

Chapter 7: Payment Options

Several options are available to pay for optional service, refunds, or 2.2 upgrades. The table below will help you select an option.

	Optional Service	Refund	2.2 Upgrade	THIS Fund*
After-tax lump sum	Yes	Yes	Yes	Yes
After-tax installment	Yes	Yes	No	Yes
Tax-sheltered rollover	Yes	Yes	Yes	No

* Must be paid with separate check to THIS Fund.

Lump-sum or installment payments

You may make a lump-sum payment directly to TRS when you purchase optional service credit, upgrade your service credit to the 2.2 benefit formula or repay refunded service. Only purchases of optional service credit or repayments of refunds may be made in installment payments directly from you to TRS. Each installment payment must be a minimum of \$50. If your total balance due is less than \$50, your payment must be for the full amount due. You may not make after-tax, direct installment payments for the cost to upgrade to the 2.2 benefit formula.

For service performed on or after July 1, 1995, all active TRS members, except employees of state agencies, are required to make contributions to the Teachers' Health Insurance Security (THIS) Fund when making an optional service credit purchase to help finance the Teachers' Retirement Insurance Program. The THIS Fund amount will vary according to the purchase year; it is calculated by using the same rate that was required that year. For example, the 1995 THIS contribution rate would apply for a 1995 maternity leave optional service credit purchase.

The payment must be made to the THIS Fund with a separate check.

We accept personal checks, money orders, and cashiers' checks. Cash and credit card payments are not accepted.

Rollovers

TRS can accept rollover contributions (other than after-tax contributions) from:

- another qualified Section 401(a) or 401(k) or Keogh plan;

- an annuity plan described in Internal Revenue Code (IRC), Section 403(a);
- a tax-sheltered annuity contract described in IRC, Section 403(b);
- an individual retirement account or annuity (IRA) under IRC, Section 408(a) or Section 408(b) that is eligible to be rolled over and would otherwise be included in gross income;
- a conduit individual retirement account described in IRC, Section 408(d);
- a Simplified Employee Pensions Plan (SEP) under IRC, Section 408(k);
- a Savings Incentive Match Plan for Employees (Simple IRA) under IRC, Section 408(p), if there has been participation in the plan for at least two years; and
- an eligible deferred compensation plan under IRC, Section 457(b) which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state.

Additionally, TRS will also accept spousal rollovers of distributions from Section 401(a), 401(k), Keogh, 403(a), 403(b) and 457(b) plans that the member's deceased spouse participated in or that have been divided by a Qualified Domestic Relations Order.

Roth IRAs are not eligible for rollover.

TRS cannot process the payment without a correctly completed Rollover Certification form that provides written confirmation from the transferring plan that the amounts deposited are eligible for rollover treatment. Rollover eligibility is governed by federal law and providers' rules and regulations.

The rollover amount cannot exceed the amount due to TRS.

For more information about rollovers and to obtain the form to initiate the rollover, please contact us.