



# Withdrawing Your Retirement Service Credit and Contributions

North Carolina Retirement Systems

Please print or type in black ink.

## Section A. Tell us about yourself.

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

If you are currently a contributing employee, or you are receiving Workers' Compensation benefits, or you are receiving benefits through the Disability Income Plan of North Carolina, then you are not eligible to withdraw your contributions (receive a refund).

What is or was your effective termination date?

## Section B. Please check the retirement system from which to withdraw contributions and service.

If more than one, you must fill out a separate form for each retirement system account.

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

## Section C. Please review and choose the tax withholdings on any refunded contributions.

1 How do you choose to treat your withdrawn contributions? (Check one)

1a I want the entire amount paid to me.

I understand that federal laws require the Retirement System to withhold 20% of the taxable portion of withdrawn contributions for federal income taxes.

I understand that additional federal taxes may also apply to this refund of contributions.

If I am a resident of North Carolina, I understand that North Carolina income tax laws generally require the Retirement System to withhold 4% of the remaining taxable portion after a \$4,000 exclusion. However, per the Bailey Class Action Settlement, no North Carolina income tax will be withheld if the member maintained five (5) or more years of creditable service in the Retirement System as of August 12, 1989. The Retirement System is unable to withhold income tax for other states.

If I am not a resident of North Carolina, I understand I have a choice to have North Carolina income taxes withheld by the applicable formula, described above, by checking the YES box below.

If you are not a resident of North Carolina, do you want **North Carolina income tax** withheld?       YES       NO

If you checked number 1a above, skip to Section E.

1b I want all or part of my distribution directly rolled over to my eligible IRA or other eligible employer plan.

I will complete my rollover information in Section D.

**Please continue to the next page.**

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**Section D. If you chose a rollover, please complete the information below.**

(If you are having the entire amount paid to you, skip to Section E.)

**2 How do you choose to treat your rollover?**

You may roll over eligible contributions to an eligible IRA or other eligible employer plan(s).

2a I want the entire taxable portion directly rolled over.

I will name my rollover plan in number 3 below and submit a rollover acceptance letter with this application (see Guide D). I understand that if there is a previously taxed portion, it will be paid to me unless I elect to roll over the previously taxed amount in number 4 below.

2b I want only part of the taxable portion of my payment directly rolled over, and the remainder of the taxable portion paid to me.

I will name my rollover plan in number 3 below and submit a rollover acceptance letter with this application (see Guide D). I understand that if there is a previously taxed portion, it will be paid to me unless I elect to roll over the previously taxed amount in number 4 below.

If you only want part of the taxable portion rolled over, what is the dollar amount of the taxable portion you want to roll over?

\$

I understand that the Retirement System must withhold taxes according to federal and state laws described above and in the Guides on the portion paid directly to me. If you are not a resident of North Carolina, do you want North Carolina income tax withheld?

YES  NO

**3 If you choose to roll over any part of the taxable portion of your payment, what is the name of your rollover plan for the taxable portion of your payment?**

What type of plan did you list above? (check one)

Roth IRA  Traditional IRA  Eligible Employer Plan

If you choose to roll over any taxable portion of your payment to a Roth IRA, please see Guide H for information on federal taxes you may owe.

**4 If there are previously taxed contributions, I want to roll over the previously taxed portion of my payment to my rollover plan listed below.**

I will name my rollover plan below and submit a rollover acceptance letter with this application (see Guide A).

What is the name of your rollover plan for the previously taxed portion of your payment?

What type of plan did you list above? (check one)

Roth IRA  Traditional IRA  Eligible Employer Plan

**Please continue to the next page.**

MEMBERS LAST NAME	MEMBERS SSN
<input type="text"/>	<input type="text"/>

**Section E. Please authorize with your signature.**

I certify the following:

I have read, or had read to me, the information contained in this application, including the Special Federal Tax Notice (Guide G); I am not now employed in a job requiring me to make contributions to the Retirement System, and **if I should become reemployed** in such a job before I receive my refund, I will notify the Retirement System to cancel this application;

I am not currently receiving any Worker's Compensation benefits;

I am not currently receiving any disability benefits from the Disability Income Plan of North Carolina;

I understand that my refund cannot be paid until this application has been completed, and all necessary information has been received;

I understand that it is my responsibility to notify the Retirement System of any address changes, and failing to do so might cancel or delay my refund;

I certify by my signature that I have completed the applicable sections on pages 1, 2, and 3 of this form; and

**I understand that upon receiving my refund, I forfeit all rights to my retirement service credit and any pending or accrued benefits provided by the Retirement System and/or Disability Income Plan of North Carolina.**

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

**By law, NO refund checks can be issued until 60 days after your effective date of termination (G.S. 135-5(f), TSERS; 128-27(f), LGERS; 135-62, CJRS; 120-4.25, LRS)**

**Section F. Please have this form notarized. Improperly notarized forms will not be accepted.**

**Notary Public Certification**

State of \_\_\_\_\_ County of \_\_\_\_\_

I, \_\_\_\_\_, a notary public for said State and County,

do hereby certify that \_\_\_\_\_ personally appeared

INK SEAL  
HERE

before me this date and acknowledged the due execution of the foregoing instrument.

Witness my hand and official seal this the \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_\_

My commission expires \_\_\_\_\_

Signature of Notary \_\_\_\_\_

**Section G. Have your employer complete this section if the circumstances below are applicable.**

Employer, please complete this section if the employee terminated employment within three months prior to the application date, or if the employee was terminated by the employer.

1 What was the effective date of the employee's termination?

2 Was employment terminated by the employer?  YES  NO

**Employer Certification:** I hereby certify that the information provided about the employee named in Section A is true and correct to the best of my knowledge, and that this employee is now not employed, nor is under contract for employment in a job that requires membership in the Retirement System.

Employer Contact's Signature \_\_\_\_\_ Date \_\_\_\_\_

CONTACT FIRST NAME	CONTACT LAST NAME	POSITION TITLE	
EMPLOYER/AGENCY			UNIT NO.
E-MAIL ADDRESS		TELEPHONE NO.	FAX NO.

**Section H. Please submit this form by mail or fax.**

You may mail this form to the address below, or you may fax this form to (919) 508-5350.

**Thank you.**

**N.C. Department of State Treasurer, Retirement Systems Division**  
325 North Salisbury Street, Raleigh, North Carolina 27603-1385  
(919) 733-4191 in the Raleigh area or (877) 627-3287 toll free  
[www.myncretirement.com](http://www.myncretirement.com)

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MEMBERS LAST NAME	MEMBERS SSN
<input type="text"/>	<input type="text"/>



# Guides for Withdrawing Your Retirement Service Credit and Contributions

Information on this form is subject to and governed by federal law and by the General Statutes of the State of North Carolina.

North Carolina Retirement Systems

## Guide A. When is a refund available to me? What is the process?

As a member of a Retirement System, 6% of your pay has been withheld as contributions to the Retirement System. A refund of these contributions is available to you **60 days** after your effective date of resignation or termination.

**The sixty-day waiting period is required by the General Statutes of North Carolina.**

If you are receiving short-term disability benefits or Worker's Compensation benefits, you are not eligible for a refund.

Your refund may be delayed if:

- You change addresses and do not inform us
- Your last employer in the Retirement System does not report your final earnings
- You do not complete this form properly
- You do not provide additional documents which may be necessary if you wish to rollover your contributions.

When we have received your Form 5, we will send you a letter that gives the date we expect to mail the refund check(s). The stub of the check will disclose the amount of the refund reported for federal and North Carolina income tax purposes. By January 31 of the following year, the Retirement Systems Division will mail you a 1099-R, Distributions from Pensions, Annuities, Retirement or Profit-Sharing Plans, which will also show the following:

- the gross distribution
- the taxable amount
- the federal income tax withheld
- the non-taxable amount, and
- the State of North Carolina income tax withheld,

If you change your address after you have received your refund, but do not notify the Retirement Systems Division, this vital tax document may be delayed when sent to you.

## Guide B. What will happen to my eligibility for retirement benefits if I withdraw?

If you have five or more years of eligible retirement service credit, you will be eligible to apply to receive a monthly retirement benefit once you meet eligibility requirements, provided you do not withdraw your contributions. (You may be eligible for additional benefits, including retiree health insurance, in connection with your retirement as well.)

If you proceed with this refund, you will be withdrawing your retirement service credit, as well as your retirement contributions. You will no longer be eligible for a monthly retirement benefit (or health insurance, if applicable) from this system.

## Guide C. How is the amount of my refund calculated?

**Gross refund.** The amount of your refund is the amount of contributions and interest you have in the Retirement System. Interest on your contributions is included in your refund if:

- You have participated in the Retirement System for more than five years
- Your employer rather than you terminated your employment
- You participated in the Retirement System prior to July 1, 1981.

**Previously taxed contributions.** Any previously taxed contributions will not be taxed if they are paid to you. Any contributions made to the Retirement System prior to the following dates were previously taxed:

- Teachers' and State Employees' Retirement System: July 1, 1982
- Local Governmental Employees' Retirement System: varies, depending upon your employer. See your employer for details.
- Consolidated Judicial Retirement System: August 1, 1983
- Legislative Retirement System: November 1, 1986

**Federal tax.** The Retirement Systems Division will withhold 20% of the taxable amount for federal income tax if your refund is paid directly to you.

**North Carolina tax for residents.** If you had five or more years of maintained creditable service in the Retirement System as of August 12, 1989, your refund is completely exempt from North Carolina income tax. Otherwise, if you are a resident of North Carolina, or if you chose to have North Carolina taxes withheld, the Retirement System will withhold 4% of the taxable amount over \$4000. (The \$4000 exclusion is permitted only once per year.) Be aware that properly estimated tax withholdings do not ensure that the withholdings were sufficient to avoid penalty. For further information regarding penalties for failure to properly pay your income tax, please contact the North Carolina Department of Revenue.

**Rollover.** However, you can avoid paying income taxes by rolling over your refund to a traditional IRA (individual retirement account) or other eligible employer plan. See Guide D. The Retirement System will withhold no income taxes on the part of your refund that you roll over. By rolling over your refund, you may also avoid an additional penalty assessed by the Internal Revenue Service for withdrawing your retirement contributions at too young an age. Please see Guides F, G, and H, or contact the Internal Revenue Service and the Department of Revenue, or seek advice from a tax consultant on possible penalties.

Please continue to the next page.



# Guides for Withdrawing Your Retirement Service Credit and Contributions

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North Carolina Retirement Systems

## Guide D. How do I roll over my refund?

You may roll over your refund to an eligible individual retirement account (IRA) or other eligible employer plan. See Guides F through G for more information on eligible accounts. The NC 401k plan and the NC Public Employee Deferred Compensation Plan (457 plan) offered to public employees in North Carolina are eligible plans.

If you choose to proceed with a rollover, please advise your plan administrator that our plan is a 401(a) defined benefit plan under the Internal Revenue Code.

You must also provide the Retirement Systems Division with a letter from your financial institution that manages your eligible plan. This letter should accompany this form. The purpose of

this letter is to ensure the Division that the institution will accept the rollover of your refund (financial institutions are not legally required to accept rollovers of refunds). This letter must meet the following requirements:

- Be from the financial institution (on its letterhead)
- Give your name and your account number of the eligible IRA or employer plan
- Give the type of retirement plan, such as IRA or other qualified employer plan
- Clearly state that the institution will accept a rollover
- Clearly state how to make the check payable
- Have an authorized signature of an agent of the institution.

## Guide E. What are the consequences of proceeding with a refund?

If you choose to proceed with your refund, you are forfeiting any future benefits.

- If you have five or more years of eligible retirement service credit, you are forfeiting a monthly retirement benefit available to you once you meet eligibility requirements.
- If your Retirement System offers individual paid health insurance, you are forfeiting that benefit as well.
- You are forfeiting any benefit for any beneficiaries.

If you are specifically forfeiting extended short-term or long-term disability benefits, you will be asked to sign a waiver letter to confirm that you understand that you are forfeiting those benefits as well (if you

are receiving short-term disability benefits, you are not eligible for a refund).

If you again become employed with an employer who participates in one of North Carolina's retirement systems, you may be interested in purchasing your service and contributions that you are withdrawing when you receive this refund. However, you will not be eligible to purchase withdrawn service until you return to service and contribute to a retirement system for another five years. Even if you are eligible to purchase the service, you may find the cost of the purchase to be prohibitive and dramatically higher than the refund you are about to receive. The cost of such purchases is determined by the General Assembly of North Carolina.

## Guide F. Summary of Federal Tax Rules for Refunded Retirement Contributions

A payment from the Retirement System that is eligible for rollover can be taken in two ways. You can have *all or any portion* of the payment either (1) paid in a **direct rollover** or (2) paid **to you**.

A **rollover** is a payment of the accumulated employee contributions to an eligible IRA or eligible employer plan. An "eligible IRA" does not include a Roth IRA (prior to January 1, 2008), SIMPLE IRA, Education IRA, or Coverdell Education Savings Account (formerly known as an education IRA). Effective January 1, 2008, eligible distributions from the Retirement System may be rolled over to a Roth IRA. See Guide H, Special Rules Applicable for Rollovers to a Roth IRA. An "eligible employer plan" includes a plan qualified under Section 401 (a) of the Internal Revenue Code, including a 401 (k) plan, profit sharing plan, defined benefit plan, stock bonus or money purchase plan; a Section 403(a) annuity; a Section 403(b) tax sheltered annuity; and an eligible Section 457(b) deferred compensation plan maintained by a governmental employer. This choice will affect the tax you owe.

### If you choose a direct rollover:

- Your payment will not be taxed in the current year and no income tax will be withheld.
- Your payment will be made directly to an eligible IRA or eligible employer plan that accepts your rollover.
- Your payment will be taxed later when you take it out of the eligible IRA or eligible employer plan. Depending on the type of plan, the later distribution may be subject to different tax treatment than it would be if you received a taxable distribution from the Retirement System.

### If you choose to have the accumulated contribution PAID TO YOU:

- The Retirement Systems Division is required to withhold 20% of the taxable portion and send it to the IRS as income tax withholding.
- Your payment will be taxed in the current year unless you roll it over. You may be able to use special tax rules that could reduce the tax you owe. However, if you receive the payment before age 59 ½, you may have to pay an additional 10% tax.

Please continue to the next page.



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North Carolina Retirement Systems

## Guide F. (Continued)

- You can roll over the payment to an eligible IRA or eligible employer plan that accepts your rollover within 60 days of receiving the payment. The amount rolled over will not be taxed until you take it out of the eligible IRA or eligible employer plan.

- Within this 60-day period, if you want to roll over 100% of the payment to an eligible IRA or eligible employer plan, *you must find other money to replace the amount that was withheld*. If you roll over only the portion that you receive, you will be taxed on the amount that was withheld and not rolled over.

## Guide G. Special Federal Tax Notice Regarding Retirement System Lump Sum Distributions

### I. Payments That Can and Cannot Be Rolled Over

*General.* Payments from the Retirement System may be "eligible rollover distributions." This means that they can be rolled over to an eligible IRA or eligible employer plan that accepts rollovers. Payments from our System **cannot** be rolled over to a SIMPLE IRA, an Education IRA or a Coverdell Education Savings Account. Also, payments cannot be rolled over to a Roth IRA prior to January 1, 2008. See Guide H for January 1, 2008 Roth IRA changes.

*Non-taxable Payments.* The taxable portion of your payment can also be rolled over. If you have made "after-tax" employee contributions to the Retirement System, these contributions will be non-taxable when they are paid to you, and they can be rolled over to an IRA or eligible plan that will accept a rollover of non-taxable contributions. (After-tax employee contributions generally are contributions you made from your own pay that were already taxed.)

The following types of payments cannot be rolled over:

*Payments Spread Over Long Periods.* You cannot roll over a payment if it is part of a series of equal (or almost equal) payments that are made at least once a year and that will last for:

- your lifetime (or your life expectancy), or
- your lifetime and your beneficiary's lifetime (or joint life expectancies), or
- a period of ten years or more.

*Required Minimum Payments.* Beginning in the year you reach age 70 1/2, a certain portion of your payment cannot be rolled over because it is a "required minimum payment" that must be paid to you under the Internal Revenue Service regulations.

### II. Direct Rollover

*General.* You can choose a direct rollover of all or any portion of your payment that is an eligible rollover distribution, as described above. In a direct rollover, the eligible distribution is paid directly from the Retirement System to an eligible IRA or eligible employer plan that accepts rollovers. If you choose a direct rollover, you are not taxed on a payment until you later take it out of the eligible IRA or eligible employer plan.

*Direct Rollover to an IRA.* You can open an eligible IRA to receive the direct rollover. If you choose to have your payment

made directly to an eligible IRA, contact an IRA sponsor (usually a financial institution) to find out how to have your payment made in a direct rollover to an eligible IRA at that institution. If you are unsure of how to invest your money, you can temporarily establish an eligible IRA to receive the payment. However, in choosing an eligible IRA, you may wish to consider whether the IRA you choose will allow you to move all or a part of your payment to another eligible IRA at a later date, without penalties or other limitations. See IRS Publication 590, Individual Retirement Arrangements, for more information on traditional IRAs (including limits on how often you can roll over between IRAs).

*Direct Rollover to a Plan.* If you are employed by an employer that has an eligible plan, and you want a direct rollover to that plan, ask the administrator of that plan whether it will accept your rollover. An eligible employer plan is not legally required to accept a rollover. If your new employer's plan does not accept a rollover, you can choose a Direct Rollover to an eligible IRA.

If the employer plan accepts your rollover, the plan may provide restrictions on the circumstances under which you may later receive a distribution of the rollover amount or may require spousal consent to any subsequent distribution. Check with the plan administrator of that plan before making your decision.

### III. Federal Taxation on a Payment Paid To You

If you have your refund paid to you, it is subject to 20% federal income tax withholding on the taxable portion. The payment is taxed in the year you receive it unless, within 60 days, you roll it over to an eligible IRA or eligible employer plan that accepts rollovers. If you do not roll it over, special tax rules may apply. Note the following scenarios that may apply to your federal income tax withholding:

*Mandatory Withholding.* If any portion of the payment to you is an eligible rollover distribution, the Retirement System is required by law to withhold 20% of that amount. This amount is sent to the IRS as federal income tax withholding. For example, if your eligible rollover distribution is \$10,000, the Retirement System must withhold \$2,000 as federal income tax. However, when you prepare your federal income tax return for the year, you will report the full \$10,000 as a payment from the Retirement System. You will report the \$2,000 as tax withheld, and it will be credited against any

Please continue to the next page.



# Guides for Withdrawing Your Retirement Service Credit and Contributions

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North Carolina Retirement Systems

## Guide G. (Continued)

federal income tax you owe for the year.

**Sixty-Day Rollover Option.** If you have your refund paid to you, you can still decide to roll over all of the taxable portion or part of it to an eligible IRA or eligible employer plan that accepts rollovers. If you decide to roll over, you must make the rollover within 60 days after you receive that payment. The portion of your payment that is rolled over will not be taxed until you take it out of the eligible IRA or eligible employer plan. You can roll over up to 100% of the eligible rollover distribution, including an amount equal to the portion that was withheld. If you choose to roll over 100%, you must find other money within the 60-day period to contribute to the eligible IRA or eligible employer plan to replace the amount that was withheld. On the other hand, if you roll over only the portion that you receive, you will be taxed on the amount that was withheld.

**For example,** if your eligible rollover distribution is \$10,000, and it is only taxable for federal income tax, and you choose to have it paid to you, you will receive \$8,000, and \$2,000 will be sent to the IRS as income tax withholding. Within 60 days after receiving the \$8,000, you may roll over the entire \$10,000 to a traditional IRA or employer plan. To do this, you roll over the \$8,000 you received from the Retirement System, and you will have to find \$2,000 from other sources (your savings, a loan, etc.). In this case, the entire \$10,000 is not taxed until you take it out of the IRA or employer plan. If you roll over the entire \$10,000, when you file your income tax return you may get a refund of the \$2,000 withheld.

If, on the other hand, you roll over only \$8,000, the \$2,000 you did not roll over is taxed in the year it was withheld. When you file your income tax return you may get a refund of part of the \$2,000 withheld.

**Additional 10% Tax If You Are Under Age 59 ½.** If you receive a refund before you reach age 59 ½ and you do not roll it over, then, in addition to the regular income tax, you may have to pay an extra tax equal to 10% of the taxable portion of the refund. The additional 10% tax does **not** apply to your payment **if** it is (1) paid to you because you separate from service with your employer during or after the year you reach age 55, (2) paid because you retire due to disability, (3) paid to you as equal (or almost equal) payments over your life or life expectancy (or your and your beneficiaries' lives or

life expectancies), or (4) payments that do not exceed the amount of your deductible medical expenses. See IRS Form 5329 for more information on the additional 10% tax.

**Special Tax Treatment Available Only If You Were Born Before January 1, 1936.** If your eligible rollover distribution is not rolled over, it will be taxed in the year you receive it. However, if it qualifies as a "lump sum distribution," it may be eligible for special tax treatment. A lump sum distribution is a payment, within one year, of your entire balance under the Retirement System that is payable to you because you have reached age 59½ or because you have separated from service with your employer. For a payment to qualify as a lump sum distribution, you must have been a participant in the Retirement System for at least 5 years. The special tax treatment for lump sum distributions is described below.

**Ten-Year Averaging If You Were Born Before January 1, 1936.** If you receive a lump sum distribution and you were born before January 1, 1936, you can make a one-time election to figure the tax on the payment by using "10-year averaging" (using 1986 tax rates). Ten-year averaging often reduces the tax you owe.

**Capital Gain Treatment If You Were Born Before January 1, 1936.** In addition, if you receive a lump sum distribution and you were born before January 1, 1936, you may elect to have the part of your payment that is attributable to your pre-1974 participation in the Retirement System (if any) taxed as long-term capital gain at a rate of 20%.

There are other limits on the special tax treatment for lump sum distributions. For example, you can generally elect this special tax treatment only once in your lifetime, and the election applies to all lump sum distributions that you receive in that same year. If you have previously rolled over a payment, you cannot use this special tax treatment for later payments. If you roll over your payment to an eligible IRA, you will not be able to use this special tax treatment for later payments from the IRA. Also, if you roll over only a portion of your payment to an eligible IRA, this special tax treatment is not available for the rest of the payment. Additional restrictions are described in IRS Form 4972, which has more information on lump sum distributions and how you elect the special tax treatment.

## Guide H. Supplement to the Special Federal Tax Notice - Roth IRA Rollovers

### Special Rules Applicable for Rollovers to a Roth IRA

Effective January 1, 2008 eligible distributions paid from the Retirement System may be rolled over to a Roth individual retirement account ("Roth IRA") either directly from the

Retirement System or within 60 days after you receive the distribution. However, if your distribution is issued before 2010, you must meet certain income limitations (described below) in order to do so.

Please continue to the next page.



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North Carolina Retirement Systems

## Guide H. (Continued)

### Inclusion of Distribution in Income

If you elect to roll your distribution over to a Roth IRA, the taxable portion of your distribution will be included in your gross income. However, the distribution will not be subject to the additional 10% tax, as described in the Special Federal Tax Notice, which may apply on distributions to a participant before age 59 1/2. For rollovers occurring in 2010, unless you elect to include the amount of your Roth IRA rollover in your gross income on your federal income tax return for 2010, one-half of the taxable portion of your Roth IRA rollover will be included in your gross income in 2011, and the other half of the taxable portion will be included in your gross income in 2012.

### Tax Withholding

If the rollover is made directly from the Retirement System, it will not be subject to the mandatory 20% federal income tax withholding described in the Special Federal Tax Notice. If you elect a direct rollover to a Roth IRA, income tax will not be withheld on your distribution, even though the taxable amount of the distribution will be includable in your gross income as described above. You may incur penalties under the estimated tax rules if your withholding and estimated tax payments are insufficient. To avoid owing these penalties, you may wish to consider either paying estimated taxes for the year in which your Roth IRA rollover will be included in income, or increasing the tax withholding on other income that you receive during that year.

### Income Limitations

Before January 1, 2010, you may **NOT** roll over your eligible distribution to a Roth IRA if either:

- Your modified adjusted gross income\* exceeds (including the income of both you and your spouse if you are married) \$100,000.
- You are married, but you and your spouse file separate federal income tax returns.

Special rules may apply if you are married and you do not live with your spouse for any portion of the year.

*\*See the instructions to IRS Form 8606 for a definition of "modified adjusted gross income" for this purpose.*

It is your responsibility to determine whether you satisfy these income requirements. The Retirement System will not monitor whether you are eligible to roll over your distribution under these rules. If you make an error in determining your eligibility to roll over to a Roth IRA, you will be required to recharacterize your rollover. See "How Do You Recharacterize a Contribution" in IRS Publication 590 for details.

### Eligible Distributions

Your distribution may be rolled over to a Roth IRA only if it would otherwise be eligible to be rolled over to a traditional IRA or another eligible retirement plan. Please refer to Guide G, "Payments That Can and Cannot Be Rolled Over," for an explanation of the kinds of distributions that cannot be rolled over.

## Guide I. How To Obtain Additional Federal Tax Information

The Special Federal Tax Notice (*Guide G and H*) summarizes only the federal (not state or local) tax rules that might apply to your refund. The rules described are complex and contain many conditions and exceptions that are not included in this guide. Therefore, you may want to consult with a professional tax advisor before you apply for your refund from the Retirement System.

Also, you can find more specific information on the tax treatment of payments from qualified retirement plans in IRS Publication 575, Pension and Annuity Income, and IRS Publication 590, Individual Retirement Arrangements. These publications are available from your local IRS office, on the IRS's Internet Web Site at [www.irs.ustreas.gov](http://www.irs.ustreas.gov), or by calling 1-800-TAX-FORMS.

Thank you.

N.C. Department of State Treasurer, Retirement Systems Division  
325 North Salisbury Street, Raleigh, North Carolina 27603-1385  
(919) 733-4191 in the Raleigh area or (877) 627-3287 toll free  
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