

# Membership and Service

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## Membership and Service

Once you have earned five years of eligible service with PSRS you are vested and can receive lifetime retirement benefits when eligible. In most cases, the retirement benefits paid to PSRS members exceed the funds they contribute to the System while working. In fact, most PSRS retirees recover all their contributions within the first five years of retirement.

### Membership Eligibility

PSRS membership is automatic, regardless of position, for certificated employees of the covered employers listed below in a position that normally requires the employee to:

1. Work at least 17 hours per week on a regular basis
2. Work at least 600 hours during the school term

If you meet eligibility requirements, you cannot opt out of PSRS membership.

Covered employers include:

- All Missouri public school districts, except the St. Louis (city) and Kansas City public school districts
- All Missouri public two-year colleges (often called community colleges)
- Statewide non-profit educational associations that have elected to join

The term “certificated” refers to full-time and part-time employees holding valid Missouri educator certificates issued by the Missouri Department of Elementary and Secondary Education (DESE), and does not include persons with only substitute teaching or Parents as Teachers (PAT) certificates.

The terms “teacher” and “employee” are synonymous in the retirement law. Any person covered by PSRS is a teacher as far as the law is concerned.

**Certificated employees/teachers employed less than full-time can choose, within 90 days of first employment as a part-time, certificated employee/teacher, to be a member of the Public Education Employee Retirement System of Missouri (PEERS).** This election is irrevocable.

The employee remains a PEERS member as long as he or she is employed in a position eligible for membership and is certificated.

PEERS is a defined benefit retirement plan similar to PSRS, but for non-certificated public school personnel. For more information about PEERS, visit [www.psr-peers.org](http://www.psr-peers.org).

**PEERS members who are employed in any capacity by a covered Missouri public community college on a full-time basis in a position certified by the executive officer of the institution have the option to elect to continue to be a member of PEERS.**

If this election is not made, the employment in a community college certified position would require membership in PSRS.

### Confidentiality of Member Information

At PSRS, maintaining the security of your personal information is of the highest priority. The following information is considered confidential:

- All information PSRS receives from a member, retiree, beneficiary or survivor
- All information PSRS receives from any other source that relates to a member, retiree, beneficiary or survivor
- All information generated by PSRS that relates to a member, retiree, beneficiary or survivor

Examples of such information include but are not limited to:

- Membership status
- Addresses
- Salaries
- Benefit estimates
- Social Security numbers
- Contributions
- Marital status
- Employer
- Membership service and service purchase information
- Beneficiaries
- Medical information

## Keeping Your Member Information Up-to-Date

Your name, address and beneficiary designation are vital parts of your retirement records. It is important to keep them up-to-date during your membership, both before and after your PSRS retirement.

You can update your address, phone or email address online by logging in to Web Member Services at [www.psr-peers.org](http://www.psr-peers.org). Active members can update beneficiary designations online, as well. All members have the option to update their name, address or beneficiary designation by submitting the appropriate form to PSRS. Forms can be obtained on our website or by contacting our office. We acknowledge all changes when processed.

If your name or address changes while working in covered employment, please also notify your employer so your employer's records, and ours, agree.

## 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.

You can designate and change your PSRS beneficiaries using Web Member Services at [www.psr-peers.org](http://www.psr-peers.org) or by using a *Pre-Retirement Beneficiary Designation* form available on our website or from our office.

**Marriage, divorce, birth or adoption of a child automatically voids your beneficiary designation before retirement. Unless you file a new beneficiary designation, Missouri law determines your beneficiaries if you die.**

Keeping your designation current after PSRS retirement is also essential (see pages 50-53).

If you are unsure of your PSRS 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*, available each fall.

## The Effect of Divorce Before Retirement

If your spouse is named as your beneficiary and you divorce before you retire, your beneficiary designation is void in its entirety as of the date of the divorce decree. However, your divorce decree may require you to re-designate your ex-spouse as a beneficiary. You may also voluntarily re-designate your ex-spouse as a beneficiary. If you fail to provide PSRS with a new beneficiary designation form and you die prior to retirement, your beneficiaries will be determined by Missouri law. For more information on designating beneficiaries prior to retirement, see "The Importance of Keeping Your Beneficiary Designation Up-to-Date" in the *Survivor Benefits* section of this handbook (see page 40).

For information on how PSRS benefits are treated in a divorce, and the effect of divorce while receiving PSRS benefits, see pages 92-93.

## Annual Member Statement

Each fall, after a complete review and update of member records, you receive a *Member Statement* detailing your membership as of the previous June 30. Use the communications preferences option in Web Member Services to let us know if you prefer to receive a paper copy of your statement, or an email when your statement is available to view online.

Your *Member Statement* is a valuable source of information about your membership, including your:

- Contributions and interest earned
- Annual salary (including employer-paid health, dental and vision insurance premiums)
- Total membership service (earned, reinstated and purchased)
- Beneficiary designation with PSRS

Your statement also includes:

- Estimates of your future service retirement benefits and retirement eligibility dates
- Details of your PSRS-covered employment, including the name(s) of your employer(s) and service and salary earned each year
- Information on your reinstatements and service purchases, showing not only service you have paid for, but also any service you have on record for which you have not yet paid
- Information on benefits payable to your beneficiaries if you die before retirement

When you receive your annual **Member Statement**, check it carefully. If your address or beneficiary designation is incorrect, notify PSRS promptly. If you find an error in your salary, contributions or service, call your employer first. Your employer should contact PSRS if this information does not agree with your employer's records. The earlier discrepancies are reported, the greater the chance for proper adjustment, if required.

**Member Statement**  
as of June 30, 2021

2020-2021 School Year

Salary Earned	Contributions Paid	Purchase Payments Received	Interest Earned	Service Earned	Service Purchased
\$31,961.19	\$4,634.36	\$0.00	\$0.00	0.86833	0.00000

**Service Retirement**

Upon application, lifetime monthly retirement benefits are available to members who properly terminate PSRS-covered employment and meet minimum service and age requirements. Benefits are based on a calculation using a benefit factor, your final average salary (FAS), years of service and, if applicable, a reduction factor. See definition of FAS on page 10. Before making a final decision regarding retirement, contact us for a **Benefit Estimate**.

The following projected dates and dollar amounts (before taxes) are strictly estimates and assume that for future school years you earn 1 year of service and that your retirement salary increases annually by 2%.

Retirement Option	First Eligible Retirement Date	Age as of Your Retirement Date	Years of Service	FAS	Partial Lump Sum Option	Lifetime Single Life Monthly Benefit	Monthly Income Replacement Percentage
Early (Age-Reduced)	05/01/2044	55.03288	24.70166	\$4,820		\$1,924	39.92%
Normal	07/01/2044	55.20000	24.86833	\$4,838		\$3,006	62.16%

- In addition to the Single Life benefit plan, other plans are available that provide reduced benefits for you and various levels of financial protection for a beneficiary.
- Service purchased through September 4, 2020 is included in Years of Service.
- You typically qualify for a Partial Lump Sum Option (PLSO) by working three years beyond normal retirement. You may choose to receive a lump-sum payment at retirement in exchange for reduced lifetime monthly benefits.
- Visit the online Benefit Estimator by logging in to PSRS Web Member Services at [www.psr-peers.org](http://www.psr-peers.org) or contact us for further information.

Location: 3210 W. Susan Blvd., Jefferson City, MO 65109 | Mail P.O. Box 2667, Jefferson City, MO 65102 | Website: [www.psr-peers.org](http://www.psr-peers.org)  
Phone: (573) 634-6290 | Toll Free: (800) 392-6888 | FAX: (573) 634-7998 | Email: [psrpeers@psrpeers.org](mailto:psrpeers@psrpeers.org)

## Online Membership Information

You can also view your membership information online through PSRS Web Member Services at [www.psr-peers.org](http://www.psr-peers.org). Access to your membership information online requires that you establish a username and password. When setting up your online access, you will be required to enter a temporary verification code we will provide. This process is designed to help ensure your membership information is not accessed fraudulently by someone other than you. You will also be asked to tell us if you would like to receive notifications about your annual **Member Statement**, news and Board of Trustees meeting summaries via email.

Once you log in, you can view current membership information including your:

- Contact information on record
- Contributions and interest
- Years of service
- Salary history
- Beneficiary designation
- An archive of past **Member Statements**
- Status of any open service purchases

## Membership Service

Your total service with PSRS at retirement is one of the factors used to calculate your benefit. The more service you have, the sooner you reach retirement eligibility, or the higher your benefit.

Your total service is the number of years you have:

- Worked in PSRS-covered employment (earned during your current membership or reinstated from a previous membership)
- Purchased with PSRS

Service is allowed for employment, service or leave after July 1, 1946, for which retirement contributions are made or service is purchased.

## Earned Service

You earn a year of service for each school year (July 1 - June 30) of PSRS-covered, full-time employment if you are a 9-, 10-, 11- or 12-month employee, work the complete term required of your

position and earn at least 95% of your full-time annual base salary. Service is determined by dividing the salary earned during a school year by the full-time annual base salary determined by your employer. In other words, service is calculated on a salary over salary basis. Service is calculated to five decimal places.

### Example 1

A teacher is hired at an annual salary of \$34,000.  
 She earns \$34,000.  
 Therefore, she earns 1.00000 year of service ( $\$34,000 \div \$34,000$ ).

### Example 2

A teacher is hired at an annual salary of \$34,000.  
 He earns \$25,000.  
 Therefore, he earns 0.73529 of a year of service ( $\$25,000 \div \$34,000$ ).

Special notes:

- The amount of service earned during a school year may be capped based on the start and end dates of your employment.
- You cannot earn more than one year of service in a school year.
- If you are a certificated, part-time employee as explained on page 20, you will earn proportional service with PSRS for any such employment.

## Information for Members Contributing to PSRS at Two-Thirds the Full Contribution Rate

Members who hold positions that are covered by Social Security contribute two-thirds the full contribution rate to PSRS. These members will have benefits for affected years of employment calculated at two-thirds the normal benefit amount, and will also receive Social Security units based on their earnings. Age and service requirements for PSRS benefit eligibility, however, are the same for all members.

For a limited number of members who have PSRS service for employment after December 1987 with

the Missouri Department of Mental Health, the Missouri Department of Corrections, or one of the state colleges or universities listed below, the portion of your benefit applicable to such employment will be two-thirds the value of the benefits based on public school employment.

- Harris Stowe State University
- Missouri Southern State University
- Missouri State University
- Missouri Western State University
- Northwest Missouri State University
- Southeast Missouri State University
- Truman State University
- University of Central Missouri

All members paying in at two-thirds the contribution rate will have benefits for affected years of service calculated at two-thirds the normal benefit amount.

## Reinstated, Purchased and Transferred Service

One of the many advantages of PSRS membership is the ability to increase your benefit, vest your membership, or become eligible for retirement earlier by reinstating, purchasing and transferring additional service to your PSRS membership.

See the section, *Reinstatements, Purchases and Service Transfers* (pages 28-34), for more information on the types of available service purchases, eligibility requirements and how to calculate purchase costs.

## Retirement Contributions

Retirement contributions are withheld from your salary while you are working in PSRS-covered employment. Your employer contributes an equal amount and sends both employee and employer contributions to PSRS.

The contribution rate is set each year by the PSRS/PEERS Board of Trustees. For the 2021-2022 school year, the combined contribution rate for PSRS members and employers is 29%, with each paying 14.5%.

Salary includes, but is not limited to:

- Payments for extra duties
- Overtime payments
- Career Ladder payments
- Payments for overloads (for example, summer school, extra hours taught) and additional courses
- Employer-paid health, dental and vision insurance premiums for the member

The Internal Revenue Code (IRC) limits the amount of annual salary on which members who joined PSRS on or after July 1, 1996 can make contributions. The limit for the 2021-2022 school year is \$290,000. This figure is adjusted annually by the IRS based upon increases in the cost-of-living index. Any contributions remitted on salary in excess of this limit will be refunded to the employer for distribution to the member.

Your contributions are credited to your individual membership, and can be refunded only if you end covered employment with all PSRS-covered employers, are not under agreement for future covered employment, and forfeit the service earned. You cannot borrow against your membership funds, nor can they be garnished, attached, assigned or subjected to any other claim. **Exception:** Your funds can be garnished to pay child support or maintenance or an IRS levy if you receive a monthly retirement benefit or a refund of your contributions and interest.

Employer contributions are not remitted specifically for you, but instead are placed in a general reserve, and are, therefore, not refundable. Employer contributions and the investment earnings are used to help pay monthly benefits to retirees and to beneficiaries of deceased members.

### Employer Pick-Up Contributions

Since July 1, 1989, member contributions to PSRS have been considered “employer pick-up” (EPU), or tax-deferred contributions under the Internal Revenue Code (IRC). You do not pay taxes on your contributions until they are returned to you or your beneficiary as monthly benefits or a lump-sum refund.

Prior to July 1, 1989, your contributions were taxed and then sent to PSRS.

Your tax-deferred and taxed contributions are tracked separately and identified on your annual

**Member Statement.** You are notified at the time of retirement or refund of the amount considered taxable when paid to you as a benefit.

### Interest on Your Contributions

Interest accrues on your contributions and is credited to your membership each June 30 on the balance as of the previous June 30. The interest rate is set annually by the PSRS/PEERS Board of Trustees, and compares favorably with rates credited on most savings accounts and short-term certificates of deposit (CDs). The interest as of each June 30 appears on your annual **Member Statement** (see page 21-22).

The interest accruing on your contributions is not taxable until it is actually paid to you or to your beneficiary in the form of benefits. It should not be reported on your annual tax returns before retirement as long as your funds remain with PSRS.

The amount of money associated with your membership is important only in the event of a lump-sum payment. It is not a factor in the calculation of a retirement benefit. All credited interest is also paid if your contributions are refunded, or if a lump-sum death payment is made to your beneficiary.

### Refund of Your Contributions and Interest

If you end PSRS-covered employment, you may cancel your membership, forfeit your service and any right to a benefit based on that service, and receive a lump-sum refund of your contributions, any payments you made to reinstate or purchase service, and the interest earned through the preceding June 30. Contributions made by your employer are not credited to your membership and are not refundable. **The law does not permit partial refunds or loans.**

According to Missouri law, you are eligible to receive a refund of your contributions and interest and forfeit all of your PSRS service **only** if you:

- Have ended PSRS-covered employment, and
- Are not under agreement for future employment with any PSRS-covered employer.

You are **not** eligible for a refund if you are:

- On a leave of absence

- Finishing a school year with one covered employer and starting the next school year with another covered employer

**If you are planning to request a refund because you are physically or mentally disabled and cannot work, you should first consider whether you are eligible for PSRS monthly disability retirement benefits. See the section entitled, Disability Retirement, beginning on page 62, or contact us for more information.**

You may request a *Refund Application* from PSRS at any time, but it cannot be filed until 30 days have passed since your last day of PSRS-covered employment. If you are on leave of absence or under contract, the 30-day waiting period must be measured from the date your leave or contract agreement ends.

After the required 30-day waiting period, payment of your funds should occur within 60 days following receipt of your properly completed *Refund Application* by PSRS. The amount of time needed to process your application depends on whether you are employed in the current school year. If so, PSRS must verify your employment and contributions with your employer. **If your employment continues to the end of the school year, the earliest possible refund date is in July.**

If your membership ends by refund and you return to PSRS-covered employment, you will establish a new membership. You will then have an opportunity to reinstate your previous service (see page 28).

## Income Taxes on Refunds

If you are considering taking a refund of your contributions and interest, you should carefully consider the potential tax consequences.

Taxes **are payable** on:

- Contributions made after June 30, 1989
- Interest added during your membership
- Any tax-deferred funds used to reinstate or purchase service

Taxes **are not payable** on:

- Contributions made before July 1, 1989 (before this date taxes were withheld from contributions by your employer before being sent to PSRS)

- Any taxed dollars you used to reinstate or purchase service

PSRS is required by the IRS to withhold 20% federal income tax on the taxable portion of a lump-sum refund (if \$200 or greater) unless you authorize PSRS to directly roll the taxable amount to another eligible retirement plan. **Caution: taxable funds rolled over into a Roth IRA are considered taxable income in the tax year in which the rollover takes place.**

In addition, if your payment occurs before you reach age 59 ½ and a rollover of the taxable amount does not take place, a 10% federal tax penalty may apply in addition to the ordinary income tax owed. This penalty generally does not apply if you separate from service in or after the tax year in which you reach age 55. PSRS will mail an IRS Form 1099-R to you after the end of the calendar year indicating the taxable portion of your lump-sum refund and any federal taxes withheld.

If you request a *Refund Application*, detailed tax information and payment options will accompany the form.

**PSRS staff does not answer individual tax questions or give tax advice. Inquiries should be referred to a tax professional or to the appropriate state or federal taxing agency.**

## Membership Status

The status of your membership depends on whether you are working in PSRS-covered employment, and how much service you have.

### Active Membership

Your membership is considered **active** as long as you are employed in a position qualified for membership and contribute to PSRS.

### Inactive Membership

Your membership is considered **inactive** if you are employed in a position that does not qualify for membership, or if you end covered employment but leave your contributions with PSRS.

If you are an inactive member, you may request a refund and end your membership at any time (see page 24).

## Vested Membership

Your membership is **vested** once you have five years of eligible service with PSRS. The five years of service can include service for leave under PSRS, reinstated service and service purchased from qualified sources. However, the amount of purchased service cannot exceed the service earned and reinstated for PSRS-covered employment at the time of retirement.

Vesting establishes a right to a retirement benefit without additional PSRS-covered employment. Once vested, you may end covered employment at any age, hold your membership by leaving your contributions with PSRS, and receive a lifetime monthly retirement benefit when you are eligible. Your benefit is calculated using the benefit formula in effect upon your PSRS retirement date.

## Absence from Covered Employment

### Before Vesting

If you leave PSRS-covered employment before you are vested (with fewer than five years of eligible service) and your contributions remain with PSRS, you retain your membership. Your funds continue to accrue interest for five years after your covered employment ends. Interest accrues every June 30 based on your total contributions and interest as of the previous June 30. If you do not return to covered employment or purchase service to attain vested status within the next five school years, your membership terminates.

If you are not vested and not currently working in PSRS-covered employment, but think you may return, it may be to your advantage to leave your funds with PSRS and earn interest on them. You can take a refund at any time (see page 24) if you don't return to PSRS-covered employment.

If you leave your funds with PSRS and you do return to covered employment within five years, your membership and service will simply pick up where you left off. If you leave your funds with PSRS and return after your membership terminates (after five years), you will start a new membership,

but you can combine the two and will not lose your previous contributions or service.

In the event that you return to covered-employment after taking a refund, you can buy back, or reinstate, all or any part of the service you forfeited. See page 28 for more information.

### Membership Termination Before Retirement

Your membership automatically terminates if you are not vested and are out of PSRS-covered employment for five consecutive school years. When your membership terminates, interest is no longer credited to your membership. Should your membership terminate, we will mail you an informational packet and **Refund Application**.

It is important to keep your address on record with PSRS current as long as you have funds with the System (see page 21). If your membership terminates before retirement, this will help ensure you receive refund information in a timely manner.

An absence covered by the Family and Medical Leave Act of 1993 (FMLA) or an absence for military service covered by the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) is not counted in determining the maximum allowed absence from PSRS-covered employment. Please contact us if you qualify for leave under these two laws.

### After Vesting

If you leave PSRS-covered employment after you are vested (with five or more years of eligible service), you can leave your funds with PSRS and continue to earn interest on them until you are eligible to retire. Interest accrues every June 30 based on your total contributions and interest as of the previous June 30. In addition, should you die while vested and with funds in your PSRS membership, your beneficiaries may be eligible for survivor benefits (see pages 36-42).

When you reach retirement eligibility, you can apply for, and receive, lifetime monthly benefits. Depending on the benefit plan you choose, you can also provide financial protection for your beneficiaries in the event of your death after retirement. For more information on the benefit plans available and the beneficiary protection they provide, see pages 50-55.