**Section 1650.470 Rollover Distributions**

a) An eligible recipient entitled to receive a refund of contributions, lump-sum benefit, or other nonperiodic distribution from the System may elect, subject to the provisions of this Section, to have all or a portion of the distribution paid in a direct rollover from the System to an eligible retirement plan designated in writing by the eligible recipient; provided, however, that any portion thereof which is a required distribution pursuant to any applicable provision of the Internal Revenue Code is not payable in a direct rollover. A distribution made to correct a failed nondiscrimination test or because legal limits on certain contributions were exceeded cannot be rolled over.

b) If the distribution from the System is less than $200, it is not payable in a direct rollover.

c) If the distribution from the System is at least $200 but less than $500, the entire sum must either be paid in a single direct rollover or to the eligible recipient.

d) If the distribution is greater than $500, the eligible recipient may have a portion thereof paid to him or her and the balance paid in a direct rollover; provided, however, that the direct rollover must be at least $500.

e) Multiple direct rollovers from the System to more than one eligible retirement plan are not allowed.

f) An "eligible retirement plan" for purposes of this Section means:

1) A plan described in 26 USC 402(c)(8)(B), which includes:

A) An individual retirement account described in 26 USC 408(a);

B) An individual retirement annuity described in 26 USC 408(b) (other than an endowment contract);

C) A qualified trust under 26 USC 401(a);

D) An annuity plan described in 26 USC 403(a);

E) An eligible deferred compensation plan described in 26 USC 457(b) that is maintained by an eligible employer described in 26 USC 457(e)(1)(A);

F) An annuity contract described in 26 USC 403(b); and

G) Pursuant to 26 USC 408A(c)(6) and (e)(1), a Roth IRA as defined in 26 USC 408A(b).

2) Any other type of plan that is designated as an eligible retirement plan by federal law.

g) A "direct rollover" for purposes of this Section is a payment by the System to an eligible retirement plan specified by the eligible recipient as provided in subsection (a) of this Section.

h) An "eligible recipient" for purposes of this Section is:

1) A member of the System as defined in Section 16-107 of the Illinois Pension Code [40 ILCS 5/16-107];

2) An alternate payee under a valid Qualified Illinois Domestic Relations Order (QILDRO) on file with the System in accordance with Section 1-119 of the Illinois Pension Code [40 ILCS 5/1-119], as allowed by 26 USC 402(e)(1)(B);

3) A member's surviving spouse, as allowed by 26 USC 402(c)(9); or

4) A non-spouse beneficiary, as defined in 26 USC 401(a)(9)(E), of a deceased member, provided the distribution is rolled to an individual retirement plan that is treated as an inherited individual retirement account or individual retirement annuity pursuant to 26 USC 402(c)(11).

i) If the eligible recipient elects a direct rollover from the System as provided in this Section, the eligible recipient shall certify in writing the following:

1) That he or she has read the "Special Tax Notice Regarding Payments from TRS"; and

2) That the direct rollover is being made into an eligible retirement plan as defined in subsection (f) of this Section.

j) If the eligible recipient elects a direct rollover from the System as provided in this Section, the eligible recipient shall identify the type of eligible retirement plan to which the direct rollover is being made and shall obtain the certification in writing of the entity that is to receive the direct rollover as to the following:

1) That the entity receiving the direct rollover is legally eligible to receive such direct rollover;

2) That the entity receiving the direct rollover has agreed to accept such direct rollover; and

3) That the direct rollover is being made to an eligible retirement plan as defined in subsection (f) of this Section.

k) In order to receive payment from the System in a direct rollover pursuant to this Section, the System must receive from the eligible recipient all of the following together, in the form or forms prescribed by the System:

1) An application for lump-sum distribution;

2) A rollover election;

3) A certification from the eligible recipient as provided above in subsection (i) of this Section; and

4) A certification from the entity receiving the direct rollover as provided in subsection (j) of this Section.

l) Payments from the System that are part of a series of equal or substantially equal periodic payments made at least once a year cannot be paid in a direct rollover, if the payments will last for:

1) The life or life expectancy of the person entitled to receive the payments;

2) The lives or joint life expectancies of the person entitled to receive the payments and that person's beneficiary; or

3) A period of ten years or more.

(Source: Amended at 33 Ill. Reg. 15863, effective November 2, 2009)