



**NEW YORK STATE TEACHERS' RETIREMENT SYSTEM**  
**10 Corporate Woods Drive, Albany, NY 12211-2395**

## **PURCHASE OF ALLOWABLE SERVICE CREDIT WITH ROLLOVER MONIES**

Members are permitted to purchase some types of allowable service (Tier Reinstatement, Prior, Military) with monies from two (2) sources: pre-tax money via direct rollover; or, from after-tax money.

### **Examples of acceptable sources of pre-tax money are:**

- 403(b) tax-sheltered annuity
  - 457(b) governmental deferred compensation plan
  - 408(a) traditional IRA
  - 401(a) qualified plan including a 401(k) qualified plan
- **The qualified rollover account must be in the member's name.**
  - **Rollovers from Roth plans (IRA or 401(k)) cannot be accepted and will be returned to the original source.**
  - **A transfer from a non-governmental 457 plan is not permitted under the law at this time.**
  - **Any excess funds that cannot be returned to the original financial institution will be disbursed directly to the member. The disbursement of excess funds is treated as taxable income and may be subject to early distribution penalties by the IRS.**

### **Example of acceptable source of after-tax money is:**

- Personal check

If after contacting your annuity provider or plan administrator, you wish to use your pre-tax funds to purchase the eligible service, you must:

1. Inform your annuity provider or plan administrator that you wish to exercise this rollover option.
2. Forward a copy of your cost letter to your annuity provider or plan administrator with instructions as to the amount to be forwarded to this System.
  - Payments to purchase military or prior service must be made in school year increments. These payments may contain a combination of funds transferred from your annuity or plan provider and your personal check.
  - Payments to reinstate a former membership must be made in full. Incremental payments will not be accepted. However, the payment can contain funds transferred from your annuity or plan provider and a personal check.
3. Instruct your annuity provider or plan administrator to send a check payable only to the New York State Teachers' Retirement System (NYSTRS) "for the benefit of" or "FBO" your name and include:
  - EmplID and the last 4 digits of your Social Security number.
  - A copy of the cost letter (*preferred*) **OR** a notation as to the purpose of the payment.
  - If your plan administrator requires a *Letter of Acceptance (MES-1)*, one can be obtained on our website at NYSTRS.org under Forms > Prior Service Forms.
4. **Return a signed *Rollover/Direct Transfer Payment Information (MES-3)* form attesting that the money is being transferred from an eligible plan (see above for examples of eligible plans).**

Payment must be received before the last date quoted on your cost letter or a new cost letter will have to be mailed to you.

### **IMPORTANT**

- **Payment must be received before the last date quoted on your cost letter or a new cost letter will have to be sent to you.**
- **Payments sent in the incorrect amount or from unacceptable sources will not be processed. This may have severe tax implications for the member.**
- **Payments received without the proper documentation (MES-3) will result in processing delays and may result in NYSTRS returning the payment to the original source. This may have severe tax implications for the member.**