




Ready, Set, *Report!*



PUBLIC SCHOOL & EDUCATION EMPLOYEE
RETIREMENT SYSTEMS OF MISSOURI



SIGNIFICANT
MEANINGFUL
ACHIEVABLE
RELIABLE
TIMELY
REPORTING



Disability Retirement, Survivor Benefits and Refunds



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Topics I'll Cover Today

- Disability Retirement
- Survivor Benefits Before Retirement
- Survivor Benefits After Retirement
- Refunds



Disability Retirement



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Disability Retirement

Eligibility Requirements

- 5 years of PSRS/PEERS service
- Under age 60
 - At age 60, member would be eligible for Service Retirement
- Considered permanently disabled
 - Temporary or Partial Disability Benefits are not available with PSRS/PEERS
- Incapable of earning a livelihood
 - Currently \$18,000 per year

Disability Retirement

Benefit Calculation

- Determined by Law
 - Different for PSRS and PEERS
- We look at the members service and salary at the time of the termination

Disability Retirement

A PSRS disability benefit is the greater of....

Calculation 1

90% of the service retirement benefit as if the member is age 60.
 $2.5\% \times 4,000 \text{ (FAS)} \times 15 \text{ (years of service)} \times 90\% = \$1,350$

Or

Calculation 2

50% of the member's last full year of salary.
 $42,000 / 12 \times 50\% = \$1,750$

But, cannot exceed

Calculation 3

The service retirement benefit as though the member is age 60.
 $2.5\% \times 4,000 \text{ (FAS)} \times 22 \text{ (years of service)} = \$2,200$

Disability Retirement

A PSRS disability benefit is the greater of.....

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Disability Retirement

A PEERS disability benefit is

90% of the service retirement benefit as if the member is age 60.

$1.61\% \times 2,000 \text{ (FAS)} \times 15 \text{ (years of service)} \times 90\% = \435

Disability Retirement

Our process.....

Application from member and exams of two doctors required
PEERS: Social Security determination

Our medical examiner reviews

Approves:

- Benefit payable for life or until recovered from disability
- Annual certification required

Rejects:

- More exams required
- Member can appeal to PSRS/PEERS Board

Disability Retirement

What we need from you.....

- Timely Reporting
 - Final payroll verification
- Member's Termination Date or expected Termination Date
 - This is the date you, the Employer, considers the member no longer an employee of the district
 - Long-term Disability/Sick Leave or Leave of Absence
 - Update Employment Status in OASIS
 - Helps us determine service earned
 - As long as the member is considered an employee at your district, they will not be eligible for PSRS/PEERS Disability Retirement

Determines the member's retirement date and benefit amount

Disability Retirement

After Retirement

- Eligible for cost-of-living adjustments (COLA)
- Survivor benefit options available
 - PSRS: Eligible for \$5,000 death benefit

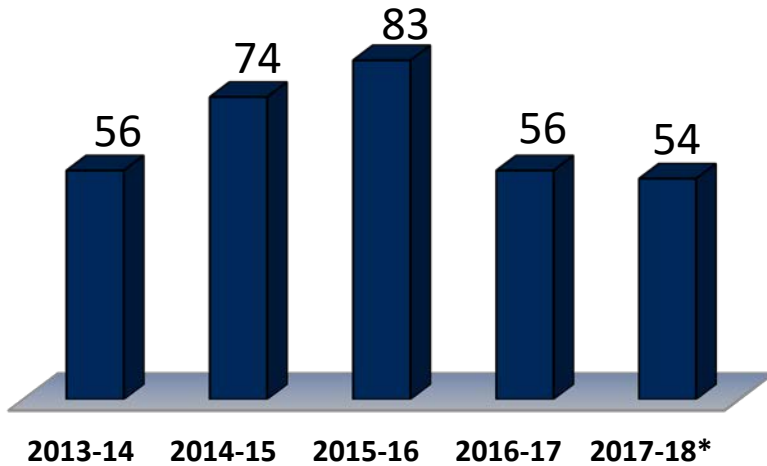
Disability Retirement

Working After Retirement

- Before Age 60
 - **Cannot** work for a PSRS/PEERS covered employer in any capacity
 - Can work for a non-PSRS/PEERS covered employer with compensation less than \$18,000/year
- After Age 60
 - Same as Service Retirement

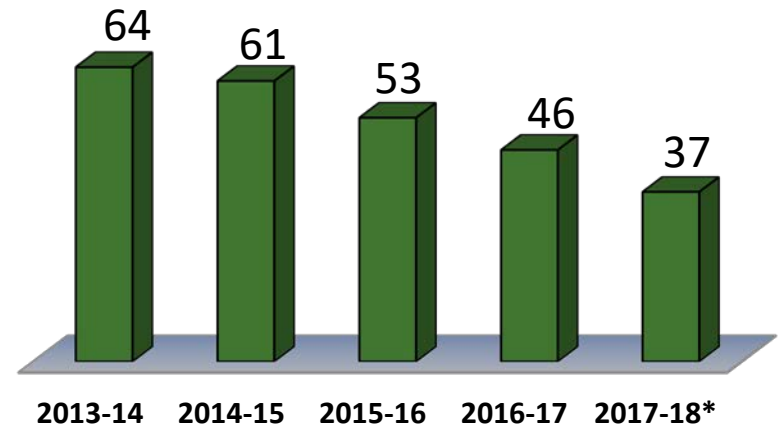
Disability Retirement

PSRS



Average Age	49
Average Years of Service	12.9
Average Benefit	\$2,178
Total Retirees	749

PEERS



Average Age	52
Average Years of Service	12.2
Average Benefit	\$604
Total Retirees	775

* Unaudited Totals



Survivor Benefits Before Retirement/Disability Retirement



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Survivor Benefits Before Retirement/ Disability Retirement

Type of Survivor Benefits

- Lump-sum Refund
- Monthly Retirement-Based Benefits
- Monthly Dependent-Based Benefits **(PSRS ONLY)**

Survivor Benefits Before Retirement/ Disability Retirement

Lump-sum Refund

- Who is eligible?
 - Any person, multiple people, legal entity
- What is Payable?
 - Member's contributions, purchase/reinstatement payments and interest posted as of the date of death.
 - Disability Retirees – Balance of remaining account balance, if any
- Payment Options:
 - Directly to Beneficiary
 - Individual – 20% mandatory federal tax withholding
 - Legal Entity – Optional 10% federal tax withholding
 - Direct Rollover
 - Spouse – Can roll to any qualified retirement plan (IRA, 401(k), etc.)
 - Non Spouse – Can roll to an Inherited IRA only

Survivor Benefits Before Retirement/ Disability Retirement

Retirement-Based Monthly Benefits

- Who is eligible?
 - A **sole** beneficiary with insurable interest in the member's life (spouse, child, or parent automatically qualifies)
- What is payable?
 - Lifetime monthly benefit, calculated under Joint-and-Survivor 100% benefit plan
 - Can be an immediate or deferred – Beneficiary elects
 - Eligible for COLAs on the 2nd January (**PSRS**) and 4th January (**PEERS**)

Survivor Benefits

Before Retirement/Disability Retirement

Dependent-Based Monthly Benefits (PSRS ONLY)

- Who is eligible?
 - A spouse, dependent child or dependent parent of the member
- What is payable?
 - A percentage of the member's last full year of salary
 - COLAs are not applied to this type of survivor benefit

Typical Survivor Benefit (Spouse and Child)

Spouse Payment	\$ 860.00
<u>Child Payment</u>	<u>\$ 430.00</u>
Total Gross Benefit	\$1,290.00

Survivor Benefits

Before Retirement/Disability Retirement

Our process.....

PSRS/PEERS notified of member's death

- By family, weekly report or you, the Employer

We provide information on all options to beneficiary(ies)

Beneficiary(ies) submits election form choosing desired option

Lump-sum or Monthly Benefits are paid with required follow-up (i.e., annual school certification)

Survivor Benefits Before Retirement/ Disability Retirement

What we need from you.....

- Beneficiary Designations
 - New Enrollments: inform new employees information will come from our office on how to designate beneficiaries
- Death Notification
 - Your notification can allow us to contact family promptly
- Timely Reporting
 - Final payroll verification

Survivor Benefits Before Retirement/ Disability Retirement

Beneficiary Designation forms:

- ***Pre-Retirement Beneficiary Designation***
 - For all members who are not yet retired
 - PSRS and PEERS
- ***Disability Retirement Beneficiary Designation***
 - For members who are retired under Disability Retirement
 - PSRS and PEERS

Survivor Benefits Before Retirement/ Disability Retirement

Statutory Succession of Beneficiaries

- Missouri law determines a member's beneficiaries as:
 - Spouse
 - Children*
 - Parents*
 - Estate
- If,
 - A change in life status occurs (Marriage, divorce, birth or adoption of a child)
 - A valid beneficiary designation does not exist
 - Designated beneficiaries have disclaimed rights or are deceased

* PSRS: dependent versus independent



Survivor Benefits After Retirement



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Survivor Benefits After Retirement

Type of Survivor Benefits

- Lump-sum Refund: Single Life
- Monthly Benefit: Joint-and-Survivor or Term-Certain Plans
- \$5,000 Death Benefit (**PSRS ONLY**)
- Last Benefit Payable

Survivor Benefits After Retirement

Lump-sum Refund

- Who is eligible?
 - Any person, multiple people, legal entity
- What is Payable?
 - Member's remaining account balance as of the date of death
- Payment Options:
 - Directly to Beneficiary
 - Individual – 20% mandatory federal tax withholding
 - Legal Entity – Optional 10% federal tax withholding
 - Direct Rollover
 - Spouse – Can roll to any qualified retirement plan (IRA, 401(k), etc.)
 - Non Spouse – Can roll to an Inherited IRA only

Survivor Benefits After Retirement

Monthly Survivor Benefit

- Who is eligible?
 - Joint-and-Survivor Beneficiary
 - Term-Certain Beneficiary
- What is payable?
 - Depends on which plan was elected by the member at retirement
 - Benefit starts the month following the member's death
 - COLAs continue from the member's benefit

Survivor Benefits After Retirement

\$5,000 Death Benefit (PSRS ONLY)

- Who is eligible?
 - Any person, multiple people, legal entity
- Payment Options:
 - Directly to Beneficiary
 - Individual – 20% mandatory federal tax withholding
 - Legal Entity – Optional 10% federal tax withholding
 - Direct Rollover
 - Spouse – Can roll to any qualified retirement plan (IRA, 401(k), etc.)
 - Non Spouse – Can roll to an Inherited IRA only

NOTE: This is a taxable death benefit and not a life insurance policy

Survivor Benefits After Retirement

Last Benefit Payable

- What is this?
- Payment Amount
 - Member's benefit amount less 10% federal taxes

Survivor Benefits After Retirement

Statutory Succession of Beneficiaries

Applies to:

- Lump-sum Refund
- \$5,000 Death Benefit
- Last Benefit Payable

If:

- A valid beneficiary designation does not exist
- Designated beneficiaries have disclaimed rights or are deceased

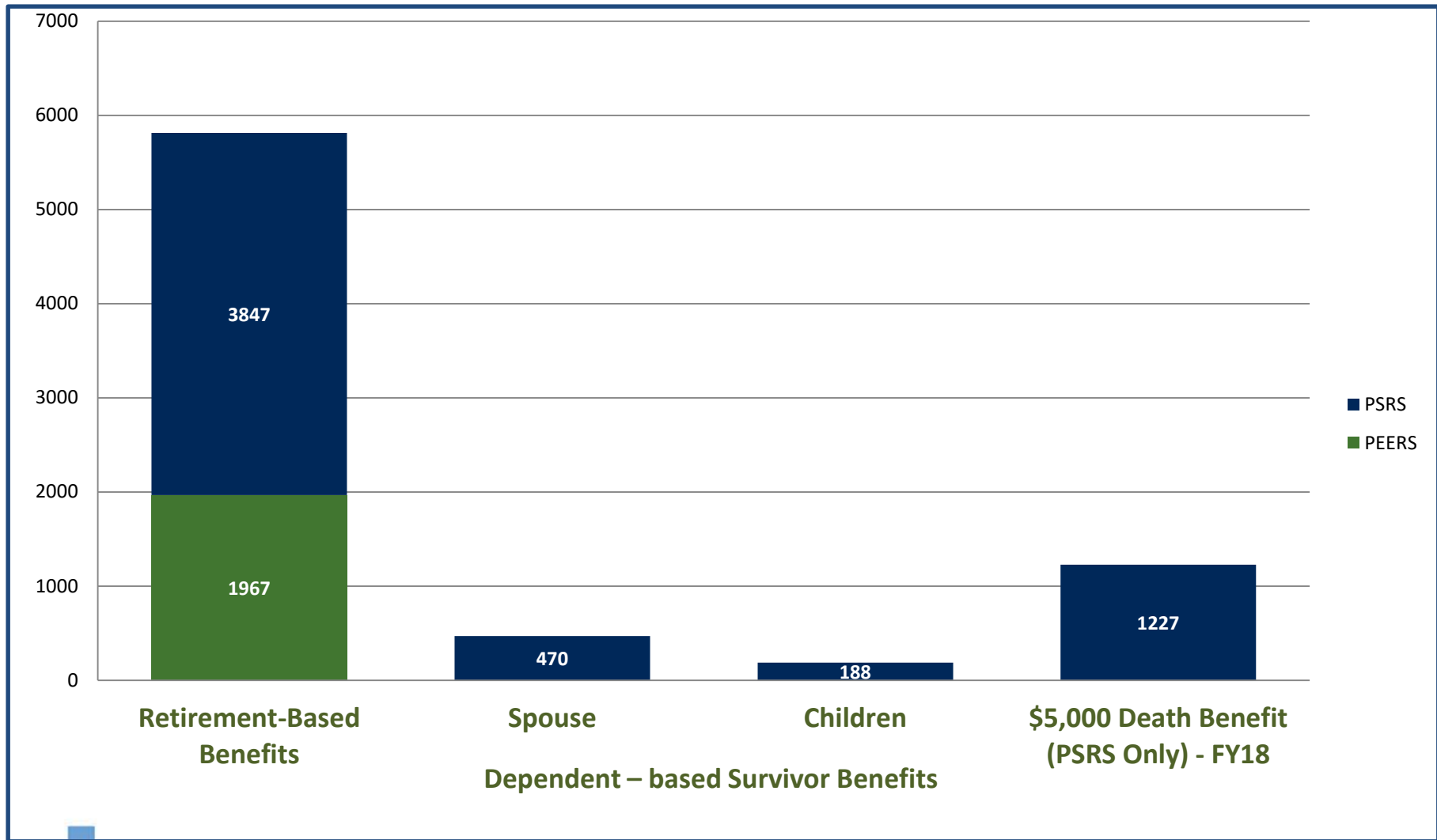
*** Change in Life Status does not exist after retirement**

Survivor Benefits After Retirement

Statutory Succession of Beneficiaries

- Missouri law establishes beneficiaries as:
 - Spouse
 - Children
 - Parents
 - Estate

Families We Serve





Refunds



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Refund Information

Membership Status

- Non-vested
- Vested



One step further.....

- Active
- Inactive
- Terminated

Refund Information

Refund Eligibility

- Terminated Employment
 - Not under contract with any other PSRS/PEERS covered Employer
 - Not on a leave of absence
 - Not finishing a school year with one Employer and beginning the next school year with a different Employer
- 30 day waiting period
 - From the member's termination date reported by you

Refund Information

Payment Information

- Timeline
 - Can take up to 60 days
- Interest
 - Posted each June 30, on the previous June 30 balance
- Payment Options
 - Directly to Member
 - 20% required federal tax withholding
 - 10% tax penalty for members under age 59 1/2
 - Direct Rollover
 - Can roll to any qualified retirement plan (IRA, 401(k), etc.)

Refund Information

What we need from you.....

- Timely and Accurate Reporting
 - Final payroll verification
 - Ensuring we are refunding the member the correct amount is crucial
- Member's Termination Date
 - This is the date you, the Employer, considers the member no longer an employee of the district

Refund Statistics

2017-2018*	PSRS	PEERS
Total Members Refunded	1739	3924
Average Years Refunded (All Members)	3.7	2.6
Total Vested	427 (25%)	507 (13%)
Average Years Refunded (Vested Members Only)	8.2	8.4
Refunds to Members Eligible for Immediate Retirement	25 (1%)	55 (14%)
Total Amount Refunded	\$42.5 million	\$17.4 million
Number of Direct Rollovers	701 (40%)	691 (18%)

* Unaudited Numbers



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Questions



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