

Arlington Independent School District  
Resignation/Retirement Exit Interview Form Instructions

- 1) Please download and complete the appropriate Resignation / Retirement Exit Interview Form (Contract or Non-Contract). Instructions for submission are on the form. For resignations, you may request an additional in person exit interview. In person, additional exit interviews are conducted for all retirements because of the amount of information needed for the Texas Retirement System.
- 2) Scan and email the Resignation/Retirement Payoff and Benefit Option Form to [hrcustomerservice@aisd.net](mailto:hrcustomerservice@aisd.net).
- 3) Please review the information on COBRA (Temporary Extension of Health Insurance).
- 4) Be sure that you have downloaded any Google Drive files, Evaluations, and any other files needed from your district computer. Your access is locked at the point your resignation is effective.

Please read Carefully the Employee Service Center Access for Former Employees and Keep the Information for Future Use.



## **AISD Retirement Checklist**

### **\_\_\_\_\_ 1. Notice of Retirement & Payoff and Benefit Option Form**

Submit your retirement/resignation form found on the AISD website under Human Resources Customer Service. Email the completed form to Mark Strand at [mstrand@aisd.net](mailto:mstrand@aisd.net).

### **\_\_\_\_\_ 2. Request a TRS Retirement Packet**

Go to [www.trs.state.tx.us](http://www.trs.state.tx.us) → Active Members → Forms → TRS 18 Form. Or call TRS at (800) 223-8778.

### **\_\_\_\_\_ 3. Consult with a Financial Planner or TRS Counselor**

Please consult with a financial planner or TRS counselor prior to scheduling your retirement exit to assist with completing your packet and to ensure your financial questions are answered.

### **\_\_\_\_\_ 4. Schedule Retirement Exit**

The HR Benefits Department will email you to schedule your retirement exit appointment. If you do not receive an email, please email the HR Benefits Department at [hrbenefits@aisd.net](mailto:hrbenefits@aisd.net) to schedule an appointment.

### **\_\_\_\_\_ 5. Submit a Blank Notice of Final Deposit (TRS 7 Form)**

The employee should submit the TRS 7 form directly to Payroll for processing. The Payroll Department will complete and send the form directly to TRS after the final AISD paycheck is issued.

### **\_\_\_\_\_ 6. Send Completed Retirement Packet to TRS (1000 Red River St., Austin, TX 78701)**

The employee will need to send the completed retirement packet to TRS as soon as possible. To ensure that the 1st TRS payment is received 30 days after all final AISD pay has been issued and the TRS 7 form is processed by Payroll. The retirement packet should be sent to TRS at least 6 weeks in advance.

### **\_\_\_\_\_ 7. TRS Notice**

TRS will send the employee a letter confirming that the retirement packet was received. If the letter states that the TRS 7 form is missing and you are sure your TRS 7 was given to the Payroll Department, please disregard. Payroll cannot send it until the final AISD paycheck has been issued to you.

### **\_\_\_\_\_ 8. TRS Paycheck**

The 1<sup>st</sup> paycheck from TRS is usually received 31 days after the final AISD paycheck is issued or the first day of the month after the TRS 7 form has been processed by TRS.

Arlington Independent School District  
Retirement / Resignation Form and Online Exit Interview  
Contract Employee  
Please complete the following form and obtain the necessary signatures.  
Scan and send to [mstrand@aisd.net](mailto:mstrand@aisd.net)

Name: \_\_\_\_\_ Today's Date: \_\_\_\_\_  
Current Position: \_\_\_\_\_ Employee ID: \_\_\_\_\_  
Proposed Final Employment Date: \_\_\_\_\_ Is this resignation in order to retire? \_\_\_Yes \_\_\_No  
Supervisor / Administrator: \_\_\_\_\_ Department / Campus: \_\_\_\_\_  
Reason for Leaving the District: \_\_\_\_\_

***Exit Interview***

***Please Access the Following Link to Complete an Anonymous Exit Survey***

<https://www.surveymonkey.com/r/5TK79JV>

***Your Input is Greatly Valued as We Seek Continuous Improvement as a District***

***Please Add Any Additional Comments or Concerns Below (Attach Additional Sheets as Needed)***

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***All retirements will have an additional "in person" exit interview scheduled. If you are not retiring but would like to meet concerning your resignation, please call 682.867.7290 to set up an appointment.***

It is expected that contractual obligations are met. Documentation to support a resignation/retirement effective prior to the completion of a contract may be attached. A verified relocation outside of DFW or medical issues beyond the scope of district policies and benefits are the only two mitigating factors for employee initiated mid-contract resignations/retirements. Acceptance of an early resignation or retirement unrelated to a relocation outside of the DFW area or medical circumstances is contingent upon hiring a suitable replacement. A resignation may be accepted during contract and outside the scope of these criteria when desired or initiated by the district.

Employee Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Supervisor Signature: \_\_\_\_\_ Date: \_\_\_\_\_

***District Use Only Below***

Date Form received: \_\_\_\_\_ Supervisor Contact Made if Needed: \_\_\_\_\_

Human Resources Approval: \_\_\_\_\_ Date: \_\_\_\_\_

Arlington Independent School District  
Retirement / Resignation Form and Online Exit Form  
Non-Contract Employee  
Please complete the form and obtain the necessary signatures.  
Scan and email to [mstrand@aisd.net](mailto:mstrand@aisd.net)

Name: \_\_\_\_\_ Today's Date: \_\_\_\_\_

Current Position: \_\_\_\_\_ Employee ID: \_\_\_\_\_

Proposed Final Employment Date: \_\_\_\_\_ Is this resignation in order to retire? \_\_\_Yes \_\_\_No

Supervisor / Administrator: \_\_\_\_\_ Department / Campus: \_\_\_\_\_

Reason for Leaving the District: \_\_\_\_\_

***Exit Interview***

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***Your Input is Greatly Valued as We Seek Continuous Improvement as a District***

***Please Add Any Additional Comments or Concerns Below (Attach Additional Sheets as Needed)***

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***All retirements will have an additional "in person" exit interview scheduled. If you are not retiring but would like to meet concerning your resignation, please call 682.867.7290 to set up an appointment.***

It is expected that ten actual work days of notice be given from the date of acceptance of your Retirement / Resignation Form in order for the school or department to make the necessary transition. Documentation to support a resignation of less than two weeks may be attached.

Employee Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Supervisor Signature: \_\_\_\_\_ Date: \_\_\_\_\_

***District Use Only Below***

Date Form Received: \_\_\_\_\_ Supervisor Contact Made if Needed: \_\_\_\_\_

Human Resources Approval: \_\_\_\_\_ Date: \_\_\_\_\_

## Resignation/Retirement Payoff and Benefit Option Form

House Bill 973 entitles school district employees whose resignation or retirement is effective on or after the last day of the instructional year to remain on the district's health plan through June, July, and August.

All end of school year resigning/retiring employees who work through their scheduled work calendar will receive a normal payout according to their work calendar. If applicable, employees resigning/retiring have the option to remain on the District's insurance plan through the summer months. If no action is taken, you will be paid according to the normal payoff schedule and your benefits termination date will be based on the date of your final paycheck. You will be offered COBRA to extend coverage if desired.

**This form does not apply to resignations/retirements submitted following the end of contract period.**

Retirees, please note, your TRS Form 7 will be sent to TRS following your last paycheck. Your retirement checks from TRS will not begin until several weeks after your TRS Form 7 is sent. Choosing a later final paycheck date will delay your first retirement check. Please contact TRS directly to discuss specific details regarding your retirement paycheck.

### Please Check One:

- ☐ **183 day Educational Aides & 187 day Teachers, Librarians, & Nurses**
- ☐ **More than 187 days but less than 243 day employees**
- ☐ **243 days or more employees**

1. As a **183 or 187 day** employee (normal last paycheck is August 31<sup>st</sup>), I understand that paychecks will continue as normal based on the work calendar unless I select one of the options below regarding final paycheck and insurance benefits:
  - a. Benefit/Payroll Options
    - i. June Payout – Insurance Coverage Ends June 30<sup>th</sup>
      - ☐ You will receive a lump sum paycheck in June for June, July, and August with single deductions taken for the month of June only.
    - ii. June Payout – Insurance Coverage Ends August 31<sup>st</sup>
      - ☐ You will receive a final lump sum paycheck in June with insurance deductions taken for the months of June, July, and August. This will be three times your normal deduction.
    - iii. August Payout – Insurance Coverage Ends August 31<sup>st</sup>
      - ☐ You will receive your regular paychecks in June, July, and August with regular insurance deductions taken on each paycheck.
2. As a **more than 187 days but less than 243 days** employee (last paycheck is July 31<sup>st</sup>), I understand that paychecks will continue as normal based on the work calendar. I select the following option below regarding insurance benefits.
  - a. Benefit/Payroll Options
    - i. July Payout – Insurance Coverage Ends July 31<sup>st</sup>
      - ☐ You will receive your regular paychecks through July with regular insurance deductions taken.
    - ii. July Payout – Insurance Coverage Ends August 31<sup>st</sup>
      - ☐ You will receive your regular paychecks in July with insurance premiums withheld for July and August on the July paycheck.
3. As a **243 days or more** employee (last paycheck is June 30<sup>th</sup>), I understand that I will receive a normal payout; however, I have the option to continue the District's insurance through the summer months.
  - a. Benefit/Payroll Options
    - i. June Payout – Insurance Coverage Ends June 30<sup>th</sup>.
      - ☐ You will receive your regular paychecks through June with regular insurance deductions taken.
    - ii. June Payout – Insurance Coverage Ends August 31<sup>st</sup>.
      - ☐ You will receive your regular paychecks through June with insurance deductions taken for the months of June, July, and August. This will be three times your normal deduction.

**If you do not request an early payoff, you will be paid according to the normal payoff schedule and your benefits termination date will be based on the date of your final paycheck. You will be offered COBRA to extend coverage if desired.**

Employee ID \_\_\_\_\_ Date \_\_\_\_\_

Position \_\_\_\_\_ Campus/Location \_\_\_\_\_

Employee Name \_\_\_\_\_ Employee Signature \_\_\_\_\_

# Employee Service Center

## Employee Service Center Access for Former Employees (Please Keep this Information for Future Use)

If you are a former employee, your username will need to be updated. Your TEAMS user id no longer works once you have left employment with AISD. Read all steps below to determine which scenario applies to you as a former employee.

1. Scenario 1 - Former Employee and current parent, with Parent Self-Serve account that has been updated since leaving employment with AISD. Use the same user id and password for Employee Service Center that you are currently using to access Parent Self-Serve.
2. Scenario 2 - Former Employee who is not currently an AISD parent or does not have an active Parent Self-Serve account. Please click Register on the following page to set up a new username and password.
3. Scenario 3 - Forgotten Username or Password. If you have forgotten either your username OR password, please click Forgot User ID. **DO NOT CLICK ON FORGOT PASSWORD.**



Employee Service Center

Welcome to the Arlington Independent School District Employee Service Center

Please log in with your TEAMS user ID and password.

**Login**

User ID: \*

Password:

[Sign On](#) [Forgot Password](#) [Forgot User ID](#)

Need an Account? [Register](#)

You will be prompted to enter identification information specific to you in order to associate you with your information stored in TEAMS. Your old username will no longer work once you have left the district. We recommend that you use your home email address if it is less than 32 characters.

**Register**

**Register**

Last 4 Digits of SSN: \*

Date Of Birth: \*

Last Name: \*

[Ok](#) [Cancel](#)

**Continue to Employee**

## INITIAL COBRA NOTIFICATION

All individuals covered under ARLINGTON INDEPENDENT SCHOOL DISTRICT'S Group Health Care Plan(s) (employee, spouse and dependent children, if able) should take the time to read this notice carefully and be familiar with its contents.

Under Federal law, ARLINGTON INDEPENDENT SCHOOL DISTRICT is required to offer covered employees and covered family members the opportunity for a temporary extension of health coverage (called "Continuation of Coverage") at group rates in certain instances where coverage under the plan would otherwise end due to certain qualifying events. This notice is intended to inform you and your covered dependents (if any) in a summary fashion of your potential rights and obligations under the continuation coverage provisions of the law.

**Qualifying Events for Covered Employee** - If you are an employee of ARLINGTON INDEPENDENT SCHOOL DISTRICT covered by ARLINGTON INDEPENDENT SCHOOL DISTRICT'S Group Health Care Plan(s), you have a right to choose this continuation of coverage if you lose your group health coverage because of reduction in your hours of employment or termination of your employment (for reasons other than gross misconduct on your part).

**Qualifying Events for Covered Spouse** - If you are the spouse of an employee covered by ARLINGTON INDEPENDENT SCHOOL DISTRICT'S Group Health Care Plan(s) and lose coverage for any of the following four reasons:

- (1) The death of your spouse;
- (2) A termination of your spouse's employment (for reasons other than gross misconduct) or reduction in your spouse's employment with ARLINGTON INDEPENDENT SCHOOL DISTRICT;
- (3) Divorce or legal separation from your spouse; or
- (4) Your spouse becomes entitled to Medicare.

**Qualifying Events for Covered Dependent Children** - In the case of a dependent child of an employee covered by ARLINGTON INDEPENDENT SCHOOL DISTRICT'S Group Health Care Plan(s), he or she has the right to continuation of coverage if group health coverage under the ARLINGTON INDEPENDENT SCHOOL DISTRICT'S Group Health Care Plan(s) is lost for any of the following five reasons;

- (1) The death of the employee of ARLINGTON INDEPENDENT SCHOOL DISTRICT
- (2) A termination of the employee's employment (for reasons other than gross misconduct) or reduction in the employee's hours of employment with ARLINGTON INDEPENDENT SCHOOL DISTRICT;
- (3) Parent's divorce or legal separation;
- (4) The employee of ARLINGTON INDEPENDENT SCHOOL DISTRICT becomes entitled to Medicare; or
- (5) The dependent child ceases to be a "dependent child" under ARLINGTON INDEPENDENT SCHOOL DISTRICT'S Group Health Care Plan(s), .

Under the law, the employee or a family member has the responsibility to inform ARLINGTON INDEPENDENT SCHOOL DISTRICT of a divorce, legal separation or a child losing dependent status under ARLINGTON INDEPENDENT SCHOOL DISTRICT'S Group Health Care Plan(s) within, 60 days of the date of the event. ARLINGTON INDEPENDENT SCHOOL DISTRICT has the responsibility to notify the Plan Administrator of the employee's death, termination, reduction<sup>1</sup> hours of employment or Medicare entitlement. Similar-rights may apply to certain retirees, spouses and dependent children if your employer commences a bankruptcy proceeding and these individuals lose coverage.

When the Plan Administrator is notified that a qualifying event has occurred, the Plan Administrator will in turn notify covered individuals (qualified beneficiaries) of their right to elect continuation coverage. Each qualified beneficiary has independent election rights and has (50 days from the later of the date coverage is lost under the ARLINGTON INDEPENDENT SCHOOL DISTRICT Group Health Care Plan(s), or from the date of notification to elect continuation coverage. This is the maximum period allowed to elect COBRA as the plan does not provide an extension of the election period beyond what is required by law. If qualified beneficiary does not elect continuation of coverage within this election period, all rights to continue health insurance end.

If you choose continuation of coverage, **ARLINGTON INDEPENDENT SCHOOL DISTRICT** is required to give you coverage which, as of the time coverage is being provided, is identical to the coverage provided under the plan to similarly situated employees or family members. The law requires that you be afforded the opportunity to maintain continuation coverage for 3 years unless you lost group health coverage because of a termination of employment or reduction in hours. In that case, the required continuation coverage period is 18 months. These 18 months may be extended to 36 months if other events (such as a death, divorce, legal separation, or Medicare entitlement) occur during that 18 month period. In no event will continuation coverage last beyond 36 months from the date of the event that originally made a qualified beneficiary eligible to elect coverage.

The 18 months may be extended to 29 months if an individual is determined by the Social Security Administration to be disabled (for Social Security disability purposes) at any time during the first 60 days of COBRA coverage and the Plan Administrator is notified of that determination within 60 days of the date the individual is determined to be disabled and before the end of the 11-month period. The affected individual must also notify the Plan Administrator within 30 days of any final determination that the individual is no longer disabled. This 11-month extension is available to all individuals who are qualified beneficiaries due to a termination or reduction in hours of employment.

A child who is born to or placed for adoption with the covered employee during a period of **COBRA** coverage is eligible to become a qualified beneficiary. In accordance with the **ARLINGTON INDEPENDENT SCHOOL DISTRICT'S** Group Health Care Plan(s), and the requirements of Federal law, these qualified beneficiaries can be added to COBRA coverage upon proper notification of the Plan Administrator of the birth or adoption.

The law also provides that continuation, coverage may end for any of the following reasons:

- (1) **ARLINGTON INDEPENDENT SCHOOL DISTRICT** no longer provides group health coverage to any of its employees;
- (2) The premium for continuation coverage is not paid on time;
- (3) A qualified beneficiary becomes covered under another group health plan, after the date of the qualified beneficiary **COBRA** election that does not contain any exclusion or limitation with respect to any pre-existing conditions such qualified beneficiary may have;
- (4) A qualified beneficiary becomes entitled to Medicare after the date of the qualified beneficiary's COBRA election.
- (5) A qualified beneficiary extends coverage for up to 29 months due to Social Security disability and a final determination has been made that the qualified beneficiary is no longer disabled.

**You do not have to show that you are insurable to choose continuation of coverage. However, continuation coverage under COBRA is provided subject to your eligibility for coverage; ARLINGTON INDEPENDENT SCHOOL DISTRICT reserves the right to terminate your COBRA coverage retroactively if you are determined ineligible.**

**Under the law, you may have to pay all or part of the premium for your continuation coverage. There is a grace period of at least 30 days for payment of the regularly scheduled premium. The law also says that at the end of the 18 month or 3 year continuation coverage period, you must be allowed to enroll in an individual conversion health plan if it is provided under ARLINGTON INDEPENDENT SCHOOL DISTRICT Group Healthcare Plan(s).**

**If you have any questions about the COBRA law, please contact ARLINGTON INDEPENDENT SCHOOL DISTRICT, 1203 West Pioneer Parkway, Arlington, TX 76013-6246. If you have changed marital status, or you or your spouse have changed addresses, please notify ARLINGTON INDEPENDENT SCHOOL DISTRICT at the above address.**



## **SPECIAL TAX NOTICE REGARDING YOUR ROLLOVER OPTIONS UNDER THE TEACHER RETIREMENT SYSTEM OF TEXAS**

You are receiving this notice because all or a portion of a payment you are receiving from the Teacher Retirement System of Texas ("TRS"), a governmental 401(a) pension 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. **IF YOU RECEIVE OR ACCESS THIS NOTICE ELECTRONICALLY, YOU MAY REQUEST A PAPER COPY OF THIS NOTICE FROM TRS AT NO CHARGE TO YOU.**

Rules that apply to most payments from a retirement 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 TRS 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, as determined under federal tax laws by the IRS).

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 59½ (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 59½ 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) 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, TRS will make the check payable directly to your IRA or an employer plan. TRS then will mail the check to you for you to deposit it with your IRA or 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, TRS 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/or 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 10% additional income tax on early distributions if you are under age 59½ (unless an exception applies, as determined under federal tax laws by the IRS).

**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 TRS 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) (This means that your lifetime monthly benefits are not eligible for rollover.)
- Required minimum distributions after age 70½ (or after death)
- Corrective distributions of contributions that exceed tax law limitations

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

If any portion of your payment is taxable but cannot be rolled over, the mandatory withholding rules described above do not apply. In this case, you may elect not to have withholding apply to that portion. If you do nothing, an amount will be taken out of this portion of your payment for federal income tax withholding. To elect out of withholding, ask TRS for the election form and related information.

**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 TRS (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 TRS:

- 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 TRS made after you separate from service if you are a public safety employee and you are at least age 50 in the year of separation
- Payments made due to disability
- Payments after your death
- Corrective distributions of contributions that exceed tax law limitations
- Payments made directly to the government to satisfy a federal tax levy
- Payments made under a qualified domestic relations order (QDRO)
- Payments up to the amount of your deductible medical expenses

**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 TRS 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 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**

You can roll over a payment from TRS 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 TRS 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. TRS is not responsible for verifying your eligibility to make a rollover to a Roth IRA. (TRS Notice 2008-30)

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 TRS 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.

You cannot roll over a payment from TRS 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 an eligible retired public safety officer and your pension payment is used to pay for health coverage or qualified long-term care insurance

If you retired as a public safety officer and your retirement was by reason of disability or was after normal retirement age, you can exclude from your taxable income plan payments paid 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 the purpose, a public safety officer is a law enforcement officer, firefighter, chaplain, or member of a rescue squad or ambulance crew.

The Form 1099-R that you receive from TRS will report the deducted insurance premium as taxable. If you want to take advantage of this \$3,000 exclusion, you must report the amount claimed on Form 1040. The instructions to Form 1040 explain that the taxable amount received from the retirement plan, reduced by the amount of qualified premiums deducted and paid by the retirement plan (not to exceed \$3,000), must be entered on line 16b of the Form 1040. Next to the entry, in the margin, you must write the letters "PSO." This is an annual election -you will need to report the exclusion for each year in which you want to claim the exclusion.

If you are not a TRS member, or if you are a member but are receiving a TRS payment as a beneficiary or alternate payee of another 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 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 member was born on or before January 1, 1936.

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

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

If you 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 TRS, you will not have to start receiving required minimum distributions from the inherited IRA until the year the member would have been age 70½.

If you are a surviving beneficiary other than a spouse. If you receive a payment from TRS 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 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 TRS 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 another 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%, TRS 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 or 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, TRS 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 TRS 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 TRS.

### **FOR MORE INFORMATION**

You may wish to consult with TRS, or a professional tax advisor, before taking a payment from TRS. 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.