Department of Management & Budget
Office of Retirement Services
www.michigan.gov/ors (800) 381-5111
P.O. Box 30171
Lansing MI 48909-7671

Payoff Payment Options for a TDP Agreement

For Public School Employees Terminating Employment or Retiring

MEMBER'S NAME (LAST, FIRST, M.I.)	DAYTIME TELEPHONE ( )	MEMBER ID OR SSN
MAILING ADDRESS		TDP AGREEMENT NUMBER
CITY, STATE, ZIP CODE		RETIREMENT/TERMINATION DATE

Payment Options *Choose one or more of the options below.*

☐ I wish to apply a **one-time lump sum payroll deduction** to the balance of my existing TDP agreement. I understand that this deduction is in addition to my regular scheduled TDP deduction.

One-time Lump Sum _____

Scheduled Deduction _____

Total One-Time Deduction _____

Deduction will be made the Pay Period Ending _____

_____
Payroll Officer Signature

☐ I wish to apply a **plan-to-plan transfer** from a qualified retirement plan (401(a), 401(k), 403(b), or 457 account) to the balance of my existing TDP agreement. I have contacted the plan administrator to begin the transfer for an amount not exceeding the balance on my TDP agreement.

Total Transfer Amount _____

☐ I wish to make a direct after-tax payment by **check or money order** to the balance of my existing TDP agreement.

Total Payment _____

Terms of Payoff

- I understand that to be eligible to pay off my TDP agreement, I must: (1) have filed a valid retirement application; or (2) have a bona fide termination of employment within 90 days after ORS receives payment. This means that I must retire in accordance with the retirement application previously filed with ORS, or I must otherwise completely sever my employment relationship.
- I understand that I do not have a bona fide termination if I am rehired within 30 days of my termination date, or I terminate employment with the intent or prearrangement to be hired by an employer in the same retirement system.
- I understand that all payments (except final payroll deduction amounts) must be received by ORS before I terminate employment. I understand that if my payment(s) are received after I terminate employment or if I do not a have a bona fide termination, my payment(s) could be returned to me resulting in taxes and penalties on the refunded transferred amount.
- I understand that if I terminate employment prior to the payoff of this agreement, I will receive only a prorated amount of service credit (if incremental years can be purchased), or possibly no service credit (if purchase requires full payment).
- I understand that payments made through payroll deduction must be made with pretax funds treated as an employer pick-up.
- I understand that ORS will notify my employer so that my TDP balance can be reduced accordingly.
- I understand that if I began my TDP agreement on or after January 1, 2004 and if my agreement is not paid in full as of June 30, 8 percent interest may be assessed to my balance.

I understand the terms outlined above for the payoff of my TDP agreement balance.

_____ _____
Member's Signature Date

Follow the payment instructions on the reverse side to ensure payment is received timely.

R518C (Rev. 5/2007)
Authority: 1980 P.A. 300, as amended

Payment Method Instruction

One-Time Lump Sum Payroll Deduction

You may use this method to apply leave balances and sick leave payouts, etc.

1. Complete this form with your payroll office.
2. Work with your payroll officer to ensure the deduction is made.
3. Be sure your payroll officer sends ORS a copy of this form before your termination date.

Plan-to-Plan Transfer

Remember, payment must be received before your termination date.

1. Follow the instructions on the *Qualified Plan-to-Plan Transfer Certification (R158X)* to begin your transfer.
2. Complete this form and send it with the *Qualified Plan-to-Plan Transfer Certification (R158X)* to:

   Office of Retirement Services
   P.O. Box 30171
   Lansing, MI 48909-7671

3. Follow up with your plan administrator to ensure the transfer is for the correct amount and will be complete before you terminate.

Check or Money Order

Remember, payment must be received before your termination date.

1. Complete this form.
2. Prepare a check or money order payable to the

   STATE of MICHIGAN

   Your name, last four digits of your social security number, and invoice number should be shown on the payment.

3. Send the check and form to:

   Office of Retirement Services
   Finance Division
   P.O. Box 30673
   Lansing, MI 48909-8173

4. To make payment in person, you must visit our main office in Lansing. Our Detroit office cannot accept any payment. For directions, visit **www.michigan.gov/ORSstateDB.**

Combining Payment Methods

1. Follow the instructions for each method shown here and on any forms identified.

Remember, personal checks and plan-to-plan transfers must be received in our office no later than your termination date.

Paying Off a TDP Agreement

For Public School Employees Terminating or Retiring

Department of Management and Budget

When you and your payroll officer signed your *Tax-Deferred Payment (TDP)* agreement, you made a binding and irrevocable agreement to continue payroll deductions until your full purchase was complete. However, if you are leaving public school employment (either terminating or retiring) before you're able to pay off your TDP balance, you have a few options for the remainder. Be sure to start early and plan accordingly!

Am I eligible to pay off my TDP agreement?

You are eligible to use alternate means to pay off your TDP agreement if you meet either of these conditions:

- You have filed a valid retirement application with the Office of Retirement Services (ORS); or
- You have a bona fide termination of employment within 90 days after ORS receives full payment. This means that you must retire in accordance with the retirement application previously filed with ORS, or you must otherwise completely sever your employment relationship. (Layoff status might not be a bona fide termination. Contact your payroll office to determine your status.)

What are my options?

You can get partial credit for some service credit types. Other types must be paid in full before any credit is granted.

- Maternity/paternity/child rearing, military, nonpublic education, post-1974 out-of-system public educational, and universal buy-in service credit types DO NOT have to be paid in full to receive partial credit.
- Pre-July 1981 sabbatical leave, pre-1974 out-of-system public educational, state of Michigan, and weekly workers' compensation service credit types and repaying refunded contributions MUST be paid in full to receive any credit.

If you are counting on this service credit to meet the eligibility requirements for your pension and insurances, be sure that you have sufficient service and calculated accordingly.

How can I pay off my TDP agreement?

When deciding which payment method best fits your situation, be sure to consider the "Important to Know" for each method. Your regular payroll deduction will continue until your agreement is paid in full. Therefore, be sure to coordinate your payoff amount with ORS because your TDP balance changes each pay date. Use the worksheet on the reverse side to determine your payoff amount and complete the *Payoff Payment Options for a TDP Agreement (R518C). Remember, if you began your TDP agreement on or after January 1, 2004, 8 percent interest may be charged on any unpaid balances as of July 1 and could affect your payoff amount.*

PAYMENT METHOD	IMPORTANT TO KNOW
Cashier or Personal Check, or Money Order	Payment will NOT be accepted after your termination date. These are post-tax monies.
Qualified Plan-to-Plan Transfer	Payment will NOT be accepted after your termination date. Allow 6-8 weeks to complete your transfer. These are tax-deferred monies.
One-Time Lump Sum Payroll Deduction *(leave balances, sick leave payout, etc.*	Final leave balances ARE accepted after your termination date. Final leave balances vary. If you need the service credit to qualify for retirement, calculate carefully! Required deductions such as social security and Medicare taxes are withheld from any final compensation first, so have your human resource office help you figure the net amount available for your payoff. These are tax-deferred monies.
Permanent Supplemental Payroll Deductions	Final payroll deduction payments ARE accepted after your termination date. Once you increase your deduction, you cannot revert to a lesser amount. Complete a *Supplemental TDP Agreement (R654C*) available on our website or by contacting our office. These are tax-deferred monies.
Combining Payment Methods	Follow the instructions on the Payoff Payment Options for a TDP Agreement (R518C) for each method.

www.michigan.gov/ORSschools

P.O. Box 30171
Lansing, MI 48909-7671

(517) 322-5103 (Local)
(800) 381-5111

R718C (5/2007) Authority, as amended: 1980 PA 300

Worksheet

The following worksheet will help you project your TDP agreement balance at the time of your employment separation. Note: For agreements started on or after January 1, 2004, TDP interest is applied to any balance you carry past June 30.

If you are terminating *BEFORE* June 30 of this fiscal year ...

1. Enter your current TDP agreement balance. (Verify the amount with your payroll or human resource office.)		
2. Multiply the number of pay periods remaining in the fiscal year by your TDP payroll deduction. (_____ pay periods X $_____ TDP payroll deduction)		
3. Subtract Line 2 from Line 1 to estimate your TDP agreement balance at the time of your termination.		
4. Enter the amount to be applied from a ***one-time lump sum payroll deduction***.		
5. Enter the amount to be applied from ***supplemental permanent payroll deductions***.		
6. Enter the amount to be transferred from a ***qualified plan***.		
7. Enter the amount to be applied from an after-tax payment by ***check or money order.***		
8. Add Lines 4, 5, and 6 to calculate your total payment.	→	
9. Subtract Line 7 from Line 3 to estimate your new projected TDP agreement balance at the time you leave employment.		

If you are terminating *AFTER* June 30 of this fiscal year ...

1. Enter your current TDP agreement balance. (Verify the amount with your payroll or human resource office.)		
2. Multiply the number of pay periods *(before June 30)* remaining in the fiscal year by your TDP payroll deduction. (_____ pay periods X $_____ TDP payroll deduction)		
3. Subtract Line 2 from Line 1 to estimate your TDP agreement balance at the end of the fiscal year.		
4. Estimate 8 % interest to be applied to your TDP agreement balance at the end of the fiscal year. (Line 3_____ X .08 interest)		
5. Add Lines 4 and 3 to calculate your estimated TDP agreement balance with interest.		
6. Multiply the number of pay periods *(after June 30)* remaining until your termination by your TDP payroll deduction. (_____ pay periods X $_____ TDP payroll deduction)		
7. Subtract Line 6 from Line 5 to estimate your TDP agreement balance at the time of your termination.		
8. Enter the amount you wish to apply from a ***one-time lump sum payroll deduction.***		
9. Enter the amount to be applied from ***supplemental permanent payroll deductions***.		
10. Enter the amount you wish to transfer from a ***qualified plan.***		
11. Enter the amount to be applied from a direct after-tax payment by ***check or money order.***		
12. Add Lines 8, 9, 10, and 11 to calculate your total payment.	→	
13. Subtract Line 12 from Line 7 to estimate your new projected TDP agreement balance at the time you leave employment.		