

# Service Retirement

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## Service Retirement

As a PSRS member, you enjoy knowing that 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.

Upon application, lifetime monthly retirement benefits are available to you as a PSRS member if you properly terminate PSRS-covered employment and meet minimum service and age requirements. Monthly retirement benefits are paid for life without interruption as long as you do not return to full-time, certificated PSRS-covered employment or exceed the temporary-substitute or part-time employment limits described on pages 76-90.

As you work in PSRS-covered employment, you earn service for each year, or partial year, you work. The benefit factor used in your benefit calculation at retirement depends on your years of service and your age at retirement.

You are required to apply for service retirement benefits prior to your PSRS retirement date. You can apply online via PSRS Web Member Services, or by completing the *Service Retirement Application* found on our website and available by contacting our office.

### Types of Benefits

When retiring with PSRS, your benefit calculation falls into one of three basic categories of benefits:

1. **Normal (full) retirement benefits** are calculated using the full (unreduced) benefit formula. You may also qualify for the **Partial Lump Sum Option (PLSO)** if you meet the eligibility requirements discussed on page 49.
2. **25-and-Out early retirement benefits** calculated using a modified (lesser) benefit formula.
3. **Age-Reduced early retirement benefits**, which are calculated using the full benefit formula with an age-reduction factor applied.

Members who contribute at two-thirds the full contribution rate will have benefits calculated at two-thirds the normal benefit amount. See page 47-48 for more information.

If you are considering retirement due to health reasons, you may be eligible for PSRS disability retirement. See the section entitled, *Disability Retirement*, beginning on page 60.

### Benefit Formula Components

Retirement benefits are calculated using a formula that takes into consideration a benefit factor set by law, your salaries on record, and your years of service with PSRS. Benefit amounts are not based on your total contributions and interest at retirement.

#### Basic Benefit Calculation

<b>Benefit Factor</b>	<b>x</b>	<b>Final Average Salary</b>	<b>x</b>	<b>Years of Service</b>	<b>=</b>	<b>Lifetime Single Life Benefit</b>
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**Benefit factors** are set by law and can only be changed through legislation. The factor used in your benefit calculation depends on the type of retirement benefits for which you are eligible: normal benefits or 25-and-Out modified benefits.

**Final Average Salary** is determined by adding your three highest consecutive salaries (including employer-paid health, dental and vision insurance premiums for the member), and dividing the total by 36.

#### Example

Years	Service	Salary
2018-2019	1.00000	\$54,000
2019-2020	1.00000	\$55,080
2020-2021	1.00000	\$56,181
	3.00000	\$165,261
<b>Final Average Salary</b>		
\$165,261 ÷ 36 = \$4,590		

## Final Average Salary Caps

PSRS uses caps or limits on increases in salary during your Final Average Salary period. The caps help prevent salary spiking at the end of one’s career for the purpose of increasing a retirement benefit.

Increases in salary as a result of pay for extra duties, overloads, additional courses and district-sponsored “career ladder” programs can cause your Final Average Salary to be capped. Assuming extra duties without a position change may result in a salary cap being applied to the salary that exceeds the limit.

These caps do not apply to increases in salary that are due to a genuine change in position or employer, and/or increases required by state statute or district-wide salary schedule adjustments for previously unrecognized education-related service.

School Year Salary Was Earned	Salary Cap for Calculating Final Average Salary
1997-1998 through 2006-2007	20%
2007-2008	12%
2008-2009 and after	10%

If you have questions about what constitutes a change in position or employer, please have your employer’s business office contact a PSRS Employer Services Analyst.

**Years of service** include all service earned for employment with PSRS-covered employers, as well as reinstated and purchased service. Most members earn a year of service for each school year (July 1 - June 30) of PSRS-covered, full-time employment if they are a 9-, 10-, 11- or 12-month employee and serve the complete term required of the position. Refer to pages 22-23 for more information.

## Normal Retirement Benefits

### Eligibility

You are eligible for normal (full) retirement benefits under the full benefit formula using a 2.5% factor when you reach any one of these criteria:

- Age 60 with at least five years of service
- Any age with at least 30 years of service
- The sum of your age plus your years of service equals 80 or more (Rule of 80)

### Benefit Amount

Normal (full) retirement benefits are calculated as follows. This example is for a member who is age 60 and has 28 years of service.

Benefit Formula						
Benefit Factor	x	Final Average Salary	x	Years of Service	=	Lifetime Single Life Benefit
2.5%	x	\$4,590	x	28	=	\$3,213

## Members Contributing at Two-Thirds the Full Contribution Rate

### Eligibility

If you have PSRS service for employment after December 1987 with one of the state colleges or universities listed on page 23, the Missouri Department of Mental Health or the Missouri Department of Corrections, the portion of your benefit applicable to such employment will be two-thirds the value of the benefits based on public school employment.

Members who hold positions affected by changes in required Social Security withholding effective July 1, 2010 also contribute to PSRS and receive service at two-thirds the full amount for affected years of employment.

### Benefit Amount

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

In the example below, the member has 25 years of service at the full amount, and five years of service at two-thirds the full amount.

Example						
Benefit Factor	x	Final Average Salary	x	Years of Service	=	Lifetime Single Life Benefit
2.5%	x	\$4,590	x	25	=	\$2,869
2.5%	x	\$4,590	x	5 x 2/3	=	\$ 383
<b>Total Lifetime Single Life Benefit</b>					<b>=</b>	<b>\$3,252</b>

## Early Retirement Benefits: 25-and-Out

### Eligibility

You are eligible for early retirement benefits under 25-and-Out if you:

- Are under age 55 with at least 25 but fewer than 30 years of service, and
- Do not qualify for the Rule of 80 (when your age plus your years of service equals 80 or more).

### Benefit Amount

25-and-Out retirement benefits are calculated using a modified benefit factor. This example is for a 50-year-old with 25 years of service.

Example						
Benefit Factor	x	Final Average Salary	x	Years of Service	=	Lifetime Single Life Benefit
2.2%	x	\$4,590	x	25	=	\$2,525

The applicable benefit factor used in the 25-and-Out calculation is the number on the 25-and-Out Factors chart that corresponds to your years of service at retirement.

25-and-Out Factors		
Benefit Factor	Years of Service	
	At Least	But Fewer Than
2.20%	25	26
2.25%	26	27
2.30%	27	28
2.35%	28	29
2.40%	29	30

## Early Retirement Benefits: Age-Reduced

### Eligibility

You are eligible for early retirement with an age-reduction factor applied to the normal (full) benefit formula if you:

- Are between the ages of 55 and 60 with at least five years of service, and
- Do not qualify for the Rule of 80 (when your age plus your years of service equals 80 or more).

### Benefit Amount

Age-reduced benefits are calculated using the formula in the following example. This example is for a 55-year-old with 18 years of service.

Example								
Benefit Factor	x	Final Average Salary	x	Years of Service	x	Age-Reduction Factor	=	Lifetime Single Life Benefit
2.5%	x	\$4,590	x	18	x	.6465	=	\$1,335

Age-Reduction Factors	
Age at Early Retirement	Approximate Age-Reduction Factor
55	.6465
56	.7043
57	.7678
58	.8377
59	.9148

The factors shown are approximates. Age-reduction factors are based on your age in years and months (as of your PSRS retirement date), and are subject to change when certain actuarial assumptions change. Accurate reductions can only come from official PSRS calculations.

## Partial Lump Sum Option (PLSO) Benefits

### Eligibility

You are eligible for the PLSO if you reach any one of the following criteria:

- Are age 63 with eight or more years of service
- Are any age with 33 or more years of service
- Qualify for Rule of 86 (when your age plus your years of service equals 86 or more)

Eligible PSRS members can choose to receive a one-time Partial Lump Sum Option (PLSO) payment at retirement in exchange for actuarially reduced lifetime monthly benefits.

The PLSO payment can equal 12, 24 or 36 times the Single Life monthly benefit. The Single Life benefit plan provides the largest monthly benefit amount of all available benefit plans.

If you choose the PLSO, your lifetime monthly benefit is actuarially reduced to offset the payment of the lump-sum at retirement. In effect, the reduced monthly benefits are how you “pay” for the right to receive part of your lifetime benefits up-front.

You still must choose a benefit plan (Single Life, Joint-and-Survivor, or Term-Certain) for the payment of your monthly benefits. The benefit plans are detailed on pages 50-55.

### Benefit Amount: Lump-Sum Payment

The PLSO amount is determined by multiplying your Single Life monthly benefit by 12, 24 or 36.

In the example below, the member selected a 12-month lump-sum payment.

Example				
Lifetime Single Life Benefit	x	12, 24 or 36	=	PLSO Lump-Sum Payment
\$3,213	x	12	=	\$38,556

### Benefit Amount: Reduced Lifetime Monthly Benefits

In addition to a lump-sum payment, you receive reduced lifetime monthly benefits. Your monthly benefits are actuarially reduced to reflect the value of your PLSO payment and your age. This reduction is calculated by multiplying your Single Life monthly benefit by a PLSO reduction factor (see the chart below). The reduction applies regardless of the benefit plan (Single Life, Joint-and-Survivor or Term-Certain) you choose for the payment of your monthly benefits.

In the example below, the member is 61 years old and selected a 12-month PLSO. Therefore, her PLSO reduction factor is .9236.

Example			
Lifetime Single Life Benefit	x	PLSO Reduction Factor	= PLSO-Reduced Lifetime Single Life Benefit
\$3,213	x	.9236	= \$2,968

### PLSO Reduction Factors

Retirement Age	12-Month Factors	24-Month Factors	36-Month Factors
50	.9322	.8645	.7967
51	.9317	.8634	.7951
52	.9311	.8623	.7934
53	.9305	.8611	.7916
54	.9299	.8597	.7896
55	.9292	.8583	.7875
56	.9284	.8568	.7853
57	.9276	.8552	.7828
58	.9267	.8535	.7802
59	.9258	.8516	.7774
60	.9248	.8496	.7743
61	.9236	.8472	.7708
62	.9224	.8447	.7671
63	.9210	.8420	.7630
64	.9195	.8391	.7586
65	.9180	.8359	.7539
66	.9163	.8325	.7488
67	.9144	.8289	.7433
68	.9124	.8249	.7373
69	.9103	.8205	.7308
70	.9079	.8158	.7237

**Note:** The factors in this table are approximates. The exact reduction factor applied will depend on your age in years and months. Factors are subject to change when certain actuarial assumptions change.



## Calculating Benefits

### Online Benefit Estimator

You can log in to view your personal membership information using PSRS Web Member Services at [www.psr-peers.org](http://www.psr-peers.org) and estimate your benefits using the Benefit Estimator. The estimator uses your current salaries and service on record with PSRS to create estimates. This also allows you to input projected years of service and estimated future salaries for comparison purposes.

Please note that PSRS cannot be held responsible for the accuracy of any member-generated calculations. If you prefer, you can request an official **Benefit Estimate** online or by contacting our office.

#### Benefit Estimator – Retirement Date

Mary Ann Smith - As of 7/1/2021

Step 1 of 4

##### Projected Retirement Date

Below is a listing of your first eligible retirement dates. These dates assume you will earn a full year of service until the employment end date and that no additional service is purchased. If you do not plan to purchase any additional service, select from the options below. Purchasing additional service could change your first eligible retirement dates. If you plan to purchase additional service, enter the amount of additional service you plan to purchase and click **Update Retirement Dates**. Then select from the updated options provided.

Service to Purchase:  Update Retirement Date

Options	First Eligible Retirement Date	Employment End Date	Total Service
<input type="radio"/> Reduced Retirement Benefits	7/1/2022	6/30/2022	25.00000
<input type="radio"/> Normal Retirement Benefits	7/1/2027	6/30/2027	30.00000
<input type="radio"/> Partial Lump Sum Option (PLSO)	7/1/2029	6/30/2029	32.00000
<input type="radio"/> I would like to create a custom retirement scenario			

## Benefit Plans

When you make the decision to retire, you can choose from six different plans for the payment of your PSRS lifetime monthly benefits. These plans offer you the flexibility to provide varying levels of financial protection for your family after your death.

When selecting a benefit plan, consider your:

- Age
- Financial obligations
- Health
- Income from other sources
- Spouse's or dependents' needs

You may also want to consider:

- Discussing your retirement plans and goals with your spouse or other family members
- Seeking advice from a trusted financial advisor

**The benefit plan you select cannot be changed after your PSRS retirement date. No matter which plan you choose, you will receive benefits for life.**

## The Single Life Benefit Plan

### Plan Description

The Single Life benefit plan provides the largest lifetime monthly benefit to you and makes no provision for continuing monthly payments to a beneficiary after your death. Any unused balance of your contributions and interest in your membership at your death is paid in a lump sum to your designated beneficiary. That balance is usually depleted in approximately five years after your PSRS retirement date.

### Naming Beneficiaries Under the Single Life Plan

You can designate any person(s), legal entity(ies), your trust or your estate as your Single Life beneficiary. This beneficiary designation can be changed at any time.

### Advantages

Since this benefit plan provides the largest retiree benefit, it is often the appropriate choice if you have no dependents, or if your beneficiary will have adequate income from other sources after your death.

### Disadvantages

Monthly benefits stop at your death. No monthly benefits are provided to a beneficiary. If your beneficiary receives health insurance through your last employer, his or her eligibility for that insurance coverage may also end at your death.

## The Joint-and-Survivor Benefit Plans

### Plan Description

The Joint-and-Survivor benefit plans provide actuarially reduced lifetime monthly benefits to you, with all, or some, of your monthly benefit continuing to your named beneficiary after your death. The actuarial reduction in your monthly benefit depends on the plan you choose, your age, and the age of your named beneficiary when you retire. The higher the percentage of your benefit received by your beneficiary, the greater the reduction in your monthly benefit.

### Joint-and-Survivor 100% Benefit Plan

Following your death, 100% of your monthly benefit continues to your named beneficiary for the remainder of his or her life.

### Joint-and-Survivor 75% Benefit Plan

Following your death, 75% of your monthly benefit continues to your named beneficiary for the remainder of his or her life.

### Joint-and-Survivor 50% Benefit Plan

Following your death, 50% of your monthly benefit continues to your named beneficiary for the remainder of his or her life.

### “Pop-up” Provision

All Joint-and-Survivor plans have a “pop-up” provision. Your benefit can pop-up only in the event of death or divorce. Death: If your named beneficiary dies 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. Divorce: If your named beneficiary is your spouse at the time of retirement, and you divorce, you can submit an application for your monthly benefit to “pop-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.

Your Joint-and-Survivor benefit may pop-up as a result of a divorce only if:

- The divorce decree or separation agreement provides that you have sole retention of all rights to your retirement benefit.

- You submit a copy of the certified divorce decree and a completed *Application for Benefit Increase* available from PSRS.

Other legal documentation may be required depending on the date of the divorce.

### Naming a Beneficiary for Lifetime Monthly Benefits Under the Joint-and-Survivor Plans

When you apply for service retirement, you can name only one person with an insurable interest (financial dependence) in your life as the Joint-and-Survivor beneficiary for lifetime monthly benefits. A spouse, child or parent automatically qualifies as having an insurable interest. You must provide documentation of insurable interest for any other individual.

You must provide PSRS with a copy of your beneficiary’s birth certificate. If you name your spouse as your Joint-and-Survivor beneficiary, you must also provide a copy of your marriage license or certificate.

Your Joint-and-Survivor beneficiary can only be changed if:

- Your spouse is named as the beneficiary.
- The marriage ends because of the death of your spouse, or a divorce.\*
- You remarry and name your new spouse as the Joint-and-Survivor beneficiary within one year of the marriage.

*\*In the event of a divorce, the divorce decree or separation agreement must provide that you retain sole rights to your retirement benefit.*

If you remarry and choose to name your new spouse as the Joint-and-Survivor beneficiary within one year of that marriage, you are providing survivor benefit protection under the same benefit plan originally chosen. Naming your new spouse does not allow you to change the benefit plan selection. For example, if you choose the Joint-and-Survivor 100% plan at retirement, your new spouse is also covered under that plan. There is, however, an actuarial recalculation of the benefit using your new spouse’s age and your age under the actuarial factors in effect at that time.



If you name your spouse as your Joint-and-Survivor beneficiary, divorce and 1.) do not remarry and name a new spouse as beneficiary, or 2.) do not apply for a divorce pop-up, benefits are payable to your ex-spouse upon your death.

See the section entitled, *Divorce While Receiving PSRS Service Retirement Benefits*, on page 92-93 for more information.

### *Naming Beneficiaries for a Possible Lump-Sum Payment Under the Joint-and-Survivor Plans*

In the event that both you and your Joint-and-Survivor beneficiary die before your total contributions and interest at retirement have been paid in the form of monthly benefits, you can name any person(s), legal entity(ies), your trust or estate as your beneficiary to receive any remaining funds. A first contingent can also be named to receive this one-time payment if your primary beneficiary is deceased. You can change this beneficiary at any time.

If you do not have a valid beneficiary designation on file for this purpose, any remaining contributions and interest at your death will be paid according to Missouri 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. The estate of the last benefit recipient

### *Advantages*

After your death, the Joint-and-Survivor benefit plans provide lifetime monthly benefits to your beneficiary, regardless of the beneficiary's age or subsequent marital status. If your beneficiary receives health insurance through your last employer, his or her eligibility for that insurance coverage may continue as long as he or she receives a benefit. If you outlive your beneficiary, or if your beneficiary is your spouse and you divorce, your benefit may "pop up" to the Single Life amount.

### *Disadvantages*

The reduced monthly benefit you receive may not provide adequate income while you are living. PSRS cost-of-living increases are calculated on the reduced monthly benefit amount. Your beneficiary cannot be changed unless your spouse is named and you remarry under the stipulations described on page 51.

## The Term-Certain Benefit Plans

### *Plan Description*

The Term-Certain plans allow you to take a small reduction in your lifetime monthly benefits in order to provide limited coverage to your beneficiary for a specific period of time after your PSRS retirement date. The reduction is based on the term you select and your age at retirement. The beneficiary receives monthly benefits only if your death occurs within the term chosen.

If you die before you receive the minimum number of monthly payments guaranteed under the plan you choose, the remaining number of payments in the term are made to your beneficiary. If you live beyond the term of the plan you choose, your monthly payments continue for your lifetime, but no payments are made to your beneficiary upon your death.

### *Term-Certain 120-Month Benefit Plan*

If your death occurs within 120 months from your PSRS retirement date, your named beneficiary receives monthly benefits for the remainder of the 120-month term.

### Example

You choose the Term-Certain 120-month benefit plan, which provides beneficiary protection for 120 months after your PSRS retirement date, and you die after you receive 100 monthly payments. Your beneficiary receives the remaining 20 monthly payments in the term. If you live beyond the term (in this case 120 months), your benefits continue for your lifetime. However, your beneficiary does not receive any monthly benefits after your death.

### Term-Certain 60-Month Benefit Plan

If your death occurs within 60 months from your PSRS retirement date, your named beneficiary receives monthly benefits for the remainder of the 60-month term.

#### “Pop-up” Provision

If the beneficiary named at retirement is your spouse and you divorce, you may apply for your benefit to “pop-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.

Your Term-Certain benefit may pop-up as a result of a divorce only if:

- The divorce decree or separation agreement provides that you have sole retention of all rights to your retirement benefit.
- You submit a copy of the certified divorce decree and a completed *Application for Benefit Increase* available from PSRS.

If a divorce pop-up occurs, at your death, your beneficiary will be eligible to receive a lump-sum payment of any remaining contributions and interest in your membership.

Under the Term-Certain plans, there is no pop-up as the result of a death of a spouse you have designated as your beneficiary.

### Naming Beneficiaries Under the Term-Certain Plans

You can name any individual or legal entity as your beneficiary under the Term-Certain plans, and you can change your designation at any time during the term.

If both you and your named beneficiary die before the total of all payments in the selected term are made, the difference will be paid to your surviving contingent beneficiary in a lump sum. If no contingent beneficiary is named, this amount is paid according to Missouri law as discussed on page 52.

#### Advantages

The Term-Certain benefit plans normally provide larger retiree benefits than the Joint-and-Survivor

plans, yet still offer some degree of beneficiary protection.

#### Disadvantages

The reduced monthly benefit you receive may not provide adequate income while you are living. PSRS cost-of-living increases are calculated on the reduced benefit amount. After the guaranteed payment period ends, the beneficiary protection stops. If your beneficiary receives health insurance through your last employer, his or her eligibility for that insurance coverage may end when the benefit payment term ends.

**It is important to remember that the terms for beneficiary coverage under the Term-Certain plans start from the date of your retirement, not the date of your death.**



# A Comparison of PSRS Benefit Plans

	Retiree Benefit	Beneficiary Benefit
<b>Single Life Benefit Plan</b>	<ul style="list-style-type: none"> <li>The Single Life plan pays the largest lifetime monthly retiree benefit.</li> </ul>	<ul style="list-style-type: none"> <li>No monthly benefits are provided for beneficiaries after your death.</li> <li>If you die before receiving benefits equal to your accumulated contributions and interest, a lump-sum refund of your contributions and interest (does not include employer contributions) is paid to your beneficiary, or according to Missouri law if no valid beneficiary designation is on file.</li> <li>Your total contributions and interest are depleted in approximately five years from your PSRS retirement date.</li> </ul>
<b>Joint-and-Survivor Benefit Plans</b>	<ul style="list-style-type: none"> <li>These plans pay smaller lifetime retiree benefits than Single Life.</li> <li>Actuarial reduction is based on the plan you select, your age and your beneficiary's age when you retire.</li> <li>If your beneficiary dies before you, your benefit increases or "pops up" to the amount payable if you had chosen the Single Life benefit plan, adjusted for any increases granted since your retirement date.</li> </ul>	<ul style="list-style-type: none"> <li>Lifetime monthly beneficiary benefits are provided after your death.</li> <li>The beneficiary's benefit is a percentage of your benefit, depending on the plan you select:                             <ul style="list-style-type: none"> <li>Joint-and-Survivor 100% (100% of retiree benefit)</li> <li>Joint-and-Survivor 75% (75% of retiree benefit)</li> <li>Joint-and-Survivor 50% (50% of retiree benefit)</li> </ul> </li> <li>You may name a contingent beneficiary(ies) to receive only the funds remaining in the membership (if any) if both you and your designated beneficiary die before your contributions and interest are paid out in the form of monthly benefits.</li> </ul>
<b>Term-Certain Benefit Plans</b>	<ul style="list-style-type: none"> <li>These plans pay slightly smaller lifetime retiree benefits than Single Life.</li> <li>Reduction is based on the term you select and your age.</li> </ul>	<ul style="list-style-type: none"> <li>Monthly beneficiary coverage is provided for a limited time period only.</li> <li>If you die before you receive the guaranteed number of payments, the rest of the payments are made to your beneficiary.                             <ul style="list-style-type: none"> <li>Term-Certain 120 Months: 120 monthly payments</li> <li>Term-Certain 60 Months: 60 monthly payments</li> </ul> </li> <li>If you live longer than the term selected, no payments are made to your beneficiary after your death.</li> </ul>

Beneficiary Designation	Advantages/Disadvantages
<ul style="list-style-type: none"> <li>Beneficiary can be any person(s) or legal entity(ies).</li> <li>Beneficiary can be changed at any time.</li> </ul>	<p><b>Advantages:</b></p> <ul style="list-style-type: none"> <li>Since this plan provides the largest retiree benefit, it is often the appropriate choice if you have no dependents, or your beneficiary has adequate income from other sources after your death.</li> </ul> <p><b>Disadvantages:</b></p> <ul style="list-style-type: none"> <li>Monthly benefits stop at your death.</li> <li>No monthly benefits are provided to a beneficiary.</li> <li>Health insurance for beneficiaries through your PSRS-covered employer may be subject to cancellation at the time of your death.</li> </ul>
<ul style="list-style-type: none"> <li>Beneficiary can only be one person with an insurable interest (financial dependence) in your life.</li> <li>A spouse, child or parent has an automatic insurable interest. Documentation of insurable interest must be provided for any other individual.</li> <li>Beneficiary cannot be changed unless your spouse is named and he or she dies or you divorce, and you remarry. In these situations, you may, within one year of your remarriage, designate your new spouse. If the change is precipitated by a divorce from your previous beneficiary, the divorce decree must give you sole rights to your retirement benefit. Other legal documentation may be required.</li> <li>A new spousal designation requires a benefit adjustment based on your age and the age of your new spouse.</li> <li>If you and your beneficiary named to receive monthly benefits die before your funds are depleted, you may name a beneficiary(ies) to receive your remaining contributions and interest in a lump sum.</li> </ul>	<p><b>Advantages:</b></p> <ul style="list-style-type: none"> <li>After your death, these plans provide lifetime monthly benefits for your beneficiary, regardless of the beneficiary's age or subsequent marital status.</li> <li>If your beneficiary dies before you, your benefit "pops up" to the Single Life amount.</li> <li>If your beneficiary is your spouse and you divorce, you may apply for your benefit to "pop-up" to the Single Life amount. Your divorce decree must give you sole rights to your retirement benefit. Other legal documentation may be required.</li> <li>If your beneficiary receives health insurance through your last employer, his or her eligibility for that insurance may continue.</li> <li>Cost-of-Living Adjustments (COLAs) continue to your beneficiary, up to 80% of the original benefit amount.</li> </ul> <p><b>Disadvantages:</b></p> <ul style="list-style-type: none"> <li>The monthly benefit you receive is reduced.</li> <li>COLAs are calculated on the reduced benefit.</li> <li>Beneficiary can only be changed under specific conditions.</li> </ul>
<ul style="list-style-type: none"> <li>Beneficiary can be any person or legal entity.</li> <li>Beneficiary can be changed at any time.</li> <li>The terms for beneficiary coverage are measured starting from the date of your retirement, not the date of your death.</li> </ul>	<p><b>Advantages:</b></p> <ul style="list-style-type: none"> <li>These plans normally provide larger retiree benefits than the Joint-and-Survivor plans, yet still offer some degree of beneficiary protection.</li> <li>If your beneficiary named at retirement is your spouse and you divorce, you may apply for your benefit to "pop-up" to the Single Life amount. Your divorce decree must give you sole rights to your retirement benefit. Other legal documentation may be required.</li> <li>Cost-of-Living Adjustments (COLAs) continue to your beneficiary, up to 80% of the original benefit amount.</li> </ul> <p><b>Disadvantages:</b></p> <ul style="list-style-type: none"> <li>Your monthly benefit is slightly reduced for your lifetime.</li> <li>After the term ends, the beneficiary protection stops.</li> <li>Health insurance for beneficiaries through a PSRS-covered employer may be subject to cancellation at your death.</li> <li>COLAs are calculated on the reduced benefit.</li> </ul>



# Benefit Amounts

## Benefit Estimates

PSRS can determine the benefits payable under the Single Life Plan and the Term-Certain plans.

If you also want benefit estimates under the Joint-and-Survivor plans, please include with your request the name, relationship and birth date of the person you plan to designate as your Joint-and-Survivor beneficiary. Remember, this individual can be anyone with an insurable interest (financial dependence) in your life. A spouse, child or parent automatically qualifies. At retirement, documentation of insurable interest must be provided for any other individual.

PSRS benefit estimates are unaudited estimates of gross retirement benefits. These estimates are based on the actuarial factors and benefit formulas in effect at the time of calculation and are subject to change. Your actual retirement benefits can only be determined upon your retirement date and with final verification of your salaries and termination of employment from all covered employers.

Estimates of your future service retirement benefits and retirement eligibility dates can be found on your annual *Member Statement*. You can also run your own estimates by logging in to PSRS Web Member Services at [www.psr-peers.org](http://www.psr-peers.org) and using our online Benefit Estimator or contacting our office.

## Minimum and Maximum Monthly Benefits

The law establishes the following minimum monthly benefit amounts based on your years of service at retirement.

Minimum Lifetime Single Life Benefit	Years of Service at Retirement	
	At Least	But Less Than
\$ 600	15	20
\$ 800	20	25
\$1,000	25	30
\$1,200	30 or more	

Minimum Single Life monthly benefits for 15 to 24.99999 years of service are reduced if you select a Joint-and-Survivor or Term-Certain benefit plan, and/or if an age-reduction factor is applicable due to early retirement.

Minimum Single Life monthly benefits for 25 or more years of service are reduced only if you select a Joint-and-Survivor or Term-Certain benefit plan. If an age-reduction factor applies due to early retirement and causes your monthly benefit to fall below the minimum, the minimum is payable.

The law also establishes the maximum monthly benefit you can receive. Your monthly benefit cannot exceed 100% of your monthly Final Average Salary, as described on pages 46-47.

## Sample Monthly Benefits

The following tables show samples of monthly benefits payable under the various benefit plans, assuming the following:

- Retiree age: **58 years**
- Years of service: **28**
- Final Average Salary (FAS): **\$4,590**
- Beneficiary age: **59 years**
- Lifetime Single Life Benefit Under Full Formula (Normal Benefits): **\$3,213**

### Sample lifetime benefit if PLSO is not selected:

Benefit Plan	Gross Monthly Benefit	
	Retiree	Beneficiary
Single Life	\$ 3,213	\$ 0
Joint-and-Survivor 100%	\$ 2,977	\$ 2,977
Joint-and-Survivor 75%	\$ 3,032	\$ 2,274
Joint-and-Survivor 50%	\$ 3,090	\$ 1,545
Term-Certain 120-Month	\$ 3,190	\$ 3,190*
Term-Certain 60-Month	\$ 3,206	\$ 3,206*



## Sample lifetime benefit if PLSO is selected:

Benefit Plan	Gross Monthly Benefit	
	Retiree	Beneficiary
<b>12-Month Partial Lump Sum Option: \$38,556</b>		
Single Life	\$ 2,976	\$ 0
Joint-and-Survivor 100%	\$ 2,758	\$ 2,758
Joint-and-Survivor 75%	\$ 2,809	\$ 2,106
Joint-and-Survivor 50%	\$ 2,862	\$ 1,431
Term-Certain 120-Month	\$ 2,955	\$ 2,955 *
Term-Certain 60-Month	\$ 2,970	\$ 2,970 *
<b>24-Month Partial Lump Sum Option: \$77,112</b>		
Single Life	\$ 2,740	\$ 0
Joint-and-Survivor 100%	\$ 2,539	\$ 2,539
Joint-and-Survivor 75%	\$ 2,586	\$ 1,939
Joint-and-Survivor 50%	\$ 2,635	\$ 1,317
Term-Certain 120-Month	\$ 2,721	\$ 2,721 *
Term-Certain 60-Month	\$ 2,734	\$ 2,734 *
<b>36-Month Partial Lump Sum Option: \$115,668</b>		
Single Life	\$ 2,504	\$ 0
Joint-and-Survivor 100%	\$ 2,320	\$ 2,320
Joint-and-Survivor 75%	\$ 2,363	\$ 1,772
Joint-and-Survivor 50%	\$ 2,408	\$ 1,204
Term-Certain 120-Month	\$ 2,486	\$ 2,486 *
Term-Certain 60-Month	\$ 2,499	\$ 2,499 *

All amounts shown are before taxes.

\*For remainder of guaranteed term only.

PLSO factors for age 58 years:    12 months (.9260)  
     24 months (.8520)  
     36 months (.7779)

## Applying for Service Retirement Benefits

As soon as you decide to retire, log in to Web Member Services at [www.psrp-peers.org](http://www.psrp-peers.org) to apply for service retirement online, or contact our office for the *Service Retirement Application* and other forms. Early notification of your intention to retire will allow sufficient time for PSRS to review your records for completeness and ensure that you receive your benefits on time.

## Application Deadline

You must file a *Service Retirement Application* before your desired PSRS retirement date. If you plan to retire effective July 1, your application must be submitted online or postmarked by June 30. We recommend filing at least three months in advance.

## Your Retirement Date

The earliest your retirement can be effective is the first day of the month following the day you:

- Reach retirement eligibility,
- Terminate PSRS-covered employment (see page 59), and
- File your PSRS *Service Retirement Application*, whichever occurs last.

Most PSRS members retire effective July 1. If you earn a full year of service for the school year, the earliest your retirement can become effective is July 1 of the new school year. You cannot receive a full year of service and retirement benefits in the same school year.

### Example 1

You have served the complete term of your contract, and your last day of PSRS-covered employment is May 15. As suggested, to make sure all your paperwork is done on time, you file your PSRS *Service Retirement Application* on March 13. In this case, your PSRS retirement date is July 1. July 1 is the earliest you can retire if you serve the complete term of your contract and receive one year of service with PSRS.

### Example 2

You are eligible for PSRS retirement and your last day of PSRS-covered employment is December 18. You file your PSRS *Service Retirement Application* on January 4. February 1 is the earliest you can retire since it is the first of the month following the filing of your application, which occurred last.

If your salary payments for the last school year are spread over a 12-month period, salary payments received after June 30 for employment during

the school year will not prevent you from retiring with PSRS on July 1, as long as your employment terminated on or before June 30 and your **Service Retirement Application** is submitted online or postmarked before July 1.

## Filing Your Retirement Application

*Please note: If you prefer to submit your application on paper, you can obtain a Service Retirement Application packet at a Retirement Ready Seminar, on the PSRS website or by request from our office.*

To file for service retirement online, visit our website, [www.psr-peers.org](http://www.psr-peers.org) and log in to Web Member Services using the Member Log In link at the top right corner of the screen.

Once you are logged in, click the link “File for Service Retirement” found in the “My Membership” menu.

You must complete all nine steps of the online service retirement application process and submit your application in order for it to be valid. Each step you complete is saved. You can log out and log back in to the next step at any time.

**Step 1: Enter your retirement date.** Your retirement date must be after your last date of employment/termination date.

**Step 2: Enter your current school year employer(s)** and last date of covered employment.

**Step 3: Select a benefit plan.** See pages 50-55 for detailed information on the six benefit plans available. Your benefit plan cannot be changed after your PSRS retirement date.

**Step 4:** If you are eligible for the **Partial Lump Sum Option (PLSO)** and wish to receive this one-time payment, you can select it in this step. For more information on the PLSO, see page 49.

**Step 5: Designate post-retirement beneficiaries.** This designation is effective on your retirement date. Your beneficiary designation options will vary depending on the benefit plan you select. All PSRS members must designate a beneficiary for the \$5,000 Death Benefit, see page 60.

**Step 6:** Provide the bank information necessary to

**set up the direct deposit of your benefits.**

**Step 7:** Let us know the amount of **federal and/or Missouri income tax** you would like withheld from your benefits, if any.

**Step 8:** If you have service with another Missouri educational retirement system, let us know. Recognizing this service with PSRS can help you retire sooner or increase your benefit.

**Step 9: Click the Submit button to submit your application.** In this step, you must certify your information, and acknowledge your understanding of the requirements for retirement eligibility, including the proper termination of pre-retirement employment with PSRS-covered employers.

## Additional Required Documentation

You will receive a confirmation email, which will list the additional documentation required to complete the service retirement process. Documentation can be sent to us by mail or electronically using the secure document upload feature in PSRS Web Member Services.

### *Submit copies of birth certificate(s).*

A copy of your birth certificate, issued by the city, county or state of your birth, is required before retirement benefits can be issued. If you are choosing a Joint-and-Survivor plan, a copy of your beneficiary's birth certificate is also required.

If the birth was recorded in Missouri, you may request a birth certificate from the Bureau of Vital Records, a division of the Missouri Department of Health and Senior Services. An application is available at [www.health.mo.gov](http://www.health.mo.gov). A fee is required for each certificate requested.

### **Bureau of Vital Records**

Missouri Department of Health and Senior Services  
PO Box 570  
Jefferson City, MO 65102  
(573) 751-6387

You can also request a copy of your birth certificate from your local health department.

If you were born in another state, information on how to obtain a certified birth certificate can be found by visiting [www.vitalchek.com](http://www.vitalchek.com).

If a birth certificate is not available, you may submit three other forms of verification. Acceptable documents must show your date of birth or your age as of a certain date with at least one containing your date of birth.

Examples include:

- A driver's license
- A hospital birth record
- Military records
- Identification cards that contain your date of birth or age as of a certain date, issued by a government entity (i.e. a state-issued ID for non-drivers)
- The birth certificate of a child on which your date of birth or age is indicated (This must be a document issued by the city, county or state of birth on which the official seal of the issuing agency is affixed.) A copy is acceptable.
- A current passport
- A Certificate of Naturalization
- Statement issued by the Social Security Administration that shows your date of birth or age as of a certain date (Note: A Social Security card does not contain date of birth or age.)

### *Submit a copy of your marriage license.*

Submit a copy of your marriage license or marriage certificate if you are naming your spouse as your Joint-and-Survivor plan beneficiary. Documentation can be sent to us by mail or electronically using the secure document upload feature in PSRS Web Member Services.

## Acknowledgement of Your Service Retirement Application

PSRS will acknowledge your ***Service Retirement Application***. Please call PSRS if you do not receive acknowledgement of your application within two weeks of submission or prior to your retirement date.

## When to File for Retirement

We recommend submitting all required information and supporting documentation at least three months before your PSRS retirement date. By law, the application must be submitted online or postmarked before your PSRS retirement date.

For example, if your PSRS retirement date is July 1, the application must be submitted online or postmarked by June 30.

If you are planning to reinstate or purchase service, the purchase application, appropriate verification of employment or service, if required, and payment must be completed before your PSRS retirement date. If you are paying for your reinstatement or purchase using a tax-deferred rollover, certification from your financial institution and payment must also be completed before your PSRS retirement date.

Failure to meet the deadline will cause you to lose benefits.

## Terminating Employment

IRS rules state that retirement systems must require a clear separation of service between the end of pre-retirement employment and the start of your post-retirement work for covered employers. **PSRS requires a separation period of one month from your PSRS retirement date.**

In order for your employment to be considered properly terminated, you must:

- End all employment with all PSRS-covered employers prior to your PSRS retirement date.
- Not return to work for a PSRS-covered employer in any capacity for a period of one month after your PSRS retirement date.
- Not enter into any agreement, written or unwritten, for future employment at a PSRS-covered employer in any capacity until after receiving your first PSRS retirement benefit. This includes any type of early retirement incentive or separation agreement that requires you to work in any capacity after retirement in return for salary (including health insurance benefits).

**If you do not properly terminate your employment, you are not eligible to retire and receive benefits. Therefore, you are not eligible to work at a covered employer as a retiree. In addition, you are required to repay all benefits received while ineligible, and may be required to pay contributions on salary until you properly terminate your employment.**

### Example

If Jane retires July 1, **she cannot be under any agreement, written or unwritten, for employment, and she may not work for a PSRS-covered employer during the entire month of July.** She can agree to employment and begin work on August 1.

## Working After Service Retirement

If you are considering a return to work after PSRS service retirement, it is important to understand how working after retirement can affect the payment of your retirement benefits.

Some post-retirement work, including all work for PSRS-covered employers, is subject to limits in order for you to continue to receive your retirement benefits.

The limits vary, depending on your employer, and some cases whether the position in which you work as a retiree requires a certificate issued by the Missouri Department of Elementary and Secondary Education (DESE).

You and your employer are required to track your work. If you exceed the limits that apply, you must notify PSRS immediately and your benefits will be put on hold. If you continue to work after exceeding a limit, you must repay any benefits you receive while ineligible. The minimum amount you will forfeit is one full monthly benefit.

For detailed information regarding working after retirement limits, record-keeping requirements and more, see pages 76-90.

## \$5,000 Death Benefit

In addition to possible survivor benefits, a one-time, lump-sum death benefit of \$5,000 is payable to the beneficiary you designate specifically for this benefit. You may designate an individual or individuals, a legal entity, 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.

This is a taxable distribution. If your beneficiary is your spouse, he or she can roll it over 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 roll it to an IRA established as an inherited IRA.

## Income Taxes on Service Retirement Benefits

Your PSRS service retirement benefits are subject to federal and state income taxes. We cannot advise you on whether you should have taxes withheld from your benefits. However, if your tax withholding is not sufficient to meet your tax liability, you may be subject to penalties and interest charges in addition to your tax obligation. We recommend you consult with the IRS at **(800) 829-1040**, the Missouri Department of Revenue at **(573) 751-3505**, or a tax professional of your choice. For more information on income taxes on service retirement benefits, see pages 72-74.

## Cost-of-Living Adjustments (COLAs)

You are eligible for cost-of-living adjustments (COLAs) on your service retirement benefits beginning the second January following your retirement date.

For more information on COLAs, see pages 70-71.