

# **MEMBER HANDBOOK**



**Public School Retirement System  
of the City of St. Louis**

**July, 2008**



# INTRODUCTION

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The Public School Retirement System of the City of St. Louis (PSRSSTL) was established January 1, 1944. PSRSSTL provides Retirement Benefits for Employees of the St. Louis Public School District, PSRSSTL, Charter Schools located in the St. Louis Public School District, and certain Employees of Harris-Stowe State College.

PSRSSTL Members are also covered by Social Security and are eligible for Social Security benefits in addition to PSRSSTL Pension Benefits.

Plan benefits are funded by member contributions, Employer contributions and investment earnings on PSRSSTL assets. Eligible Employees of the St. Louis Public School District, PSRSSTL, and Charter Schools located in the St. Louis Public School District are required to participate.

This Member Handbook contains a summary of the Plan's primary benefit provisions. These provisions apply to all but a few Active Members who elected to remain under provisions of statutes of the State of Missouri as of October 13, 1961 (the "Old Plan").

PSRSSTL Retirement Benefits and eligibility for benefits are described in detail in statutes of the State of Missouri and the PSRSSTL Rules and Regulations. In any circumstance where there appears to be a discrepancy between this Member Handbook and

actual statutes or the PSRSSTL Rules and Regulations, the law and the Rules and Regulations will govern. In today's world of uncertainty and increasing longevity, retirement planning has become important than ever. We hope this Member Handbook will be useful in your planning efforts.

As you read this booklet, you will notice some terms written with the first letter of the word or words in upper case. This indicates that the term has a specific meaning, which may be different from its common interpretation. To be sure you reach a clear understanding of the information herein, please refer to the definitions provided in Appendix A.

For additional information about PSRSSTL, visit us online at <http://www.psrssl.org>.

It is important to remember to update your PSRSSTL beneficiary designation when you have a change in your personal status. For your convenience, we are including a Beneficiary Designation Form on the inside back cover of this Member Handbook. If you need to update your beneficiary designation, please complete the form, separate it and mail it to PSRSSTL at your earliest opportunity.

Please direct questions or concerns about this Member Handbook or about your PSRSSTL Retirement Benefits to:

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3641 OLIVE STREET, SUITE 300  
ST. LOUIS, MO 63108-3601  
VOICE: (314) 534-7444  
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# TABLE OF CONTENTS

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<b>ELIGIBILITY FOR BENEFITS</b> .....	<b>1</b>
<b>AMOUNT OF BENEFITS</b> .....	<b>2</b>
NORMAL PENSION	
DISABILITY PENSION	
EARLY PENSION	
PAYMENT OPTIONS	
EFFECTIVE AND PAYMENT DATES	
COST OF LIVING ADJUSTMENTS (COLAS)	
PURCHASING CREDITED SERVICE	
<b>DEATH AND SURVIVOR BENEFITS</b> .....	<b>5</b>
ACTIVE MEMBER'S DEATH	
RETIRED MEMBER'S DEATH	
<b>MISCELLANEOUS INFORMATION</b> .....	<b>7</b>
CONTRIBUTIONS	
LEAVES OF ABSENCE	
EMPLOYMENT SEPARATION	
WORKING AFTER RETIREMENT	
AMENDING THE PLAN	
CLAIM FOR BENEFITS	
<b>INCOME TAXES</b> .....	<b>10</b>
<b>HEALTHCARE BENEFITS</b> .....	<b>11</b>
<b>APPENDIX A – DEFINITIONS</b> .....	<b>12</b>
<b>APPENDIX B – PAYMENT OPTION REDUCTION TABLE</b> .....	<b>16</b>
<b>BENEFICIARY DESIGNATION FORM</b> .....	<b>INSIDE BACK COVER</b>



## ELIGIBILITY FOR BENEFITS

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### NORMAL PENSION

You will be eligible for unreduced Pension Benefits under a Normal Pension if

- you have reached your 65<sup>th</sup> birthday, or
- the sum of your age plus your years of Credited Service equals 85 or greater. This is commonly referred to as the “Rule of 85”.

### DISABILITY PENSION

If you are unable to perform your job duties due to physical or mental incapacity, you may be eligible for unreduced Pension Benefits under a Disability Pension if you meet all of following conditions:

- ✓ you do not qualify for a Normal Pension, and
- ✓ you have at least five (5) years Credited Service, and
- ✓ you are recommended for a Disability Pension by the Medical Board, and
- ✓ your Disability Pension is approved by the PSRSSTL Board of Trustees.

Your Disability Pension Benefits will be subject to routine verification of your Disability status and limitations on your earnings from gainful employment.

#### ❖ Disability Verification

If you are receiving Disability Pension Benefits, you must re-certify your Disability status once each year during the first five years and once in every three-year period thereafter until such time as you would have become eligible for a Normal Pension if you had continued to work.

If your disabling condition improves sufficiently enough for you to return to employment in your previous capacity, you should contact PSRSSTL immediately to discuss your situation with a retirement benefits counselor.

#### ❖ Earnings Limitation

Your Disability Pension Benefit will be reduced if you are engaged in, or able to engage in, gainful employment that pays more than the difference between your monthly Disability Pension Benefits and the current rate of monthly Compensation for the position you held at the time of your retirement. For purposes of this Earnings Limitation provision, your monthly Disability Pension Benefits will include the PSRSSTL Disability Pension Benefits plus any Social Security disability benefits payable to you and your family due to your disabling condition.

### EARLY PENSION

You will be eligible for reduced Pension Benefits under an Early Pension if

- you are at least age sixty (60), and
- you have at least five (5) years Credited Service, and
- you do not qualify for a Normal or Disability Pension.

## AMOUNT OF BENEFITS

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### NORMAL PENSION

- If you were an Active Member of PSRSSTL on June 29, 1999 and you retire on or after June 30, 1999, or if you were hired after June 29, 1999 your Normal Pension Benefit will be equal to your number of years of Credited Service multiplied by your Average Final Compensation multiplied by 2.0%. However, your Normal Pension Benefit will not exceed 60% of your Average Final Compensation.
- Regardless of the provisions above, if you retire at or after attaining age 65 with at least five (5) years Credited Service, you will be entitled to a minimum monthly Pension Benefit equal to \$10 for each year of Credited Service up to \$150.00 per month.

For an estimate of your Normal Pension Benefit, refer to your Annual Member Statement. Remember, however, that your annual statement is merely an estimate. It will not reflect credit for Unused Sick Leave, and it may not reflect any period(s) of absence that could require an adjustment to your years of Credited Service.

### DISABILITY PENSION

If you retire on a Disability Pension, your monthly Pension Benefit will be the greater of (a) what your Normal Pension Benefit would be, computed as if you were age 65, or (b) one-fourth ( $\frac{1}{4}$ ) of your Average Final Compensation; however, your Disability Pension Benefit will not exceed the amount you would have received at your Normal Retirement Date if you had continued to work until retirement.

### EARLY PENSION

If you elect an Early Pension that is not a Disability Pension, the amount of your monthly Pension Benefit will be calculated as if it were a Normal Pension, but it will be reduced by five-ninths of 1% (0.005556) for each month by which the date of your Early Pension precedes your Normal Retirement Date.

### PAYMENT OPTIONS

If you do not elect one of the available seven Payment Options at the time of your retirement, you will receive equal monthly Pension Benefits over your lifetime and no monthly Pension Benefits will be paid to a beneficiary after your death.

As an alternative, you may elect a Payment Option that will coordinate your PSRSSTL Pension Benefits with your estimated Social Security Benefits and/or that will pay you a reduced amount so that PSRSSTL payments can continue to an Option Beneficiary after your death. PSRSSTL Pension Benefits that become payable to an Option Beneficiary after your death will continue to your Option Beneficiary for the remainder of your Option Beneficiary's lifetime.

Usually, members name their spouses as Option Beneficiaries. However, you may name another individual as your Option Beneficiary, such as a child or parent, except that you may *not* choose an Option Beneficiary that would cause your PSRSSTL Pension Benefit to be reduced by more than 50%. (See the Payment Option Reduction Table provided in Appendix B.)

#### *Considerations in Naming an Option Beneficiary*

- Only one person can be named as your Option Beneficiary.
- The reduction in your monthly PSRSSTL Pension Benefit will be determined by the age difference between you and your Option Beneficiary. The younger your Option Beneficiary, the greater the reduction in your monthly Pension Benefit.
- After retirement, you may not change your Option Beneficiary, even due to death or divorce.

#### *Seven Benefit Payment Options are Available*

**Option 1** provides that upon your death, your monthly PSRSSTL Pension Benefit will continue to

## AMOUNT OF BENEFITS

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your Option Beneficiary for your Option Beneficiary's lifetime.

**Option 2** provides for one-half of your monthly PSRSSTL Pension Benefit to continue to your Option Beneficiary for your Option Beneficiary's lifetime upon your death.

**Option 3** is like Option 1, except if your Option Beneficiary predeceases you, your monthly PSRSSTL Pension Benefit will increase to what it would have been if you had not elected a Benefit Payment Option.

**Option 4** is like Option 2, except if your Option Beneficiary predeceases you, your monthly PSRSSTL Pension Benefit will increase to what it would have been if you had not elected a Benefit Payment Option.

**Option 5** provides that your monthly PSRSSTL Pension Benefit prior to age 62 will be increased to an amount such that your monthly PSRSSTL Pension Benefit prior to age 62 will be approximately equal to the sum of your monthly PSRSSTL Pension Benefit after age 62 plus your estimated Social Security Benefit.

**Option 6** is a combination of Options 1 and 5. Option 6 provides a monthly PSRSSTL Pension Benefit that adjusts for your estimated Social Security Benefits based on the date you will attain age 62, or would have attained age 62, and provides that upon your death, the amount of your adjusted monthly PSRSSTL Pension Benefit will continue to your Option Beneficiary for your Option Beneficiary's lifetime.

**Option 7** is a combination of Options 2 and 5. Option 7 provides a monthly PSRSSTL Pension Benefit that adjusts for your estimated Social Security Benefits based on the date you will attain age 62, or would have attained age 62, and provides that upon your death, one-half of the amount of your adjusted monthly PSRSSTL Pension Benefit will continue to

your Option Beneficiary for your Option Beneficiary's lifetime.

*Note:* A Payment Option Reduction Table for Payment Options 1 through 4 is included as Appendix B of this booklet. To obtain quotes for Payment Options 5, 6 or 7, you will need to provide PSRSSTL with an estimate from Social Security of your monthly Social Security benefit at age 62.

### **RETIREMENT EFFECTIVE DATE**

Your Retirement Effective Date will usually be the first day of the month following the month of your last compensated workday. However, your Retirement Effective Date cannot be earlier than the first day of the month following fifteen (15) days after the date on which PSRSSTL receives your completed Retirement Application or Disability Pension Application. In order to be considered completed, each Section of your Application must be completed, signed and dated.

### **MONTHLY PENSION PAYMENTS**

Your monthly pension payment will be the amount of your monthly PSRSSTL Pension Benefit less any deductions you authorize, such as premiums for medical, dental or vision insurance and/or withholding for federal or state income taxes. PSRSSTL Pension Benefits are paid at the end of each month. If there is a delay in processing your first pension payment, your initial payment will be retroactive based on your Retirement Effective Date.

### **COST OF LIVING ADJUSTMENTS (COLAS)**

The Plan has no provisions for granting Retired Members regular COLAs; however, from time to time over the years, the PSRSSTL Board of Trustees and the St. Louis Public Schools' Board of Education have approved ad hoc increases in monthly PSRSSTL Pension Benefits for Retired Members and their Beneficiaries.

## AMOUNT OF BENEFITS

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### PURCHASING CREDIT FOR SERVICE

You may be eligible to purchase Credited Service with PSRSSTL that would permit you to retire earlier or receive an increased PSRSSTL Pension Benefit. If you are interested in purchasing Credited Service, you should contact a PSRSSTL retirement benefits counselor to request additional information and a quote to determine your cost for purchasing credit for a specific period of service.

#### Situations that may qualify are

- Converting from the Old Plan to the New Plan.
- Credit for service you rendered in another public school district in Missouri or in another state.
- Credit for service you rendered in a private school district in the State of Missouri.
- Credit for a period of involuntary layoff due to staff reduction.
- Credit for Credited Service with PSRSSTL for which you received a Refund or Rollover.
- Credit for involuntary military service that interrupted your Credited Service with PSRSSTL.
- Credit for service that was not classified as Membership Service when it was rendered, but would be classified as such under later statutes.
- Credit for up to five-tenths of a year of Credited Service if you are within five years of retirement eligibility and need additional Credited Service to qualify for Early Pension benefits.

## DEATH & SURVIVOR BENEFITS

### DEATH OF AN ACTIVE MEMBER WITH FIVE OR MORE YEARS CREDITED SERVICE

#### Survivor Benefits

To be eligible for monthly survivor Pension Benefits, a beneficiary must be a Dependent Beneficiary, which is defined as

- a surviving spouse, or
  - a person who was receiving one-half of his/her support from the deceased member when the member died.
- ❖ *If a Dependent Beneficiary is a surviving spouse, he/she may elect*
- ✓ a Refund or Rollover of the member's Accumulated Contributions, or
  - ✓ an Option 1 lifetime benefit calculated as if the member had been age sixty (60) at death, plus \$60 per month for each unmarried dependent child of the deceased member who is under age twenty-two (22) and in the care of the surviving spouse, up to a maximum of \$180 per month.
- ❖ *If a Dependent Beneficiary is not a surviving spouse, he/she may elect*
- ✓ a Refund of the member's Accumulated Contributions, or
  - ✓ an Option 1 lifetime Pension Benefit as if the member had been age sixty (60) at death.
- ❖ *Health Insurance for Dependent Beneficiaries*
- Subject to applicable insurance plan eligibility provisions, a Dependent Beneficiary who elects an Option 1 lifetime monthly Pension Benefit may be eligible to enroll for medical, dental and/or vision insurance coverage through PSRSSTL. If the Dependent Beneficiary electing an Option 1 lifetime monthly Pension Benefit is a

surviving spouse, he/she may also be able to enroll otherwise eligible children of the deceased member for medical, dental and/or vision insurance through PSRSSTL.

#### Death Benefits

If the person the deceased member has designated as his/her beneficiary is not a Dependent Beneficiary, the beneficiary will be entitled to a Refund of the member's Accumulated Contributions.

### DEATH OF AN ACTIVE MEMBER WITH AT LEAST 18 MONTHS CREDITED SERVICE

#### Survivor Benefits

To be eligible for survivor Pension Benefits, a beneficiary must be an Eligible Beneficiary, defined as a

- surviving spouse,
- Dependent Child: an unmarried dependent child of the deceased member who is under age twenty-two, or
- Dependent Parent: a parent receiving one-half of his/her support from the deceased member when the member died.

*An Eligible Beneficiary may elect a Refund or Rollover of the member's Accumulated Contributions as permitted by applicable tax law, or*

- (1) a surviving spouse who was married to the deceased member for at least one year may elect to receive a lifetime Pension Benefit of \$60 per month beginning at age sixty-two (62). A surviving spouse may receive this benefit after receiving the benefit described in (2) below.
- (2) A surviving spouse who is caring for a Dependent Child(ren) may elect to receive \$60 per month, plus \$60 per month for each Dependent Child who is in the care of the

## DEATH & SURVIVOR BENEFITS

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surviving spouse, up to a maximum of \$180 per month.

- (3) If no Pension Benefits are payable under (2), a Dependent Child may elect to receive \$60 per month, up to a maximum of \$180 per month.
- (4) If no Pension Benefits are payable under (1), (2), or (3), a Dependent Parent, upon attaining age sixty-two (62), may elect to receive \$60 per month (if not remarried), or if there are two Dependent Parents, the benefit of \$60 per month will be shared.

### Death Benefits

If the person the deceased member designated as his/her beneficiary is not an Eligible Beneficiary, the beneficiary is entitled to a Refund of the member's Accumulated Contributions.

### DEATH OF AN ACTIVE MEMBER WITH CREDITED SERVICE OF FEWER THAN 18 MONTHS

The designated beneficiary is entitled to a Refund or Rollover of the deceased member's Accumulated Contributions as permitted by applicable tax law. Current tax law provides the same Rollover

opportunities for a surviving spouse that would have been available to the member.

### DEATH OF A RETIRED MEMBER

If a Retired Member who has not elected a Payment Option dies before receiving cumulative Pension Benefit payments which equal or exceed the amount of his/her Accumulated Contributions at retirement, the difference between the Retired Member's cumulative Pension Benefit payments and his/her Accumulated Contributions at retirement shall be paid in a lump sum to his/her designated beneficiary, if living, otherwise, the difference shall be paid to the estate of the Retired Member.

If a Retired Member and his/her Option Beneficiary both die before receiving cumulative Pension Benefit payments which equal or exceed the amount of the Retired Member's Accumulated Contributions at retirement, the difference between the cumulative Pension Benefits paid and the Accumulated Contributions at retirement shall be paid in a lump sum to the designated beneficiary of the person last entitled to the benefits, if living, otherwise, the difference shall be paid to the estate of the person last entitled to the benefits.

## MISCELLANEOUS INFORMATION

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### CONTRIBUTIONS

In addition to investment earnings on PSRSSTL assets, the Plan is funded by Active Member contributions and Employer contributions. Employer contribution rates are determined annually by an independent actuarial valuation that measures the relative financial condition of the Plan.

The amount of your contributions will not affect the amount of your monthly PSRSSTL Pension Benefit under the Plan. Rather, your monthly PSRSSTL Pension Benefit will be determined by the provisions that were in effect at the time of your retirement or employment separation. However, a detailed record of your contributions is maintained by PSRSSTL for purposes of income tax reporting after you retire, or in the event you incur an employment separation and elect a Refund or Rollover of your Accumulated Contributions.

See the Employment Separation Section of this booklet for information regarding PSRSSTL distributions upon your employment separation.

- General Information

- ❖ Effective June 14, 1989, Active Member contributions increased from 3% to 4% of Compensation. Employer contributions, determined on an annual basis, were defined as the difference between the total contribution required by the actuarial valuation and Active Member contributions.
- ❖ Since April 13, 1990, pursuant to Internal Revenue Code §414(h)(2), Active Member contributions have been collected on a before-tax basis as an Employer pick-up of Employee contributions.
- ❖ Effective July 1, 1998, Active Member contributions increased from 4% to 4.5% of Compensation and Employer contributions were fixed for three years (1999-2001) at 8.03% of Compensation.

- ❖ Effective July 1, 1999, Active Member contributions increased from 4.5% to 5% of Compensation.

- Member contributions are credited with interest annually at a rate established each year by the PSRSSTL Board of Trustees. The interest rate for calendar year 2007 was 5%.
- Members do not have access to their Accumulated Contributions while they remain employed by a PSRSSTL participating Employer. PSRSSTL distributions are permitted only in the event of a member's retirement, death, disability, or employment separation.

### LEAVES OF ABSENCE

Except as described below, you will not earn Credited Service during an unpaid leave of absence. Therefore, unpaid leaves of absence during your employment may reduce your years of Credited Service and your PSRSSTL benefit.

- Sabbatical Leave. You will earn PSRSSTL Credited Service during a sabbatical leave with reduced pay; however, if your sabbatical leave occurs during the three-year period used to calculate your Average Final Compensation (AFC), your PSRSSTL benefit will be adversely affected due to a lower AFC.

You can avoid this reduction by authorizing your Employer to make your contributions to PSRSSTL based on your unreduced Compensation.

- Sick Leave or Workers' Compensation. You can earn PSRSSTL Credited Service for a period of leave under your Employer's sick leave or Workers' Compensation provisions if you make the required contributions directly to PSRSSTL during your absence as if you were actively at work.

### EMPLOYMENT SEPARATION

If you cease to be an Employee, other than for reason of death or retirement,

## MISCELLANEOUS INFORMATION

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- you may withdraw your Accumulated Contributions in a lump sum (a “Refund”), or
- you may retain the tax-deferred status of the eligible portion of your Accumulated Contributions by electing to transfer your eligible Accumulated Contributions to a traditional Individual Retirement Account (IRA), a 403(b) Tax Sheltered Account, a 401(k) or 457 Deferred Compensation Account or another plan qualified under Internal Revenue Code Section 401(a) as permitted under applicable tax law at the time of your election (a “Rollover”), or
- you may elect to take part of your Accumulated Contributions as a Refund and part as a Rollover, or
- if your Accumulated Contributions are less than \$1,000, and you do not request a Rollover of your Accumulated Contributions within thirty (30) days of receiving the Distribution Form PSRSSTL will mail to you upon your employment separation, PSRSSTL will process an involuntary Refund of your Accumulated Contributions in accordance with applicable tax law, or
- if your Accumulated Contributions are \$1,000 or more at the time of your employment separation, but you are not Vested (Vesting requires you are age 65 or have at least five (5) years Credited Service), PSRSSTL will maintain your Accumulated Contributions, will credit interest on those Accumulated Contributions annually until such time as you request a Refund or Rollover, or will distribute your Accumulated Contributions to your beneficiary in the event of your death. However, unless you become Vested, you will not be eligible for a monthly PSRSSTL Pension Benefit, or
- if your Accumulated Contributions are \$1,000 or more at the time of your employment separation and you are Vested (Vesting requires you are age 65 or have at least five (5) years of Credited Service), you can elect a Refund or a Rollover, or you can

elect to become a Vested Inactive Member by leaving your Accumulated Contributions in the Plan.

### **IF YOU BECOME A VESTED INACTIVE MEMBER**

- You will become entitled to Normal or Early Pension Benefits at any time after you satisfy the minimum eligibility requirements.
- The monthly PSRSSTL Pension Benefit you receive will be based on your Credited Service, Average Final Compensation, and the benefit provisions that were in effect at the time of your employment separation.
- Interest will be credited on your Accumulated Contributions annually until you begin to receive your monthly PSRSSTL Pension Benefits.
- If you die prior to beginning receipt of your monthly PSRSSTL Pension Benefit, your Accumulated Contributions will be paid to your designated beneficiary, if living, otherwise, your Accumulated Contributions will be paid to your estate.
- If you change your mind and decide to withdraw your Accumulated Contributions, you can do so at any time prior to beginning receipt of your monthly PSRSSTL Pension Benefits. You will, of course, forfeit any future benefit from PSRSSTL upon withdrawing your Accumulated Contributions.

### **WORKING AFTER YOUR RETIREMENT**

- *Returning to Work from Normal or Early Pension*

If you are receiving Normal or Early Pension Benefits and again become a contributing Active Member of PSRSSTL, your PSRSSTL Pension Benefits will be suspended during such membership and will resume upon your subsequent retirement. Your subsequent retirement will include any benefits accrued under the Plan by reason of your latest period of membership.

## MISCELLANEOUS INFORMATION

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However, as a Retired Member, you may work as a part-time or temporary employee for up to sixty (60) days in any calendar year without having your PSRSSTL Pension Benefits suspended and without becoming a contributing Active Member. For purposes of determining a day worked under this provision, any part of a day worked shall count as one day.

- *Returning to Work from Disability Pension*

If you retired with Disability Pension Benefits and you are restored to service as an Employee, your Disability Pension Benefits will cease and you will again become a contributing Active Member. Your subsequent retirement will include any benefits accrued under the Plan by reason of your latest period of membership.

- ❖ If you are younger than age sixty (60) when you return to employment, your Credited Service at the time you began receiving Disability Pension Benefits will be restored, and the excess of your Accumulated Contributions at retirement over the cumulative Pension Benefit payments you received will constitute your new Accumulated Contributions.
- ❖ If you are age sixty (60) or older when you return to employment, your Disability Pension Benefits will cease. They will be resumed upon your subsequent retirement.

- *Retiree Return to Work Program*

The School District *may allow* a member receiving Normal or Early Pension Benefits from PSRSSTL to teach within the School District for up to four (4) years without suspension of monthly PSRSSTL Pension Benefits. At the School District's discretion, a member receiving Normal or Early Pension Benefits from PSRSSTL may also teach or be an administrator in a Charter School for up to four (4) years without suspension of monthly PSRSSTL Pension Benefits.

- *Deferred Retirement Option Plan (DROP)*

From July 1, 2001 through May 15, 2004, Active Members were permitted to enter the DROP with a DROP Period beginning date no later than July 1, 2004 and ending no later than June 30, 2008.

Under the DROP, members discontinued their member contributions to PSRSSTL and "locked in" their PSRSSTL Pension Benefit as of their DROP effective date, but continued to work as regular Employees for every other purpose for a specified period – called the DROP Period. The maximum DROP Period was four (4) years.

During a member's DROP Period, 80% of his/her monthly PSRSSTL Pension Benefit was deposited into an account that earned 8% annual interest, compounded monthly. At the end of the member's DROP Period, or sooner if the member so elected, the member began to receive his/her full lifetime monthly PSRSSTL Pension Benefits, as calculated at the beginning of his/her DROP Period. In addition, the member received the proceeds that had accumulated in his/her DROP account.

### AMENDING THE PLAN

Authority to implement benefit improvements and contribution increases rests with the Board of Education, subject to approval of the PSRSSTL Board of Trustees.

### CLAIMS FOR BENEFITS

Claims for Pension Benefits from the Plan must be submitted in writing to PSRSSTL on forms provided by PSRSSTL. If a properly filed claim for Pension Benefits is denied, the claimant will be advised in writing as to the reason for denial, the statute or regulation on which the denial was based, and, if appropriate, what action can be taken to perfect the claim. Claims for Pension Benefits that have been denied may be appealed in writing to the PSRSSTL Board of Trustees.

## MISCELLANEOUS INFORMATION

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### MONTHLY PENSION BENEFIT PAYMENTS

- Federal Income Tax. Except for any portion of your Pension Benefit that is attributable to after-tax contributions (generally, contributions you made prior to April 13, 1990 or service for which you purchased Service Credit with after-tax funds), your PSRSSTL Pension Benefits will be subject to federal income tax as ordinary income.
- Missouri Income Tax. Because PSRSSTL is considered a political subdivision of the State of Missouri, subject to certain earnings limits, you may be able to exclude up to \$6,000 of your PSRSSTL Pension Benefits from Missouri State Income Tax.
- Other States. Tax code varies from state to state. Therefore, if you are living outside the State of Missouri, you should obtain professional tax advice about the income taxability of your PSRSSTL Pension Benefits in other states.
- Federal Income Tax Withholding. Under the Tax Equity and Fiscal Responsibility Act of 1982, your PSRSSTL Pension Benefit payments are subject to federal income tax withholding unless you elect in writing not to have federal income taxes withheld.

For the purpose of applying federal income tax withholding requirements, your PSRSSTL Pension Benefit payments will be treated as wages. In this regard, if you do not complete Form W4P, federal income taxes will be withheld from your PSRSSTL Pension Benefit payments as if you were a married individual claiming three (3) withholding allowances.

You may change your income tax withholding at any time by filing a new Form W4P with PSRSSTL.

If you elect not to have federal income taxes withheld, or if the amount you have withheld is insufficient, you may be subject to penalties under estimated tax payment rules.

- State Income Tax Withholding. Currently, even though your PSRSSTL Pension Benefits may be subject to Missouri income taxation, the State of Missouri does not require PSRSSTL to withhold Missouri income taxes from your Pension Benefit payments. However, PSRSSTL will withhold Missouri Income Taxes from your Pension Benefit payments upon your written directive to do so.

### LUMP SUM DISTRIBUTIONS

If you become eligible for a lump sum cash distribution (a Refund) of your Accumulated Contributions due to employment separation, or your beneficiary(ies) become eligible to receive a distribution of your Accumulated Contributions due to your death, PSRSSTL will provide you (or your beneficiary(ies)) with detailed information about federal income tax and withholding requirements. The information will include the amount of the distribution that might be eligible for Rollover to an Individual Retirement Account (IRA), to another retirement plan, or to another employer's pension plan and instructions for making such a Rollover. Taking advantage of any Rollover opportunities that might be available may enable you (or your surviving spouse) to preserve the tax-favored treatment of the distribution.

### FORM 1099-R

No later than January 31st each year (or as required by federal law), PSRSSTL will provide you (or your beneficiary(ies)) a Form 1099-R for any distributions from the Plan during the previous year. Form 1099-R will contain the amount of taxable payments by the Plan as well as any income taxes withheld during the previous year.

## **HEALTH CARE BENEFITS**

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### **MEDICAL INSURANCE**

Medical coverage is available to Retired Members and their eligible dependents; however, if you or any of the dependents you wish to cover are eligible for Medicare, it is important that you discuss your coverage options with PSRSSTL at least two months prior to retiring. Federal regulations regarding Medicare eligibility, as well as any provisions your health insurance might have for coordinating benefits with Medicare, could have a significant affect on assuring that you, or your Medicare-eligible dependent(s), have continuity of medical coverage as you transition from an active to a retired status.

### **DENTAL AND VISION INSURANCE**

Dental and vision insurance are also available to Retired Members and their eligible dependents; however, the plans offered by PSRSSTL may be different from the plans offered to active Employees.

### **ENROLLMENT**

During your retirement process, PSRSSTL will assist you in completing the necessary forms to assure that you and your eligible dependents are properly enrolled in the plans you wish to select. Your enrollment for medical, dental and/or vision insurance will remain in force until such time as you notify PSRSSTL in writing of your desire to cancel or change your coverage.

If you do not enroll for PSRSSTL medical, dental or vision coverage at the time of your retirement, you will have only one other opportunity to enroll – within thirty days of becoming eligible for Medicare. However, if you (or your eligible dependents) do not enroll for PSRSSTL medical, dental or vision coverage at the time of your retirement because you have other qualified group coverage, you may enroll for PSRSSTL coverage within thirty days of the involuntary loss of the other coverage.

All PSRSSTL-sponsored insurance Retirement Benefits are subject to the provisions of the PSRSSTL Group Insurance Enrollment Policy and Dependent Eligibility for Medical, Dental and Vision Coverage Policy.

### **COSTS AND PLAN CHANGES**

PSRSSTL will pay all or a portion of the cost for your medical, dental and vision insurance Retirement Benefits. You will pay the remaining cost, if any, for your own insurance and the total cost for any eligible dependent(s) you enroll.

Your share of the cost for any PSRSSTL coverage for which you enroll will be deducted from your monthly PSRSSTL Pension Benefit payments; or, if your insurance costs exceed your monthly Pension Benefit payments, you must arrange to pay PSRSSTL directly for your coverage. Premiums from “direct pay” members are due on the first day of each month of coverage and become delinquent on the last day of each month of coverage.

Each year, usually concurrent with the PSRSSTL Open Enrollment Period, medical, dental and vision insurance costs and benefit provisions are subject to change. You will receive advance written notice of any changes in costs or benefit provisions. PSRSSTL reserves the right to discontinue its healthcare insurance programs at any time upon a thirty-day written notice to its members.

### **SURVIVOR COVERAGE**

Subject to other plan eligibility provisions, surviving dependents covered under your medical, dental, and/or vision insurance Retirement Benefits at the time of your death are eligible to continue coverage after your death. In addition, such dependents may change plans, for example, from one medical plan to another, during the annual Open Enrollment Period. However, unless your surviving dependent had other qualified group coverage at the time of your death, and enrolls for PSRSSTL coverage within thirty days of involuntary loss of the other coverage, a surviving dependent who was not covered under your medical, dental and/or vision insurance at the time of your death may not enroll for coverage after your death. Surviving dependents that do not receive monthly PSRSSTL Pension Benefits (or who are not legally dependent on a Beneficiary who does) are not eligible for continued coverage.

## **DEFINITIONS**

## **APPENDIX A**

### **ACCRUED BENEFIT**

A member's earned Pension Benefit under the Plan as of the date at which the determination of the Accrued Benefit was made, payable as an annual Pension Benefit beginning at Normal Retirement Age. Accrued Benefit shall include the Plan's eligibility provisions, factors, and optional forms of payment with which it is associated.

### **ACCUMULATED CONTRIBUTIONS**

The sum of Plan contributions deducted from a member's Compensation and credited to the member's individual account plus contribution payments made to purchase allowed service credit together with allowed interest credited to the member's account.

### **ACTIVE MEMBER**

A member who is currently an Employee.

### **ACTUARIAL EQUIVALENT**

An actuarially equivalent benefit is a benefit of equal value when computed on the basis of interest and mortality tables adopted by the Board of Trustees.

### **AVERAGE FINAL COMPENSATION**

The highest average annual Compensation a member receives for any three consecutive years of his/her final ten years of Membership Service, or, if a member has fewer than three years of Membership Service, average Compensation over the entire period of Membership Service.

### **BENEFICIARY**

A beneficiary is a person other than the Retired Member who is receiving a Pension Benefit or other benefit of the Plan.

### **BOARD OF EDUCATION**

The Board of Education of the Public School System of the City of St. Louis.

### **BOARD OF TRUSTEES**

The board responsible for administration of the Plan.

### **CHARTER SCHOOL**

Any Charter School established pursuant to sections 160.400 to 160.420 of the Revised Statutes of the State of Missouri, and located, at the time it is established, within the St. Louis Public School District.

### **COMPENSATION**

The regular wages a member earns as an Employee, excluding any wages earned by a person who became a member after December 31, 1995 which exceed the annual limit set forth in §401(a)(17) of the Internal Revenue Code. For calendar year 2006, the limit under §401(a)(17) is \$220,000.

Generally, Compensation is deemed regular if it is expected to continue until retirement; however, Compensation includes temporary (but not total or permanent) payments made to an Active Member under the Workers' Compensation Act of Missouri. Compensation also includes extra Compensation to department heads and the Employer-paid cost of an Active Member's health and welfare benefits, but does not include overtime pay, the lump sum payout of unused vacation or sick leave, compensation for compensatory time off accruals, or special pay for services rendered in connection with extracurricular activities or summer school.

### **CREDITED SERVICE**

Credited Service is computed on a calendar year basis and includes Membership Service, approved Prior Service, approved Military Service, purchase of service credit and credit for accumulated and Unused Sick Leave.

*Service rendered to the St. Louis Public School District . . .*

Except for first and last years of service, Credited Service earned prior to January 1, 2001, is granted at a rate of one (1) year for any year during which a member received Compensation for at least one hundred (100) days. Credited Service for the first and

## DEFINITIONS

## APPENDIX A

last years of employment and for all years after December 31, 2000 is computed by adding the number of days for which a member received Compensation during the respective calendar years and allowing Credited Service for that proportion of a year or years that the sum bears to:

- a. one hundred and eighty (180) days for a member expected to work less than 211 days in a year, including holidays and vacation;
- b. two hundred and five (205) for a member expected to work 211 or more days, but less than 245 days in a year, including holidays and vacation;
- c. two hundred and thirty (230) for a member expected to work 245 days or more in a year, including holidays and vacation.

*Service rendered to Employers that do not report employment on a days-paid basis . . .*

Service is credited on the basis of compensation earned divided by annual compensation expected for a calendar year.

### **DISABILITY**

For purposes of determining if a member is disabled, Disability means that the PSRSSTL Medical Board has certified that a member is unable to perform his/her duties due to mental or physical incapacity, that such incapacity is likely to be permanent, and that such member should be retired. In a matter of Disability, the determination of the PSRSSTL Board of Trustees shall be final and conclusive.

### **DISABILITY PENSION BENEFIT**

Monthly Pension Benefits payable to an Active Member who does not qualify for Normal or Early Pension Benefits, but who cannot perform his/her job duties due to a physical or mental incapacity which is deemed likely to be permanent by the PSRSSTL Medical Board.

### **DISTRIBUTION FORM**

A form prepared by PSRSSTL and mailed to a member upon the member's employment separation to advise the member about the amount of his/her Accumulated Contributions and options for the disposition of those funds.

### **EARLY PENSION BENEFITS**

Reduced monthly Pension Benefits payable to an Active or Inactive Member who does not qualify for Normal or Disability Pension Benefits but satisfies the service and age eligibility requirements necessary for a reduced lifetime pension.

### **EMPLOYEE**

Any person regularly employed by the St. Louis Public School System, a Charter School, or the Board of Trustees for PSRSSTL. Employee shall also mean any person who is regularly employed by Harris Stowe State University, provided that person was employed at Harris Stowe State University prior to September 1, 1978 and did not become a member of the Missouri State Employees' Retirement System.

### **EMPLOYER**

St. Louis Public School System, a Charter School, the Board of Trustees for the Public School Retirement System of the City of St. Louis, and, for persons employed prior to September 1, 1978 who did not become members of the Missouri State Employees' Retirement System, Employer means Harris Stowe State University.

### **FORM W4P**

A federal form used by members and Beneficiaries receiving monthly Pension Benefits and monthly Supplemental Pension Benefits to advise PSRSSTL as to the amount of federal income taxes that should be withheld from their monthly benefit payments.

### **INACTIVE MEMBER**

A former Active Member who has Accumulated Contributions with PSRSSTL.

## **DEFINITIONS**

## **APPENDIX A**

### **MEDICAL BOARD**

Physicians engaged by the Board of Trustees to provide determinations of Disability with respect to Disability provisions of the Plan.

### **MEMBER HANDBOOK**

Document published from time to time by PSRSSTL to explain Retirement Benefits provided by the Plan and the procedures that must be followed to apply for such benefits.

### **MEMBERSHIP SERVICE**

Service rendered since becoming a member that is credited under the Plan; generally, service rendered as an Employee for which member contributions were made.

### **NORMAL PENSION BENEFIT**

Monthly Pension Benefits payable to an Active or Vested Inactive Member who satisfies the age or service and age eligibility requirements necessary for an unreduced lifetime pension.

### **NORMAL RETIREMENT AGE**

A member's age on the member's Normal Retirement Date.

### **NORMAL RETIREMENT DATE**

The earlier of the date on which a member attains age 65 or on which a member satisfies the Rule of 85.

### **OPTION BENEFICIARY**

A contingent annuitant named by a member when the member elects to have his/her Pension Benefits paid under one of the survivor Payment Options. The Option Beneficiary receives lifetime monthly survivor Pension Benefits after the member's death.

### **OPEN ENROLLMENT PERIOD**

A time period offered at least once each year in which eligible participants of PSRSSTL-sponsored insurance Retirement Benefits are permitted to make changes to their insurance coverage.

### **OPTION FACTOR**

The percentage of a member's monthly Pension Benefit that will be payable if the member elects a survivor Payment Option.

### **PAYMENT OPTION**

An alternative method of Pension Benefit payments elected by a member at the time of retirement which results in a different, but actuarially equivalent (equal in value) monthly Pension Benefit amount than what would have been paid had the member not elected the Payment Option.

### **PENSION BENEFIT**

Pension Benefit means the monthly lifetime payments to a Retired Member or to a Beneficiary who becomes entitled to the payments.

### **PLAN**

Public School Retirement System of the City of St. Louis (PSRSSTL).

### **PRIOR SERVICE**

Service rendered before January 1, 1944 for which a member has a Prior Service Certificate in full force and effect. Prior Service counted as Credited Service to the extent that Prior Service shall not exceed the number of years which, when added to a member's other Credited Service, equals thirty-five years.

### **PSRSSTL OFFICE**

The office location where routine administrative functions for PSRSSTL are conducted. Any notice or communication with PSRSSTL or the Board of Trustees should be directed to:

Public School Retirement System  
of the City of St. Louis  
3641 Olive Street, Suite 300  
St. Louis, MO 63108-3601  
Voice: (314) 534-7444  
Fax: (314) 533-0531

## DEFINITIONS

## APPENDIX A

### **PUBLIC SCHOOL**

Any school for elementary, secondary or higher education, open and public, which is supported and maintained from public funds and which is operated by the Board of Education or by the Board of Regents or as a Charter School.

### **QUALIFIED DOMESTIC RELATIONS ORDER (QDRO)**

A legal judgment, decree or order issued in the property settlement of a dissolution of marriage that assigns a portion of an individual's Pension Benefits to an alternate payee, generally the former spouse of the individual. Pursuant to Revised Missouri Statute §169.572 and Missouri case law, a public school employee's Pension Benefits are not marital property and, thus, are not subject to division by the trial court in a dissolution of marriage action. Therefore, PSRSSTL is not obligated to recognize and does not accept or honor QDROs related to the Pension Benefits of its members.

### **REFUND**

A cash distribution of Accumulated Contributions due to employment separation or death.

### **RETIRED MEMBER**

A former Active Member who is receiving Pension Benefits.

### **RETIREMENT BENEFIT**

Retirement Benefit means the monthly lifetime payments to a Retired Member or to a Beneficiary who becomes entitled to the payments or any other benefit of the Plan.

### **ROLLOVER**

A member or a member's surviving spouse who is eligible for and elects a distribution of the member's Accumulated Contributions may be able to retain the tax-deferred status of the eligible portion of those Accumulated Contributions by electing to transfer (Rollover) eligible Accumulated Contributions to a

traditional Individual Retirement Account (IRA), a 403(b) Tax Sheltered Account, a 401(k) or 457 Deferred Compensation Account or another plan qualified under Internal Revenue Code Section 401(a) as permitted under applicable tax law at the time of the Rollover.

### **RULE OF 85**

When the sum of a member's age plus the member's years of Credited Service equals 85 or greater, the member is deemed to have satisfied the Rule of 85, thereby becoming eligible for full Retirement Benefits under Normal Pension provisions.

### **SCHOOL DISTRICT**

St. Louis Public School District.

### **SUPPLEMENTAL PENSION BENEFIT**

A separate monthly benefit paid by PSRSSTL to Retired Members who qualify for their employer's Sick Leave Conversion Program. At the Member's discretion, Supplemental Pension Benefits are paid over a period not less than thirty-six months or greater than one hundred twenty months.

### **UNUSED SICK LEAVE**

If an Employer provides Sick Leave and permits members to accumulate Sick Leave Days, upon Normal, Disability, or Early Pension, death, or separation from service, Unused Sick Leave, if any, will be added to Credited Service *and* age.

Members who are Employees of the St. Louis Public School System or PSRSSTL and who satisfy certain requirements may be able to convert any Unused Sick Leave that is not necessary to satisfy the eligibility requirements for an unreduced Normal Pension to a Supplemental Pension Benefit. Contact your Employer for additional information about its Sick Leave Conversion Program.

### **VESTED**

To be Vested, a member must be age 65 or have at least five (5) years Credited Service.

# PAYMENT OPTION REDUCTION TABLE

## APPENDIX B

### TO USE THIS TABLE

1. Calculate or estimate the amount of your monthly Pension Benefit.
2. Determine the difference in age between you and a potential Option Beneficiary. Disregard partial years in determining the difference in your ages.
3. From the table below, select the appropriate Age Difference to identify the Option Factor you would use for each Payment Option.
4. Multiply your estimated monthly Pension Benefit by the appropriate Option Factor to determine what your monthly Pension Benefit would be under each of the Payment Options.

### EXAMPLE

1. You have estimated that your pension benefit will be \$1,200 per month.
2. You want to name your spouse as your Option Beneficiary. Your spouse is 4 years, 8 months, and 11 days younger than you are, which would be equal to four full years.
3. After your death, you want your spouse to receive monthly payments in an amount equal to half of what you were receiving (Payment Option 2).
4. From the table below, use the Option Factor under Payment Option 2 where the Age Difference is 4 years. Your monthly Pension Benefit under Payment Option 2 would be \$1,200 multiplied by 87.9% ( $\$1,200 \times .879$ ) = \$1,054.80 per month.

**Payment Option 1:** The amount of your reduced Pension Benefit will be paid to your Option Beneficiary for life.

**Payment Option 2:** One half the amount of your reduced Pension Benefit will be paid to your Option Beneficiary for life.

**Payment Option 3:** Like Option 1, except, if your Option Beneficiary predeceases you, your monthly Pension Benefit will increase to what it would have been if you had not elected a Payment Option.

**Payment Option 4:** Like Option 2, except, if your Option Beneficiary predeceases you, your monthly Pension Benefit will increase to what it would have been if you had not elected a Payment Option.

Age Difference		Option Factors			
		Payment Option 1	Payment Option 2	Payment Option 3	Payment Option 4
<b>Option Beneficiary is younger by:</b>	10 years	73.6%	84.9%	72.8%	84.6%
	9 years	74.4%	85.4%	73.5%	85.0%
	8 years	75.2%	85.9%	74.2%	85.4%
	7 years	76.0%	86.4%	74.9%	85.8%
	6 years	76.8%	86.9%	75.6%	86.2%
	5 years	77.6%	87.4%	76.3%	86.6%
	4 years	78.4%	87.9%	77.0%	87.0%
	3 years	79.2%	88.4%	77.7%	87.4%
	2 years	80.0%	88.9%	78.4%	87.8%
	1 year	80.8%	89.4%	79.1%	88.3%
<b>Option Beneficiary is same age:</b>		81.7%	89.9%	79.8%	88.7%
<b>Option Beneficiary is older by:</b>	1 year	82.5%	90.4%	80.5%	89.1%
	2 years	83.3%	90.9%	81.2%	89.6%
	3 years	84.2%	91.4%	81.9%	90.0%
	4 years	85.0%	91.9%	82.6%	90.4%
	5 years	85.9%	92.4%	83.3%	90.8%
	6 years	86.7%	92.9%	84.0%	91.2%
	7 years	87.5%	93.4%	84.7%	91.6%
	8 years	88.3%	93.9%	85.4%	92.0%
	9 years	89.1%	94.4%	86.1%	92.4%
	10 years	89.9%	94.9%	86.8%	92.8%
<b>Factor to add or subtract for each year over 10 years</b>		0.8%	0.5%	0.7%	0.4%

### ADDITIONAL INSTRUCTIONS

1. In no event will the Option Factor be greater than 99.0%.
2. If the Option Beneficiary is ten (10) or more years younger than the member, the Option 3 Factor will be equal to the Option 1 Factor less 0.8% and the Option 4 Factor will be equal to the Option 2 Factor less 0.4%.
3. Except in naming a spouse, a member may not name an Option Beneficiary who would cause a benefit reduction of more than 50%.

**BENEFICIARY DESIGNATION FORM**

**Complete this form in ink. Print or type every entry except your signature which is required at the bottom of the form.**

**PRIMARY BENEFICIARY (IES)**

NAME (FIRST, MIDDLE, LAST)	SOCIAL SECURITY NUMBER	DATE OF BIRTH	RELATIONSHIP
STREET ADDRESS	CITY	STATE	ZIP CODE
NAME (FIRST, MIDDLE, LAST)	SOCIAL SECURITY NUMBER	DATE OF BIRTH	RELATIONSHIP
STREET ADDRESS	CITY	STATE	ZIP CODE
NAME (FIRST, MIDDLE, LAST)	SOCIAL SECURITY NUMBER	DATE OF BIRTH	RELATIONSHIP
STREET ADDRESS	CITY	STATE	ZIP CODE

**CONTINGENT BENEFICIARY (IES)**

NAME (FIRST, MIDDLE, LAST)	SOCIAL SECURITY NUMBER	DATE OF BIRTH	RELATIONSHIP
STREET ADDRESS	CITY	STATE	ZIP CODE
NAME (FIRST, MIDDLE, LAST)	SOCIAL SECURITY NUMBER	DATE OF BIRTH	RELATIONSHIP
STREET ADDRESS	CITY	STATE	ZIP CODE
NAME (FIRST, MIDDLE, LAST)	SOCIAL SECURITY NUMBER	DATE OF BIRTH	RELATIONSHIP
STREET ADDRESS	CITY	STATE	ZIP CODE

**TRUSTEE / ESTATE INFORMATION** *complete the following information only if you named your trustee as a beneficiary.*

NAME OF TRUSTEE / ADMINISTRATOR	TELEPHONE NUMBER OF TRUSTEE / ADMINISTRATOR
TITLE OF TRUST DOCUMENT	DATE OF TRUST DOCUMENT

**MEMBER INFORMATION**

PLEASE PRINT YOUR NAME (FIRST, MIDDLE, LAST)	YOUR SOCIAL SECURITY NUMBER	YOUR DATE OF BIRTH	YOUR TELEPHONE NUMBER
YOUR STREET ADDRESS	CITY	STATE	ZIP CODE

**I understand that this beneficiary designation**

- **revokes any prior beneficiary designation and may be changed at any time,**
- **is made pursuant to the statutes of the State of Missouri and the Rules and Regulations of the Retirement System in effect on the day of my death, and**
- **is not valid as a beneficiary designation with respect to the Benefit Payment Options available under the Retirement System.**

**X** \_\_\_\_\_

YOUR SIGNATURE DATE OF SIGNATURE

**RETIREMENT SYSTEM USE ONLY**

DATE RECEIVED	RECORDED BY	DATE DUPLICATE RETURNED	<input type="checkbox"/> ACTIVE <input type="checkbox"/> RETIRED <input type="checkbox"/> SURVIVOR
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