



RSA-1 and PEIRAF Participant Distribution Packet

Lump Sum or Partial Lump Sum

This Participant packet contains information and forms to complete the periodic distribution process. Once RSA-1 receives all of the required forms, RSA-1 will process your request in the next available payroll. Please submit your original notarized documents to the RSA-1 office.



START TODAY

This document includes the following forms:

- » **RSA-1 REQUEST FOR LUMP SUM OR PARTIAL LUMP SUM DISTRIBUTION**
- » **FORM W-4R, WITHHOLDING CERTIFICATE FOR NONPERIODIC PAYMENTS AND ELIGIBLE ROLLOVER DISTRIBUTIONS**
- » **RSA-1 SPECIAL TAX NOTICE REGARDING YOUR DISTRIBUTION**



CONTACT US

Please contact RSA-1 at 877.517.0020 if you have any questions.

- Make sure RSA-1 has your current home mailing address. Members may change their mailing address online at <https://mso.rsa-al.gov> or by completing the ADDRESS CHANGE NOTIFICATION form found on our website or requested from Member Services.



FORM INSTRUCTIONS

1. Complete the RSA-1 REQUEST FOR LUMP SUM OR PARTIAL LUMP SUM DISTRIBUTION form.
2. Please refer to FORM W-4R, WITHHOLDING CERTIFICATE FOR NONPERIODIC PAYMENTS AND ELIGIBLE ROLLOVER DISTRIBUTIONS for tax withholding requirements.
3. There are two distribution options for withdrawing funds from your RSA-1/PEIRAF accounts. Please see further information below.
4. Complete FORM W-4R, WITHHOLDING CERTIFICATE FOR NONPERIODIC PAYMENTS AND ELIGIBLE ROLLOVER DISTRIBUTIONS only if you wish to have more than the mandatory 20% federal tax withheld.
5. Read the RSA-1 SPECIAL TAX NOTICE REGARDING YOUR DISTRIBUTION.

OPTIONS

1. **Full Lump Sum Payment:** This option provides for the withdrawal of your full account(s) value in one single payment. If you have separated from employment within the last six months, your **employer** must complete the Employer Certification Section.
2. **Partial Lump Sum Payment:** This option provides for a single lump-sum payment of a portion of your account value. If you have separated from employment within the last six months, your **employer** must complete the Employer Certification Section.

FREQUENTLY ASKED QUESTIONS

Q. Are my investment earnings taxed?

- A. You do not pay income taxes on your investment earnings until they are withdrawn from RSA-1.

Q. When I withdraw my funds, how are they taxed?

- A. Distributions are subject to the withholding rules applicable to qualified plans. Deferred income and investment earnings distributed from RSA-1 will be taxed to the employee or beneficiary as ordinary income in the year of distribution and are reported on a FORM 1099-R in the year of distribution.

Q. Can I view my earnings online?

- A. Yes, visit our website for monthly and historical returns or contact RSA-1.

ELIGIBILITY

RSA-1 Accounts:

- » You must be separated from service to receive a distribution payment from RSA-1 accounts. All RSA-1 distributions are subject to federal income tax. A portion may be subject to Alabama income tax.
- » Persons who are 73 or older who are no longer employed must start a Required Minimum Distribution (RMD) in compliance with Section 457 of the Internal Revenue Code.
- » Current IRS regulations require that the first RMD payment begin no later than April 1 of the calendar year following the calendar year in which the employee attains the minimum required age or separates from service, whichever is later.

Return to Work:

- » If you return to work on a full-time basis with your employer or another employer eligible to participate in RSA-1, all distributions must cease except for Financial Hardship, Small Balance, and age 70 ½ Voluntary Distributions.
- » If you return to work on a part-time basis with your employer or another employer eligible to participate in RSA-1, you may continue to receive distributions under the fixed dollar amount or fixed time period options provided the election was made prior to returning to work, but no lump-sum or partial lump-sum distributions will be permitted while you are employed.

PEIRAF Accounts:

- » To avoid a tax penalty, you must be at least 59 ½ to receive a distribution payment from PEIRAF accounts.
- » All PEIRAF distributions are subject to federal income tax and Alabama income tax.
- » There is no RMD at age 73 for PEIRAF accounts.

Questions?

- » Visit RSA's website at www.rsa-al.gov
- » Email RSA-1 through the RSA website; click on the "Contact" link at the top of the page
- » Call RSA-1 at 877.517.0020



RSA-1 Request for Lump-Sum or Partial Lump-Sum Distribution

Retirement Systems of Alabama
PO Box 302150, Montgomery, Alabama 36130-2150
877.517.0020 • 334.517.7000 • www.rsa-al.gov



Your SSN

Type of Account: ☐ PEIRAF ☐ RSA-1

Your Information

Name _____
First Middle/Maiden Last

Address _____
Street or P.O. Box City State ZIP Code

Telephone Number _____ Email Address _____

Date of Birth _____ PID (optional) _____

Distribution Eligibility

Check one:

- ☐ I have separated from service as of _____ (Month/Year).
Your employer must complete the Employer Certification section on page 2 if you have separated within the last six months.
- ☐ I am 70 ½ or older and wish to receive a distribution from my RSA-1 account.
- ☐ I am 59 ½ or older and wish to receive a distribution from my PEIRAF account.

Full Lump-Sum Payment

I elect to receive a **Full Lump-Sum Payment** of the following accounts:

- ☐ RSA-1 Fixed Income ☐ RSA-1 Equity ☐ RSA-1 STIF ☐ Transfer Fixed Income ☐ Transfer Equity ☐ Transfer STIF
- ☐ TSP Fixed Income ☐ TSP Equity ☐ TSP STIF ☐ PEIRAF

If this election is chosen, DROP, PLOP, or ERIP must be circled.

- ☐ DROP/PLOP/ERIP Fixed Income ☐ DROP/PLOP/ERIP Equity ☐ DROP/PLOP/ERIP STIF

Recent retirees will have to wait until all deferrals are received before a full balance distribution can be processed.

I understand 20% federal income tax will be withheld from this payment.

Partial Lump-Sum Payment

I elect to receive a **Partial Lump-Sum Payment** from my RSA-1 or PEIRAF account(s) in the amount of \$ _____.

I also receive a regular monthly or annual periodic payment from an RSA-1 account. ☐ Yes ☐ No

Select the account(s) from which you wish to receive payments. Please specify either dollar amount or percentage.

Regular RSA-1	Transfer	RSA-1 DROP/PLOP/ERIP/TSP Please circle: DROP/PLOP/ERIP/TSP	PEIRAF
Fixed Income	Fixed Income	Fixed Income	
Equity	Equity	Equity	
STIF	STIF	STIF	

- ☐ I want this check **mailed** to my primary address. **or** ☐ I want to **pick up** this check.

I understand 20% federal income tax will be withheld from this payment.

Signature Certification

Sign Here

Please have your signature
acknowledged before a
Notary Public.

I have read and understand the RSA-1 SPECIAL TAX NOTICE REGARDING YOUR DISTRIBUTION regarding the distribution of my plan benefits. I attest that the information I provided on this form is true. I understand that I may be subject to civil and criminal liability for any false statement on this form or my claim under the Plan. By my signature below, I agree to notify RSA-1 should I become re-employed by my employer or any entity covered by the RSA.

Your Signature _____ Date _____

State of _____, County of _____ Seal

On this _____ day of _____, 20_____, personally appeared before me, the above named individual and acknowledged under oath that the statements made are true.

Signature of Notary Public _____ My Commission Expires _____

RSA-1 Request for Lump-Sum or Partial Lump-Sum Distribution



Name _____ SSN _____

Employer Certification

If this is a state agency reporting unit, do not submit this form to the RSA until all warrant cancellations for this individual have been processed by the state comptroller.

The Employer Certification section is **ONLY** for participants who have separated from employment within the last six months.

Employing Agency _____

Last retirement contribution was included in the _____ report.
Month or if state employee, last payroll check issue date

Last RSA-1 deferral was included in the _____ report.
Month or if state employee, last payroll check which included an RSA-1 deferral

Last day for which employee is paid _____

Will unused sick or annual leave be deferred to RSA-1? ☐ Yes ☐ No

If Yes, date unused leave will be paid _____

If a participant has a bona fide Severance from Employment with no prearranged re-employment and returns to part-time employment with an employer after a break in service of at least three months, the eligible employee may continue to receive withdrawals under a fixed time period or a fixed dollar amount.

I hereby certify that the final salary payment has been made to the above named participant and that this person has no further contract, written or oral, to return to employment with this agency.

Name and Title _____
Please Print

Telephone Number _____ Email Address _____

Sign Here →
Payroll Officer

Signature _____ Date _____

General Instructions (*continued*)

Nonperiodic payments—10% withholding. Your payer must withhold at a default 10% rate from the taxable amount of nonperiodic payments **unless** you enter a different rate on line 2. Distributions from an IRA that are payable on demand are treated as nonperiodic payments. Note that the default rate of withholding may not be appropriate for your tax situation. You may choose to have no federal income tax withheld by entering “-0-” on line 2. See the specific instructions below for more information. Generally, you are not permitted to elect to have federal income tax withheld at a rate of less than 10% (including “-0-”) on any payments to be delivered outside the United States and its territories.

Note: If you don’t give Form W-4R to your payer, you don’t provide an SSN, or the IRS notifies the payer that you gave an incorrect SSN, then the payer must withhold 10% of the payment for federal income tax and can’t honor requests to have a lower (or no) amount withheld. Generally, for payments that began before 2024, your current withholding election (or your default rate) remains in effect unless you submit a Form W-4R.

Eligible rollover distributions—20% withholding. Distributions you receive from qualified retirement plans (for example, 401(k) plans and section 457(b) plans maintained by a governmental employer) or tax-sheltered annuities that are eligible to be rolled over to an IRA or qualified plan are subject to a 20% default rate of withholding on the taxable amount of the distribution. You can’t choose withholding at a rate of less than 20% (including “-0-”). Note that the default rate of withholding may be too low for your tax situation. You may choose to enter a rate higher than 20% on line 2. Don’t give Form W-4R to your payer unless you want more than 20% withheld.

Note that the following payments are **not** eligible rollover distributions for purposes of these withholding rules:

- Qualifying “hardship” distributions;
- Distributions required by federal law, such as required minimum distributions;
- Generally, distributions from a pension-linked emergency savings account;
- Eligible distributions to a domestic abuse victim;
- Qualified disaster recovery distributions;
- Qualified birth or adoption distributions; and
- Emergency personal expense distributions.

See Pub. 505 for details. See also *Nonperiodic payments—10% withholding* above.

Payments to nonresident aliens and foreign estates. Do not use Form W-4R. See Pub. 515, Withholding of Tax on Nonresident Aliens and Foreign Entities, and Pub. 519, U.S. Tax Guide for Aliens, for more information.

Tax relief for victims of terrorist attacks. If your disability payments for injuries incurred as a direct result of a terrorist attack are not taxable, enter “-0-” on line 2. See Pub. 3920, Tax Relief for Victims of Terrorist Attacks, for more details.

Specific Instructions

Line 1b

For an estate, enter the estate’s employer identification number (EIN) in the area reserved for “Social security number.”

Line 2

More withholding. If you want more than the default rate withheld from your payment, you may enter a higher rate on line 2.

Less withholding (nonperiodic payments only). If permitted, you may enter a lower rate on line 2 (including “-0-”) if you want less than the 10% default rate withheld from your payment. If you have already paid, or plan to pay, your tax on this payment through other withholding or estimated tax payments, you may want to enter “-0-”.

Suggestion for determining withholding. Consider using the Marginal Rate Tables on page 1 to help you select the appropriate withholding rate for this payment or distribution. The tables are most accurate if the appropriate amount of tax on all other sources of income, deductions, and credits has been paid through other withholding or estimated tax payments. If the appropriate amount of tax on those sources of income has not been paid through other withholding or estimated tax payments, you can pay that tax through withholding on this payment by entering a rate that is greater than the rate in the Marginal Rate Tables.

The marginal tax rate is the rate of tax on each additional dollar of income you receive above a particular amount of income. You can use the table for your filing status as a guide to find a rate of withholding for amounts above the total income level in the table.

To determine the appropriate rate of withholding from the table, do the following. Step 1: Find the rate that corresponds with your total income not including the payment. Step 2: Add your total income and the taxable amount of the payment and find the corresponding rate.

If these two rates are the same, enter that rate on line 2. (See *Example 1* below.)

If the two rates differ, multiply (a) the amount in the lower rate bracket by the rate for that bracket, and (b) the amount in the higher rate bracket by the rate for that bracket. Add these two numbers; this is the expected tax for this payment. To get the rate to have withheld, divide this amount by the taxable amount of the payment. Round up to the next whole number and enter that rate on line 2. (See *Example 2* below.)

If you prefer a simpler approach (but one that may lead to overwithholding), find the rate that corresponds to your total income including the payment and enter that rate on line 2.

Examples. Assume the following facts for *Examples 1* and *2*. Your filing status is single. You expect the taxable amount of your payment to be \$20,000. Appropriate amounts have been withheld for all other sources of income and any deductions or credits.

Example 1. You expect your total income to be \$62,000 without the payment. Step 1: Because your total income without the payment, \$62,000, is greater than \$61,750 but less than \$115,125, the corresponding rate is 22%. Step 2: Because your total income with the payment, \$82,000, is greater than \$61,750 but less than \$115,125, the corresponding rate is 22%. Because these two rates are the same, enter “22” on line 2.

Example 2. You expect your total income to be \$43,700 without the payment. Step 1: Because your total income without the payment, \$43,700, is greater than \$26,200 but less than \$61,750, the corresponding rate is 12%. Step 2: Because your total income with the payment, \$63,700, is

greater than \$61,750 but less than \$115,125, the corresponding rate is 22%. The two rates differ. \$18,050 of the \$20,000 payment is in the lower bracket (\$61,750 less your total income of \$43,700 without the payment), and \$1,950 is in the higher bracket (\$20,000 less the \$18,050 that is in the lower bracket). Multiply \$18,050 by 12% to get \$2,166. Multiply \$1,950 by 22% to get \$429. The sum of these two amounts is \$2,595. This is the estimated tax on your payment. This amount corresponds to 13% of the \$20,000 payment (\$2,595 divided by \$20,000). Enter "13" on line 2.

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to provide this information only if you want to (a) request additional federal income tax withholding from your nonperiodic payment(s) or eligible rollover distribution(s); (b) choose not to have federal income tax withheld from your nonperiodic payment(s), when permitted; or (c) change a previous Form W-4R (or a previous Form W-4P that you completed with respect to your nonperiodic payments or eligible rollover distributions). To do any of the aforementioned, you are required by sections 3405(e) and 6109 and their regulations to provide the information requested on this form. Failure to provide this information may result in inaccurate withholding on your payment(s).

Failure to provide a properly completed form will result in your payment(s) being subject to the default rate; providing fraudulent information may subject you to penalties.

Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation, and to cities, states, the District of Columbia, and U.S. commonwealths and territories for use in administering their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The average time and expenses required to complete and file this form will vary depending on individual circumstances. For estimated averages, see the instructions for your income tax return.

If you have suggestions for making this form simpler, we would be happy to hear from you. See the instructions for your income tax return.



RSA-1 Special Tax Notice Regarding Your Distribution

Retirement Systems of Alabama
PO Box 302150, Montgomery, Alabama 36130-2150
877.517.0020 • 334.517.7000 • www.rsa-al.gov



Distributions are subject to the Internal Revenue Service tax withholding rules applicable to qualified plans:

FOR PARTIAL OR FULL LUMP SUM DISTRIBUTIONS THAT ARE ROLLOVER ELIGIBLE

For lump-sum distributions and partial lump-sum distributions that are eligible for rollover distribution, federal law requires a minimum of 20% tax withholding. For partial or full lump sum distributions that are not rollover eligible, the participant may select the amount of federal tax they wish to have withheld; however, if the participant does not choose a withholding amount by completing this form, 10% of the distribution will be withheld for federal taxes.

FOR PERIODIC DISTRIBUTIONS WHICH ARE LESS THAN TEN YEARS IN DURATION AND ARE ROLLOVER ELIGIBLE

Federal law requires a minimum of 20% tax withholding. For periodic distributions which are less than ten years in duration and are not rollover eligible, the participant may select the amount of federal tax they wish to have withheld; however, if the participant does not choose a withholding amount by completing this form, 10% of the distribution will be withheld for federal taxes.

FOR PERIODIC DISTRIBUTIONS WHICH ARE TEN YEARS OR MORE IN DURATION

The participant may select the amount of federal tax they wish to have withheld; however, if the participant does not choose a withholding amount by completing this form, the distribution will subject to tax withholding calculated under federal tax law as single and no adjustments.

FOR FINANCIAL HARDSHIP DISTRIBUTIONS

The participant may select the amount of federal tax they wish to have withheld; however, if the participant does not choose a withholding amount by completing FORM W-4P, WITHHOLDING CERTIFICATE FOR PERIODIC PENSION OR ANNUITY PAYMENTS, 10% of the distribution will be withheld for federal taxes.

FOR SMALL BALANCE DISTRIBUTIONS

The participant may select the amount of federal tax they wish to have withheld; however, if the participant does not choose a withholding amount by completing FORM W-4R, WITHHOLDING CERTIFICATE FOR NONPERIODIC PAYMENTS AND ELIGIBLE ROLLOVER DISTRIBUTIONS, 10% of the distribution will be withheld for federal taxes.

FOR PAYMENTS TO NON-RESIDENT ALIENS

Federal law requires a minimum of 30% tax withholding.