

Retirement Guide



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

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

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YOUR PENSION

APPLICATION

The Retirement Process

- ✓ You must notify your employer's Human Resources Department in writing of your intended retirement at least thirty (30) days before your retirement effective date. Even though your Retirement Effective Date with PSRSSTL will always be the first day of a month, the notice to your employer should indicate that you are retiring at the close of the day prior to your Retirement Effective Date. For example, if you plan to retire July 1st, you should notify your employer's Human Resources Department that you will retire effective "Close of Day, June 30th."
- ✓ PSRSSTL must **receive** your completed Retirement Application at least fifteen (15) days prior to your Retirement Effective Date. If PSRSSTL does not receive your Retirement Application at least fifteen (15) days prior to your intended Retirement Effective Date, your Retirement Effective Date and your benefits will be delayed. Retirement Applications are available by contacting PSRSSTL.

ELIGIBILITY

Normal Pension

You will be eligible for unreduced Pension Benefits as a Vested member under a Normal Pension if:

- ✓ you have reached your 65th birthday, or
- ✓ the sum of your age plus your years of Credited Service equals 80 or greater. This is commonly referred to as the "Rule of 80."

Disability Pension

If you are an Active Member unable to perform your job duties due to physical or mental incapacity, you may be eligible for Pension Benefits under a Disability Pension if:

- ✓ you do not qualify for a Normal Pension, and
- ✓ you are Vested with five (5) or more 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.

If you retire under a Disability Pension, your Pension Benefits will be subject to routine verification of your Disability status and limitations on your earnings from gainful employment until you qualify for a Normal Pension as if you had continued to work.

Even if you retire because of a Disability, your retirement benefits will be considered a Normal Pension if you have reached your 65th birthday or if you satisfy the Rule of 80 at the time of your retirement.

Early Pension

If you are age 60 or older, Vested with five (5) or more years Credited Service and do not qualify for a Normal or Disability Pension, you may qualify for a reduced Early Pension.

AVERAGE FINAL COMPENSATION

Your Average Final Compensation will be based on the highest average annual compensation you received for any consecutive three (3) year period during your last ten (10) years of service. In no event, will annual average final compensation be based on less than three years. In determining compensation, PSRSSTL includes regular wages plus what your employer pays for your health and welfare benefits. Regular wages also include extra compensation paid to department heads and extended school year pay but excludes overtime pay or special pay for services rendered during extracurricular activities or summer school.

YOUR PENSION

CREDITED SERVICE

Your Credited Service will include membership service, approved service rendered prior to 1944, approved military service, credit for service you have purchased, and credit for your accumulated and unused days of sick leave at the time of your retirement.

Note: Applications to purchase Credited Service often require research and calculations that can take an extensive amount of time. If you are planning to purchase Credited Service, you should contact PSRSSTL as soon as possible because all Credited Service purchases must be paid prior to retirement.

BENEFIT AMOUNT

Normal Pension

Your Normal Pension will be equal to your number of years of Credited Service multiplied by 2% (1.75% for non-member employees hired on or after January 1, 2018) of your Average Final Compensation. Pension Benefits are limited to 60% of Average Final Compensation. For an estimate of your Normal Pension amount look to your annual benefit statement. And remember, your annual benefit statement only provides an estimate. It will not reflect credit for unused sick leave, and may not reflect periods of absence or purchases of Credited Service that may cause adjustments to the estimate on your statement. The “Rule of 80” will only be used on annual benefit statements created for years ending on or after December 31, 2017, and when it applies to you.

Disability Pension

Disability Pension Benefits are based on the greater of what your Normal Pension would be as if you were age sixty-five (65), or one-fourth (1/4) of your Average Final Compensation upon your Disability retirement date. Disability Pension Benefits are calculated using actual Credited Service on the Disability retirement date and limited to the amount a Retired Member would receive if they worked until Normal Retirement.

Early Pension

If you retire under an Early Pension, the amount of your monthly Pension Benefit will be calculated as if it were a Normal Pension; then, it will be reduced by five-ninths of one percent (0.005556) for each month by which the date of your Early Pension precedes the earliest date on which you would be eligible for a Normal Pension.

PAYMENT OPTIONS

If no Payment Option is elected at the time of retirement, a monthly Pension Benefit will be paid to you until your death and no monthly benefits will be paid to a survivor.

Alternatively, if a Payment Option is elected at the time of retirement, a reduced monthly Pension Benefit will be paid to you so that, upon your death, monthly payments can continue to your beneficiary. Benefits that become payable to an Option Beneficiary will continue to them for the remainder of their lifetime. Pension Benefit payments will vary depending on the Payment Option elected.

Members usually name a spouse as their Option Beneficiary; however, anyone can be named as an Option Beneficiary, such as a child or parent, but you may not choose an Option Beneficiary whose difference in age from you causes a Pension Benefit reduction greater than 50% of your Normal Pension amount.

A Payment Option Reduction Table for payment estimates to an Option Beneficiary is included in Appendix A. To obtain quotes for Payment Options that coordinate your monthly Pension Benefit with your monthly Social Security Benefit, you must provide the Retirement Office with a statement from Social Security that shows your estimated Social Security Benefit at age sixty-two (62).

YOUR PENSION

OPTION BENEFICIARIES

Considerations in Naming an Option Beneficiary

- ✓ Only one person can be named as your Option Beneficiary.
- ✓ The reduction in your monthly 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 for any reason.

BENEFIT PAYMENTS

After approval of your Retirement Application, you will be added to payroll and paid a monthly Pension Benefit on the first day of each month for your lifetime. Monthly pension payments are made one month in arrears and represent the Pension Benefit for the prior month.

If you elect a Payment Option when you retire and you predecease your Option Beneficiary, effective the first of the month following your death, your Option Beneficiary will be paid a monthly survivor benefit for his or her lifetime. The amount of this monthly payment to your Option Beneficiary depends on the Payment Option you elect at the time of your retirement. See the death information sections on Page 6.

CHECK AMOUNT

Your net monthly payment will be the amount of your monthly Pension Benefit less any deductions you authorize such as insurance premiums and/or withholding for Federal and/or Missouri State Income Tax. Your first check may reflect deductions for more than one month of insurance premiums.

Most Retirement Applications are processed in a timely manner; however, if a delay in finalizing your retirement results in a delay of your initial pension payment, your initial payment will include retroactive benefits based on your Retirement Effective Date.

Around the time you are mailed your first benefit payment, you will be sent a detailed explanation of your Pension Benefit and how it was calculated.

DIRECT DEPOSIT

For your convenience and protection, the retirement system strongly suggests you choose to have your benefit payments made electronically. This method guarantees that your Pension Benefits are available in your checking or savings account on the first business day each month. Direct deposit expedites the payment process and prevents checks from being delayed in the mail, misplaced or stolen.

To arrange for direct deposit, including any changes, you must complete a Direct Deposit Authorization Form and submit it to PSRSSTL for processing. Direct deposits begin with the second pension payment or, when changes are made, with the first payment 15 days or greater after PSRSSTL receives the form.

You may contact PSRSSTL for a form or download a Direct Deposit Authorization Form from the PSRSSTL website at www.psrstl.org. The form must be completed in its entirety and returned to PSRSSTL for it to become effective.

MISSING CHECKS

If your Pension Benefit payments are paid to you by check and a check is misplaced or you do not receive it by the 10th calendar day of the month, you should notify PSRSSTL to make arrangements for a replacement check. You should notify PSRSSTL immediately if your check is stolen.

INSURANCE COVERAGE

MEDICAL INSURANCE

At retirement, you and any qualified dependents typically become eligible to participate in one of the medical plans offered by or through PSRSSTL. The cost of retiree medical insurance is usually higher than coverage offered by your employer. **If you or your dependents are eligible for Medicare, you should discuss your coverage options with PSRSSTL at least two months prior to your retirement date.** This is because the federal regulations regarding Medicare eligibility and some of the provisions your health insurance might have for coordinating benefits with Medicare could significantly affect the continuity of medical coverage for you or your Medicare-eligible dependents as you transition from active to retired member status.

DENTAL/VISION INSURANCE

Dental and vision insurance are available to retirees and their qualified dependents. *Please note:* the PSRSSTL dental and vision plans are different from the plans offered by the St. Louis Public Schools (SLPS) and the Charter Schools.

ENROLLMENT

PSRSSTL is available to assist you in completing the necessary forms to ensure that you and your eligible dependents are properly enrolled in the health care plans you have selected.

Even if you are an SLPS retiree who wishes to continue the same medical coverage you had while you were working, you must complete an enrollment form so your membership can be transferred to the PSRSSTL group plan.

If you wish to enroll for dental and/or vision insurance, you must complete an enrollment form for each plan.

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, which is within thirty days of becoming eligible for Medicare. If you or your eligible dependents do not enroll for PSRSSTL health insurance at the time of your retirement because you participate in other qualified group coverage, you may enroll in the PSRSSTL group plans within thirty days of an involuntary loss of the other coverage.

All PSRSSTL-sponsored health care benefits are subject to the provisions of the PSRSSTL Group Insurance Enrollment and Dependent Eligibility for Medical, Dental and Vision Coverage Policies.

COST

PSRSSTL pays a portion of a retiree's medical, dental and/or vision insurance premiums, which means you pay the remaining premium cost for you and any dependents. You may contact PSRSSTL or visit our website at www.psrstl.org for a schedule of current member premium costs for the PSRSSTL group plans. If you enroll for insurance, the cost for the insurance you select will be deducted from your monthly Pension Benefit. If the cost of the insurance is greater than your monthly Pension Benefit, you must make direct payments to PSRSSTL for your insurance coverage.

SURVIVOR COVERAGE

Subject to all plan provisions, surviving dependents covered under your health insurance at the time of your death are usually eligible to continue coverage. PSRSSTL staff is available to explain the plan provisions to you as the length of the continuation coverage may be limited. Your covered surviving dependents may change plans during the annual Open Enrollment Period.

Any surviving dependents not enrolled in your health plan at the time of your death are excluded from future coverage.

If your surviving spouse remarries, the new spouse and their dependents are ineligible for PSRSSTL health insurance.

INCOME TAXES

TAXES

- ✓ **Federal Income Tax:** Pension Benefits are taxed as ordinary income under Federal Income Tax Law. If you paid any after-tax contributions to PSRSSTL, generally contributions made prior to April of 1990 or contributions paid to purchase Credited Service, part of your annual Pension Benefits may not be subject to Federal Income Tax because they may have already been taxed.
- ✓ **Missouri State Income Tax:** Because PSRSSTL is a political subdivision of the State of Missouri, subject to certain earnings limitations, you may be able to exclude up to 100% of your annual Pension Benefits from Missouri State Income Tax.
- ✓ **Because tax codes vary from state-to-state or in other locations,** if you will be living outside of Missouri, you should seek tax advice about income tax liability on Pension Benefits earned while living in another domain.

WITHHOLDING TAX

Federal Income Tax

Pursuant to Federal Law, your Pension Benefits are subject to Federal Income Tax withholding unless you elect in writing not to have Federal Income Tax withheld from your pension payments.

In applying income tax withholding requirements, your gross pension payments are treated as wages. If you do not complete Form W4P, Federal Income Tax will be withheld from your pension payments as if you were married claiming three 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 Tax withheld from your pension payments, or if the amount withheld is insufficient, you may be subject to penalties under estimated tax payment rules.

Missouri State Income Tax

PSRSSTL will only withhold Missouri State Income Tax upon your written request.

TAX REPORTING

PSRSSTL will send you an IRS 1099-R Form each year no later than January 31st or as required by Federal Law.

The IRS 1099-R Form provides the gross amount of your annual Pension Benefits, the amount of taxable Pension Benefits and the amount of any Federal and/or Missouri State Income Tax withheld during the year. You should file the IRS 1099-R Form as part of your income tax return.

QUESTIONS

Tax information provided herein is general in nature. Specific questions about income tax liability on your Pension Benefits should be directed to the Internal Revenue Service or a qualified tax expert.

GENERAL INFORMATION

MEMBER CONTRIBUTIONS

If you do not elect a Payment Option, and you die before the benefits paid to you exhaust the amount of your Accumulated Member Contributions, including interest earned, the difference between your Accumulated Member Contributions and the Pension Benefits paid to you will be paid to your designated beneficiary.

If you elect a Payment Option, and you and your Option Beneficiary die before the benefits paid to you or your Option Beneficiary exhaust the amount of your Accumulated Member Contributions, the difference between your Accumulated Member Contributions and the benefits paid will be refunded to the beneficiary of the person last entitled to payments.

ADDRESS CHANGES

If you change your address, notify PSRSSTL in writing as soon as possible. Your written notice should include at least the last 4-digits of your Social Security Number and must include your signature.

NAME/MARITAL STATUS CHANGE

If your legal name changes due to marriage or other circumstances, notify PSRSSTL in writing and include a certified copy of the document showing the change.

If your marital status changes, you should review your beneficiary designation, insurance coverage and income tax withholdings. PSRSSTL provides forms to make these types of changes.

BENEFICIARY, SPOUSE OR DEPENDENT DEATH

In the event of the death of a beneficiary, spouse or any dependent covered under your medical, dental and/or vision insurance, you should notify PSRSSTL in writing so the appropriate changes are made to your health insurance coverage.

If you elect Payment Option 3 or 4, contact PSRSSTL in the event of your Option Beneficiary's death so your reduced Pension Benefit can be restored to the full amount. You should provide PSRSSTL with a certified copy of your Option Beneficiary's death certificate. See Appendix A for more information about Payment Options.

RETIREE DEATH

In the event of your death as the retiree, you should instruct your loved ones to contact PSRSSTL soon after the death and have them provide PSRSSTL with a certified copy of your death certificate.

In cases where a beneficiary is entitled to monthly survivor benefits or to a refund of contributions, a timely notification of the retiree's death will expedite beneficiary payments and limit delays. In cases where no further benefits are owed, timely notice of a retiree's death will stop overpayments from occurring which by law PSRSSTL must recover from the bank, estate or family members.

RETURNING TO WORK

If you retire under a Normal or Early Pension, you may work for St. Louis Public Schools, PSRSSTL or one of the St. Louis City Charter Schools after you retire for a maximum of sixty (60) days each calendar year on a part-time or temporary basis. Any amount of time worked in a day counts as one day; and, unless special circumstances apply, exceeding the sixty-day maximum will result in your Pension Benefits being suspended.

SOCIAL SECURITY

Because PSRSSTL members are covered by Social Security, Normal and Early Pension Benefits are paid in addition to monthly Social Security Benefits.

GENERAL INFORMATION

RETIREMENT OFFICE

Please contact PSRSSTL at the following address and phone numbers. Regular business hours for the Retirement Office are Monday through Friday, 8:00 a.m. until 4:30 p.m.

Public School Retirement System
of the City of St. Louis
3641 Olive Street, Suite 300
St. Louis, Missouri 63108-3601
Telephone: (314) 534-7444
Fax: (314) 533-0531
Website: www.psrssl.org

ABOUT THIS GUIDE

This Guide is intended to summarize certain provisions of Missouri State Law and the Rules and Regulations that govern PSRSSTL. It is not meant to interpret, change or extend Missouri State Law or the PSRSSTL Rules and Regulations in any way.

If there appears to be any discrepancy between this Guide and the actual law or the Rules and Regulations adopted by PSRSSTL pursuant to such law, the law and such Rules and Regulations will govern.

PSRSSTL reserves the right to change or discontinue its health care insurance programs at any time upon a thirty-day written notice to its members.

If you have questions about this Guide, the applicable laws or the PSRSSTL Rules and Regulations, contact PSRSSTL.

The PSRSSTL staff is always available to assist you with any pension benefit related questions.

PAYMENT OPTION REDUCTION TABLE

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 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 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
Option Beneficiary is younger by:	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%
Option Beneficiary is same age:		81.7%	89.9%	79.8%	88.7%
Option Beneficiary is older by:	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%
Factor to add or subtract for each year over 10 years		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%.
4. This table is only being provided as an estimator and is not intended to guarantee or warrant pension benefits.

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