

**ACKNOWLEDGMENT OF TERMINATION, REFUND OF ACCUMULATED CONTRIBUTIONS, DEFERRED VESTED BENEFIT ELECTION FORM**

**ARLINGTON COUNTY EMPLOYEES' SUPPLEMENTAL RETIREMENT SYSTEM  
2100 CLARENDON BOULEVARD – SUITE 511  
ARLINGTON, VIRGINIA 22201  
TELEPHONES: (703) 228-3500, (800) 818-4910 FAX (703) 228-3265**

**INSTRUCTIONS:** This form should be completed when you separate from employment with Arlington County.

• If you have less than five years of creditable service, your contributions may be refunded to you or you may leave your contributions in the plan where they will accrue interest, but you will not be entitled to a future monthly benefit. If you return to County service later, the service represented by undistributed contributions will remain intact for you. If you would like a refund or to rollover your contributions, we must receive this completed form indicating where to send your contributions and if you want taxes withheld (Parts A and D). If you may be returning to Arlington County employment and would like to leave your money in the system, please complete Part A and Part B.

• If you have five years or more of creditable service, you may choose to have your contributions refunded or you may elect a deferred vested benefit to begin upon the attainment of your normal retirement date. If you want a refund, fill out Parts A and D. If you would like to elect a deferred vested benefit, complete Parts A and C. After you have sent in a completed form and you have been paid for any unused annual and sick leave, we will process your refund.

Upon separation of employment and withdrawal of your accumulated contributions you cease to be a member of the retirement system and forfeit your rights to any future retirement benefits.

---

**Part A - General Information** (Please Print Clearly)

Name \_\_\_\_\_ Date of Birth: \_\_\_\_\_

Address: \_\_\_\_\_ Social Security Number (Last 4 digits) \_\_\_\_\_

City, State, Zip \_\_\_\_\_ Phone No. \_\_\_\_\_

Mailing Address of Refund, if different from above:

Department \_\_\_\_\_ Resignation Date \_\_\_\_\_

---

**Part B - Election to Not Receive A Refund**

If you have less than five years of service and do not want a refund, please complete Part A and sign here

Signature \_\_\_\_\_ Date \_\_\_\_\_  
(Sign here to indicate you do not want a Refund)

---

**Part C - Deferred Vested Benefit** - Please complete Part A and this section if you are electing a deferred vested benefit.

I have five years or more of creditable service and elect to leave my contributions in the system so that I may receive a deferred vested benefit to begin upon the attainment of my normal retirement date.

Signature \_\_\_\_\_ Date \_\_\_\_\_  
(Sign here for Deferred Vested Benefit Only)

---

*(Please complete the reverse side as applicable)*

**Part D - Refunds and Taxes**

You may receive your refund paid via direct deposit to you or you may have the taxable portion of your contributions deposited directly into an Individual Retirement Arrangement (IRA) or to an employer's Plan that will accept the funds. This "direct rollover" or "eligible rollover distribution" is explained on the "Refund Fact Sheet". Please provide all the information requested on the reverse side of this form so your refund can be deposited into the proper account. Taxable portions of your refund that are sent directly to you may be subject to mandatory tax withholding and penalties. Portions of your refund that have already been taxed are not subject to withholding and may not be rolled over.

You must sign this form and indicate if your refund should be sent to you or go directly into your IRA or to an employer's plan. You must also tell us if you are not subject to Virginia State Tax withholding. In addition, if we will be sending your refund to your IRA or employer's plan, you must have the receiving institution or plan complete and sign the shaded portion of the form.

The "Refund Fact Sheet" summarizes only the tax rules that might apply to a refund. The rules are complex and contain many conditions and exceptions that are not included in the Tax Notice. You may want to talk with a professional tax advisor before you request a refund of your funds.

**REFUND PAID TO YOU**

I would like to receive payment for 100% of my taxable refund. If this box is checked, I will also receive all of the already taxed portion of my contributions, if applicable.

[The amount you indicated above is subject to a mandatory 20% federal tax withholding (see special tax notice). In addition, it is subject to Virginia state tax withholding at the rate of 4% unless you indicate below that you are not subject to paying those taxes because: (1) you are not a resident of Virginia; (2) you incurred no income tax liability for last year and do not expect to incur a liability for this year; or (3) you expect your Virginia adjusted gross income to be less than \$5,000 if single; \$8,000 if married filing a joint return; or \$4,000 if married filing a separate return.]

I certify that I am not subject to Virginia tax withholding for one of the reasons listed above.

**Bank Information for Direct Deposit of Refund:**

Bank Name: \_\_\_\_\_ Account Type:  Checking  Savings

Bank Routing Number: \_\_\_\_\_ Bank Account Number: \_\_\_\_\_

My signature below authorizes the Human Resources Department to direct deposit to the bank account listed above and withhold taxes according to my instructions above.

Signature \_\_\_\_\_ Date \_\_\_\_\_  
(Sign here for a Refund)

**DIRECT ROLLOVER REQUEST**

Please have an official of the financial institution or employer's fund which will be receiving a direct rollover of the taxable portion of your refund complete and sign the section below. Please note that only one such rollover will be permitted. All requested information must be supplied before any funds are transferred.

My signature below authorizes the Human Resources Department to send a direct rollover of the taxable portion of my retirement refund to the financial institution indicated above. Any remaining balance of the nontaxable portion of my refund should be mailed directly to me.

Signature \_\_\_\_\_ Date \_\_\_\_\_

**FINANCIAL INSTITUTION OR EMPLOYER'S PLAN CERTIFICATION**

I certify that the account below is eligible to receive the direct rollover of the taxable portion of this distribution.

\_\_\_\_\_  
Signature Title Date

\_\_\_\_\_  
Account Number Financial Institution or Fund Address  
Account Type: 401(k)\_\_\_ 403(b)\_\_\_ 457\_\_\_ IRA\_\_\_ ROTH\_\_\_ Other Qualified Plan \_\_\_

# REFUND FACT SHEET

Arlington County Employees' Retirement System  
2100 Clarendon Boulevard, Suite 511, Arlington, Virginia 22201  
(703) 228-3500 or (800) 296-9510  
Fax (703) 228-3265

*The Human Resources Department makes every effort to provide you with the best information available on the tax status of your refund, but it is your responsibility to ensure compliance with the federal and state tax regulations that may affect your refund.*

## Should You Take A Refund?

If you leave your Arlington County Employees' Retirement System (ACERS) covered position, you can either leave your retirement contributions and interest in the retirement system, or you can take a refund of the funds in your account.

If you take a refund, you lose all service credit and you are not entitled to a retirement benefit. Taking a refund may also affect the amount of taxes that you pay.

If you take a refund and later take another ACERS covered position and wish to purchase the years of service credit that you lost by taking a refund, the cost will be higher than the original amount of the refund.

## The Refund Process

You may apply for a refund as soon as you leave your covered position.

You must complete a Refund of Accumulated Contributions form to receive a refund of your contributions plus interest.

When filling out the refund request form you must complete the section with the heading "General Information". You must indicate on the back of the form whether the refund is to be made to you or transferred. If you want the refund transferred, a representative of the financial institution or employer's plan which will be receiving the direct rollover of the taxable portion of your refund must complete and sign the certification on the back of the refund request form.

The refund process takes 45-60 days from the date your last employee payroll contributions are received or from the date that we receive your refund request form, whichever is the later.

## Should You Leave Your Money in the Retirement System?

If you leave the money in the retirement system, you will retain service credit that can be added to service credit you earn if you later take another job that is

covered by the Arlington County Employees' Retirement System.

If you are vested (have at least five years of service credit) and leave your contributions in the system, you will be entitled to a monthly benefit from ACERS when you reach your normal retirement age (62 with at least five years of service; 52 with five years of service for public safety employees hired on or after 2/8/81; 60 with at least five years of service; 50 with at least five years of service for public safety employees hired prior to 2/8/81).

If you do not want a refund, but want to leave your ACERS contributions and interest in your account, you must complete the Acknowledgement of Termination Form.

If you are *not* vested (have less than five years of service credit) and leave your contributions in the system, you will continue to earn interest on your contributions for five years.

## If You Take A Refund

You can take a refund of your ACERS contributions and interest in one of two ways:

1) paid in a direct rollover to an individual retirement account (IRA) or another qualified employer plan; or 2) paid directly to you.

What you do with your refund affects the amount of tax that you owe on the refund.

The refund of contributions not previously taxed and any interest is considered taxable income (in the year in which you receive it) unless you roll it over, within 60 days, to an IRA or other qualified retirement plan that accepts rollovers.

If the refund is paid directly to you, the taxable portion of the refund is subject to 20 percent federal income tax withholding and 4 percent Virginia tax withholding (if you live in Virginia at the time the refund is paid).

## Rollovers

A rollover is your transfer of the taxable portion of your contributions and interest into an IRA or into another qualified employer plan. A direct rollover is a transfer of your contributions and interest directly from ACERS to an IRA or another plan that accepts such rollovers.

## Payments Eligible for Direct Rollovers

Refunds from ACERS can be paid directly to an IRA or to another employer plan that accepts rollovers. These funds are not considered taxable income until you withdraw them from the IRA or employer plan. The Retirement Office can tell you what portion of your refund can be rolled over into another plan.

You **cannot** roll over non-taxable payments – only the taxable portion of your refund is eligible for a rollover. If you have after-tax contributions (contributions prior to 1985 that you have already paid taxes on), these contributions cannot be rolled over into an IRA or qualified employer plan.

Once you reach age 70 and ½ (and are no longer employed in a ACERS covered position), you cannot roll over all of the taxable portion of your refund because a portion of the refund must be paid directly to you as a minimum payment.

### **Direct Rollover to an IRA**

You can open an IRA to receive your direct rollover. (In this fact sheet, IRA includes individual retirement accounts and individual retirement annuities.) A representative of the financial institution that will be receiving a direct rollover of the taxable portion of your refund must complete the Direct Rollover Request portion of the Refund of Accumulated Contributions Form.

If you are unsure of how to invest your money, you can temporarily establish an IRA to receive the payment. You may want to consider whether the IRA will allow you to move all or part of your refund to another IRA at a later date without penalties or other limitations.

See IRS publication, Individual Retirement Arrangements (IRS publication 590) for more information on IRAs (including on how often you can roll over funds between IRAs).

### **Direct Rollover to a Plan**

If your new position is with an employer with a qualified retirement plan and you want to make a direct rollover to that plan, ask the administrator of that plan whether the rollover can be accepted. An employer plan is not legally required to accept. A representative of the employer's fund that will be receiving a direct rollover of the taxable portion of your refund must complete the Direct Rollover Request portion of the Refund of Accumulated Contributions Form.

### **Sixty-Day Rollover Option**

Even if the refund is paid directly to you, you can still roll over all or part of the eligible portion of the refund to an IRA or to another plan that accepts rollovers. If you roll over the refund, you must make the rollover within 60 days of receiving the refund. The portion of your refund that you roll over is not taxable until you take it out of the IRA or employer plan.

You can roll over up to 100 percent of the refund, including an amount equal to the 20 percent federal tax and the 4 percent Virginia tax withheld. If you choose to roll over only the 80 percent that you receive after federal taxes, the remaining 20 percent is subject to tax in the year it is withheld.

### **Additional Tax**

If you are under age 59 and ½ when you receive your refund and you do not roll it over, you may have to pay a penalty equal to 10 percent of the taxable portion of the refund in addition to regular income tax. See IRS form 5239 for more information on this additional 10 percent tax.

### **Special Tax Treatment**

If you do not roll over the taxable portion of your refund, it is taxable in the year you receive it. If it qualifies as a lump-sum distribution, it may be subject to special tax treatment. A lump-sum distribution is a payment, within one year, of your entire balance under the ACERS because you have reached age 59 and ½ and you have left service with your employer. You must have been a participant in the ACERS for at least five years for your refund to qualify as a lump-sum distribution.

### **Other Special Rules**

If you were born before January 1, 1936, other special rules may apply. These are ten year averaging and capital gains treatment. These rules are not discussed in detail here because people born before January 1, 1936 are retiring and, generally not receiving a lump-sum distribution.

See IRS form 4972 for more information on lump-sum distributions and how you elect the special tax treatment.

## **Surviving Spouses, Alternate Payees and Other Beneficiaries**

The rules summarized in this fact sheet that apply to members also generally apply to a refund made to a surviving spouse of a member and to a spouse or former spouse designated as an “alternate payee”. You are an alternate payee if your interest in the ACERS results from an approved qualified domestic relations order (QDRO), which is an order issued by a court because of a divorce.

Some of the rules summarized in this fact sheet also apply to a deceased member’s beneficiary who is not a spouse. There are some exceptions for surviving spouses, alternate payees and other beneficiaries.

If you are a surviving spouse, you may choose to have a refund paid in a direct rollover to an IRA or paid to you. If you have the refund paid to you, you can keep it or roll it over to an IRA, but you cannot roll it over to an employer plan.

If you are an alternate payee, you can have your portion of the refund or any pre-tax contributions rolled over to an IRA or paid directly to you. If you have it paid to you, you may keep it or you may roll it over to an IRA within 60 days of the distribution as a tax deferred rollover.

If you are a beneficiary other than a surviving spouse, you **cannot** choose a direct rollover and you **cannot** roll over the refund yourself.

If you are a surviving spouse, an alternate payee or another beneficiary, you may be able to use the special tax treatment for a lump-sum distributions as described in this fact sheet. If you receive a payment because of the member’s death, you may be able to treat the refund as a lump-sum distribution if the member met the appropriate age requirement, whether or not the member has five years of participation.

### **If you make a direct rollover, remember that,**

- The transfer of your pre-tax contributions is made directly to your IRA or if you choose, transferred to another qualified employer plan that accepts your funds;
- The funds transferred are not considered taxable in the current year and no income tax will be withheld;
- The funds transferred become taxable only when you withdraw the funds from the IRA or employer plan.

### **If the Payment is made directly to you, remember that,**

- If the entire portion of your refund is taxable, we are required to withhold 20 percent of a taxable refund and send it to the IRS as income tax withholding to be credited against your taxes;
- If you live in Virginia at the time of your refund, we are required to withhold an additional 4 percent of the taxable payment and send in to the Virginia Department of Taxation as state income tax withholding to be credited against your state taxes;
- Your taxable refund is taxed in the current year unless you roll it over. You may be able to use special tax rules that could reduce the tax you owe. If you receive the refund before you reach age 59 and ½, however, you may also need to pay an additional 10 percent tax penalty imposed by the IRS;
- Even if we pay the refund directly to you, you can still roll it over by depositing it in an IRA or other qualified plan that accepts rollovers, within 60 days of receipt.
- If you want to roll over 100 percent of the taxable portion of the refund into an IRA or an employer plan, you must find other money to replace the 20 percent (24 percent for Virginia residents) that was withheld. If you roll over only the 80 percent that you received, the remaining 20 percent is subject to tax in the year it is withheld.

This fact sheet summarizes only the federal (not state or local) tax rules that might apply to a refund. The rules described above are complex and contain many conditions and exceptions that are not included in this fact sheet. You may want to talk with a professional tax advisor before you request a refund of your funds.

You can find more specific information on the tax treatment plans in IRS publication 575, Pension and Annuity Income and IRS publication 590, Individual Retirement Arrangements. These publications are available from your local IRS office, or you can call 1-800-TAX-FORMS.