

**OKLAHOMA TEACHERS' RETIREMENT SYSTEM**  
**POST OFFICE BOX 53524**  
**OKLAHOMA CITY, OKLAHOMA 73152**  
405-521-2387 OR TOLL FREE 1-877-738-6365  
ok.gov/trs

**GENERAL INSTRUCTIONS**

The enclosed forms are to be used to request withdrawal of your TRS 401(a) retirement account. Please read all information carefully before completing the forms.

Lump sum withdrawal of contribution is an option for clients who are no longer working for any Oklahoma public education system or agency. Clients are not required to withdraw their funds. If you choose to withdraw, you must withdraw all of your funds. There are no provisions for partial withdrawal.

Current State Statutes should be considered if you plan to be out of the Oklahoma public education system only a short while. If you return to Oklahoma public education employment, you will rejoin as a new member and may not qualify for certain benefits. You do have the option, however, to redeposit withdrawn funds and have your initial membership date re-instated. If you do not redeposit, the membership date will be the date the account was reopened.

Federal law provides the opportunity to move pre-tax deposits via a direct rollover to an Individual Retirement Account, 401(k), 403(b), 457 or another eligible plan that accepts 401(a) rollovers. You may also direct that a portion of your account be rolled-over and the remainder of your pre-tax deposits be distributed directly to you. There is a mandatory 20 percent Federal withholding on all pre-tax funds that are not rolled over to another account.

**Application for withdrawal forms WILL NOT be accepted at TRS until AFTER your last day PHYSICALLY PRESENT on the job within an Oklahoma public education system or agency.**

All payments are made on the earliest date rules and laws permit. All forms are processed immediately. However, there is a mandatory 4 months waiting period. Withdrawal payments will be made no earlier than the 20<sup>th</sup> day of the 4<sup>th</sup> month after the last day you are physically present on the job within the Oklahoma public education system or agency. **THERE ARE NO EXCEPTIONS TO THIS FOUR-MONTH WAITING PERIOD.** If the 20<sup>th</sup> falls on a legal holiday or a weekend, the payment date will then be the closest business day. When the payment is scheduled, we will send you a confirmation letter showing the date and amount of the payment. If you have satisfied the four-month waiting period, payment is made as soon as the existing workload permits after we receive all required properly completed documents.

A Statement of Account Balance with Accrued Interest will be mailed after forms are received. This information requires an audit of your account and is not available online. If you wish to receive your statement of account balance before deciding your payment option, please submit only the Application for Withdrawal and wait to receive the statement of account before submitting the Mandatory Withholding or Rollover Election form.

Vested accounts will receive a Waiver of Benefits form after application for withdrawal has been made. This form requires an audit of your account and is not available online.

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**APPLICATION FOR WITHDRAWAL  
INSTRUCTIONS**

- If you wish to receive a Statement of Account Balance with Accrued Interest before deciding whether or not to withdraw, please go to the forms page and complete an Application for Balance form.
- You may submit the application for Withdrawal to TRS after your last day on the job with an Oklahoma public education system or agency.
- You may not contract for or return to employment with any Oklahoma public education system or agency until AFTER you receive your funds. If you do return to employment, please contact TRS immediately for cancellation of your withdrawal.
- If you are an optional employee who wishes to stop making contributions to TRS, please contact our office directly for the correct forms.
- Month and year last worked fields on the application represent the last month and year of the last physical employment.
- Enter the month and year of your last physical employment. This is NOT the date you are to receive your final paycheck.
- After printing the form, you must have your signature notarized by a Notary Public. You must sign the form in the presence of the notary. Be sure the notary includes the seal.
- To submit the form, you can:
  1. Mail the form to the address on the form or
  2. Fax the form to 405-522-1534. All forms submitted to TRS must be clear and readable. Also, the notary seal must be visible. Faxed forms do not always show the notary seal. If this is the case, you will be asked to submit the original.
- When all necessary forms have been received, your withdrawal will be completed. If you have not yet met the mandatory 4-month waiting period, your payment will be scheduled for the appropriate date and notice will be mailed to you. If you have met the mandatory waiting period, the check will be written within 2 days.
- If only the Application for Withdrawal is submitted, you will receive a Statement of Account with Accrued Interest and a checklist showing any addition forms that are needed as quickly as possible.

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**APPLICATION FOR WITHDRAWAL/ROLLOVER**

_____		_____	
Name		SSN#	
_____		_____	
Address		Phone#	Date
_____		_____	
City	State	Zip	
_____		_____	
Month Last Worked	Year Last worked		

Employees who leave Oklahoma public education employment are eligible to withdraw the contributions made to their TRS account four (4) months after termination. As a former employee, you may submit application for the proceeds in your account after your last day physically worked. Withdrawal payment can be made no earlier than the 20th day of the 4th month after you last public school employment.

**Important Issues to Consider:**

If you have completed five years of contributing service, permanent retirement benefits may be available to you when you are eligible. Should you withdraw from the retirement system and terminate your membership, these benefits may not be available to you in the future. Withdrawal of your account terminates the right to benefits for all service prior to the date of withdrawal unless credit is reinstated by subsequent service and repayment as provided by the statutes.

I hereby certify that the information contained on this form is correct and true. I desire to terminate my membership in the Oklahoma Teachers' Retirement System and hereby make application for withdrawal of all contributions to my individual account, and my other monies to which I am entitled. **I AM AWARE THAT, SHOULD I BE EMPLOYED OR CONTRACT FOR EMPLOYMENT WITH AN OKLAHOMA PUBLIC SCHOOL SYSTEM/AGENCY BEFORE RECEIVING THE REFUND OF THIS ACCOUNT, I AM NOT ENTITLED TO SUCH REFUND.**

_____	_____
Signature	Date

SUBSCRIBED AND SWORN TO BEFORE ME THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 20\_\_\_\_.

Notary public \_\_\_\_\_

(SEAL) Address of Notary Public \_\_\_\_\_

My Commission Expires \_\_\_\_\_

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**MANDATORY WITHHOLDING OR ROLLOVER ELECTION FORM**  
**FOR WITHDRAWAL OF A 401(a) DEFINED BENEFIT PLAN**

**INSTRUCTIONS**

- If you wish to receive a Statement of Account with Accrued Interest before choosing a payment option, please submit only the Application for Withdrawal/Rollover. A statement along with a checklist showing any additional forms that are needed will be mailed to you as quickly as possible.
  
- This form must be completed by all members wanting to WITHDRAW OR ROLLOVER their retirement contributions from TRS UNLESS: all of your contributions are after-tax and there is no interest due, or your before-tax and/or interest total is less than \$200.00.
  
- To submit the form, you can
  1. Mail the form to the address on the form,
  2. Fax the form to 405-522-1534. All forms submitted to TRS must be clear and readable. Also, the notary seal must be visible. Faxed forms do not always show the notary seal. If this is the case, you will be asked to submit the original.

**PAYMENT OPTIONS:**

- **Choose Option 1** to have the funds sent directly to you. Please see special notice regarding taxes withheld. There is space provided under the OPTIONAL TAX WITHHOLDING section of this form where you may request that an additional percentage be withheld for federal tax or the 10% penalty. If you reside in Oklahoma, you may also request that a percentage for Oklahoma state income tax be withheld at the time of distribution. Withholding of Oklahoma tax is for your convenience and is not mandatory that it be withheld at this time. Since TRS has no knowledge of your total tax liability, we cannot advise as to whether you should have more than the mandatory 20% federal taxes or state taxes withheld. You may want to contact a tax accountant or the IRS.
  
- **Choose Option 2** to have all of the pre-tax funds rolled over to a new custodian/trustee. Please include all information on the form. We must have name, complete address, and your account number and acceptance signature for the new custodian/trustee. You may request the new custodian/trustee send a separate letter of acceptance to accompany the form if necessary. After-tax funds will be sent directly to you. Please see special notice regarding taxes withheld.
  
- **Choose Option 3** to have your funds split between you and a new custodian/trustee. Fill in the blank with the amount you wish to be rolled over. Please include all information on the form. We must have name, complete address, and your account number and acceptance signature for the new custodian/trustee. You may request the new custodian/trustee send a separate letter of acceptance to accompany the form if necessary. The remainder of your funds will be sent directly to you with appropriate taxes withheld. Please see special notice regarding taxes withheld.

**SPECIAL TAX NOTICE REGARDING DISTRIBUTION FROM QUALIFIED PLANS**  
**UNDER SECTION 401(a) AND 403(b)**

This notice contains important information you will need before you decide how to receive your benefits from Oklahoma Teachers' Retirement System (OTRS). Effective January 1, 1993, a payment from OTRS that is eligible for "rollover" can be taken in two ways. You can have all or any portion of your payment either (1) paid in a direct rollover, or (2) paid to you. A rollover is a payment of your OTRS account to an individual retirement arrangement (IRA) or to another eligible plan that accepts rollovers. This choice will affect the tax you owe.

**If you choose a "direct rollover."**

- Your payment will not be taxed in the current year and income tax will not be withheld.
- Your payment will be made directly to your IRA, or, if you choose, to another eligible plan that accepts your rollover.
- Your payment will be taxed later when you take it out of the IRA or the eligible plan.
- You may elect to make a partial rollover of the taxable portion of your account. The remaining taxable balance in your account will be subject to the 20% mandatory withholding.

**If you choose to have your Plan benefits "paid to you."**

You will receive only 80% of the taxable portion of the payment because OTRS is required to withhold 20% of the payment and send it to the IRS as income tax withholding to be credited against your taxes.

Your payment will be taxed in the current year unless you roll it over. You may be able to use special tax rules that could reduce the tax you owe. You should contact your tax advisor or the IRS for additional information. However, if you receive the payment before age 59 ½, you also may have to pay an additional 10% tax. See IRS Form 5329 for more information on the additional 10% tax.

You may roll over all or any portion of the payment by paying it to your IRA or to another eligible plan that accepts your rollover within **60 days** so receiving the payment. The amount rolled over will not be taxed until you take it out of the IRA or eligible plan. If you want to roll over 100% of the payment to an IRA or other eligible plan, you must find other money to replace the 20% that was withheld. If you roll over only the 80% that you received, you will be taxed on the 20% that was withheld and that is not rolled over.

**PAYMENTS THAT CAN AND CANNOT BE ROLLED OVER**

Payments from OTRS may be "eligible rollover distribution." This means that they can be rolled over to an IRA or to another eligible plan that accepts rollovers. OTRS will tell you what portion of your payment is an eligible rollover distribution.

Non-taxable payments. In general, only the "taxable portion" of your payment is an eligible rollover distribution. If you have made "after-tax" employee contributions to the Plan, these contributions will be non-taxable when they are paid to you, and cannot be rolled over. (After-tax employee contributions generally are contributions you made from your own pay that have already been taxed.)

Direct Rollover. You can choose a direct rollover of all or any portion of your payment that is an "eligible rollover distribution," as described above. In a direct rollover, the eligible rollover distribution is paid directly from OTRS to an IRA, 401(k), 403(b), 457, or another eligible plan that accepts rollovers. If you choose a direct rollover, you are not taxed on a payment until you later take it out of the IRA or the eligible plan.

Direct Rollover to an IRA. You can open an IRA to receive the direct rollover. (The term "IRA" as used in this notice includes individual retirement accounts and individual retirement annuities.) 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 payment. However, in choosing an IRA you may wish to consider whether 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). Your payment cannot be rolled over to a Roth IRA, SIMPLE IRA, or Coverdell Education Savings Account (formerly known as an education IRA).

**PAYMENT PAID TO YOU**

If you have the payment made to you, it is subject to 20% income tax withholding. The payment is taxed in the year you receive it unless, within 60 days, you roll it over to an IRA, or another plan that accepts rollovers. If you do not roll it over, special tax rules may apply.

Income tax withholding. Mandatory Withholding. If any portion of the payment to you is an eligible rollover distribution, OTRS is required by law to withhold 20% of that amount.

This amount is sent to the IRS as income tax withholding. For example, if your eligible rollover distribution is \$10,000, only \$8,000 will be paid to you because OTRS must withhold \$2,000 as income tax. However, when you prepare your income tax return for the year, you will report the full \$10,000 as a payment from OTRS. You will report the \$2,000 as tax withheld, and it will be credited against any income tax you owe for the year.

**Sixty-Day Rollover Option.** If you have an eligible rollover distribution paid to you, you can still decide to roll over all or part of it to an IRA or another eligible plan that accepts rollovers. If you decide to roll over, you must make the rollover within 60 days after you receive the payment. The portion of your payment that is rolled over will not be taxed until you take it out of the IRA or other eligible plan.

You can rollover up to 100% of the eligible rollover distribution, including an amount equal to the 20% that was withheld. If you choose to roll over 100%, you must find other money within the 60-day period to contribute to the IRA or other eligible plan to replace the 20% that was withheld. On the other hand, if you roll over only the 80% that you received, you will be taxed on the 20% that was withheld. Example: Your eligible rollover distribution 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 an IRA or employer plan. To do this, you roll over the \$8,000 you received from OTRS, 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 IRA or other eligible plan. If you roll over the entire \$10,000, when you file your income tax return you may get a refund 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% Tax If You Are Under Age 59 ½.** If you receive a payment before you reach age 59 ½ 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% of the taxable portion of the payment. The additional 10% tax does not apply to your payment if it is (1) paid to you because you separate from service with your employer during or after the year you reach age 55, (2) paid because you retire due to disability, (3) paid to you as equal (or almost equal) payment over your life expectancy (or your and your beneficiary's life expectancies), or (4) used to pay certain medical expenses. See IRS Form 5329 for more information on the additional 10% tax.

### **Surviving Spouses, Alternate Payees, and Other Beneficiaries.**

In general, the rules that apply to payments to employees also apply to payments to surviving spouses of employees and to spouses or former spouses who are "alternate payees." You are an alternate payee if your interest in the Plan results from a "qualified domestic order," which is an order issued by the court, usually in connection with a divorce or legal separation. Some of the rules also apply to a deceased employee's beneficiary who is not a spouse. However, there are some exceptions for payments to surviving spouses, alternate payees, and other beneficiaries that should be mentioned.

If you are a surviving spouse, you may choose to have an eligible rollover distribution paid in a direct rollover to an IRA or other eligible plan, or paid to you. If you are an alternate payee, you have the same choices as the employee. Thus, you can have the payment paid as a direct rollover or paid to you. If you have it paid to you, you can keep it or roll it over yourself to an IRA or to another eligible plan that accepts rollovers. If you are a surviving spouse, an alternate payee, or another beneficiary, your payment is not subject to the additional 10% tax for early withdrawal.

### **Your Right to Waive the 30-Day Notice Period**

Generally, neither a direct rollover nor a payment can be made from the plan until at least 30 days after our receipt of this notice. Thus, after receiving this notice, you have at least 30 days to consider whether or not to have your funds 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 making an affirmative election indicating whether or not you wish to make a direct rollover. Your distribution will be then processed as soon as administratively possible.

### **How to Obtain Additional Information**

This notice summarizes only the federal (not state or local) tax rules that might apply to your payment. The rules described above are complex and contain many conditions and exceptions that are not included in this notice. Therefore, you may want to consult with a professional tax advisor before you take a payment of your benefits from OTRS. Also, you can find more specific information on the tax treatment of payments from qualified retirement 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 or by calling 1-800-TAX-FORMS.



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**EMPLOYER'S VERIFICATION  
MEMBER'S TERMINATION OF EMPLOYMENT**

**Instructions**

**This form is to be completed by your former employer AFTER your last day on the job.**

You must have this form completed by your former employer if it has been less than 1 year since your last contribution. For example, if your last day to work was in May 2008 but your checks and contributions continued thru August 2008, it will be August 2009 before this form can be waived.

The form can be submitted by either you or your former employer by mailing the form to the address above, or faxing the form to 405-522-1534. All forms submitted to TRS must be clear and readable. Also, the notary seal must be visible. Faxed forms do not always show the notary seal. If this is the case, you will be asked to submit the original.

**Payroll Official/Superintendent**

To be completed by payroll official or superintendent at member's last district or agency of employment in a public, state-supported educational institution in Oklahoma. Please return the completed form to the address at the top of this page AFTER member has terminated employment.

_____	_____	_____	
Name	SSN#	Date	
_____	_____	_____	_____
Address	City	State	Zip

I hereby certify that the above-named employee has terminated employment with this educational institution and, to my knowledge, the employee is not now employed by a public educational institution in the State of Oklahoma. The last day the employee was PHYSICALLY PRESENT on the job was the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ .  
The final remittance to the retirement account of the member was/will be included on the remittance report dated \_\_\_\_\_, \_\_\_\_\_ .

_____	_____	_____
Payroll Official/Superintendent Title	School District	Payroll Official/Superintendent Signature

SUBSCRIBED AND SWORN TO BEFORE ME THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, \_\_\_\_\_ .

Notary Public \_\_\_\_\_

(SEAL) Address of Notary Public \_\_\_\_\_

My Commission Expires \_\_\_\_\_