



**Using a Distribution of Tax-Sheltered Savings to Purchase Retirement Credit**

Please print or type in black ink.

**Section A. Tell us about yourself.**

FIRST NAME	MI	LAST NAME		SUFFIX
MAILING ADDRESS				SSN
CITY	STATE	ZIP CODE	TELEPHONE NO.	MEMBER ID
E-MAIL ADDRESS				DATE OF BIRTH

**Section B. Please identify the System to which your purchase applies.**

- ☐ Teachers' and State Employees' Retirement System (TSERS)
 ☐ Legislative Retirement System (LRS)
 ☐ Local Governmental Employees' Retirement System (LGERS)
 ☐ Consolidated Judicial Retirement System (CJRS)

**Section C. Please identify the plan and plan administrator of your distribution.**

Please provide the details of the plan below and contact the plan to request a rollover to the Retirement Systems and provide the documentation requested.

PLAN ADMINISTRATOR			
MAILING ADDRESS			
CITY	STATE	ZIP CODE	TELEPHONE NO.

- ☐ Attach a statement from the plan administrator that the funds are tax sheltered and eligible for a rollover or plan-to-plan transfer.

These funds are from what type of tax-sheltered savings, plan, as defined by the Internal Revenue Code? Check one:

**ELIGIBLE PLAN-TO-PLAN TRANSFERS**

- (NC Total Retirement Plans)  
☐ NC 403(b) Program  
☐ NC 457 Plan  
☐ NC 401(k) Plan

**ELIGIBLE ROLLOVER DISTRIBUTIONS**

- ☐ 401(a) plan  
☐ 401(c) Keogh plan  
☐ 401(k) plan  
☐ 403(a) qualified annuity plan  
☐ 403(b) tax-sheltered annuity  
☐ 457(b) government deferred compensation plan  
☐ Individual Retirement Arrangement (IRA)

**Section D. Please authorize the Retirement System to accept the distribution with your signature.**

I certify that I have read the Guides. I hereby indicate my desire to purchase creditable service by making a rollover contribution or in-service plan-to-plan transfer and request that the Retirement System accept my eligible rollover distribution or plan-to-plan transfer. I understand that the Retirement System will not accept amounts greater than the cost to purchase creditable service, and will return incomplete applications or applications with insufficient funds. I understand that the Retirement System is not responsible for any tax consequences related to this rollover or transfer. I certify that the rollover or transfer indicated above is eligible, meets all requirements of Internal Revenue Code Section 402, contains only pre-tax amounts, and originates from the source indicated above.

Signature \_\_\_\_\_ Date \_\_\_\_\_

**Please submit this form according to the instructions in Guide A. Thank you.**



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**Guide A. How do I make a purchase using tax-sheltered savings?**

If you are a member of one of the following Retirement Systems, you may be eligible to use an eligible rollover distribution (see Guide C) or a plan-to-plan transfer (see Guide B) to fund a purchase of retirement credit in that System:

- Teachers' and State Employees' Retirement System
- Local Governmental Employees' Retirement System
- Consolidated Judicial Retirement System
- Legislative Retirement System.

To make a purchase of retirement credit using an eligible rollover distribution or a plan-to-plan transfer:

**Step 1. Complete a form for purchasing retirement credit and receive a cost statement from the Retirement Systems Division.**

**Step 2. Verify that a tax-sheltered distribution from your plan would be eligible to be used to purchase Retirement System credit.** Your plan administrator or your tax advisor should be able to verify this. An ineligible rollover or transfer can result in adverse federal income tax liability. Further information is available in IRS Publications 575 or 590 at [www.irs.gov](http://www.irs.gov) or at 1-800-829-3676.

**Step 3. Request that your plan administrator make a distribution.** An administrator may require you complete certain paperwork. Be sure to specify:

- the amount of the check, which cannot be greater than the amount quoted on your cost statement
- The check should include "FBO: Your Name", usually given

after the payee or in the memo line. For example, "FBO: John Smith" (the acronym FBO stands for "for the benefit of").

- The Retirement System will treat this transaction as a rollover or plan-to-plan transfer only if the administrator issues the check payable to the applicable Retirement System. The check must be in U.S. dollars.

**Step 4. Submit the necessary documents to the Retirement Systems Division at the address below.** You must submit the following within 60 days of the distribution and prior to the cost expiration:

- A copy of your cost statement provided by the Retirement Systems Division
- This form (Form 398)
- A statement from the plan administrator (issuer of the check) that the funds are tax-sheltered and are eligible for a rollover.
- The distribution check from the plan administrator. The Retirement System will not accept any funds greater than the amount quoted on the cost statement provided for a specific purchase.
- A personal check if the distribution check alone is not sufficient to make the purchase. Cash and credit cards are not accepted.

The Retirement Systems Division will acknowledge that it has received all of the above with a letter. Once received, the distribution cannot be rescinded unless you terminate covered employment and withdraw all of your contributions and service credit.

**Guide B. What is an eligible in-service plan-to-plan transfer**

A plan-to-plan transfer is a transfer of tax-sheltered funds from an employer-sponsored plan from which you are not eligible to receive a distribution as long as you are employed with the sponsor of the plan or no earlier than the age of 59<sup>1/2</sup>.

Pre-tax money may come from the following plans:

- NC 401(k) Plan
- NC 457 Plan
- NC 403(b) Program

**Guide C. What is an eligible rollover distribution?**

An eligible rollover distribution is the taxable portion of a distribution from an eligible retirement plan or an individual retirement arrangement (IRA). Eligible rollovers may come from the following plans as defined by the Internal Revenue Code:

- 401(a) plans
  - 401(k) plans
  - 401(c) Keogh plans
  - 403 (a) qualified annuity plans
  - 457(b) governmental deferred compensation plans
- Eligible rollovers may come from certain individual retirement arrangements (IRAs):
- Traditional IRA is generally an IRA that is established solely

with pre-tax contributions

- Conduit IRA is an IRA established solely from money that originally came from a 401(a) plan, a 403(b) plan, or a 401(k) plan. If you originally set up a conduit IRA with money from any of those plans but have added any additional contributions to that account which were not from the same source as the original rollover amount, the IRA no longer qualifies as a conduit IRA. A rollover may still be permitted, provided that the IRA contains no after-tax contributions.

Rollovers from the following IRAs will not be accepted: Roth IRA, Simple IRA, Educational IRA or Coverdell Savings Account, or Simplified Employee Pension Plan (SEP).

**Thank you.**