



TENNESSEE CONSOLIDATED RETIREMENT SYSTEM  
502 Deaderick Street ♦ Nashville, TN 37243-0201

**APPLICATION FOR REFUND OF ACCUMULATED CONTRIBUTIONS**

In order to qualify for a refund, a member must (1) have funds in TCRS, (2) no longer be employed by any employer covered by TCRS and (3) complete this application and return it to TCRS at the above address. Be sure to read the income tax information on the back of this page and in the Special Tax Notice Regarding Plan Payments before completing your application.

**I. CERTIFICATION BY MEMBER (To be filled out by the member.)**

Social Security Number	Date of Birth	Former Employer (Dept., County, City or Institution)	
Name (Last, First, Maiden and Middle Name)			
Street Address or P.O. Box		City	State
Zip Code	Telephone #	Enrollment Date	Termination Date
Employed as: <input type="checkbox"/> Teacher <input type="checkbox"/> General Employee <input type="checkbox"/> Other (Specify):			

**II. NOTICE OF WITHHOLDING ON REFUNDS/DIRECT TRANSFER TO ANOTHER RETIREMENT PLAN**

All refunds issued directly to former members of TCRS are subject to federal income tax withholding at a rate of 20% of the taxable portion of the refund. However, the taxable portion of the refund may be transferred directly from TCRS to a traditional IRA or other retirement plan, with the nontaxable portion (if any) being refunded directly to you. If you choose to have the taxable portion transferred directly to an IRA or other retirement plan, the distribution will not be taxable and federal income tax will not be withheld. Check one box:

- I want the entire refund issued directly to me. (20% of the taxable portion will be withheld for federal income tax.)
- I want my refund transferred directly to the IRA or retirement plan listed below. (The non-taxable portion of my balance, if any exists, will be mailed directly to you at the above address.) (Complete Section III.)
- I want \$\_\_\_\_\_ of the taxable portion of my refund transferred directly to the IRA or retirement plan listed below and the remainder issued to me. (Complete Section III.)

**III. CERTIFICATION BY PLAN OR IRA ACCEPTING DIRECT TRANSFER (Must be completed by plan which will receive direct transfer if you have requested that all or part of your refund be transferred directly to another plan or to a traditional IRA.)**

I agree to accept a direct transfer of the taxable portion of the refund due to the above named individual. I certify that the plan named below is eligible for a transfer from the Tennessee Consolidated Retirement System, a 401(a) plan.

Name of Plan: \_\_\_\_\_ Telephone #: \_\_\_\_\_

Contact Person and Account No: \_\_\_\_\_

Address of Plan Administrator: \_\_\_\_\_

Signature of Plan Administrator: \_\_\_\_\_ Type of Plan \_\_\_\_\_

**IV. NOTARIZATION (To be signed by member and witnessed by a Notary Public.)**

I hereby make application for the return of my contributions made to the Tennessee Consolidated Retirement System (TCRS) together with the interest credited thereon. I hereby waive for myself, my heirs and my beneficiary all my rights, title and interest in all funds under the care and control of the Retirement System. This includes eligibility to participate in the State Insurance Plan. I understand that this election is **irrevocable**.

I am aware that if I **DO NOT** withdraw my contributions, and not having acquired vesting rights, I will retain my status as a member of the Retirement System for seven years, and should I be reemployed within that period, I will retain my status as a member of the Retirement System, or having attained vesting rights, I may remain a member and elect to receive a monthly benefit at retirement age. I understand that if I **DO** withdraw my contribution, my membership in the Retirement System is terminated and if I am subsequently employed in a position requiring membership, I must enter the Retirement System with the status of a new member.

I certify that the above information is complete and correct and that I understand my rights as a member of the TCRS.

State of \_\_\_\_\_ / County of \_\_\_\_\_ Signature of Member \_\_\_\_\_

Personally appeared before me on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, the within named \_\_\_\_\_, and makes oath that (he)/(she) executed the foregoing instrument.

Notary Public Signature: \_\_\_\_\_ My Commission Expires \_\_\_\_\_ (Notary Seal)

**V. CERTIFICATION BY EMPLOYER (To be completed by employer. Do not complete if member has been out of work six months or more.)**

Political Subdivisions, Higher Education and State Departments not paid by Finance and Administration	Teachers	State Departments paid by Finance and Administration	
Dept. Code #: _____ ● _____ Effective Date of Termination (Last Paid Day): ____/____/____ This employee's final contribution will appear on the report for the month _____, 20____. (Allow for annual leave, if applicable.)	Number of months this teacher works each year: (Check one.) <input type="checkbox"/> Nine <input type="checkbox"/> Ten <input type="checkbox"/> Eleven <input type="checkbox"/> Twelve Dept. Code #: _____ ● _____ Effective Date of Termination (Last Paid Day): ____/____/____ This employee's final contribution will appear on the report for the month _____, 20____.	Dept. Code #: _____ ● _____ Effective Date of Termination (Last Paid Day): ____/____/____ This employee's final contribution will appear on the report for the month _____, 20____. (Allow for annual leave, if applicable.)	
Signature of Employer	Title	Date	Telephone # ( )

## TCRS REFUND TAX INFORMATION

The Tennessee Consolidated Retirement System is a qualified pension plan under Section 401(a) of the Internal Revenue Code. The following information is provided to highlight federal tax rules which may apply to your refund. Full tax information regarding refunds is contained in the IRS Special Tax Notice Regarding Plan Payments.

### RECEIPT OF TAXABLE AND NONTAXABLE AMOUNTS

Your refund will consist of a taxable portion and possibly a nontaxable portion.

- The **nontaxable portion** is the amount of your previously taxed contributions (if any). If you have made any after-tax contributions to TCRS, this amount will be refunded to you tax free.
- The **taxable portion** includes any accumulated interest, employer contributions made on your behalf in lieu of employee contributions, and/or tax-deferred contributions made under the provisions of Section 414(h). The taxable portion of your refund may be taken in two ways. You may elect to have the taxable portion (1) transferred to another eligible retirement plan or an Individual Retirement Arrangement (IRA) in a direct rollover or, (2) paid to you. This choice will affect the tax you owe.

### WITHHOLDING ON TAXABLE PORTION OF REFUND

If you choose to have the taxable portion transferred directly to another eligible retirement plan or a traditional IRA, payment will be made directly to that plan and no income tax will be withheld. It is **required** that Section III of this application be completed and signed by the receiving plan administrator. Your tax liability will be postponed until you take the money out of the new plan. Payment cannot be rolled over into a SIMPLE IRA, EDUCATION IRA, or into a 457 plan established by a nongovernmental entity. If you choose to roll your contributions to a Roth account, you will be subject to tax penalties.

If you choose to have the taxable portion of your refund paid to you, TCRS is required by federal law to withhold 20% of the taxable portion in federal income taxes. This withholding amount will be sent to the IRS to be credited toward your income tax. If you choose to have the taxable portion of your refund paid to you, it may be subject to two separate taxes: ordinary income tax and an early distribution tax.

### ORDINARY INCOME TAX ON TAXABLE PORTION OF REFUND PAID TO YOU

Any taxable amount paid to you is includable in your gross income and taxed as ordinary income unless you use one or more of the following special tax treatments.

1. **Rollover:** You may make a tax-free “rollover” of the taxable portion of your refund to another retirement plan or to an Individual Retirement Account (IRA) **within 60 days** of the date you receive the refund. Your tax liability will then be postponed until you take the money out of the new plan. Since federal income taxes must be withheld from any payment issued to you, it may be more advantageous to arrange for a direct transfer. For more information, see IRS publication, *Individual Retirement Arrangements (IRAs)*.
2. **Capital Gains:** If you were born before January 1, 1936 and if your refund includes employee contributions made before Jan. 1, 1974, you may elect to use long-term capital gain tax treatment on a percentage of the taxable amount of this refund. To qualify, you must have participated in the plan for five years or longer. The percentage of the refund which is eligible for capital gains treatment is generally determined by dividing the months of participation before 1974 by the total months of participation. If you qualify, you may write to TCRS for information regarding the amount of your refund which may be given this treatment. For more information, see IRS publication 575, *Pension and Annuity Income* and IRS form 4972.
3. **Forward Averaging:** If you were born before January 1, 1936, you may be eligible to treat the taxable portion of your refund under the special forward averaging provisions of the tax code. To qualify, you must also have participated in the plan for five years or longer. For more information, see IRS publication 575, *Pension and Annuity Income* and IRS form 4972.

### EARLY DISTRIBUTION TAX ON TAXABLE PORTION OF REFUND PAID TO YOU

Any taxable amount **paid to you** by TCRS is also subject to a separate 10 percent early distribution tax unless you qualify for one of the following exemptions:

1. **Rollover:** If you roll over the taxable portion of your refund, it will not be includable in gross income, and so it will not be subject to this tax.
2. **Age 59½:** If you are 59½ or older when you **receive the refund**, it is exempt from this early distribution tax.
3. **Age 55:** If you were 55 or older when you **separated from service**, your refund is exempt from this early distribution tax. (If you roll over your refund to another type of plan, this exemption will not later be available from that plan.)
4. **Disability:** If you are receiving the refund as a result of your disability and can provide proof of this to the IRS, it is exempt from this tax.
5. **Medical Expenses:** If you have certain medical expenses which exceed 7½% of your gross income this year, your refund may be exempt from this tax.

For more information, refer to *Taxes on TCRS Benefits* and *Special Tax Notice Regarding Plan Payments* at [tcrs.tn.gov/Taxes-on-Bene.html](http://tcrs.tn.gov/Taxes-on-Bene.html) on the Internet. Any additional questions concerning the taxability of payments from TCRS should be directed to the Internal Revenue Service at 1-800-829-1040.