

## MEMBER EDUCATION VIDEO SERIES

### Requesting a Refund

Are you thinking about refunding your TRS member account?

This means terminating membership in TRS and withdrawing your accumulated contributions.

You should carefully consider your options before making this important decision, because withdrawing means you lose your years of service credit *and* waive your right to receive TRS benefits.

This video is to help you make an informed decision and will cover eligibility, factors to consider, tax information, payment methods, steps to a refund, and returning to TRS membership *after* a refund.

First, let's talk about Eligibility.

To be eligible for a refund, you must end employment with all TRS-covered employers and you must have not applied for or have received a promise for future employment with a TRS-covered employer.

Partial refunds of your member account are not allowed.

You must refund all of your accumulated contributions, which include member contributions withheld from your pay, interest credited to your member account, and any other amounts deposited in your member account such as amounts paid for a service credit purchase.

It's important to understand that you are not required to refund your account when you leave employment with a TRS-covered employer.

You should consider the following factors in making your decision:

If you refund your account, you have ended your membership in TRS and forfeit your service credit and any retirement benefits you may have accrued.

If you return to TRS membership *after* a refund, you may be subject to different retirement eligibility requirements and early-age retirement reductions.

While you are eligible to purchase withdrawn service, the cost includes the amount of the refund PLUS a reinstatement fee compounded annually from the date of the withdrawal.

If you leave your account with TRS and you have less than five years of TRS service credit, your TRS account balance will continue to earn interest for up to five years.

If you have at least five years of TRS service credit, you may retire once eligible.

Up until you retire, your TRS account balance will continue to earn interest.

You may also want to leave your account with TRS if you plan to work for an employer covered by a retirement system that participates in the Proportionate Retirement Program or if you plan to return to work for a TRS-covered employer.

Now let's talk about Tax Information.

The amount of tax withheld from your refund depends on your age and whether you elect to roll over your refund to another retirement plan.

You're responsible for submitting the proper tax reports to the IRS and paying any additional taxes or penalties.

TRS will send you a tax statement at the end of the calendar year following a refund.

How will you receive your refund?

Direct deposit is always the fastest way to receive a refund.

Be sure to include your banking information on the application for refund, if you prefer this method.

However, a check will be provided if you decide to roll over to an eligible plan or select a bank that is located outside of the U.S.

How to request a refund.

The easiest way is online through *MyTRS*.

Log in to your account, navigate to the Benefits tab and click "Apply for a Refund."

Complete the form; then, submit your information.

*MyTRS* helps us process your request more quickly.

However, as an alternative, you can complete a paper form TRS 6, *Application for Refund*, that's available on the Forms page on the TRS website.

Sign the application, and have it notarized.

Send the completed form and any required documentation to TRS.

What happens after you've submitted your application?

Once your request is received, we'll contact your previous employers to confirm your termination and final monthly contributions.

If you have checked the appropriate box that indicates you want to roll over all or a portion of your refund, you'll also be prompted to complete form TRS 6A, *Refund Rollover Election*.

Generally, a refund payment will be issued within three to four weeks after all required documents have been received and your employer's monthly payroll report has been processed by TRS.

Certain situations may delay the processing of a refund, including if you have been re-employed by a TRS-covered employer.

What if you want to return to TRS after receiving your refund?

If you return to eligible TRS membership after a refund and you're interested in reinstating service credit, we encourage you to watch *Should I Get a Refund* to learn more about financial considerations.

For more information, read our *Requesting a Refund* brochure on the TRS website or call 1-800-223-8778 to speak with a Benefit Counselor.