

Protecting Those You Care About



PUBLIC EDUCATION EMPLOYEE
RETIREMENT SYSTEM OF MISSOURI



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 this happens during the working years.

Your 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 provides basic information designed to help you create a beneficiary designation with PEERS that will provide the best possible financial protection for your loved ones in the event of your death. However, every situation is unique.

We encourage you to contact our office if you have questions or concerns, so we can ensure you have all the information you need to determine the best beneficiary designations for you and your family.

NOTE: This brochure addresses the benefits available to your beneficiaries in the event your death *occurs before you retire* with PEERS. If you die *after* your PEERS retirement, the benefits available to your beneficiaries are based on the benefit plan you select at retirement. For more information on those benefits, please refer to your *Member Handbook*, or visit www.psr-peers.org.



Two 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. No other survivor benefit is payable if a lump-sum survivor benefit is paid.

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 those 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 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 the receipt of the required application and other documents.

A lump-sum survivor benefit is subject to federal and Missouri (for Missouri residents only) income tax. If your beneficiary is your spouse, he or she can directly roll the lump-sum survivor benefit 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. **NOTE: taxable funds rolled over into a Roth IRA are considered taxable in the year in which the rollover takes place.**

Beneficiaries should consult the IRS at **(800) 829-1040**, the Missouri Department of Revenue at **(573) 751-3505** or a tax professional for help determining individual tax liability.

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.

Member Qualifications

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 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.

Benefit Amount

Monthly retirement-based survivor benefit amounts are based on the retirement benefit the you would have received with no additional service if you had lived to 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.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 deposit dates can be found on our website, www.psr-peers.org.

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

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.

Designating Beneficiaries

Now that you have a basic understanding of the types of survivor benefits available, it is important to know how you can create a beneficiary designation that provides the best financial protection for your loved ones. How you designate your beneficiaries can have a direct impact on the benefits they are eligible to receive in the event of your death, and whether they will have the option to choose monthly retirement-based benefits instead of a lump-sum survivor benefit consisting of your contributions and interest.

Your designations will remain valid until you retire unless you change them, or have a life change, such as a marriage, divorce, birth or adoption of a child. 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 beneficiary(ies) with PEERS, log in to Web Member Services at www.psr-peers.org, and click the Beneficiary Information link found in the My Membership section. You can also refer to the last *Member Statement* you received from us.

How to Designate Beneficiaries

- If you are new to PEERS, please make it a priority to visit our website, www.psr-peers.org, and register for access to view your membership information online. You can create and update your beneficiary designation in Web Member Services.
- If you prefer, you can also use a *Pre-Retirement Beneficiary Designation* form, available on our website or by contacting our office.



Tips for Designating Beneficiaries

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.
- Monthly retirement-based survivor benefits can provide a larger total financial benefit than a lump-sum survivor benefit payment of your contributions and interest.
- 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 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 monthly retirement-based benefits.
- Joint beneficiaries will share a lump-sum survivor benefit equally 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(ies). Upon your death, we will need:

- Your name and Social Security number or PEERS member ID number
- A photocopy of the death certificate as proof of the date of death
- 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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RETIREMENT SYSTEM OF MISSOURI

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