

A Look at what's inside

1 Does Retirement Ever Cross Your Mind?

3 Investment Update – PSRS Achieves Strong Returns

4 Missouri Legislative Session Spring Break Update

2.55% Benefit Factor Expires July 1, 2014

PSRS/PEERS Executive Director Honored

5 Attend a Summer Pre-Retirement Planning Seminar

6 Deadlines Approaching for Some Service Purchases

7 Reminders to Those Planning a July Retirement

Does Retirement Ever Cross Your Mind?

Do you worry that your retirement day may never come, or that you won't be able to afford to retire?

As a member of the Public School Retirement System of Missouri (PSRS), you are fortunate. PSRS is designed, and managed, to provide you retirement security.

Membership has many advantages:

- **Lifetime monthly benefits.** PSRS service retirement benefits are payable for life, no matter what your account balance is at retirement or how long you live. You are considered vested with just five years of service with a PSRS-covered employer.
- **Cost-of-Living Adjustments (COLAs).** To help keep your benefit in line with inflation, you are eligible to receive COLAs on your retirement benefits. Your COLAs will begin the second January after your retirement date.
- **Guaranteed return of your contributions, with interest.** Regardless of whether you retire with PSRS, everything you contribute is returned, with interest, to you or your loved ones in the form of monthly benefits or a lump-sum refund payment.
- **Disability benefits.** If you develop an illness or sustain an injury that totally and permanently prevents you from earning a livelihood, you may be eligible for PSRS disability benefits.
- **Financial protection for your loved ones.** As an active, contributing PSRS member, survivor benefits may be payable upon your death with as little as two years of service. Likewise, at retirement you can choose from various benefit plans allowing you to provide financial protection for your beneficiary(ies) upon your death after retirement.

PSRS is a defined benefit (DB) plan, which means you will be provided a set monthly benefit, payable for life. The benefit amount is based on a formula which is defined by state statute. Your contributions, along with your employer's matching contributions, are used to help fund your benefit. PSRS prudently and effectively manages and invests these contributions on behalf of all our members. Over the last 20 years, investment earnings contributed 61 cents of every dollar paid out in benefits.

PSRS for your BENEFIT

DOES RETIREMENT EVER CROSS YOUR MIND?, CONTINUED FROM PAGE ONE

PSRS is not the same as an IRA, 403(b) or 401(k). These defined contribution (DC) plans can be an important part of your retirement planning. But unlike PSRS, they are not guaranteed for life. Instead, the benefit is determined by whatever is in the DC account – depending upon contributions, investment performance, plan costs and withdrawal timing, among other factors. Unlike PSRS, with a DC plan, you bear all the investment risk and make all the investment decisions regarding your retirement fund.

Retirement Reality Check: Research shows that DB plans like PSRS that guarantee lifetime benefits prevent many older Americans from living in poverty. According to the National Institute on Retirement Security, Americans with a DB pension are much more likely to experience financial security in retirement than those without such pensions.*

Achieving a Financially Secure Retirement

Most would agree that it is important to provide a safe, healthy and financially secure lifestyle for our families. Sometimes, this can be a challenge. Providing for our loved ones today, *and* also saving for future retirement can be very difficult.

That's where you have an advantage! As a PSRS member you have the peace of mind of knowing that once vested you can receive lifetime retirement benefits. You also enjoy the comfort of knowing that if something should happen to you, your family can receive financial benefits from PSRS.

Retirement Plan Coverage: According to a 2013 study by the National Institute on Retirement Security, 22% of working-age households are covered only by a DB pension like PSRS through a current job, and 45% of U.S. working-age households do not have any assets in retirement accounts at all.*

**The Retirement Savings Crisis, Is it Worse Than We think?*
National Institute on Retirement Security, 2013

PSRS Benefits Help Ensure You Have Adequate Retirement Income

The earlier you start planning for retirement, the better prepared you will be to achieve the level of post-retirement income you desire.

Financial experts agree that the average individual needs to replace 70% to 90% of his or her pre-retirement salary to maintain the same standard of living during retirement. Your PSRS benefit, Social Security if you are eligible, and other retirement savings should all be considered part of this replacement income figure.

If you take normal, or full, PSRS retirement with 30 years of service, you will replace 75% of your PSRS pre-retirement salary with your benefit.

The Time to Start Planning is Now

Your PSRS membership gives you a head start on making sure you can retire with financial security. Things you can do today, even if retirement is still years away:

- Make sure your loved ones are protected by keeping your beneficiary designations up-to-date.
- Keep your mail coming by making sure your address is current with PSRS and your employer.
- Consider purchasing service to increase your benefit or retire sooner.
- Stay up to date on retirement system news. In addition to these newsletters, you can like us on Facebook, follow us on Twitter or visit our website for updates on legislation, retirement provisions, benefit information and more.
- Set up access to view your membership information online via the secure portion of our website.

PSRS has helped more than 78,000 Missouri educators and their families achieve financial security during retirement. As we have shown over the last 67 years, we are here to help you on your way to a financially secure retirement.

Investment Update – PSRS Achieves Strong Returns So Far this Fiscal Year; Market Outlook Uncertain

With three-quarters of fiscal year 2014 complete, the Public School Retirement System of Missouri (PSRS) has achieved solid investment returns for the fiscal year. Through March 31, 2014, PSRS earned an estimated 12.1% return for fiscal year 2014 (the period of July 1, 2013 through March 31, 2014), well above the actuarial investment return goal of 8%.

These results were due in part to successful investments in both U.S. and non-U.S. stock markets, which have experienced improvement during this time. For example, the S&P 500 Index (a broad measure of the U.S. stock market) was up over 18.4% for the nine-month period ending March 31, 2014.

Since the U.S. stock market bottomed at a decade-low level five years ago on March 9, 2009, all markets have improved dramatically. The PSRS five-year annualized return is 13.9%.

Despite the strong returns for PSRS in the last five years, there continues to be a great deal of uncertainty regarding the global economy and expected investment returns going forward. So far this year, global markets have been caught in a number of cross-currents. It is no surprise that changes in the Federal Reserve's policy which are meant to reduce global liquidity (the ease with which financial institutions, households and businesses can obtain financing) have resulted in concerns about potential effects on interest rates and bank lending. These concerns have resulted in more volatile sentiment and market moves. The likely drivers of changes in investment returns going forward include:

- **Federal Reserve action:** The potential winding-down of the Fed's bond-buying program, labeled QE, could prove negative for financial markets if it causes interest rates to rise.

- **Emerging market-related risk aversion:** Returns over the past three months have been poor for emerging market assets as a whole. While the initial pressure may be over, rising U.S. bond yields and fragile confidence could cause continued poor returns in emerging markets, which could spill over into other global markets.
- **Growth in the U.S. economy:** There has been some recovery in the U.S. housing market and in the U.S. employment rate. However, most recently, some of the U.S. growth data has been weak, in large part due to periods of extreme weather. In order for the current recovery to sustain itself, economic recovery must broaden to include increased business spending, investment growth and hiring. This, in turn, could improve overall demand for goods and services and household income growth.

As stewards of your retirement assets, we will continue to focus on a long-term investment strategy, adjusting the PSRS portfolio as markets change. We believe this will provide the System with an opportunity to consistently meet and exceed the long-term investment objective of the plan.

The market value of PSRS/PEERS invested assets was approximately \$36.5 billion on March 31, 2014, making the combined entity larger than all other public retirement plans in Missouri combined, and the 44th largest defined benefit plan in the United States. For the most recent PSRS/PEERS investment news, visit us on the web at www.psr-peers.org.

Missouri Legislative Session Spring Break Update: No Major Legislation Affecting PSRS/PEERS

Since the 2014 Missouri Legislative Session began in January, there have not been any bills introduced that would have a negative impact on PSRS/PEERS or its members. The last day for the Senate to introduce bills was February 27; the House had until April 1 to introduce legislation. We are presently tracking all bills related to retirement issues, education and PSRS/PEERS operations, and will continue to do so through the end of the session in May.

While the Missouri legislature is in session (January through May), the PSRS/PEERS Board of Trustees and staff closely monitor any proposed legislation regarding retirement and education. We work closely with Missouri education associations and other Missouri retirement systems to ensure the best interests of our members are served.

If you would like to follow the legislation being tracked by PSRS/PEERS or sign up for email notifications regarding legislative updates, you can do so by visiting our website at www.psrs-peers.org and clicking on the Legislation quick link.

2.55% Benefit Factor Expires July 1, 2014

The 2.55% benefit factor for members retiring with 31 or more years of service expires July 1, 2014. Benefits for those retiring after July 1 with 31 or more years of service will be calculated using the 2.5% normal, or full, benefit factor. As a reminder, the state of Missouri determines the laws on benefits, and legislation would have to be passed to extend the expiration date of this provision.

If you have questions about how this expiration date may affect your retirement or benefits, please call us at (800) 392-6848 for more information.

PSRS/PEERS Executive Director Honored by Missouri Association of School Administrators

Steve Yoakum, executive director PSRS/PEERS, was recently honored by the Missouri Association of School Administrators (MASA) for his dedication to public education. Yoakum was one of eight individuals to receive the association's prestigious Friend of Education Award. The award was presented at the Association's annual spring conference, held March 19-21, 2014 at the Lodge of the Four Seasons in Lake Ozark, MO.

He was nominated by school administrators in the Greater St. Louis MASA district. "The awards committee wished to publicly acknowledge the dedication and honesty Steve has shown year after year in making sure that Missouri educators have a secure retirement. He is a trusted communicator and tireless advocate for our pensions," stated Jim Simpson, MASA representative.

This award is presented annually to recognize non-educators for their contributions to education locally or statewide.



Steve Yoakum (left) with Dr. Michael A. Fulton, 2014 winner of MASA's Robert L. Pearce Award for Superintendent of the Year

Attend a Summer Pre-Retirement Planning Seminar

Does preparing for the end of the school year have you thinking about retirement? Get answers to all your PSRS retirement questions at a summer Pre-Retirement Planning Seminar.

Registration is required and is easy to complete. Register early! Seating for each seminar is limited, and we cannot accept late registrations. Summer seminars are shown below. To register, please visit us online at www.psr-peers.org, or contact our office at **(800) 392-6848**. You will need an idea of your retirement date, along with your beneficiary's name and birth date. If you need assistance, call us and we can help you. We look forward to seeing you at a seminar!

Date	City	Time	Location	Address	Deadline to Register
June 18	Des Peres	1:00 p.m.	The Lodge Des Peres	1050 Des Peres Rd.	May 28, 2014
June 19	Des Peres	10:00 a.m.	The Lodge Des Peres	1050 Des Peres Rd.	May 28, 2014
June 24	Cape Girardeau	10:00 a.m.	Cape Girardeau Career & Tech. Center	1080 South Silver Springs Rd.	June 3, 2014
June 26	Springfield	10:00 a.m.	Ozarks Technical Community College	815 N Sherman Ave.	June 3, 2014
July 15	St. Charles	11:00 a.m.	Francis Howell Board Office	4545 Central School Rd.	June 25, 2014
July 22	St. Joseph	10:00 a.m.	Stoney Creek Inn - St. Joseph	1201 North Woodbine Rd.	July 1, 2014
July 23	Blue Springs	10:00 a.m.	Blue Springs High School	2000 NW Ashton Dr.	July 1, 2014
July 29	Kansas City	10:00 a.m.	Early Childhood Center	9600 NE 79 th St.	July 9, 2014



Maybe you haven't really thought much about retirement, or you worry that you won't have enough money to retire at all.

Right Now ... You are a member of a pension plan that provides retirement benefits for life, no matter how long you live.

The Time to Plan for Retirement is
RIGHT NOW

Ask your school to request a PSRS **Early/Mid-Career In-Service presentation** today.

School officials can contact us at **(800) 392-6848**, email psrspeers@psrspeers.org or use our **online meeting request form** at www.psr-peers.org.

Deadlines Approaching for Some Service Purchases

Unpaid Sick Leave, Workers' Compensation Leave and Military Leave Purchases May Be Affected

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

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. **If your leave occurred during the 2011-2012 school year, your deadline to complete the purchase is June 30, 2014.** Unpaid sick leave could include time you were on maternity or paternity leave.

Cost to Purchase

Your cost is the contributions you would have made to PSRS 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.

Military Leave

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

PSRS 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 after your military leave with the same employer and apply to purchase the leave **within five years of re-employment.**

Your USERRA-covered service counts toward vesting your PSRS membership and retirement eligibility, regardless of whether you purchase your service. Purchased service 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.

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

June 30, 2013 Comprehensive Annual Financial Report Available

The June 30, 2013 *Comprehensive Annual Financial Report* and the 2013 *Summary Report to Members* are available online at www.psrs-peers.org.



Reminders to Those Planning a July Retirement

If a July 2014 retirement is in your plans, be sure you have filed your retirement application and all other required forms with PSRS.

Reminders about the retirement process:

- Submit your *Service Retirement Application* prior to July 1. **The law requires you file an application before your retirement date.** We recommend filing at least three months in advance.
- Your retirement application is confidential. We will contact your employer for salary information *after* your retirement date.
- You can retire July 1 as long as you properly terminate employment by June 30, even if you receive paychecks through August.
- 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

It is important that you properly terminate your pre-retirement employment to prevent the loss of your benefits.

The IRS rules state that retirement systems must require a clear separation of service between the end of pre-retirement employment and the start of post-retirement work for covered employers. **PSRS requires a separation period of one month from your effective retirement date.**

In order to be considered to have properly terminated employment, you:

- Must end **all** employment with PSRS-covered employers.
- Cannot return to work for a PSRS-covered employer in any capacity for a period of **one month** after your PSRS 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 PSRS-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.

If you violate these rules, you are not considered terminated and are not eligible to retire and receive benefits. Therefore, you are not eligible to work at a covered employer as a retiree. 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.



Termination Example – one month separation from work required

If Jane retires July 1, she can begin working August 1 for a PSRS-covered employer in a part-time or temporary-substitute position up to the 550-hour and 50% salary limits, and continue receiving monthly retirement benefits. She cannot sign a contract for employment or work in any capacity (including teaching summer school, working under the Critical Shortage Full-Time Employment Exception, and possibly volunteering) until August 1.



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PSRS for your BENEFIT

A Look at what's inside

1
3
4
5
6
7

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Missouri Legislative Session Spring Break Update

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Sign up for E-Newsletters

Sign up today and join over 13,700 other PSRS members who receive their newsletters via email. It's an easy way to help us save natural resources and money while staying informed about your retirement system. Simply visit www.psr-peers.org and log in to subscribe.

