

REQUESTING A REFUND



If you are considering leaving your current TRS covered position in search of a career change – staying home to raise your children, going back to school full-time, working in the private sector, whatever it may be – there is some valuable information you need to consider before requesting a refund of your TRS contributions.

Ask yourself the following questions...

- Am I already eligible for a retirement benefit or nearing retirement?
- Will I ever return to teaching?
- Should I opt for a lump-sum payment or a direct rollover into another qualified retirement plan?
- Do I plan to work for another public retirement system in Georgia sometime in the future?

YOUR OPTIONS

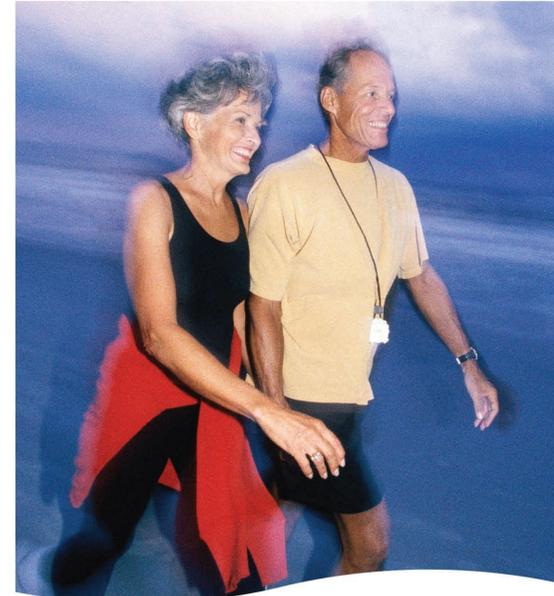
What you decide to do with the funds in your TRS account upon termination could have a significant impact on your future. Depending on your situation, it may or may not be a good idea to refund your contributions. Before you request a refund, please consider the following options:

- 1 Receive benefits at age 60**
If you have 10 or more years of TRS service credit when you decide to terminate employment, you are eligible for a retirement benefit when you reach 60 years of age. If you refund your money before this time, you forfeit your eligibility for a future monthly benefit for both you and your beneficiary(ies). If you are vested and no longer a TRS active member, it is up to you to apply for benefits upon eligibility.
- 2 Take a four-year break**
If you are considering leaving your current position with the possibility of returning to it within the next few years, you may take a break of up to four years in your TRS covered employment and still retain an active TRS account. You will continue to earn interest on your contributions for

this period and can easily return to service within that four-year period. This grace period allows you the opportunity to try something new and change your mind without penalizing you for your break in service. Also, this break in service may be extended, as approved by the TRS Board of Trustees, by a leave of absence in special circumstances, including maternity or adoption, illness, graduate study, and military service.

- 3 Roll your funds into a different plan**
You may elect a direct rollover of the taxable funds in your account to another qualified retirement plan. By electing to roll your money into another retirement plan, you will defer paying taxes on the payment.
- 4 Take a lump-sum payment**
You may apply for a lump-sum refund of your contributions and interest at any time if you terminate your TRS covered employment, as long as you are not accepting another TRS covered position in its place. Members who are not actively working in their TRS covered positions during the summer months because the school year has

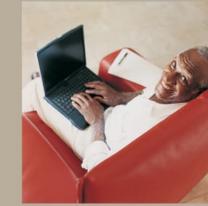
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ended are not terminated from TRS covered employment and are not eligible for a refund. Partial withdrawals and loans are not allowed.

- 5 Withdraw and reinstate**
If you opt for a refund and return to a TRS covered position later in your career, thereby returning to active TRS membership, you may repay your withdrawn account(s) and reinstate the service credit you withdrew. The cost to purchase withdrawn service is the total amount of money you withdrew, plus interest.

You are eligible to purchase your withdrawn service after you have completed the required number of years of active TRS membership. If you have withdrawn:
 - 1, 2 or 3 previous accounts
You must complete 3 years of active membership.
 - 4 previous accounts
You must complete 5 years of active membership.
 - 5 or more previous accounts
You must complete 10 years of active membership.



REFUNDING YOUR TRS ACCOUNT

If you terminate your TRS covered employment you may apply for a refund, which is a lump-sum distribution of contributions and interest in your account. Partial withdrawals and loans are not permitted. The taxable portion of your refund is subject to federal and Georgia taxes. To defer taxation, you may elect a direct rollover of the taxable funds in your account to another qualified retirement plan:

- 401(a), 403(a), or 401(k)
- 403(b) tax sheltered annuity
- Governmental 457 plan
- Traditional or Roth IRA
- IRA annuity

If you do not elect a rollover, federal tax law requires that TRS withhold 20% federal tax from the taxable portion of your refund. You may also be required to pay an additional 10% federal tax if you are younger than age 59½ when you withdraw your funds. TRS will not withhold the additional 10%. However, you will pay this tax at the time you complete your federal tax return for the year in which you receive your refund. Georgia tax withholding from your refund check is not mandatory and can be paid when you file your Georgia tax return.

To apply for a refund, you must complete the Application for Refund of Contributions form, which is available on our website in the TRS Forms dropdown menu on our homepage. Please read the instructions on the form carefully and fully complete the application to avoid delays in processing your refund. A copy of your driver's license, certified birth certificate, passport, immigration papers, or a state ID issued in lieu of a driver's license must accompany your application.



TRS MEMBERSHIP STATUS

Your TRS account remains active provided you are a contributing member at least one year out of any five consecutive years. Therefore, you may have a break in your covered employment of up to four years and retain your active account.

If you are out of service for more than four consecutive years, your TRS account will become inactive and you will not be eligible to:

- earn additional interest on your contributions;
- establish any additional service credit;
- repay any previously withdrawn accounts;
- apply for disability retirement; or
- leave a monthly death-in-service benefit to a surviving beneficiary.

If your account is in inactive status, you have not withdrawn your contributions, and you return to TRS covered employment, the service in your inactive account will be credited to your active account after you have at least one year of membership service.

You may be eligible to reinstate your inactive account if you have less than one year of current membership service in your current (active) account. The cost to reinstate your inactive account is based on the length of the break in service. For additional information on the reinstatement and cost, contact our office.

PROTECTING YOUR FUTURE

At TRS, our goal is to give our customers the best customer service possible and that means providing you with the information you need to make the best decisions for your future. Keeping your account with TRS could mean the difference between receiving a guaranteed, lifetime, monthly benefit and forfeiting that benefit for you and your beneficiary(ies) at retirement. No matter your decision, TRS is here to help you understand your options. We encourage you to call our office and speak with a qualified, friendly representative if you have any questions.



VESTING-COLLECTING A BENEFIT

If you have at least ten years of creditable service when you decide to terminate your TRS covered position, AND you do not refund your TRS account, you have a vested right to a benefit at age 60. Even though you are no longer a TRS member, you may leave your funds in your TRS account with the guarantee of a future benefit.

An example

Sara began teaching straight out of college at the age of 22 and after 14 years decided to leave for employment in the private sector. If she leaves her money with TRS, she becomes eligible to retire with TRS at age 60. If her two highest consecutive salaries are \$50K and \$55K while she was teaching, Sara will be eligible to receive a monthly, lifetime benefit of approximately \$1,300 from TRS at age 60.



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