



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

## DISTRIBUTION ELECTION

PLEASE READ CAREFULLY, PRINT OR TYPE ALL INFORMATION, AND RETURN TO THE ADDRESS ABOVE.

Last Name	First Name	Social Security Number
Mailing Address	Street	<b>OR</b> NYSTRS EmplID
City	State	Zip Code
		Phone Number (       )

Please complete the applicable section(s) below:

### TAXABLE AMOUNT (ONLY)

1.  I want to receive the entire taxable amount of the refund less 20% federal tax withholding on the taxable amount of the refund and loan closeout, if any. **or**
- 2.\*  I want to roll over \_\_\_\_\_ % of the taxable amount of the refund into a traditional Individual Retirement Account, Roth IRA, tax-sheltered annuity, governmental deferred compensation plan, or another eligible plan in a direct rollover. Any taxable amount of the refund which is not directly rolled over plus the taxable amount of a loan closeout (if any) will be subject to 20% federal tax withholding. Any taxable amount not rolled over or withheld will be sent directly to me.

### AFTER-TAX CONTRIBUTIONS AMOUNT (ONLY) IF APPLICABLE

1.  I want the entire after-tax contributions amount of the refund sent directly to me. **or**
- 2.\*  I want to roll over \_\_\_\_\_ % of the after-tax contributions amount of the refund directly into an Individual Retirement Account, Roth IRA, 401(a) defined contribution or benefit plan, or tax-sheltered annuity 403(b).

**\*NOTE:** If you checked either Box 2 above, the System must receive a completed Request For Direct Rollover form(s) (REF-30.2/REF-30.3) **\*\*within 30 days\*\*** of your date of retirement **or** the date of this letter (whichever is later). If we do not receive properly completed rollover form(s) within that time, we will send the entire taxable amount to you less 20% federal tax withholding and/or the entire after-tax contributions amount to you.

I acknowledge that I have read and understand the Special Tax Notice provided by the System.

Signature \_\_\_\_\_ Date \_\_\_\_\_

**Do not file this form before you file your Application for Retirement.**

## **TAX NOTICE REGARDING WITHDRAWAL OF THE ANNUITY SAVINGS FUND AT RETIREMENT**

This notice explains how you can continue to defer federal income tax on your Annuity Savings Fund refund and contains important information necessary to decide how to take your refund.

The Annuity Savings Fund consists primarily of contributions to the System plus interest earned on those monies. The portion of a withdrawal representing interest not previously taxed is the taxable amount and subject to federal income tax, unless rolled over. The portion of a withdrawal representing contributions and previously taxed interest is the after-tax contribution amount which is non-taxable.

### **Choices You May Make for the Taxable Portion of Your Refund**

All or a portion of the **taxable amount** may be taken in either of two ways. Your choice will affect the tax you owe.

If you choose a **DIRECT ROLLOVER** (where taxable amount is over \$200), the taxable amount which is rolled over will not be taxed in the current year and no income tax will be withheld. It will be sent directly, as you choose, to an "eligible" employer plan that accepts your rollover or to your traditional IRA. (A Roth IRA, SIMPLE IRA or a Coverdell Education Savings Account (formerly known as an educational IRA) is not a traditional IRA.) It will only be taxed later, when you take it out of the employer plan or IRA. Distributions from the employer plan or IRA, however, may be subject to different restrictions and tax consequences than those that apply to payments from the System. Distributions from the employer plan or IRA may be subject to New York State tax.

If you choose a **ROLLOVER TO A ROTH IRA** (where the amount is over \$200) the taxable portion which is rolled over will be taxed in the current year. The amounts rolled over into a Roth IRA are subject to special rules regarding taxation at the time of distribution.

A **DIRECT ROLLOVER** to a Roth IRA is included in income at the time of the rollover and may be subject to income tax withholding. However, the 10 percent additional income tax on early distributions will not apply (unless you take the amount rolled over out of the Roth IRA within five years, counting from January 1 of the year of rollover).

If you roll over the payment to a Roth IRA, later payments from the Roth IRA, that are qualified distributions, will not be taxed (including earnings after the rollover). A qualified distribution from a Roth IRA is a payment made after you are age 59½ (or after your death or disability) and after you have had a Roth IRA for at least five years. In applying this five-year rule, you count from January 1 of the year for which your first contribution was made to a Roth IRA. Payments from the Roth IRA that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10 percent additional income tax on early distributions (unless an exception applies). You do not have to take required minimum distributions from a Roth IRA during your lifetime. For more information, see IRS Publication 590, Individual Retirement Arrangements (IRAs).

If you choose a **DIRECT PAYMENT** to you, you will receive only 80% of the taxable portion of the payment because 20% of the taxable portion of the payment must be sent to the IRS as income tax withholding. If you would like more than 20% tax withholding, you may submit a W-4R to the System. This form may be obtained from the Internal Revenue Service's website. Your payment will be taxable income in the year of payment unless you roll it over yourself. The taxable portion, however, is not subject to an additional 10% federal tax, unless retirement is prior to age 55 and is specifically exempt from New York State income tax. You may roll over the taxable portion to a traditional IRA (or to an "eligible" employer plan that will accept your rollover) within 60 days of receipt. The amount rolled over will not be taxed until you take it out of the IRA or employer plan. However, if you wish to roll over 100% of the taxable portion of your payment, you must find other money to replace the 20% that was withheld. If you roll over only the 80% you received, you will be taxed on the 20% that was withheld and not rolled over.

## Choices You May Make for the After-Tax Contribution Amount of Your Refund

The after-tax contribution amount may be taken in two ways. You may have all or any portion of it paid either in a **DIRECT ROLLOVER** to a Traditional IRA, a Roth IRA, a 401(a) defined contribution or benefit or a 403(b) tax-sheltered annuity plan or in a **DIRECT PAYMENT** to you. (If paid directly to you, you may rollover the after-tax contribution amount to a traditional or a Roth IRA within 60 days of receipt.)

Note that if you want to roll over the after-tax contribution amount to a 401(a) defined contribution or benefit plan or a 403(b) tax-sheltered annuity, the plan must be willing to accept it and provide separate accounting for the amount rolled over. If you receive the after-tax contribution amount directly from the System, you cannot later roll it over to a defined contribution or benefit plan or a 403(b) tax-sheltered annuity. If you roll over the after-tax contribution amount to a traditional IRA, you are responsible for keeping track of and reporting the after-tax contribution amount to the IRS on the applicable forms. This will enable the after-tax contribution amount in any future distributions from the traditional IRA to be determined. Once you roll over the after-tax contribution amount to a traditional IRA, it CANNOT later be rolled over to an employer plan.

### Other Information

Any loan balance outstanding at retirement is deducted from the gross amount of the withdrawal at retirement. The amount of the offset will be treated as a direct payment of the loan balance to you at the time of offset. The 20% withholding will be based on the entire taxable amount paid to you, including the loan offset. The taxable portion of the offset will be taxable income unless you roll over an amount equal to the taxable portion into a traditional IRA (or "eligible" employer plan) within 60 days of the date of the offset. Because the taxable portion of the offset is taxable income, the taxable amount resulting from a withdrawal may in some cases exceed the amount refunded to you at retirement. In January of each year, the System will mail IRS form 1099R to all members who had a total refund of contributions in the previous calendar year.

An "eligible" employer plan that can accept a rollover of the taxable amount includes a qualified plan under section 401(a) of the Internal Revenue Code, such as 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. An "eligible" 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 must be completed before the plan will accept a rollover. Even if a plan accepts rollovers, it may 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 a traditional IRA or split your rollover amount between the employer plan in which you will participate and a traditional IRA. If a 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 the System. Check with the administrator of the plan that is to receive your rollover prior to making the rollover.

If you do not wish to roll over the non-taxable or after-tax contribution amount to an employer plan that can accept the rollover but are unsure how to invest the amounts, you can temporarily establish a traditional IRA to receive the payment. However, in choosing a traditional IRA, you may wish to make sure the traditional IRA you choose will allow you to move all or a part of your payment to another traditional IRA at a later date, without penalties or other limitations.

For specific information, contact the System by mail, by e-mail or by calling (800) 348-7298, Ext. 6000.

The rules described above are complex. You may want to consult a professional tax advisor before you take a payment. For more specific information on the tax treatment of payments, consult IRS Publication 575, Pension and Annuity Income, and IRS Publication 590, Individual Retirement Arrangements; these are available from your local IRS office, on the IRS's website at IRS.gov, or by calling 1-800-TAX-FORM.