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# WITHDRAWAL APPLICATION

This booklet contains:

- Options to Consider Before You Withdraw
- Application Instructions
- Application for Withdrawal of Contributions
- IRS W-4R Withholding Certificate for Nonperiodic Payments and Eligible Rollover Distributions
- Tax Information

KPERS

# Options To Consider Before You Withdraw

**What It Means to Be Vested**
When you are "vested," it means you have earned enough service credit to guarantee a retirement benefit, even if you leave covered employment.

*KPERS 1, 2 & 3*
- All KPERS members vest with five years of service.

*KP&F*
- Tier I members vest with 20 years of service.
- Tier II members vest with 15 years of service.

*Judges*
- Judges vest when they are elected or appointed.

**If You Are Vested**
You are **guaranteed** a monthly retirement benefit for the rest of your life if you leave your contributions in your account. Often, if you have a significant amount of service, your vested benefit is more valuable than the amount of your actual contributions. If you keep your contributions with the Retirement System, you can apply for retirement benefits when you become eligible. Your contributions continue to earn interest and you can withdraw them at any time if you change your mind. If you decide to withdraw, consider a rollover to another retirement account. This will preserve your savings efforts and defer taxes.

If you do not withdraw and you return to covered employment, you will immediately become a contributing active member again and keep the credit for your past public service.

**If You Are Not Vested**
You are **not guaranteed** a retirement benefit. You need to withdraw your account balance **within five years** of the date you end employment. Your contributions earn interest for five years (two years for KPERS 3 members). After five years, you forfeit your service. KPERS 1 members who reach age 65 within the five-year period may apply for retirement benefits.

If you do not withdraw and you return to employment within five years, you will keep the credit for your past public service. You will return as a KPERS 3 member.

**Options for Withdrawing Your Contributions**
You can apply to withdraw your contributions any time 31 days after you end employment. If you withdraw, you will give up all Retirement System rights, benefits and service credit. Employer contributions made on your behalf stay with the Retirement System. You can receive your contributions plus interest as a direct payment to you or roll over the amount into an eligible retirement plan. The decision to withdraw could affect your financial future, especially if you have many years of public service and accumulated contributions. Please seek professional tax advice before withdrawing.

Option 1 Roll your contributions over into an eligible retirement plan like a 457(b) deferred compensation plan, 403(b) annuity, 401(k) plan, individual retirement account (IRA), Roth IRA or a qualified retirement plan. Except for the Roth IRA, this option allows you to defer paying taxes until a later date. The type of plan that can accept your rollover is determined by whether or not you have already paid tax on your contributions.

Option 2 Have your contributions paid directly to you. KPERS is required to withhold 20% for federal taxes. You may owe additional federal taxes and possibly a 10% federal penalty if you are under age 59½. If you want to withhold more, enter the rate on line 2 of the W-4R form (Withholding Certificate for Nonperiodic Payments). You cannot withhold less than 20%.

**Reasons to Roll Over Contributions Instead of Taking a Direct Payment**
- Preserve your past efforts toward saving for retirement.
- Keep from paying taxes right away, giving your money more time to compound.*
- Avoid paying federal penalties for early distribution.

**A rollover to a Roth IRA is a taxable distribution in the year the funds are transferred. This type of rollover does have other tax advantages.*

**The Withdrawal Process***
1. Complete the withdrawal application at least 31 days after you end employment, and send it to the Retirement System.
2. When we receive your completed application and any final payroll information, we will send payment within four weeks.
3. KPERS will send you a 1099-R form the following January for your income tax return.

**KPERS 1 & KPERS 2 members: Interest is credited annually on June 30. If you withdraw before June 30, you will not receive your interest for the current year. Interest for KPERS 3 is credited quarterly.*

# Application Instructions

## ■ Part A – Member Information

**Important:** You must be off payroll from any Retirement System-covered position for at least 31 days before signing and submitting this application. You may not withdraw contributions if you are employed in a covered position, or you move to a non-covered position with **any KPERS-affiliated employer**. Kansas law requires that your application for withdrawal cannot be signed and submitted until 31 days after you end employment.

**Interest Crediting:** For KPERS 1 and KPERS 2 members, interest is credited annually on June 30. If the Retirement System receives your application before June 30, you will not receive your interest for the current year. For KPERS 3 members, interest is credited quarterly.

1. Enter your Social Security number.
2. Enter your current legal first name, middle initial and last name. If the name on your KPERS account is different, name change documents will be required.
3. Mark the corresponding box to indicate the plan(s) you are withdrawing from. If you are withdrawing from more than one plan (for example, KPERS and KP&F), submit **two** applications if you are choosing **different** payment options for each plan.

4-6. Enter the indicated personal information. Enter the mailing address to which the Retirement System should direct all communications on your behalf.

## ■ Part B – Payment Information

**Important:** Your contributions can be paid directly to you or rolled over to an eligible retirement plan. Read the "Tax Information Regarding Plan Payments" section *before* completing Part B.

Lump-sum payments are taxable income under federal law unless directly rolled over into an eligible retirement plan. If you do not roll over your lump sum, KPERS is required to withhold 20% for federal taxes. You may owe additional federal taxes and possibly a 10% federal penalty if you are under age 59½. If you want to withhold more, enter the rate on line 2 of the W-4R form (Withholding Certificate for Nonperiodic Payments). You cannot withhold less than 20%. You don't need to complete the W-4R form if you don't want more than 20% withheld.

Taxable amounts that are rolled over to a qualified defined contribution plan or traditional IRA will not be taxed until taken out of the plan.

You may be eligible to establish a Roth IRA to receive a direct rollover. You are responsible for determining if you meet the Internal Revenue Service's income limits and filing status requirements for establishing a Roth IRA. Please seek professional tax advice if you are considering this option. A rollover to a Roth IRA is **taxable** and will be subject to federal income tax. KPERS does not withhold federal income tax for a rollover to a Roth IRA. We will send you a 1099-R tax form the following January for your federal income tax return.

### Taxable Amount

1. Mark this box to have the entire taxable amount paid directly to you. KPERS will withhold 20% for federal taxes unless you indicate a higher rate on the W-4R form. Advance to Nontaxable Amounts.
2. Mark this box to have the entire taxable amount paid to a qualified defined contribution plan, traditional IRA or Roth IRA. Advance to #4.
3. Mark this box to have **part** of the taxable amount paid to a qualified defined contribution plan, traditional IRA or Roth IRA and the remainder to you. Enter the rollover amount in the space provided. The minimum rollover is $500. KPERS will withhold 20% for federal taxes from the portion paid to you unless you indicate a higher rate on the W-4R form. Advance to #4.
4. If you marked #2 or #3, indicate the name, mailing address, account number and plan type of each rollover plan. If different, provide address where the check should be mailed. Verify with your financial institution or plan *exactly* how the check should be made payable. Indicate the percentage of payment to be placed within each plan. The total percentage amounts must be in whole numbers and equal 100%.

### Nontaxable Amount

**Note**: Part of your lump sum payment will be considered **nontaxable** if you made any contributions on an after-tax basis.

You made contributions on an after-tax basis if you:
- Were a member before July 1984.
- Purchased service with a lump-sum payment other than a rollover or trustee-to-trustee transfer.

1. Mark this box to have the entire nontaxable amount paid to you. Advance to Part C.
2. Mark this box to have the entire nontaxable amount paid to a qualified defined contribution plan, traditional IRA or Roth IRA. Advance to #7.
3. If you marked #6, indicate the name, address, account number and plan type of the rollover plan. If different, provide address where the check should be mailed. Verify with your financial institution or plan *exactly* how your withdrawal check should be made payable.

# Application Instructions (cont.)

**State of Kansas Setoff Program**
The State of Kansas Setoff program is a program used to collect certain government debts. If you owe a debt to a Kansas state agency, municipality, municipal court or district court, your payment will be applied (set-off) to that delinquent debt. If your withdrawal payment is set-off, additional time will be required to process your payment.

For more information on the Setoff Program, visit admin.ks.gov or call the Customer Center at (785) 296-4628 or email KSsetoff@ks.gov.

## ■ Part C – Direct Deposit Information

**Note:** Please verify the financial account information with your financial institution before completing this section.

1. Indicate whether you want your payment deposited into your personal account.
2. Enter the name of the financial institution.
3. Enter the city and state where the financial institution is located.
4. Enter the telephone number of the financial institution.
5. Indicate the type of account.
6. Enter the routing number for *electronic transfers*. This may be different from the routing number for the branch bank where the account is held.
7. Enter the account number to receive the payment.

## ■ Part D – Member Statement and Signature

**Note**: Your signature must be notarized or KPERS cannot process your withdrawal.

1. Indicate your marital status.
2. Read and understand the statement, then sign and date the form. This form cannot be signed until at least 31 days after last date you earned compensation as reported by your employer.
3. Your signature must be notarized.

**Important:** By signing this application, you irrevocably forfeit all service and any right to disability, retirement and any other benefits you may be entitled to as a Retirement System member. This includes any benefits you are currently receiving or could receive in the future. A leave of absence not exceeding one year, military service or a total disability is not considered an end in employment or a break in continuous employment, unless you resign following that leave, service or disability.

If you recently left employment, your withdrawal application cannot be processed until the Retirement System receives the proper report and remittance from your former employer.

## ■ Part E – Spousal Consent for Withdrawal of Vested Member's Contributions

**Note:** Kansas law recognizes a spouse's financial interest in a *vested* member's decision to withdraw Retirement System contributions by requiring the member's spouse to consent to the withdrawal. His or her signature must be notarized for KPERS to accept this application.

When a Retirement System member is vested, it means that the member is guaranteed retirement benefits upon reaching the statutory retirement age. Often, if a member has a significant amount of service, the vested benefit is more valuable than the amount of the actual contributions. The decision to withdraw contributions once a member is vested could affect his or her financial future, especially if the member has many years of public service and accumulated contributions. If you haven't already, take this opportunity to discuss your financial situation and retirement plans with your spouse.

1. Spouse prints his or her name.
2. Spouse should read and understand the statement, then sign and date the form to attest that he or she understands and agrees with the member's decision to withdraw contributions.
3. Spouse's signature must be notarized.

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KPERS-13 Rev. 4/24

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# APPLICATION FOR WITHDRAWAL OF CONTRIBUTIONS

For security reasons, do not submit application by e-mail.

■ **Contact Us – toll free**: 1-888-275-5737 • **phone**: 785-296-6166 • **fax**: 785-296-6638
**email**: kpers@kpers.org • **web site**: kpers.org • **mail**: 611 S. Kansas Ave., Suite 100, Topeka, KS 66603

■ **Important –** Kansas law requires that your application for withdrawal cannot be signed and submitted until 31 days after you end employment. KPERS will send a 1099-R tax form the following January for your federal income tax return.

## ■ Part A – Member Information

1. Social Security Number: _____
2. Name (First, MI, Last): _____
3. Withdrawing From (mark all that apply): ❒ KPERS ❒ KP&F ❒ Judges
4. Telephone Number: _____
5. Mailing Address: _____
   City, State, Zip: _____
6. E-mail Address: _____

## ■ Part B – Payment Information –

Withdrawn contributions may be paid directly to you or rolled over into an eligible retirement plan. Please read the enclosed "Important Tax Information" booklet before completing this section.

**Taxable Amount** – Please choose **one** payment option for the *taxable* amount of your payment.

**Important**: Lump-sum payments are taxable income under federal law unless directly rolled over into an eligible retirement plan. If you do not roll over your lump sum, KPERS is required to withhold 20% for federal taxes. You may owe additional federal taxes and possibly a 10% federal penalty if you are under age 59½. If you want to withhold more, enter the rate on line 2 of the W-4R form (Withholding Certificate for Nonperiodic Payments). You cannot withhold less than 20%. You don't need to complete the W-4R form if you don't want more than 20% withheld.

1. ❒ Pay the entire *taxable* amount to me. *Advance to Nontaxable Amount section.*
2. ❒ Pay the entire *taxable* amount to a qualified defined contribution plan, traditional IRA or Roth IRA. *Advance to #4.*
3. ❒ Pay part of the *taxable* amount to a qualified defined contribution plan, traditional IRA or Roth IRA and the remainder to me. Enter the dollar amount to be paid to a rollover plan: $_____ The minimum rollover is $500. *Advance to #4.*
4. If you marked #2 or #3, please list the name, address, account number and plan type of each rollover plan. Indicate percentage amounts to be paid to each plan. Total percentage amounts must be in whole numbers and equal 100%. Verify with your financial institution or rollover plan exactly how your withdrawal check should be made payable.

   *a. Rollover Plan #1*

   Check payable to: _____ Check mailed to: _____
   Mailing Address: _____ Mailing Address: _____
   City, State, Zip: _____ City, State, Zip: _____
   Account Number: _____ Percentage to Be Rolled Over: _____ %
   Select Plan Type: ❒ Traditional IRA ❒ Roth IRA ❒ Qualified defined contribution plan

   *b. Rollover Plan #2*

   Check payable to: _____ Check mailed to: _____
   Mailing Address: _____ Mailing Address: _____
   City, State, Zip: _____ City, State, Zip: _____
   Account Number: _____ Percentage to Be Rolled Over: _____ %
   Select Plan Type: ❒ Traditional IRA ❒ Roth IRA ❒ Qualified defined contribution plan

Member Name (Please Print): _____ Social Security Number: _____

**Nontaxable Amount**: Please choose **one** payment option for any *nontaxable* amount of your payment.

5. ❒ Pay the entire *nontaxable* amount to me. *Advance to Part C*.
6. ❒ Pay the entire *nontaxable* amount to a qualified defined contribution plan, traditional IRA or Roth IRA. *Advance to #7*.
7. If you marked #6 above, please list the name, address, account number and plan type of the rollover plan. Verify with your financial institution or rollover plan exactly how your withdrawal check should be made payable.

*a. Rollover Plan*

Check payable to: _____ Check mailed to: _____

Mailing Address: _____ Mailing Address: _____

City, State, Zip: _____ City, State, Zip: _____

Account Number: _____

Select Plan Type: ❒ Traditional IRA ❒ Roth IRA ❒ Qualified defined contribution plan

If you chose to have a payment directly to you (not a rollover), complete the IRS W-4R form (Withholding Certificate for Nonperiodic Payments and Eligible Rollover Distributions) on the next page for federal tax withholding on your lump-sum. If you don't submit a W-4R form, KPERS is required to withhold 20% for federal taxes.

If you are rolling over your lump-sum payment, or receiving only a nontaxable amount, you don't need to complete the IRS W-4R form. Continue to Part D on page 13.

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Form **W-4R**

Department of the Treasury
Internal Revenue Service

# Withholding Certificate for Nonperiodic Payments and Eligible Rollover Distributions

**Give Form W-4R to the payer of your retirement payments.**

OMB No. 1

2024

| **1a** First name and middle initial | Last name | **1b Social security number** |
|---|---|---|
| | | |

Address

City or town, state, and ZIP code

Your withholding rate is determined by the type of payment you will receive.

- For nonperiodic payments, the default withholding rate is 10%. You can choose to have a different rate by entering a rate between 0% and 100% on line 2. Generally, you can't choose less than 10% for payments to be delivered outside the United States and its territories.
- For an eligible rollover distribution, the default withholding rate is 20%. You can choose a rate greater than 20% by entering the rate on line 2. You may not choose a rate less than 20%.

See page 2 for more information.

| | | | |
|---|---|---|---|
| **2** | Complete this line if you would like a rate of withholding that is different from the default withholding rate. See the instructions on page 2 and the Marginal Rate Tables below for additional information. Enter the rate as a whole number (no decimals) . . . . . | **2** | % |

**Sign Here**

**Your signature** (This form is not valid unless you sign it.) **Date**

## General Instructions

Section references are to the Internal Revenue Code.

**Future developments.** For the latest information about any future developments related to Form W-4R, such as legislation enacted after it was published, go to *www.irs.gov/FormW4R*.

**Purpose of form.** Complete Form W-4R to have payers withhold the correct amount of federal income tax from your nonperiodic payment or eligible rollover distribution from an employer retirement plan, annuity (including a commercial annuity), or individual retirement arrangement (IRA). See page 2 for the rules and options that are available for each type of payment. Don't use Form W-4R for periodic payments (payments made in installments at regular intervals over a period of more than 1 year) from these plans or arrangements. Instead, use Form W-4P, Withholding Certificate for Periodic Pension or Annuity Payments. For more information on withholding, see Pub. 505, Tax Withholding and Estimated Tax.

**Caution:** If you have too little tax withheld, you will generally owe tax when you file your tax return and may owe a penalty unless you make timely payments of estimated tax. If too much tax is withheld, you will generally be due a refund when you file your tax return. Your withholding choice (or an election not to have withholding on a nonperiodic payment) will generally apply to any future payment from the same plan or IRA. Submit a new Form W-4R if you want to change your election.

## 2024 Marginal Rate Tables

You may use these tables to help you select the appropriate withholding rate for this payment or distribution. Add your income from all sources and use the column that matches your filing status to find the corresponding rate of withholding. See page 2 for more information on how to use this table.

| **Single or Married filing separately** | | **Married filing jointly or Qualifying surviving spouse** | | **Head of household** | |
|---|---|---|---|---|---|
| *Total income over—* | **Tax rate for every dollar more** | *Total income over—* | **Tax rate for every dollar more** | *Total income over—* | **Tax rate for every dollar more** |
| $0 | **0%** | $0 | **0%** | $0 | **0%** |
| 14,600 | **10%** | 29,200 | **10%** | 21,900 | **10%** |
| 26,200 | **12%** | 52,400 | **12%** | 38,450 | **12%** |
| 61,750 | **22%** | 123,500 | **22%** | 85,000 | **22%** |
| 115,125 | **24%** | 230,250 | **24%** | 122,400 | **24%** |
| 206,550 | **32%** | 413,100 | **32%** | 213,850 | **32%** |
| 258,325 | **35%** | 516,650 | **35%** | 265,600 | **35%** |
| 623,950* | **37%** | 760,400 | **37%** | 631,250 | **37%** |

*If married filing separately, use $380,200 instead for this 37% rate.

# General Instructions *(continued)*

**Nonperiodic payments—10% withholding.** Your payer must withhold at a default 10% rate from the taxable amount of nonperiodic payments **unless** you enter a different rate on line 2. Distributions from an IRA that are payable on demand are treated as nonperiodic payments. Note that the default rate of withholding may not be appropriate for your tax situation. You may choose to have no federal income tax withheld by entering "-0-" on line 2. See the specific instructions below for more information. Generally, you are not permitted to elect to have federal income tax withheld at a rate of less than 10% (including "-0-") on any payments to be delivered outside the United States and its territories.

***Note:*** If you don't give Form W-4R to your payer, you don't provide an SSN, or the IRS notifies the payer that you gave an incorrect SSN, then the payer must withhold 10% of the payment for federal income tax and can't honor requests to have a lower (or no) amount withheld. Generally, for payments that began before 2024, your current withholding election (or your default rate) remains in effect unless you submit a Form W-4R.

**Eligible rollover distributions—20% withholding.** Distributions you receive from qualified retirement plans (for example, 401(k) plans and section 457(b) plans maintained by a governmental employer) or tax-sheltered annuities that are eligible to be rolled over to an IRA or qualified plan are subject to a 20% default rate of withholding on the taxable amount of the distribution. You can't choose withholding at a rate of less than 20% (including "-0-"). Note that the default rate of withholding may be too low for your tax situation. You may choose to enter a rate higher than 20% on line 2. Don't give Form W-4R to your payer unless you want more than 20% withheld.

Note that the following payments are **not** eligible rollover distributions for purposes of these withholding rules:

- Qualifying "hardship" distributions;
- Distributions required by federal law, such as required minimum distributions;
- Generally, distributions from a pension-linked emergency savings account;
- Eligible distributions to a domestic abuse victim;
- Qualified disaster recovery distributions;
- Qualified birth or adoption distributions; and
- Emergency personal expense distributions.

See Pub. 505 for details. See also *Nonperiodic payments—10% withholding* above.

**Payments to nonresident aliens and foreign estates.** Do not use Form W-4R. See Pub. 515, Withholding of Tax on Nonresident Aliens and Foreign Entities, and Pub. 519, U.S. Tax Guide for Aliens, for more information.

**Tax relief for victims of terrorist attacks.** If your disability payments for injuries incurred as a direct result of a terrorist attack are not taxable, enter "-0-" on line 2. See Pub. 3920, Tax Relief for Victims of Terrorist Attacks, for more details.

# Specific Instructions

## Line 1b

For an estate, enter the estate's employer identification number (EIN) in the area reserved for "Social security number."

## Line 2

**More withholding.** If you want more than the default rate withheld from your payment, you may enter a higher rate on line 2.

**Less withholding (nonperiodic payments only).** If permitted, you may enter a lower rate on line 2 (including "-0-") if you want less than the 10% default rate withheld from your payment. If you have already paid, or plan to pay, your tax on this payment through other withholding or estimated tax payments, you may want to enter "-0-".

**Suggestion for determining withholding.** Consider using the Marginal Rate Tables on page 1 to help you select the appropriate withholding rate for this payment or distribution. The tables are most accurate if the appropriate amount of tax on all other sources of income, deductions, and credits has been paid through other withholding or estimated tax payments. If the appropriate amount of tax on those sources of income has not been paid through other withholding or estimated tax payments, you can pay that tax through withholding on this payment by entering a rate that is greater than the rate in the Marginal Rate Tables.

The marginal tax rate is the rate of tax on each additional dollar of income you receive above a particular amount of income. You can use the table for your filing status as a guide to find a rate of withholding for amounts above the total income level in the table.

To determine the appropriate rate of withholding from the table, do the following. Step 1: Find the rate that corresponds with your total income not including the payment. Step 2: Add your total income and the taxable amount of the payment and find the corresponding rate.

If these two rates are the same, enter that rate on line 2. (See *Example 1* below.)

If the two rates differ, multiply (a) the amount in the lower rate bracket by the rate for that bracket, and (b) the amount in the higher rate bracket by the rate for that bracket. Add these two numbers; this is the expected tax for this payment. To get the rate to have withheld, divide this amount by the taxable amount of the payment. Round up to the next whole number and enter that rate on line 2. (See *Example 2* below.)

If you prefer a simpler approach (but one that may lead to overwithholding), find the rate that corresponds to your total income including the payment and enter that rate on line 2.

**Examples.** Assume the following facts for *Examples 1* and *2*. Your filing status is single. You expect the taxable amount of your payment to be $20,000. Appropriate amounts have been withheld for all other sources of income and any deductions or credits.

***Example 1.*** You expect your total income to be $62,000 without the payment. Step 1: Because your total income without the payment, $62,000, is greater than $61,750 but less than $115,125, the corresponding rate is 22%. Step 2: Because your total income with the payment, $82,000, is greater than $61,750 but less than $115,125, the corresponding rate is 22%. Because these two rates are the same, enter "22" on line 2.

***Example 2.*** You expect your total income to be $43,700 without the payment. Step 1: Because your total income without the payment, $43,700, is greater than $26,200 but less than $61,750, the corresponding rate is 12%. Step 2: Because your total income with the payment, $63,700, is

greater than $61,750 but less than $115,125, the corresponding rate is 22%. The two rates differ. $18,050 of the $20,000 payment is in the lower bracket ($61,750 less your total income of $43,700 without the payment), and $1,950 is in the higher bracket ($20,000 less the $18,050 that is in the lower bracket). Multiply $18,050 by 12% to get $2,166. Multiply $1,950 by 22% to get $429. The sum of these two amounts is $2,595. This is the estimated tax on your payment. This amount corresponds to 13% of the $20,000 payment ($2,595 divided by $20,000). Enter "13" on line 2.

**Privacy Act and Paperwork Reduction Act Notice.** We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to provide this information only if you want to (a) request additional federal income tax withholding from your nonperiodic payment(s) or eligible rollover distribution(s); (b) choose not to have federal income tax withheld from your nonperiodic payment(s), when permitted; or (c) change a previous Form W-4R (or a previous Form W-4P that you completed with respect to your nonperiodic payments or eligible rollover distributions). To do any of the aforementioned, you are required by sections 3405(e) and 6109 and their regulations to provide the information requested on this form. Failure to provide this information may result in inaccurate withholding on your payment(s). Failure to provide a properly completed form will result in your payment(s) being subject to the default rate; providing fraudulent information may subject you to penalties.

Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation, and to cities, states, the District of Columbia, and U.S. commonwealths and territories for use in administering their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The average time and expenses required to complete and file this form will vary depending on individual circumstances. For estimated averages, see the instructions for your income tax return.

If you have suggestions for making this form simpler, we would be happy to hear from you. See the instructions for your income tax return.

Member Name (Please Print): _____ Social Security Number: _____

## ■ Part C – Direct Deposit Information –

If all or part of your contributions will be paid directly to you, the payment can be deposited directly into your checking or savings account. If you mark "no," the payment will be mailed to the address you provided in Part A. Pre-paid cards are not accepted.

1. Direct Deposit: ❒ Yes ❒ No
2. Financial Institution: _____
3. Location (City, State): _____ 4. Telephone Number: _____
5. Type of Account: ❒ Checking ❒ Savings
6. Routing Number for Electronic Transfers: _____
7. Bank Account Number: _____

## ■ Part D – Member Statement and Signature –

A notary is **required** or your application will not be processed.

**Note:** Kansas law requires that your application for withdrawal cannot be submitted until 31 days after the date you end employment. This form cannot be signed until **31 days** after the last date you earned compensation as reported by your employer. Your signature must be notarized. Count the first day after the date you last earned compensation as day one. You may then apply to withdraw contributions on day 31, or any date after, if you are not working for any KPERS-affiliated employer. If you are appealing your dismissal, you are not eligible to withdraw your contributions. Continuing contract positions may apply to withdraw beginning October 1 following the end of the contract.

1. I certify that I am: ❒ Married ❒ Not Married

"I fully understand that when the Retirement System office receives this completed and signed form, my decision to withdraw contributions is irrevocable. I forfeit all service credit and any right to disability, retirement and any other benefits that I am, or may be, entitled to receive in the future. I understand that if I owe a debt to a Kansas state agency, municipality, municipal court or district court, the State will withhold the delinquent debt from my withdrawal payment. If I am a non-vested member, I further understand that I would have up to five years from the date my employment ends to withdraw contributions.

At the time the Retirement System receives this application I certify I am **not employed** in any position with a KPERS-affiliated employer, nor do I have any commitment for employment with a KPERS-affiliated employer. I also understand my withdrawal application will not be processed until the Retirement System receives certain information from my former employer."

2. Member Signature: _____ Month/Day/Year: _____/_____/_____
3. **Notary Public**: State of _____ County of _____
   Signed or attested before me on (date) _____ by (name of member) _____
   Notary Public Signature: _____ My appointment expires (month/day/year) _____/_____/_____.
   (SEAL)

## ■ Part E – Spousal Consent for Withdrawal of Vested Member's Contributions

**Note:** This section must be completed by your spouse if you are married and a vested member (see "Options to Consider Before You Withdraw"). A notary is **required** or your application will not be processed.

1. Spouse Name (First, MI, Last): _____

"I hereby attest that I am the spouse of the previously-named member. I understand that my spouse is a vested member of the Retirement System, and that by consenting to the withdrawal of contributions, I am forfeiting any rights to future benefits I might have been entitled to, had my spouse not withdrawn the accumulated contributions."

2. Spouse Signature: _____ Month/Day/Year: _____/_____/_____
3. **Notary Public**: State of _____ County of _____
   Signed or attested before me on (date) _____ by (name of spouse) _____
   Notary Public Signature: _____ My appointment expires (month/day/year) _____/_____/_____.
   (SEAL)

# TAX INFORMATION REGARDING PLAN PAYMENTS

You are receiving this notice because all or a portion of a payment you are receiving from KPERS is eligible to be rolled over to an IRA or an employer plan. This notice is intended to help you decide whether to do such a rollover.

Note: If you have an electronic version of this booklet, you may request a paper copy from KPERS at no charge.

Rules that apply to most payments from a plan are described in the "General Information About Rollovers" section. Special rules that only apply in certain circumstances are described in the "Special Rules and Options" section.

## General Information About Rollovers

**How can a rollover affect my taxes?**
You will be taxed on a payment from KPERS if you do not roll it over. If you are under age 59½ and do not do a rollover, you will also have to pay a 10% additional income tax on early distributions (generally, distributions made before age 59½ ), unless an exception applies. However, if you do a rollover, you will not have to pay tax until you receive payments later and the 10% additional income tax will not apply if those payments are made after you are age 59½ (or if an exception to the 10% additional income tax applies).

**What types of retirement accounts and plans may accept my rollover?**
You may roll over the payment to either an IRA (an individual retirement account or individual retirement annuity) or an employer plan (a tax-qualified plan, section 403(b) plan, or governmental section 457(b) plan) that will accept the rollover. The rules of the IRA or employer plan that holds the rollover will determine your investment options, fees, and rights to payment from the IRA or employer plan. Further, the amount rolled over will become subject to the tax rules that apply to the IRA or employer plan.

**How do I do a rollover?**
There are two ways to do a rollover. You can do either a direct rollover or a 60-day rollover.

**If you do a direct rollover**, KPERS will make the payment directly to your IRA or an employer plan. You should contact the IRA sponsor or the administrator of the employer plan for information on how to do a direct rollover.

**If you do not do a direct rollover,** you may still do a rollover by making a deposit into an IRA or eligible employer plan that will accept it. Generally, you will have 60 days after you receive the payment to make the deposit. If you do not do a direct rollover, KPERS is required to withhold 20% of the payment for federal income taxes (up to the amount of cash and property received). This means that, in order to roll over the entire payment in a 60-day rollover, you must use other funds to make up for the 20% withheld. If you do not roll over the entire amount of the payment, the portion not rolled over will be taxed and will be subject to the 10% additional income tax on early distributions if you are under age 59½ (unless an exception applies).

**How much may I roll over?**
If you wish to do a rollover, you may roll over all or part of the amount eligible for rollover. Any payment from KPERS is eligible for rollover, **except**:

- Certain payments spread over a period of at least 10 years or over your life or life expectancy (or the joint lives or joint life expectancies of you and your beneficiary);
- Required minimum distributions after age 70½ (if you were born before July 1, 1949), after age 72 (if you were born after June 30, 1949), after age 73 (if you were born on or after January 1, 1951), or after death;
- Corrective distributions of contributions that exceed tax law limitations; and
- Distributions of certain premiums for health and accident insurance.

KPERS can tell you what portion of a payment is eligible for rollover.

**If I don't do a rollover, will I have to pay the 10% additional income tax on early distributions?**
If you are under age 59½, you will have to pay the 10% additional income tax on early distributions for any payment from KPERS (including amounts withheld for income tax) that you do not roll over, unless one of the following exceptions applies. This tax applies to the part of the distribution that you must include in income and is in addition to the regular income tax on the payment not rolled over.

The 10% additional income tax does not apply to the following payments from KPERS:

- Payments made after you separate from service if you will be at least age 55 in the year of the separation;
- Payments that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the joint lives or joint life expectancies of you and your beneficiary);
- Payments from a governmental plan made after you separate from service if you are a qualified public safety employee and you will be at least age 50 or have 25 or more years in the plan in the year of the separation;
- Payments made due to disability;

- Payments after your death;
- Corrective distributions of contributions that exceed tax law limitations;
- Payments made directly to the government to satisfy a federal tax levy;
- Payments made under a qualified domestic relations order (QDRO);
- Payments up to the amount of your deductible medical expenses (without regard to whether you itemize deductions for the taxable year);
- Certain payments made while you are on active duty if you were a member of a reserve component called to duty after September 11, 2001, for more than 179 days;
- Payments of up to $22,000 made to you if the payment is a qualified disaster recovery distribution;
- Payments made to you if you are terminally ill; and
- Phased retirement payments made to federal employees.

**If I do a rollover to an IRA, will the 10% additional income tax apply to early distributions from the IRA?**
If you receive a payment from an IRA when you are under age 59½, you will have to pay the 10% additional income tax on early distributions on the part of the distribution that you must include in income, unless an exception applies. In general, the exceptions to the 10% additional income tax for early distributions from an IRA are the same as the exceptions listed above for early distributions from a plan. However, there are a few differences for payments from an IRA, including:

- The exception for payments made after you separate from service if you will be at least age 55 in the year of the separation (or age 50 or have 25 or more years of service in the plan for qualified public safety employees) does not apply.
- The exception for QDROs does not apply (although a special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to an IRA of a spouse or former spouse); and
- The exception for payments made at least annually in equal or close to equal amounts over a specified period applies without regard to whether you have had a separation from service.

Additional exceptions apply for payments from an IRA, including:

- Payments for qualified higher education expenses;
- Payments up to $10,000 used in a qualified first-time home purchase; and
- Payments for health insurance premiums after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

**Will I owe State income taxes?**
This notice generally does not address any State or local income tax rules (including withholding rules).

However, KPERS lump-sum benefits, including earnings, generally keep their Kansas state tax-exempt status, even when rolled over into a qualified IRA containing other retirement funds. For more information about Kansas state taxes, please contact the Kansas Department of Revenue or a qualified tax preparer. If you live in another state, check if your benefit is taxable in that state.

## Special Rules and Options

**If your payment includes after-tax contributions:**
After-tax contributions included in a payment are not taxed. If you receive a partial payment of your total benefit, an allocable portion of your after-tax contributions is included in the payment, so you cannot take a payment of only after-tax contributions. However, if you have pre-1987 after-tax contributions maintained in a separate account, a special rule may apply to determine whether the after-tax contributions are included in the payment. In addition, special rules apply when you do a rollover, as described below.

You may roll over to an IRA a payment that includes after-tax contributions through either a direct rollover or a 60-day rollover. You must keep track of the aggregate amount of the after-tax contributions in all of your IRAs (in order to determine your taxable income for later payments from the IRAs). If you do a direct rollover of only a portion of the amount paid from the Plan and at the same time the rest is paid to you, the portion rolled over consists first of the amount that would be taxable if not rolled over. For example, assume you are receiving a distribution of $12,000, of which $2,000 is after-tax contributions. In this case, if you directly roll over $10,000 to an IRA that is not a Roth IRA, no amount is taxable because the $2,000 amount not rolled over is treated as being after-tax contributions. If you do a direct rollover of the entire amount paid from the Plan to two or more destinations at the same time, you can choose which destination receives the after-tax contributions.

Similarly, if you do a 60-day rollover to an IRA of only a portion of a payment made to you, the portion rolled over consists first of the amount that would be taxable if not rolled over. For example, assume you are receiving a distribution of $12,000, of which $2,000 is after-tax contributions,

and no part of the distribution is directly rolled over. In this case, if you roll over $10,000 to an IRA that is not a Roth IRA in a 60-day rollover, no amount is taxable because the $2,000 amount not rolled over is treated as being after-tax contributions.

You may roll over to an employer plan all of a payment that includes after-tax contributions, but only through a direct rollover (and only if the receiving plan separately accounts for after-tax contributions and is not a governmental section 457(b) plan). You can do a 60-day rollover to an employer plan of part of a payment that includes after-tax contributions, but only up to the amount of the payment that would be taxable if not rolled over.

**If you miss the 60-day rollover deadline:**
Generally, the 60-day rollover deadline cannot be extended. However, the IRS has the limited authority to waive the deadline under certain extraordinary circumstances, such as when external events prevented you from completing the rollover by the 60-day rollover deadline. Under certain circumstances, you may claim eligibility for a waiver of the 60-day rollover deadline by making a written self-certification. Otherwise, to apply for a waiver from the IRS, you must file a private letter ruling request with the IRS. Private letter ruling requests require the payment of a nonrefundable user fee. For more information, see IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*.

**If you were born on or before January 1, 1936:**
If you were born on or before January 1, 1936 and receive a lump sum distribution that you do not roll over, special rules for calculating the amount of the tax on the payment might apply to you. For more information, see IRS Publication 575, *Pension and Annuity Income*.

**If your payment is from a governmental section 457(b) plan:**
If the Plan is a governmental 457(b) plan, the same rules described elsewhere in this notice generally apply, allowing you to roll over the payment to an IRA or an employer plan that accepts rollovers. One difference is that, if you do not do a rollover, you will not have to pay the 10% additional income tax on early distributions from the Plan even if you are under age 59½ (unless the payment is from a separate account holding rollover contributions that were made to the Plan from a tax-qualified plan, a section 403(b) plan, or an IRA). However, if you do a rollover to an IRA or to an employer plan that is not a governmental section 457(b) plan, a later distribution made before age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies). Other differences include that you cannot do a rollover if the payment is due to an "unforeseeable emergency" and the special rules under "If you were born on or before January 1, 1936" do not apply.

**If you are an eligible retired public safety officer and your payment is used to pay for health coverage or qualified long-term care insurance:**
If you retired as a public safety officer, and your retirement was by reason of disability or was after normal retirement age, you can exclude from your taxable income plan payments paid as premiums for an accident or health plan (or a qualified long-term care insurance contract) for you, your spouse, or your dependents, up to a maximum of $3,000 annually. For this purpose, a public safety officer is a law enforcement officer, firefighter, chaplain, or member of a rescue squad or ambulance crew.

**If you roll over your payment to a Roth IRA:**
If you roll over a payment from the Plan to a Roth IRA, a special rule applies under which the amount of the payment rolled over (reduced by any after-tax amounts) will be taxed. In general, the 10% additional income tax on early distributions will not apply. However, if you take the amount rolled over out of the Roth IRA within from the 5-year period that begins on January 1 of the year of the rollover, the 10% additional income tax will apply (unless an exception applies).

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, or as a qualified first-time homebuyer distribution of up to $10,000) and after you have had a Roth IRA for at least 5 years. In applying this 5-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% 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-A, *Contributions to Individual Retirement Arrangements (IRAs)*, and IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*.

You cannot rollover a distribution to a designated Roth account in another employer's plan.

**If you are not the KPERS member:**

**Payments after death of the member**
If you receive a distribution after the member's death that you do not roll over, the distribution generally will be taxed in the same manner described elsewhere in this notice. However, the 10% additional income tax on early distributions and the special rules for public safety officers do not apply, and the special rule described under the section "If you were born on or before January 1, 1936" applies only if the deceased member was born on or before January 1, 1936.

*If you are a surviving spouse:*
If you receive a payment from KPERS as the surviving spouse of a deceased member, you have the same rollover options that the member would have had, as described elsewhere in this notice. In addition, if you choose to do a rollover to an IRA, you may treat the IRA as your own or as an inherited IRA.

An IRA you treat as your own is treated like any other IRA of yours, so that payments made to you before you are age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies) and required minimum distributions from your IRA do not have to start until after you are age 70½ (if you were born before July 1, 1949), or age 72 (if you were born after June 30, 1949), or after age 73 (if you were born on or after January 1, 1951).

If you treat the IRA as an inherited IRA, payments from the IRA will not be subject to the 10% additional income tax on early distributions. However, if the member had started taking required minimum distributions, you will have to receive required minimum distributions from the inherited IRA. If the member had not started taking required minimum distributions from KPERS, you will not have to start receiving required minimum distributions from the inherited IRA until the year the member would have been age 70½ (if the member was born before July 1, 1949), or age 72 (if the member was born after June 30, 1949) ), or after age 73 (if the member was born on or after January 1, 1951).

*If you are a surviving beneficiary other than a spouse:*
If you receive a payment from KPERS because of the member's death and you are a designated beneficiary other than a surviving spouse, the only rollover option you have is to do a direct rollover to an inherited IRA. Payments from the inherited IRA will not be subject to the 10% additional income tax on early distributions. You will have to receive required minimum distributions from the inherited IRA.

**Payments under a QDRO**
If you are the spouse or former spouse of the member who receives a payment from KPERS under a QDRO, you generally have the same options and the same tax treatment that the member would have (for example, you may roll over the payment to your own IRA or an eligible employer plan that will accept it). However, payments under the QDRO will not be subject to the 10% additional income tax on early distributions.

**If you are a nonresident alien:**
If you are a nonresident alien and you do not do a direct rollover to a U.S. IRA or U.S. employer plan, instead of withholding 20%, KPERS is generally required to withhold 30% of the payment for federal income taxes. If the amount withheld exceeds the amount of tax you owe (as may happen if you do a 60-day rollover), you may request an income tax refund by filing Form 1040NR and attaching your Form 1042-S. See Form W-8BEN for claiming that you are entitled to a reduced rate of withholding under an income tax treaty. For more information, see also IRS Publication 519, *U.S. Tax Guide for Aliens*, and IRS Publication 515, *Withholding of Tax on Nonresident Aliens and Foreign Entities*.

**Other special rules:**
If a payment is one in a series of payments for less than 10 years, your choice whether to do a direct rollover will apply to all later payments in the series (unless you make a different choice for later payments).

If your payments for the year are less than $200, (not including payments from a designated Roth account in KPERS), KPERS is not required to allow you to do a direct rollover and is not required to withhold federal income taxes. However, you may do a 60-day rollover.

You may have special rollover rights if you recently served in the U.S. Armed Forces. For more information on special rollover rights related to the U.S. Armed Forces, see IRS Publication 3, *Armed Forces' Tax Guide*. You also may have special rollover rights if you were affected by a federally declared disaster (or similar event), or if you received a distribution on account of a disaster. For more information on special rollover rights related to disaster relief, see the IRS website at irs.gov.

## For More Information

You may wish to consult with a professional tax advisor before taking a payment from KPERS. Also, you can find more detailed information on the federal tax treatment of payments from employer plans in: IRS Publication 575, *Pension and Annuity Income*; IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*; IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*; and IRS Publication 571, *Tax-Sheltered Annuity Plans (403(b) Plans)*. These publications are available from a local IRS office, on the web at irs.gov, or by calling 1-800-TAX-FORM.

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## Our mission:

The Kansas Public Employees Retirement System,
in its fiduciary capacity, exists to deliver retirement,
disability and survivor benefits to its members and their beneficiaries.

## Core values that guide us:

- service
- integrity
- respect
- accountability
- innovation
- teamwork

KPERS

611 S. Kansas Ave, Suite 100 • Topeka, KS 66603-3869
1-888-275-5737 • 785-296-6166 • kpers.org