

OKLAHOMA TEACHERS' RETIREMENT SYSTEM
POST OFFICE BOX 53524
OKLAHOMA CITY, OKLAHOMA 73152
405-521-2387 OR TOLL FREE 1-877-738-6365
ok.gov/trs

GENERAL INSTRUCTIONS

The enclosed forms are to be used to request withdrawal of your OTRS 401(a) retirement account. Please read all information carefully before completing the forms.

Lump sum withdrawal of contributions is an option for clients who are no longer working for any Oklahoma public education system or agency. Clients are not required to withdraw their funds. If you choose to withdraw, you must withdraw all of your funds. There are no provisions for partial withdrawal.

Current State Statutes should be considered if you plan to be out of the Oklahoma public education system only a short while. If you return to Oklahoma public education employment, you will rejoin as a new member and may not qualify for certain benefits. You do have the option, however, to redeposit withdrawn funds and have your initial membership date re-instated. If you do not redeposit, the membership date will be the date the account was reopened.

Federal law provides the opportunity to move funds via a direct or 60 day rollover to an Individual Retirement Account (IRA), Roth IRA, 401(k), 403(b), 457 or another eligible plan that accepts 401(a) rollovers. You may also direct that a portion of your account be rolled-over and the remainder of your pre-tax deposits be distributed directly to you. There is a mandatory 20 percent Federal withholding on all pre-tax funds that are not rolled over to another account. In addition, some accounts will be subject to the 10% additional income tax for early withdrawals. See the Special Tax Notice for details regarding taxes.

Application for withdrawal forms WILL NOT be accepted at TRS until AFTER your last day PHYSICALLY PRESENT on the job within an Oklahoma public education system or agency.

All payments are made on the earliest date rules and laws permit. All forms are processed immediately. However, there is a mandatory 4 month waiting period. Withdrawal payments will be made no earlier than the 20th day of the 4th month after the last day you are physically present on the job within the Oklahoma public education system or agency. **THERE ARE NO EXCEPTIONS TO THIS FOUR-MONTH WAITING PERIOD.** If the 20th falls on a legal holiday or a weekend, the payment date will then be the closest business day. When the payment is scheduled, we will send you a confirmation letter showing the date and amount of the payment. If you have satisfied the four-month waiting period, payment is made as soon as the existing workload permits after we receive all required properly completed documents.

A Statement of Account Balance with Accrued Interest will be mailed after forms are received. This information requires an audit of your account and is not available online. If you wish to receive your statement of account balance before deciding your payment option, please submit only the Application for Withdrawal and wait to receive the statement of account before submitting the Mandatory Withholding or Rollover Election form.

Vested accounts will receive a Waiver of Benefits form after application for withdrawal has been made. This form requires an audit of your account and is not available online.

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APPLICATION FOR WITHDRAWAL INSTRUCTIONS

- If you wish to receive a Statement of Account Balance with Accrued Interest before deciding whether or not to withdraw, please go to the forms page and complete an Application for Balance form.
- You may submit the application for Withdrawal to TRS after your last day on the job with an Oklahoma public education system or agency.
- You may not contract for or return to employment with any Oklahoma public education system or agency until AFTER you receive your funds. If you do return to employment, please contact TRS immediately for cancellation of your withdrawal.
- If you are an optional employee who wishes to stop making contributions to TRS, please contact our office directly for the correct forms.
- The month and year last worked are the dates of your last physical employment (i.e. the date you were last physically on the job, not the date of your final paycheck).
- After printing the form, you must have your signature notarized by a Notary Public. You must sign the form in the presence of the notary. Be sure the notary includes the seal.
- Mail the form to the address on the top of this page or by priority mail to 2500 N Lincoln, Oklahoma City, OK 73105.
- If your account with OTRS is vested, you will receive, by mail, a Waiver of Benefits form. This form is client specific and is not available in this packet.
- When all necessary forms have been received, your withdrawal will be completed. If you have not yet met the mandatory 4-month waiting period, your payment will be scheduled for the appropriate date and notice will be mailed to you. If you have met the mandatory waiting period, the check will be written within 3 days.
- If only the Application for Withdrawal is submitted, you will receive a Statement of Account with Accrued Interest and a checklist showing any additional forms that are required.

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APPLICATION FOR WITHDRAWAL/ROLLOVER

_____ Name	_____ SSN#	
_____ Address	_____ Phone#	_____ Date
_____ City	_____ State	_____ Zip
_____ Month Last Worked	_____ Year Last worked	

Employees who leave Oklahoma public education employment are eligible to withdraw the contributions made to their OTRS account four (4) months after termination. As a former employee, you may submit application for the proceeds in your account after your last day physically worked. Withdrawal payment can be made no earlier than the 20th day of the 4th month after your last day physically worked.

Important Issues to Consider:

If you have completed five years of contributing service, permanent retirement benefits may be available to you when you are eligible. Should you withdraw from the retirement system and terminate your membership, these benefits may not be available to you in the future. Withdrawal of your account terminates the right to benefits for all service prior to the date of withdrawal unless credit is reinstated by subsequent service and repayment as provided by the statutes.

I hereby certify that the information contained on this form is correct and true. I desire to terminate my membership in the Oklahoma Teachers' Retirement System and hereby make application for withdrawal of all contributions to my individual account, and my other monies to which I am entitled. **I AM AWARE THAT, SHOULD I BE EMPLOYED OR CONTRACT FOR EMPLOYMENT WITH AN OKLAHOMA PUBLIC SCHOOL SYSTEM/AGENCY BEFORE RECEIVING THE REFUND OF THIS ACCOUNT, I AM NOT ENTITLED TO SUCH REFUND.**

_____ Signature	_____ Date
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SUBSCRIBED AND SWORN TO BEFORE ME THIS _____ DAY OF _____, 20_____.

Notary public _____

(SEAL) Address of Notary Public _____

My Commission Expires _____

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MANDATORY WITHHOLDING OR ROLLOVER ELECTION FORM
FOR WITHDRAWAL OF A 401(a) DEFINED BENEFIT PLAN
INSTRUCTIONS

- If you wish to receive a Statement of Account with Accrued Interest before choosing a payment option, please submit only the Application for Withdrawal/Rollover. A statement along with a checklist showing any additional forms that are needed will be mailed to you as quickly as possible.
- This form must be completed by all members wanting to WITHDRAW OR ROLLOVER their retirement contributions from TRS UNLESS: all of your contributions are after-tax and there is no interest due, or your before-tax and/or interest total is less than \$200.00.
- Mail the form to the address on the top of this page or by priority mail to 2500 N Lincoln, Oklahoma City, OK 73105.

PAYMENT OPTIONS:

- **Choose Option 1** to have your funds sent directly to you. The Special Tax Notice Regarding Your Rollover Options Under a Governmental 401(a) Plan on the following pages gives information on the tax implications of your payment choice. There is space provided under the OPTIONAL TAX WITHHOLDING section of this form where you may request that an additional percentage be withheld for federal tax and/or the 10% additional income tax on early distributions. If you reside in Oklahoma, you may also request that a percentage for Oklahoma state income tax be withheld at the time of distribution. Withholding of Oklahoma tax is for your convenience and is not mandatory that it be withheld at this time. Since OTRS has no knowledge of your total tax liability, we cannot advise as to whether you should have more than the mandatory 20% federal taxes or state taxes withheld. You may want to contact a tax accountant or the IRS.
- **Choose Option 2** to have all your funds rolled over to a new custodian/trustee. The Special Tax Notice Regarding Your Rollover Options Under a Governmental 401(a) Plan on the following pages gives information on the tax implications of your payment choice. Please include ALL information regarding the new custodian/trustee on the form. We must have name, complete address, your account number and acceptance signature for the new custodian/trustee. Also indicate whether or not the account is a Roth IRA. The new custodian/trustee may send a separate letter of acceptance in lieu of their signature if necessary.
- **Choose Option 3** to have your funds split between you and a new custodian/trustee. The Special Tax Notice Regarding Your Rollover Options Under a Governmental 401(a) Plan on the following pages gives information on the tax implications of your payment choice. Fill in the blank with the amount you wish to be rolled over. The remainder of your funds will be sent directly to you with 20 percent federal taxes withheld from the pre-tax funds. Please include ALL information regarding the new custodian/trustee on the form. We must have name, complete address, your account number and acceptance signature for the new custodian/trustee. Also indicate whether or not the account is a Roth IRA. The new custodian/trustee may send a separate letter of acceptance in lieu of their signature if necessary.

SPECIAL TAX NOTICE REGARDING YOUR ROLLOVER OPTIONS
UNDER A GOVERNMENTAL 401(a) PLAN (IRS Notice 2009-68 issued September 5, 2009)

You are receiving this notice because all or a portion of a payment you are receiving from Oklahoma Teachers Retirement System (the "Plan") 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 the payment from the Plan if you do not roll it over. If you are under age 59 ½ and do not do a rollover, you will also have to pay a 10% additional income tax on early distributions (unless an exception applies).

If you do a rollover to a traditional IRA or an eligible employer plan, you will not have to pay tax until you receive payments later from the IRA or plan, and the 10% additional income tax will not apply if those payments are made after you are age 59 ½ (or if an exception applies).

If you do a rollover to a Roth IRA, you will be taxed on the amount rolled over (reduced by any after-tax amount). However, if you are under age 59 ½ at the time of the rollover, the 10% additional income tax will not apply. See the section below titled "If you roll over your payment to a Roth IRA" for more details.

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), Roth IRA, or an employer plan (a tax-qualified section 401(a) plan, section 403(b) plan, or governmental section 457(b) deferred compensation 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 of the rolled over amount in the future. 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 Plan 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, the Plan is required to withhold 20% of the payment for federal income taxes. 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. This means that, in order to roll over the entire payment in a 60-day rollover, you must use other funds to make up 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 59 ½ (unless an exception applies).

How much may I roll over?

You will receive a Statement of Account or Beneficiary Affidavit from OTRS showing your account balance plus applicable accrued interest. You may roll over the full amount shown on the statement.

If I don't do a rollover, will I have to pay the 10% additional income tax on early distributions?

If you are under 59 ½, you will have to pay the 10% additional income tax on early distributions for any payment from the Plan (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 Plan:

- Payment made after you separate from service if you will be at least age 55 in the year of 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

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 59 ½, 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 payment from an IRA, including:

- There is no exception for payment 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 closer 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) payment 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.

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 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 your 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 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. 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 roll over your payment to 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 Plan 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 59 ½ (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.

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

For more information, see IRS Publication 590, Individual Retirement Arrangements (IRAs). You should consult your tax advisor if you are interested in rolling over your distribution to a Roth IRA.

If you are not a plan 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 will generally be taxed in the same manner described elsewhere in this notice. However, the 10% additional income tax on early distribution does not apply, and the special rule described under the section "If you were born on or before January 1, 1936" applies only if the member was born on or before January 1, 1936.

If you are a surviving spouse. If you receive a payment from the Plan 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 59 ½ 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 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 the Plan, you will not have to start receiving required minimum distributions from the inherited IRA until the year the member would have been age 70 ½.

If you are a surviving beneficiary other than a spouse. If you receive a payment from the Plan 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 qualified domestic relations order. If you are the spouse or former spouse of the member who receives a payment from the Plan under a qualified domestic relations order (QDRO), you generally have the same options 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). If you are an alternate payee other than the spouse or former spouse of the member, you generally have the same options as a surviving beneficiary other than the spouse, so that the only rollover option you have is to do a direct rollover to an inherited IRA. 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 Plan 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 less than \$200, the Plan 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.

NOTICE PERIOD

Generally, payment cannot be made from the Plan until at least 30 days after you receive this notice. Thus, you have at least 30 days to consider whether or not to have your payment rolled over. If you do not wish to wait until this 30-day notice period ends before your election is processed, you may waive the notice period by making an affirmative election indicating whether or not you wish to make a direct rollover. Your payment will then be processed in accordance with your election as soon as practical after it is received by the Plan administrator.

FOR MORE INFORMATION

You may wish to consult with the Plan administrator or payor, or a professional tax advisor, before taking a payment from the Plan. 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, or by calling 1-800-TAX-FORM.

**EMPLOYER'S VERIFICATION OF
MEMBER'S TERMINATION OF EMPLOYMENT**

Instructions

This form is to be completed by your former employer AFTER your last day on the job.

You must have this form completed by your former employer if it has been less than 1 year since your last contribution. For example, if your last day to work was in May 2008 but your checks and contributions continued thru August 2008, it will be August 2009 before this form can be waived.

The form can be submitted by either you or your former employer by mailing the form to the address above. All forms submitted to TRS must be clear and readable. Also, the notary seal must be visible. Faxed forms do not always show the notary seal. If this is the case, you will be asked to submit the original.

Payroll Official/Superintendent

To be completed by payroll official or superintendent at member's last district or agency of employment in a public, state-supported educational institution in Oklahoma. Please return the completed form to the address at the top of this page AFTER member has terminated employment.

_____	_____	_____	
Name	SSN#	Date	
_____	_____	_____	_____
Address	City	State	Zip

I hereby certify that the above-named employee has terminated employment with this educational institution and, to my knowledge, the employee is not now employed by a public educational institution in the State of Oklahoma. The last day the employee was PHYSICALLY PRESENT on the job was the _____ day of _____, _____.

The final remittance to the retirement account of the member was/will be included on the remittance report dated _____, _____.

_____	_____	_____
Official/Superintendent Signature	School District	Payroll Official/Superintendent Title

SUBSCRIBED AND SWORN TO BEFORE ME THIS _____ DAY OF _____, 20____.

Notary public _____

(SEAL) Address of Notary Public _____

My Commission Expires _____