

Taking a Refund of Your Contributions

If you permanently terminate employment with any eligible position covered by TRSL, you may withdraw your employee contributions. A refund includes only the contributions you have made. It does not include employer contributions or interest. A refund must be for the total amount of employee contributions. Partial withdrawals are not allowed, and a refund cannot be borrowed or pledged against debt.

By accepting a refund, you terminate membership in TRSL. **Refunds cancel service credit in TRSL!** Therefore, you should carefully consider all the implications of any refund.

Members with five or more years of service credit

- Active members considering terminating employment due to illness or injury should note that they may be eligible for disability benefits. Contact TRSL for more information.
- Members who terminate employment may leave their contributions on deposit with TRSL and begin receiving a benefit at age 60. Contact TRSL to request an estimate of deferred retirement benefits.
- Members who wish to take a refund must complete both the *Application for Refund* (Form 7) and a *Request for Refund Rather than Retirement Benefit* (Form 7E). Call TRSL at 225-925-6477 or 225-925-6449 to request Form 7E. This form must be notarized, and the original signed and sealed form returned to TRSL before any refund disbursement can be processed.

Applying for a refund

To apply for a refund, you must complete the *Application for Refund* (Form 7) on the reverse side. By law, your former employer cannot certify the refund application until 90 days after your resignation or termination. The application is then forwarded to TRSL for payment. Refund checks are issued twice a month on the 5th and 20th. **TRSL must receive the *Application for Refund* (Form 7) with original signatures. Photocopies and faxes are unacceptable.**

Rollovers

A refund of tax-sheltered contributions is eligible for rollover into a traditional IRA or Roth IRA or transfer to another employer retirement plan that accepts the funds. Eligible plans include: traditional IRAs under IRC 408(a), qualified plans under IRC 401(a), tax-sheltered annuities under IRC 403(b), and governmental deferred compensation plans under IRC 457.

If you made after-tax contributions (unsheltered), these contributions may be rolled into either a traditional IRA or to certain employer plans that accept rollovers of the after-tax contributions. For more information on rollovers, see TRSL's brochure titled *Special Tax Notice Regarding TRSL Payments*.

You can protect your future

A refund of tax-sheltered contributions can be rolled over into a "conduit" IRA, which may be used to repurchase TRSL service credit in the future. A conduit IRA contains only funds that were rolled over from a qualified retirement plan plus any interest or dividends earned on those funds.

Refunds may not be rolled over into a Simple IRA or Coverdell Education Savings Account.

The rollover option you choose can be indicated on the *Application for Refund* (Form 7).

As of January 1, 2002, funds from a 403(b) tax-sheltered annuity and a governmental 457 plan can also be used to purchase TRSL service credit.

Income tax withholding

If any portion of the refund is eligible for a rollover distribution but is paid directly to you, TRSL is required by law to withhold 20 percent of the sheltered distribution, unless that portion is less than \$200. The amount withheld is sent to the IRS as federal income tax withholding.

Rollovers to a Roth IRA are considered taxable distributions, but not subject to the mandatory 20 percent tax withholding; however, you have a choice to not withhold any taxes or to withhold 10 percent on taxable distribution.

You may also be subject to an additional 10 percent federal withholding penalty for early withdrawal of retirement funds. This penalty is in addition to any income taxes owed.

For more information on federal income tax withholding, see the *Special Tax Notice Regarding TRSL Payments* brochure.

After you take a refund

If you later return to work in employment covered by TRSL or another Louisiana public retirement system, you may restore service credit by repaying the amount refunded, plus interest, at the approved actuarial rate compounded annually from the date of refund until payment is made. Reinstated service will be added to your current TRSL membership or transferred to your other Louisiana public retirement system, whichever you choose.

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June 2009



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www.trsl.org

Original signatures
 required; Faxes and
 copies not accepted

Application for Refund

Refunds cannot be processed until 90 days after your termination date. If you have at least five years of service, you must also complete a *Request for Refund Rather than Retirement Benefit* (Form 7E), which will be mailed to you after TRSL receives this application. Members who change employment to another Louisiana public agency may be eligible to transfer their TRSL membership to the applicable Louisiana retirement system instead of refunding. Refunds of accumulated contributions are exempt from Louisiana income tax.

Section 1 — Member Information (must be completed by applicant)

| | | | |
|------------------------------------------------|--|-------------------------------------------------------------------|--------------------------------------|
| Name: Last, first, MI, suffix (Jr., III, etc.) | | SSN | Last date of employment (mm-dd-yyyy) |
| Mailing address | | City, state, zip | |
| Telephone number(s) | | Provide agency name if transferring to a Louisiana public agency: | |

Section 2 — Distribution Option (must be completed by applicant)

In accordance with provisions of the Unemployment Compensation Amendments of 1992, P.L. 102-318, all tax-sheltered distributions require a mandatory 20% withholding unless the distribution is less than \$200 or rolled over by TRSL into an IRA or transferred to another qualified plan.

Check one of the following distribution options:

- I want my total distribution paid directly to me. I am aware of the mandatory 20% federal income tax withholding on tax-sheltered distributions.
- I want my total distribution rolled over into an IRA or transferred to the qualified plan named below.
- I want my unsheltered (after-tax) contributions sent to me and the tax-sheltered distribution directly rolled over to an IRA or transferred to the qualified plan named below.
- I want \$_____ of my contributions sent to me and the remaining amount rolled over to an IRA or transferred to the qualified plan named below. I am aware of the mandatory 20% federal income tax withholding on tax-sheltered distributions paid directly to me.

Additional Federal Income Tax Withholding

- I want TRSL to withhold an additional 10% in federal income tax withholding for all tax-sheltered distributions paid directly to me.

Direct Deposit (available for distributions paid directly to you)

- Check here if direct deposit, instead of a paper check, is desired.

A *Direct Deposit for Refund of Contributions* (Form 7D), which is available at www.trsl.org, or by calling 225-925-6477 or 6449, must also be completed. If Form 7D is not received by TRSL at least three days prior to your refund being issued, then payment will be mailed to the address in Section 1 above.

Financial Institution Information (provide only when requesting a rollover or transfer)

| | |
|--------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|
| Indicate which of the following plans (to the right) you have chosen to receive a rollover or trustee-to-trustee transfer. Check only one. | <input type="checkbox"/> Traditional IRA <input type="checkbox"/> Roth IRA <input type="checkbox"/> Qualified plan, specify type: _____ |
| Name of institution | Name and title of contact person |
| Mailing address | City, state, zip |
| Telephone number | Account number |

I hereby make application for the distribution of all contributions to my credit held at TRSL. By this application for refund, I do hereby waive for myself, my heirs, and my assigns all my rights, title, and interest in TRSL. I have received the *Special Tax Notice* brochure concerning rollovers. I understand that failure to complete Section 2 above will result in the mandatory 20% withholding from the taxable distribution. I understand that if I have five or more years of service credit and want a refund rather than a retirement benefit, I must also complete a *Request for Refund Rather Than Retirement Benefit* (Form 7E). I hereby certify the information entered on this form is true, correct, and complete.

Member's signature (Do not print or type)

Date signed (mm-dd-yyyy)

Section 3 — Agency Certification (must be completed by employer)

I certify that the above named person is no longer employed by _____
 as of ____/____/____, which was either the last day of work for which the member received pay or was the member's last day of leave.

| | |
|------------------------------------------------|-------------------------------------------------------|
| Employer signature (authorized representative) | Title |
| | Date signed (at least 90 days after termination date) |

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Teachers' Retirement System of Louisiana

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