

MEMORANDUM

TO: Phased Retirement Plan Participant

FROM: Joe Younger, Assistant Director
Benefits Administration

DATE:

SUBJECT: Kansas Board of Regents Mandatory Retirement Plan Provisions

Currently, income you receive from your Kansas Board of Regents tax sheltered retirement account will be subject to Federal income tax but will **not** be subject to Kansas state income tax. This provision is subject to change in the future. I recommend that you inform the mandatory retirement company that income derived from this Kansas Board of Regents 403(b) contract is not subject to Kansas state income tax and ask whether there is a special election form available on which you can indicate that your distribution will not be subject to state tax. Otherwise, the retirement company will withhold state taxes and you will have to seek refund of those dollars when you submit your Kansas individual income tax forms.

Please note that under the Phased Retirement Agreement, you can access mandatory retirement plan amounts that have at all times been invested in a 403(b) annuity contract with ING, Lincoln National, Security Benefit Group or TIAA-CREF. But, with respect to amounts that have **at any time** been invested in TIAA-CREF's or ING's 403(b)(7) mutual fund custodial account program (even if those amounts were subsequently transferred to a 403(b) annuity contract), you must be at least age 59 ½ before access to those amounts is permitted.

If you move your funds to a company that has not been approved by the Kansas Board of Regents, the funds will be subject to Kansas state income tax.

If you have questions about the IRS penalty or other withholding taxes, please consult a qualified advisor for assistance with your personal tax situation. If you have any questions or need additional information, please call me at (785) 532-6277 or e-mail: BENADMIN@KSU.EDU.