

# Membership and Service

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## Membership and Service

Once you have earned five years of eligible service with PEERS you are vested and can receive lifetime retirement benefits when eligible. In most cases, the retirement benefits paid to PEERS members exceed the funds they contribute to the System while working. In fact, most PEERS retirees recover all their contributions within the first five years of retirement.

### Membership Eligibility

PEERS membership is automatic, regardless of position, for non-certificated employees of the covered employers listed below to work at least 20 hours per week on a regular basis in a position that normally requires the employee to work at least 600 hours during the school term.

If you meet eligibility requirements, you cannot opt out of PEERS membership.

Covered employers include:

- All Missouri public school districts, except the St. Louis (city) and Kansas City public school districts
- All Missouri public two-year colleges (often called community colleges), except St. Louis Community College
- Statewide non-profit educational associations that have elected to join

**Certificated employees/teachers employed less than full-time can choose, within 90 days of first employment as a part-time, certificated employee/teacher, to be a member of the Public Education Employee Retirement System (PEERS).**

The term “certificated” refers to full-time and part-time employees holding valid Missouri educator certificates that are issued by the Missouri Department of Elementary and Secondary Education (DESE), and does not include persons with only substitute teaching or Parents as Teachers (PAT) certificates.

If you are a certificated employee, it is possible that you should be a member of the Public School Retirement System of Missouri (PSRS). PSRS is a defined benefit retirement plan similar to PEERS, but for certificated public school personnel (teachers). Please contact your employer or our office to make sure your membership has been properly established with PEERS.

### Confidentiality of Member Information

At PEERS, maintaining the security of your personal information is of the highest priority. The following information is considered confidential:

- All information PEERS receives from a member, retiree, beneficiary or survivor
- All information PEERS receives from any other source that relates to a member, retiree, beneficiary or survivor
- All information generated by PEERS that relates to a member, retiree, beneficiary or survivor

Examples of such information include but are not limited to:

- Membership status
- Addresses
- Salaries
- Benefit estimates
- Social Security numbers
- Contributions
- Marital status
- Employer
- Membership service and service purchase information
- Beneficiaries
- Medical information

## Keeping Your Member Information Up-to-Date

Your name, address and beneficiary designation are vital parts of your retirement records. It is important to keep them up-to-date during your membership, both before and after your PEERS retirement.

You can update your address, phone or email online by logging in to Web Member Services at [www.psr-peers.org](http://www.psr-peers.org). You can also update your name, address or beneficiary designation by submitting the appropriate form to PEERS. We acknowledge any changes when processed.

If your name or address changes while working in covered employment, please also notify your employer, so your employer's records, and ours, agree.

## Keeping Your Beneficiary Designation Up-to-Date

In order to provide your family with the best financial protection, it is important to designate your beneficiaries properly and keep them updated as life-changing events occur.

During the first 18 months of your membership, you can designate and change your PEERS beneficiaries using Web Member Services at [www.psr-peers.org](http://www.psr-peers.org) or by using a *Pre-Retirement Beneficiary Designation* form available on our website or from our office.

For your security, after your first year of membership, you must make changes to your pre-retirement beneficiary designation using a *Pre-Retirement Beneficiary Designation* form.

**Marriage, divorce, birth or adoption of a child automatically voids your beneficiary designation before retirement. Unless you file a new beneficiary designation, Missouri law will determine your beneficiaries if you die.**

Keeping your designation current after PEERS retirement is also essential (see pages 46-49).

If you are unsure of your PEERS beneficiary designation, you can view it by logging in to Web Member Services at [www.psr-peers.org](http://www.psr-peers.org). Your current beneficiary designation is also shown on your annual *Member Statement*, mailed each fall.

## The Effect of Divorce Before Retirement

If your spouse is named as your beneficiary and you divorce before you retire, your beneficiary designation is void in its entirety as of the date of the divorce decree. However, your divorce decree may require you to re-designate your ex-spouse as a beneficiary. You may also voluntarily re-designate your ex-spouse as a beneficiary. If you fail to provide PEERS with a new beneficiary designation form and you die prior to retirement, your beneficiaries will be determined by Missouri law. For more information on designating beneficiaries prior to retirement, see "The Importance of Keeping Your Beneficiary Designation Up-to-Date" in the *Survivor Benefits* section of this handbook (see page 37).

For information on how PEERS benefits are treated in a divorce, and the effect of divorce while receiving PEERS benefits, see pages 82-83.

## Annual Member Statement

Each fall, after a complete review and update of member records, you receive a *Member Statement* detailing your membership as of the previous June 30.

Your *Member Statement* is a valuable source of information about your membership, including your:

- Contributions and interest earned
- Annual salary (including employer-paid health, dental and vision insurance premiums)
- Total membership service (earned, reinstated and purchased)
- Beneficiary designation with PEERS

Your statement also includes:

- Estimates of your future service retirement benefits and retirement eligibility dates
- Details of your PEERS-covered employment, including the name(s) of your employer(s) and service and salary earned each year

- Information on your reinstatements and service purchases, showing not only service you have paid for, but also any service you have on record for which you have not yet paid
- Information on benefits payable to your beneficiaries if you die before retirement

When you receive your annual **Member Statement**, check it carefully. If your address or beneficiary designation is incorrect, notify PEERS promptly. If you find an error in your salary, contributions or service, call your employer first. Your employer should contact PEERS if this information does not agree with your employer's records. The earlier discrepancies are reported, the greater the chance for proper adjustment, if required.

**Member Statement**  
as of June 30, 2016

Mary Ann Smith  
200 Main Street  
Annapolis, MD 21401

2015-2016 School Year

Salary Earned	Contributions Paid	Purchased Payments Received	Interest Earned	Service Earned	Service Purchased
\$30,000.00	\$2,099.16	\$8,399.64	\$950.00	1.00000	2.00000

**Service Retirement**

Upon application, lifetime monthly retirement benefits are available to members who properly terminate PEERS-covered employment and meet minimum service and age requirements. Benefits are based on a calculation using a benefit factor, your salary, years of service and, if applicable, a reduction factor.

Before making a final decision regarding retirement, contact us for an official **Benefit Estimate**.

The following projection assumes that for future school years you earn 1.0 year of service and that your retirement salary increases annually by 2%.

Retirement Option	First Eligible Retirement Date	Age at Retirement Date	Years of Service	First Average Monthly Salary	Lifetime Single Life Monthly Benefit	PLSO Lump Sum Payment	Monthly Income Replacement Percentage
Early (CR and-Out)	09/01/2034	54.81066	35.02146	\$2,544	\$861		39%
Normal (Full)	09/01/2034	55.06201	35.27146	\$2,554	\$1,665		67%
Partial Lump Sum Option (PLSO)							
No Lump Sum	09/01/2037	58.06201	38.27146	\$2,710	\$1,640	90	66%
12 Month	09/01/2037	58.06201	38.27146	\$2,710	\$1,744	\$14,796	64%
24 Month	09/01/2037	58.06201	38.27146	\$2,710	\$1,644	\$28,902	61%
36 Month	09/01/2037	58.06201	38.27146	\$2,710	\$1,548	\$44,388	60%

## Online Membership Information

You can also access your membership information online through PEERS Web Member Services at **www.psrp-peers.org**. Access to your membership information online requires that you establish a username and password.

Once you log in, you can view current membership information including your:

- Contact information on record
- Contributions and interest
- Years of service
- Salary history
- Beneficiary designation
- An archive of past **Member Statements**
- Status of any open service purchases

## Membership Service

Your total service with PEERS at the time of retirement is one of the factors used to calculate your benefit. The more service you have, the sooner you reach retirement eligibility, or the higher your benefit.

Your total service is the number of years you have:

- Worked in PEERS-covered employment (earned during your current membership or reinstated from a previous membership)
- Purchased with PEERS

## Prior Service

Prior service is allowed for eligible employment before November 1, 1965, when PEERS started operations, as long as it was earned at an employer now participating in PEERS. No retirement contributions were made for employment before this date, and none are required to receive service.

If you were regularly employed before November 1, 1965, for at least 20 hours per week by a PEERS-covered employer and have not filed for prior service, please contact us for a claim form.

## Earned Service

You earn a year of service for each school year (July 1 - June 30) of PEERS-covered employment if you are a 9-, 10-, 11- or 12-month employee, work the complete term required of your position and earn at least 95% of your full-time base salary. Service is determined by dividing the salary earned during a school year by the annual base salary you would have earned for the complete term of the position. In other words, service is calculated on a salary over salary basis. Service is calculated to five decimal places.

### Example 1

A custodian is hired at an annual salary rate of \$18,000.  
 She earns \$18,000.  
 Therefore, she earns 1.00000 year of service ( $\$18,000 \div \$18,000$ ).

### Example 2

A custodian is hired at an annual salary rate of \$18,000.  
 He earns \$14,400.  
 Therefore, he earns 0.80000 of a year of service ( $\$14,400 \div \$18,000$ ).

Please note that the amount of service earned during a school year may be capped based on the start and end dates of your employment. You cannot earn more than one year of service in a school year.

## Reinstated, Purchased and Transferred Service

One of the many advantages of PEERS membership is the ability to increase your benefit, vest your membership, or become eligible for retirement earlier by reinstating, purchasing and transferring additional service to your PEERS membership.

See the section, *Reinstatements, Purchases and Service Transfers* (pages 28-34), for more detailed information on the types of available service purchases, eligibility requirements and how to calculate purchase costs.

## Retirement Contributions

Retirement contributions are withheld from your salary while you are working in PEERS-covered employment. Your employer contributes an equal amount and sends both employee and employer contributions to PEERS.

The contribution rate is set each year by the PSRS/PEERS Board of Trustees. For the 2016-2017 school year, the combined contribution rate for PEERS members and employers is 13.72%, with each paying 6.86%.

Salary includes, but is not limited to:

- Payments for extra duties
- Overtime payments
- Employer-paid health, dental and vision insurance premiums for the member

The Internal Revenue Code (IRC) limits the amount of annual compensation on which members who joined PEERS on or after July 1, 1996 can make contributions. The limit for the 2016-2017 school year is \$265,000. This figure is adjusted annually by the IRS based upon increases in the cost-of-living index. Any contributions remitted on salary in excess of this limit will be refunded to the employer for distribution to the member.

Your contributions are credited to your individual membership, and can be refunded only if you end covered employment with all PEERS-covered employers, are not under agreement for future covered employment, and forfeit the service earned. You cannot borrow against your membership funds, nor can they be garnished, attached, assigned or subjected to any other claim. **Exception:** Your funds can be garnished to pay child support or maintenance or an IRS levy if you receive a monthly retirement benefit or a refund of your contributions and interest.

Employer contributions are not remitted specifically for you, but instead are placed in a general reserve, and are therefore not refundable. Employer contributions and the investment earnings are used to help pay monthly benefits to retirees and to beneficiaries of deceased members.

## Employer Pick-Up Contributions

Since July 1, 1989, member contributions to PEERS have been considered “employer pick up” (EPU), or tax deferred contributions under the Internal Revenue Code (IRC). You do not have to pay taxes on your contributions until they are returned to you or your beneficiary as monthly benefits or a lump-sum refund.

Prior to July 1, 1989, your contributions were taxed and then sent to PEERS.

Your tax-deferred and taxed contributions are tracked separately and identified on your annual *Member Statement*. You are notified at the time of retirement or refund of the amount considered taxable when paid to you as a benefit.

## Interest on Your Contributions

Interest accrues on your contributions and is credited to your membership each June 30 on the balance as of the previous June 30. The interest rate is set annually by the PSRS/PEERS Board of Trustees, and compares favorably with rates credited on most savings accounts and short-term certificates of deposit (CDs). The interest as of each June 30 appears on your annual *Member Statement* (see pages 21-22).

The interest accruing on your contributions is not taxable until it is actually paid to you or to your beneficiary in the form of benefits. It should not be reported on your annual tax returns before retirement as long as your funds remain with PEERS.

The amount of money associated with your membership is important only in the event of a lump-sum payment. It is not a factor in the calculation of a retirement benefit. All credited interest is also paid if your contributions are refunded, or if a lump-sum death payment is made to your beneficiary.

## Refund of Your Contributions and Interest

If you end PEERS-covered employment, you may terminate your membership, forfeit your service and any right to a benefit based on that service, and receive a lump-sum refund of your contributions, any payments you make to reinstate or purchase service, and the interest earned through the preceding June 30. Contributions made by your employer are credited to your membership and are not refundable. **The law does not permit partial refunds or loans.**

According to Missouri law, you are eligible to receive a refund of your contributions and interest and forfeit all of your PEERS service **only** if you:

- Have ended PEERS-covered employment, and
- Are not under agreement for future employment with any PEERS-covered employer.

You are **not** eligible for a refund if you are:

- On a leave of absence
- Finishing a school year with one covered employer and starting the next school year with another covered employer

If you are planning to request a refund because you are physically or mentally disabled and cannot work, you should first consider whether you are eligible for PEERS monthly disability retirement benefits. See the section entitled, *Disability Retirement*, beginning on page 58, or contact us for more information.

You may request a refund application from PEERS at any time, but it cannot be filed until 30 days have passed since your last day of PEERS-covered employment. If you are on leave of absence or under contract, the 30-day waiting period must be measured from the date your leave or contract agreement ends.

After the required 30-day waiting period, payment of your funds should occur within 60 days following the receipt of your properly completed *Refund Application* by PEERS. The amount of time needed to process your application depends on whether you were employed in the current school year.

If so, PEERS must verify your employment and contributions with your employer. **If your employment continues to the end of the school year, the earliest possible refund date will be in July.**

If your membership ends by refund and you return to PEERS-covered employment, you will establish a new membership. You will then have an opportunity to reinstate your previous service (see page 28).

## Income Taxes on Refunds

If you are considering taking a refund of your contributions and interest, you should carefully consider the potential tax consequences.

Taxes **are payable** on:

- Contributions made after June 30, 1989
- Interest added during your membership
- Any tax-deferred funds used to purchase or reinstate service

Taxes **are not payable** on:

- Contributions made before July 1, 1989 (before this date taxes were withheld from your contributions by your employer before being sent to PEERS)
- Any taxed dollars you used to reinstate or purchase service

PEERS is required by the IRS to withhold 20% federal income tax on the taxable portion of a lump-sum refund (if \$200 or greater) unless you authorize PEERS to directly roll the taxable amount to another eligible retirement plan. **Caution: taxable funds rolled over into a Roth IRA are considered taxable income in the tax year in which the rollover takes place.**

In addition, if your payment occurs before you reach age 59 ½ and a rollover of the taxable amount does not take place, a 10% federal tax penalty may apply in addition to the ordinary income tax owed. This penalty generally does not apply if you separate from service in or after the tax year in which you reach age 55. PEERS will mail an IRS Form 1099-R to you after the end of the calendar year indicating the taxable portion of your lump-sum refund and any federal taxes withheld.

If you request a **Refund Application**, detailed tax information and payment options will accompany the form.

**The PEERS staff does not answer individual tax questions or give tax advice. Inquiries should be referred to a tax professional or to the appropriate state or federal taxing agency.**

## Membership Status

The status of your membership depends on whether you are working in PEERS-covered employment, and how much service you have.

### Active Membership

Your membership is considered **active** as long as you are employed in a position qualified for membership and contribute to PEERS.

### Inactive Membership

Your membership is considered **inactive** if you are employed in a position that does not qualify for membership, or if you end covered employment but leave your contributions with PEERS.

If you are an inactive member, you may request a refund and end your membership (see page 24).

### Vested Membership

Your membership is **vested** once you have five years of eligible service with PEERS. The five years of service can include service for leave under PEERS, reinstated service and service purchased from qualified sources. However, the amount of purchased service cannot exceed the service earned for PEERS-covered employment at the time of retirement.

Vesting establishes a right to a retirement benefit without additional PEERS-covered employment. Once vested, you may end covered employment at any age, hold your membership by leaving your contributions with PEERS, and claim a lifetime monthly retirement benefit when you are eligible. Your benefit is calculated using the retirement formula in effect upon your PEERS retirement date.

## Absence from Covered Employment

### Before Vesting

If you leave PEERS-covered employment before you are vested (with fewer than five years of eligible service) and your contributions remain with the System, you will retain your membership. Your funds continue to accrue interest provided you return to PEERS-covered employment within the next five school years, earn additional service, or purchase service to attain vested status. Interest accrues every June 30 based on your total contributions and interest as of the previous June 30. If you do not return to covered employment or purchase service to attain vested status, your membership terminates.

If you are not vested and not currently working in PEERS-covered employment, but think you may return, it may be to your advantage to leave your funds with PEERS and earn interest on them. You can take a refund (see page 24) if you don't return to PEERS-covered employment.

In the event that you return to covered-employment after taking a refund, you can buy back, or reinstate, all or any part of the service you forfeited. See page 28 for more information.

### *Membership Termination Before Retirement*

Your membership automatically terminates if you are not vested and are out of PEERS-covered employment for five consecutive school years. When your membership terminates, interest is no longer credited to your membership. Should your membership terminate, we will mail you an informational packet and ***Refund Application***.

An absence covered by the Family and Medical Leave Act of 1993 (FMLA) or an absence for military service covered by the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) is not counted in determining the maximum allowed absence from PEERS-covered employment. Please contact us if you qualify for leave under these two laws.

### After Vesting

If you leave PEERS-covered employment after you are vested (with five or more years of eligible service), you can leave your funds with PEERS and continue to earn interest on them until you are eligible to retire. Interest accrues every June 30 based on your total contributions and interest as of the previous June 30. In addition, should you die while vested and with funds in your PEERS membership, your beneficiaries may be eligible for survivor benefits (see pages 36-39).

When you reach retirement eligibility, you can apply for, and receive, lifetime monthly benefits. Depending on the benefit plan you choose, you can also provide financial protection for your beneficiaries in the event of your death after retirement. For more information on the benefit plans available and the beneficiary protection they provide, see pages 46-51.