



**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.**

### **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.**