

## Termination of Service Prior to Retirement Eligibility

**I have more than 10 years of service and am age 61. I want to quit working, so what happens to my retirement account?** You are eligible for retirement because you are vested (have at least 10 years of creditable service) and are age 60 or over. You can download the Retirement Application Packet from our Web site at [www.rsa-al.gov](http://www.rsa-al.gov) or we will send you the proper form.

**ERS State form:** [Retirement Application Packet Part I](#)  
**ERS Local form:** [Retirement Application Packet Part I](#)

**I am leaving my employment and have 11 years of service. I am age 58, so what are my options?** You can leave your contributions in the retirement system until age 60. You can then apply for a service retirement to be effective the first of the month following attainment of age 60. If you withdraw your contributions, you will not be eligible for retirement benefits.

**I am quitting my job and have less than 10 years of service. Do I have to withdraw my retirement account or can I leave it with the retirement system?** You can leave your contributions in the retirement system for up to five years. If you have not returned to employment with a participating agency, the account will be terminated and your contributions and any refundable interest will be payable to you.

**I am quitting my job and have less than 10 years of service. I would like to withdraw my money now.** You can withdraw your contributions plus any refundable interest, but you must first request a refund. To request a refund, complete the [RSA 7, Notice of Final Deposit and Request for Refund](#) form. You can download the form from our Web site or we can mail it to you. Please read the [Special Tax Notice Regarding Plan Payments](#) that comes with the form.

**Do you take any taxes out of my refund?** If the refund is sent to you directly, the taxable portion of the refund is subject to **federal** income tax withholding at the rate of 20%. You will be refunded 80% of the taxable amount of contributions and refundable interest, if any.

**Is my refund subject to the state of Alabama income tax?** No portion of your refund is subject to state of Alabama income tax.

**Do I have to take the refund directly or can I roll it over to another account?** You can have your refund transferred (rolled over) to an IRA, Annuity, or Qualified Retirement Plan. You will not be taxed for this transfer.

**Can I have some of my money sent to me and the rest rolled over to another account?** Yes, the ERS can do that for you.

**Can I withdraw part of my contributions and leave the rest with the ERS?** There are no partial refunds. All contributions are refunded in full.

**Will I receive a W-2 for my refund in order to do my taxes?** In January following the calendar year the refund was made, you will be issued a Form 1099-R Income Statement for use in filing your personal income tax return.

**Will I receive all the interest credited to my account?** No. See the table below.

<i>Years of Membership Service</i>	<i>Amount of interest funded</i>	<i>Contributions Refunded</i>
Less than 3 yrs	None	All
3 yrs, but less than 16 yrs	50%	All
16 yrs, but less than 21 yrs	60%	All
21 yrs, but less than 26 yrs	70%	All
26 yrs or more	80%	All

Prepared by the Communications staff of the Retirement Systems of Alabama. To have your questions answered in "Preparing for Retirement", please address them to **Michael Pegues, Communications, Retirement Systems of Alabama, P.O. Box 302150, Montgomery, Alabama 36130-2150**. Please visit our Web site at [www.rsa-al.gov](http://www.rsa-al.gov).