

- You will be taxed on the lump sum unless you roll it over into another tax qualified vehicle. Your lump sum distribution will be **taxed as ordinary income** and may push you into a higher bracket. Investment and financial professionals generally recommend deferring taxes whenever possible.
- If you take a lump sum distribution and don't **carefully budget** for the entire length of your retirement, you may run out of money. By taking a lump sum distribution you are deciding that you will be responsible for making sure that your savings last during your retirement.
- As a general rule individual investments are not guaranteed, but **your monthly pension benefit from the Pension Plan is guaranteed for as long as you live**. Your monthly pension benefit is constitutionally protected under Florida law and is required to be funded by the City. You surrender this protection by taking a lump sum distribution.
- **Consider your health and life expectancy:** For people in in poor health, a lump sum option may make sense. A lump sum payout will make less sense for retirees who are in good health, particularly since the Pension Plan contains a valuable cost of living (COLA) benefit.
- **Beware of investment risk, market volatility and costs:** If you decide to invest your lump sum you will be subject to investment risk, market volatility and investment expenses/commissions, which can be substantial. By contrast, retirees who receive a monthly check from the Pension Plan are never charged investment expenses by the Pension Board. The City of North Miami, not retirees, bears the investment risk of the Pension Plan. You will be taking on these risks if you elect an irrevocable lump sum distribution. Do you have the investment skill, temperament and risk tolerance to take on this responsibility?
- You are encouraged to seek **independent advice** from a financial professional who specializes in retirement planning and who is looking out for your best interests.

I hereby certify that that I have read and understood this form and the consequences of selecting a lump sum distribution.

EMPLOYEE SIGNATURE

DATE

State of _____
County of _____

BEFORE ME, the undersigned authority, personally appeared _____,
who provided _____ as identification or who is otherwise personally
known to me, and who attested by virtue of the signature below, to continued entitlement to
retirement benefits.

Member

Notary Public

My Commission Expires: