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Survivor Benefits

In addition to the emotional stress caused by the loss of a loved one, it can also put significant stress on a family's finances, particularly when it occurs during the working years. To help ease this burden, PEERS offers valuable financial protection for your family if you die before service retirement or while receiving PEERS disability benefits.

Two types of benefits are provided:

- A one-time, lump-sum refund of your contributions and interest
- Lifetime monthly benefits

Specific qualifications must be met in order to receive monthly benefits. Those qualifications are detailed in this handbook.

Benefits payable to beneficiaries, should you die after service retirement, are based on the benefit plan you choose when you retire (see pages 46-51).

Lump-Sum Refund

If you die before retirement, your designated beneficiary has the right to a lump-sum refund of your PEERS contributions and interest. No other survivor benefit is paid if a lump-sum refund is made.

Eligibility

Your beneficiary can be:

- An individual
- Multiple individuals
- A legally established trust
- Your estate
- Any other legal entity(ies) (church, school, organization, etc.)

If you name multiple individuals, payment is divided equally unless you specify otherwise.

Lump-Sum Refund Amount

If a lump-sum refund is paid, your beneficiary receives the total of your accumulated contributions, any payments you make to reinstate and purchase service, and the interest earned on your contributions. Employer contributions are not payable as part of a lump-sum refund.

If your beneficiary is your spouse, he or she can directly roll the lump-sum payment to a qualified retirement plan to avoid incurring an immediate tax liability. If your beneficiary is someone other than your spouse, he or she can directly roll the payment to an IRA established as an inherited IRA.

Lifetime Monthly Benefits

If you are vested (have five or more years of eligible service with PEERS) at the time of your death and name only one individual as your beneficiary, he or she may be eligible to receive immediate or future lifetime monthly benefits.

Eligibility

If your sole beneficiary is your spouse, child or parent, that individual automatically qualifies for lifetime monthly benefits. Any other individual named as your sole beneficiary may qualify by providing documentation showing that he or she is financially dependent on you.

This option is not available if you name as your primary beneficiary:

- More than one individual
- Your trust
- Your estate
- A legal entity(ies)

Your beneficiary may be eligible for immediate benefits if you are eligible for retirement at the time of your death, or future benefits when you would have reached retirement eligibility. For more information on retirement eligibility requirements, see pages 43-45.

Lifetime Monthly Benefit Amounts

Lifetime monthly benefits are the amount payable under the Joint-and-Survivor 100% benefit plan (see page 47), given the salaries and service earned as of the date of your death. Calculation of these benefits is based on the law in effect at the time benefits begin. Benefits are payable immediately or in the future, depending on your retirement eligibility.

Log in to PEERS Web Member Services at www.psr-peers.org to estimate Joint-and-Survivor 100% benefit amounts using the Benefit Estimator. You can also request an estimate online or contact our office for assistance.

These benefits are eligible for cost-of-living adjustments (COLAs) beginning the fourth January after benefits begin.

Income Taxes on Survivor Benefits

Survivor benefits, whether a lump-sum refund or monthly payments, are subject in whole or in part to federal and state income tax.

An IRS Form 1099-R is sent to benefit recipients after the end of each calendar year for tax purposes.

Beneficiaries are urged to seek tax advice from the IRS at (800) 829-1040, the Missouri Department of Revenue at (573) 751-3505 or a tax professional if assistance is needed in determining individual tax liability.

The Importance of 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.

A marriage, divorce, birth or adoption of a child automatically voids your beneficiary designation. Unless you file a new beneficiary designation, Missouri law will determine your beneficiaries when you die.

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

You can change your designation any time by completing a *Pre-Retirement Beneficiary Designation* form available on our website or from our office.

What Happens if Your Beneficiary Designation is Invalid?

Missouri law determines your beneficiaries, if, at the time of your death:

- You do not have a valid beneficiary designation on file with PEERS.
- A change in your life status (marriage, divorce, birth or adoption of a child) has occurred since your beneficiary designation was made.
- All designated beneficiaries have disclaimed the right to receive benefits.

If one of these situations occurs, the following individuals are your designated beneficiaries, according to law.

Beneficiaries Order of Precedence

1. Surviving spouse
2. Surviving children in equal shares
3. Surviving parents in equal shares
4. Estate

Tips for Designating Beneficiaries for Your PEERS Membership

You may name as beneficiary:

- An individual(s)
- A legal entity(ies) (church, school, organization, etc.)
- A trust
- Your estate

Only a sole, individual beneficiary with insurable interest is eligible to receive monthly benefits, which can be more advantageous than a lump-sum refund of your contributions and interest.

Following are tips to help you provide the greatest financial protection for your surviving family members. **These suggestions are general in nature and may not fit all family situations. If you are in doubt as to the most appropriate designation, please contact our office.**

Naming a Sole Beneficiary (One Individual)

If you are vested at the time of your death and name your spouse, child or parent as your sole beneficiary, he or she can choose a lifetime monthly benefit. The same holds true for any other individual named as your sole beneficiary who can provide documentation showing that he or she is financially dependent on you.

Naming Joint Beneficiaries (More than One Individual to Share Benefits)

You should not name joint beneficiaries if you want to provide monthly benefits to your beneficiary. A beneficiary must be the sole beneficiary in order to choose monthly benefits.

Naming a Spouse

Naming your spouse as your sole beneficiary provides the greatest financial protection. This gives your spouse the choice of either a lump-sum refund, or, if you are vested (have five or more years of qualified service with PEERS) at the time of your death, he or she can choose immediate or future lifetime monthly benefits.

Minors and Legally Disabled Beneficiaries

Benefits payable to a minor (a child under age 18), or a person who is legally disabled, must be made to the legally authorized representative of the individual. If your child is a minor and you want a specific individual to handle the survivor benefit payments on the child's behalf, indicate your beneficiary as "(name of individual) as Custodian for (name of child) under the Missouri Transfers to Minors Law."

Naming a Trust

If you consult an attorney for your estate planning, he or she may suggest that you name a trust as your PEERS beneficiary. However, the only benefit payable to your trust is a lump-sum refund of your contributions and interest. If you name your trust as beneficiary, your beneficiary will not be able to choose monthly benefits.

If you want your contributions and interest paid to your trust, write the name of the trust as beneficiary, and include the date it was established. Upon your death, your family will be asked to submit a copy of the trust agreement.

Naming Your Estate

The only benefit payable to your estate is a lump-sum refund of your contributions and interest.

If you want your contributions and interest paid to your estate in a lump sum, you should write “my estate” as your beneficiary. Upon your death, your family will be asked to submit certified court documents showing an estate has been opened.

Reporting a Death

In the event of your death, a family member or friend should notify PEERS as soon as possible so we can update your records and provide information on benefits payable to your beneficiary(ies). We will need the following information:

- Your name, Social Security number or PEERS member number
- A copy of your death certificate as proof of the date of death
- Name, address and telephone number of a contact person