Notice to Applicant

1. If you have more than five years of service, you may be entitled to annuity rights which you will forfeit by receiving this refund unless you are later reemployed subject to the Civil Service Retirement System or the Federal Employees Retirement System. (Note: Payment of the refund will end any eligibility your former spouse(s) may have to coverage under the Federal Employees Health Benefits Program.) You should also be aware that even if you are later reemployed, the period of time covered by the refund cannot be used in computing your future annuity benefits unless (1) you redeposit the refund, plus interest, to the retirement fund, or (2) the period(s) covered by the refund ended before March 1, 1991. (Note: If you receive a refund for a period of service ending before March 1, 1991, and you later become eligible for non-disability retirement, you will receive credit for the service covered by the refund in your annuity computation — even if you choose not to pay the redeposit by the time your annuity begins. However, if the redeposit is not paid, your annuity will be actuarially reduced to reflect nonpayment of the redeposit.) Refunded service may be used for annuity title and average salary purposes regardless of when the service was performed or whether you redeposit the refund.

   The amount of the redeposit will be the sum of the refund you received plus interest from the date the refund was paid to the date you pay the redeposit (or commencing date of annuity, if earlier.) The interest you will be charged on this refund will be equivalent to the rate of interest earned by new retirement fund investments as determined each year by the Secretary of the Treasury. Since 1985, this rate has ranged from a low of 3.125% to a high of 13%.

2. If you were separated on or after October 1, 1956, refund of retirement deductions is prohibited unless your separation occurred and your application is received by your employing office or the U.S. Office of Personnel Management at least 31 days before the earliest commencing date of any annuity for which you are eligible.

3. Refund of retirement deductions is also prohibited if you are currently employed in a position subject to Civil Service Retirement deductions or to Federal Employees Retirement deductions or will be so employed within 31 days from the date of the separation on which your claim for refund is based.

4. If you are now or have ever been covered by the Federal Employees Retirement System, you cannot use this application to request a refund, even if you are requesting a refund of Civil Service Retirement deductions. You must use Standard Form 3106, *Application For Refund of Retirement Deductions (Federal Employees Retirement System).*

5. If you are (or will be) contesting your separation in an administrative or judicial procedure which may result in the retroactive cancellation of your separation, the authority for the Office of Personnel Management to pay you this refund will also be cancelled. A refund payment based on a separation that is subsequently cancelled is an erroneous payment that will be collected as a debt to the United States.

6. Your refund ***is not payable*** until at least 31 days have passed since your separation.

7. Interest will be paid on your refund if the refund covers more than one year of service subject to retirement deductions and you have total civilian service of fewer than five years.

8. This application should not be offered to a financial institution or other person as collateral or security for a loan. The retirement law [5 U.S.C. 8346(a)] provides that an employee's retirement contributions are not assignable. A former employee must apply for a refund personally and payment must be made directly to him or her or rolled over into his or her account. However, outstanding debts to the U.S. Government can, at the Government's request, be withheld from a refund, provided all legal requirements are met.

Federal Tax Withholding

Although the refund of your contributions to the Civil Service Retirement fund is not subject to Federal income tax, any interest paid on your contributions is taxable in the year it is paid, unless you roll over the interest portion of your refund to a traditional IRA or another eligible retirement plan. Any interest paid on your contributions is taxable in the year it is paid if you roll it into a Roth IRA. Make any rollover election on page 3 of this form after carefully reading the Special Tax Notice Regarding Rollovers on pages 5 and 6.

Where to File Your Application

1. If you have been separated 30 days or less, this application should be forwarded to the office in which you were last employed.

2. If you have been separated more than 30 days, forward this application to:

   U.S. Office of Personnel Management
   Retirement Operations Center
   P.O. Box 45
   Boyers, PA 16017-0045

Our Internet Address

We provide forms and other information at:
www.opm.gov/retirement-center/.

Special Tax Notice Regarding Rollovers

The statements contained in this notice prepared by the Office of Personnel Management (OPM) are based upon a review of Internal Revenue Service (IRS) publications, specifically Publications 575, *Pension and Annuity Income*, 590, *Individual Retirement Arrangements (IRAs)*, and 721, *Tax Guide to U.S. Civil Service Retirement Benefits*. However, the authority to determine income tax liability in a particular case is vested with the IRS, not OPM. Any questions that you may have concerning tax liability in your particular case should be addressed to the IRS.

This notice is provided to you because all or part of the payment that you will soon receive from the Office of Personnel Management (OPM) may be eligible for rollover by you or OPM to a traditional IRA, a Roth IRA, or an eligible employer plan. A rollover is a payment by you or OPM of all or part of your lump sum to an eligible employer plan or IRA. A rollover to a traditional IRA or an eligible employer plan allows you to continue to postpone taxation of the lump sum until it is paid to you. You cannot postpone taxation of the taxable portion of a lump sum payment (that is, any interest that you receive in addition to the lump sum payment of deductions and/or voluntary contributions) if you roll it over to a Roth IRA. Your payment cannot be rolled over to a SIMPLE IRA or a Coverdell Education Savings Account (formerly known as an education IRA). An " eligible employer plan " includes a plan qualified under section 401(a) of the Internal Revenue Code, including a 401(k) plan, profit-sharing plan, defined benefit plan, stock bonus plan, and money purchase plan; a section 403(a) annuity plan; a section 403(b) tax-sheltered annuity; and an eligible section 457(b) plan maintained by a governmental employer (governmental 457 plan).

An eligible employer plan is ***not legally required*** to accept a rollover. Before you decide to roll over your payment to an employer plan, you should find out whether the plan accepts rollovers and, if so, the types of distributions it accepts as a rollover. You should also find out about any documents that must be completed before the receiving plan will accept a rollover. Even if a 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 or Roth IRA or split your rollover amount between the employer plan in which you will participate and a traditional IRA or Roth IRA. If an employer plan accepts your rollover, the plan may restrict subsequent distributions of the rollover amount or may require your spouse's consent for any subsequent distribution. A subsequent distribution from the plan that accepts your rollover may also be subject to different tax treatment than distributions from OPM. Check with the administrator of the plan that is to receive your rollover prior to making the rollover.

If you have a Federal Retirement Thrift Savings Plan account, you may roll over the taxable portion of your lump sum into that account. The Thrift Savings Plan (TSP) will not accept non-taxable (after-tax) monies. To accomplish a rollover to the TSP, you will need to submit form TSP-60 to us. See Part II *Direct Rollover* for more information.

Summary

There are two ways you may be able to receive a refund that is eligible for rollover.

1) We can make certain payments directly to a traditional IRA or Roth IRA that you establish or to an eligible employer plan that will accept it and hold it for your benefit ***("Direct Rollover")***; or
2) We can make the payment ***to you***.

If you choose a ***Direct Rollover***:

- Your payment made directly to your traditional IRA or eligible employer plan will not be taxed in the current year and OPM will not withhold income tax.
- The taxable portion of your payment made directly to your Roth IRA will be taxed in the year in which the rollover is paid, and OPM will withhold income tax only if you elect tax withholding.
- You choose whether your payment will be made directly to your traditional IRA, a Roth IRA, or to an eligible employer plan that accepts your rollover. Your payment cannot be rolled over to a SIMPLE IRA or a Coverdell Education Savings Account because these are not traditional IRA's.
- The taxable portion of your payment to a traditional IRA or eligible employer plan will be taxed later when you take it out of the traditional IRA or the eligible employer plan. Depending on the type of plan, the later distribution may be subject to different treatment than it would be if you received a taxable distribution from OPM.

If you choose to have a payment that is eligible for rollover ***paid to you***:

- You will receive only 80% of the taxable amount of the payment, because the Office of Personnel Management (OPM) is required to withhold 20% of that amount and send it to the Internal Revenue Service (IRS) as income tax withholding to be credited against your taxes.
- The taxable amount of your payment will be taxed in the current year unless you roll it over. If you receive the payment before age 59-1/2, you may have to pay an additional 10% tax.
- You can roll over all or part of the payment by paying it to your traditional IRA, a Roth IRA, or to an eligible employer plan that accepts your rollover within 60 days after you receive the payment. The amount rolled over into a traditional IRA or an eligible employer plan will not be taxed until you take it out of the traditional IRA or the eligible employer plan. You cannot postpone taxation of taxable (pre-tax) amounts rolled over into a Roth IRA.
- If you want to roll over 100% of the payment to a traditional IRA or an eligible employer plan, you must find other money to replace the 20% of the taxable portion that was withheld. If you rollover only the 80% you receive, you will be taxed on the 20% that was withheld and that is not rolled over.

Your Right to Waive the 30-Day Notice Period

Generally, neither a direct rollover nor a payment to you can be made until at least 30 days after your receipt of this notice. Thus, after receiving this notice, you have at least 30 days to consider whether or not to have your withdrawal directly rolled over. If you do not wish to wait until this 30-day notice period ends before forwarding your refund application to your former agency or OPM, you may waive the notice period by making an election indicating whether or not you wish to make a direct rollover.

More Information

I. Payments That Can and Cannot Be Rolled Over

Refund payments are "eligible rollover distributions." This means that they can be rolled over to a traditional IRA, a Roth IRA, or to an eligible employer plan that accepts rollovers. They cannot be rolled over to a SIMPLE IRA or a Coverdell Education Savings Account. Both the taxable portion (interest) and the after-tax portion (actual retirement contributions) can be rolled over.

After-tax Contributions. After-tax contributions (your actual retirement contributions, excluding any interest paid) may be rolled into either a traditional IRA, a Roth IRA, or to certain employer plans that accept rollovers of the after-tax contributions. The following rules apply:

a) Rollover into a traditional IRA or a Roth IRA. You can roll over your after-tax contributions to a traditional IRA or a Roth IRA either directly or indirectly. The actual retirement contributions being refunded to you are after-tax contributions. You do not owe any tax on this amount. Only the interest portion is taxable.

   If you roll over after-tax contributions to a traditional IRA, it is your responsibility to keep track of, and report to the IRS on the applicable forms, the amount of these after-tax contributions. This will enable the nontaxable amount of any future distributions from the traditional IRA to be determined.

   Once you roll over your after-tax contributions to a traditional IRA or a Roth IRA, those amounts CANNOT later be rolled over to an employer plan.

b) Rollover into an Employer Plan. You can roll over after-tax contributions to an employer plan using a direct rollover if the other plan provides separate accounting for amounts rolled over, including separate accounting for the after-tax employee contributions and earnings on those contributions. You CANNOT roll over after-tax contributions to a governmental 457 plan.

If you want to roll over your after-tax contributions to an employer plan that accepts these rollovers, you cannot have the after-tax contributions paid to you first. You must instruct OPM to make a direct rollover on your behalf. Also, you cannot first roll over after-tax contributions to a traditional IRA and then roll over that amount into an employer plan.

II. Direct Rollover

A DIRECT ROLLOVER is a direct payment of your refund to a traditional individual retirement arrangement (IRA), a Roth IRA, or an eligible employer plan that will accept it. You can choose a DIRECT ROLLOVER of all or any portion of your refund, as described in Part I on the previous page. You are not taxed on the taxable portion of your payment (interest amount) for which you choose a DIRECT ROLLOVER until you later take it out of the traditional IRA or eligible employer plan. In addition, no income tax withholding is required for any taxable portion of your refund for which you choose a DIRECT ROLLOVER to a traditional IRA or eligible employer plan. You cannot choose a DIRECT ROLLOVER if your refund payment is less than $200.

DIRECT ROLLOVER to a Traditional IRA or a Roth IRA. You can open a traditional IRA or a Roth IRA to receive the direct rollover. If you choose to have your refund paid directly to a traditional IRA or a Roth IRA, contact an IRA sponsor (usually a financial institution) to find out how to have your payment made in a direct rollover to a traditional IRA or a Roth IRA at that institution. If you are unsure of how to invest your money, you can temporarily establish a traditional IRA to receive the payment. However, in choosing a traditional IRA, you may want to make sure that the traditional IRA you choose will allow you to move all or a part of your payment to another traditional IRA or to a Roth IRA at a later date, without penalties or other limitations. See IRS Publication 590, *Individual Retirement Arrangements*, for more information on traditional IRAs and Roth IRAs (including limits on how often you can roll over between IRAs).

DIRECT ROLLOVER to a Plan. If you are employed by a new employer that has an eligible employer plan and you want a direct rollover to that plan, ask the plan administrator of that plan whether it will accept your rollover. An eligible employer plan is not legally required to accept a rollover. Even if your new employer's plan does not accept a rollover, you can choose a DIRECT ROLLOVER to a traditional IRA. If the employer plan accepts your rollover, the plan may provide restrictions on the circumstances under which you may later receive a distribution of the rollover amount or may require spousal consent to any subsequent distribution. Check with the plan administrator of that plan before making your decision.

Change in Tax Treatment Resulting from a DIRECT ROLLOVER. The tax treatment of any payment from the eligible employer plan or IRA receiving your DIRECT ROLLOVER might be different than if you received your benefit in a taxable distribution directly from the Office of Personnel Management (OPM).

Direct Rollover to the Thrift Savings Plan (TSP). If you choose to roll part or all of the taxable portion of your distribution into your TSP account, you need to submit form TSP-60, *Request for Transfer Into the TSP*, along with your refund application. This form is available on the internet at www.tsp.gov. Fill out your portion of the form; we will complete our portion and fax it to the TSP office for processing. The form must be approved by the Thrift Savings Board and the Board must notify OPM to transfer the funds.

III. Payment Paid to You

If your payment can be rolled over (see Part I on the previous page) but the payment is made directly to you, the interest portion is subject to 20% federal income tax withholding (state tax withholding may also apply). The payment is taxed in the year you receive it unless, within 60 days, you roll it over to a traditional IRA or an eligible employer plan that accepts rollovers. If you do not roll it over, special tax rules may apply.

Income Tax Withholding:

Mandatory Withholding. If any portion of your payment can be rolled over under Part I on the previous page and you do not elect to make a DIRECT ROLLOVER, OPM is required by law to withhold 20% of the interest portion (taxable amount). This amount is sent to the Internal Revenue Service (IRS) as federal income tax withholding. For example, if you can roll over a taxable payment of $10,000, only $8,000 will be paid to you because OPM must withhold $2,000 as income tax. However, when you prepare your income tax return for the year, unless you make a rollover within 60 days (see "Sixty-Day Rollover Option" below), you must report the full $10,000 as a taxable payment from OPM. You must report the $2,000 as tax withheld, and it will be credited against any income tax you owe for the year. There will be no income tax withholding if your payments for the year are less than $200.

Sixty-Day Rollover Option. If you receive a payment that can be rolled over under Part I on the previous page, you can still decide to roll over all or part of it to a traditional IRA, a Roth IRA, or to an eligible employer plan that accepts rollovers. If you decide to roll it over, *you must contribute the amount of the payment you received to a traditional IRA or eligible employer plan within 60 days after you receive the payment.* The portion of your payment that is rolled over will not be taxed until you take it out of the traditional IRA or the eligible employer plan. Tax on a Roth IRA rollover must be paid in the year the rollover is made.

You can roll over up to 100% of your payment that can be rolled over under Part I on the previous page, including an amount equal to the 20% of the taxable portion that was withheld. If you choose to roll over 100%, you must find other money within the 60-day period to contribute to the traditional IRA or the eligible employer plan, to replace the 20% that was withheld. On the other hand, if you roll over only the 80% of the taxable portion that you received, you will be taxed on the 20% that was withheld.

Example: The taxable portion of your payment that can be rolled over under Part I on the previous page, is $10,000, and you choose to have it paid to you. You will receive $8,000, and $2,000 will be sent to the IRS as income tax withholding. Within 60 days after receiving the $8,000, you may roll over the entire $10,000 to a traditional IRA or an eligible employer plan. To do this, you roll over the $8,000 you received from OPM, and you will have to find $2,000 from other sources (your savings, a loan, etc.). In this case, the entire $10,000 is not taxed until you take it out of the traditional IRA or an eligible employer plan. If you roll over the entire $10,000, when you file your income tax return you may get a refund of part or all of the $2,000 withheld.

If, on the other hand, you roll over only $8,000, the $2,000 you did not roll over is taxed in the year it was withheld. When you file your income tax return, you may get a refund of part of the $2,000 withheld. (However, any refund is likely to be larger if you roll over the entire $10,000.)

Additional 10% Tax If You Are under Age 59-1/2. If you receive a payment before you reach age 59-1/2 and you do not roll it over, then, in addition to the regular income tax, you may have to pay an extra tax equal to 10% of the taxable portion of the payment. The additional 10% tax generally does not apply to (1) payments that are paid after you separate from service with your employer during or after the year you reach age 55, (2) payments that are paid because you retire due to disability, (3) payments that are paid directly to the government to satisfy a Federal tax levy, (4) payments that are paid to an alternate payee under a qualified domestic relations order, or (5) payments that do not exceed the amount of your deductible medical expenses. See IRS Form 5329 for more information on the additional 10% tax.

Additional Tax Information

This notice summarizes only the federal (not state and local) tax rules that might apply to your payment. The rules described above are complex and contain many conditions and exceptions that are not included in this notice. Therefore, you may want to consult with the IRS or a professional tax advisor before you take a payment of your refund from OPM. You can find more specific information on the tax treatment of payments from qualified employer plans in IRS Publication 575, *Pension and Annuity Income*, and IRS Publication 590, *Individual Retirement Arrangements*. For an overview of the tax consequences of payments from the Civil Service Retirement System and Federal Employees Retirement System, you can also consult IRS Publication 721, *Tax Guide to U.S. Civil Service Retirement Benefits*. These publications are available from your local IRS office, on the IRS's Internet Web Site at www.irs.gov, or by calling 1-800-TAX-FORMS.

Notification To Current and Former Spouses of Your Refund Application

The Civil Service Retirement law provides that your retirement contributions may be refunded to you ***only*** if you notify the following persons that you are applying for a refund:

- any current spouse (including any person from whom you are legally separated) and
- any former spouse from whom you were divorced on or after May 7, 1985.

You are not required to notify a former spouse if you were not married to that person for a total of at least 9 months or you do not have a total of at least 18 months of creditable civilian service.

You should provide a copy of Standard Form 2802A, *Current/Former Spouse's Notification of Application for Refund of Retirement Deductions* (this form, front and back), to (1) your current spouse, if any, and (2) if you have at least 18 months of creditable civilian service, each former spouse that meets the above criteria. The current and/or former spouse(s) must sign the form and have the signature witnessed by two persons. You cannot be one of the witnesses. Additional copies of the SF 2802A should be available from your employing office or you can photocopy both sides of the form for each spouse/former spouse.

In addition, the law provides that payment of your refund is subject to the terms of any court order (related to a divorce or legal separation) that expressly relates to any portion of your refund, if the payment of the refund would end the entitlement of a spouse or former spouse to a survivor annuity or a portion of your annuity. A court order cannot bar payment of a refund if you do not have a future annuity entitlement under the Civil Service Retirement System.

Attach all signed and witnessed notification forms to your refund application.

If your current or former spouse refuses to acknowledge the notification or you are otherwise unable to obtain the acknowledgment, you must submit one of the following:

1. Affidavits signed by two individuals who witnessed your attempt to personally notify the current or former spouse. The witnesses must attest that they saw you give or try to give (personally) the notification form to your current or former spouse to whom your purpose should have been clear.

or 2. The current mailing address of the current or former spouse. (You may use the box at the end of this column to give the address.) The Office of Personnel Management (OPM) will attempt to notify (by certified mail return receipt requested) the current or former spouse at the address you give. OPM will not pay you the refund until we receive the signed return receipt. If the notice is undeliverable at the address you give, your refund may not be paid unless you subsequently show that the notification requirement should be waived as described below. If you decide you want OPM to make notification, it will cause a 6- to 8-week delay in the payment of your refund.

If you do not know the current whereabouts of a spouse or former spouse, OPM may waive the requirement to notify that person. A waiver may be granted if you submit with your refund application:

1. A determination by a court or administrative agency empowered to make such determinations that the person is missing; ***or***
2. Notarized statements from yourself and two other persons (one of whom is not related to you) stating that the person's whereabouts are unknown and detailing efforts to locate the person.

Privacy Act Statement

Public Law 99-335, which established current and former spouse notification requirements, authorizes solicitation of this information. This information may be shared with national, state, local, or other charitable or social security administrative agencies to determine and issue benefits under their programs or when they are investigating a violation or potential violation of civil or criminal law. Executive Order 9397 (November 22, 1943) authorizes the use of the Social Security Number to distinguish between the applicant and people with similar names. The Government may use your number in collecting and reporting amounts that you owe the Government. Failure to provide information may delay or prevent refund of your retirement deductions.

Public Burden Statement

We estimate this form takes an average 15 minutes per response to complete, including the time for reviewing instructions, getting the needed data, and reviewing the completed form. Send comments regarding our estimate or any other aspect of this form, including suggestions for reducing completion time to the U.S. Office of Personnel Management, Retirement Services Publications Team (3206-0128), Washington, D.C. 20415-3430. The OMB Number 3206-0128 is currently valid. OPM may not collect this information, and you are not required to respond, unless this number is displayed.