



# IPERS Refund Information

## Frequently Asked Questions



**Who should complete this application?** When you terminate IPERS-covered employment, you may complete this form if you wish to apply for a refund. However, if you worked for less than 6 months, you should NOT complete this form. Instead, have your employer file a *Wage Reporting Adjustments* form. Your employer cannot file a *Wage Reporting Adjustments* form after this refund form has been signed by a reporting official.

**Am I eligible for a refund?** In order to be eligible for a refund, you must terminate all of your public employment and not accept other covered employment within 30 days after terminating covered employment. Also, you cannot begin covered employment prior to filing a refund application.

**Am I a “vested” member of IPERS?** You are a vested member of IPERS if you have 4 or more years (16 quarters) of service or reach age 55 or older while in active IPERS-covered employment. At age 55 or older, a vested member has the right to receive a retirement benefit. Contact IPERS for additional information on retirement benefits. Before completing this form, please be certain that taking a refund is in your best interest.

**What am I forfeiting by taking a refund?** If you take a refund, you terminate IPERS membership and forfeit your rights to future IPERS benefits based on this period of employment.

**What will I receive if I take a refund?** You will receive your investment. Vested members will also receive a portion of their employer’s investment.

**Am I entitled to a refund if I become disabled?** Yes, if you terminate employment. Please note that you will be forfeiting your rights to all future IPERS benefits, including IPERS disability retirement benefits. **Please contact IPERS for further assistance regarding disability retirement benefits.**

**When will I receive my refund?** Processing your refund cannot begin until after your complete application is received in our office. If additional contributions are reported, a supplemental payment will be issued automatically and mailed to the address you provided. Please notify our office in writing of any changes in address. Tax information (IRS Form 1099-R) is issued in the following calendar year and sent to the address you have on file with IPERS.

**What if I return to IPERS-covered employment?** If you return to any IPERS-covered employment within 30 days of terminating your covered employment, YOU MUST NOTIFY IPERS TO CANCEL your refund and you must repay the related funds. **By completing this form, you are certifying to IPERS that you have terminated ALL IPERS-covered employment.**

**Can I roll my refund over to a qualified plan, like a 401(k) or an IRA?** Yes. IPERS is a defined benefit plan and has a qualified plan status under federal IRC Section 401(a). On pages 2–7 you will find the “Special Tax Notice” and “Supplemental Notice,” which explain your rollover options. After you have read these notices, you can determine how much of your refund is eligible for a Direct Rollover. Like all IPERS publications and forms, the “Special Tax Notice” is available from IPERS for free.

**If I change my mind after receiving my refund, can I reinstate my IPERS account?**

- If you decide that you should not have taken a refund, you can reinstate your IPERS account by repaying the refunded amount PLUS the interest (as determined by IPERS) that would have accrued. **You must repay this amount within 60 days of the date your original refund was issued.** After 60 days, you must repurchase the applicable quarters at an actuarial cost determined by IPERS’ actuary.
- Involuntarily terminated employees who took a refund and who are reinstated will have the right to reinstate their refund. To do so, as a reinstated employee, you must repay the refunded amount plus interest (as determined by IPERS) that would have accrued. **This amount must be repaid within 90 days of the date of the order or other reinstatement ruling.** After 90 days, you must repurchase the applicable quarters at an actuarial cost determined by IPERS’ actuary.
- If you terminated because of a disability, took a refund, and later qualify for social security disability or railroad retirement disability benefits, you have the right to reinstate your refund. To do so, you must repay the actuarial cost of the refund (as determined by IPERS’ actuary). **This amount must be paid within 90 days of the date you receive your first disability check.**

## Special Tax Notice Regarding Plan Payments

This notice explains how you can continue to defer federal income tax on your retirement savings in the Iowa Public Employees' Retirement System (hereafter referred to as the "Plan" or "Plan Administrator") and contains important information you will need in order to decide how to receive your Plan benefits.

This notice is provided to you by the Iowa Public Employees' Retirement System because all or part of the payment that you will soon receive from the Plan may be eligible for rollover by you or your Plan Administrator to an IRA or an eligible employer plan. A rollover is a payment by you or the Plan Administrator of all or part of your benefit to another plan or IRA that allows you to continue to postpone taxation of that benefit until it is paid to you. Your payment cannot be rolled over to a SIMPLE IRA, or a Coverdell Education Savings Account (formerly known as an education IRA). An "eligible employer plan" includes plans qualified under Section 401(a) of the Internal Revenue Code, including 401(k) plans, profit-sharing plans, defined benefit plans, stock bonus plans, and money purchase plans; Section 403(a) annuity plans; Section 403(b) tax-sheltered annuities; and eligible Section 457(b) plans maintained by a governmental employer (governmental 457 plans). Note that for a distribution made after December 31, 2007, your payment also can be rolled over to a Section 408A Roth IRA subject to the same limits that apply to rollovers from a traditional IRA to a Roth IRA (i.e., for tax years prior to January 1, 2010, your adjusted gross income cannot exceed \$100,000 and you must not be married filing separately).

An eligible employer 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 rollovers. You should also find out about any documents that must be completed before the receiving 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 an IRA or split your rollover amount between the employer plan in which you will participate and an IRA. If an employer 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 this Plan.

Prior to making your rollover, check with your Plan Administrator, who will receive it. If you have additional questions after reading this notice, you may contact your Plan Administrator at 1-800-622-3849 or 515-281-0020.

## Summary

There are two ways you may be able to receive a Plan payment that is eligible for rollover:

- 1.) Certain payments can be made directly to an IRA that you establish, or to an eligible employer plan that will accept them and hold them for your benefit (Direct Rollover).
- 2.) That payment can be paid to you.

### If you choose a DIRECT ROLLOVER to a *traditional* IRA or an eligible employer plan:

- Your payment will not be taxed in the current year and no income tax will be withheld. (See *Special Rules for Rollovers to Roth IRAs* below.)
- You may choose whether your payment will be made directly to your traditional IRA or to an eligible employer plan that accepts your rollover. Your payment cannot be rolled over to a SIMPLE IRA or a Coverdell Education Savings Account because these are not traditional IRAs. (See *Special Rules for Rollovers to Roth IRAs* below.)
- The taxable portion of your payment will be taxed later, when you take it out of the traditional IRA or the eligible employer plan. Depending on the type of plan, the later distribution may be subject to different tax treatment than it would be if you received a taxable distribution from the Plan.

*Special Rules for Rollovers to Roth IRAs.* Note that for a distribution made after December 31, 2007, you can choose a rollover to a Roth IRA subject to the same limits that apply to rollovers from a traditional IRA to a Roth IRA (i.e., for tax years prior to January 1, 2010, your adjusted gross income cannot exceed \$100,000 and you must not be married filing separately). If you make a rollover of your distribution to a Roth IRA, the taxable amount of your distribution will be included in your taxable income (except for any portion of the distribution that represents a return of your after-tax contributions to the Plan). You may be able to elect to delay recognizing the distribution as part of your taxable income until 2011 and 2012 if you elect a rollover to a Roth IRA in the 2010 taxable year. A rollover of your distribution to a Roth IRA avoids the 10% tax on early distributions received prior to the date you reach age 59½, become disabled, or retire

under the terms of the Plan, subject to rules on conversions. Note: The Plan Administrator is not responsible for assuring your eligibility to make a rollover to a Roth IRA. (IRS Notice 2008-30.) You should consult your tax advisor if you are interested in rolling over your distribution to a Roth IRA.

**Rollover Payments Paid to You. If you choose to have a Plan payment that is eligible for rollover PAID TO YOU:**

- You will receive only 80% of the taxable amount of the payment, because the Plan Administrator is required to withhold 20% of that amount and send it to the IRS as income tax withholding to be credited against your taxes.
- The taxable amount of your payment will be taxed in the current year unless you roll it over. Under limited circumstances, you may be able to use special tax rules that could reduce the tax you owe. However, if you receive the payment before age 59½, you may have to pay an additional 10% tax. See special note below for qualified public safety employees.
- You may roll over all or part of the payment by paying it to an IRA or to an eligible employer plan that accepts your rollover within 60 days after you receive the payment. The amount rolled over will not be taxed until you take it out of the traditional IRA or the eligible employer plan. If you would like to roll over 100% of the payment to a traditional IRA or an eligible employer plan, *you must find other money to replace the 20% of the taxable portion that will be withheld.* If you roll over only the 80% that you receive, you will be taxed on the 20% that will be withheld and will not be rolled over.

**Qualified Public Safety Employees.** On and after August 18, 2006, if you are a “qualified public safety employee” who terminates employment in the calendar year in which you are age 50 or older, and receive an eligible rollover distribution, you will not have to pay the additional 10% tax on a payment that is eligible for rollover and PAID TO YOU. You are a “qualified public safety employee” if you are an employee of a State or political subdivision of a State who provides police protection, fire-fighting services, or emergency medical services for an area within the jurisdiction of the State or political subdivision.

**Your Right to Waive the 30-Day Notice Period.** Generally, neither a Direct Rollover nor a payment can be made from the Plan until 30 days after your receipt of this notice. Thus, after receiving this notice, you have 30 days or more to consider whether to have your withdrawal 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 you wish to make a Direct Rollover. Your withdrawal will then be processed in accordance with your election as soon as practical after it is received by the Plan Administrator.

## More Information

### 1. Payments That Can and Cannot Be Rolled Over

Payments from the Plan may be “eligible rollover distributions.” This means that they can be rolled over to a traditional IRA or to an eligible employer plan that accepts rollovers, or beginning January 1, 2008, they can be rolled over to a Roth IRA. Payments from a plan cannot be rolled over to a SIMPLE IRA or a Coverdell Education Savings Account. Your Plan Administrator will be able to tell you what portion of your payment is an eligible rollover distribution.

**After-Tax Contributions.** If you made after-tax contributions to the Plan, these contributions may be rolled over to either a traditional IRA or to certain employer plans that accept rollovers of the after-tax contributions. The following rules apply:

- **Rollover to a Traditional IRA.** You may roll over your after-tax contributions to a traditional IRA either directly or indirectly. Your Plan Administrator will be able to tell you how much of your payment is the taxable portion and how much is the after-tax portion.
  - If you roll over after-tax contributions to a traditional IRA, it is your responsibility to keep track of (and report to the Service on the applicable forms) the amount of these after-tax contributions. This will enable the nontaxable portion of any future distributions from the traditional IRA to be determined.
  - Once you roll over your after-tax contributions to a traditional IRA, those amounts CANNOT later be rolled over to an employer plan.
- **Rollover to an Employer Plan.** Beginning January 1, 2007, you can roll over after-tax contributions from an employer plan that is qualified under Code section 401(a) or 403(a) to another such plan or to a Code section 403(b) annuity contract using a direct rollover if such other plan or annuity contract (defined contribution or defined benefit) provides separate accounting for amounts rolled over, including separate accounting for the after-tax employee contributions and earnings on those contributions. If you want to roll over your after-tax contributions to an

employer plan that accepts these rollovers, you cannot have the after-tax contributions paid to you first. You must instruct the Plan Administrator of this Plan to make a direct rollover on your behalf. You can also roll over after-tax contributions from an employer plan that is qualified under Code section 401(a) or 403(a) to a traditional IRA; however, you cannot first roll over after-tax contributions to a traditional IRA and then roll over that amount into an employer plan. You CANNOT roll over after-tax contributions to a governmental 457 plan.

The following types of payments *cannot* be rolled over:

- *Payments Spread Over Long Periods.* You cannot roll over a payment if it is part of a series of equal (or almost equal) payments that are made at least once a year and that will last for the length of one of the following:
  - Your lifetime (or a period measured by your life expectancy).
  - Your and your beneficiary's lifetime (or a period measured by your joint life expectancies).
  - A period of 10 years or more.
- *Required Minimum Payments.* Beginning when you reach age 70½ or retire, whichever is later, a certain portion of your payment cannot be rolled over because it is a "required minimum payment" that must be paid to you.
- *Corrective Distributions.* Distributions made to correct failed nondiscrimination tests and distributions made because legal limits on certain contributions were exceeded cannot be rolled over.

The Plan Administrator will be able to tell you if your payment includes amounts that cannot be rolled over.

## 2. Direct Rollover

A Direct Rollover is a direct payment of the amount of your Plan benefits to an IRA or an eligible employer plan that will accept it. You may choose a Direct Rollover of all or any portion of your payment that is an eligible rollover distribution, as described in the section titled "Payments That Can and Cannot Be Rolled Over." Except for a direct rollover to a Roth IRA on or after January 1, 2008, you are not taxed on any taxable portion of your payment for which you choose a Direct Rollover until you later take it out of the traditional IRA or eligible employer plan. In addition, no income tax withholding is required for any taxable portion of your Plan benefits for which you choose a Direct Rollover.

**Direct Rollover to an IRA.** You may open a traditional IRA, or beginning January 1, 2008, a Roth IRA, to receive the Direct Rollover. 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 may temporarily establish an IRA to receive the payment. However, in choosing an IRA, you may wish to make sure that the IRA you choose will allow you to move all or 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).

**Direct Rollover to a Plan.** If you are employed by a new employer that has an eligible employer plan, and you want a Direct Rollover to that plan, ask that plan's administrator whether that plan will accept your rollover. An eligible employer plan is not legally required to accept a rollover. Even if your new employer's plan does not accept a rollover, you may choose a Direct Rollover to an IRA. If the employer plan accepts your rollover, the plan may provide restrictions on the circumstances under which you may later receive a distribution of the rollover amount or may require spousal consent to any subsequent distribution. Check with the Plan Administrator of that plan before making your decision.

**Direct Rollover of a Series of Payments.** If you receive a payment that can be rolled over to an IRA or an eligible employer plan that will accept it, and it is paid in a series of payments for less than 10 years, your choice to make or not make a Direct Rollover for a payment will apply to all later payments in the series until you change your election. You are free to change your election for any later payment in the series.

**Change in Tax Treatment Resulting from a Direct Rollover.** The tax treatment of any payment from the eligible employer plan or IRA receiving your Direct Rollover might be different than if you received your benefit in a taxable distribution directly from the Plan. For example, if you were born before January 1, 1936, you might be entitled to 10-year averaging or capital gain treatment, as explained below. However, if you have your benefit rolled over to a Section 403(b) tax-sheltered annuity, a governmental 457 plan, or an IRA in a Direct Rollover, your benefit will no longer be eligible for that special treatment. See the paragraphs titled "Additional 10% Tax if You Are Under Age 59½" and "Special Tax Treatment if You Were Born Before January 1, 1936."

## 3. Payment Paid to You

If your payment can be rolled over (see section titled "Payments That Can and Cannot Be Rolled Over") and the payment is made to you in cash, it is subject to 20% federal income tax withholding on the taxable portion (state tax withholding

may also apply). The payment is taxed in the year you receive it unless, within 60 days, you roll it over to an IRA or an eligible employer plan that accepts rollovers. If you do not roll it over, special tax rules may apply.

**Mandatory Income Tax Withholding.** If any portion of your payment can be rolled over (see section titled “Payments That Can and Cannot Be Rolled Over”) and you do not elect to make a Direct Rollover, the Plan is required by law to withhold 20% of the taxable amount. This amount is sent to the IRS as federal income tax withholding. For example, if you can roll over a taxable payment of \$10,000, only \$8000 will be paid to you because the Plan must withhold \$2000 as income tax. However, when you prepare your income tax return for the year, unless you make a rollover within 60 days (see “Sixty-Day Rollover Option”), you must report the full \$10,000 as a taxable payment from the Plan. You must report the \$2000 as tax withheld, and it will be credited against any income tax you owe for the year.

**Voluntary Income Tax Withholding.** If any portion of your payment is taxable but cannot be rolled over (see section titled “Payments That Can and Cannot Be Rolled Over”), the mandatory withholding rules described above do not apply. In this case, you may elect not to have withholding apply to that portion. To elect out of withholding, ask the Plan Administrator for the election form and related information. If you do nothing, an amount will be taken out of this portion of your payment for federal income tax withholding.

**Sixty-Day Rollover Option.** If you receive a payment that can be rolled over (see section titled “Payments That Can and Cannot Be Rolled Over”), you can choose to roll over all or part of it to an IRA or to an eligible employer plan that accepts rollovers. If you decide to roll over, you must contribute the amount of the payment you received to a traditional IRA or eligible employer plan within 60 days after you receive the payment. Unless you roll over your distribution to a Roth IRA, the portion of your payment that is rolled over will not be taxed until you take it out of the IRA or the eligible employer plan. If you roll over to a Roth IRA, the distribution will be included in your taxable income for the year in which it was paid to you.

If you want to roll over a payment you received to a traditional IRA or eligible employer plan, you can roll over up to 100% of your payment (that can be rolled over as explained in section “Payments That Can and Cannot Be Rolled Over”), including an amount equal to the 20% of the taxable portion that was withheld. If you choose to roll over 100%, you must find other money within the 60-day period to contribute to the traditional IRA or the eligible employer plan, to replace the 20% that was withheld. On the other hand, if you roll over only the 80% of the taxable portion that you received, you will be taxed on the 20% that was withheld.

- *Example:* The taxable portion of your payment that can be rolled over (see section titled “Payments That Can and Cannot Be Rolled Over”) is \$10,000, and you choose to have it paid to you. You will receive \$8000, and \$2000 will be sent to the IRS as income tax withholding. Within 60 days after receiving the \$8000, you may roll over the entire \$10,000 to a traditional IRA or an eligible employer plan. To do this, you roll over the \$8000 you received from the Plan, and you will have to find \$2000 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 traditional IRA or an eligible employer plan. If you roll over the entire \$10,000, when you file your income tax return you may get a refund of part or all of the \$2000 withheld. If, on the other hand, you roll over only \$8000, the \$2000 you did not roll over will be taxed in the year it was withheld. When you file your income tax return, you may get a refund of part of the \$2000 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 59½.** If you receive a payment before you reach age 59½ 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 generally does not apply to:

1. Payments that are paid after you separate from service with your employer during or after the year you reach age 55.
2. Payments that are paid because you retire due to disability.
3. Payments that are paid as equal (or almost equal) payments over your life or life expectancy (or your and your beneficiary’s life expectancies).
4. Payments that are paid directly to the government to satisfy a federal tax levy.
5. Payments that are paid to an alternate payee under a Qualified Domestic Relations Order.
6. Payments that do not exceed the amount of your deductible medical expenses.
7. Payments to a qualified public safety employee who separates from service during or after the year reaching age 50.

See IRS Form 5329 for more information on the additional 10% tax.

**Special Tax Treatment if You Were Born Before January 1, 1936.** If you receive a payment from a plan qualified under Section 401(a) that can be rolled over under the section titled “Payments That Can and Cannot Be Rolled Over,” and you

do not roll it over to a traditional IRA or an eligible employer plan, the payment will be taxed in the year you receive it. However, if the payment qualifies as a "lump-sum distribution," it may be eligible for special tax treatment. A lump-sum distribution is a payment, within 1 year, of your entire balance under the Plan (and certain other similar plans of the employer) that is payable to you after you have reached age 59½ or because you have separated from service with your employer (or, in the case of a self-employed individual, after you have reached age 59½ or have become disabled). For a payment to be treated as a lump-sum distribution, you must have been a participant in the Plan for at least 5 years before the year in which you received the distribution. The special tax treatment for lump-sum distributions that may be available to you is described below.

- *Ten-Year Averaging.* If you receive a lump-sum distribution and you were born before January 1, 1936, you can make a one-time election to figure the tax on the payment by using "10-year averaging" (using 1986 tax rates). Ten-year averaging often reduces the tax you owe.
- *Capital Gain Treatment.* If you receive a lump-sum distribution and you were born before January 1, 1936, and you were a participant in the Plan before 1974, you may elect to have the part of your payment that is attributable to your pre-1974 participation in the Plan taxed as long-term capital gain at a rate of 20%.
- *Other Limits.* There are other limits on the special tax treatment for lump-sum distributions. For example, you can generally elect this special tax treatment only once in your lifetime and the election applies to all lump-sum distributions that you receive in that same year. You may not elect this special tax treatment if you rolled amounts over to this Plan from a 403(b) tax-sheltered annuity contract, a governmental 457 plan, or from an IRA not originally attributable to a qualified employer plan. If you have previously rolled over a distribution from this Plan (or certain other similar plans of the employer), you cannot use this special averaging treatment for later payments from the Plan. If you roll over your payment to an IRA, governmental 457 plan, or 403(b) tax-sheltered annuity, you will not be able to use special tax treatment for later payments from that IRA, plan, or annuity. Also, if you roll over only a portion of your payment to an IRA, governmental 457 plan, or 403(b) tax-sheltered annuity, this special tax treatment is not available for the rest of the payment. See IRS Form 4972 for additional information on lump-sum distributions and how you elect the special tax treatment.

#### **4. Surviving Spouses and Alternate Payees**

In general, the rules summarized above 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 Relations Order," which is an order issued by a court, usually in connection with a divorce or legal separation.

If you are a surviving spouse or an alternate payee, you may choose to have a payment that can be rolled over (see section titled "Payments That Can and Cannot be Rolled Over") paid in a Direct Rollover to an IRA, to an eligible employer plan, or paid to you. If you have the payment paid to you, you can keep it or roll it over yourself to an IRA or to an eligible employer plan. Thus, you have the same choices as the employee.

#### **5. Other Beneficiaries**

If you are a beneficiary other than a surviving spouse or an alternate payee and receive a payment that can be rolled over on or after January 1, 2007, you can choose to be paid a Direct Rollover to a traditional IRA, which will be treated as an inherited IRA subject to the minimum distribution rules applicable to beneficiaries. Beginning January 1, 2008, you may choose a Direct Rollover to an inherited Roth IRA. You cannot choose a direct rollover to an eligible employer plan, and you cannot roll over the payment yourself.

If you choose to have the distribution paid to you, the mandatory withholding rules described in section titled "Payments Paid to You" do not apply to you.

#### **6. Special Rules for Surviving Spouses, Alternate Payees, and Other Beneficiaries**

If you are a surviving spouse, an alternate payee, or another beneficiary, your payment is generally not subject to the additional 10% tax described in section titled "Payment Paid to You," even if you are younger than 59½.

If you are a surviving spouse, an alternate payee, or another beneficiary, you may be able to use the special tax treatment for lump sum distributions, as described in section titled "Payment Paid to You." If you receive a payment because of the employee's death, you may be able to treat the payment as a lump sum distribution if the employee met the appropriate age requirements, whether or not the employee had five years of participation in the Plan.

## How to Obtain Additional Information

This notice summarizes only the federal (not state or local) tax rules that may 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 the Plan Administrator or a professional tax advisor before you accept a payment of your benefits from your Plan. You can find more specific information on the tax treatment of payments from qualified employer 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 and on the IRS' Web site at <www.irs.gov>, or you may request them by calling 1-800-TAX-FORMS.

## Supplemental Notice to IPERS Members and Beneficiaries

**This supplemental notice was prepared by IPERS staff.** It is intended to supplement the IRS Special Tax Notice and to explain some provisions that are unique to IPERS. If you have any questions after reading this notice, consult your tax advisor or call our office.

### Eligible Rollover Distribution

"Eligible rollover distribution" generally means any distribution, including both taxable and nontaxable portions, if the payment is made in a lump sum. See the IRS Special Tax Notice for the special new rules that apply to rollovers of eligible nontaxable amounts.

Eligible Rollover Distributions do not include:

- Distributions made over the lifetime of the member.
- Distribution payable for a period of 10 years or more.
- Mandatory minimum distributions.
- Any other distribution not permitted to be treated as an "eligible rollover distribution" by the Internal Revenue Service under the Internal Revenue Code.

Members who receive eligible rollover distributions in separate calendar years may treat each year's distribution(s) separately. Members may change their rollover elections by filing a new election form with IPERS before the next distribution is made.

### *Special Note – For Roth IRA Rollovers:*

At the present time IPERS does not withhold any state or federal income taxes on Roth IRA Rollovers even though these amounts will be included in your taxable income.

### *Special Note – For Death Benefits:*

In some cases, the entire amount of a lump-sum distribution is a "mandatory minimum distribution." Therefore, **no portion** of such a payment is an eligible rollover distribution.

IPERS will determine the portion, if any, that is considered a "mandatory minimum distribution." Such portion is not part of an "eligible rollover distribution."

### *Special Note – For Member Refunds, AE Lump-Sum Payments, and Retired Reemployment Investment Lump Sums:*

IPERS will determine the portion, if any, that is considered a "mandatory minimum distribution." Such portion is not part of an "eligible rollover distribution."

### Voluntary Withholding

Under the current voluntary federal income tax withholding rules, IPERS must withhold 10% from the taxable portion of a lump-sum refund which, for one of the reasons described above, does not qualify as an eligible rollover distribution, unless the member elects no withholding.

### State of Iowa Exemption

A special exemption is provided to Iowa residents. To qualify, the recipient must be age 55 or older, or be eligible for disability benefits. Effective January 1, 2001, the exemption amount is \$6000 (\$12,000 for married persons).





# Application for IPERS Refund

If you are age 55 or older, please call our office.

Member: Complete pages 1 through 3 and have your employer(s) complete page 4. Then **return all 4 pages** of the application to Iowa Public Employees' Retirement System, 7401 Register Drive, P.O. Box 9117, Des Moines, IA 50306-9117.

Date of birth: \_\_\_\_\_ Male: \_\_\_\_\_ Female: \_\_\_\_\_ SSN: --

Full name: \_\_\_\_\_ Maiden name: \_\_\_\_\_  
First Middle Last

Mailing address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Home phone: \_\_\_\_\_ Work phone: \_\_\_\_\_

Are you currently employed with a community college or state university in Iowa? Yes\*: \_\_\_\_\_ No: \_\_\_\_\_

\*You are not eligible for an IPERS refund if you are still employed with a community college or state university in Iowa, even if you are covered under a retirement plan other than IPERS.

Are you receiving social security disability or railroad retirement disability benefits? Yes: \_\_\_\_\_ No: \_\_\_\_\_

Are you planning on returning to covered employment? Yes: \_\_\_\_\_ No: \_\_\_\_\_ If yes, enter date: \_\_\_\_\_

List all IPERS-covered employers you have worked for in the last calendar year. If you last terminated IPERS-covered employment earlier than the last calendar year, please list your last IPERS-covered employer.

**IPERS-Covered Employer** **Start Date** **End Date**

Are you now, or have you ever been, employed in a special occupation group, such as police officer, sheriff, or correctional officer? Yes: \_\_\_\_\_ No: \_\_\_\_\_ If yes, please list employer(s) here.

**Employer** **Start Date** **End Date**

## APPLICANT'S AFFIDAVIT

I affirm that I have read the information provided herein, including the Special Tax Notice Regarding Plan Payments (pages 2-7), completed the required bona fide severance period, and fully understand my rights. I understand that by requesting this refund, I waive my right to receive a retirement benefit in the future from Iowa Public Employees' Retirement System based on this period of employment. I further affirm that I received in writing on paper the Special Tax Notice at least 30 days before the anticipated date of distribution and no more than 90 days, or, if I received the Special Tax Notice less than 30 days before the anticipated date of distribution, I hereby waive the 30-day period and direct Iowa Public Employees' Retirement System to issue a refund.

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

## Tax Information

(To be completed by the member)

Are you an Iowa resident? Yes: \_\_\_\_\_ No: \_\_\_\_\_

### Mandatory Withholding

If you do not elect to roll over the entire taxable portion, taxes must be withheld from the taxable portion as follows.

**Federal:** If you do not elect a Direct Rollover, IPERS MUST withhold 20% of the taxable portion.

**State of Iowa:** If you are an Iowa resident and your taxable portion is more than \$6000, IPERS must withhold 5%. To qualify for the \$6000 exemption, you must be age 55 or older, or be eligible for disability benefits.

**Note:** If you are NOT a resident of Iowa or your taxable amount is \$6000 or less, you may still elect to have Iowa income tax withheld. Please check this box if State withholding is requested.

### Additional Withholding\*

\*Complete this section only if you want additional withholding in excess of the mandatory withholding.

Regardless of the amount of your refund, additional taxes may be withheld for both federal and State of Iowa. Complete below if you would like additional taxes withheld beyond the required amount. **Note:** Total withholding cannot exceed the amount of your refund.

**Federal Withholding** Dollar amount: \$ \_\_\_\_\_ OR Percentage: \_\_\_\_\_%

**State of Iowa Withholding** Dollar amount: \$ \_\_\_\_\_ OR Percentage: \_\_\_\_\_%

### Optional Withholding

Complete this section if you want to have federal or State of Iowa taxes withheld from the nontaxable part of your refund or the part of your refund that is not eligible for Direct Rollover. Part of your refund will be ineligible for Direct Rollover if you are age 70½ or older and the refund will be paid AFTER one of the following:

1. April 1 of the calendar year following the calendar year during which you attained age 70½, OR
2. April 1 of the calendar year following the calendar year during which you terminated IPERS-covered employment.

If you elect withholding, IPERS will withhold income tax for federal at 10% and State of Iowa income tax at 5%. If you fail to check the following blanks, IPERS will withhold as required. If federal is withheld, then state must be withheld as applicable. See the *Supplemental Notice* for more information about the Iowa exemption.

**Federal Withholding** Yes: \_\_\_\_\_ No: \_\_\_\_\_

**State of Iowa Withholding** Yes: \_\_\_\_\_ No: \_\_\_\_\_

### Additional Withholding

Complete below if you would like additional taxes withheld beyond the required amount. **Note:** Total withholding cannot exceed the amount of your refund.

**Federal Withholding** Dollar amount: \$ \_\_\_\_\_ OR Percentage: \_\_\_\_\_%

**State of Iowa Withholding** Dollar amount: \$ \_\_\_\_\_ OR Percentage: \_\_\_\_\_%

**Cash or Rollover Election**  
(To be completed by the member)

Enclosed with this application you will find the *Special Tax Notice* and *Supplemental Notice*, which help explain your rollover options. Please read these notices and then answer the following questions:

**Taxable (Pretax) Portion**

Check ONE of the following concerning the taxable portion of your IPERS refund.

1.  I elect to cash out my taxable amount. Please mail my taxable portion to me.
2.  I elect to have IPERS roll over the entire taxable portion of my payment to an IRA or an eligible employer retirement plan.
3.  I elect a partial rollover of the taxable portion in the amount of \$\_\_\_\_\_.

Complete the following to indicate where you would like the rollover to be sent:

Account number: \_\_\_\_\_

Make check payable to (rollover company): \_\_\_\_\_

For Benefit Of (FBO): \_\_\_\_\_

Mailing address of your rollover company: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

**Type of rollover account:**

- |   |   |   |
|---|---|---|
| <input type="checkbox"/> Traditional IRA**<br><small>**Excluding Simple IRA and Education IRA</small> | <input type="checkbox"/> Qualified Plan<br>401(a), including 401(k) | <input type="checkbox"/> 403(a) Annuity               |
| <input type="checkbox"/> Roth IRA   |   | <input type="checkbox"/> 403(b) Annuity               |
|   |   | <input type="checkbox"/> 457(b) Deferred Compensation |
|   |   | <input type="checkbox"/> SEP                          |

**Nontaxable (After-Tax) Portion**  
(Includes only member funds)

Check ONE of the following concerning the nontaxable portion of your IPERS refund.

1.  I elect to cash out my nontaxable amount. Please mail my nontaxable portion to me.
2.  I elect to have IPERS roll over the entire nontaxable portion of my payment to an IRA or an eligible employer retirement plan.
3.  I elect a partial rollover of the nontaxable portion in the amount of \$\_\_\_\_\_.

Complete the following to indicate where you would like the rollover to be sent:

Account number: \_\_\_\_\_

Make check payable to (rollover company): \_\_\_\_\_

For Benefit Of (FBO): \_\_\_\_\_

Mailing address of your rollover company: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

**Type of rollover account:**

- |   |   |   |
|---|---|---|
| <input type="checkbox"/> Traditional IRA**<br><small>**Excluding Simple IRA and Education IRA</small> | <input type="checkbox"/> Qualified Plan<br>401(a), including 401(k) | <input type="checkbox"/> 403(a) Annuity |
| <input type="checkbox"/> Roth IRA   |   | <input type="checkbox"/> 403(b) Annuity |
|   |   | <input type="checkbox"/> SEP            |

**Employer Page**

Member name: \_\_\_\_\_

It is the member's responsibility to have this portion completed and signed by each IPERS-covered employer the member worked for in the last 12 months. (Note: If more than one employer, the member must make copies for each employer to complete.) If the member has been out of all IPERS-covered employment for more than 1 year as of the date of this application, this verification page is not required.

**This section to be completed only by an Employer Reporting Official**

Please return this page to the member. Do not send this page directly to IPERS.

Please note that if an employee worked for you for less than 6 months, **you should NOT complete this form.** You may file a *Periodic Wage-Reporting Adjustments* form instead. You cannot file a *Periodic Wage-Reporting Adjustments* form with respect to this individual once this refund form has been signed by you.

Employer: \_\_\_\_\_

I HEREBY CERTIFY that the records of this employer show the following:

Is this person leaving your employment because of disability? Yes: \_\_\_\_\_ No: \_\_\_\_\_

Is this person going on an official leave of absence with you? Yes: \_\_\_\_\_ No: \_\_\_\_\_

Date last considered an employee:

\_\_\_\_\_  
Month Day Year

Date of last paycheck from which IPERS contribution was or will be deducted:

\_\_\_\_\_  
Month Day Year

Dates in a protection occupation\*:

From \_\_\_\_\_ to \_\_\_\_\_

Dates as a sheriff/deputy/pre-July 1, 2004, airport firefighter:

From \_\_\_\_\_ to \_\_\_\_\_

Employer Reporting Official's Signature: \_\_\_\_\_

Title of Employer Reporting Official: \_\_\_\_\_

Employer's IPERS account number: \_\_\_\_\_

Date: \_\_\_\_\_ Phone: \_\_\_\_\_

\*Protection occupations: Airport firefighters (effective July 1, 2004); airport safety officers; airport security officers; Department of Corrections correctional officers; Department of Transportation peace officers; fire prevention inspection peace officers; marshals; police officers; firefighters in cities not covered under Iowa Code Chapters 400, 410, or 411 (special rules apply to volunteer firefighters); and conservation peace officers.