



COMMONWEALTH OF PENNSYLVANIA
STATE EMPLOYEES' RETIREMENT SYSTEM
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As beneficiary of a SERS deceased member/annuitant you are entitled to receive taxable monies from the death benefit payout of the member's retirement account. Since you are due this money as beneficiary, the rollover rules apply to you as if you were the annuitant.

Enclosed is an "Authorization for Direct Rollover of Taxable Payment" form as well as a Rollover Election form. Please read all the materials before you make a decision as to how you want your monies distributed. If SERS does not receive your Rollover forms within forty-five (45) days, we will automatically process the payment to you withholding 20% for required federal taxes.

IMPORTANT INFORMATION YOU NEED TO KNOW ABOUT THIS TAXABLE DISTRIBUTION

- ❖ **DIRECT ROLLOVER** - The taxable monies are eligible for rollover to an IRA or other qualified plan by completing and filing an "Authorization for Direct Rollover" form.
 - **ROLLOVER TO A TRADITIONAL IRA OR OTHER QUALIFIED PLAN BY SPOUSE**- To qualify for continued tax-deferral, the money must be rolled directly from SERS to your financial institution via a "Trust to Trust" Transfer. The money that you place in a Traditional IRA or other qualified plan, plus the interest it accrues, is not taxable until you withdraw it. If you withdraw your money prior to age 59 ½, you may be subject to additional taxes or penalties.
 - **ROLLOVER TO A ROTH IRA BY SPOUSE** - If you choose to rollover your distribution to a Roth IRA, any taxable monies that you choose to roll will be considered taxable income in the year it is rolled over. However, if you withdraw your money prior to age 59 ½, you will not be assessed any penalties or additional taxes unless you withdraw your monies from the Roth IRA within 5 years, starting from January of the year you rollover.

The distribution rules of the IRA or other qualified plan, which you choose to rollover your taxable withdrawal, may differ from the rules that apply to SERS in their restrictions and tax consequences. However, SERS cannot give you advice on which IRA or other qualified plan to roll your money into. We urge you to seek the advice of a qualified tax advisor or financial planner to assist you.

- ❖ **NON-SPOUSE** - To avoid taxes on this death benefit payout you have the option to rollover this money into an Inherited IRA plan only.
- ❖ **NO ROLLOVER** - If you do not roll the taxable monies into an IRA or other qualified plan, the tax law requires that 20% of the taxable portion be withheld for federal income taxes. The actual tax to be paid on the lump sum will be determined at the time you file your federal income tax return. If payment is being made to an established trust or estate, then no federal tax will be withheld.
- ❖ **SELF-ROLLOVER** - If you receive the distribution of taxable monies from SERS, tax law requires that 20% of the taxable portion be withheld for federal income taxes. These taxable monies are still eligible for a rollover if you roll them into an IRA or other qualified plan within 60 days of receipt. The actual tax to be paid on the lump sum will be determined at the time you file your federal income tax return.

