

BENEFIT OPTIONS AT TERMINATION OF PERS COVERED EMPLOYMENT

Termination is a severance of employment from all covered positions. The terminating member must consider the following options related to his or her PERS retirement account:

1. MEMBER MAY REQUEST A REFUND OF CONTRIBUTIONS.

- Apply for a lump sum distribution of employee contributions plus interest. PERS is required to withhold 20% of the taxable distribution for federal income tax withholding unless the member requests a direct transfer of contributions into another qualified plan or IRA.
- In the case of a member receiving a refund who is less than 59 1/2 years old, the Internal Revenue Service may impose a 10% penalty for a premature distribution. This is in addition to the 20% federal tax withholding referred to above.
- Acceptance of a refund terminates membership in the system and cancels all rights to any future retirement benefits.

There is no provision in the PERS Law for loans, partial refunds, or hardship withdrawals.

PERS generally issues refunds 45 days following termination of employment and receipt of the completed application unless there is a documented qualifying emergency. Refund applications are available through the employer or by making a request to PERS over the phone or through the PERS Website Forms Request Service.

2. MEMBER MAY LEAVE CONTRIBUTIONS WITH PERS.

Member Terminating With Less Than 4 Years Of Membership Service Credit

- Interest will be posted monthly. Service credit will remain intact in anticipation of returning to covered employment.
- In the event of an inactive member's death, a lump sum distribution of employee contributions and interest is payable to the designated beneficiary(ies). If the designated beneficiary is a spouse, there is a mandatory 20% federal tax withholding unless the spouse elects a direct transfer into another qualified plan or IRA. If the beneficiary is anyone other than a spouse, there is a 10% federal tax withholding, which the beneficiary may elect not to have withheld, accepting full responsibility for payment of applicable taxes.

Member Terminating With 4 Or More Years Of Membership Service Credit

- Interest will be posted monthly. Service credit will remain intact in anticipation of returning to covered employment.
- Service retirement benefits will be payable to the member, upon application, at age 60.
- In the event of the death of an inactive member, a) the qualifying spouse and dependent children will be eligible for monthly benefits; or b) in the absence of a spouse or dependent child, a lump sum distribution of employee contributions and interest is payable to the designated beneficiary.

3. MEMBER MAY APPLY FOR MONTHLY BENEFITS, IF ELIGIBLE.

- Upon meeting eligibility requirements and submitting a completed application to PERS, monthly retirement benefits are paid as an annuity. The member qualifying for monthly retirement benefits will receive equal monthly payments for life. The amount of a retired member's annuity is calculated using the service credit factor, his or her average compensation, and depending upon the optional benefit payment plan selected, the member's age and that of the beneficiary(ies) as of the effective date of retirement. The effective date of retirement is the first of the month after termination of employment AND after a completed application is received by PERS.