



APPLICATION TO PURCHASE CREDITABLE SERVICE USING A ROLLOVER OR IN-SERVICE PLAN-TO-PLAN TRANSFER

Department of State Treasurer
Retirement Systems Division
325 North Salisbury Street
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Members of the Teachers' and State Employees' Retirement System, the Local Governmental Employees' Retirement System, the Consolidated Judicial Retirement System, or the Legislative Retirement System are permitted to use all or part of an **eligible rollover distribution (ERD)** from an eligible retirement plan or IRA to pay for all or part of the cost to purchase creditable service. **An ERD is the taxable portion of a distribution from an eligible retirement plan or an IRA.** Also, a member may elect to have an in-service plan-to-plan transfer made from an IRS Section 457(b) plan, Section 403(b) annuity plan, or the NC 401(k) Plan to the Retirement System to purchase creditable service. **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 until you reach the age of 59½.**

The member must complete the rollover or plan-to-plan transfer to the Retirement Systems Division (**RSD**) within 60 days of the distribution from the other plan or IRA. The member's payment must be accompanied by a statement from the Plan Administrator (Issuer of the check) that the funds are tax sheltered and are eligible for rollover.

(1) Pre-tax funds from the following plans may be accepted via rollover to purchase creditable service:

- **401(a) plans**
- **401(k) plans**
- **401(c) Keogh plans**
- **403(a) Qualified Annuity Plan**
- **403(b) Tax Sheltered Annuities**
- **457(b) Governmental Deferred Compensation Plans**

Eligible Individual Retirement Arrangements (IRA): include

Traditional or Conduit Individual Retirement Account or Annuity (IRA):

- **Traditional IRA** is generally an individual retirement account 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 either a 401(a), 401(k), or 403(b) plan 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.

(2) Pre-tax money from the following plans may be accepted via an In-Service Plan-to-Plan Transfer to purchase creditable service:

- **NC 401(k) Plan**
- **457(b) Governmental Deferred Compensation Plans**
- **403(b) Tax Sheltered Annuities**

The RSD cannot accept rollovers or transfers from the following:

Roth IRA; Simple IRA; Education IRA or Coverdell Education Savings Account; Simplified Employee Pension Plan (SEP); any funds that were previously taxed; any funds in excess of the creditable service cost.

Other:

- If you are uncertain if a distribution from your previous plan would be an eligible rollover or plan-to-plan transfer distribution which can be rolled over/transferred to the RSD, contact the plan administrator of your previous plan or your tax advisor. **An ineligible rollover or transfer can result in adverse federal income tax consequences to you.** Further information can be obtained by reading IRS Publications 575 or 590 and may be ordered by calling 1-800-829-3676.
- Rollovers or plan-to-plan transfers **must be in U.S. dollars in the form of a check.** Checks must be made **payable to the Retirement System** in which you are desiring to purchase creditable service, *i.e.* the Teachers' and State Employees' Retirement System, the Local Governmental Employees' Retirement System, etc., and **must include "FBO: Participant's Name/SSN."**
- Form Ret-398 must accompany a rollover or plan-to-plan transfer to enable RSD to process it as an eligible service purchase using tax deferred funds.
- **If your application package is not complete, including the correct total amount as indicated on the Statement of Cost, your application package will be rejected and returned to you.**
- Once money is received from your transferring plan, the RSD will send you a letter advising you of the amount received and the amount of creditable service posted to your record.
- Once your rollover/transfer has been accepted by the RSD, it cannot be reversed nor can the rollover/transfer be withdrawn unless you terminate covered employment. Therefore, please take every precaution before submitting your application.

See the reverse side of form Ret-398 for specific step-by-step instructions for the completion of form Ret-398 and completing your purchase of creditable service.

Ret-398
(04/04)



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Definitions: Eligible Rollover Distribution (ERD) is a distribution of tax-sheltered funds from certain organizations or financial institutions (see instructions) from which you are eligible to receive a distribution at the time of your choosing. In-Service Plan-to-Plan Transfer is a transfer of tax-sheltered funds from certain employer sponsored plans from which you are not eligible to receive a distribution as long as you are employed with the sponsor of the Plan or until you reach the age of 59½. (see instructions)

If you plan to use a Rollover—Check this box and check one item in Box A, OR

If you plan to use an In-Service Plan-to-Plan Transfer—Check this box and check one item in Box B

Please see reverse side for instructions.

Retirement System (*select one*): Teachers' and State Employees' Retirement System Local Governmental Employees' Retirement System
 Consolidated Judicial Retirement System Legislative Retirement System

Your Name		Retirement Number (if known)	
Mailing Address		Social Security Number	
City, State, Zip Code		Daytime Telephone Number	
Name of Organization Issuing Check		Amount of Check(s)	Date of Check(s)
Organization mailing address	City	State	Zip Code
BOX A — Funds are being rolled over from (please check one): <div style="display: flex; justify-content: space-around; text-align: center;"> IRC 401(a) plan IRC 403(a) plan IRC 403(b) annuity IRC 401(k) plan </div> <div style="display: flex; justify-content: space-around; text-align: center;"> IRC 457(b) (governmental plan) IRA </div>			
BOX B — Funds are being transferred from (please check one): <div style="display: flex; justify-content: space-around; text-align: center;"> IRC 403(b) annuity IRC 457(b) (governmental plan) Supplemental Retirement Income Plan (NC 401(k) Plan) </div>			

I hereby indicate my desire to purchase creditable service by making a rollover contribution/in-service plan-to-plan transfer and request that the Retirement System accept my eligible rollover distribution-plan-to-plan transfer, not to exceed the purchase cost. I understand the Retirement System will not accept amounts greater than the cost to purchase creditable service, and will require additional funds from you if your rollover/transfer amount is less than the cost to purchase creditable service, and will not be responsible for any tax consequences relating to this rollover/transfer. I certify that the rollover/ transfer amount indicated above is eligible for rollover treatment, meets all rollover requirements of IRC Section 402, contains only pre-tax amounts, and originates from the source indicated above.

Member Signature (required)	Date
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Please retain a copy of this certification, the Statement of Cost to Purchase Service Credits, and the payment receipt for your tax records. Consult with the IRS or your tax advisor for specific tax implications.

STEPS TO PURCHASE CREDITABLE SERVICE WITH A ROLLOVER OR IN-SERVICE PLAN-TO-PLAN TRANSFER

- 1) Request a Statement of Cost from the Retirement Systems Division for the service you wish to purchase.
- 2) After receiving the Statement of Cost, contact the organization from which you plan to request the funds to obtain the paperwork they require be completed for a distribution. **(Also verify that the funds are eligible for distribution as a rollover or plan-to-plan transfer.)**
- 3) Complete the necessary paperwork to begin the distribution process. Advise the issuer of the check that the check must be payable to the Retirement System in which you desire to purchase creditable service, i.e. the Teachers' and State Employees' Retirement System, the Local Governmental Employees' Retirement System, etc., and must include **"FBO: Participant's Name/SSN."**
- 4) Obtain a statement/letter from the Plan Administrator (issuer of the check) certifying that the amounts being rolled over/transferred are eligible for rollover/transfer and that all monies are tax-sheltered/tax-deferred.
- 5) Instruct the Plan Administrator (issuer of the check) to forward the check to you. Be sure to allow sufficient time to receive the check and then forward it to us by the due date on the Statement of Cost.
- 6) Complete form Ret-398. Make a copy for your records.
- 7) **The following items must be submitted to us:**
 - **The original form Ret-398;**
 - **Copy of the Statement of Cost;**
 - **Statement from check issuer verifying funds are tax-deferred and eligible for rollover/transfer; and**
 - **The rollover/transfer check. (Plus personal check for the difference if the rollover/transfer check is not sufficient to pay the total amount due.)**
- 8) Mail the complete package to the Retirement Systems Division, 325 North Salisbury Street, Raleigh, NC 27603-1385.

Please Note:

- **If the Plan Administrator (issuer of the check) has a policy that they will only mail the check to the Retirement Systems Division, we will forward the check to you when we receive it. We are not allowed to hold checks while awaiting additional information from you.**
- **The Retirement Systems Division reserves the right to reject any request for purchase of service due to incomplete or missing documentation, if amount received is not equal to the amount due, or if the payment is not received by the due date shown on the Statement of Cost. No purchase of creditable service using funds from a rollover or an in-service plan-to-plan transfer will be accepted without certification (either a letter or statement on the check stub) from the plan administrator (issuer of the check) that the funds are tax-sheltered/tax-deferred and eligible for rollover/transfer.**