



**City of Austin  
Employees' Retirement System\***

**Designation of Retirement Deposits  
Form & Instructions**

**Please read the following attachments before completing the COA ERS Designation of Retirement Deposits Form:**

- *COA ERS Retirement Options for Terminating Employees*
- *COA ERS Required IRS Distribution Taxation Notice*

*Refund disbursement checks, rollover receipts, and Forms 1099-R will be mailed to the address provided on the COA ERS Designation of Retirement Deposits Form.*

Please return completed form to:  
COA ERS  
418 E. Highland Mall Blvd.  
Austin, Texas 78752-3720

For additional information, please contact us at (512) 458-2551.

\*Also referred to as COA ERS or System

# COA ERS Retirement Options for Terminating Employees

*Note: State and Federal laws do not allow Active Members to make a partial withdrawal of deposits or to receive loans from their retirement funds.*

## **IF YOU HAVE LESS THAN FIVE YEARS CREDITABLE SERVICE:**

### **You May Receive a Refund after Terminating City Employment...**

You may choose to have your deposits refunded after you terminate your employment with the City of Austin. Generally, your retirement contribution refund check (less mandatory 20% tax withholding) will be issued 60 days after you receive your final City payroll check that will include your final contribution to the System. In order for your refund to be processed, you must no longer be active on the City payroll system, and COA ERS must have received your COA ERS Designation of Retirement Deposits Form with any required attachments. If you do not receive your check in the mail within 60 days of submitting all documents, please contact COA ERS.

### **You May Delay Your Refund Until After Interest Posting...**

You may choose to leave your deposits in the System through the end of the calendar year. You will receive interest on your deposits, and your refund check will be issued in January and mailed to the address provided on the COA ERS Designation of Retirement Deposits Form. Retirement interest is accrued on the last day of the calendar year based on the amount that you had in the System on the first day of that calendar year. Your money must remain on deposit for the entire calendar year in order to accrue interest.

### **You May Leave Your Funds for Proportionate Retirement...**

You may choose to retain your deposits in COA ERS if you are eligible to participate in the Proportionate Retirement Program. To qualify, you must be or become a member of one of the participating retirement systems under the statewide Proportionate Retirement Program. The retirement systems currently participating are:

Teachers Retirement System of Texas	Employees' Retirement System of Texas
Texas Municipal Retirement System	Judicial Retirement System of Texas I & II
Texas County and District Retirement System	City of Austin Employees' Retirement System
The El Paso City Employees' Pension Fund	El Paso Firemen and Policemen's Pension Fund
	Austin Police Retirement System

Proportionate Service with the Travis County Healthcare District (District) – A special proportionate relationship was established for the benefit of COA ERS members who are also members of a retirement system for employees of the District. This arrangement is similar to the general proportionate program except that it applies only between COA ERS and the District.

Once you meet retirement eligibility as described below AND have at least five years of combined Creditable Service with one or more retirement systems, you may retire from COA ERS if you select this option. It is your responsibility to contact COA ERS upon reaching eligibility for retirement.

### **You May Roll Over Contributions to an IRA or Other Qualified Plan...**

You may choose to roll over, tax-free, all or any portion of your “eligible rollover distribution” to an Individual Retirement Account (IRA), state or local government Section 457 deferred compensation plan, or other qualified employer plan that accepts rollovers. Previously taxed COA ERS contributions, if any, will be paid directly to you. The eligible rollover distribution is paid directly from the COA ERS plan to the designated qualified plan. If you choose a direct rollover, you defer taxes on the monies until you later withdraw the funds from the qualified plan into which your funds were rolled over. For additional information on rollovers, refer to Internal Revenue Service Publication 575 for additional information. This publication is available from your local IRS office or online at [www.irs.gov](http://www.irs.gov).

To complete the rollover, *one of the following forms of documentation* must also be provided to COA ERS from the receiving plan or financial institution: 1) a Trustee to Trustee Transfer letter on company letterhead; 2) a Letter of Acceptance; 3) an Automated Customer Account Transfer (ACAT) form; or 4) a Direct Transfer/Rollover form. This third party document must be an original, signed by a representative of the receiving plan or financial institution and include the following information:

Name of the Member	
Member's Social Security Number	
<b>Transfer From:</b>	<b>Transfer To:</b>
City of Austin Employees' Retirement System	Name of company to make check payable
418 E. Highland Mall Blvd.	Mailing address
Austin, Texas 78752-3720	Contact person/phone number
Type of Plan – 401(a) Defined Benefit Plan	Type of account (i.e. IRA)
	Account Number
	Transfer amount (if known)

*Note: All rollover checks are mailed to the receiving plan or financial institution. COA ERS does not offer wire transfer for rollover transactions.*

## ***COA ERS Retirement Options for Terminating Employees*** (continued)

### **IF YOU HAVE FIVE OR MORE YEARS CREDITABLE SERVICE:**

#### **You May Declare Vested Status and Receive a Monthly Annuity When You Reach Retirement Eligibility...**

You may choose to declare and become a Vested Member if you have five or more years of Creditable Service with COA ERS. This means, in addition to the four refund/rollover choices available to Members with less than five years Creditable Service with COA ERS, a Vested Member also has a fifth choice for designation of deposits. As a Vested Member who leaves City employment before reaching retirement eligibility, you may leave your deposits in the System. When you reach age 62, or when you meet other age and service requirements for retirement eligibility (see below requirements), you must apply to begin drawing a monthly retirement annuity.

Upon leaving the City, you should indicate on the COA ERS Designation of Retirement Deposits Form that you want to retain your deposits in the System as a Vested Member. Your deposits will remain in COA ERS until you reach retirement eligibility and you apply for retirement from COA ERS. Your deposits will continue to earn interest until you begin to receive your monthly annuity. In addition to the COA ERS Designation of Retirement Deposits Form, a COA ERS Beneficiary Designation Form should also be completed. If you select this option and do not return to work for the City of Austin, you can withdraw your funds at any time, however, withdrawal will forfeit your Vested status and retirement eligibility.

### **RETIREMENT ELIGIBILITY**

Members are eligible for normal, unreduced retirement when they meet one of the following age and service requirements:

#### **Age 62**

**Age 55 with 20 years Creditable Service, or**

**Any age with 23 years Creditable Service**

If you leave active membership before attaining retirement eligibility, you must have five years of Creditable Service to be considered “Vested”. Members may apply for disability retirement benefits if they are mentally or physically incapacitated for the performance of *all employment duties* and the incapacity is likely to be permanent. Applications for disability retirement are available from our website, [www.coaers.org](http://www.coaers.org), or by contacting COA ERS. The COA ERS Board of Trustees has final authority in granting disability retirement allowances.

### **REQUIRED DISTRIBUTIONS**

Terminated Members must begin to receive distributions by age 70½. Refer to Internal Revenue Service Publication 575 for additional information. This publication is available from your local IRS office or online at [www.irs.gov](http://www.irs.gov).

# COA ERS Required IRS Distribution Taxation Notice

## GENERAL INFORMATION

This notice contains important information you need to know before you decide how to receive your retirement plan benefits. This notice is provided to you because all or part of the payment that you receive from COA ERS may be eligible for rollover to an eligible IRA, state or local government Section 457 deferred compensation plan, or another qualified plan. An eligible IRA does not include a Roth IRA, SIMPLE IRA, or an Education IRA. You have 30 days from the date of this notice to make a decision on how to receive your payment. However, you may waive the 30 days as long as this information has been provided to you.

## SUMMARY

There are two ways you may be able to receive a Plan payment that is eligible for rollover:

- 1) The payment can be made directly to an eligible IRA, state or local government Section 457 deferred compensation plan, or if you choose, another qualified plan that will accept a direct rollover, or
- 2) The payment can be paid to you.

### **If you choose a direct rollover:**

- Your payment will not be taxed and no income tax will be withheld.
- Your payment will be made directly to your eligible IRA, state or local government Section 457 deferred compensation plan, or to another qualified plan that accepts your rollover. Your Plan payment cannot be rolled over to a Roth IRA, a SIMPLE IRA, or an Education IRA because they are not eligible IRAs.
- Your payment will be taxed later when you take it out of the qualified plan into which your funds were rolled over.

### **If you choose to have a Plan payment that is eligible for rollover paid to you:**

- You will receive only 80% of the payment, because the Plan sponsor is required to withhold 20% of the payment for income tax withholding to be credited against your taxes. You will receive a Form 1099-R in January of the following year.
- Unless you roll it over, your payment will be taxed in the current year. Under limited circumstances, 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 also have to pay an additional 10% tax for early withdrawal of retirement funds.
- You can still roll over the payment to a qualified plan that accepts your rollover within 60 days after you receive your payment. The amount rolled over will not be taxed until you take it out of the qualified plan.
- If you want to roll over 100% of the payment to a qualified plan, you must replace the 20% that was withheld. If you roll over only the 80% that you received, you will be taxed on the 20% that was withheld and not rolled over.

## HOW TO OBTAIN ADDITIONAL INFORMATION

This notice summarizes only the federal (not state or local) tax rules that might apply to your payment. The rules described above are complex and contain conditions and exceptions that are not included in this notice. Therefore, you are encouraged to consult with a professional tax advisor before you take a payment of your benefits from the Plan. 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' website at [www.irs.gov](http://www.irs.gov), or by calling 1-800-TAX-FORMS.

## SOCIAL SECURITY NUMBER VERIFICATION

The Internal Revenue Service requires verification of the name of all recipients of pension funds. The name you use on the COA ERS Designation of Retirement Deposits Form MUST match the name on your government issued social security card. You must certify that the name you have printed on the COA ERS Designation of Retirement Deposits Form matches the name on your government issued social security card.



City of Austin Employees' Retirement System

# City of Austin Employees' Retirement System Designation of Retirement Deposits Form

Original forms must be submitted and must be legible.

Please read **COA ERS Retirement Options for Terminating Employees** and **COA ERS Required IRS Distribution Taxation Notice** before completing all applicable sections of this form. COA ERS will not accept incomplete forms. Any corrections must be initiated.

\_\_\_\_\_  
Name as it appears on your Social Security Card (Please print)                      Social Security Number                      Termination Date

\_\_\_\_\_  
Permanent Mailing Address                      City                      State                      Zip Code                      Telephone Number

**1. Refund of Contributions and Interest** – Mark the box beside the option selected.

By selecting one of the Refund options, you acknowledge that Federal Income Tax at a tax rate of 20% will be withheld on all untaxed contributions and interest paid directly to you. You acknowledge that you may also be subject to an additional 10% tax on this refund.

- Refund directly to me.
- Refund directly to me after the interest allocation in January of the following year.
- Refund a portion of my contributions and interest directly to me and roll over the balance to a qualified plan.  
\$ \_\_\_\_\_ or \_\_\_\_\_ % to be paid directly to me.  
Specific original documentation from the receiving plan or financial institution must be attached.
- Roll over my untaxed contributions and interest to a qualified plan.  
Specific original documentation from the receiving plan or financial institution must be attached.

**2. Retain in Retirement System** -- Mark the box beside the option selected.

*Note: If you select an option in this section, it is very important that you notify COA ERS of any future address changes. In addition to the COA ERS Designation of Retirement Deposits Form, a COA ERS Beneficiary Designation Form should also be completed (contact the Retirement Office at 512-458-2551 or online at [www.coaers.org](http://www.coaers.org)).*

- Declare Vested Status.**  
This option is only available if you have five or more years of Creditable Service with COA ERS. When you reach eligibility for retirement, you must apply to begin receiving a monthly annuity. Your annuity will be based on benefit criteria in effect at the time of retirement.
- Retain as Proportionate Retirement Program "Participant" (No minimum years of service required).**  
Proportionate Retirement is only available with membership in two or more of the following retirement systems:
 

Teachers Retirement System of Texas	Employees' Retirement System of Texas
Texas Municipal Retirement System	Judicial Retirement System of Texas I & II
Texas County and District Retirement System	City of Austin Employees' Retirement System
The El Paso City Employees' Pension Fund	El Paso Firemen and Policemen's Pension Fund
	Austin Police Retirement System

Travis County Healthcare District (District) – A special proportionate service arrangement has been established *exclusively* for members of COA ERS and the District.

I am making the above selection with respect to my contributions and any accrued interest in the City of Austin Employees' Retirement System. I understand that any refund disbursement check will be mailed to me at the address provided above. I understand that if I choose to withdraw my contributions and interest from COA ERS, I forfeit my right to any future benefits with COA ERS. I have read and understand the **COA ERS Required IRS Distribution Taxation Notice** and waive my right to the 30-day waiting period. I further certify that the name I have printed on this form matches the name on my government issued social security card.

\_\_\_\_\_  
Member's Signature                      Date                      Notary Public                      Date

QDRO (Internal Use Only)  Yes  No