

Voluntary Contributions Notice

You can elect to receive a refund of your voluntary contributions (VC) or you can use the VC to purchase additional annuity when you retire. Most people choose a refund. You cannot elect a partial refund. Please read the following information before making your election and keep a copy of this notice for your records. If you are retiring, you can make your election after the Office of Personnel Management (OPM) receives your retirement package and sends you more detailed information specific to your case.

Interest Accrual on Voluntary Contributions

Voluntary contributions earn interest until the earliest of the following dates: (1) the date OPM calculates the amount due because you have asked for a refund, (2) the date you separate from Federal service, or (3) the date you transfer to a position not subject to the Civil Service Retirement System or the Federal Employees Retirement System. If you separate from Federal service with entitlement to a deferred annuity at age 62, interest continues to accrue until your 62nd birthday or the date of your death, whichever is earlier. However, if you are entitled to a deferred annuity and you request a refund of your VC instead of purchasing additional annuity, interest will only be paid to the date of your separation, regardless of whether you receive a deferred annuity.

1. If You Want to Purchase Additional Annuity:

If you do not request a refund, your voluntary contributions, plus interest, will purchase an additional annuity for you at the rate of \$7 per year plus 20 cents for each full year you are over age 55 for each \$100 you have in your voluntary contributions account.

You may elect a reduction in your voluntary contributions annuity to provide a VC survivor annuity for any person you name. This reduction is 10% of your VC annuity, plus an additional 5% for each full 5 years the person you name is younger than you, up to a maximum reduction of 40%. The amount of the benefit payable to the survivor is 50% of your reduced voluntary contributions annuity.

Example: Suppose you are 57 years old at retirement and have voluntary contributions of \$25,000, including interest. Your VC annuity is \$154 per month (\$25,000 divided by \$100 = 250 multiplied by \$7.40 = \$1,850 per year divided by 12 months = \$154, rounded down).

Suppose you provide a VC survivor annuity for someone who is age 50. Your VC annuity is reduced by 15%, to \$131 per month. (\$1,850 - \$277.50 (15%) = \$1,572.50 per year divided by 12 months = \$131, rounded down.) Your survivor would receive \$65 per month after your death (\$1,572.50 x .5 = \$786.25 per year divided by 12 months = \$65, rounded down).

You should consider the following facts before electing a VC annuity.

- Your VC annuity will be included in your regular monthly annuity payments. However, your VC annuity (and any VC survivor annuity payable after your death) will **not** be increased by cost-of-living adjustments.
- If you are married, you do not need the consent of your current spouse if you decide not to provide a VC survivor annuity, or if you decide to name another person to receive this benefit.
- The reduction to provide a VC survivor annuity is permanent and will not stop even if the person named to receive the benefit dies. The VC survivor benefit cannot be transferred to another person.
- A VC annuity or survivor annuity cannot be changed or canceled unless your signed request is received at OPM within 30 days after your first regular annuity payment.
- The taxable portion of your VC annuity may not be the same as the taxable portion of your regular annuity.

(continued on the reverse)

2. If You Want a Refund of Your Voluntary Contributions:

If you receive a refund, you may roll all or part of it over to an Individual Retirement Account (IRA) to defer income tax. (For purposes of this notice, the term "IRA" includes eligible employer plans that accept rollovers.) Your rollover options depend on the amount of your VC refund. The Voluntary Contributions Annual Statement of Account we send to you at the beginning of each year shows the amount of contributions and interest in your account as of December 31 for the preceding year.

- If your VC payment is less than \$200** — OPM will not make a rollover payment. However, to defer income tax on the interest, you may roll over all or part of the payment within 60 days after you receive it. OPM will not withhold Federal income tax from interest amounts of less than \$200.

- If your VC payment is \$200 or more** — You have several rollover options.
 - You ask OPM to pay all to you. You may roll over part or all of the payment within 60 days after you receive the payment. However, OPM will withhold 20% of the interest portion for Federal income tax. You may apply for a refund of any excess tax withholding when you file your tax return.

 - You ask OPM to pay all or part directly to your traditional IRA, Roth IRA, or eligible employer plan. OPM will not withhold Federal tax on the interest rolled over **directly** to a traditional IRA, Roth IRA, or employer plan. You can elect to have 20% tax withheld from the taxable portion of a payment rolled over to a Roth IRA. The amount of a direct rollover by OPM must be at least \$500 if you want part of it paid to you and part of it paid directly to the IRA or employer plan. OPM will withhold 20% Federal income tax from any interest that is not rolled over.

 - You ask OPM to roll the taxable portion of your payment into your Thrift Savings Plan (TSP) account. (Note that the Federal Retirement Thrift Investment Board will not accept non-taxable funds.) Then, you can roll over the non-taxable portion to an IRA or employer plan or you can ask OPM to make that portion of the payment to you.

If your payment is at least \$200 and you want part or all of it paid directly to an IRA or employer plan, contact the IRA sponsor or employer plan for assistance. You must have the financial institution or employer plan complete Item 4 of Form RI 38-124, *Voluntary Contributions Election*. Do not make your rollover election until you have read the *Special Tax Notice Regarding Rollovers*, Form RI 37-22. The agency offering you this election should provide you with Form RI 37-22.

3. How to Make Your Election:

To make your election: Please complete Form RI 38-124, *Voluntary Contributions Election*. If you are applying for a refund, send the completed form to the Office of Personnel Management, Retirement Operations Center, (Attn: Refund Section), P.O. Box 45, Boyers, PA 16017-0045. If you are retiring and want a VC annuity or you want additional information before making your election, return the form to your personnel office.

Privacy Act Statement

Solicitation of this information is authorized by Chapter 83, title 5, U.S. Code. The information you furnish will be used to obtain additional information, if necessary, and to determine and allow present or future benefits. The information may be shared and is subject to verification via paper, electronic media, or through the use of computer matching programs, with national, state, local, or other charitable or social security administrative agencies in order to determine benefits under their programs, to obtain information necessary for determination of benefits under this program, or to report income for tax purposes. It may also be shared or verified, as noted above, with law enforcement agencies 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. Furnishing the data requested is voluntary, but failure to do so may delay or make it impossible for us to complete action on your election.