

TRANSCRIPT: How to Apply for a Refund

Hello my name is Tom Guerin and I'm the manager of the benefit counseling department here at the Teacher Retirement System of Texas. In this presentation I will show you how to apply for a refund of your TRS contributions.

If you are requesting a refund of your TRS account, you must first terminate all employment by all TRS-covered employers. You may not have applied for or received a promise of employment by a TRS-covered employer. Once you have terminated all employment, you may then withdraw your accumulated contributions and interest in your member account.

Once you have terminated your employment if you want a refund of your TRS contributions you must complete a form TRS 6 "Application for Refund."

The form TRS 6 must be completed by you and signed in the presence of a notary.

If you have been employed in a TRS-covered position within the past six (6) months of the date that you are filing the refund application, TRS will request from your former employer your last date of employment and the month your final payroll transaction will be submitted to TRS. If you have terminated TRS-covered employment more than six (6) months prior to that time, certification is not needed.

You can access the form TRS 6 from the forms menu on the TRS website.

When you are completing the form TRS 6, there are a few items to consider: The address you list on the form is where the refund check will be mailed. If your name is different from what is on TRS records, you will need to sign the form in your correct name and provide the legal document that supports the change in your name, such as a marriage license or divorce decree. These are just a couple of examples.

On the form TRS 6, you will tell us whether you are planning to roll over the money to another qualified plan or if you are having the money paid directly to you. If you choose a direct rollover of all or any part of your accumulated contributions, you must also complete Part I of form TRS 6A "Refund Rollover Election". This form is not available on line; TRS will mail this form to you once we are aware you intend to roll the money over.

Part II of this form must be completed by the trustee or authorized representative of the retirement plan or financial institution receiving the funds.

If all or any portion of the refund is paid directly to you, TRS will withhold 20% for Federal Income Tax. Please also be aware if you are not 59 ½ at the time of the distribution, there may be an additional 10% early age penalty when you file your tax return for the year in which you receive the refund.

For additional information regarding taxes and possible penalties, refer to *the Special Tax Notice Regarding Your Rollover Options* Under the Teacher Retirement System of Texas. This notice is included with form TRS 6 on our website.

When you are applying for a refund of your TRS Account and you have at least 5 or more years of service credit, TRS will send you a "Waiver of Benefits" form TRS 287 (this form is not available online).

Because you have 5 or more years of service, once you reach retirement age you will be eligible to receive a monthly retirement benefit, if you do not terminate your account by withdrawal. This form will provide an estimate of what your monthly benefit could be if you do not withdraw your funds, as well as, the estimated amount of money you would receive over your life time if you choose to receive a monthly benefit. This information is based on normal life expectancy calculations.

Before any refund can be issued, form TRS 287 must be signed and returned to TRS. By terminating your membership and refunding your account you are cancelling your service credit and waiving your right to receive the benefits estimated on the waiver and any other benefits of membership in TRS you may be entitled to or may become entitled to, such as disability retirement benefits, death benefits, or retiree health benefits.

If you terminate membership by withdrawing your TRS account and then later return to TRS membership, you will be subject to stricter retirement eligibility criteria for normal age (unreduced) service retirement benefits. Also, withdrawing your TRS account may affect your eligibility for proportionate retirement benefits if you have service credit in another Texas public retirement system.

After all required documents have been received and your employer has reported your final contribution (if your last contribution was within the last 6 months), TRS will request the State Comptroller of Public Accounts to issue you a refund check. Your payment will be mailed the same day TRS receives it from the Comptroller's Office.

Generally, a refund check will be issued within 30 days **after all** required documents have been received by TRS **and** your employer has reported and submitted your final contribution. This means that TRS not only must receive your completed application for refund (and waiver of benefits and rollover election forms, if applicable), but we also must receive your final member contribution and the monthly contribution report from your employer. This entire process can take up to 90 days depending upon your last day of employment.

For more information on the refund process and the effect of a refund on your membership, please refer to the TRS brochure, *Requesting a Refund*, which can be found on the TRS website.

This is a presentation of the Teacher Retirement System of Texas. www.trs.state.tx.us