

Other Post-Retirement Considerations

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Other Post-Retirement Considerations

After your big day has arrived and you are busy enjoying your retirement, there are still some retirement-related issues to keep in mind. These include the possibility of continuing your health insurance coverage through your last employer, making sure you keep your PEERS beneficiary designation up-to-date, and understanding what happens to your membership in the event of your death.

Employer Health Insurance Coverage

One of the many advantages of being a PEERS retiree is the option to participate in your last PEERS-covered employer's health insurance plan after retirement at the same cost the employer pays for an active employee. Missouri law gives you one year from the date you were last employed to choose this option. Consult with your last PEERS-covered employer for specific information about the health insurance coverage available to retirees and their family members. PEERS has no role in administering or enforcing this state law.

We understand it can be difficult to know what questions to ask your employer about health insurance. To help you get started, we have developed a list of the questions we are most often asked, and that we recommend you ask your employer.

1. Are there any stipulations that I must meet in order to continue health insurance coverage through my employer after I retire?
2. Do I have to be on the employer's health insurance plan for a certain period of time before retirement to be eligible to retain the health insurance?
3. Can I get coverage for my spouse or dependent children?
4. Will my spouse and/or dependent children be able to receive insurance through the employer after my death?
5. How long does the coverage continue?

6. Will I be able to receive supplemental insurance from my employer if I am eligible for Medicare?
7. How will Medicare affect the employer's health insurance? Which will be considered primary?
8. If my employer changes health insurance providers, does the new provider have to continue my coverage?

PEERS and Divorce

We are frequently asked what effect divorce will have on a member's PEERS benefits. Missouri law controls how PEERS benefits may be treated in a divorce.

PEERS is a public pension fund and, unlike private pension funds, PEERS is not subject to the federal pension law provisions authorizing a court to issue Qualified Domestic Relations Orders (QDROs) to divide or award a member's pension funds or benefits to the member's ex-spouse.

According to Missouri law, PEERS funds hold the same status as funds of the federal Social Security Administration in a divorce action. Since current federal law does not allow for the division of Social Security benefits in a divorce, PEERS funds also cannot be divided in a divorce. However, while PEERS benefits are "separate" or "non-marital" property of the member, a court may consider the amount of each person's non-marital property when dividing the marital property.

At the request of a member, or upon receipt of a properly issued subpoena, PEERS will prepare an affidavit providing the current value and status of the member's retirement benefits for use in divorce proceedings. In all cases, PEERS will honor only rulings, orders and directives concerning PEERS retirement benefits that are made in accordance with Missouri law.

For information on the effect of divorce before PEERS retirement, see page 21.

Divorce While Receiving PEERS Service Retirement Benefits

Beneficiary Designation Changes

If you divorce after PEERS service retirement and you name your spouse as beneficiary, your ability to remove your ex-spouse as your beneficiary depends on the benefit plan you choose at retirement.

In general, Missouri law removes your ex-spouse as your beneficiary to receive:

- A lump-sum payment of your contributions and interest
- Temporary monthly benefits under the Term-Certain benefit plans

If your ex-spouse is removed, your first contingent beneficiary becomes your beneficiary. If you do not have a first contingent beneficiary, your beneficiary is determined by Missouri law. This may not hold true in certain circumstances. It is always best to keep your beneficiary designation current by filing the proper beneficiary form with PEERS.

If you chose one of the Joint-and-Survivor benefit plans, and you divorce after you retire, your ex-spouse can be removed as your beneficiary only if the divorce decree states that you have sole retention of all rights to our retirement benefit and you remarry and designate your new spouse as the beneficiary within one year of that marriage.

Benefit Changes or “Pop-Ups”

If you chose one of the Joint-and-Survivor or Term-Certain benefit plan, named your spouse as your beneficiary at retirement and later divorce, you may apply for your monthly benefit to “pop-up” to the amount you would have received if you had chosen the Single Life benefit plan, adjusted for any increases granted since your retirement date.

In order for your benefit to pop-up:

- The divorce must occur on or after September 1, 2017.
- The divorce decree must provide that you retain sole rights to your retirement benefit.

- You must remarry and designate your new spouse within one year of that marriage.
- You must submit a copy of the divorce decree and a completed *Application for Benefit Increase* available from PEERS.
- The benefit increase is not retroactive and starts upon receipt of your documentation in our office.

PEERS can provide specific information regarding your membership, and you should contact our office when a change in your family situation occurs.

Divorce While Receiving PEERS Disability Retirement Benefits

If you divorce after PEERS disability retirement and you name your spouse as beneficiary, your divorce decree may require you to re-designate your ex-spouse as beneficiary. You may also voluntarily re-designate your ex-spouse as beneficiary. If you do not provide PEERS with a new beneficiary form, payment of any benefit due at your death is made according to Missouri law.

You can change your beneficiary designation at any time by completing a *Disability Retirement Beneficiary Designation* form available by contacting our office.

Staying Informed about Your Retirement System after Retirement

Annual Benefit Statement

Before receiving your first benefit payment, you will receive notice from PEERS of your gross benefit amount, federal and state tax withholding amounts, if any, and your deposit amount. Every January you will receive an annual *Benefit Statement* showing this information, and you will receive notice whenever your benefit amount changes, but you will not receive monthly statements of your benefit.

Your **Benefit Statement** is a record of your:

- Benefit amount
- Tax information
- Benefit plan and summary
- Cost-of-living adjustments (COLAs)
- Beneficiary designation

Online Membership Information

You can view your membership and benefit information online through PEERS Web Member Services at www.psr-peers.org. Access to your membership information online requires that you establish a user name and password.

Under your login, you can view current membership and benefit information, including your:

- Contact information on record
- Benefit summary
- Current beneficiary designation
- Direct deposit information
- Income tax withholding
- Cost-of-living adjustment information
- An archive of your past **Benefit Statements**
- An archive of your past IRS Forms 1099-R (tax documents)

You can update your contact information, direct deposit information and income tax withholding online and access forms to update beneficiary designations. You can also estimate the impact of future COLAs on your benefit.

Newsletters

As a PEERS retiree, you receive newsletters to keep you informed about retirement system news, rules for working after retirement, information about the payment of your benefit, changes in retirement law, income tax changes and more. We encourage you to review your newsletters to ensure you are up-to-date.

To help us save money and natural resources, we encourage you to log in to Web Member Services at www.psr-peers.org and subscribe to receive your newsletter via email.

Death After Service Retirement

At PEERS, we understand the emotional stress families face when a loved one is lost. The loss of retirement income can add to that stress.

The payment of benefits to a beneficiary after your death depends on the benefit plan you choose at retirement.

It is important to share information with your family regarding the benefit plan you choose and what they will be entitled to receive from PEERS.

Upon your death:

- A designated relative or friend should notify us promptly. We will need a copy of your death certificate as proof of the date of death.
- The benefit issued at the end of the month of your death is payable.
- If benefits are paid after your death, but before PEERS is notified, we will recover any benefits that are not payable.

Survivor Benefits for Beneficiaries of Service Retirees

At service retirement, you have six different benefit plans from which to choose, allowing you to provide the level of financial protection that best fits your family's needs. Benefits under all the plans are payable for your lifetime, and, in some cases, for the lifetime of your beneficiary.

Single Life Benefit Plan

If you choose the Single Life benefit plan and you pass away before receiving benefits equal to your accumulated contributions and interest at retirement, a lump-sum refund of the balance is paid to your beneficiary. If you do not have a valid beneficiary designation with PEERS, the refund is paid according to Missouri law, in the following order of precedence:

1. Surviving spouse
2. Surviving children in equal shares

3. Surviving parents in equal shares
4. Your estate

The refund consists of the remaining contributions you make to PEERS and the interest on those contributions, as well as any payments you make toward a reinstatement or purchase of service. Funds contributed by your employer are not included.

You may change your beneficiary under the Single Life benefit plan at any time.

Joint-and-Survivor Benefit Plans

If you choose a Joint-and-Survivor benefit plan, after your death your beneficiary receives a monthly benefit for life equal to 100%, 75% or 50% of your benefit based on the plan you choose.

If your designated beneficiary passes away before you, your monthly benefit “pops up” to the amount you would have received had you chosen the Single Life benefit plan, adjusted for any increases granted since your retirement date.

You can change your beneficiary under the Joint-and-Survivor benefit plans only if you designated your spouse at retirement, your spouse dies, and you remarry.

You can only designate a new spouse as your beneficiary, and must do so within one year of the marriage.

A new spousal designation requires a benefit adjustment based on your age and the age of your new spouse.

If both you and your named beneficiary pass away and a balance exists in your membership, it is paid as a lump sum to the beneficiary you name for this purpose. If you do not name a beneficiary for the lump-sum payment, it is paid according to law, in the following order of precedence:

1. Surviving spouse of the last benefit recipient
2. Surviving children of the last benefit recipient in equal shares
3. Surviving parents of the last benefit recipient in equal shares
4. Estate of the last benefit recipient

You can change your beneficiary for the lump-sum payment of your remaining contributions and interest at any time.

Term-Certain Benefit Plans

If you choose a **Term-Certain benefit plan** and you pass away before receiving the guaranteed number of payments in the term you choose (60 or 120), the remaining monthly payments are made to your primary beneficiary.

If both you and your primary beneficiary pass away before receiving the guaranteed number of payments, the remaining monthly payments are made to your first contingent beneficiary. If that person also dies before all payments have been made, the remaining payments go to your second contingent beneficiary.

If there is no surviving beneficiary, the remaining payments are made in the form of a lump-sum payment to the following in this order of precedence:

1. Surviving spouse of the last benefit recipient
2. Surviving children of the last benefit recipient in equal shares
3. Surviving parents of the last benefit recipient in equal shares
4. Estate of the last benefit recipient

If you receive all payments guaranteed by the Term-Certain benefit plan you choose, no payments are made to a beneficiary.

If the beneficiary named at retirement is your spouse and you divorce on or after September 1, 2017 but within the term you select, you may apply for your benefit to “pop-up” to the amount you would have received if you had chosen the Single Life benefit plan, adjusted for any increases granted since your retirement date. In that case, at your death, your beneficiary would be eligible to receive a lump-sum payment of any remaining contributions and interest in your membership and no monthly payments to a beneficiary would be made.

You can change your beneficiary under the Term-Certain benefit plans at any time.

Survivor Benefits for Beneficiaries of Disability Retirees

If your death occurs while receiving PEERS disability benefits, your beneficiaries may be eligible for survivor benefits. It is important to share information with your family regarding your benefits, and what they may be entitled to receive from PEERS as your beneficiaries. Your beneficiary may be eligible for one of the following types of PEERS survivor benefits:

- A lump-sum refund may be payable consisting of any remaining contributions and interest associated with your membership at the time of your death, or
- Lifetime monthly benefits may be payable to a sole beneficiary with an insurable interest (financial dependence) in your life. A spouse, child or parent is automatically eligible. Documentation of insurable interest must be provided for any other individual. These benefits are calculated under the Joint-and-Survivor 100% benefit plan, and are based on your salaries and service earned with PEERS. These benefits may begin immediately or be delayed based on when you would have become eligible for PEERS service retirement.

See pages 36-39 for more information on PEERS survivor benefits.

The Importance of Keeping Your Beneficiary Designation Up-to-Date

It is important to keep your beneficiary designation up-to-date in order to ensure benefits are paid according to your wishes, and provide the greatest financial protection for your family. See pages 46-51

for more information on designating beneficiaries under the different benefit plans, or contact us for additional information.

If you do not have a valid beneficiary designation on file with PEERS, payment of any benefit due at your death will be made according to Missouri law.

Visit www.psrs-peers.org and log in to view your beneficiary designation anytime. You will also find the forms online to change your beneficiary designation, or you can contact our office for the appropriate beneficiary designation form.

Durable Power of Attorney

To ensure there is no interruption in your benefits, consider making plans for the possibility you could become incapacitated or otherwise unable to manage your financial affairs.

You should consult with your personal attorney about the best way to plan for this possibility, but one popular approach is to prepare a document called a Durable Power of Attorney. With a Durable Power of Attorney, it is possible to delegate to a trusted family member or friend the authority to make direct deposit arrangements or sign necessary documents pertaining to your benefits – and you can restrict this authority from becoming effective unless and until you become incapacitated.

PEERS cannot provide you with legal advice or prepare personal legal documents for you. Consult with your personal attorney to ensure that any document specifies your wishes.