



## SERVICE CREDIT PURCHASE VIA ROLLOVER

■ **Important** – This form is for active members purchasing service credit with a direct or 60-day rollover. KPERS can accept money from an eligible retirement plan or traditional individual retirement account (IRA), provided the money consists of pre-tax contributions and is an eligible rollover distribution. Before completing this form, please read the included fact sheet “Purchasing Service Credit With a Rollover.”

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### ■ Part A – Member Information

- 1. Social Security Number: \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_
- 2. Name (First, MI, Last): \_\_\_\_\_
- 3. Mailing Address: \_\_\_\_\_
- 4. Home Telephone Number: (\_\_\_\_) \_\_\_\_\_
- City, State, Zip: \_\_\_\_\_
- 5. Work Telephone Number: (\_\_\_\_) \_\_\_\_\_
- 6. E-mail Address: \_\_\_\_\_

### ■ Part B – Member Payment Certification

- 1. Amount of Rollover Contribution to KPERS: \$ \_\_\_\_\_

“As a member of the Kansas Public Employees Retirement System, I hereby indicate my desire to purchase service credit by making a rollover contribution in the amount indicated above. I have read “Purchasing Service Credit With a Rollover” included with this form. I understand that KPERS will accept only certain amounts for the service credit purchase, may not be able to accept all amounts that I desire to rollover, or may require additional cash funds to complete the purchase of service credit. The direct rollover to KPERS will not include after-tax contributions. I understand that KPERS must approve my service purchase and receive all required documents before any rollover or purchase of service credit will become effective. I understand my service purchase payment must be received by KPERS on or before my last day on my employer’s payroll. I certify that the above-indicated amount is eligible for rollover treatment as a (mark one):

- Direct rollover from an eligible retirement account. My former employer or a plan administrator completed Part C.”
- 60-day rollover from an eligible retirement account. I have completed Part D on page 2 of this form.”

Member Signature: \_\_\_\_\_ Month/Day/Year: \_\_\_\_/\_\_\_\_/\_\_\_\_

### ■ Part C – Direct Rollover From Eligible Retirement Plan or Individual Retirement Account

- 1. KPERS can accept rollovers from the following plan types. Please indicate the appropriate plan type for this rollover:
  - 401(a) tax-qualified plan
  - 401(k) profit-sharing plan
  - 403(a) qualified annuity plan
  - 403(b) tax-sheltered annuity (educational employers)
  - 408(a) individual retirement account
  - 408(b) individual retirement annuity
  - 457(b) deferred compensation plan (state and local government employers)
  - Simple IRA **but only** if there is **no** after-tax contributions in the Simple or SEP IRA
- 2. Name of Trustee or Custodian: \_\_\_\_\_
- 3. Title: \_\_\_\_\_
- 4. Telephone Number: (\_\_\_\_) \_\_\_\_\_
- Trustee or Custodian Signature: \_\_\_\_\_ Month/Day/Year: \_\_\_\_/\_\_\_\_/\_\_\_\_

■ **Part D – 60-Day Rollover** – To avoid missing the 60-day deadline, KPERS recommends that you obtain the required documentation before taking any distributions from previous eligible plans. If you have already received a distribution, you should send the required documentation to KPERS as soon as possible.

1. I have attached at least one of the following (required):  Distribution statement from former plan  
 IRS form 1099-R from former plan
2. Distribution Date: \_\_\_\_/\_\_\_\_/\_\_\_\_ 3. Total Distribution Amount: \$ \_\_\_\_\_
4. Total Taxable Amount: \$ \_\_\_\_\_ 5. Total Rollover Contribution: \$ \_\_\_\_\_

"I understand I have 60 days from the date I receive my distribution to make a rollover contribution. I understand that neither my employer nor KPERS can make an exception for a rollover contribution that occurs after the 60-day period. I understand my service purchase payment must be received by KPERS on or before my last day on my employer's payroll."

Member Signature: \_\_\_\_\_ Month/Day/Year: \_\_\_\_/\_\_\_\_/\_\_\_\_

## PURCHASING SERVICE CREDIT WITH A ROLLOVER

Amounts rolled over to KPERS must be equal to or less than the service purchase cost. Consistent with the Internal Revenue Code, KPERS accepts rollovers as payment for lump-sum purchases of service credit, provided the money consists of pre-tax contributions and is an eligible rollover distribution received from a:

- 401(a) tax-qualified plan (including a Keogh plan which meets additional requirements pertaining to owner-employees or a 401(k) profit-sharing plan).
- 403(a) qualified annuity plan.
- 403(b) annuity.
- 408(a) individual retirement account (IRA).
- 408(b) individual retirement annuity.
- 457(b) governmental deferred compensation plan.

KPERS also can receive the amount if it was originally distributed to you from an eligible retirement plan or IRA and is rolled over to KPERS within 60 days of that distribution. The money must be accompanied by proof of rollover eligibility.

If there is more money in your account than is needed to purchase the service credit, you must rollover the excess portion into another eligible retirement account (such as a plan with your current employer or an individual retirement account through a financial institution). You also can receive the extra balance in cash, but you will owe any taxes or penalties.

If you do not roll over enough money to pay for the service purchase, you will need to submit a personal check for the remaining balance.

### Rollover Methods

A rollover occurs when you withdraw money from one eligible retirement plan and contribute all or part of it within 60 days to another eligible retirement plan. Rollovers allow you to continue to postpone taxation. Taxable amounts that are not rolled over are taxable in the year that you receive them, and may be subject to early withdrawal penalties. There are two types of rollovers you can use to purchase service credit.

*Direct Rollover:* With a direct rollover, your tax-deferred funds are paid directly to KPERS from another retirement plan. A direct rollover avoids the 20-percent federal tax withholding that applies if the funds are paid directly to you.

*60-Day Rollover:* With a 60-day rollover, your account is paid directly to you. You have 60 days from the distribution date to transfer the funds to KPERS. The distributing plan withholds 20 percent of the taxable amount for federal taxes, even if you intend to roll it over. If you want to roll over 100 percent of the payment, you must find other money to replace the 20 percent withheld. If you roll over only the 80 percent that you received, you will be taxed on the 20 percent that was withheld and that is not rolled over.

If you are under age 59 1/2 when you withdrew your funds, any taxable amount not rolled over may be subject to an additional 10 percent penalty for early distributions.

## **Tax Treatment of Service Purchases**

Money rolled over into KPERS retains its tax-deferred status until distributed to you. KPERS cannot accept rollovers of after-tax funds. However, any additional payment that you owe after your rollover is complete can be paid with after-tax money. This amount will later be exempt from income tax when it is paid out as monthly retirement benefits. The exempt amount is spread out proportionally in each benefit payment over your expected lifetime.

## **Steps to Complete a Rollover**

1. Complete and send an Application to Purchase Service Credit form (KPERS-67) to the KPERS office. This form is available from your designated agent or at [www.kpers.org](http://www.kpers.org). Mark "Rollover" as your method of purchase.
2. KPERS sends a Cost Letter and the included Service Credit Purchase via Rollover form (KPERS-67R) to you through your designated agent. Complete Parts A and B on this form. Make sure you enter the total amount to be rolled over in Part B. This amount cannot be more than the service purchase cost shown on the Cost Letter.
3. You must now request the rollover by contacting your plan administrator, or the trustee/custodian at your financial institution. KPERS cannot make this request for you. Don't delay. The price in the Cost Letter is only valid for 45 days from the date of the letter.

*Direct Rollover:* Complete Parts A and B, then forward the Cost Letter and the form to your plan administrator, trustee or custodian for completion of Part C. If you are rolling over funds from more than one plan, each plan must complete a separate form. You also need to complete any documents required by your distributing plan.

The distributing plan issues a check for the authorized sum. The amount of the check must be less than or equal to the cost of the service purchase. Checks must be payable to the Kansas Public Employees Retirement System. The Retirement System must receive your complete payment on or before your last day on your employer's payroll.

*60-Day Rollover:* Complete Parts A, B and D of this form, and return with the required funds and documentation to the KPERS office within 60 days of your distribution date.

4. KPERS processes the service purchase by completing the transaction or notifying you of any balance due.

## **FREQUENTLY ASKED QUESTIONS ABOUT ROLLOVERS**

Q. Can I roll over money from more than one rollover company?

A. Yes, as long as the money rolled over from the different rollover companies does not exceed the cost of the purchase.

Q. What if there is an overpayment or underpayment?

A. KPERS can accept only amounts that are equal to or less than the service purchase cost. Amounts over this cost must be rolled over by you to another eligible retirement plan or an IRA. If you roll over too much money, we will return the check and request a check for the exact cost of the purchase.

If you do not roll over enough money to complete the service purchase, we will send you a letter stating the total amount needed to complete the purchase. You can pay the remaining balance by personal check or with money from another rollover company.

Q. How will I know when the rollover is complete?

A. Once KPERS receives the money from you or your distributing plan, we will send you a letter telling you how much money we received and the amount of service credit we have posted to your record.

Q. If I purchase service but withdraw before reaching retirement age, what are the tax consequences?

A. Money rolled over into KPERS retains its tax-deferred status until distributed to you. The money is subject to the same tax rules upon withdrawal as your other KPERS funds. If you withdraw (or retire and take a PLSO), you must directly roll over your lump sum to avoid the 20 percent federal tax withholding. You may owe a 10 percent early withdrawal penalty if you take the money out before age 59 1/2.