

**APPLICATION FOR USE OF ENCUMBERED FUNDS
FOR HYBRID PLAN TRANSFER**

State Employees Retirement System

CO-995 Rev. 9/2015

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STATE OF CONNECTICUT
OFFICE OF THE STATE COMPTROLLER
RETIREMENT SERVICES DIVISION

PARTICIPANT INFORMATION

NAME (Last) INCLUDE FORMER NAME	First Name	M.I.	EMPLOYEE NUMBER	SOCIAL SECURITY NUMBER
ADDRESS (Street No., Name, City, State, Zip Code)				TELEPHONE NUMBER
TIAA FIXED ACCOUNT CONTRACT NUMBER				

You should review the following terms, provisions, conditions and information very carefully prior to executing and returning this form to the Division. You are encouraged to ask questions and obtain additional information from TIAA, Prudential and Division staff with regard to the use of your TIAA Fixed Traditional Account monies to purchase service in the Hybrid Plan and the effect of such a transfer on your retirement benefits with the State of Connecticut.

Place and Timing of Payment: All installment payments must be received by the Retirement Services Division within ten business days of the due date listed on your invoice.

Pledge: By signing this document you are executing a pledge granting the trustees of the Hybrid Plan a security interest in the ten installments from the TIAA Fixed Traditional Account and giving these Trustees rights in the encumbered assets that are prior to and greater than any rights you might otherwise have in these assets. You are agreeing to assign for yourself and for your heirs, all proceeds and payouts from your TIAA Fixed Traditional Account as indicated in the above payment schedule to the State Employees Retirement Fund for the purpose of purchasing credit in the Hybrid Plan.

Indemnification: You understand and agree that the State of Connecticut accepts no responsibility for any adverse tax consequences to you resulting from the use of your TIAA Fixed Traditional Account funds to purchase service credit in the Hybrid Plan.

Default: If the installment payment is not transferred by TIAA CREF to the Prudential Stable Value Fund within thirty business days of the due date listed on your invoice you will be considered in default.

Penalty for Default: If you fail to make a scheduled payment as outlined on your invoice or fail to comply with any other terms of this Agreement you will be in default of this Agreement. If you are in retirement pay status at the time of default, the penalty for default will be the immediate stoppage of the retirement benefit until such time the default is cured. If the default occurs while you are still employed by the State of Connecticut the years of service reflected by the remaining payments will be removed from your benefit calculations at the time of your retirement and your benefit under SERS calculated with this service credit removed.

Cure for Default: The cure for default, if allowed, will be based upon the circumstances surrounding the cause of the default and such cure will be at the sole discretion and determination of the Retirement Services Division.

Prepayment: You cannot prepay the amount due and owing on this purchase cost in whole or in part at any time without express consent of the Retirement Services Division and then in only unique or exigent circumstances.

Surviving Spouse and Other Beneficiaries: Your spouse must consent to the use of these funds for the purchase of service credit and must execute the spousal consent section contained in this Application. You must agree to make the State Employees Retirement Fund your primary beneficiary on your TIAA Fixed Traditional Account to the amount required to pay the unpaid indebtedness remaining on the cost of transfer in the event of your death during the payment period. You must provide proof of such designation to the Retirement Services Division upon its request which may be on an annual basis.

Death: You agree to name the State Employees Retirement Fund as your primary beneficiary on your TIAA Fixed Traditional Account contract so that in the event of your death, the unpaid indebtedness remaining on the cost of transfer shall be paid to the Fund.

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Modification - No modification or waiver of any of the terms of this Agreement shall be allowed unless by written agreement signed by both parties. No waiver of any breach or default hereunder shall be deemed a waiver of any subsequent breach or default of the same or similar nature.

Severability of Provision - In the event that any portion of this form is deemed unenforceable, all other provisions shall remain in full force and effect.

Choice of Law - All terms and conditions of this Note shall be interpreted under the laws of the State of Connecticut.

Participant Agreement and Authorization

I have read the above provisions very carefully and acknowledge that prior to signing this Application, I had opportunity to ask questions and obtain additional information from Retirement Services Division staff, TIAA-CREF and Prudential. I had the opportunity to ask questions and obtain any additional information that I may need or require to make an informed consent about this transaction and choice of election.

I agree to the use of my TIAA Fixed Traditional Account funds to transfer service credit in the Hybrid Plan in accordance with the terms and provisions of this Application and Agreement. I understand and agree to be bound by all of the provisions and requirements as given in this Agreement and as decided by the Retirement Services Division.

I understand that in signing this document, I am signing a pledge which grants the trustees of the Hybrid Plan a security interest in the installment payments and gives the trustees rights in these assets that are prior to, and greater than any rights I might have in these funds. I am also agreeing to assign all proceeds and payouts from my TIAA Fixed Traditional Account to the State Employees Retirement Fund for the purpose of purchasing credit in the Hybrid Plan which is to and for my benefit and for the benefit of my heirs and beneficiaries.

I agree to make the State Employees Retirement Fund ("Fund") my primary beneficiary on my TIAA Fixed Traditional Account so that in the event of my death prior to the final installment being paid, the Fund will receive such amount required to pay the unpaid indebtedness remaining on the cost of transfer. To the extent that another beneficiary may be listed on the account at the time of my death, by my signing below, TIAA is instructed that this Agreement supersedes that designation up to amount required to pay the unpaid indebtedness.

I certify the following: I have read, or had read to me, the information contained in this application and had the opportunity to seek advice on the purchase, transfer, my choice of election and its tax consequences.

SIGNATURE OF MEMBER: _____ DATE: _____

NOTARY CERTIFICATION

I hereby certify and affirm this Application was signed by the person whose signature appears above.

Signed and sworn before me this _____ day of _____, _____.

Signature of Notary Public: _____

My commission expires: _____

SEAL HERE

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PARTICIPANT'S STATEMENT AND SPOUSAL CONSENT

You must check one of the following statements:

- I do not have a spouse.
- My spouse consents to this transfer opportunity [for this to be valid your spouse must complete the spouse's consent in the next section]
- My spouse cannot be located or has abandoned me. I understand that the Retirement Services Division may require further information or Affidavits from me should I check this statement.
- My spouse and I are legally separated and I have attached a court order to that effect.
- I am divorced and there is a Qualified Domestic Relations Order in place with regard to my TIAA Fixed Traditional Account Fund. I understand that the Retirement Services Division may require further information from me should I check this statement and that use of these funds may be delayed.

Spousal Consent for Use of TIAA Fixed Traditional Account Funds

I am the spouse of the participant. I understand that I may have rights to my spouse's retirement benefit paid through or from the TIAA Fixed Traditional Account fund and I consent to give up those rights. I consent to give up my rights as a beneficiary to and for any funds that otherwise would be available to me under my TIAA Fixed Traditional Account Fund in the event of my spouse's death even if I am listed as the beneficiary for those funds.

I understand that by signing this consent, and in the event of my spouse's death, I may receive **nothing** from the TIAA Fixed Traditional Account after my spouse, the participant, dies depending on the amount of unpaid indebtedness remaining on the cost of transfer noted in this Agreement.

I understand that this consent only affects my rights and entitlement as a spouse or beneficiary with regard to or under the TIAA Fixed Traditional Account Fund. This consent does **not** affect any spousal survivor rights or benefits I may have under the Hybrid Plan.

I understand that I do not have to sign this consent. I am signing this consent voluntarily. I understand that signing this consent may have an adverse impact on any payments or benefits from the TIAA Fixed Traditional Account that may be due to me as a surviving spouse. I certify that I am signing this waiver of my own free act and deed.

SIGNATURE OF SPOUSE: _____ DATE: _____

Signed and sworn before me this _____ day of _____, 20 ____ .

Signature of Notary Public: _____

My commission expires: _____

SEAL & STAMP HERE

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APPLICATION AND AGREEMENT FOR USE OF ENCUMBERED FUNDS

GENERAL INFORMATION

Effective July 1, 2011, the 2011 SEBAC Agreement (Agreement) provides a new State Employees Retirement System (SERS) retirement plan option for new employees in higher education otherwise eligible for membership in the existing Alternative Retirement Program (ARP). That option is the new SERS Hybrid Plan. The SERS Hybrid Plan is a defined benefit plan with a "cash out" option intended to be qualified under section 401(a) of the Internal Revenue Code.

The Agreement also provides ARP members employed prior to July 1, 2011 with a **one-time irrevocable option** to transfer from ARP to the new SERS Hybrid Plan. Under this option ARP members will be required to pay the full actuarial cost of joining the plan and receiving credit for their prior Connecticut state service. The general requirements with regard to such purchases are outlined in Form CO-994 which instructs you to take the necessary action to transfer all ARP funds to the Prudential stable value account. This form must be executed in addition to Form CO-994 if you wish to utilize the funds in your TIAA Fixed Traditional Account to pay for the cost of joining the Hybrid Plan.

TIAA Fixed Traditional Account is a guaranteed fixed annuity available to participants in employer-sponsored retirement plans. This additional form is required for the use of these funds as the TIAA annuity contract does not allow lump-sum cash withdrawals from this account and transfers must be spread over ten annual installments. Normally your service credit purchase must be paid in full prior to receiving credit for the service being purchased. However, because you are unable to obtain a lump-sum withdrawal from the TIAA Fixed Traditional Account, special procedures and protocols have been established when the funds from this account are utilized to pay the actuarial cost of joining the Hybrid Plan. You will be permitted to make a delayed transfer of these funds to pay for the cost of joining the Hybrid Plan. The delayed transfer will be accomplished by your electing a permitted ten-installment transfer from TIAA-CREF.

USE OF TIAA FIXED ACCOUNT FUNDS

By executing this form, you are executing a pledge granting the trustees of the Hybrid Plan a security interest in the ten installments from the TIAA Fixed Traditional Account and you are giving the trustees rights in these assets that are prior to and greater than any rights you or your beneficiaries or heirs might otherwise have in these assets.

You as the participant owner of the TIAA Fixed Traditional Account are agreeing to direct TIAA CREF to transfer each and every annual installment payout as they are made directly to the Prudential stable value account. In turn, Prudential will transfer this money to the state employee retirement fund to pay for the cost of your service purchase. As the installments will occur over a multiple year period, a discount rate [interest] will be applied to the available funds. For ARP members who have initiated this transfer from TIAA-CREF to Prudential in a prior year, the rate will be applied based on the remaining number of installment payments to be made. Instructions and examples concerning the discount rate and its effect on the total cost of your service purchase are available on the Office of the State Comptroller website and can be accessed through the following link: <http://www.osc.ct.gov/rbsd/arptransfer/disclaimer.htm>. You should review this information before completing this form.

Upon receipt of a properly executed Form CO-994 and this form, the Retirement Services Division (Division) will calculate the total amount of monies due for your service purchase inclusive of the use of these encumbered funds and provide you with a detailed invoice to present to Prudential for payment. Prudential will also require that you complete certain additional documentation in order to initiate the first transfer of funds. This initial transfer must include all funds required to fulfill your total purchase service cost in addition to the total of remaining encumbered funds which will be transferred in subsequent annual payments. Please submit a copy of the transfer statement, the "Acknowledge of Your Request for a Transfer Annuity" along with this form. All subsequent payments from your encumbered funds will be transferred in their entirety to the state employees' retirement fund to complete your purchase; any additional interest accrued on these funds will default to the State. You and Prudential will be provided with an annual notice for each subsequent transfer and it will be your responsibility to ensure that the transfer is made within the time frame provided as noted on page two of this form. If payment is not received as described on page two you will be considered in default and subject to the penalties also described in detail on page two of this form.

Once the final annual installment payment has been received, the Division will provide you with a letter acknowledging your full payment of this service purchase.

This Application must be filled out, witnessed and returned to the Division along with your completed Form CO-994 SEBAC 2011 Option to Transfer from the Alternate Retirement Program to the State Employees Retirement System Hybrid Plan.