

Tier 1  
Partial Lump-Sum  
Option (PLSO)



Partial Lump-Sum Payment  
Retiring Soon!

**A**t retirement, you have the option to receive a lump-sum payment equal to 12 months or 24 months of your lifetime monthly retirement benefit. By electing to receive a lump-sum payment, you accept a permanently reduced lifetime monthly benefit.

**Tax Provisions**

Your PLSO payment is fully taxable. You are subject to the following if the PLSO payment is paid directly to you:

1. Federal income tax

- » 20% federal income tax withholding on the eligible portion of the distribution
- » A 10% early withdrawal tax penalty if the PLSO is taken before age 59½ unless your employment ends during the year you turn age 55 or later.

**Note:** *If you are a qualified public safety employee who has separated from service after age 50, the 10% early withdrawal penalty tax imposed by the Internal Revenue Service (IRS) is waived.*

*If you choose to roll over to an IRA or an eligible employer plan, the funds rolled over will be subject to the rules and tax treatment of the IRA or new eligible employer plan. Thus, you may be subject to the additional 10% penalty tax.*

A qualified public safety employee is defined as any employee who provides police protection, firefighting services or emergency medical services for any area within the jurisdiction of the employing state or political subdivision.

2. Utah state income tax

3. Possible taxes of the state where you reside if other than Utah.

## Rollover

To defer paying taxes on your PLSO payment, you may roll over all or a portion of your “eligible rollover distribution” to a 401(k), or other qualified plan, a 403(b), or to a traditional IRA.

**Caution:** A subsequent distribution from the plan that accepts your rollover may also be subject to *different tax treatment* than distributions from this plan. Check with the administrator of the plan that is to receive your rollover prior to requesting the rollover. Contact a tax advisor or the IRS for specific tax information.

## Submitting an Application

Before making the decision to retire, you can compute an estimate of your potential monthly benefit and the PLSO amounts by accessing [www.urs.org](http://www.urs.org) and clicking on the Retirement Benefit Estimate Calculator. If you’re planning to retire in the next 12 months, contact our office for a URS-generated estimate.

When you decide to retire, make an appointment with a retirement advisor or request a retirement application by phone or mail. Your application setting your retirement date must be filed with our office no more than 90 days before or 90 days after your retirement date. In addition to the retirement application, you must complete a PLSO application to select a PLSO and payout method.

## Payment of Lifetime Monthly Benefit and Lump-sum Payment

Your lifetime monthly benefit and your PLSO payment (paid separately from your lifetime monthly benefit), may be delayed up to three months following your retirement date, or the date your application is filed with URS, whichever is later. This delay is due in part to the time required to receive and post salary information from your employer and to receive verification of your termination and service credit eligibility. You will receive an “estimated” monthly benefit and 80% of your lump-sum payment should there be a delay in posting salary information beyond three months of your retirement date or the date your application is filed with URS, whichever is later.

## An Additional 3% Payment

There may be an additional 3% added to your lifetime monthly retirement benefit and your lump-sum payment if you had retirement contributions in your account on January 1, 1989. If you refund and subsequently reinstate withdrawn contributions, you forfeit the 3%.

## Domestic Relations Order (DRO)

If you’re subject to a DRO, all or part of your PLSO payment may be payable to former spouses and family members upon your termination and application for benefits.

## Things to Consider when Taking the PLSO

The monthly benefit reduction due to a PLSO is permanent. You should carefully consider the reduced benefit you, and your spouse (if applicable), will receive after taking the lump-sum payment to be sure you can still meet future financial obligations. The decision to take a PLSO at retirement is a serious one and should be made with great care.

## A Final Word

This brochure is general in nature. For specific information about the PLSO, contact our office in Salt Lake City or St. George.

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