Protecting Those You Care About

PEERS

PUBLIC EDUCATION EMPLOYEE
RETIREMENT SYSTEM OF MISSOURI

In addition to the emotional stress caused by the loss of a loved one, there can also be significant stress on a family's finances. Your Public Education Employee Retirement System of Missouri (PEERS) membership helps you protect those you care about by providing financial security for your loved ones if you pass away before retirement.

This brochure explains how to choose beneficiary designations based on the needs of your family. Every situation is unique, so please contact our office if you have questions. We want to help you make the best decisions for those you care about.

NOTE: This brochure covers the benefits for beneficiaries if you die *before* retiring with PEERS. If you die after retirement, benefits depend on the plan you select at retirement. For more details, please refer to your ***Member Handbook*** or visit **www.psrs-peers.org**.

2 Types of Survivor Benefits

PEERS offers two types of survivor benefits for beneficiaries of members who die before PEERS retirement: a one-time, lump-sum survivor benefit or lifetime monthly retirement-based benefits.

1 Lump-Sum Survivor Benefit

Beneficiary Qualifications

Any designated beneficiary is eligible for a one-time, lump-sum survivor benefit. If this benefit is paid, no other survivor benefit is available.

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 contributions, any payments 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 view your total contributions and interest by logging into Web Member Services at **www.psrs-peers.org** or by contacting us.

Payment

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

A lump-sum survivor benefit is subject to federal and Missouri (for Missouri residents only) income tax. Spouses can directly roll the lump-sum survivor benefit into a qualified retirement plan to avoid immediate tax liability. Other beneficiaries can directly roll the payment into an inherited IRA. **NOTE: Taxable funds rolled over into a Roth IRA are considered taxable in the year of the rollover.**

For help with tax liability, consult the IRS at **(800) 829-1040**, the Missouri Department of Revenue at **(573) 751-3505**, or a tax professional.

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 chooses the one-time, lump-sum survivor benefit and receives a refund of Josie's contributions and interest. After making this election, John cannot receive any other survivor benefit.

2 Monthly Retirement-Based Survivor Benefits

Member Qualifications

For your beneficiary to receieve monthly retirement-based survivor benefits, you must be vested (have five or more years of qualified PEERS service) 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 is eligible if that person can provide documentation showing financially dependence 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 either for immediate benefits if you are eligible for retirement at the time of your death or for future benefits based on your retirement eligibility with no additional service earned.

Benefit Amount

Monthly retirement-based survivor benefits are based on the retirement benefit you would have received if you had earned no additional service, reached service retirement eligibility, and selected the Joint-and-Survivor 100% benefit plan. This 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 this amount using the Benefit Estimator found on PEERS Web Member Services at **www.psrs-peers.org**.

Payment

Monthly retirement-based survivor benefits are paid by direct deposit on the last working day of each month. A schedule of deposit dates can be found on our website, **www.psrs-peers.org**.

Monthly retirement-based survivor benefits are subject to federal and Missouri (for Missouri residents only) income tax. For help with tax liability, consult the IRS at **(800) 829-1040**, the Missouri Department of Revenue at **(573) 751-3505** or a tax professional.

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. She will receive monthly benefits for the rest of her life.

Designating Beneficiaries

Now that you understand the types of survivor benefits available, it is important to know how to choose beneficiary designations that best protect your loved ones. The way you designate your beneficiaries directly affects the benefits they are eligible to receive if you die and whether they will have the option to choose lifetime monthly benefits instead of a lump-sum payment of your contributions and interest.

Your designations will remain valid until you retire unless you change them or have a life change, such as marriage, divorce, birth, or adoption. Such life changes automatically void your beneficiary designation, and you must submit a new one. If you do not, Missouri law determines your beneficiaries when you die. See your ***Member Handbook*** for more information.

If you are unsure of your current PEERS beneficiary(ies), log in to Web Member Services at **www.psrs-peers.org** and click the *Beneficiary Information* link in the *Membership* menu. You can also refer to your last ***Member Statement***.

How to Designate Beneficiaries

- If you are new to PEERS, please make it a priority to visit **www.psrs-peers.org** and register for Web Member Services, where you can create and update your beneficiary designations.
- If you prefer, you can also use a ***Pre-Retirement Beneficiary Designation*** form, available by contacting our office.

Tips for Designating Beneficiaries

Advantages of Naming 1 Beneficiary

- If you are vested at the time of your death and have named 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 of financial dependence on you.
- Monthly retirement-based survivor benefits can provide a larger total financial benefit than a lump-sum payment.
- 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 survivor benefits, depending on when you reach retirement eligibility.

Naming 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 Joint Beneficiaries (More than 1 Individual to Share Benefits)

- To ensure monthly retirement-based survivor benefits are available, name only one beneficiary. Monthly survivor benefits cannot be paid when joint beneficiaries are listed.
- Joint beneficiaries will share a lump-sum survivor benefit, unless you specify otherwise.

Naming a Trust

- The only benefit payable to your trust is a lump-sum survivor benefit consisting of your contributions and interest.
- 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 complete copy of the 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, designate "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

Your family should notify PEERS as soon as possible when your death occurs so we can update your membership and provide information on survivor benefits to your beneficiary or beneficiaries. Upon your death, we will need:

- Your name
- Your Social Security number or PEERS member ID number
- A photocopy of the death certificate
- The name, address, and telephone number of a contact person

Legal Disclaimer

This booklet explains your rights, benefits and responsibilities as a member of the Public Education Employee Retirement System of Missouri (PEERS). It is intended to serve as a ready source of information about the System and not as a legal document or a substitute for the law. If differences appear between the law and the booklet, the law must prevail.

The System is governed by the laws found in Chapter 169, ***Revised Statutes of Missouri*** and the ***Missouri Code of State Regulations (CSR)*** Title 16, Division 10.

Similarly, the law takes precedence over any oral statements made by a representative of PEERS regarding your rights, benefits and responsibilities as a PEERS member.

For further information, please refer to the PEERS ***Member Handbook***, contact us at our office or visit us online.

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