

OKLAHOMA TEACHERS' RETIREMENT SYSTEM TERMINATION OF MEMBERSHIP AND WITHDRAWAL OF FUNDS



Human Resources Benefits and You

Withdrawal While Still Employed: If you are a nonexempt (classified) OSU employee who became employed with OSU prior to July 1, 2004, you are considered a non-classified, optional member of OTRS. Optional members can cease membership and withdraw the after-tax portion of contributions from OTRS without terminating employment. However, very few employees have had after-tax contributions. All tax-deferred contributions (including contributions paid by OSU for you) can be paid to you only at termination of employment. Be sure that OTRS understands your classification if you wish to withdraw funds. This withdrawal process takes approximately two months.

Faculty and administrative/professional employees, hired prior to July 1, 2004, were mandated into OTRS, and cannot stop contributions while employed. All employees hired after July 1, 2004, are able to decide whether to participate in OTRS or the Alternate Retirement Program. Therefore, they are not considered optional members and cannot withdraw contributions.

Withdrawal After Termination of Employment: Any OTRS member, who terminates employment in public education in Oklahoma, may also terminate his/her OTRS membership. However, Oklahoma law mandates that withdrawal and payment of contributions be made no earlier than four months after separation from service. OTRS makes no exceptions to this rule.

Interest Earnings: Interest paid at withdrawal is calculated according to OTRS Rules and Laws. If you have money in an OTRS account for less than 16 years, you will receive total employee contributions paid by you and/or your employer on your behalf plus 50% of interest earnings declared by the TRS Board of Trustees. If you have more than 16 years of OTRS membership, you may withdraw total contributions plus a greater than 50% portion of interest accrued.

Vesting: If you have five years or more of OTRS membership, you may be vested (guaranteed annuity benefits upon retirement). In this case, you can keep your membership with OTRS (by not withdrawing contributions) until you are eligible to initiate your retirement income.

How to Withdraw Funds: Contact Teachers' Retirement System of Oklahoma, 2500 N Lincoln Boulevard, Oklahoma City, OK 73105, or call toll free, (877) 738-6365, and request a withdrawal packet, which will include:

- TRS Form 210.13 and TRS 210.09 to withdraw while employed; or
- TRS Form 411 to withdraw upon termination of employment.

Send the form to OSU Human Resources, 106 Whitehurst, Stillwater, OK 74078, so that your final OTRS contribution can be verified. Your department must process your separation notice (EA) before these forms can be completed. If you experience a delay, contact Employee Services at (405) 744-5449.

Tax Implications: Any early withdrawal of retirement funds is subject to regular income taxes along with a ten percent (10%) penalty. If you plan to rollover the funds to another retirement investment, be sure to review the information from OTRS carefully about rollovers. You may want to discuss tax issues with your tax advisor because there are tax advantages if you do not let the withdrawn funds pass through your hands.

OSU Human Resources developed this information for the convenience of OSU employees. It is a brief interpretation of more detailed and complex materials. If further clarification is needed, the actual law, policy, and contract should be consulted as the authoritative source. OSU continually monitors benefits, policy, and procedures and reserves the right to change, modify, amend, or terminate benefit programs at any time.

OSU Human Resources – 106 Whitehurst, Stillwater, Oklahoma 74078 – (405) 744-5449