

# PEERS

for your Benefit  
PUBLIC EDUCATION EMPLOYEE RETIREMENT SYSTEM OF MISSOURI

## What It Means to Be Vested with PEERS

### Legislative Session Update

Deadlines Approaching for USERRA-Covered Leave,  
Unpaid Sick Leave and Workers' Compensation Leave

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PUBLIC EDUCATION EMPLOYEE  
RETIREMENT SYSTEM OF MISSOURI

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## What it Means to Be Vested with PEERS



Learning about your Retirement System can sometimes feel like learning another language, requiring you to decipher terms like “defined benefit,” “final average salary” and “service.” Although all these concepts are important, understanding the meaning and impact of vesting your membership is crucial to making the most of your membership and future benefits.



You are vested once you have five years of eligible service with PEERS. Vesting is important because it establishes your right to a retirement benefit without additional PEERS-covered employment.

### Quick Facts about Vesting with PEERS

- Vesting establishes your **right to a retirement benefit**, without additional PEERS-covered employment.
- Once vested, you can end covered employment at any age and **hold your membership** by leaving your contributions with PEERS. However, the more service you have, the greater your benefit will be.
- When you reach retirement eligibility, you can apply for, and receive, **lifetime monthly benefits**. Your benefit is calculated using the benefit formula in effect on your PEERS retirement date.
- If you should die before retirement but after vesting, your beneficiary may qualify to receive **monthly survivor benefits** instead of a lump-sum payment of your contributions and interest.

The five years of service includes earned service for covered employment, and can also 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 and reinstated for PEERS-covered employment at the time of retirement.

You are always welcome to call (800) 392-6848 or email [psrpeers@psrpeers.org](mailto:psrpeers@psrpeers.org) for more information or assistance.

## PSRS Celebrates 70 Years Serving Members

PEERS' sister plan, the Public School Retirement System of Missouri (PSRS), marks its 70<sup>th</sup> year providing lifetime retirement benefits for Missouri's public school teachers this July.

Missouri was the 47<sup>th</sup> state to adopt legislation leading to a statewide teacher retirement system. PEERS, then called the Non-Teacher School Employee Retirement System or NTRS, was later established in 1965 to provide similar benefits for non-certificated public school employees.

### Meeting the Needs of a Growing Membership

Although both PSRS and PEERS have changed over the years, our dedication to providing outstanding service and retirement security to our membership has remained constant.

We are proud to have served our membership in both Systems well, and look forward to doing so far into the future.



## Legislative Session Update



The following bills have been introduced that impact the Public School and Education Employee Retirement Systems of Missouri (PSRS/PEERS) and our members.

### PSRS 2.55% Benefit Factor

**House Bill (HB) 1420**, introduced by Representative Nate Walker, **HB 1780**, introduced by Representative Paul Fitzwater, and **Senate Bill (SB) 954**, introduced by Senator David Pearce, re-establish the 2.55% benefit formula factor for PSRS members retiring with 31 or more years of service. All three bills contain emergency clauses and would be effective immediately upon becoming law. **HB 1420** and **HB 1780** were combined in committee as **House Committee Substitute HCS HB 1780 and HB 1420**. **HCS HB 1780 and HB 1420** has passed the House and will have to be adopted by the Senate before it will go to Governor Nixon's desk.

The PSRS/PEERS Board of Trustees took a position in favor of these bills at the February 2016 Board meeting. The permanent re-establishment of the 2.55% benefit factor would result in a cost savings of almost \$7.65 million annually for the Systems and would reduce PSRS/PEERS' Unfunded Actuarial Accrued Liability (UAAL) by over \$78 million.

### Joint-and-Survivor Plan Divorce "Pop-up"

**House Bill (HB) 1709**, introduced by Representative Mike Lair, allows PSRS/PEERS retirees who named their spouses under a Joint-and-Survivor plan to pop-up to the Single Life plan in the event of a divorce, if specific qualifications are met. Currently, such a pop-up is only available to Joint-and-Survivor plan benefit recipients when a beneficiary predeceases the member.

To qualify:

- The divorce must occur on or after **September 1, 2016**.
- The divorce decree **must** provide for **sole** retention of retirement benefits.
- The retiree **must** file an application for the divorce "pop-up" provision.
- Increased benefits begin at the time of application. Retroactive benefits are not payable.

**HB 1709** will also change the time frame from 90 days to one year to file notification to the Systems of a remarriage for the purposes of changing the successor beneficiary.

The Board has taken a position in favor of this bill. This bill has already been passed by the House and will have to be adopted by the Senate before it will go to Governor Nixon's desk.

### Working After Retirement for Third-Party Employers or as Independent Contractors

**House Bill (HB) 1710**, introduced by Representative Mike Lair, requires PSRS retirees employed by a third party or working as an independent contractor in a temporary or long-term substitute position that requires a certificate to also comply with the statutory 50% salary and 550-hour working after retirement limits.

The Board has taken a position in favor of this bill, which would create a more equitable situation for retirees working as substitute teachers, whether they work directly for a covered employer or for a third-party contractor. This legislation would close a current gap in the working after retirement provisions for the System.

This bill has already been passed by the House and will have to be adopted by the Senate before it will go to Governor Nixon's desk.

### Other Retirement Legislation

**House Bill (HCS HB) 1472**, introduced by Representative Tony Dugger, makes a minor change to the Pension Forfeiture Act of 2014. The Pension Forfeiture Act of 2014 states that any public retirement system participant found guilty or convicted of certain felonies in connection to his or her employment will forfeit retirement benefits from that public retirement system. **HB 1472** makes the following modification:

- It requires the *employers* to notify PSRS/PEERS of any felony charge or conviction in connection with an active member's employment. The current burden is on the courts to report to the Retirement System.

This bill has already been passed by the House and will have to be adopted by the Senate before it will go to Governor Nixon's desk.

**Senate Bill (SB) 573**, introduced by Senator Eric Schmitt, prohibits any public pension plan from contracting with or investing in stocks, bonds, or any direct holdings in companies that have active business operations in countries designated as "state sponsors of terrorism" by the United States Department of State as of January 1, 2015.

The Systems have an existing policy regarding terror-free investing that has been in place for nearly 10 years (since May 2005). The Systems' current policy requires our PSRS/PEERS investment staff to, at minimum, annually contact the Department of Homeland Security, the State Department, the Commerce Department, the Justice Department, the Treasury Department, the Securities and Exchange Commission, and any other federal agency deemed to have useful information in accurately identifying companies that are supporting terrorism.

The Systems have not identified any terrorist-related investments since the inception of the PSRS/PEERS policy in 2005.

This bill has already been passed by the Senate and will have to be adopted by the House before it will go to Governor Nixon's desk.

**Senate Bill (SB) 980**, introduced by Senator Joseph Keaveny, requires that certain information regarding the plan's financial details must be included in an annual pension statement, and states that each plan shall provide this annual statement to active participants, regardless of whether the statement is requested. A plan failing to provide an annual pension statement to active participants must submit in writing to the Joint Committee on Public Employee Retirement the reasons for not complying with the law.

PSRS/PEERS sends nearly 150,000 member statements every year to our active members. PSRS/PEERS **Member Statements** provide 10 pages of information, including details regarding dates for retirement eligibility, projected benefits, service and salary history, accrued contributions and interest as well as beneficiary information.

**SS SCS SB 980** still needs to be adopted by the Senate.

### Stay Informed

Please keep in mind that the status of these bills can change daily. Bills must be passed and approved by the legislature and signed by Governor Nixon in order to become law.

Governor Nixon has 15 days to act on a bill if it is delivered to him during the legislative session, and 45 days if delivered to him after the legislature adjourns on May 13.

To view a summary and current status of the bills we are tracking this session and to sign up for email updates, visit [www.psrs-peers.org/legislation](http://www.psrs-peers.org/legislation).

## Your Retirement Assets at 70 Years

As we celebrate the 70<sup>th</sup> anniversary of the Public School Retirement System of Missouri (PSRS), it is interesting to look back at the significant increases that have taken place in the assets held by both PSRS and the Public Education Employee Retirement System of Missouri (PEERS) since the inception of PSRS in 1946 and PEERS in 1965.

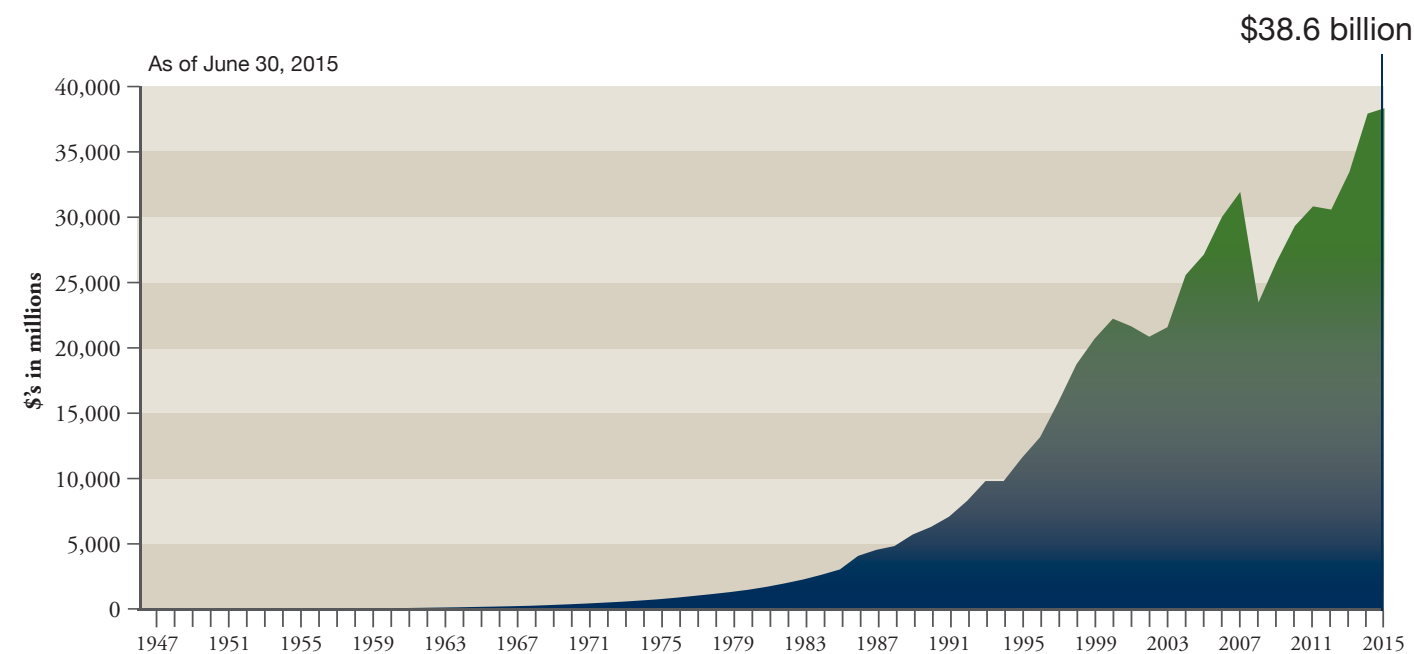
The graph below depicts that growth, which was partially funded through contributions from both members and employers over the last 70 years. More importantly, the graph captures the dramatic growth in assets fueled by investment earnings over the life of both Systems. In the last 20 years alone, over 60% of the increase in PSRS/PEERS assets was generated through investment earnings.

One of the many advantages of Defined Benefit (DB) plans such as PSRS and PEERS, is the ability to combine the assets of the members and employers for investment purposes.

### Advantages of Combining Member and Employer Assets

- The resulting larger investment pool allows the Systems to invest with a longer, collective time horizon, which in turn **increases the expected investment return** on the assets.
- The more substantial investment pool allows the Systems to negotiate **much lower investment fees** than an individual would pay. The lower investment expenses allow a DB plan to compound investment earnings at a higher rate over time.

The ability to combine the contributions of all PSRS/PEERS members and employers for investment purposes over the last 70 years has proved to be a distinct advantage for the Systems. The pooling of the assets has strengthened the capability and sustainability of both PSRS and PEERS to meet the ultimate objective of providing secure retirement income for our members.



## Deadlines Approaching for USERRA-Covered Leave, Unpaid Sick Leave and Workers' Compensation Leave

If you missed work while on military leave, unpaid sick leave or workers' compensation leave, you may be eligible to purchase service for the time you missed. However, these types of service purchases have specific deadlines.

### USERRA-Covered Military Leave

**Purchase Application Deadline:**  
Within five years of re-employment following leave

PEERS members who have been on military leave covered by the federal Uniformed Services Employment and Reemployment Rights Act (USERRA) can purchase service. To qualify, you must return to employment with the same employer after your military leave, and apply to purchase the leave within five years of that re-employment.

Your USERRA-covered service counts toward vesting your PEERS membership and retirement eligibility, regardless of whether you purchase your service. If you purchase the service, it is also included in the total service used to calculate your retirement benefit.

### Cost to Purchase

Your cost is based on the salary that you would have been paid and the contribution rate in effect during your leave. You pay the employee portion and your employer pays the employer portion.

### Unpaid Sick Leave and Workers' Compensation Leave

**Purchase Payment Deadline:**  
Two school years after the leave

You can purchase service that you lost because you were out on unpaid sick leave or workers' compensation leave. You must complete payment within the two school years following the leave. That means if your leave occurred during the 2013-2014 school year, your deadline to complete the purchase is June 30, 2016. Unpaid sick leave can include time you were on maternity or paternity leave.

### Cost to Purchase

Your cost is the contributions you would have made to PEERS during the full period of the leave. Contact your employer to determine if your leave is eligible and arrange your payment. You can use tax-deferred (rollover) funds to pay for this type of service purchase.

For more information on purchasing service, call us at (800) 392-6848.

### Consider a Service Purchase

All members are eligible to purchase some type of service before retirement.

A service purchase can help you:

- Achieve a higher benefit
- Reach retirement eligibility sooner

However, a service purchase can be quite expensive, and should be viewed as an investment in your retirement. Weigh the purchase cost against all potential benefits the additional service can provide.

### Eligibility

Does this Sound Like You?

- You were previously a PEERS member and took a refund of your contributions and interest when your past membership ended.
- You took unpaid maternity or paternity leave.
- You were on unpaid sick leave during the past two school years.
- You previously worked at a school that was not covered by PEERS.
- You worked in a job that was covered by Social Security, but not PEERS.
- You have previously served on active military duty.

If so, then you may be eligible to purchase service. Contact us to learn more!

### Timing

For many service purchases, the cost is based, in part, on your highest annual salary on record. The higher your highest annual salary on record with PEERS, the more your purchase will cost. For that reason, it may make sense to purchase service earlier in your career, before your salary increases.

## Attend a Summer Pre-Retirement Planning Seminar

Summer break is a great time to learn about PEERS retirement by attending a Pre-Retirement Planning Seminar. A list of our summer seminars is found below.

Registration is required and is easy to complete. Register early! Seating for each seminar is limited, and we cannot accept late registrations.

To register, log in to Web Member Services at [www.psr-peers.org](http://www.psr-peers.org) or call us at (800) 392-6848. You need an idea of your retirement date, along with your beneficiary's name and birth date. If you need assistance, we can help. We look forward to seeing you at a seminar this summer!

Date	Location	Address	Time	Closing Date to Register
June 9, 2016	PSRS/PEERS Office	3210 W Truman Blvd, Jefferson City	1:00 p.m.	May 31, 2016
June 16, 2016	Blue Springs South High School	1200 SE Adams Dairy Parkway, Blue Springs	1:00 p.m.	May 31, 2016
June 21, 2016	Stoney Creek Inn- St. Joseph	1201 North Woodbine Rd, St. Joseph	1:00 p.m.	June 1, 2016
June 23, 2016	Ozarks Technical Community College	815 N Sherman Ave, Springfield	1:00 p.m.	June 6, 2016
June 29, 2016	PSRS/PEERS Office	3210 W Truman Blvd, Jefferson City	1:00 p.m.	June 13, 2016
July 6, 2016	Lodge Des Peres	1050 Des Peres Rd, Des Peres	4:00 p.m.	June 20, 2016
July 13, 2016	Liberty North High School	1000 NE 104 <sup>th</sup> St, Liberty	1:00 p.m.	June 27, 2016
July 14, 2016	PSRS/PEERS Office	3210 W Truman Blvd, Jefferson City	1:00 p.m.	June 30, 2016
July 19, 2016	Ozarks Technical Community College	815 N Sherman Ave, Springfield	1:00 p.m.	July 1, 2016
July 20, 2016	Cape Girardeau Career & Tech. Center	1080 S Silver Springs Road, Cape Girardeau	1:00 p.m.	July 5, 2016
July 26, 2016	Francis Howell Board Office	4545 Central School Rd, St. Charles	1:00 p.m.	July 8, 2016
July 28, 2016	PSRS/PEERS Office	3210 W Truman Blvd, Jefferson City	1:00 p.m.	July 12, 2016

## When are You Eligible for Service Retirement?



You have several choices when it comes to deciding when to retire with PEERS. Your 2015 *Member Statement* includes specific information regarding when you may be eligible to retire, but the general eligibility requirements are found below.

### You can retire with normal, or full, retirement benefits:

- At age 60 with at least five years of service, or
- At any age with at least 30 years of service, or
- When the sum of your age plus service equals 80 or more (Rule of 80).

An additional temporary benefit will be added to your normal benefit until you reach minimum Social Security age, currently 62, if you retire under age 62

with at least 30 years of service or qualify for Rule of 80.

### You can retire early with reduced benefits under the 25-and-Out formula if:

- You are under age 55 with at least 25, but fewer than 30, years of service, and
- You do not qualify for the Rule of 80, when your age plus service equals 80 or more.

### You can retire early with age-reduced benefits if:

- You do not qualify for normal retirement, and
- You are between the ages of 55 and 60 with at least five years of service.

If you retire prior to age 62, you can choose to accelerate, or increase, your PEERS benefit until age 62, with an actuarial reduction applied to your benefit at age 62.

If you work three years past normal, or full, retirement eligibility, you can take a Partial Lump Sum Option (PLSO) with actuarially reduced lifetime monthly benefits.

## Reminders to Those Planning a July 2016 Retirement

### Filing for Service Retirement

You must submit your *Service Retirement Application* and other required forms and documents prior to July 1. However, we recommend filing at least **three months in advance**.

**Now you can file for retirement online! See the article on page 10.**

- Your retirement application is confidential. We will contact your employer for salary information only *after* your retirement date.
- You can retire July 1 as long as you properly terminate employment by June 30 (see the following section for more information regarding how), even if you receive paychecks through August.

JUNE						
SUN	MON	TUE	WED	THU	FRI	SAT
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

Termination Date  
Effective Retirement Date

JULY						
SUN	MON	TUE	WED	THU	FRI	SAT
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

Date of 1st Benefit Payment

- We will acknowledge receipt of your retirement application. Please call us if you do not receive acknowledgement within two weeks, or prior to your retirement date.

### Proper Termination of Employment Required

Properly terminate your pre-retirement employment to prevent the loss of your service retirement benefits. **PEERS requires a separation period of one month from your effective retirement date.**

In order to properly terminate employment, you:

- Must end **all** employment with PEERS-covered employers.
- Cannot return to work for a PEERS-covered employer in any capacity for a period of **one month** after your PEERS retirement date. This may include volunteer work if you later become a paid employee with the same employer in the same, or a similar position.
- Cannot be under contract for employment at a PEERS-covered employer in any capacity until after receiving your first retirement benefit payment. A contract includes any type of early retirement incentive or separation agreement that requires you to return to work or volunteer in any capacity after retirement in return for salary, including health insurance benefits.

- **NEW**, effective July 1, 2016, you cannot enter into any agreement, **written or unwritten**, for future employment in any capacity with a covered employer until after having received your first service retirement benefit.

If you violate these rules, you are not considered terminated and are not eligible to retire and receive benefits. In addition, you are required to repay any benefits received while ineligible, including a Partial Lump Sum Option (PLSO) payment, and may be required to pay contributions on your salary until you properly terminate your employment. **The minimum you will forfeit is one full monthly benefit.**

## NEW: Ready to Retire? File Your Retirement Application Online

Filing for PEERS service retirement just got a little easier for those of us who prefer to handle such things on a computer or tablet.

Now you can create your own personalized benefit estimates and then apply for retirement online using Web Member Services at [www.psr-peers.org](http://www.psr-peers.org). Just log in to view your membership. The link to the application process is found on your Web Member Services home page, under the “My Membership” tab.

Before you start, have the following information readily available:

- The name(s) of your covered employer(s) during the current school year and your last date of employment at each
- The birth dates, Social Security numbers and mailing addresses of those you plan to name as your beneficiaries
- The bank account number and routing number of the account into which you want your benefit electronically deposited, as well as the names of anyone else who is listed on this bank account
- An idea of how much, if any, income tax withholding you need/want from your benefit each month. You can also use the calculator built in to Web Member Services to help with this.

After submitting your online application, you will receive confirmation that we received your application, and a letter detailing any proof documents we need to process your **Service Retirement Application**. These can include:

- A copy of your birth certificate
- A copy of your beneficiary's birth certificate if you are choosing a Joint-and-Survivor benefit plan
- A copy of your marriage license/certificate if you are naming your spouse as your Joint-and-Survivor beneficiary
- A copy of your trust document if the account for your direct deposit is a trust account
- An affidavit of insurable interest
- A **PLSO Distribution Election** form if you select the Partial Lump Sum Option

### Do a Little Background Work First

Before filing for retirement, we highly recommend that you attend a Pre-Retirement Planning Seminar or speak with a benefits counselor regarding your eligibility and benefit plan options.

You can also find information on these topics on our website or in your online **Member Handbook**.

## New to PEERS? Don't Forget to Designate Beneficiaries



If you are new to PEERS, it is important to designate beneficiaries, even before you retire. As a working PEERS member, your beneficiaries may be entitled to receive your accumulated contributions and interest, or perhaps even monthly benefits from PEERS. If you do not have a valid beneficiary designation on record at the time of your death, Missouri law will determine who will receive any benefits due.

During the first 18 months of your membership, you can designate beneficiaries by logging in to Web Member Services at [www.psr-peers.org](http://www.psr-peers.org). After that, you can always name or change beneficiaries by using our **Pre-Retirement Beneficiary Designation** form found on the website, or available by contacting our office.

## Board Sets Interest Rates, Elects Chair and Vice Chair for 2016-2017 School Year

### Interest Rates Unchanged

#### Interest on Member Contributions

At the April meeting of the PSRS/PEERS Board of Trustees, the Board voted to keep the interest rate active members earn on their contributions at 1% for June 30, 2016. This rate has remained the same since 2010.

Interest is credited June 30 each year on the total contributions and interest in a membership, as of the previous June 30. This occurs until the membership is closed. Memberships are closed due to retirement, a refund of a member's contributions and interest, the death of the member, or when the member is not vested and is out of PSRS/PEERS-covered employment for five consecutive school years.

The interest rate has no impact on the amount of retirement benefits. Interest is paid out through lump-sum payments made to members who request refunds of their contributions and the interest earned on those contributions, and to the beneficiaries of deceased members.

### Interest on Reinstatements and Purchases of Service

The Board voted to keep the interest rate charged on reinstatements of previously forfeited PSRS and PEERS service and applicable service purchases at 8%. This is the Systems' assumed, or target rate of return on investments, and is the rate charged on such service purchases since 1980.

### Board Leadership Selected for 2016-2017 School Year

Also at the April meeting, the Board re-elected Dr. Aaron Zalis to serve as chair and Jason Hoffman to serve as vice chair for the 2016-2017 fiscal year (July 1, 2016 to June 30, 2017).



Dr. Aaron Zalis



Jason Hoffman



PUBLIC EDUCATION EMPLOYEE  
RETIREMENT SYSTEM OF MISSOURI

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## Don't Forget to Vote! Board of Trustees Election Ballots Have Mailed

Two positions on the PSRS/PEERS Board of Trustees are up for re-election. PSRS/PEERS utilizes an outside election services company, which mailed all eligible PSRS/PEERS members and retirees a voting ballot on April 22.

Candidates for both open seats must be active Public School Retirement System of Missouri (PSRS) members. The seats up for election are currently held by Aaron Zalis and Yvonne Heath, whose terms end June 30, 2016.

Both Zalis and Heath are candidates, as are Marla Moody and Bill Miller. You will find written statements from all candidates included with your ballot, and you can vote for two candidates.

All ballots must be postmarked by May 13, 2016. Internet and telephone voting will also be available via our election services company. Instructions will be included on the ballot. Internet and telephone voting will close at 5 p.m. on May 13, 2016.

The election results will be announced May 23, 2016. The elected candidates will serve terms effective July 1, 2016 through June 30, 2020.

