

Contact Us

This brochure is not intended to serve as a legal document or a substitute for the law or regulations governing PSRS. For further information, please refer to the PSRS **Member Handbook**, contact us at our office in Jefferson City or visit us online.



PUBLIC SCHOOL RETIREMENT
SYSTEM OF MISSOURI

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Protecting Those You Care About



Strength
Stability
Security



PUBLIC SCHOOL RETIREMENT
SYSTEM OF MISSOURI

Financial Protection for Your Family

In addition to the emotional stress caused by the loss of a loved one, it can also put significant stress on a family's finances, particularly when this occurs during the working years. To help ease this burden, PSRS offers valuable financial protection for your family if you die before retirement.

Three types of benefits are provided for beneficiaries of members who die **before** PSRS retirement:

- One-time, lump-sum refund of your account balance,
- Monthly dependent-based benefits, or
- Lifetime monthly retirement-based benefits.

Specific qualifications must be met in order to receive these benefits. Those qualifications are detailed in this brochure.

Benefits payable to beneficiaries, should you die **after** retirement, are based on the benefit plan you choose when you retire. These benefits are not addressed in this brochure. For more information, please refer to the **Member Handbook** available on our website or contact us.

Benefit payments may be subject to federal and Missouri income tax. Beneficiaries should consult the IRS at **(800) 829-1040**, the Missouri Department of Revenue at **(573) 751-3505**, or a tax professional for assistance in determining individual tax liability.



Types of Survivor Benefits

Lump-Sum Refund

If you die before retirement, your designated beneficiary has the right to a lump-sum refund of your PSRS account balance. No other survivor benefit is paid if a lump-sum refund is made.

Who is Eligible?

Your beneficiary can be:

- An individual,
- Multiple individuals,
- A legally established trust,
- Your estate, or
- Any other legal entity (church, school, organization, etc.).

If you name multiple individuals, payment will be split equally unless you specify otherwise.

How Much is a Lump-Sum Refund?

If a lump-sum refund is paid, your beneficiary receives the total of your accumulated contributions, any payments you made to reinstate or purchase credit, and the interest earned on your account balance as of the date of your death. Employer-matching contributions are not payable as part of a lump-sum refund.

In order to defer tax liability, your beneficiary may rollover the taxable amount of a lump-sum refund to a qualified retirement plan, such as an IRA.

Want to see your account balance? Log in to view your personal account information at www.psr-peers.org, or call us at **(800) 392-6848**.

Monthly Dependent-Based Benefits

If properly designated, your spouse, dependent children, or dependent parents may be eligible for monthly benefits instead of a lump-sum refund.

Member Requirements

Your spouse, children or parents may be eligible for monthly dependent-based benefits if you:

- Have five or more years of credit for PSRS-covered employment, or
- Have at least two years of credit for PSRS-covered employment, and die while actively employed under PSRS or die within one year of the onset, or as a result of an injury or illness that began while in PSRS-covered employment, or
- Die while eligible for PSRS disability retirement.

Beneficiary Requirements

Your beneficiary must also meet certain eligibility requirements to receive dependent-based benefits. These requirements are different, depending on your relationship to the beneficiary.

Monthly dependent-based benefits can be paid to:

1. **Your spouse, if designated as your sole beneficiary, and who is:**

- Age 60 (or upon reaching age 60), married to you for at least three years and living with you at your death, or
- Permanently disabled for at least five years immediately before your death, married to you for at least three years, and living with you at your death.

Benefits are payable to your spouse for his or her lifetime. If your spouse is disabled and recovers from the disability before reaching age 60, benefits stop and will start again at age 60.

2. **Your spouse and unmarried, dependent children, including stepchildren and adopted children, if your spouse is:**

- Designated as your sole beneficiary, and
- Caring for your unmarried, dependent child(ren) under the age of 18, or age 24 if enrolled in school full-time.

Your spouse, if under age 60, is entitled to benefits as long as there are eligible children in his or her care. If your spouse meets the eligibility requirements listed in number 1 above, benefits to your spouse resume at age 60 and are payable for the remainder of his or her lifetime.

A dependent, unmarried child under age 18, who is not in the care of your surviving spouse, is entitled to a monthly benefit which is paid to the child's primary custodial parent or legal guardian.

3. **Your unmarried, dependent child(ren), if:**

- Designated as your beneficiary, and
- Mentally or physically disabled prior to age 18, unable to be gainfully employed, and the disability continues after age 18, or
- Currently receiving a benefit under number 2 and your spouse dies.

4. **Your dependent parent, if designated as your sole beneficiary and:**

- Over age 65 (or upon reaching age 65), and
- Receiving at least 50% financial support from you at your death, and
- Provides documentation, within two years of your death, showing that he or she was financially dependent on you.

If both parents are your dependents, the same amount is paid to each parent for his or her lifetime.

Important Notes About Dependent-Based Benefits:

- If your spouse chooses dependent-based benefits, all of your eligible children are entitled to a benefit, even though you may not have included the child on your beneficiary designation.
- If your first-named eligible child chooses to receive dependent-based benefits, any other eligible child of yours is entitled to a like benefit, even if he or she is not listed as your beneficiary.
- If your designated beneficiary is someone other than your spouse or child, that individual can choose to direct benefits to your eligible child(ren). For example: Your father is designated as your beneficiary. He can authorize PSRS to pay dependent-based benefits to all of your eligible children, instead of receiving a benefit for himself.

How Much are Monthly Dependent-Based Benefits?

Dependent-based benefits are calculated as a percentage of your last full year of salary, with minimum and maximum amounts as indicated in the table below.

Monthly payment amounts are set by Missouri law. **These benefits are not eligible for cost-of-living adjustments (COLAs).**

Monthly Dependent-Based Benefit Amounts

Beneficiary	% of Last Full Year's Salary	Minimum Monthly Benefit	Maximum Monthly Benefit
Spouse	20%	\$575	\$860
Spouse and Dependent Child(ren)	• 20% spouse • 10% each child	• \$575 spouse • \$300 per child	• \$860 spouse • \$430 per child • up to \$2,160 total for all eligible survivors
Dependent Child(ren)	16.67% each child	\$500 per child	• \$720 per child • up to \$2,160 total for all eligible children
Dependent Parent(s)	16.67% each parent	\$500 per parent	• \$720 per parent • up to \$1,440 total for both eligible parents

Following is a typical example of a monthly survivor benefit payment for a spouse with two dependent children:

Spouse payment **\$575**

Child payment **\$300**

Child payment **\$300**

Total monthly benefits **\$1,175 (gross amount before taxes)**

Dependent-based benefits can only be paid under one membership. For example, if both you and your spouse are members of PSRS, your children can only receive dependent-based benefits under one of these memberships.



Lifetime Monthly Retirement-Based Benefits

If you are vested (have five or more years of credit with PSRS) at the time of your death and name only one individual as your beneficiary, he or she may be eligible to receive immediate or future lifetime monthly benefits.

Who is Eligible?

If your sole beneficiary is your spouse, child or parent, that individual automatically qualifies for lifetime monthly retirement-based benefits. Any other individual named as your beneficiary may also qualify by providing documentation showing that he or she was financially dependent on you.

This option is **not** available if you name as your primary beneficiary:

- More than one individual,
- Your trust,
- Your estate, or
- A legal entity(ies).

Your beneficiary may be eligible for immediate benefits if you are eligible for retirement at the time of your death, or future benefits when you would have reached retirement eligibility.

How Much are Monthly Retirement-Based Benefits?

Monthly retirement-based benefits are based on the amount you would have received with no additional credit, had you lived to retirement eligibility and chose the Joint-and-Survivor 100% benefit plan. Calculation of this benefit is based on the benefit formula in effect at the time benefits begin. The benefit amount depends on your salaries and years of credit with PSRS at the time of your death. You can estimate Joint-and-Survivor 100% benefit amounts using the Benefit Estimate Calculator found on our website, or you can contact our office for assistance.

These benefits are eligible for cost-of-living adjustments (COLAs) beginning the second January after benefits begin.

The Importance of Keeping Beneficiary Designations 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. A marriage, divorce, birth or adoption of a child automatically voids your beneficiary designation. Unless you file a new beneficiary designation, Missouri law will determine your beneficiaries when you die.

If you are unsure of your current PSRS beneficiary designation, you can view it by logging in to the secure portion of our website, www.psr-peers.org. Your current beneficiary designation is also shown on your annual *Member Statement*, issued each fall.

You can change your designation at any time by completing a *Pre-Retirement Beneficiary Designation* form available from our office or on our website.

What Happens if Your Beneficiary Designation is Invalid?

Missouri law determines your beneficiaries, if, at the time of your death:

- You do not have a valid beneficiary designation on file with PSRS.
- All your designated beneficiaries have disclaimed the right to receive benefits.
- A change in your life status (marriage, divorce, birth or adoption of a child) has occurred since your beneficiary designation was made.

If one of these situations occurs, the following individuals are your designated beneficiaries, according to law, in this order of precedence:

1. Surviving spouse,
2. Surviving children eligible to receive dependent-based benefits,
3. Surviving children **not** eligible to receive dependent-based benefits,
4. Surviving parents eligible to receive dependent-based benefits,
5. Surviving parents **not** eligible to receive dependent-based benefits, and
6. Estate.

Tips for Designating Beneficiaries for Your PSRS Account

You may name as your beneficiary:

- An individual(s),
- A legal entity (church, school, organization, etc.),
- A trust, or
- Your estate.

In most cases, only a sole, individual beneficiary is eligible to receive monthly benefits, which can be more advantageous than a lump-sum refund of your account balance.



Following are tips to help you provide the greatest financial protection for your surviving family members. ***These suggestions are general in nature and may not fit all family situations. If you are in doubt as to the most appropriate designation, please contact us.***

Married Members

To ensure that your designated beneficiaries can choose monthly benefits, you should, in most cases, name your spouse as your primary beneficiary, your youngest dependent child as your first contingent, and your next youngest dependent child as your second contingent beneficiary.

In this case, at your death, your spouse and dependent children may be eligible for monthly dependent-based benefits. Should both you and your spouse die while one of your children is eligible for monthly dependent-based benefits (unmarried and under age 18 or age 24 if in school full time), **all** of your children are eligible, regardless of whether you have named them as your beneficiaries. By naming the youngest child first, you provide the greatest beneficiary protection for your children, for the longest possible period of time.

Single Parents with Dependent Children

To ensure eligibility for immediate benefits payable to dependent children, you should, in most cases, name your youngest dependent child as your primary beneficiary, your next youngest as your first contingent, and so on. If one of your children is eligible for monthly dependent-based benefits (unmarried and under age 18 or age 24 if in school full time), all of your children are eligible, regardless of whether you have named them as your beneficiaries. By naming the youngest child first, you provide the greatest beneficiary protection for your children, for the longest possible period of time.

If your children are minors, please refer to the information below regarding naming minors as beneficiaries.

Minors and Legally Disabled Beneficiaries

Benefits payable to a minor (a child under age 18), or a person who is legally disabled, must be made to the legally authorized representative of the individual. If your child is a minor and you want a specific individual to be able to handle the survivor benefit payments on the child's behalf, indicate your beneficiary as "(name of individual) as Custodian for (name of child) under the Missouri Transfers to Minors Law."

Naming a Sole Beneficiary

If you are vested at the time of your death and name your spouse, child or parent as your sole beneficiary, he or she can choose a lifetime monthly benefit. The same holds true for any other individual named as your sole beneficiary who can provide documentation showing that he or she was financially dependent on you.

Naming Joint Beneficiaries

In general, you should not name joint beneficiaries if you want to provide monthly benefits to your beneficiary. In most instances, a beneficiary must be the sole beneficiary in order to choose monthly benefits. Also, in the case of dependent, unmarried children, if multiple children are named jointly and one of them is ineligible, all children are ineligible.

Naming a Trust

The only benefit payable to your trust is a lump-sum refund of your account balance. If you name your trust as your beneficiary, your family members will not be able to choose monthly benefits. If you want your account balance paid to your trust, write the name of the trust as your beneficiary, include the date it was established, and provide a copy of the title page. For a testamentary trust, you may use the phrase, "trustee under my last will" as the name of the beneficiary. Upon your death, your family will be asked to submit a copy of the trust agreement.

Naming Your Estate

The only benefit payable to your estate is a lump-sum refund of your account balance. If you want your account balance paid to your estate in a lump sum, you should write "my estate" as your beneficiary. Upon your death, your family will be asked to submit certified court documents showing an estate has been opened.

Reporting a Death

In the event of your death, your family should notify PSRS as soon as possible so we can update your account and provide information on benefits payable to your beneficiary(ies). We will need the following information:

- Your name, Social Security number or PSRS member number,
- Date of death, and
- Name, address and telephone number of a contact person.