MICHIGAN OFFICE OF
RETIREMENT SERVICES
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Paying Off a TDP Agreement

For State Employees Terminating or Retiring

When you and your payroll officer signed your *Tax-Deferred Payment (TDP)* agreement, you made a binding and irrevocable agreement to continue payroll deductions until your full purchase was complete. However, if you are terminating or retiring from state employment before you're able to pay off your TDP balance, you have payoff options for the remaining balance. This form will help determine eligibility and payoff options. If eligible, use the worksheet on the reverse side to project your TDP agreement balance when you terminate employment or retire.

Am I eligible to pay off my TDP agreement?

You are eligible to use alternate means to pay off your TDP agreement if you meet either of these conditions:

- You have filed a valid retirement application with the Office of Retirement Services (ORS); or
- You have a bona fide termination of employment within 90 days after ORS receives full payment. (Layoff status is not a bona fide termination.)

This means you must retire in accordance with the retirement application previously filed with ORS, or you must otherwise completely sever your employment relationship.

What are my options?

You can get partial credit for the following service credit types: Military, governmental, parental leave, and universal buy-in.

The following service credit types must be paid in full before any credit is granted: Court of record, Michigan public school, university, and repaying refunded contributions.

Note: If you are counting on this service credit to meet the eligibility requirements for your pension and insurances, be sure that you have sufficient service and calculate accordingly.

How can I pay off my TDP agreement?

When deciding which payment method best fits your situation, consider the "Important to Know" information below. Your regular payroll deduction will continue until your agreement is paid in full – coordinate your payoff amount with ORS because your TDP balance changes each pay period. Use the worksheet on the reverse side to determine your payoff amount and complete the *Payoff Options for a TDP Agreement (R0518G).* ***Note:*** If you began your TDP agreement on or after October 1, 2004, eight percent interest may be charged on any unpaid balances as of October 1 and could affect your payoff amount.

PAYMENT METHOD	IMPORTANT TO KNOW
Cashier or Personal Check, or Money Order	Payment will NOT be accepted after your termination date. These are post-tax monies.
Qualified Plan-to-Plan Transfer *(rollover)*	Payment will NOT be accepted after your termination date. Allow 6-8 weeks to complete your transfer.
One-Time Lump Sum Payroll Deduction *(leave balances, sick leave payout, etc.*	Leave balances, if paid out in lump sum upon termination, may be used to buy service credit. Final leave balances vary. If you need the service credit to qualify for retirement, calculate carefully! Required deductions such as social security and Medicare taxes are withheld from any final compensation first, so have your human resource office help you figure the net amount available for your payoff. Banked leave time is paid to your 401(k) at retirement and cannot be applied to your TDP balance. These are tax-deferred monies.
Permanent Supplemental Payroll Deductions	Final payroll deduction payments ARE accepted after your termination date. Once you increase your deduction, you cannot revert to a lesser amount. Complete a *Supplemental TDP Agreement (R0654G)* available on our website or by contacting our office. These are tax-deferred monies.
Combining Payment Methods	Follow the instructions on the Payoff Payment Options for a TDP Agreement (R0518G) for each method.

Worksheet

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Print

The following worksheet will help you project your TDP agreement balance when you terminate employment or retire. ***Note****:* Agreements started on or after October 1, 2004, TDP interest is applied to any balance you carry past September 30.

If you are terminating *BEFORE* September 30 of this fiscal year:

1. Enter your current TDP agreement balance. (Verify the amount with your payroll or human resource office.)		$0.00
2. Multiply the number of pay periods remaining in the fiscal year by your TDP payroll deduction. (__0__ pay periods X $__0.00__ TDP payroll deduction)		$ 0.00
3. Subtract Line 2 from Line 1 to estimate your TDP agreement balance at the time of your termination.		$ 0.00
4. Enter the amount to be applied from a ***one-time lump sum payroll deduction***.	$ 0.00	
5. Enter the amount to be applied from ***supplemental permanent payroll deductions***.	$ 0.00	
6. Enter the amount to be transferred from a ***qualified plan***.	$ 0.00	
7. Enter the amount to be applied from an after-tax payment by ***check or money order.***	$ 0.00	
8. Add Lines 4, 5, 6, and 7 to calculate your total payment.	→	$ 0.00
9. Subtract Line 8 from Line 3 to estimate your new projected TDP agreement balance at the time you leave employment.		$ 0.00

If you are terminating *AFTER* September 30 of this fiscal year:

1. Enter your current TDP agreement balance. (Verify the amount with your payroll or human resource office.)		$ 0.00
2. Multiply the number of pay periods *(before September 30)* remaining in the fiscal year by your TDP payroll deduction. (__0__ pay periods X $__0.00__ TDP payroll deduction)		$ 0.00
3. Subtract Line 2 from Line 1 to estimate your TDP agreement balance at the end of the fiscal year.		$ 0.00
4. Estimate 8 % interest* to be applied to your TDP agreement balance at the end of the fiscal year. (Line 3 $ 0.00__ X .08 interest) **If you signed your agreement before 10/1/2004, interest is not applied to your TDP. Leave this line blank.*		$ 0.00
5. Add Lines 4 and 3 to calculate your estimated TDP agreement balance with interest.		$ 0.00
6. Multiply the number of pay periods *(after September 30)* remaining until your termination by your TDP payroll deduction. (__0__ pay periods X $ 0.00__ TDP payroll deduction)		$ 0.00
7. Subtract Line 6 from Line 5 to estimate your TDP agreement balance at the time of your termination.		$ 0.00
8. Enter the amount you wish to apply from a ***one-time lump sum payroll deduction.***	$ 0.00	
9. Enter the amount to be applied from ***supplemental permanent payroll deductions***.	$ 0.00	
10. Enter the amount you wish to transfer from a ***qualified plan.***	$ 0.00	
11. Enter the amount to be applied from a direct after-tax payment by ***check or money order.***	$ 0.00	
12. Add Lines 8, 9, 10, and 11 to calculate your total payment.	→	$ 0.00
13. Subtract Line 12 from Line 7 to estimate your new projected TDP agreement balance at the time you leave employment.		$ 0.00