



Public School Employees Refund Application Instructions

Refund Provisions

As a former member of the Michigan Public School Employees Retirement System, you are entitled, upon request, to a refund of your personal contributions, plus interest, if you meet **all** the following conditions.

- You have ceased employment with all public schools in Michigan
- You are not on a leave of absence
- You are not on a layoff period expected to last less than 12 months
- You do not meet the age and service requirements for a monthly pension

Funds eligible for refund include:

- Contributions you made to the Michigan Public School Employees Retirement System, including Member Investment Plan (MIP) contributions
- Payments you made to the Retirement System to purchase additional service credit
- Interest paid to your account

Contributions paid by your employer(s) are not eligible for refund to you or your employer(s).

If you accept a refund, you cancel the corresponding service credit and forfeit all accrued retirement benefits under the contributory plan.

You can reinstate service credit canceled by a refund by repaying the refunded amount with interest after you return to public school employment for one year of credited service under the Michigan Public School Employees Retirement System. If you are separated from public school employment under this System for five calendar years or more, you must return to work for two years of credited service before you are eligible to repay the refund.

Vested Deferred Members

You are vested and entitled to a deferred pension at age 60 if you have 10 or more years of credited service as a public school employee under this System, leave employment before age 60 for reasons other than retirement or death **and** leave your accumulated contributions on deposit. If you accept a refund, you cancel all future retirement benefits accrued under the contributory plan.

If you have questions about your years of credited service or pension eligibility requirements, contact the Office of Retirement Services at (517) 322-5103 in the Lansing area, or toll-free, (800) 381-5111.

Payment of Refunds

Wage, service and contribution information is posted to your retirement account when it is received from your employer. There is at least one full pay period delay between when money is withheld from your paycheck and when it is posted to your account. When we receive your refund application, we will process your payment within 90 days based on the information on account. You may receive a second (residual) check if additional contributions are posted to your account after your refund is issued.

Federal Income Tax Withholding

Michigan Public School Employees Retirement System is a qualified pension plan under Section 401 (a) of the Internal Revenue Code. As a result, the Retirement System must comply with federal regulations regarding refunds.

Federal law makes all refunds of previously untaxed moneys issued after December 31, 1992, subject to federal income tax withholding regulations. Please consider the following summarized information before you decide how to receive your refund. This summary outlines your refund options.

A refund of previously untaxed money from the Retirement System can be taken in two ways. You can have all or any portion of your refund either paid in a direct plan-to-plan transfer or paid to you. A plan-to-plan transfer is a payment of your refund to your individual retirement arrangement (IRA) or to another employer plan. Your choice of how you take your refund will affect the tax you owe.

If you choose a direct plan-to-plan transfer, your refund will not be taxed in the current year and no income tax will be withheld. Your refund will be paid directly to your IRA or, if you choose, to another employer plan that accepts your transfer. Your refund will be taxed later, when you take it out of the IRA or the employer plan.

If you choose to have your Retirement System refund paid directly to you, you will receive only 80% of the refund. The Retirement System is required to withhold 20% of the refund and send it to the IRS as income tax withholding to be credited against your taxes. Your refund will be taxed in the current year unless you transfer it. You may be able to use special tax rules that could reduce the tax you owe.

However, if you receive the refund before age 59 1/2, you may also have to pay an additional 10% tax.

You may choose to receive your Retirement System refund directly and later wish to transfer it into your IRA or another employer plan that can accept your plan-to-plan transfer. You may do so within 60 days of receiving your refund. The amount transferred will not be taxed until you take it out of your IRA or employer plan. If you want to transfer 100% of your refund to an IRA or an employer plan, you must find other money to replace the 20% that was withheld. If you roll over only the 80% that you received, you will be taxed on the 20% that was withheld and not transferred.

This notice summarizes only the federal (not state and local) tax rules that might apply to your refund. The rules are complex and contain many conditions and exceptions not included on this application. Therefore, you may want to consult with the IRS before you take a refund of your contributions from the Retirement System.

You can find more specific information on the tax treatment of payments from qualified retirement plans in IRS publication 575, *Pension and Annuity Income*, or IRS Publication 590, *Individual Retirement Arrangements*. These publications are available from your local IRS office or by calling 1-800-TAX-FORMS.

After you decide how you want to receive your refund, complete the application form and forward it to ORS.



Public School Employees Refund Application

OFFICE USE ONLY

Applicant Instructions: You must complete Sections A and D. If you choose option 2 or 3 in Section A, have your financial institution complete Section B. If you terminated public school employment within the last two years, have your last employer complete Section C. Mail your completed application to ORS at the above address, or you can fax it. Contact ORS for a current fax number. You will normally receive your refund within 90 days from the date the Retirement System receives your properly completed application. If your application is incomplete, it will be returned to you for correction.

Detach here. Return only pages 3 and 4.

Section A: To be completed by refund applicant. (Please Print)		
NAME		SOCIAL SECURITY NUMBER
ADDRESS		DATE OF BIRTH
CITY, STATE, ZIP		DAYTIME TELEPHONE NUMBER
LAST NAME(S) USED WHILE EMPLOYED	REPORTING UNIT (SCHOOL DISTRICT) NAME	DATE LAST WORKED IN ANY MICHIGAN PUBLIC SCHOOL

Refund Election: The Michigan Public School Employees Retirement System is a qualified pension plan under Section 401 (a) of the Internal Revenue Code and must comply with federal regulations regarding payment of refunds. Therefore, please select **one** of the following three options:

- 1. I wish to have my refund paid directly to me. I understand that 20% of the sum of my previously untaxed contributions and accrued interest will be withheld as federal income tax withholding.
- 2. I wish to have my previously untaxed contributions and interest transferred directly into the qualified retirement plan or individual retirement arrangement indicated in Section B. I understand any previously taxed contributions will be refunded to me.
- 3. I wish to have \$_____ of my previously untaxed contributions and interest transferred directly into the qualified retirement plan or individual retirement arrangement indicated in Section B. Please pay the remainder of my refund directly to me. I understand that 20% of the previously untaxed contributions and interest paid to me will be withheld as federal income tax withholding.

Section B: To be completed by financial institution, ONLY IF Option 2 or 3 in Section A is selected. After completing Section B, return form to refund applicant.		
In accordance with the authorization in Section A, we agree to deposit the forthcoming rollover amount from the Michigan Public School Employees Retirement System into the following account. We understand the rollover may take up to 90 days to process. Please check the type of account: <input type="checkbox"/> Individual Retirement Account (IRA) <input type="checkbox"/> Qualified Pension Plan		
MAKE CHECK PAYABLE TO: (PLAN OR IRA NAME)		ACCOUNT NUMBER
ADDRESS	CITY, STATE, ZIP	
SIGNATURE OF PLAN ADMINISTRATOR OR TRUSTEE	TELEPHONE NUMBER	DATE

Section C: To be completed by a payroll official of the applicant's last public school employer *if employment ended within the last two years. After completing Section C, return form to refund applicant.*

EMPLOYEE NAME

SOCIAL SECURITY NUMBER*

I certify that _____ has:

ceased all employment in this reporting unit, is not on leave of absence, and is not on layoff expected to last less than 12 months; or

has elected to participate in an Optional Retirement Plan (ORP).

REPORTING UNIT NAME

REPORTING UNIT NUMBER

LAST DATE CONTRIBUTIONS WITHHELD FROM EMPLOYEE WAGES

REPORTING UNIT OFFICIAL SIGNATURE

DATE SIGNED

REPORTING UNIT OFFICIAL TITLE

TELEPHONE NUMBER

Section D: To be completed by refund applicant. *Your signature must be witnessed by a Notary Public before the Retirement System will process this application.*

I certify I have read the provisions regarding payment of refunds from this Retirement System and, after careful consideration, have decided that, **even if eligible for future benefits**, I still request a refund. I realize I am giving up my retirement rights accumulated under the contributory plan by taking a refund.

I certify I have ceased employment in all public-supported educational institutions under this Retirement System, am not on leave

of absence and am not on a layoff expected to last 12 months or less, or have elected to participate in an optional retirement plan. I request that the accumulated balance in my account plus interest be refunded as indicated in Section A. I understand that by accepting the refund and/or transfer, I am releasing the Michigan Public School Employees Retirement System from any claim of accumulated benefits under the contributory plan and hereby forfeit such rights and benefits.

SIGNATURE OF REFUND APPLICANT

DATE

Notary Public:

Subscribed and sworn to before me this _____ day of _____, A.D. _____

County of _____, State of _____.

My Commission Expires _____, _____.

STAMP

NOTARY SIGNATURE