

AUSTIN FIRE FIGHTERS RELIEF AND RETIREMENT FUND

FORM NRA – NORMAL RETIREMENT ANNUITY ELECTION

This form should be used only by fire fighters who are electing the NORMAL RETIREMENT ANNUITY form of retirement benefit. If you are electing the Single Life Annuity benefit, you must use Form SLA. Please contact the Pension Office to request Form SLA.

As a member of the Austin Fire Fighters Relief and Retirement Fund (the "Fund"), you may elect to receive your retirement benefit under the Normal Retirement Annuity form of benefit. The Normal Retirement Annuity is the standard form of retirement under the Fund and provides for a Joint and Survivor (75%) benefit.

The Normal Retirement Annuity will provide you with a monthly annuity benefit payable during your lifetime based on your average compensation and years of service at retirement. At your death, your survivor is entitled to a reduced monthly annuity benefit equal to 75% of the benefit that you were receiving upon your death.

If you are married or have dependent children (children who are not married and under the age of 22), your spouse or such children will automatically be entitled to receive the survivor benefit. However, if you have no spouse or dependent children, you are eligible to designate a beneficiary to receive the survivor benefit for life pursuant to Section 7.09 of the Fund's statute. Please contact the Pension Office or check the Fund's website for information about designating a beneficiary and the applicable form.

You may also participate in the DROP if you elect a Normal Retirement Annuity. Your DROP balance will be based in part on your accumulated Normal Retirement Annuity benefit amount. See "DROP Participation" below for more information.

Normal Retirement Annuity---Option 1 or Option 2

A retiring fire fighter may elect Option 1 or Option 2 with respect to his or her Normal Retirement Annuity form of benefit.

Normal Retirement Annuity--Option 1: Under Option 1, a monthly annuity benefit is payable to you for your lifetime. After your death, a reduced survivor annuity benefit is payable to your spouse, dependent children, or designated beneficiary, as applicable. The survivor benefit payable upon your death is as follows:

- Upon your death, if you are married, your surviving spouse will automatically receive a survivor benefit equal to 75% of the benefit that you were receiving before your death for his or her lifetime.
- If you are not married, but have dependent children, your dependent children will receive a benefit in total equal to 75% of the benefit that you were receiving before your death. If you have more than one dependent child, the benefit will be divided equally among the children. The survivor benefit is payable to your dependent children until they reach age 22 or marry, whichever comes first. (Note that a 15% survivor benefit may be payable to your dependent children even if you are married at the time of your death. Please contact the Pension Office for more information on benefits for dependent children.)
- If you are not married and have no dependent children, you are eligible to designate a beneficiary to receive the survivor benefit on a Form 500A. Please check the Fund's website or contact the Pension Office to request Form 500A. The survivor benefit for a designated beneficiary is payable for the designated beneficiary's life and is typically equal to 75% of the benefit that you were receiving before your death. However, the survivor benefit payable to a designated beneficiary may be reduced to **less** than 75% of your benefit if your designated beneficiary is more than 10 years younger than you at the time of death. Benefit amounts will also change if you change your

beneficiary after retirement. Please contact the Pension Office or check the Fund's website for more information about designating a beneficiary and these reductions to survivor benefits.

Normal Retirement Annuity--Option 2: Option 2 guarantees that someone will receive 100% of the monthly annuity benefit that you were receiving at your death, or were entitled to receive at your death, for the 10-year period beginning on your retirement date from the Fire Department or your DROP retirement date, as applicable. The key features of Option 2 are as follows:

- Because of the guaranteed 10-year period, the amount of the monthly annuity benefit that you are entitled to receive under Option 2 will be actuarially reduced as compared to the amount of the benefit under Option 1.
- If you die during the 10-year period following your retirement date, your surviving spouse, dependent children, designated beneficiary, or your estate, as applicable, will receive 100% of the monthly annuity benefit that you were receiving for the remainder of the 10-year period. After the 10-year period, any survivor benefits will be paid as described under Option 1, including the reduced amounts of such benefits.
- If you die after the 10-year period following your retirement date, survivor benefits will be paid as described in Option 1, including the reduced amounts of such benefits.
- Upon your death within the 10-year period following your retirement date, the guaranteed payments during the 10-year period that are equal to 100% of your monthly annuity benefit will be paid as follows:
 - If you are married at the time of your death, the payments will be made to your surviving spouse. If your spouse dies during the 10-year period after your retirement, any remaining payments will continue to any dependent children, or if no dependent children exist, to your wife's estate.
 - If you are not married at the time of your death, but have dependent children, the payments will be made to any dependent children. If your dependent children die during the 10-year period, any remaining payments will be made to their estate.
 - If you are not married and have no dependent children at the time of your death, the beneficiary that you have designated under a Form 500A or Form 500R (the beneficiary designation form used following retirement) will receive any payments. If the designated beneficiary dies during the 10-year period following your retirement, any remaining payments will be made to the estate of the designated beneficiary.
 - If you are not married, have no dependent children, and did not designate a beneficiary on a Form 500A or Form 500R, any remaining payments will be made to your estate.

DROP Participation

Your election to participate in DROP is separate from your retirement benefit election under this Form NRA. Your DROP balance will be based in part on your Normal Retirement Annuity benefit amount under either Option 1 or Option 2 that you would have accumulated during the DROP period.

Please note that if you elect Option 2, the 10-year period of guaranteed payments will commence at your DROP retirement date and not your date of retirement from the Fire Department. For example, upon retiring from the Fire Department, if you select a "reverse" or "back" DROP for the maximum of 7 years, you will only have 3 years left in the guaranteed 10-year period after you terminate from active service.

Please contact the Pension Office for a DROP election form and more information on DROP participation.

Please consult the "Guide to Choosing a Retirement Annuity Option" available Online at the Fund's website or at your Pension Office for more information.

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Member Name: _____ Social Security #: _____ - _____ - _____

Address: _____
Street, City, State, Zip

Home Phone No: _____ Cell Phone No: _____ E-mail _____

Date of Birth: _____ TX FIR#: _____

Please answer the following questions before making your election:

1. I am: _____ Married _____ Single

If Married, Spouse's Name and SSN: _____

2. I have at least one dependent child: _____ Yes _____ No

** A Dependent Child is a child who is not married and is under the age of 22.*

Dependent Children Names, Date of Birth, SSN: _____

**** If you answered "Single" to Question #1 and "No" to Question #2, you are eligible to complete a beneficiary designation on Form 500A. Contact the Pension Office or check the Fund's website to request Form 500A.***

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BY SIGNING THIS ELECTION, I ACKNOWLEDGE THE FOLLOWING:

- I understand that I am entitled to receive a Normal Retirement Annuity upon retirement pursuant to the Fund’s governing statute, Article 6243e.1, Vernon’s Texas Civil Statutes (the “Act”). I also understand that a Single Life Annuity is available to me as an alternate form of benefit to the Normal Retirement Annuity pursuant to the provisions of the Act and the Fund Rules. I have chosen not to elect a Single Life Annuity.
- I have had the opportunity to meet with the Fund’s administrative staff and ask them questions regarding the operation of a Normal Retirement Annuity and the effect that my election of a Normal Retirement Annuity will have on my benefits and any potential survivor benefit under the Fund.
- I have had the opportunity to seek advice from a professional tax advisor and understand that the administrative staff of the Fund cannot and has not rendered legal advice to me regarding the effect that the election of a Normal Retirement Annuity will or may have on the taxation of any benefit I may receive, or my survivors may receive, under the Fund.
- I understand that if I elect to have my benefit paid under Option 2 of the Normal Retirement Annuity benefit, the amount of my retirement annuity will be adjusted to the actuarial equivalent of the annuity provided under Section 5.04 and the survivor’s benefits provided under Article 7 of the Act.
- I understand that my election is irrevocable. I cannot later elect to receive a Single Life Annuity.
- I understand that my Normal Retirement Annuity benefit and my DROP benefit, if any, are subject to the provisions of Article 9.03 of the Act governing the Fund (the Internal Revenue Code Section 415 limitations).
- I understand that if I am not married and have no dependent children, I am eligible to designate a beneficiary to receive a survivor benefit on Form 500A before my benefit commences. I understand that after January 1, 2017, I may only change my designated beneficiary twice after my benefit commences by submitting a Form 500R to the Pension Office. I also understand that after January 1, 2017, each time I change my beneficiary after my benefits have commenced, my monthly annuity benefit will be actuarially reduced pursuant to the rules adopted by the Board.

THE BELOW MEMBER HEREBY ELECTS TO RECEIVE HIS OR HER RETIREMENT BENEFIT IN THE FORM SPECIFIED BELOW:

_____ **Normal Retirement Annuity--Option 1**

_____ **Normal Retirement Annuity--Option 2**

<p><u>For Fund Administrative Use Only:</u></p> <p>Date Received: _____</p> <p>Received By: _____</p>
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Signature of Fire Fighter

Print or Type Name of Fire Fighter

Date: ____/____/____