North Carolina
Retirement Systems

Form 398
Tax-Sheltered Savings Distribution to Purchase Retirement Credit

Print or type in black ink. No erasures, strikeovers or whiteouts permitted. Do not staple pages.

Section A. Tell us about yourself.

First Name	M.I.	Last Name		Suffix
Mailing Address			Date of Birth	SSN
City	State	Zip Code	Phone (At least one phone required)	Mobile (At least one phone required)
Personal Email Address				Member ID

Section B. Indicate the Retirement System to which your purchase applies.

If more than one, you must fill out a separate form for each retirement system account.

☐	Teachers' and State Employees' Retirement System (TSERS)	☐	Consolidated Judicial Retirement System (CJRS)
☐	Local Governmental Employees' Retirement System (LGERS)	☐	Legislative Retirement System (LRS)

Section C. Identify the plan and plan administrator of your distribution.

Plan Administrator		City	
Mailing Address	State	Zip Code	Phone

☐ Attach a statement from the plan administrator that the funds are tax sheltered and eligible for a rollover or plan-to-plan transfer.

Direct Transfers *- NC Supplemental Retirement Plans*	
☐	NC 401(k) Plan
☐	NC 457 Plan

Rollover Contribution			
☐	401(a) Plan	☐	403(b) Tax-Sheltered Annuity
☐	401(c) Keogh Plan	☐	457(b) Government Deferred Compensation Plan
☐	401(k) Plan	☐	Individual Retirement Arrangement (IRA)
☐	403(a) Qualified Annuity Plan		

Section D. Authorize the Retirement Systems to accept the distribution with your signature.

I have read the Guides and hereby indicate my desire to purchase creditable service by making a direct transfer or rollover contribution to the Retirement System. I understand that the Retirement System will not accept amounts greater than the cost to purchase service and will return incomplete applications or applications with insufficient funds. I understand that the Retirement System is not responsible for any tax consequences related to the direct transfer or rollover contribution. I certify that the direct transfer or rollover contribution indicated above meets all requirements of Internal Revenue Code Section 402, contains only pre-tax amounts and originates from the source indicated above.

Signature _____ Date _____

Prior to submitting this form, you must complete a form for purchasing retirement credit and receive an official cost statement from the Retirement Systems Division.

Submit the completed form with supporting documentation by mail.

N.C. Department of State Treasurer, Retirement Systems Division
3200 Atlantic Avenue, Raleigh, North Carolina 27604
nc.retirement@nctreasurer.gov • (919) 814-4590

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Form 398 Guides
Tax-Sheltered Savings Distribution to Purchase Retirement Credit

Guide A. Making a Purchase with Tax-Sheltered Savings Distributions.

1. **Verify that a tax-sheltered distribution from your plan would be eligible to be used to purchase Retirement System credit.** Your plan administrator or your tax advisor should be able to verify this. An ineligible rollover or transfer can result in an adverse federal income tax liability. Further information is available in IRS Publications 575 or 590 (irs.gov).
2. **Request that your plan administrator make a distribution.** An administrator may require you complete certain paperwork. Be sure to specify:
   - The amount of the check.
   - The check should include "FBO: Your Name," usually given after the payee or in the memo line. For example, "FBO: John Smith" (the acronym FBO stands for "for the benefit of").
   - The Retirement System will treat this transaction as a direct transfer or rollover contribution only if the administrator issues the check payable to the applicable Retirement System. The check must be in U.S. dollars.
3. **Submit the necessary documents to the Retirement Systems Division at the address below.** You must submit the following within 60 days of the distribution and prior to the cost expiration:
   - A copy of your cost statement provided by the Retirement Systems Division.
   - A properly completed Form 398, Tax-Sheltered Savings Distribution to Purchase Retirement Credit (this form).
   - A statement from the plan administrator (issuer of the check) that the funds are tax-sheltered and are eligible for a rollover.
   - The distribution check from the plan administrator. The Retirement System will not accept any funds greater than the amount quoted on the cost statement provided for a specific purchase.
   - A personal check if the distribution check alone is not sufficient to make the purchase. Cash and credit cards are not accepted.

Guide B. Direct Transfer from the NC Supplemental Retirement Plans.

A direct transfer is a transfer of tax-sheltered funds from an employer-sponsored plan from which you are not eligible to receive a distribution as long as you are employed with the sponsor of the plan or no earlier than the age of 59 1/2.

Guide C. Rollover Contributions.

A rollover contribution is the taxable portion of a distribution from an eligible retirement plan or an individual retirement account (IRA) as defined by the Internal Revenue Code.

Rollover-eligible IRAs:

- Traditional IRA is generally established solely with pre-tax contributions.
- Conduit IRA is established solely from money that originally came from a 401(a) plan, a 403(b) plan, or a 401(k) plan. If you originally set up a conduit IRA with money from any of those plans but have added any additional contributions to that account which were not from the same source as the original rollover amount, the IRA no longer qualifies as a conduit IRA. A rollover may still be permitted, provided that the IRA contains no after-tax contributions.

IRAs not eligible to rollover:

- Roth IRA, Simple IRA, Educational IRA or Coverdell Savings Account, or Simplified Employee Pension Plan (SEP).

These guides are subject to and governed by the General Statutes of the State of North Carolina.

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