

**MERS APPLICATION FOR REFUND OF RETIREMENT CONTRIBUTIONS  
FOR NON-VESTED MEMBERS**

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**PART I - GENERAL INFORMATION AND APPLICATION**

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Completion of this application is required for the Connecticut Municipal Employee Retirement System (MERS) non-vested members who: (1) have contributed to MERS and (2) have terminated their MERS related employment. There are three parts to this Application for Refund of Contributions.

- I General Information and Application**
- II Income Tax Withholding ("Safe Harbor") Explanation**
- III Election Form**

The Application and Election Form (Pages 2 and 4) must be filled out, witnessed and returned to the MERS Unit - Retirement Services Division at the following address:

State of CT - Office of the State Comptroller  
55 Elm Street - 2nd Floor  
Hartford, Connecticut 06106  
**ATTN: MERS Unit - Refund of Contributions**

Only non-vested MERS employees are entitled to seek a refund of their contributions. If you are eligible for a retirement benefit you may **not** seek a return of your contributions. CGS Sec. 7-440 which governs the refunds reads in relevant part:

*"...[A]ny member leaving the employment of the municipality before becoming eligible for retirement may withdraw on request to the Retirement Commission the total of all contributions made by him ...provided, if no request is made within ten years, such contributions shall revert to the fund."*

Under MERS retirement plan provisions, members who have completed at least five years of actual MERS service are eligible for a retirement benefit: if you have at least five years of actual MERS service and terminate employment you are entitled to a retirement benefit. Because a vested employee is eligible for an immediate retirement benefit upon separation from service, pursuant to Section 7-440, a vested member cannot request a withdrawal of contributions.

For non-vested members, it is important to note that a refund results in the forfeiture of credited service for which member contributions were made. By receiving a refund you are forfeiting all service credit and are giving up all rights to any and all future MERS benefits based upon those years of credited service. Your receipt of this refund discharges MERS from any liability for any portion of your retirement pension, annuity or other benefits based on this forfeited service.

**APPLICATION INSTRUCTIONS:**

1. Read all sections very carefully and complete the sections entitled " Applicant" and "Election Form".
2. Your signature must be witnessed by a notary
3. If you have been separated from service for less than one year, *forward this application to the employer where last employed.* This is to ensure that all of your contributions have been received by MERS. If you have been terminated for a year or more then forward the signed application to the MERS Unit - Retirement Services Division at the above address. Please make and keep a copy for your records.
4. Your refund will consist of monies not previously reported to the Internal Revenue Service as taxable income. Your options for payment of these taxable monies are described in this application; payment method **A** or **B** must be checked in order to process your refund.
5. Your refund check will be issued approximately 45-60 days following receipt by this Division of the properly completed application form, as required, or from the date of your final paycheck, whichever is later.
6. To avoid delay in processing your refund, please notify this Division in writing of any address change that occurs after you submit this application.

**EMPLOYER INSTRUCTION:**

If the member has been terminated (separated from service) for one year or less, complete the "Employer Use Only" section.

**APPLICATION FOR REFUND OF RETIREMENT CONTRIBUTIONS**  
**Municipal Employees Retirement System**  
**CO-1212 New 06/11 Page 2 of 4**

STATE OF CONNECTICUT  
 OFFICE OF THE STATE COMPTROLLER  
 RETIREMENT SERVICES DIVISION

**APPLICATION**

NAME (Last, First, M.I.) (Print or Type)	INCLUDE FORMER NAME	DATE OF HIRE	SOCIAL SECURITY NUMBER
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HOME ADDRESS (Street No., Name) (City, State, Zip Code)

LAST EMPLOYER	LAST EMPLOYER ADDRESS (STREET No., Name, City, State, Zip Code)
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Do you have a Pension Division Order (Divorce QDRO)? Yes/No \_\_\_\_\_  
 If yes, has the order been submitted to and accepted by the MERS Unit - Retirement Services Division? \_\_\_\_\_

I am voluntarily applying for refund of my contributions and interest from MERS. By signing this application, I acknowledge that I have read it carefully (or have had it read to me) and understand that by withdrawing and receiving a refund of my contributions, my service in MERS will be canceled and I will have no rights to any type of pension or pension related benefit under MERS due to this service. By signing below, I agree and accept all the terms of this Application. I acknowledge that prior to signing this Application, I had the opportunity to ask questions and obtain additional information from the MERS Unit with regard to the effect of such a refund on my MERS pension related benefits.

If I am hired by MERS participating employer in the future, I may "buy back" this time but I understand the cost of purchase may not be the same as the amount of this refund.

With the realization that I am giving up all rights to any type of MERS related pension or retirement benefit based upon the years of service credit represented by this refund, I hereby apply for a refund of all contributions I have paid into the MERS retirement plan.

SIGNATURE OF APPLICANT	DATE	TELEPHONE NUMBER
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**NOTARY CERTIFICATION**

I hereby certify and affirm this Application was signed by the person whose signature appears above.

Signed and sworn before me this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

Signature of Notary Public: \_\_\_\_\_

SEAL HERE

State: \_\_\_\_\_ Town: \_\_\_\_\_ My commission expires: \_\_\_\_\_

**EMPLOYER USE ONLY (If Less than a year since separation from service)**

OFFICIAL TERMINATION DATE	LAST CHECK DATE	AMOUNT PAID		
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**IMPORTANT NOTE:** IF EMPLOYEE IS RECEIVING OR RECEIVED WITHIN THE LAST SIX MONTHS WORKER'S COMPENSATION, DO NOT FORWARD REFUND APPLICATION TO THE MERS UNIT UNTIL ALL PAYROLL ADJUSTMENTS HAVE BEEN PROCESSED.

SIGNATURE (Payroll Supervisor or designated official)	DATE	TELEPHONE NUMBER
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**MERS UNIT USE ONLY**

PROCESSED BY	DATE	Check/List NUMBER
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Please refer questions regarding this application or refund to: the MERS Unit, Retirement Services Division, at 860-702-3500.

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## PART II - INCOME TAX WITHHOLDING ("SAFE HARBOR") EXPLANATION

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This notice contains important information you will need before you decide how to receive your lump sum withdrawal (refund) of member contributions and interest as a member of the municipal retirement system (MERS).

MERS is providing this notice to you because all or part of the payment that you will soon receive from the MERS System may be eligible for rollover by you or MERS to a traditional IRA or an eligible employer plan. A rollover is a payment by you or MERS to another eligible employer plan or traditional IRA that allows you to continue to postpone taxation until a benefit is paid to you. An "eligible employer plan" includes a plan qualified under section 401(a) of the Internal Revenue Code (IRC), including a 401(k) plan, profit-sharing plan, defined benefit plan, stock bonus plan, and money purchase plan; a 403(a) annuity plan; a 403(b) tax-sheltered annuity; and an eligible 457(b) plan maintained by a governmental employer (governmental 457 plan). **After** December 31, 2007, your payment **can** be rolled over to a Roth IRA subject to the same limits that apply to rollovers from a traditional IRA to a Roth IRA.

An "eligible employer plan" is not legally required to accept a rollover. Before you decide to roll over your payment, determine whether the eligible employer plan accepts rollovers, the types of distributions it accepts as rollovers and documents required. Even if an eligible employer plan accepts rollovers, it might not accept rollovers of certain types of distributions, such as after-tax amounts. If this is the case, and your distribution includes after tax amounts, you may wish instead to roll your distribution over to a traditional IRA. If an eligible employer plan accepts your rollover, the plan may restrict subsequent distributions of the rollover amount or subject it to different tax treatment than distributions from MERS.

### Summary of IRS Regulations on Periodic Distributions

This notice contains important information you will need before you decide how to receive your refund plus earned interest (referred to as a "distribution"). MERS is a multi-employer retirement system and as such each employer determines whether contributions are: (1) made on a pre-tax basis and (2) if made on a pre-tax basis - the effective date of the change. Contributions made prior to a pre-tax basis have already been taxed and are therefore *non-taxable* when distributed from your account. Conversely, contributions made on a pre-tax basis have been tax deferred and therefore *are taxable* when distributed. The taxable balance is eligible for a "roll-over" and can be taken as a "Direct Refund" or as a "Direct Roll-Over". A rollover is a tax free transfer of an eligible distribution from one qualified employer retirement plan directly to another or to an IRA.

**If you chose a Direct Refund:** Tax-deferred contributions and accumulated interest credited to your account are taxed upon withdrawal. The IRS requires that MERS withhold 20% from your refund if you do not roll over the funds to a qualified retirement plan or IRA. You can roll over the distribution by reinvesting it as stated above within 60 days of receiving the distribution. The amount rolled over is not taxed until you take it out of IRA or employer plan. You have up to 60 days to roll over the eligible portion of your distribution. If you elect not to roll over when the distribution is made and later (within the 60 days allotted) decide to roll over, *you must find other money to replace the 20% that was withheld*. In addition, the IRS imposes a special penalty tax on early distributions, such as a lump sum distribution, received before the plan participant reaches age 59 1/2. This special penalty tax of 10% of the taxable portion of the distribution is applied in **addition** to the regular income tax.

**If you choose a Direct Roll-Over.** The taxable balance of your contributions and interest are not taxed in the current year and no income tax is withheld. The taxable portion of your refund will be made payable to the IRA or qualified plan you identify on this refund application. This check will be mailed to your home address and it will be your responsibility to forward it to the institution you have chosen. Your refund will be taxable when you take it out of the IRA or qualified plan. Any non-taxable portion of your refund will be made payable to you. Please be advised that you must check with your financial institution or plan administrator before initiating a rollover to verify its acceptance and determine if such institution or plan limits the amount of money that may be rolled into your account.

### How to Obtain Additional Tax Information.

This notice summarizes certain federal (not state or local) tax rules that might apply to your refund. The rules described in this notice are complex and contain many conditions and exceptions that are not included in this notice. Therefore, you should consult with a professional tax advisor before you receive a distribution from MERS. Also, you can find more specific information on the tax treatment of payments from qualified retirement plans in IRS Publication 575, Pension and Annuity Income, IRS Publication 590, Individual Retirement Arrangements, IRS Notice 2007-7 and IRS Form 4972, Tax on Lump Sum Distributions. These publications are available online at [www.irs.gov](http://www.irs.gov) or from your local IRS office. You may also request forms and publications from the IRS by calling 1-800-TAX-FORM.

**Please note the 20% mandatory federal tax withholding is the responsibility of MERS. Any further tax liability is the sole responsibility of the member receiving the lump sum distribution. An IRS Form 1099-R will be issued to you in January of the year following the date of your refund check. If you choose a direct roll-over you will receive two separate IRS 1099-R forms; one for the taxable portion which was paid in the direct rollover and one for the non-taxable portion.**

Please also note that MERS cannot process a refund until it has received all final contributions. In addition, under Internal Revenue Code Section 402(f), MERS cannot pay a refund until at least 30 days after the applicant has completed and returned the election form, acknowledging receipt of MERS "Safe Harbor Explanation" (describing distribution options and tax consequences).

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**PART III - ELECTION FORM**

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Please place a check in either box "A" or "B" below to indicate the payment method that you are electing for the taxable portion of your refund. If you elect a direct rollover, you must indicate whether it is an individual retirement account (IRA) or another qualified employer pension plan.

A.  I elect a direct rollover of the taxable portion of my refund distribution to the following account:

IRA       OTHER QUALIFIED PENSION PLAN

Recipient Institution or Plan Name

to which check will be made payable: \_\_\_\_\_

B.  I elect to receive both the taxable and non-taxable portions of my refund distribution. I understand that if the taxable portion of the refund is \$200.00 or more, 20% federal tax will be withheld.

I certify the following: I have read, or had read to me, the information contained in this application including the "safe harbor" explanation and had the opportunity to seek advice on the refund, my choice of election and its tax consequences. I am not now employed in a job requiring me to make contributions to MERS, and if I should become reemployed in such a job before I receive my refund, I will notify the MERS Unit - Retirement Services Division to cancel this application. I understand that my refund cannot be paid until this application has been completed and all necessary information has been received. I understand that upon receiving my refund, I forfeit all rights to my retirement service credit and any and all pending or accrued benefits pension provided by MERS.

SIGNATURE OF APPLICANT	DATE	TELEPHONE NUMBER
SIGNATURE OF WITNESS	DATE	TELEPHONE NUMBER

The Application and Election Form (Pages 2 and 4) must be filled out, witnessed and returned to the MERS Unit - Retirement Services Division at the following address:

State of CT - Office of the State Comptroller  
55 Elm Street - 2nd Floor  
Hartford, Connecticut 06106  
**ATTN: MERS Unit - Refund of Contributions**