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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.

PEERS offers two types of survivor benefits for beneficiaries of members who die before retirement:

- A one-time, lump-sum survivor benefit consisting of your contributions and interest
- Monthly retirement-based 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 Survivor Benefit

If you die before retirement, any designated beneficiary is eligible for a one-time, lump-sum survivor benefit. No other survivor benefit is payable if a lump-sum survivor benefit is paid.

#### Beneficiary Qualifications

Eligible beneficiaries include:

- An individual or individuals (split equally unless you indicate otherwise)
- A legally established trust
- Your estate
- Any other legal entity, such as a church, school, or organization

#### Benefit Amount

This benefit includes your accumulated contributions, any payments you made to reinstate or purchase service, and the interest earned on your contributions as of the date of your death. Employer contributions are not included in a lump-sum survivor benefit.

You can log in to Web Member Services at [www.psr-peers.org](http://www.psr-peers.org) to view your total contributions and interest or contact us.

#### Payment

Payment of the lump-sum survivor benefit is typically made within 30 days of receipt of the required application and other documents.

A lump-sum survivor benefit is subject to federal and state income taxes (see page 37). 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. **Caution: taxable funds rolled over into a Roth IRA are considered taxable income in the year in which the rollover takes place.**

#### Example

Josie is a PEERS-covered administrative assistant who passes away before she reaches retirement eligibility. She designated her child, John, as her pre-retirement beneficiary. John elects to receive the one-time, lump-sum survivor benefit and a refund of Josie's contributions and interest is paid directly to John. John cannot receive any other type of survivor benefit once this election is made.

# Monthly Retirement-Based Survivor Benefits

## Member Qualifications

You must be vested (have five or more years of eligible service with PEERS) at the time of your death.

## Beneficiary Qualifications

Your beneficiary must be one individual.

Your spouse, child or parent is automatically eligible. Any other individual named as your sole beneficiary is eligible if that person can provide documentation showing that he or she was financially dependent on you at the time of your death. Organizations or legal entities are not eligible for monthly retirement-based survivor benefits.

Your beneficiary may be eligible for immediate benefits if you are eligible for retirement at the time of your death, or future benefits based on your retirement eligibility with no additional service earned. For more information on retirement eligibility requirements, see pages 43-45.

## Benefit Amount

Monthly retirement-based survivor benefit amounts are based on the retirement benefit you would have received with no additional service earned, and you lived to retirement eligibility and elected the Joint-and-Survivor 100% benefit plan (see page 47). This type of survivor benefit is eligible for cost-of-living adjustments (COLAs) beginning the fourth January after benefits begin.

Monthly retirement-based survivor benefits are paid for the beneficiary's lifetime.

You can estimate the amount using the Benefit Estimator found in PEERS Web Member Services at [www.psr-peers.org](http://www.psr-peers.org).

## Payment

Monthly retirement-based survivor benefits are paid by direct deposit on the last working day of each month. A schedule of direct deposit dates can be found on our website, [www.psr-peers.org](http://www.psr-peers.org).

### Example

Darren is a PEERS-covered tech support specialist who passes away at age 50 with 15 years of service. He named his wife, Susan, as his pre-retirement beneficiary. Susan can choose to receive either age-reduced monthly retirement-based survivor benefits, beginning when Darren would have reached age 55; or she can choose to receive non-reduced monthly retirement-based survivor benefits, beginning when Darren would have reached age 60. Monthly retirement-based survivor benefits are payable for the beneficiary's lifetime.

## Income Taxes on Survivor Benefits

Survivor benefits, whether a lump-sum survivor benefit or monthly retirement-based benefits, are subject to federal and state income taxes.

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](http://www.psr-peers.org). Your current beneficiary designation is also shown on your annual *Member Statement*, issued each fall.

If you are new to PEERS, please make it a priority to visit Web Member Services and designate your beneficiaries online.

You can also update your beneficiaries using a *Pre-Retirement Beneficiary Designation* form available on our website or from our office.

You can change your designation any time.

## 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 or individuals
- A legal entity, such as a church, school or organization
- A legally established trust
- Your estate

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.**

### *The Advantages of Naming One Beneficiary*

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 either a lump-sum survivor benefit or monthly retirement-based survivor benefits.

The same holds true for any other individual named as your sole beneficiary who can provide documentation showing that he or she was financially dependent on you at the time of your death.

Monthly retirement-based survivor benefits can provide a larger total financial benefit than a lump-sum survivor benefit payment consisting of your contributions and interest.

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

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

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

Joint beneficiaries will share a lump-sum survivor benefit equally unless you specify otherwise.

### *Naming a Spouse*

If you are married, naming your spouse as your sole beneficiary provides the greatest financial protection. This gives your spouse the choice of either a lump-sum survivor benefit, 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 monthly retirement-based 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 survivor benefit consisting of your contributions and interest. If you name your trust as beneficiary, your beneficiary will not be able to choose monthly retirement-based survivor 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 complete trust agreement.

### *Naming Your Estate*

The only benefit payable to your estate is a lump-sum survivor benefit consisting 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 ID
- A photocopy of your death certificate as proof of the date of death
- Name, address and telephone number of a contact person