

Service Credit Purchase With a Trustee-to-Trustee Transfer

Please type or print using black ink.

■ **Important** – This form is for active members purchasing service credit with a trustee-to-trustee transfer. KPERS can accept money from 457(b) governmental deferred compensation and 403(b) annuity plans to purchase permissive service credit. Before completing this form, please read the included fact sheet “Purchasing Service Credit With a Trustee-to-Trustee Transfer.”

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■ Part A – Member Information

1. Social Security Number: _____ - _____ - _____
2. Name (First, MI, Last): _____
3. Mailing Address: _____
City, State, Zip: _____
4. Home Telephone Number: (____) _____
5. Work Telephone Number: (____) _____
6. E-mail Address: _____

■ Part B – Member Payment Certification

Member: Submit this form with your *Cost Letter* to your 457(b) or 403(b) plan service provider after completing Part A and B. Use your *Cost Letter* from KPERS to complete #1 below. Read the statement before signing. Transfers from separate plans require separate forms. Calculate the amounts from each plan separately.

1. Amount of Funds to Be Transferred to KPERS (From *Cost Letter*): \$ _____

“By completing this form, I certify that I have read ‘Purchasing Service Credit With a Trustee-to-Trustee Transfer,’ included with this form. I understand KPERS may only accept a transfer in an amount up to the cost of the purchase and that KPERS will return any additional amount to the transferring plan. I authorize the transfer of my eligible funds to KPERS for the purpose of purchasing permissive service credit.”

Member Signature: _____ Month/Day/Year: ____/____/____

■ Part C – Plan Service Provider Certification

Plan Service Provider: After completing Part C below, return this form with the member's *Cost Letter* and a check for the authorized sum to KPERS. Checks must be made payable to: *Kansas Public Employees Retirement System* or *KPERS*.

1. Service Provider: _____
2. Name of Certifying Representative: _____
3. Mailing Address: _____
City, State, Zip: _____
4. Title: _____
5. Telephone Number: (____) _____
6. Enter the **exact amounts** to be transferred from the member's plan to KPERS. The total amount cannot be more than the amount in Part B, #1 above.

Pre-Tax: \$ _____ After Tax: \$ _____ Total: \$ _____

7. Type of Plan: (only one per form) 457(b) Governmental Deferred Compensation Plan 403(b) Tax Sheltered Annuity

“I hereby certify the funds to be transferred are from the above member's employer plan and are eligible to be transferred to KPERS, a 401(a) qualified defined benefit plan.”

Representative Signature: _____ Month/Day/Year: ____/____/____

Purchasing Service Credit With a Trustee-to-Trustee Transfer

KPERS is the foundation of retirement planning for most Kansas public employees. Many employees build on this foundation by also participating in voluntary tax-deferred savings plans provided by their employers. These plans include 457(b) deferred compensation plans for State of Kansas employees and many local units of government, and 403(b) tax-sheltered annuities available through most school districts and Kansas Board of Regents institutions.

Members who have eligible service can use the money saved in their 457(b) governmental deferred compensation or 403(b) plans to purchase Retirement System service credit. Purchasing service credit increases retirement benefits and possibly allows members to retire earlier.

Requirements

1. Your 457(b) or 403(b) plan must allow a trustee-to-trustee transfer. The State of Kansas deferred compensation plan does. If you participate in another plan, check with your plan service provider.
2. Your transfer amount must be equal to or less than the service purchase cost.
3. Only permissive service can be purchased with a trustee-to-trustee transfer.

Permissive Service

The “buy-up” of the multiplier is **not** considered permissive service credit. All other types of service credit are considered permissive service credit as long as you did not receive credit for that service in another retirement plan.

Up to five years of **non-qualified** permissive service may be purchased if you already have at least five years of KPERS service credit. Non-qualified permissive service includes:

- Out-of-state non-federal public service that is used to determine benefits in another retirement plan.
- In-state non-federal public service (not covered by KPERS) used to determine benefits in another retirement plan.

Steps to Complete a Trustee-to-Trustee Transfer

1. Complete and send an Application to Purchase Service Credit form (KPERS-67) to the KPERS office. This form is available from your designated agent or at www.kpers.org. Mark “Trustee-to-Trustee Transfer” as your method of purchase.
2. KPERS will send a *Cost Letter* and a Service Credit Purchase With a Trustee-to-Trustee Transfer form (KPERS-67T) to you through your designated agent. Complete Parts A and B on that form. Make sure you enter the **total** amount to be transferred on Part B. This amount cannot be more than the service purchase cost shown on the *Cost Letter*.
3. You must request the fund transfer by contacting your plan service provider (for example, ING for the State of Kansas deferred compensation plan). KPERS cannot make this request for you. Don’t delay. The price in the *Cost Letter* is only valid for 45 days from the date of the letter. Complete any documents required by your transferring plan. Send your *Cost Letter* and the KPERS-67T to your plan service provider.
4. Your plan service provider must complete Part C of the KPERS-67T form and certify the funds for transfer.
5. The plan service provider then sends a check for the authorized sum along with the *Cost Letter* and the completed KPERS-67T form to KPERS. Checks must be made payable to the Kansas Public Employees Retirement System.
6. KPERS processes the service purchase by:
 - Completing the transaction, *or*
 - Notifying you of any balance due, *or*
 - Completing the transaction, returning any excess money to the transferring plan service provider and then notifying you of the return of excess money (see Note Regarding Amount Transferred).

Note Regarding Amount Transferred

Because your tax-deferred savings plan is subject to investment performance, it isn’t always possible to know how much you will have in your transferring plan account on the date the plan service provider receives the KPERS-67T form authorizing a transfer. If your plan is not able to send enough money from your account to cover the cost of the purchase, KPERS will send a letter advising you of the additional amount needed. You will have 30 days to pay the additional amount. If payment is not received within 30 days of the date of the letter, KPERS will return your money to the transferring plan and cancel your service purchase. If the amount KPERS receives from your plan exceeds the amount of the purchase, KPERS will complete your purchase and return the additional amount to the transferring plan on your behalf.

Frequently Asked Questions About Trustee-to-Trustee Transfers

- Q.** If I use my funds to purchase service credit, can I still participate in my employer's deferred compensation plan or tax-sheltered annuity?
- A.** Yes. You can transfer any amount up to the total amount of your service purchase and your account remains open. You can continue to participate in the plan.
- Q.** Can I do a trustee-to-trustee transfer from states other than Kansas?
- A.** Yes, but you will need to check with the transferring plan to make sure it allows trustee-to-trustee transfers.
- Q.** How long will it take to process my transfer?
- A.** On average, a trustee-to-trustee transfer takes about 45 days to complete. This type of service purchase requires certification and a funds transfer from another financial institution. The transferring plan provider may have additional requirements that could delay the transaction. If you plan to retire soon, start this type of service purchase well in advance. The transfer must be completed before your retirement date.
- Q.** How will I know when the transfer is complete?
- A.** Once KPERS receives the money from your transferring plan, we will send you a letter telling you how much money we received and the amount of service credit we have posted to your record.
- Q.** When will my plan transfer the money?
- A.** Individual financial institutions vary. Contact your transferring plan to determine the status of your transfer.
- Q.** What if there isn't enough money in my transferring plan to purchase my service?
- A.** If KPERS does not receive enough money from your transferring plan to cover the service purchase, we will send a letter advising you of the additional amount needed. You have 30 days from the date of the letter to send payment to KPERS. If KPERS does not receive the additional payment, we will return the transferred money to your plan and cancel your KPERS service purchase transaction.
- Q.** What if there is an overpayment?
- A.** Money above the amount needed for your service purchase is returned to the plan it was transferred from to be credited to your account there.
- Q.** If I purchase service but withdraw before reaching retirement age, what are the tax consequences?
- A.** Money transferred into KPERS retains its tax-deferred status until distributed to you. The money is subject to the same tax rules upon withdrawal as your other KPERS funds. If you withdraw (or retire and take a PLSO), you must directly rollover your lump sum to avoid the 20 percent federal tax withholding. You may owe the 10 percent early withdrawal penalty if you take the money out before age 59 1/2.