colorado 80217-3768
 - d. Or the form can be faxed to 1-866-745-5766
 9. Once received at FASCore, the pre-processing team reviews the Periodic Payment Requests for the following:
 - a. Plan Participants have funds eligible for distribution
 - b. Outstanding loan(s) of Participants - Dispositions addressed on the form
 - c. Payment start dates for Participants indicated on the form

- d. Spousal consents properly supplied, if required by the Plan
- e. All required signatures are provided
- 10. If the Periodic Payment Request is incomplete in any respect, the form is returned to the Plan Administrator for correction.
 - a. If the plan is set up with divisional contacts then the paperwork will be faxed to this contact.
 - b. The form is returned to the Plan Administrator via fax or the To Do List on PSC.
 - c. Missing information may be added to the form by the Plan Administrator and faxed back to FASCore.
- 11. The Periodic Payment Request is processed prior to the indicated start date, according to information supplied on the form.
 - a. If ACH has been elected, an ACH confirmation is sent to the participant at the time of the payment.
 - b. Participants elect alternative withholdings by completing Form W-4.
 - c. 10% early distribution penalty may be assessed by the IRS if Participants under the age of 59½ receive distributions not rolled, unless exception applies.
 - d. Form 1099-R is mailed to Participants by January 31 of each year following the year of distribution.

III. Death Benefit Claims Processing

- A. Beneficiaries of Participants complete appropriate form
 - 1. If distribution is being requested, the Death Benefit Claim Form should be completed
 - 2. If a spousal beneficiary account has been established in the past, a Beneficiary Withdrawal Form (as in II above) should be completed
 - a. Refer to section 4 of the Plan Administration Guide for instructions on establishing a Spousal Beneficiary account
 - b. Each Plan has a Spousal Beneficiary Form
 - 3. Beneficiary signs and dates the form, certifying the information.
- B. Plan Administrator verifies information provided by Beneficiary
 - 1. Signs and dates form authorizing payment of death benefit claim.
 - 2. Mails form, with certified death certificate (or, alternatively, the Plan Administrator's certification stating personal examination of the certified death certificate and that a photocopy of the certified document is attached to:
 - MetLife Service Provider
 - P. O. Box 173768
 - Denver, Colorado 80217-3768
 - 3. The form may also be faxed to 1-866-745-5766
- C. Once received at FASCore, the Death Benefit Claim is processed and mailed within three (3) business days from the unique account established in the name of the beneficiary.
 - 1. Processing may be delayed if the state where the Participant lived requires payors to obtain certain waivers or consents regarding death benefit claims.
 - 2. Response times from states vary, but processing of the claim occurs as soon as possible after receipt of waivers or consents, if applicable.

- D. FASCore's pre-processing team reviews Death Benefit Claim forms for the following:
 - 1. Plan Participants have funds eligible for distribution
 - 2. Outstanding loan(s) of Participants - disposition addressed on the form
 - 3. All required signatures are provided.
- E. If the Death Benefit Claim is incomplete in any respect, the form is returned to the Plan Administrator for correction. If the plan is set up with divisional contacts then the paperwork will be faxed or routed by To Do List on the PSC to that contact.
- F. Automatic 20% Federal withholding tax is taken from each claim processed for spousal beneficiary, unless the distribution rolls into an IRA.
- G. Non-spousal beneficiaries elect either:
 - 1. 10% Federal withholding
 - 2. At their option, no withholding
- H. Form 1099-R is mailed to the beneficiary by January 31 of the year following the distribution.

IV. Special Notes Regarding Annuities

- A. If the Plan Document provides an annuity distribution option, two special Notice and Election forms are provided to Plan Participants by the Plan Administrator:
 - 1. Qualified Pre-Retirement Survivor Annuity Notice and Election
 - 2. Qualified Joint and Survivor Annuity Notice and Election
- B. The Notices are provided at the end of the Distribution Section of the Administration Guide
- C. The section titled "Required Notices Regarding Distributions and Withdrawals Highlighted" in the Administration Guide contains additional information.
- D. Because Plan specific, the annuity distribution option requires a special addendum to the Distribution Request.
- E. Example / annuity options available under given Plan might include:
 - 1. Life annuity

2. Joint and 50% survivor annuity
 3. Joint and 100% survivor annuity
 4. Life annuity for period certain
- F. For waiver of annuity option form of distribution payment, spousal consent is required.
1. The MetLife Account Executive provides the Plan Administrator with a special addendum, alerting Participants to annuity options available.

V. Miscellaneous

A. Policy regarding Notary Seal.

1. FASCore is to verify the seal is visible.
2. If a raised seal is used, it is requested that the seal be darkened before faxing so that it is visible.
3. OR the Plan Administrator may note “The Notary seal is visible to me” and resign the paper where they have written that, so that there is a Plan Administrator’s signature verifying they can see the seal.
4. If FASCore cannot see the seal, they will return the form, requesting that the seal be darkened or that the PA confirm they can see the seal.

B. One time ACH

1. Timing

- a. Completed distribution form received by 12:00 noon ET Day 1
- b. Day 1 is the effective date for the sale of the mutual funds
- c. ACH sent to receiving Bank Day 2
- d. Funds available in participant’s account Day 3

C. The distribution status is voiced on the voice response system (VRU)

1. Included are the following items:

- a. Receipt Date of Distributions currently in Pending or Future Status.
- b. Date Check/ACH/Wire sent for Distributions in Complete Status.
- c. Net Amount of the Distribution.
- d. Breakdown of Vesting, Tax Withholding, Fees and Penalties, if applicable.

D. The distribution status will also be available on the participant website

1. Included will be the following items:

- a. Receipt Date of Distributions currently in Pending or Future Status
- b. Date Check/ACH/Wire sent for Distributions in Complete Status
- c. Details of Check/ACH/Wire address and banking info, if applicable
- d. Net Amount of the Distribution
- e. Breakdown of Vesting, Tax Withholding, Fees and Penalties, if applicable
- f. Vesting Details, if applicable
- g. Periodic Payment Details, if applicable
- h. Tax Withholding Details, if applicable
- i. Breakdown of Distribution by Investment Option

- H. If a Personal Information Change Request (Non Financial Change form) is submitted to FASCore and signed by the participant, FASCore will cross reference the signature with the most recent signature on record, if available (ex. Address change).

1. If the signature does not match the signature on record, the form is returned to the Plan Administrator, requesting notarization. No changes are processed until confirmation is received. This is to prevent fraud.
2. If the signature matches the signature on record or if there is no signature on record, and the form is complete, the change will be processed.