



Excess Service Credit/Contributions

General Information

Excess service credit/contributions will be returned to a SURS member if the maximum benefit is reached. Several factors can determine if a member will have excess contributions/service:

- Years of service credit
- Member's age at retirement
- Total amount of member's contributions
- Total amount of interest earned
- Amount of final average salary

The exact amount of excess service credit/contributions cannot be determined until a member's actual retirement annuity is calculated and SURS has received final payroll information from the member's employer. Upon receipt of the final payroll information, and once benefit calculations have been made, SURS will submit a letter to the member detailing the excess service credit/contributions. Any waiver may forfeit all rights and credits associated with this excess.

Further information regarding a member's excess service credit/contributions will be sent to the member after SURS has started to process the retirement claim. This Fact Sheet is simply a tool that the member can use to determine the method of payment for the excess service credit/contributions, when applicable.

Distribution Options

Excess service credit/contributions can be paid in the following manner:

- 1. Lump sum distribution – less 20% for federal income tax**
- 2. Rolled into an IRA or another qualified 401(a) Defined Contribution Retirement Plan**
- 3. Combination of #1 and #2**

Portion paid as lump sum distribution and portion rolled into an IRA

- Any portion paid as lump sum is subject to federal income tax.
- Rollover must first consist of taxable amounts, followed by previously-taxed amounts. In other words, members cannot first rollover previously-taxed amounts and then receive a lump sum distribution consisting of taxable amounts.

- 4. An additional retirement annuity**

If a member chooses the additional retirement annuity, SURS will annuitize the excess contributions / service refund over the retiree's actuarial life expectancy.

- No automatic annual increase on the additional annuity.
- Single Life Annuity – paid for member's lifetime only.