



### Retirement Application

This application is for retirement from the Arkansas Teacher Retirement System (ATRS). If eligible, you will receive a monthly retirement benefit from ATRS for your lifetime. You must meet all eligibility requirements and submit a fully completed retirement application to ATRS at least one (1) month prior to the proposed effective date of retirement in order to receive benefits on your selected date.

#### Member Information

Name (Last, First, Initial) \_\_\_\_\_

SSN \_\_\_\_\_ Birthdate \_\_\_\_/\_\_\_\_/\_\_\_\_

Address \_\_\_\_\_

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

Mobile Phone (\_\_\_\_) \_\_\_\_\_ Alternate Number (\_\_\_\_) \_\_\_\_\_

Email Address \_\_\_\_\_

Do you now or will you ever draw a pension from another Arkansas public retirement plan other than Social Security?

Yes  No

If yes, what plan? \_\_\_\_\_

If you are a T-Drop participant, you must submit a T-Drop Distribution form with this application.

#### Employer Information

Last date worked for your current employer \_\_\_\_\_

List all ATRS covered employers (including public colleges and universities) from which you have received salary in the prior 12 months.

\_\_\_\_\_

Member's Signature

Date

Social Security Number

## Retirement Annuity Options

Please select an annuity option for your monthly benefits: **(please check only one)**

- Option 1 Straight Life Annuity** – This annuity option pays the maximum benefit payable to you each month for your lifetime based on your accrued benefits. All annuity benefits will cease upon your death. Any remaining balance of your accumulated contributions and interest will be paid to the surviving beneficiary in a lump sum. **Note:** If you have been married for less than one (1) year on your effective date of retirement, then certain rules will let you change your Straight Life Annuity to an Option A or Option B benefit after being married for one (1) full year. Contact ATRS for additional information.
- Option A – 100% Survivor Annuity** – This annuity option pays a reduced benefit to you each month for life and continues to pay 100% of your monthly benefit to your eligible Option A beneficiary for his or her lifetime after your death.

Eligible Option A beneficiaries are your spouse if you have been married for at least 1 year prior to your effective date of retirement; or your dependent child, regardless of age, who has been declared mentally or physically incapacitated by a Court. If you have an incapacitated child, please contact our office.

Name of Option A 100% Beneficiary \_\_\_\_\_

Beneficiary Date of Birth \_\_\_\_\_ Relationship of Beneficiary to You \_\_\_\_\_

Address of Beneficiary \_\_\_\_\_

Please submit beneficiary's proof of age, copy of Social Security card, and a copy of your marriage license if option beneficiary is your spouse. Be sure to write your SSN on these documents so they can be placed correctly in your ATRS file.

- Option B – 50% Survivor Annuity** - This annuity option pays a reduced benefit to you each month for life and continues to pay 50% of your monthly benefit to your eligible Option B beneficiary for his or her lifetime after your death.

Eligible Option B beneficiaries are your spouse if you have been married for at least 1 year prior to your effective date of retirement; or your dependent child, regardless of age, who has been declared mentally or physically incapacitated by a Court. If you have an incapacitated child, please contact our office.

Name of Option B 50% Beneficiary \_\_\_\_\_

Beneficiary Date of Birth \_\_\_\_\_ Relationship of Beneficiary to You \_\_\_\_\_

Address of Beneficiary \_\_\_\_\_

Please submit beneficiary's proof of age, copy of Social Security card, and a copy of your marriage license if option beneficiary is your spouse. Be sure to write your SSN on these documents so they can be placed correctly in your ATRS file.

- Option C – 10 Year Certain Annuity** – This annuity option pays a reduced benefit to you for the first ten (10) years in equal, monthly payments. After ten (10) years, if you survive, then the monthly benefit will be payable in the maximum amount of the straight life benefit payable under Option 1 thereafter. If you die prior to receiving 120 monthly payments, your Option C beneficiary will receive your reduced benefit for the remainder of the 120 payments. Eligible Option C beneficiaries are any natural persons regardless of age or relationship to you.

Name of Option C 10-Year Beneficiary \_\_\_\_\_

Address of Beneficiary \_\_\_\_\_

\_\_\_\_\_  
Member's Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Social Security Number

**Acknowledgment of Termination Requirements**  
**(not applicable for members who have reached normal retirement age)**

*Normal Retirement Age* is defined as the age of 65 OR if the member is at least the age of 60 and the member's age and combined years of credited service total 98 or more. A member *must* terminate employment unless they meet the *Normal Retirement Age*. If you have not met the Normal Retirement age, you may not return to work for an ATRS covered employer for four (4) months from your effective date of benefits.

Federal and state laws require termination and a termination separation period for all members who have not reached *Normal Retirement Age*. If you have not reached *Normal Retirement Age* and fail to terminate employment by your effective date of retirement, become employed by an ATRS covered employer within the required separation period, or even have an agreement to return to work before or during your retirement separation period is complete, then you are not eligible to retire.

I state my understanding that during my termination separation period, I must sever and end all employer-employee relationships at all ATRS covered employers and my understanding that all the following apply:

- I cannot form any employment relationship with any ATRS covered employer;
- I cannot render any service for pay to or on behalf of any ATRS covered employer, with or without a contract
- I cannot work for pay even for one day;**
- I understand that I cannot work either full or part time for any ATRS covered employer;
- I cannot exercise any authority to act as a representative of any ATRS covered employer;
- I cannot form any express or implied employment agreements, or take any action to or entitle any ATRS covered employer to my services until after my separation period has ended;
- I cannot provide volunteer activities for any ATRS covered employer that will have the effect of holding a position open for me (I can volunteer at an ATRS employer if it does not help hold a position open);
- I cannot have reached an agreement either before or during the termination period to work at an ATRS employer after the termination period;
- I understand that ATRS employers to which the termination separation period applies include all Arkansas public schools, educationally related state agencies, and **some colleges, universities and post-secondary institutions;**
- I understand that working for pay even for one day or **just for one hour** as a substitute or any other school employee is a violation of the termination separation period;
- I understand if I violate my termination requirements or my termination separation period, my retirement and benefits will be canceled, and I will be responsible for repaying all benefits back to ATRS;
- I understand that the termination and termination separation period are **strictly enforced** and unintentional violations still require total correction; and
- I verify that I will comply with the termination/separation requirements for retirement. I further verify that I have no express or implied agreement to be rehired or otherwise become employed by any ATRS covered employer as of the effective date of my retirement;

Retiree's Signature

Date

Social Security Number

- I understand my separation period begins on my effective date of retirement, which is always the 1<sup>st</sup> day of the month in which my benefits begin.  
**My separation period does not begin on the last day I worked for an ATRS covered employer.**
- I understand that if I am uncertain or have questions, I can call or contact ATRS and get clarification;
- I have read this Acknowledgment of Termination Requirements for and agree to comply with all requirements of the termination and termination separation period that apply to me.

**Verification**

I \_\_\_\_\_ (name of Retiree) swear or affirm that my statements contained in the above and forgoing Acknowledgment of Termination Requirements are true and correct to the best of my knowledge, information and belief.

\_\_\_\_\_  
Retiree's Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Social Security Number

**To be completed by a Notary Public**

State of \_\_\_\_\_)

(Notary Seal)

County of \_\_\_\_\_)

Subscribed and sworn before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Notary Signature

\_\_\_\_\_  
My Commission expires

### Certification of Service for T-DROP Retirement

#### To be Completed by Employer's Payroll Office

This form must be completed by member's employer and submitted by the member with his/her retirement application. Failure to complete this form may result in the member's retirement being delayed. A separate form should be completed for each employer from which you received salary listed on page 1 of this retirement application.

1. Name of the Member \_\_\_\_\_

2. SSN of Member \_\_\_\_\_

3. Employer \_\_\_\_\_

4. Last Date of T-DROP participation (please check one):

Check here if member is terminating employment.

Provide the termination date: \_\_\_\_/\_\_\_\_/\_\_\_\_

Check here if member has reached *normal retirement age* and will continue to work.

*\*Normal Retirement Age* is defined as the age of 65 OR if the member is at least 60 years of age and the member's age and combined years of credited service total 98 or more.

Provide the last date of T-DROP participation: \_\_\_\_/\_\_\_\_/\_\_\_\_

5. List the number of days worked through the last day of ATRS participation:

Total number of days worked each quarter:

\_\_\_\_\_ 1<sup>st</sup>      \_\_\_\_\_ 2<sup>nd</sup>      \_\_\_\_\_ 3<sup>rd</sup>      \_\_\_\_\_ 4<sup>th</sup>

6. Provide the last date the member will receive a salary payment from the employer for this fiscal year (as a T-DROP participant of ATRS): \_\_\_\_/\_\_\_\_/\_\_\_\_

Completed by \_\_\_\_\_ Title \_\_\_\_\_

Email \_\_\_\_\_ Telephone Number (\_\_\_\_\_) \_\_\_\_\_

I confirm that this member will terminate employment as specified and that the member has no express or implied agreement to return to employment for this employer after the termination date or the member has reached normal retirement age and is not terminating employment. By signing this statement, I verify the information contained herein is correct to the best of my knowledge and belief.

Signature of Certifying Officer \_\_\_\_\_ Date \_\_\_\_\_

### Federal and State Tax Election Form

Payee Type:  Member  Survivor  Beneficiary  QDRO Recipient • Member's SSN: \_\_\_\_\_

Member Information	
Payee's Name _____	SSN _____
Mailing Address _____	
City _____	State _____ Zip _____
Telephone Number (____) _____	E-mail Address _____

### FEDERAL INCOME TAX

**(FOR COMPLETE INSTRUCTIONS, REFER TO IRS FORM W-4P OR CALL YOUR TAX PREPARER.)**

1(a).  Do not withhold any Federal Income Tax. **CAUTION:** There are penalties for not paying enough Federal Income Tax during the year either through withholding or estimated tax payments.

1(b).  Withhold Federal Income Tax based on the following:

- \_\_\_ For yourself
- \_\_\_ For your spouse
- \_\_\_ Number of children or other dependents
- \_\_\_ Head of Household (enter one if you file Head of Household)
- \_\_\_ Child tax credit
- \_\_\_ **TOTAL EXEMPTIONS** (add lines above, enter zero for no exemptions)

Please check filing status:     Single     Married     Married but withhold at higher single rate

Withhold an additional \$ \_\_\_\_\_ per month for Federal Income Tax.

Withhold set amount \$ \_\_\_\_\_ per month for Federal Income Tax.

### STATE INCOME TAX

**(FOR COMPLETE INSTRUCTIONS, REFER TO STATE OF ARKANSAS FORM AR4P OR CALL YOUR TAX PREPARER.)**

2(a).  Do not withhold any Arkansas State Income Tax. **CAUTION:** There are penalties for not paying enough Arkansas State Income Tax during the year either through withholding or estimated tax payments.

2(b).  Withhold Arkansas State Income Tax based on the following:

- \_\_\_ Single and you claim yourself
- \_\_\_ Married and you claim yourself and your spouse
- \_\_\_ Head of Household
- \_\_\_ Number of children or dependents
- \_\_\_ **TOTAL EXEMPTIONS** (add lines above, enter zero for no exemptions)

Please check filing status:     Single     Married

Withhold an additional \$ \_\_\_\_\_ per month for Arkansas State Income Tax.

Withhold a set amount \$ \_\_\_\_\_ per month for Arkansas State Income Tax.

Payee's Signature \_\_\_\_\_ Date \_\_\_\_\_



### Direct Deposit Authorization Form

**Payee Type:**  Member  Survivor  Beneficiary  QDRO Recipient • Member's SSN: \_\_\_\_\_

Payee Information			
Payee's Name _____		SSN _____	
Mailing Address _____			
City _____	State _____	Zip _____	
Telephone Number (____) _____		E-mail Address _____	

I hereby authorize the Arkansas Teacher Retirement System (ATRS) to deposit to the account indicated below the net amount I am due each month as if a check had been delivered to me for that amount. Should an overpayment or underpayment be made, ATRS is authorized to initiate any debits or credits necessary to correct the account.

#### Account Information

By providing my account information below in lieu of attaching a voided check I understand that ATRS shall have no liability or responsibility for loss due to erroneous information supplied by me or my duly authorized representative.

Account Type:  Checking Account  Savings Account

Financial Institution Name \_\_\_\_\_

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

Routing Number (ACH) \_\_\_\_\_

Account Number \_\_\_\_\_

I consent to the disclosure by the above listed financial institution to ATRS the identity of all joint account holders, and any information that ATRS requests to effectuate, administer, or enforce the authorized transactions.

This authority is to remain in full effect until ATRS has received written notification from me of its termination. I understand that by having my benefits deposited in this manner, I will receive a deduction statement in July and December and that there will be no charge for this service.

Payee's Signature \_\_\_\_\_ Date \_\_\_\_\_

If you are a power of attorney, conservator, or guardian over the payee, please include a copy of the power of attorney, or certified copy of the order. If you are a trustee, please include a copy of the trust agreement.



## T-DROP Account Distribution Request

All distributions from your T-DROP account are taxable unless rolled over to a qualifying retirement account. ATRS recommends that you consult a professional tax advisor about retirement distributions before submitting this request.

Member Information			
Member's Name _____	SSN _____		
Mailing Address _____			
City _____	State _____	Zip _____	
Mobile Phone (____) _____	Email Address _____		

**Sum of your Distribution options must total 100% (i.e. 75% annuity plus 25% lump sum = 100%)**

- Annuitized.** I elect to receive  100%  75%  50%  25% of my T-DROP account as a monthly lifetime benefit. I understand that this amount will be added to my regular retirement benefit based on the annuity option selected.
  
- Cash Balance Account (CBA).** I elect to have \_\_\_\_\_% of my T-DROP Lump Sum account held in the ATRS T-DROP Cash Balance Account. **Minimum Distribution Required upon reaching the required minimum distribution age as determined by the Internal Revenue Service.**
  
- Rollover.** I elect to rollover \_\_\_\_\_% of my T-DROP Lump Sum Account directly to another qualified retirement plan. (NOTE: Plans are not required to accept plan-to-plan transfers. Check with the plan sponsor before selecting this option.)
  
- Paid to you.** I elect to have \_\_\_\_\_% of my T-DROP Lump Sum paid to me. I understand that ATRS must withhold 20% of my T-DROP account as federal income tax withholding. The State of Arkansas requires state income tax withholding of 5% for Arkansas residents.

**The eligibility of the rollover institution you select is subject to verification by ATRS.**

A Representative from the rollover institution must provide the following information:

Mail check to the following _____			
Address _____			
City _____	State _____	Zip _____	
Account Number _____	Telephone Number (____) _____		
Type of Account	<input type="checkbox"/> 401(k)	<input type="checkbox"/> 401(a)	<input type="checkbox"/> 403(b)/457(b)
	<input type="checkbox"/> Traditional IRA	<input type="checkbox"/> Roth IRA	
Signature of Plan/Trustee Representative _____			Date _____

### Certification and Signature

By my signature, I authorize ATRS to distribute my entire T-DROP balance as directed above. I have reviewed the distribution options above and understand that once submitted, the distribution request is irrevocable.

Member's Signature \_\_\_\_\_ Date \_\_\_\_\_



## **YOUR ROLLOVER OPTIONS**

You are receiving this notice because all or a portion of a payment you are receiving from the Arkansas Teacher Retirement System (the "System") 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.

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 the System 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 (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 applies).

#### **Where may I roll over the payment?**

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 (for example, no spousal consent rules apply to IRAs and IRAs may not provide loans). 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, the System 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. You will have 60 days after you receive the payment to make the deposit. If you do not do a direct rollover, the System is required to withhold 20% of the payment for federal income taxes. 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 the System 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 lives or joint life expectancy of you and your beneficiary)
- Required minimum distributions upon reaching the required minimum distribution age as determined by the IRS (or after death).

The System 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 the System (including amounts withheld for income tax) that you do not roll over, unless one of the exceptions listed below applies. This tax 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 the System:

- 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 lives or joint life expectancy of you and your beneficiary)
- Payments from a governmental defined benefit pension plan made after you separate from service if you are a public safety employee and you are at least age 50 in the year of the separation
- Payments made due to disability
- Payments after your death
- 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
- 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

## 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 from the IRA, 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:

- There is no exception for payments after separation from service that are made after age 55.
- The exception for qualified domestic relations orders (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).
- 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.
- There are additional exceptions for (1) payments for qualified higher education expenses, (2) payments up to \$10,000 used in a qualified first-time home purchase, and (3) payments 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 does not describe any State or local income tax rules (including withholding rules).

### **SPECIAL RULES AND OPTIONS**

#### **If your payment includes after-tax contributions**

After-tax contributions included in a payment are not taxed. If a payment is only part of your benefit, an allocable portion of your after-tax contributions is generally included in the payment. 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 a payment.

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 System and a portion is paid to you, each of the payments will include an allocable portion of the after-tax contributions. If you do a 60-day rollover to an IRA of only a portion of the payment made to you, the after-tax contributions are treated as rolled over last. For example, assume you are receiving a complete distribution of your benefit which totals \$12,000, of which \$2,000 is after-tax contributions. In this case, if you roll over \$10,000 to an IRA in a 60-day rollover, no amount is taxable because the \$2,000 amount not rolled over is treated as being aftertax 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. To apply for a waiver, 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, 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 you are an eligible retired public safety officer and your pension payment is used to pay for health coverage or qualified long-term care insurance**

If the System is a governmental plan, 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 directly as premiums to an accident or health plan (or a qualified long-term care insurance contract) that your employer maintains 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**

You can roll over a payment from the System made before January 1, 2010 to a Roth IRA only if your modified adjusted gross income is not more than \$100,000 for the year the payment is made to you and, if married, you file a joint return. These limitations do not apply to payments made to you from the System after 2009. If you wish to roll over the payment to a Roth IRA, but you are not eligible to do a rollover to a Roth IRA until after 2009, you can do a rollover to a traditional IRA and then, after 2009, elect to convert the traditional IRA into a Roth IRA.

If you roll over the payment 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. However, the 10% additional income tax on early distributions will not apply (unless you take the amount rolled over out of the Roth IRA within 5 years, counting from January 1 of the year of the rollover). For payments from the System during 2010 that are rolled over to a Roth IRA, the taxable amount can be spread over a 2-year period starting in 2011.

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, Individual Retirement Arrangements (IRAs).

You cannot roll over a payment from the System to a designated Roth account in an employer plan.

## **If you are not a plan participant**

Payments after death of the participant. If you receive a distribution after the participant's death that you do not roll over, the distribution will generally 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 participant was born on or before January 1, 1936.

**If you are a surviving spouse.** If you receive a payment from the System as the surviving spouse of a deceased participant, you have the same rollover options that the participant 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 you reach the required minimum distribution age as determined by the IRS.

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 participant had started taking required minimum distributions, you will have to receive required minimum distributions from the inherited IRA. If the participant had not started taking required minimum distributions from the System, you will not have to start receiving required minimum distributions from the inherited IRA until the year the participant would have reached the required minimum distribution age as determined by the IRS.

**If you are a surviving beneficiary other than a spouse.** If you receive a payment from the System because of the participant'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 qualified domestic relations order. If you are the spouse or former spouse of the participant who receives a payment from the System under a qualified domestic relations order (QDRO), you generally have the same options the participant would have (for example, you may roll over the payment to your own IRA or an eligible employer plan that will accept it). 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%, the System 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 make 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, the System is not required to allow you to do a direct rollover and is not required to withhold for 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, see IRS Publication 3, Armed Forces' Tax Guide.

## **FOR MORE INFORMATION**

You may wish to consult with the System, or a professional tax advisor, before taking a payment from the System. 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, 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 [www.irs.gov](http://www.irs.gov), or by calling 1-800-TAX-FORM.

## **Cash Balance Account**

### **High Interest Rates – Security – Monthly Distributions**

The Cash Balance Account (CBA) is designed for members of the Arkansas Teacher Retirement System (ATRS) who are retiring out of T-DROP and want all or part of their T-DROP account balance in an account with highly competitive interest rates with no risk to principal.

The CBA pays very competitive monthly compounded interest rates beginning the month after the account is established. Interest rates on CBA accounts start at 2.5% and grow to 4% over time and are not subject to reduction. In addition, during years of strong returns the ATRS Board of Trustees may grant additional incentive rates to CBA participants.

### **Recurring monthly distributions now available!**

CBA participants may request a one-time or recurring monthly distribution from the CBA at any time. A combined total of six distributions may be requested per fiscal quarter. CBA funds are immediately available for withdrawal upon the account funding. The member's CBA principal and interest are tax-deferred until the member makes a withdrawal.

If withdrawals are made, ATRS will use a weighted average balance to apply interest. Due to Federal law, funds that are withdrawn from the CBA cannot be redeposited and minimum distributions are required upon reaching the required minimum distribution age as determined by the IRS.

Members who only place part of their T-DROP balance in the CBA may still choose to annuitize all or part of their remaining T-DROP balance.

**For more information or if you have any questions please feel free to contact our office at (501) 682-1517 or email us at [info@artrs.gov](mailto:info@artrs.gov).**