# Requesting a Refund

PSRS/PEERS

PUBLIC SCHOOL & EDUCATION EMPLOYEE
RETIREMENT SYSTEMS OF MISSOURI

# Considering a Refund?

If you end PSRS/PEERS-covered employment, you can request a refund of your member contributions and the interest earned.

Every situation is unique, and there are many reasons to consider a refund. However, keeping your funds with PSRS/PEERS may offer long-term financial benefits. Keep in mind:

- **You will not lose your contributions, no matter what.** Your member contributions and interest will always be returned to you or your beneficiary.
- **If you take a refund, you may owe taxes on it.** See the "Income Taxes" section for more information.

Before deciding, carefully consider the advantages of retaining your membership. We encourage you to contact our office to discuss any questions or concerns you may have.

## Fewer than Five Years of Service: You May Take a Refund or Leave Your Contributions

You are not vested if you have fewer than five years of eligible service. If you leave covered employment before vesting and keep your contributions with PSRS/PEERS:

- Your membership becomes inactive and continues to earn interest for up to five years. Interest is credited each June 30 based on your balance as of the previous June 30.
- If you return to covered employment within five years, your membership becomes active again and your service continues to build.
- If you do not return to covered employment or purchase/reinstate service within five years, your membership is terminated. At that point, your funds stop earning interest. PSRS/PEERS will contact you with information about requesting a refund.
- If you still do not take a refund and later return after your membership has terminated, you will begin a new membership. You can combine your prior and current service and contributions.

If you take a refund and later return to covered employment, you may reinstate all or part of the service you forfeited by repaying the refunded amount, plus interest.


## Five or More Years of Service: You Are Eligible for a Lifetime Retirement Benefit

Once you earn five years of eligible service, you are vested and eligible for lifetime retirement benefits when you meet retirement eligibility requirements.

If you take a refund:

- Your membership is canceled.
- You forfeit all future benefits.
- You are no longer eligible for lifetime retirement benefits.

In most cases, members receive more in retirement benefits than they contributed while working. Many retirees recover their total contributions within the first five years of retirement.

## Why Leave Your Funds with PSRS/PEERS?

Your membership provides more than just retirement benefits.

- **You may qualify for disability benefits** if you have at least five years of earned service and become permanently and totally disabled.
- **Your family may qualify for survivor benefits,** before or after your retirement, with as little as two years of service.
- **You may receive cost-of-living adjustments (COLAs)** on your retirement or disability benefits.
- **Your contributions and interest are always returned** to you or your beneficiary.
- **If you are a PSRS retiree, a $5,000 death benefit is payable** to your designated beneficiary.

### Do You Qualify for Disability Benefits?

If you are unable to work due to a permanent physical or mental condition, you should check whether you qualify for PSRS/PEERS disability benefits before requesting a refund. Visit **www.psrs-peers.org** or contact us for more information.

# Understanding Membership Status

Your refund options depend on your membership status.

### Active Membership

You are an active member if:

- You are employed in a position that qualifies for PSRS/PEERS membership, and
- You are making contributions to PSRS/PEERS, or
- You are under an agreement for future covered employment.

**If you are an active member, you cannot take a refund.**

### Inactive Membership

You are an inactive member if:

- You are no longer employed in a PSRS/PEERS-covered position, and
- You have left your contributions with PSRS/PEERS.

### Inactive, Not Vested

If you are inactive and not vested, you may leave your funds with PSRS/PEERS for up to five school years and continue to earn interest. If you do not return to covered employment or purchase/reinstate service within that time, your membership will be terminated and will no longer earn interest.

**Note:** A purchase or reinstatement of service, or a qualified leave of absence for sick or military leave, may prevent your membership from terminating. For more information, please contact us.

### Inactive, Vested

If you are inactive and vested, you may leave your funds with PSRS/PEERS and continue to earn interest until you are eligible to retire. When eligible, you may apply for lifetime monthly benefits. Depending on the benefit plan you choose, you may also provide financial protection for your beneficiaries.

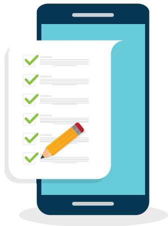
**If you are vested, it may be to your financial advantage to leave your funds with PSRS/PEERS and apply for lifetime retirement benefits when you become eligible. Most members receive considerably more by taking monthly benefits than by taking a refund.**


# Refund Eligibility

You may request a refund of your contributions and interest 30 days after your last day of covered employment, **unless** you are:

- Under an agreement for future employment with any PSRS/PEERS-covered employer, or
- On a leave of absence, or
- Finishing a school year with one covered employer and starting the next school year with another.

# How to Apply for a Refund



1. Call us at **(800) 392-6848** to request a ***Refund Application***.
2. Submit your completed ***Refund Application*** to PSRS/PEERS after 30 days have passed since your last day of covered employment.
3. If you want to roll over your refund to a qualified retirement plan, also complete the ***Refund Rollover Certification*** form.

# Refund Amount

Your refund includes:

- Your member contributions,
- Any payments made to purchase or reinstate service, and
- Interest earned as of the previous June 30.

Partial refunds and loans are not available.

You can view your refund amount by logging in to **Web Member Services** or reviewing your most recent ***Member Statement.***

**Note:** Employer contributions are not refunded. They are placed in a general reserve to fund monthly benefits for members and beneficiaries.

# Income Taxes

Refunds may be subject to federal and state income taxes. When you request a ***Refund Application***, you will receive information about the taxable portion of your refund.

- If the taxable portion is $200 or more, PSRS/PEERS must withhold 20% for federal taxes.
- If you are under age 59 ½, you may owe a 10% early withdrawal penalty.
- This penalty generally does not apply if you end employment in or after the year you turn 55.
- You may also owe state income taxes.



To defer taxes and avoid the 10% penalty, you may request a direct rollover to a qualified retirement account, such as a traditional IRA. To do so, complete both the ***Refund Application*** and ***Refund Rollover Certification*** forms.

**Note:** If you roll over taxable funds into a Roth IRA, the amount is considered taxable income in the year of the rollover.

We recommend reading the brochure ***Your Rollover Options*** and consulting a tax professional.

## Special Tax Provision: SECURE 2.0 Act

The SECURE 2.0 Act of 2022 allows for favorable tax treatment for individuals diagnosed with a terminal illness. The condition must be expected to result in death within 84 months, and the determination must be made before receiving the refund. Consult your tax advisor if this could apply to you.

## Required Minimum Distributions (RMDs)

If you reach age 72 after Dec. 31, 2022, you must take your RMD the year you turn 73 or the year you retire, whichever is later.

If you turn 72 before or during the tax year of your refund, PSRS/PEERS will calculate and issue your RMD directly to you.

# Payment of Your Refund

Payment can take up to 60 days after PSRS/PEERS receives your properly completed ***Refund Application***. If you worked during the current school year, we must verify your employment and contributions with your employer before issuing payment.

Taxes may be withheld from your refund as directed by the IRS unless you authorize a direct rollover to a qualified retirement plan. See the “Income Taxes” section for more details.

**If you earn a full year of service during your last year, the earliest possible refund date is the end of July.**

## Legal Disclaimer

This booklet explains your rights, benefits and responsibilities as a member of the Public School and Education Employee Retirement Systems of Missouri (PSRS/PEERS). It is intended to serve as a ready source of information about the Systems 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 Systems are 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 PSRS/PEERS regarding your rights, benefits and responsibilities as a PSRS/PEERS member.

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

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