



# Withdrawal Application

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## PURPOSE

Use this form to apply for a withdrawal or direct rollover of your funds from the Texas County & District Retirement System (TCDRS). You must leave employment from the county or district before you can withdraw your retirement funds. If you do not withdraw your funds, your account will remain open and your money will continue to earn interest. The TCDRS brochure "Leaving Your County or District Job," which can be found on the TCDRS website at [www.tcdrs.org](http://www.tcdrs.org), has more information about your choices after leaving employment.

## INSTRUCTIONS

1. Please read the *Special Tax Notice* (TCDRS-87) regarding tax implications.
2. In the "Your Information" section, please check your marital status. If you have more than one TCDRS account, please specify the account you want to close.
3. You have two payment options available to you - a withdrawal of your account balance or a rollover of your account balance into another qualified retirement plan.
  - If you choose withdrawal, we will withhold 20% of the taxable amount of your account balance, as required by the IRS. You may owe additional taxes when you file your taxes next year.
  - If you choose a direct rollover into an IRA or other qualified retirement plan, TCDRS will not withhold any amount for taxes. Present your rollover check to your financial institution or employer within 60 days to avoid any potential tax consequences.
4. If you left employment within the last three months, please have your former employer complete the "Employer Certification" section.
5. Please attach a photocopy of your driver's license (or other government issued photo ID) so we can process your request.

## WHEN TO EXPECT YOUR PAYMENT

- Your check will typically be mailed within 2-4 weeks from the date TCDRS receives your completed application.
- Your IRS Form 1099-R will be mailed to you by January 31 of the year following your withdrawal. To ensure that you receive your 1099-R, please notify our office of any address changes.

## SOCIAL SECURITY NOTICE

The IRS and Texas law require that we have a Social Security number for every TCDRS account. Payments from your account, by withdrawal or retirement, are reported to the IRS. Your Social Security number is also used to verify your identity when you make changes to or request information about your account.



# Withdrawal Application

## YOUR INFORMATION

EMPLOYER NAME *			ACCOUNT NUMBER	
FIRST NAME *	MIDDLE NAME	LAST NAME *	SSN *	
MAILING ADDRESS *		CITY *	STATE *	ZIP CODE *
E-MAIL ADDRESS		HOME PHONE NUMBER	MOBILE PHONE NUMBER	
ARE YOU MARRIED? * <input type="checkbox"/> YES <input type="checkbox"/> NO				

## PAYMENT OPTIONS\* (choose a withdrawal or direct rollover)

<input type="checkbox"/> <b>Withdrawal *</b>	I understand TCDRS will withhold 20% income tax as required by the IRS. The remaining balance will be paid directly to me.		
<input type="checkbox"/> <b>Direct Rollover *</b>	I elect to have the taxable portion of my withdrawal transferred to the plan named below. I understand that any non-taxable portion will be paid directly to me. I have verified that the plan below is an eligible plan for the purpose of this transfer.		
<input type="checkbox"/> IRA <input type="checkbox"/> EMPLOYER PLAN	<table border="1"> <tr> <td>NAME OF IRA OR EMPLOYER PLAN</td> <td>IRA OR EMPLOYER ACCOUNT NUMBER</td> </tr> </table>	NAME OF IRA OR EMPLOYER PLAN	IRA OR EMPLOYER ACCOUNT NUMBER
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**YOUR CERTIFICATION** I have read the Special Tax Notice and have terminated employment. I understand that I have at least 30 days to make my decision about my distribution. I waive my right to the 30-day period and request immediate payment. I elect to withdraw my funds through the payment option selected above. I have attached a photocopy of my driver's license or other government issued photo ID.

X SIGNATURE	
	DATE

## EMPLOYER CERTIFICATION

MEMBER TERMINATION DATE (MM/DD/YYYY)	
EMPLOYER CONTACT NAME	EMPLOYER CONTACT TITLE
X SIGNATURE	
	DATE

**Any corrections or whiteouts must be initialed.**

\* REQUIRED FIELDS



# Special Tax Notice

This notice explains how you can continue to defer federal income tax on your retirement savings in the Texas County & District Retirement System. It contains important information you will need before you decide how to receive your TCDRS benefits.

**YOU MAY REQUEST A PAPER COPY OF THIS NOTICE FROM TCDRS AT NO CHARGE TO YOU.**

This notice is provided to you by TCDRS because all or part of the payment that you will soon receive may be eligible for rollover to an IRA or an eligible employer plan. A rollover allows you to continue to postpone taxation of that benefit until it is paid to you. Your payment cannot be rolled over to a SIMPLE IRA or a Coverdell Education Savings Account (formerly known as an education IRA). Your payment can be rolled over to a Roth IRA subject to the same limits that apply to rollovers from a traditional IRA to a Roth IRA. An "eligible employer plan" includes a plan qualified under section 401(a) of the Internal Revenue Code, including a 401(k) plan, profit-sharing plan, defined benefit plan, stock bonus plan, and money purchase plan; a section 403(a) annuity plan; a section 403(b) tax-sheltered annuity; and an eligible section 457(b) plan maintained by a governmental employer (governmental 457 plan).

An eligible employer plan is not legally required to accept a rollover. Before you decide to roll over your payment to another employer plan, you should find out whether the plan accepts rollovers and, if so, the types of distributions it accepts as a rollover. You should also find out about any documents that are required to be completed before the receiving plan will accept a rollover. Even if an eligible employer plan accepts rollovers, it might not accept rollovers of certain types of distributions, such as after-tax amounts. If this is the case, and your distribution includes after-tax amounts, you may wish instead to roll your distribution over to an IRA or split your rollover amount between the employer plan in which you will participate and an IRA. If an eligible employer plan accepts your rollover, the plan may restrict subsequent distributions of the rollover amount or may require your spouse's consent for any subsequent distribution. A subsequent distribution from the plan that accepts your rollover may also be subject to different tax treatment than distributions from TCDRS. Check with the administrator of the plan that is to receive your rollover prior to making the rollover.

## ROLLOVER CHART

**Roll To**

		<b>Roth IRA</b>	<b>IRA (traditional)</b>	<b>SIMPLE IRA</b>	<b>SEP-IRA</b>	<b>457(b)</b>	<b>Qualified Plan (pre-tax)</b>	<b>403(b) (pre-tax)</b>	<b>Designated Roth Account (401(k) or 403(b))</b>
<b>Roll From</b>	<b>Qualified Plan (pre-tax) <sup>1</sup></b>	YES <sup>2</sup>	YES	NO	YES	YES <sup>3</sup>	YES	YES	NO

<sup>1</sup>Qualified plans include, for example, Profit-Sharing, 401(k), Money Purchase, Defined Benefit plans

<sup>2</sup>Must include income

<sup>3</sup>Must have separate accounts

Please note: It is your responsibility to determine that a plan is an eligible plan for purposes of receiving your rollover, and that the plan will accept it. If you have additional questions after reading this notice, you can contact a TCDRS Member Services Representative at 1-800-823-7782.

### SPECIAL TAX NOTICE REGARDING TCDRS PAYMENTS

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

1. Certain payments can be made directly to an IRA that you establish or to an eligible employer plan that will accept it and hold it for your benefit ("DIRECT ROLLOVER"); or
2. The payment can be PAID TO YOU.

If you choose a direct rollover to a traditional IRA or an eligible employer plan:

- Your payment will not be taxed in the current year and no income tax will be withheld.
- Your payment will be made directly to the eligible account. TCDRS will mail a check to you, but the check will be made payable to the IRA or eligible employer plan.
- The taxable portion of your payment will be taxed later when you take it out of the eligible account. Depending on the type of plan, the later distribution may be subject to different tax treatment than it would be if you received a taxable distribution from TCDRS.



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## Special Rules For Rollover To Roth IRAs

You can choose to roll over your TCDRS distribution to a Roth IRA and it will be subject to the same limits that apply to rollovers from a traditional IRA to a Roth IRA. **Please note: TCDRS does not determine if you are eligible for a rollover to a Roth account. A rollover to a Roth IRA is generally taxable in the year of the rollover. The amount rolled over does not maintain the tax deferred status of your TCDRS contributions.** A rollover of your distribution to a Roth IRA is not subject to the 10% tax on early distributions. **If you are considering a rollover to a Roth IRA, we strongly suggest you discuss your choice with your tax advisor and review IRS Notice 2009-75, Rollovers From Eligible Plans to Roth IRAs.** You should also ensure you have the correct withholding or estimated tax payments to cover your tax liability. Please contact TCDRS for specific instructions if you intend to roll over your distribution to a Roth IRA.

If you choose to have your TCDRS payment that is eligible for rollover paid to you:

- You will receive only 80% of the taxable amount of the payment, because TCDRS is required to withhold 20% of that amount and send it to the IRS as income tax withholding to be credited against your taxes.
- The taxable amount of your payment will be taxed in the current year (unless you roll it over) and it may be subject to an additional 10% tax if it is considered a premature distribution.
- You can roll over all or part of the payment by paying it to your IRA or to an eligible employer plan that accepts your rollover within 60 days after you receive the payment. The amount rolled over will not be taxed until you take it out of the traditional IRA or the eligible employer plan.
- If you want to roll over 100% of the payment to a traditional IRA or an eligible employer plan, you must find other money to replace the 20% of the taxable portion that was withheld. If you roll over only the 80% that you received, you will be taxed on the 20% that was withheld and that is not rolled over.

## PAYMENTS THAT CAN AND CANNOT BE ROLLED OVER

Payments from TCDRS may be "eligible rollover distributions." This means that the withdrawal can be mailed to you and made payable to an eligible rollover account. TCDRS does not send the eligible rollover to the financial institution or eligible account. Payments from TCDRS **cannot** be rolled over to a SIMPLE IRA or a Coverdell Education Savings Account.

## After-tax Contributions

If you made after-tax contributions to TCDRS, you can rollover these contributions into either an IRA or certain employer plans that accept rollovers of the after-tax contributions (see Special Rules for Rollover to Roth IRAs). While most members choose to have these amounts paid directly to them, tax laws allow you to roll over your previously taxed contributions. Please contact TCDRS if you wish to roll over your after-tax contributions. The following rules apply:

1. **Rollover into an IRA.** You can roll over your after-tax contributions to an IRA either directly or indirectly.

If you roll over after-tax contributions to a traditional IRA, it is your responsibility to keep track of, and report to the IRS on the applicable forms, the amount of these after-tax contributions. Once you roll over your after-tax contributions to a traditional IRA, those amounts **CANNOT** later be rolled over to an employer plan.

2. **Rollover into an Employer Plan.** You can roll over after-tax contributions from TCDRS to another employer plan under 401(a), 401(k), or 403(b), using a direct rollover if the other plan provides separate accounting for amounts rolled over, including separate accounting for the after-tax employee contributions and earnings on those contributions.

If you want to roll over your after-tax contributions to an employer plan that accepts these rollovers, you cannot have the after-tax contributions paid to you first. You must instruct TCDRS to make a direct rollover on your behalf. Also, you cannot roll over after-tax contributions.

The following types of payments cannot be rolled over:

## Payments Spread over Long Periods

You cannot roll over a payment if it is part of a series of equal (or almost equal) payments that are made at least once a year and that will last for your lifetime, or a period of 10 years or more.

## Required Minimum Payments

Beginning when you reach age 70-1/2 or terminate your employment, whichever is later, a certain portion of your payment cannot be rolled over because it is a "required minimum distribution" that must be paid to you.



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## DIRECT ROLLOVER

A direct rollover is a direct payment of the amount of your TCDRS account to an IRA or an eligible employer plan that will accept it. You can choose a direct rollover of all or any portion of your payment that is an eligible rollover distribution. Except for a direct rollover to a Roth IRA, you are not taxed on any taxable portion of your payment for which you choose a direct rollover until you later take it out of the eligible account. In addition, no income tax withholding is required by TCDRS for any taxable portion of your benefits for which you choose a direct rollover.

### Direct Rollover to an IRA

You can open a traditional IRA or a Roth IRA to receive the direct rollover. If you choose to have your payment made directly to an IRA, contact an IRA sponsor (usually a financial institution) to find out how to have your payment made in a direct rollover to an IRA at that institution. See IRS Publication 590, *Individual Retirement Arrangements*, for more information on IRAs (including limits on how often you can roll over between IRAs). Note: If you elect a direct rollover to a Roth IRA, the rollover amount **will** be taxable to you. You should be aware that estimated tax payments may be due. See IRS Publication 575, Publication 590, and Publication 505 for more important information concerning Roth IRA rollover requirements.

### Direct Rollover to a Plan

If you are employed by another employer that has an eligible employer plan, and you want a direct rollover to that plan, ask the plan administrator of that plan whether it will accept your rollover. An eligible employer plan is not legally required to accept a rollover. Even if your new employer's plan does not accept a rollover, you can choose a direct rollover to an IRA. If the employer plan accepts your rollover, the plan may provide restrictions on the circumstances under which you may later receive a distribution of the rollover amount or may require spousal consent to any subsequent distribution. The tax treatment of any payment from the eligible employer plan or IRA receiving your direct rollover might be different than if you received your benefit in a taxable distribution directly from TCDRS. Check with the plan administrator of that plan before making your decision.

### Direct Rollover of a Series of Payments

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

## PAYMENT PAID TO YOU

### Mandatory Withholding

If any portion of your payment can be rolled over and you do not elect to make a direct rollover, TCDRS is required by law to withhold 20% of the taxable amount. This amount is sent to the IRS as federal income tax withholding. However, when you prepare your income tax return for the year, unless you make a rollover within 60 days (see "Sixty-Day Rollover Option"), you must report the full taxable amount as a taxable payment from TCDRS. You must report the tax withheld, and it will be credited against any income tax you owe for the year.

### Sixty-Day Rollover Option

If you receive your TCDRS withdrawal directly, you can still decide to roll over all or part of it to an IRA or to an eligible plan that will accept it. If you decide to roll over, you must contribute the amount of the payment you received to an IRA or eligible employer plan within 60 days after you receive the payment. Unless you roll over your distribution to a Roth IRA, the portion of your payment that is rolled over will not be taxed until you take it out of the eligible account. If you roll over to a Roth IRA, the distribution will generally be included in your taxable income for the year in which it was paid to you.

If you want to roll over a payment you received to an IRA or eligible employer plan, you can roll over up to 100% of your payment including an amount equal to the 20% of the taxable portion that was withheld. If you choose to roll over 100%, you must find other money within the 60-day period to contribute to the IRA or the eligible employer plan, to replace the 20% that was withheld. On the other hand, if you roll over only the 80% of the taxable portion that you received, you will be taxed on the 20% that was withheld.

Example: The taxable portion of your payment that can be rolled over is \$10,000, and you choose to have it paid to you. You will receive \$8,000, and \$2,000 will be sent to the IRS as income tax withholding. Within 60 days after receiving the \$8,000, you may roll over the entire \$10,000 to a traditional IRA or an eligible employer plan. To do this, you roll over the \$8,000 you received from TCDRS, and you will have to find \$2,000 from other sources. In this case, the entire \$10,000 is not taxed until you take it out of the traditional IRA or an eligible employer plan. If you roll over the entire \$10,000, when you file your income tax return you may get a refund of part or all of the \$2,000 withheld.



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## **Additional 10% Tax if You Are Under Age 59-1/2, if Not Rolled Over**

If you receive a payment before you reach age 59-1/2 and you do not roll it over, then, in addition to the regular income tax, you may have to pay an extra tax equal to 10% of the taxable portion of the payment. The additional 10% tax generally DOES NOT apply to (1) payments that are paid after you separate from service with your employer during or after the year you reach age 55, (2) payments that are paid because you retire due to disability, (3) payments that are paid as equal (or almost equal) payments over your life or life expectancy, (4) payments that are paid directly to the government to satisfy a federal tax levy, (5) payments that are paid to an alternate payee under a qualified domestic relations order or QDRO, (6) payments that do not exceed the amount of your deductible medical expenses, or (7) payments to a qualified public safety employee who separates from service during or after the year reaching age 50. (You are a "qualified public safety employee" if you are in a position that provides police protection services, fire-fighting services, or emergency medical services. Please contact TCDRS if you meet this definition.)

## **Additional 10% Tax if You are under Age 59-1/2 on IRA Withdrawals after Rollover**

If you rollover the distribution to an IRA and take a withdrawal from the IRA when you are under age 59-1/2, you will have to pay the 10% additional tax on early distributions from your IRA unless an exception applies. In general, the exceptions are those mentioned in the preceding paragraph; however, there are a few differences: There is no age 55 exception (item 1); no QDRO exception (item 5 except for certain non-taxable direct IRA spousal transfers); and certain additional exceptions such as no separation from service requirement, withdrawals for certain qualified education expenses, withdrawals for certain qualified first-time homebuyer payments, and withdrawals after certain periods of unemployment eligibility.

## **Special Tax Treatment If You Were Born before January 1, 1936**

If the payment qualifies as 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*.

## **SURVIVING SPOUSES AND ALTERNATE PAYEES**

In general, the rules summarized in this notice that apply to payments to members also apply to payments to surviving spouses of members and to spouses or former spouses who are "alternate payees." You are an alternate payee if your interest in TCDRS results from a "qualified domestic relations order," which is an order issued by a court, usually in connection with a divorce or legal separation. If you are a surviving spouse or an alternate payee, you may choose to have a payment that can be rolled over, paid in a direct rollover to an IRA or to an eligible employer plan or paid to you. If you have the payment paid to you, you can keep it or roll it over yourself to an IRA or to an eligible employer plan. Thus, you have the same choices as the member. If you choose to have the distribution paid to you, the mandatory withholding rules described on page 3 will apply, however your payment is generally not subject to the additional 10% tax described in "Payment to You".

## **BENEFICIARIES**

If you are a designated beneficiary or a surviving spouse, you can choose a direct rollover to an IRA, which will be treated as an inherited IRA subject to the minimum distribution rules applicable to beneficiaries. Payments from the inherited IRA will not be subject to the 10% additional income tax on early distributions. If you are a designated beneficiary other than a surviving spouse, you cannot choose a direct rollover to an eligible employer plan, and you cannot roll over the payment yourself.

If you chose to have the distribution paid to you, the mandatory withholding rules described on page 3 will apply. However your payment is generally not subject to the additional 10% tax described in "Payment Paid to You".

Distributions to a member's estate will not be eligible for rollover. An automatic 10% federal income tax will be withheld from distributions to an estate unless the appropriate form is completed by the estate representative choosing not to have withholding apply.

## **HOW TO OBTAIN ADDITIONAL INFORMATION**

This notice summarizes only the federal tax rules that might apply to your payment. The rules described in this notice are complex and contain many conditions and exceptions that are not included in this notice. Therefore, we urge you to consult with a professional tax advisor before you take a payment of your benefits from TCDRS. Also, you can find more specific information on the tax treatment of payments from qualified employer plans in IRS Publication 575, *Pension and Annuity Income*, and IRS Publication 590, *Individual Retirement Arrangements* and IRS Notice 2009-68, *Safe Harbor Explanation - Eligible Rollover Distributions*, and IRS Notice 2009-75, *Rollovers from Employer Plans to Roth IRAs*. These publications are available from your local IRS office, on the IRS's Internet Web Site at [www.irs.gov](http://www.irs.gov), or by calling 1-800-TAX-FORMS.