

WITHDRAWAL APPLICATION

This booklet contains:

- Options to Consider Before You Withdraw
- Application Instructions
- Tax Information
- Application for Withdrawal of Contributions

Options To Consider Before You Withdraw

What It Means to Be Vested

When you are “vested,” it means you have earned enough service credit to guarantee a retirement benefit, even if you leave covered employment.

KPERS Tier 1 and Tier 2

- KPERS members vest with five years of service.

KP&F

- Tier I members vest with 20 years of service.
- Tier II members vest with 15 years of service.

Judges

- Judges vest when they are elected or appointed.

If You Are Vested

You are **guaranteed** a monthly retirement benefit for the rest of your life if you leave your contributions in your account. Often, if you have a significant amount of service, your vested benefit is more valuable than the amount of your actual contributions. If you keep your contributions with the Retirement System, you can apply for retirement benefits when you become eligible. Your contributions continue to earn interest and you can withdraw them at any time if you change your mind. If you decide to withdraw, consider a rollover to another retirement account. This will preserve your savings efforts and defer taxes.

If you do not withdraw and you return to covered employment, you will immediately become a contributing active member again and keep the credit for your past public service.

If You Are Not Vested

You are **not guaranteed** a retirement benefit. You need to withdraw your account balance **within five years** of the date you end employment. After five years, your contributions stop earning interest and you forfeit your service credit.

If you do not withdraw and you return to covered employment within five years, you will keep the credit for your past public service. Except in the case of certain grace periods for temporarily inactive members, you will return as a Tier 2 member, even if you were Tier 1 when you left.

KPERS Tier 1 members who reach age 65 within the five-year period may apply for retirement benefits.

Options for Withdrawing Your Contributions

You can apply to withdraw your contributions any time 31 days after you end employment. If you withdraw, you will give up all Retirement System rights, benefits and service credit. Employer contributions made on your behalf stay with the Retirement System. You can receive your contributions plus interest as a direct payment to you or roll over the amount into an eligible retirement plan. The decision to withdraw could affect your financial future, especially if you have many years of public service and accumulated contributions. Please seek professional tax advice before withdrawing.

- Option 1 Roll your contributions over into an eligible retirement plan like a 457(b) deferred compensation plan, 403(b) annuity, 401(k) plan, individual retirement account (IRA), Roth IRA or a qualified retirement plan. Except for the Roth IRA, this option allows you to defer paying taxes until a later date. The type of plan that can accept your rollover is determined by whether or not you have already paid tax on your contributions.
- Option 2 Have your contributions paid directly to you. You may owe federal taxes and possibly a 10 percent federal penalty.

Reasons to Roll Over Contributions Instead of Taking a Direct Payment

- Preserve your past efforts toward saving for retirement.
- Keep from paying taxes right away, giving your money more time to compound.*
- Avoid paying federal penalties for early distribution.

**A rollover to a Roth IRA is a taxable distribution in the year the funds are transferred. This type of rollover does have other tax advantages.*

The Withdrawal Process*

1. Have your designated agent complete the employer section of the withdrawal application, if you recently left employment.
2. Complete your part of the application and send it to the Retirement System.
3. When we receive your completed application, we will send payment within four weeks.
4. KPERS will send you a 1099-R form the following January for your income tax return.

**Interest is credited annually on June 30. If you withdraw before June 30, you will not receive your interest for the current year.*

Application Instructions

■ Part A – Member Information

Important: You must be off payroll from any Retirement System - covered position for at least 31 days before signing and submitting this application. You may not withdraw contributions if you are employed in a covered position, or you move to a non-covered position with the same employer. Interest is credited annually on June 30. If you withdraw before June 30, you will not receive the interest for the current year.

1. Enter your Social Security number.
 2. Enter your first name, middle initial and last name.
 3. Mark the corresponding box to indicate the plan(s) you are withdrawing from. If you are withdrawing from more than one plan (for example, KPERS and KP&F), submit **two** applications if you are choosing **different** payment options for each plan.
- 4-6. Enter the indicated personal information. Enter the mailing address to which the Retirement System should direct all communications on your behalf.

■ Part B – Employer Certification

Note: If the member has been off the payroll for more than 18 months, this section is not required.

1. Enter the employer's (4) four-digit identification number. State agencies, enter the state agency number preceded by the capital letter "S."
2. Enter the name of the participating employer.
3. Indicate if the employee was given life insurance conversion and portability forms and information.
4. Enter the department number used when reporting this member's contributions on the annual report.
5. Enter type of contributions. Report additional service purchase (buyback) contributions on a separate line.
6. Enter the annual report year being certified.
7. Enter the member's contributions since the last annual contribution report. This amount cannot be changed after the Retirement System receives this form. The amount indicated will be used in the member's lump-sum distribution and the employer will be held accountable for this amount of money.
8. Enter the begin date for the contributions reported, if the member began contributing since your last annual report.
9. Enter the end date for contributions reported.

Important: The end date is the date the member **last earned compensation**, not the payroll date. This date may be different than the last day at work due to paid leave, etc. Schools must report end date of last contract

for continuing contract personnel, and these personnel cannot withdraw until 31 days after the contract end date. If the member had broken service in the current year, report each service period on a separate line with the appropriate beginning and ending dates. Attach additional sheets if necessary. Previous year contributions being updated (12-15 through 4-15) should be certified on a separate line, by report year.

School Employers: Complete #10-#15 for all classified school members.

10. Enter the member's final position when he or she elected to withdraw contributions.
11. Enter the member's contract end date which must follow the 12-month payroll cycle.
12. Mark the corresponding box to indicate the number of monthly installments the member received.
13. If the member received 12 monthly installments, indicate whether the member received a single lump sum for summer pay.
14. Mark the corresponding box to indicate the number of monthly installments the member received in the previous year.
15. Indicate whether the member's position is considered "licensed" by the department of education.
16. The designated agent must sign and date the form. The Retirement System will accept only the designated agent's signature on file or an authorized representative whose signature is also on file.
17. State Agencies Only – Department of Administration Authorized Signature: The agency official authorized to commit agency funds must sign the form.

■ Part C – Payment Information

Important: Your contributions can be paid directly to you or rolled over to an eligible retirement plan. Read the "Tax Information Regarding Plan Payments" section *before* completing Part C. Federal law requires a mandatory 20 percent tax withholding on taxable amounts paid directly to you. Taxable amounts that are rolled over to a qualified defined contribution plan or traditional IRA will not be taxed until taken out of the plan.

You may be eligible to establish a Roth IRA to receive a direct rollover. You are responsible for determining if you meet the Internal Revenue Service's income limits and filing status requirements for establishing a Roth IRA. We recommend that you seek professional tax advice if you are considering this option. A rollover to a Roth IRA is **taxable** and will be subject to federal income tax. KPERS does not withhold federal income tax for a rollover to a Roth IRA. We will send you a 1099-R tax form the following January for your federal income tax return.

Application Instructions (cont.)

Taxable Amount

1. Mark this box to have the entire taxable amount paid directly to you. The Retirement System will withhold a required 20 percent for federal taxes. Advance to Nontaxable Amounts.
2. Mark this box to have the entire taxable amount paid to a qualified defined contribution plan, traditional IRA or Roth IRA. Advance to #4.
3. Mark this box to have **part** of the taxable amount paid to a qualified defined contribution plan, traditional IRA or Roth IRA and the remainder to you. Enter the rollover amount in the space provided. The minimum rollover is \$500. The Retirement System will withhold a required 20 percent for federal taxes from the portion paid to you. Advance to #4.
4. If you marked #2 or #3, indicate the name, mailing address, account number and plan type of each rollover plan. If different, provide address where the check should be mailed. Verify with your financial institution or plan *exactly* how the check should be made payable. Indicate the percentage of payment to be placed within each plan. The total percentage amounts must be in whole numbers and equal 100 percent.

Nontaxable Amount

5. Mark this box to have the entire nontaxable amount paid to you. Advance to Part D.
6. Mark this box to have the entire nontaxable amount paid to a qualified defined contribution plan, traditional IRA or Roth IRA. Advance to #7.
7. If you marked #6, indicate the name, address, account number and plan type of the rollover plan. If different, provide address where the check should be mailed. Verify with your financial institution or plan *exactly* how your withdrawal check should be made payable.

■ Part D – Direct Deposit Information

Note: Please verify the financial account information with your financial institution before completing this section.

1. Indicate whether you want your payment deposited into your personal account.
2. Enter the name of the financial institution.
3. Enter the city and state where the financial institution is located.
4. Enter the telephone number of the financial institution.
5. Indicate the type of account.
6. Enter the routing number for *electronic transfers*. This may be different from the routing number for the branch bank where the account is held.
7. Enter the account number to receive the payment.

■ Part E – Member Statement and Signature

1. Indicate your marital status.
2. Read and understand the statement, then sign and date the form. This form cannot be signed until at least 31 days after your last day on the payroll, indicated on Part B, #9. Your signature must be notarized.

Important: By signing this application, you irrevocably forfeit all service credit and any right to disability, retirement and any other benefits you may be entitled to receive as a member of the Retirement System. This includes any benefits you are currently receiving or could be receiving in the future. A leave of absence not exceeding one year, military service or a total disability is not considered an end in employment or a break in continuous employment, unless you resign following that leave, service or disability.

If you recently left employment, your withdrawal application cannot be processed until the Retirement System receives the proper report and remittance from your former employer. The contributions reported by your employer in Part B are your *current year* contributions only. All previous year contributions have already been reported to our office and will be included in this lump-sum distribution.

■ Part F – Spousal Consent for Withdrawal of Vested Member's Contributions

Note: Kansas law recognizes a spouse's financial interest in a *vested* member's decision to withdraw Retirement System contributions by requiring the member's spouse to consent to the withdrawal.

When a Retirement System member is vested, it means that the member is guaranteed retirement benefits upon reaching the statutory retirement age. Often, if a member has a significant amount of service, the vested benefit is more valuable than the amount of the actual contributions. The decision to withdraw contributions once a member is vested could affect his or her financial future, especially if the member has many years of public service and accumulated contributions. If you haven't already, take this opportunity to discuss your financial situation and retirement plans with your spouse.

1. Spouse prints his or her name.
2. Spouse should read and understand the statement.
3. Spouse signs and dates the form to attest that he or she is the spouse of the previously-named vested member and understands and agrees with the member's decision to withdraw contributions. Spouse's signature must be notarized.

TAX INFORMATION REGARDING PLAN PAYMENTS

Purpose

This section contains important tax information you will need before you decide how to receive your KPERS benefits.

Note: If you have an electronic version of this booklet, you may request a paper copy from KPERS at no charge.

The following tax information is provided to you by KPERS because all or part of the payment that you will soon receive from KPERS may be eligible for rollover by you or KPERS to an IRA or an eligible employer plan. A rollover is a payment by you or KPERS of all or part of your benefit to another plan or IRA that allows you to continue to postpone taxation of that benefit until it is paid to you. Your payment cannot be rolled over to a SIMPLE IRA or a Coverdell Education Savings Account (formerly known as an education IRA). An "eligible employer plan" includes a plan qualified under section 401(a) of the Internal Revenue Code, including a 401(k) plan, profit-sharing plan, defined benefit plan, stock bonus plan, and money purchase plan; a section 403(a) annuity plan; a section 403(b) tax-sheltered annuity; and an eligible section 457(b) plan maintained by a governmental employer (governmental 457 plan).

Your payment also can be rolled over to a section 408A Roth IRA subject to the same limits that apply to rollovers from a traditional IRA to a Roth IRA (i.e., for tax years before January 1, 2010, your modified adjusted gross income cannot exceed \$100,000 and you must not be married filing separately).

An eligible employer plan is not legally required to accept a rollover. Before you decide to roll over your payment to another employer plan, you should find out whether the plan accepts rollovers and, if so, the types of distributions it accepts as a rollover. You should also find out about any documents that are required to be completed before the receiving plan will accept a rollover. Even if an eligible employer plan accepts rollovers, it might not accept rollovers of certain types of distributions, such as after-tax amounts. If this is the case, and your distribution includes after-tax amounts, you may wish instead to roll your distribution over to an IRA or split your rollover amount between the

employer plan in which you will participate and an IRA. If an eligible employer plan accepts your rollover, the plan may restrict subsequent distributions of the rollover amount or may require your spouse's consent for any subsequent distribution. A subsequent distribution from the plan that accepts your rollover may also be subject to different tax treatment than distributions from KPERS. Check with the administrator of the plan that is to receive your rollover before making the rollover.

If you have additional questions after reading this booklet, you can contact KPERS toll-free at 1-888-275-5737 or locally at 785-296-6166. Information is also available on the KPERS web site at www.kpers.org, and you can e-mail us at kpers@kpers.org.

Summary

There are two ways you may be able to receive a KPERS payment that is eligible for rollover:

1. Certain payments can be made directly to an IRA that you establish or to an eligible employer plan that will accept it and hold it for your benefit ("**direct rollover**"); or
2. The payment can be **paid to you**.

If You Choose a *Direct Rollover* to a Traditional IRA or an Eligible Employer Plan:

- Your payment will not be taxed in the current year and no income tax will be withheld. (See "*Special Rules for Rollovers to Roth IRAs.*")
- You choose whether your payment will be made directly to your traditional IRA or to an eligible employer plan that accepts your rollover. Your payment cannot be rolled over to a SIMPLE IRA or a Coverdell Education Savings Account because these are not traditional IRAs. (See "*Special Rules for Rollovers to Roth IRAs.*")
- The taxable portion of your payment will be taxed later when you take it out of the traditional IRA or the eligible employer plan. Depending on the type of plan, the later distribution may be subject to different tax treatment than it would be if you received a taxable distribution from KPERS.

Special Rules for Rollovers to Roth IRAs

A rollover from KPERS to a Roth IRA has the same limits as a rollover from a traditional IRA to a Roth IRA. For tax years before January 1, 2010, your modified adjusted gross income cannot exceed \$100,000 and you must not be married filing separately. If you roll over your distribution to a Roth IRA, the taxable amount of your distribution will be included in your taxable income (except for any portion that represents a return of your after-tax contributions to KPERS). You may be able to delay recognizing the distribution as part of your taxable income until 2011 and 2012 if you elect a rollover to a Roth IRA in the 2010 taxable year. A rollover of your distribution to a Roth IRA avoids the 10 percent tax on early distributions received before the date you reach age 59-1/2, become disabled, or retire under the terms of KPERS, subject to rules on conversions. Note: KPERS is not responsible for assuring your eligibility to make a rollover to a Roth IRA. (IRS Notice 2008-30.) You should consult your tax advisor if you are interested in rolling over your distribution to a Roth IRA.

If You Choose to Have a KPERS Payment That Is Eligible for Rollover Paid to You:

- You will receive only 80 percent of the taxable amount of your payment. KPERS is required to withhold 20 percent of that amount and send it to the IRS as income tax withholding to be credited against your taxes.
- The taxable amount of your payment will be taxed in the current year unless you roll it over. Under limited circumstances, you may be able to use special tax rules that could reduce the tax you owe. However, if you receive the payment before age 59-1/2, you may have to pay an additional 10 percent tax. See *“Qualified Public Safety Employees.”*
- You can roll over all or part of the payment by paying it to your IRA or to an eligible employer plan that accepts your rollover within 60 days after you receive the payment. The amount rolled over to a traditional IRA or eligible employer plan will not be taxed until you take it out of the traditional IRA or the eligible employer plan.
- If you want to roll over 100 percent of the payment to a traditional IRA or an eligible employer plan, you must find other money to replace the 20 percent of the taxable portion that was withheld. If you roll over only the 80 percent that you received, you will be taxed on the 20 percent that was withheld and that is not rolled over.

Qualified Public Safety Employees

If you are a “qualified public safety employee,” you will not have to pay the additional 10 percent tax on early distributions if you end employment in the calendar year in which you are age 50 or older.

You are a “qualified public safety employee” if you are an employee of a State or political subdivision of a State (such as a county or city) whose principal duties include services requiring specialized training in the area of police protection, firefighting services, or emergency medical services for an area within the jurisdiction of the State or political subdivision.

Your Right to Waive the 30-Day Notice Period

Generally, neither a direct rollover nor a payment can be made from KPERS until at least 30 days after your receipt of this information. Thus, after receiving this information, you have at least 30 days to consider whether or not to have your distribution directly rolled over. If you do not wish to wait until this 30-day notice period ends before your election is processed, you may waive the notice period by requesting a direct rollover. Your distribution will then be processed in accordance with your election as soon as practical after it is received by KPERS.

More Information

- I. Kansas State Tax Information
- II. Payments That Can and Cannot Be Rolled Over
- III. Direct Rollover
- IV. Payment Paid to You
- V. For Additional Information

I. Kansas State Tax Information

KPERS lump-sum benefits, including earnings, generally keep their Kansas state tax-exempt status, even when rolled over into a qualified IRA containing other retirement funds. For more information about Kansas state taxes, please contact the Kansas Department of Revenue or a qualified tax preparer.

II. Payments That Can and Cannot Be Rolled Over

Payments from KPERS may be “eligible rollover distributions.” This means that they can be rolled over to a traditional IRA or to an eligible employer plan that accepts rollovers. Beginning January 1, 2008, they can

also be rolled over to a Roth IRA. Payments from a plan cannot be rolled over to a SIMPLE IRA or a Coverdell Education Savings Account. KPERS should be able to tell you what portion of your payment is an eligible rollover distribution. If you are a surviving spouse, beneficiary, or alternate payee (who is a spouse or former spouse), see those sections for rules that apply specifically to you.

After-Tax Contributions

If you made after-tax contributions to KPERS, these contributions may be rolled over to either an IRA or to certain employer plans that accept rollovers of after-tax contributions. (See “*Special Rules for Rollovers to Roth IRAs.*”)

Rollover to an IRA

You can roll over your after-tax contributions to an IRA either directly or indirectly. KPERS should be able to tell you how much of your payment is the taxable portion and how much is the after-tax portion.

If you roll over after-tax contributions to a traditional IRA, it is your responsibility to keep track of, and report to the IRS on the applicable forms, the amount of these contributions. This will enable the nontaxable amount of any future distributions from the traditional IRA to be determined.

Once the after-tax contributions are rolled over to a traditional IRA, those amounts cannot later be rolled over to an employer plan.

Rollover to an Employer Plan

You can roll over after-tax contributions from an employer plan that is qualified under section 401(a) to another such plan or to a section 403(b) annuity contract using a direct rollover if the other plan or annuity contract (defined contribution or defined benefit) provides separate accounting for amounts rolled over, including separate accounting for after-tax employee contributions and earnings on those contributions. If you want to roll over your after-tax contributions to an employer plan that accepts these rollovers, you cannot have the after-tax contributions paid to you first. You must instruct KPERS to make a direct rollover on your behalf. You can also roll over after-tax contributions from an employer plan that is qualified under section 401(a) to a traditional IRA; however, you cannot first roll over after-tax contributions to a traditional IRA and then roll over that amount into an employer plan. You cannot roll over after-tax contributions to a governmental 457 plan.

Payments That Cannot Be Rolled Over

The following types of payments **cannot** be rolled over:

Payments Spread over Long Periods

You cannot roll over a payment if it is part of a series of equal (or almost equal) payments that are made at least once a year and that will last for:

- Your lifetime (or a period measured by your life expectancy), or
- Your lifetime and your beneficiary’s lifetime (or a period measured by your joint life expectancies), or
- A period of ten years or more.

Required Minimum Payments

If you are age 70-1/2 or older upon retirement, you will be required to immediately begin taking the “minimum required payments” under federal law, which amounts cannot be rolled over. You may roll over any eligible rollover distribution amount (a lump-sum or partial lump-sum) that exceeds the minimum required payments.

Corrective Distributions

A distribution that is made because legal limits on certain contributions were exceeded cannot be rolled over.

KPERS should be able to tell you if your payment includes amounts which cannot be rolled over.

III. Direct Rollover

A direct rollover is a direct payment of the amount of your KPERS benefits to an IRA or an eligible employer plan that will accept it. You can choose a direct rollover of all or any portion of your payment that is an eligible rollover distribution, as previously described in Part II. Except for a direct rollover to a Roth IRA, you are not taxed on any taxable portion of your payment for which you choose a direct rollover until you later take it out of the traditional IRA or eligible employer plan. In addition, no income tax withholding is required for any taxable portion of your KPERS benefits for which you choose a direct rollover. If you wish to divide your eligible rollover distribution between more than one IRA or eligible employer plan, KPERS requires a minimum rollover of \$500.

Direct Rollover to an IRA

You can open a traditional IRA, or beginning January 1, 2008, a Roth IRA, to receive the direct rollover. If you choose to have your payment made directly to an IRA, contact an IRA sponsor (usually a financial institution) to find out how to have your payment made in a direct rollover to an IRA at that institution. If you are unsure

of how to invest your money, you can temporarily establish an IRA to receive the payment. However, in choosing an IRA, you may wish to make sure that the IRA you choose will allow you to move all or a part of your payment to another IRA at a later date, without penalties or other limitations. See IRS Publication 590, *Individual Retirement Arrangements*, for more information on IRAs (including limits on how often you can roll over between IRAs).

Note: If you choose a direct rollover to a Roth IRA, the rollover amount will be taxable to you. You should be aware that estimated tax payments may be due. See IRS Publication 575, Publication 590, and Publication 505 for more important information concerning Roth IRA rollover requirements.

Direct Rollover to an Employer Plan

If you work for a new employer that has an *eligible employer plan*, and you want a direct rollover to that plan, ask the plan administrator whether it will accept your rollover. An *eligible employer plan* is not legally required to accept a rollover. Even if your new employer's plan does not accept a rollover, you can choose a *direct rollover* to an IRA. If the employer plan accepts your rollover, the plan may provide restrictions on the circumstances under which you may later receive a distribution of the rollover amount or may require spousal consent to any subsequent distribution. Check with the plan administrator before making your decision.

Direct Rollover of a Series of Payments

If you receive a payment that can be rolled over to an IRA or an *eligible employer plan* that will accept it, and it is paid in a series of payments for less than 10 years, your choice to make or not make a *direct rollover* for a payment will apply to all later payments in the series until you change your election. You are free to change your election for any later payment in the series.

Change in Tax Treatment Resulting From a Direct Rollover

The tax treatment of any payment from the eligible employer plan or IRA receiving your *direct rollover* might be different than if you received your benefit in a taxable distribution directly from KPERS. For example, if you were born before January 1, 1936, you might be entitled to ten-year averaging or capital gain treatment, as explained below. However, if you have your benefit rolled over to a section 403(b) tax-sheltered annuity, a governmental 457 plan, or an IRA in a *direct rollover*, your benefit will no longer be eligible for that special treatment. See "*Additional 10 Percent Tax If You Are Under Age 59-1/2*" and "*Special Tax Treatment If You Were Born Before January 1, 1936.*"

IV. Payment Paid to You

If your payment can be rolled over (see Part II) and the payment is made to you in cash, it is subject to 20 percent federal income tax withholding on the taxable portion. State tax withholding may also apply. The payment is taxed in the year you receive it unless, within 60 days, you roll it over to an IRA or an eligible employer plan that accepts rollovers. If you do not roll it over, special tax rules may apply.

Federal Income Tax Withholding

Mandatory Withholding

If any portion of your payment can be rolled over under Part II and you do not elect to make a *direct rollover*, KPERS is required by law to withhold 20 percent of the taxable amount. This amount is sent to the IRS as federal income tax withholding. For example, if you can roll over a taxable payment of \$10,000, only \$8,000 will be paid to you because KPERS must withhold \$2,000 as income tax. However, when you prepare your income tax return for the year, unless you make a rollover within 60 days (see "*Sixty-Day Rollover Option*"), you must report the full \$10,000 as a taxable payment from KPERS. You must report the \$2,000 as tax withheld, and it will be credited against any income tax you owe for the year. There will be no income tax withholding if your payments for the year are less than \$200.

Optional Withholding

If any portion of your payment is taxable but cannot be rolled over under Part II, the mandatory withholding rules described previously do not apply. In this case, you may elect not to have withholding apply to that portion. If you do nothing, an amount will be taken out of this portion of your payment for federal income tax withholding. To elect out of withholding, ask KPERS for the election form and related information.

Sixty-Day Rollover Option

If you receive a payment that can be rolled over under Part II (except after-tax amounts), you can still decide to roll over all or part of it to an IRA or to an eligible employer plan that accepts rollovers. If you decide to roll over, you must contribute the amount of the payment you received to an IRA or eligible employer plan within 60 days after you receive the payment. Unless you roll over your distribution to a Roth IRA, the portion of your payment that is rolled over will not be taxed until you take it out of the IRA or eligible employer plan. If you roll over to a Roth IRA, the distribution will be included in your taxable income for the year in which it was paid to you.

If you want to roll over a payment you received to a traditional IRA or eligible employer plan, you can roll over up to 100 percent of your payment (that can be rolled over as explained under Part II), including an amount equal to the 20 percent of the taxable portion that was withheld. If you choose to roll over 100 percent, you must find other money within the 60-day period to contribute to the traditional IRA or the eligible employer plan, to replace the 20 percent that was withheld. On the other hand, if you roll over only the 80 percent of the taxable portion that you received, you will be taxed on the 20 percent that was withheld.

- *Example:* The taxable portion of your payment that can be rolled over under Part II is \$10,000, and you choose to have it paid to you. You will receive \$8,000, and \$2,000 will be sent to the IRS as income tax withholding. Within 60 days after receiving the \$8,000, you may roll over the entire \$10,000 to a traditional IRA or an eligible employer plan. To do this, you roll over the \$8,000 you received from KPERS, and you will have to find \$2,000 from other sources (your savings, a loan, etc.). In this case, the entire \$10,000 is not taxed until you take it out of the traditional IRA or an eligible employer plan. If you roll over the entire \$10,000, when you file your income tax return you may get a refund of part or all of the \$2,000 withheld.

If, on the other hand, you roll over only \$8,000, the \$2,000 you did not roll over is taxed in the year it was withheld. When you file your income tax return, you may get a refund of part of the \$2,000 withheld. (However, any refund is likely to be larger if you roll over the entire \$10,000.)

Additional 10 Percent Tax If You Are Under Age 59-1/2

If you receive a payment before you reach age 59-1/2 and you do not roll it over, then, in addition to the regular income tax, you may have to pay an extra tax equal to 10 percent of the taxable portion of the payment. The additional 10 percent tax generally does not apply to (1) payments that are paid after you separate from service with your employer during or after the year you reach age 55, (2) payments that are paid because you retire due to disability, (3) payments that are paid as equal (or almost equal) payments over your life or life expectancy (or your and your beneficiary's lives or life expectancies) after you separate from service, (4) payments that are paid directly to the government to satisfy a federal tax levy, (5) payments that are paid to an alternate payee under a qualified domestic relations order, (6) payments

that do not exceed the amount of your deductible medical expenses, or (7) payments to a qualified public safety employee who separates from service during or after the year reaching age 50. See IRS Form 5329 for more information on the additional 10 percent tax.

Special Tax Treatment If You Were Born Before January 1, 1936

If you receive a payment from a plan qualified under section 401(a) that can be rolled over under Part II and you do not roll it over to a traditional IRA or an eligible employer plan, the payment will be taxed in the year you receive it. However, if the payment qualifies as a "lump-sum distribution," it may be eligible for special tax treatment. A lump-sum distribution is a payment, within one year, of your entire balance under KPERS (and certain other similar plans of the employer) that is payable to you after you have reached age 59-1/2 or because you have separated from service with your employer (or, in the case of a self-employed individual, after you have reached age 59-1/2 or have become disabled). For a payment to be treated as a lump-sum distribution, you must have been a participant in KPERS for at least five years before the year in which you received the distribution. The special tax treatment for lump-sum distributions that may be available to you is described below.

Ten-Year Averaging

If you receive a lump-sum distribution and you were born before January 1, 1936, you can make a one-time election to figure the tax on the payment by using "ten-year averaging" (using 1986 tax rates). Ten-year averaging often reduces the tax you owe.

Capital Gain Treatment

If you receive a lump-sum distribution and you were born before January 1, 1936, and you were a participant in KPERS before 1974, you may choose to have the part of your payment that is attributable to your pre-1974 participation in KPERS taxed as long-term capital gain at a rate of 20 percent.

There are other limits on the special tax treatment for lump-sum distributions. For example, you can generally choose this special tax treatment only once in your lifetime, and the choice applies to all lump-sum distributions that you receive in that same year. You may not choose this special tax treatment if you rolled amounts into KPERS from a 403(b) tax-sheltered annuity contract, a governmental 457 plan, or from an IRA not originally attributable to a qualified employer plan. If you have previously rolled over a distribution from KPERS (or

certain other similar plans of the employer), you cannot use this special averaging treatment for later payments from KPERS. If you roll over your payment to an IRA, governmental 457 plan, or 403(b) tax-sheltered annuity, you will not be able to use special tax treatment for later payments from that IRA, plan, or annuity. Also, if you roll over only a portion of your payment to an IRA, governmental 457 plan, or 403(b) tax-sheltered annuity, this special tax treatment is not available for the rest of the payment. See IRS Form 4972 for more information on lump-sum distributions and how you elect the special tax treatment.

For Additional Information

This information summarizes federal tax rules that might apply to your payment. The rules described earlier are complex and contain many conditions and exceptions that are not included in this information. Therefore, you may want to consult with KPERS or a professional tax advisor before you take a benefit payment from KPERS. Also, you can find more specific information on the tax treatment of payments from qualified employer plans in IRS Publication 575, Pension and Annuity Income, and IRS Publication 590, Individual Retirement Arrangements. These publications are available from your local IRS office, on the IRS's Internet Web Site at www.irs.gov, or by calling (800) TAX-FORMS.

Revised 4/09



APPLICATION FOR WITHDRAWAL OF CONTRIBUTIONS

Please complete all pages of this form.

Contact Us – toll free: 1-888-275-5737 • **phone:** 785-296-6166 • **fax:** 785-296-6638
e-mail: kpers@kpers.org • **web site:** www.kpers.org • **mail:** 611 S. Kansas Ave., Suite 100, Topeka, KS 66603

Part A – Member Information

- 1. Social Security Number: _____ - _____ - _____
- 2. Name (First, MI, Last): _____
- 3. Withdrawing From (mark all that apply): KPERS KP&F Judges
- 4. Telephone Number: (____) _____
- 5. Mailing Address: _____
- 6. E-mail Address: _____
- City, State, Zip: _____

Important: Kansas law requires that your application for withdrawal cannot be signed and submitted until 31 days after you end employment. Your former employer must complete Part B if you recently left employment.

Part B – Employer Certification – This section must be completed by your former employer’s designated agent if you recently left employment. If you have been off the payroll for more than 18 months, Part B is not required.

- 1. Employer Number: _____
- 2. Employer: _____
- 3. I certify that upon ending employment, I have given the named member information about continuing life insurance.
 Yes No

4. Dept. # (locals only)	5. Cont. type R=regular D=double T=triple	6. Year certified	7. Member’s contributions (since last annual report)	8. Begin date (MM DD YY)	9. End date* (MM DD YY)
---	_____	-----	\$_____.	___/___/___	___/___/___
---	_____	-----	\$_____.	___/___/___	___/___/___
---	_____	-----	\$_____.	___/___/___	___/___/___

*Schools must report end date of last contract for continuing contract personnel.

School Employers Only:

Classified staff members cannot withdraw until all compensation is paid. Provide the following for all classified staff:

- 10. Position at Withdrawal: _____
- 11. Contract End Date: ___/___/___
- 12. Is this member paid in 9, 10, or 12 monthly installments? 9 10 12
- 13. If paid in 12 monthly installments, are the summer checks paid in June with a lump sum? Yes No
- 14. How many monthly installments was the employee paid in the previous school year? 9 10 12
- 15. Is this a licensed position as defined by the state department of education? Yes No

Designated Agent Signature: _____ Month/Day/Year: ___/___/___

State Agencies Only – Department of Administration Authorized Signature

Authorized Agent Signature: _____ Month/Day/Year: ___/___/___

■ **Part C – Payment Information** – Interest is credited annually on June 30. If the Retirement System receives your application before June 30, you will not receive your interest for the current year.

“I choose to have my refund of contributions paid as follows”:

Taxable Amount – Please choose **one** payment option for the *taxable* amount of your payment. Federal law requires a mandatory 20 percent federal tax withholding on taxable amounts paid directly to you.

1. Pay the entire *taxable* amount to me. *Advance to Nontaxable Amount section.*
2. Pay the entire *taxable* amount to a qualified defined contribution plan, traditional IRA or Roth IRA. *Advance to #4.*
3. Pay part of the *taxable* amount to a qualified defined contribution plan, traditional IRA or Roth IRA and the remainder to me. Enter the dollar amount to be paid to a rollover plan: \$ _____ The minimum rollover is \$500. *Advance to #4.*
4. If you marked #2 or #3, please list the name, address, account number and plan type of each rollover plan. Indicate percentage amounts to be paid to each plan. Total percentage amounts must be in whole numbers and equal 100 percent. Verify with your financial institution or rollover plan exactly how your withdrawal check should be made payable.

a. *Rollover Plan #1*

Check payable to: _____ Check mailed to: _____
Mailing Address: _____ Mailing Address: _____
City, State, Zip: _____ City, State, Zip: _____
Account Number: _____ Percentage to Be Rolled Over: _____ %
Select Plan Type: Traditional IRA Roth IRA Qualified defined contribution plan

b. *Rollover Plan #2*

Check payable to: _____ Check mailed to: _____
Mailing Address: _____ Mailing Address: _____
City, State, Zip: _____ City, State, Zip: _____
Account Number: _____ Percentage to Be Rolled Over: _____ %
Select Plan Type: Traditional IRA Roth IRA Qualified defined contribution plan

c. *Rollover Plan #3*

Check payable to: _____ Check mailed to: _____
Mailing Address: _____ Mailing Address: _____
City, State, Zip: _____ City, State, Zip: _____
Account Number: _____ Percentage to Be Rolled Over: _____ %
Select Plan Type: Traditional IRA Roth IRA Qualified defined contribution plan

Nontaxable Amount: Please choose **one** payment option for any *nontaxable* amount of your payment.

5. Pay the entire *nontaxable* amount to me. *Advance to Part D.*
6. Pay the entire *nontaxable* amount to a qualified defined contribution plan, traditional IRA or Roth IRA. *Advance to #7.*
7. If you marked #6 above, please list the name, address, account number and plan type of the rollover plan. Verify with your financial institution or rollover plan exactly how your withdrawal check should be made payable.

a. *Rollover Plan*

Check payable to: _____ Check mailed to: _____
Mailing Address: _____ Mailing Address: _____
City, State, Zip: _____ City, State, Zip: _____
Account Number: _____
Select Plan Type: Traditional IRA Roth IRA Qualified defined contribution plan

■ **Part D – Direct Deposit Information** – If you want all or part of your contributions paid directly to you, you may have the payment deposited directly into your checking or savings account. If you mark “no,” the payment will be mailed to the address listed on this application.

1. Direct Deposit: Yes No
2. Financial Institution: _____
3. Location (City, State): _____ 4. Telephone Number: (____) _____
5. Type of Account: Checking Savings
6. Routing Number for Electronic Transfers: _____
7. Bank Account Number: _____

■ **Part E – Member Statement and Signature**

Note: Kansas law requires that your application for withdrawal cannot be submitted until 31 days after the date you end employment. This form cannot be signed until **31 days** after the end date in Part B, #9, on this form. Count the first day after your employment end date as day one. You may then apply to withdraw contributions on day 31, or any date after, if you are not working in any KPERS-covered position. If you are appealing your dismissal, you are not eligible to withdraw your contributions.

1. I certify that I am: Married Not Married

“I fully understand that when the Retirement System office receives this completed and signed form, my decision to withdraw contributions is irrevocable. I forfeit all service credit and any right to disability, retirement and any other benefits that I am, or may be, entitled to receive in the future. If I am a non-vested member, I further understand that I would have up to five years from the date my employment ends to withdraw contributions.

At the time the Retirement System receives this application I certify I am **not employed** in any position covered under the Retirement System, nor do I have any commitment for immediate employment covered under the Retirement System. I also understand my withdrawal application will not be processed until the Retirement System receives certain information from my former employer.”

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

Notary Public: State of _____ County of _____
Signed or attested before me on (date) _____ by (name of person) _____
Notary Public Signature: _____ My appointment expires (month/day/year) ____/____/____.
(SEAL)

■ **Part F – Spousal Consent for Withdrawal of Vested Member’s Contributions**

Note: This section must be completed by your spouse if you are married and a vested member (see “Options to Consider Before You Withdraw”).

1. Spouse Name (First, MI, Last): _____

“I hereby attest that I am the spouse of the previously-named member. I understand that my spouse is a vested member of the Retirement System, and that by consenting to the withdrawal of contributions, I am forfeiting any rights to future benefits I might have been entitled to, had my spouse not withdrawn the accumulated contributions.”

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

Notary Public: State of _____ County of _____
Signed or attested before me on (date) _____ by (name of person) _____
Notary Public Signature: _____ My appointment expires (month/day/year) ____/____/____.
(SEAL)

Our mission:

The Kansas Public Employees Retirement System, in its fiduciary capacity, exists to deliver retirement, disability and survivor benefits to its members and their beneficiaries.

Core values that guide us:

- service
- integrity
- respect
- accountability
- innovation
- teamwork



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