Other Post-Retirement Considerations

After your big day has arrived and you are busy enjoying your retirement, there are still some retirement-related issues to keep in mind. These include the possibility of continuing your health insurance coverage through your last employer, making sure you keep your PSRS beneficiary designation up-to-date, and understanding what happens to your membership in the event of your death.

**Employer Health Insurance Coverage**

One of the many advantages of being a PSRS retiree is the option to participate in your last PSRS-covered employer’s health insurance plan after retirement at the same cost the employer pays for an active employee. Missouri law gives you one year from the date you were last employed to choose this option. Consult with your last PSRS-covered employer for specific information about the health insurance coverage available to retirees and their family members. PSRS has no role in administering or enforcing this state law.

We understand it can be difficult to know what questions to ask your employer about health insurance. To help you get started, we have developed a list of the questions we are most often asked, and that we recommend you ask your employer.

1. Are there any stipulations that I must meet in order to continue health insurance coverage through my employer after I retire?
2. Do I have to be on the employer’s health insurance plan for a certain period of time before retirement to be eligible to retain the health insurance?
3. Can I get coverage for my spouse or dependent children?
4. Will my spouse and/or dependent children be able to receive insurance through the employer after my death?
5. How long does the coverage continue?
6. Will I be able to receive supplemental insurance from my employer if I am eligible for Medicare?
7. How will Medicare affect the employer’s health insurance? Which will be considered primary?
8. If my employer changes health insurance providers, does the new provider have to continue my coverage?

**PSRS and Divorce**

We are frequently asked what effect divorce will have on a member’s PSRS benefits. Missouri law controls how PSRS benefits may be treated in a divorce.

PSRS is a public pension fund and, unlike private pension funds, PSRS is not subject to the federal pension law provisions authorizing a court to issue Qualified Domestic Relations Orders (QDROs) to divide or award a member’s pension funds or benefits to the member’s ex-spouse.

According to Missouri law, PSRS funds hold the same status as funds of the federal Social Security Administration in a divorce action. Since current federal law does not allow for the division of Social Security benefits in a divorce, PSRS funds also cannot be divided in a divorce. However, while PSRS benefits are “separate” or “non-marital” property of the member, a court may consider the amount of each person’s non-marital property when dividing the marital property.

At the request of a member, or upon receipt of a properly issued subpoena, PSRS will prepare an affidavit providing the current value and status of the member’s retirement benefits for use in divorce proceedings. In all cases, PSRS will honor only rulings, orders and directives concerning PSRS retirement benefits that are made in accordance with Missouri law.

For information on the effect of divorce before PSRS retirement, see page 21.

**Divorce While Receiving PSRS Service Retirement Benefits**

**Beneficiary Removal**

If you divorce after PSRS service retirement and you name your spouse as beneficiary, your ability to remove your ex-spouse as your beneficiary depends on the benefit plan you choose at retirement.

In general, Missouri law removes your ex-spouse as your beneficiary to receive:
• A lump-sum payment of your contributions and interest
• Temporary monthly benefits under the Term-Certain benefit plans
• The $5,000 death benefit

If your ex-spouse is removed by law, your first contingent beneficiary becomes your primary beneficiary. If you do not have a first contingent beneficiary, your primary beneficiary is determined by Missouri law. This may not hold true in certain circumstances. It is always best to keep your beneficiary designation current by filing the proper beneficiary form with PSRS.

**Beneficiary Designation Changes**

As stated above, if you choose one of the Term-Certain benefit plans and you divorce, your ex-spouse can be removed as your beneficiary under Missouri law. Under the Term-Certain benefit plans, you can change your beneficiary at any time during the term you select. If you receive all payments guaranteed by the Term-Certain benefit plan you choose, no payments are made to a beneficiary. If you apply for your monthly benefit to pop-up, you cannot name a new beneficiary within that term.

If you choose one of the Joint-and-Survivor benefit plans, your spouse is named as your beneficiary and you divorce after you retire, and have applied for a benefit pop-up and remarry, you can name your new spouse as your beneficiary within one year of your remarriage. If you have not applied for a benefit pop-up and your divorce decree states that you have sole retention of all rights to your retirement benefit, you can name your new spouse as beneficiary within one year of your marriage. Also, your new spouse must be covered under the same plan that you select at retirement.

**Divorce While Receiving PSRS Disability Retirement Benefits**

If you divorce after PSRS disability retirement and you named your spouse as beneficiary, your divorce decree may require you to re-designate your ex-spouse as beneficiary. You may also voluntarily re-designate your ex-spouse as beneficiary. If you do not provide PSRS with a new beneficiary form, payment of any benefit due at your death is made according to Missouri law.

You can change your beneficiary designation at any time by completing a **Disability Retirement Beneficiary Designation** form available on our website or by contacting our office.

**Staying Informed about Your Retirement System**

**Annual Benefit Statement**

Before receiving your first benefit payment, you will receive notice from PSRS of your gross benefit...
amount, federal and state tax withholding amounts, if any, and your deposit amount. Every January, you will receive an annual Benefit Statement showing this information, and you will receive notice whenever your benefit amount changes, but you will not receive monthly statements of your benefit.

Use the communications preferences option in Web Member Services to let us know if you prefer to receive a paper copy of your Benefit Statement, or an email when your statement is available to view online. Your Benefit Statement is a record of your:

- Benefit amount
- Tax information
- Benefit plan and summary
- Cost-of-living adjustments (COLAs)
- Beneficiary designation

Online Membership Information

You can view your membership and benefit information online through PSRS Web Member Services at www.psrs-peers.org. Access to your membership information online requires you to establish a user name and password.

Under your login, you can view current membership and benefit information, including your:

- Contact information on record
- Benefit summary
- Current beneficiary designation
- Direct deposit information
- Income tax withholding
- Cost-of-living adjustment information
- An archive of your past Benefit Statements
- An archive of your past IRS Forms 1099-R (tax documents)

You can update your contact information, direct deposit information and income tax withholding online and access forms to update beneficiary designations. You can also estimate the impact of future COLAs on your benefit.

Newsletters

As a PSRS retiree, you receive newsletters to keep you informed about retirement system news, rules for working after retirement, information about the payment of your benefit, changes in retirement law, income tax changes and more. We encourage you to review your newsletters to ensure you are up-to-date.

To help us save money and natural resources, we encourage you to log in to Web Member Services at www.psrs-peers.org and update your communications preferences so that you receive your newsletter and other retirement system information electronically.

Death After Service Retirement

At PSRS, we understand the emotional stress families face when a loved one is lost. The loss of retirement income can add to that stress.

The payment of benefits to a beneficiary after your death depends on the benefit plan you choose at retirement.

It is important to share information with your family regarding the benefit plan you choose and what they will be entitled to receive from PSRS.

Upon your death:

- A designated relative or friend should notify us promptly. We will need a copy of your death certificate as proof of the date of death.
- The benefit issued at the end of the month of your death is payable.
- If benefits are paid after your death, but before PSRS is notified, we will recover any benefits that are not payable.

Survivor Benefits for Beneficiaries of Service Retirees

At service retirement, you have six different benefit plans from which to choose, allowing you to provide the level of financial protection that best fits your family’s needs. Benefits under all the plans are payable for your lifetime, and, in some cases, for the lifetime of your beneficiary.

Single Life Benefit Plan

If you choose the Single Life benefit plan and
you pass away before receiving benefits equal to your accumulated contributions and interest at retirement, a lump-sum refund of the balance is paid to your beneficiary.

If you do not have a valid beneficiary designation with PSRS, the refund is paid according to Missouri law, in the following order of precedence:

1. Surviving spouse
2. Surviving children in equal shares
3. Surviving parents in equal shares
4. Your estate

The refund consists of the remaining contributions you made to PSRS and the interest on those contributions, as well as any payments you made toward a reinstatement or purchase of service. Funds contributed by your employer are not included.

You may change your beneficiary under the Single Life benefit plan at any time.

Joint-and-Survivor Benefit Plans

If you choose a Joint-and-Survivor benefit plan, after your death your beneficiary receives a monthly benefit for life equal to 100%, 75% or 50% of your benefit based on the plan you choose.

If your designated beneficiary passes away before you, your monthly benefit “pops up” to the amount you would have received had you chosen the Single Life benefit plan, adjusted for any increases granted since your retirement date.

You can change your beneficiary under the Joint-and-Survivor benefit plans if you designated your spouse at retirement, your spouse dies, and you remarry. In this case, you can designate a new spouse as your beneficiary, but you must do so within one year of the marriage.

A new spousal designation requires a benefit adjustment based on your age and the age of your new spouse.

If both you and your named beneficiary pass away and a balance exists in your membership, it is paid as a lump sum to the beneficiary you name for this purpose. If you do not name a beneficiary for the lump-sum payment, it is paid according to law, in the following order of precedence:

1. Surviving spouse of the last benefit recipient
2. Surviving children of the last benefit recipient in equal shares
3. Surviving parents of the last benefit recipient in equal shares
4. Estate of the last benefit recipient

You can change your beneficiary for the lump-sum payment of your remaining contributions and interest at any time.

Term-Certain Benefit Plans

If you choose a Term-Certain benefit plan and you pass away before receiving the guaranteed number of payments in the term you choose (60 or 120), the remaining monthly payments are made to your primary beneficiary.

If both you and your primary beneficiary die before receiving the guaranteed number of payments, the remaining monthly payments are made to your first contingent beneficiary. If that person also dies before all payments are made, the remaining payments go to your second contingent beneficiary.

If there is no surviving beneficiary, the remaining payments are made in the form of a lump-sum payment, according to law, in the following order of precedence:

1. Surviving spouse of the last benefit recipient
2. Surviving children of the last benefit recipient in equal shares
3. Surviving parents of the last benefit recipient in equal shares
4. Estate of the last benefit recipient

If you receive all payments guaranteed by the Term-Certain benefit plan you choose, no payments are made to a beneficiary.

You can change your beneficiary under the Term-Certain benefit plans at any time.
Survivor Benefits for Beneficiaries of Disability Retirees

If your death occurs while receiving PSRS disability benefits, your beneficiaries may be eligible for survivor benefits. It is important to share information with your family regarding your benefits, and what they may be entitled to receive from PSRS as your beneficiaries. Your beneficiary may be eligible for one of the following types of PSRS survivor benefits:

- A lump-sum refund may be payable consisting of any remaining contributions and interest associated with your membership at the time of your death, or
- Monthly dependent-based benefits may be payable to your qualified spouse, dependent children or dependent parents. These benefits are based on a percentage of your last full year of salary while working in PSRS-covered employment, or
- Lifetime monthly retirement-based benefits may be payable to a sole beneficiary with an insurable interest (financial dependence) in your life. A spouse, child or parent is automatically eligible. Documentation of insurable interest must be provided for any other individual. These benefits are calculated under the Joint-and-Survivor 100% benefit plan, and are based on your salaries and service earned with PSRS. These benefits may begin immediately or be delayed based on when you would have become eligible for PSRS service retirement.

See pages 36-42 for more information.

$5,000 Death Benefit

As a PSRS service or disability retiree, you can designate a beneficiary to receive a one-time, lump-sum death benefit of $5,000. This benefit is payable to the beneficiary you designate specifically for this benefit. You may designate an individual(s), a legal entity(ies), an established trust or your estate. Your designation can be changed at any time by filing a new $5,000 Death Benefit Beneficiary form with PSRS. This form is available on our website or by contacting our office.

The $5,000 death benefit is not life insurance. It is a taxable distribution payable to a beneficiary you designate. If your beneficiary is a spouse, he or she can roll it to a qualified retirement plan to avoid incurring an immediate tax liability. If your beneficiary is someone other than a spouse, he or she can roll it to an IRA established as an inherited IRA.

Keeping Your Beneficiary Designation Up-to-Date

It is important to keep your beneficiary designation up-to-date in order to ensure benefits are paid according to your wishes, and to provide the greatest financial protection for your family. See pages 50-55 for more information on designating beneficiaries under the different benefit plans, or contact us.

If you do not have a valid beneficiary designation on file with PSRS, payment of any benefit due at your death will be made according to Missouri law.

Visit www.psrs-peers.org and log in to view your beneficiary designation anytime. You will also find forms online to change your designation, or contact us for the appropriate designation form.

Durable Power of Attorney

To ensure there is no interruption in your benefits, consider making plans for the possibility you could become incapacitated or otherwise unable to manage your financial affairs.

You should consult with your personal attorney about the best way to plan for this possibility, but one popular approach is to prepare a document called a Durable Power of Attorney. With a Durable Power of Attorney, it is possible to delegate to a trusted family member or friend the authority to make direct deposit arrangements or sign necessary documents pertaining to your benefits – and you can restrict this authority from becoming effective unless and until you become incapacitated.

PSRS cannot provide you with legal advice or prepare personal legal documents for you. Consult with your personal attorney to ensure that any document specifies your wishes.