

Retirement Handbook Closed Plan



Effective August 28, 2007

Table of Contents

Introduction

Contacting MPERS	4
MoDOT/MSHP Phone Numbers.....	5
Introducing Your Benefits.....	6
Administration	8
Cost	9
Your Retirement Benefit	9

Membership and Service

Membership Requirements.....	10
Types of Service.....	10
Vesting Service	10
Creditable Service	10
Acquiring Service Credit.....	11
When to Apply	11
How to Pay for Purchases	12
Creditable Prior Service with MOSERS.....	12
How to Apply	12
Credit for Non-Benefit Eligible Service with MoDOT or MSHP	13
Non-Benefit Eligible Service with Other State Agencies.....	13
How to Apply	13
Public Employment Prior Service	13
How to Apply	14
Public Employment Prior Service (Uniformed Patrol Members Only)	14
How to Apply	15
Military Service Credit Purchase.....	16
How to Apply	17
Police Service Credit (Uniformed Patrol Members Only).....	18
How to Apply	18
Eight-Year Transfer Provision	18
How to Apply	19
Unused Sick Leave Credit.....	19
Leaves of Absence.....	19
Creditable Leaves of Absence	19
Non-Creditable Leaves of Absence.....	20
Leaving State Employment.....	20
If You Are Not Vested	20
If You Are Vested	20

Table of Contents

Retirement Options and Survivor Benefits

Normal (Full) Retirement.....	22
Eligibility Requirements	22
Base Benefit Formula	22
Computing Creditable Service.....	22
Base Benefit Computation (Applying the Formula)	23
Uniformed Patrol Special Benefit	23
Minimum Base Benefit	24
BackDROP	24
BackDROP Date	24
BackDROP Period.....	25
Payment Options.....	26
Applying for BackDROP.....	27
Early (Reduced) Retirement	27
Eligibility Requirements	27
Early (Reduced) Retirement Reduction Factor	27
Applying for Retirement	28
Proof of Age Documents.....	28
Designation of Agent.....	28
Deductions From Your Benefit Payment	29
Survivor Benefits	29
Death Before Retirement (Non Duty-Related).....	29
Five or More Years of Service.....	29
Less Than 5 Years of Service	30
Death Before Retirement (Duty-Related).....	30
Death After Retirement	30
Benefit Payment Options.....	30
Pop-Up Provisions.....	33
Cost-of-Living Adjustment (COLA)	34
Death Benefits	34
Designation of New Spouse for Survivor Options	35
Effect of Reemployment with the State (After Retirement) on Benefit Payment.....	35

Table of Contents

Disability Benefits	36
General Information	
Final Payment of Monthly Retirement Benefit	37
Divorce Issues.....	37
Division of Benefits Order (DBO).....	37
Alternative to the DBO	38
Obtaining Benefit Information	38
Divorce Before Retirement	39
Divorce After Retirement.....	39
Multiple Divorces	40
Cost-of-Living Adjustments.....	40
Summary of DBO Provisions.....	40
Protection of Benefits	41
Correction of Errors	41
Legal Notices.....	41
Financial Reports	41
Definitions	42
Notes	44

Introduction

Contacting MPERS

Our staff is here to provide you with accurate and up-to-date information and to counsel you regarding any questions or concerns you may have regarding your retirement benefit. Every employee's situation is different and we are here to help you make the best decisions possible.

Should you have questions regarding the Closed Plan or require additional information after reading the handbook, please contact a benefit specialist at the numbers listed below or you may address your inquiry to:

MoDOT and Patrol Employees' Retirement System

1913 William Street - PO Box 1930
Jefferson City, MO 65102-1930

Business Hours

7:30 a.m. - 4:30 p.m.
Monday – Friday

Mailing Address

PO Box 1930
Jefferson City, MO 65102-1930

Building Location

1913 William Street
Jefferson City, MO 65109

Administrative Fax

(573) 526-5895

Benefits Fax

(573) 522-6111

E-mail Address

mpers@modot.mo.gov

Web Site

www.mpers.org

Phone Numbers

Main Number

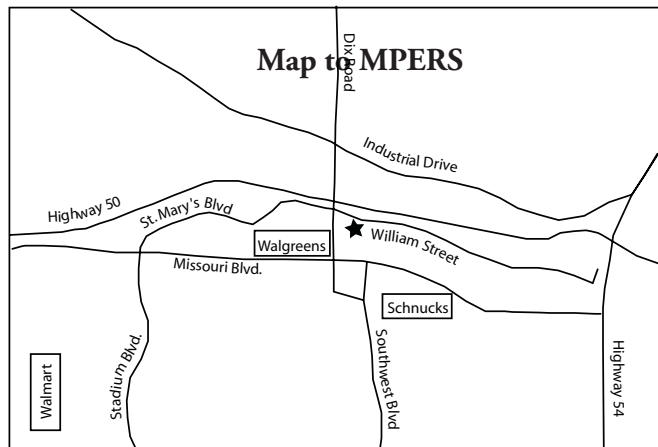
(573) 751-4640

Toll Free

(800) 270-1271

Employee Directory

(573) 751-5533



Introduction

MoDOT and MSHP Phone Numbers

Missouri Department of Transportation

Central Office	Jefferson City	(573) 751-2551
District 1	St. Joseph	(816) 387-2350
District 2	Macon	(660) 385-3176
District 3	Hannibal	(573) 248-2490
District 4	Lee's Summit	(816) 622-6500
District 5	Jefferson City	(573) 751-3322
District 6	Chesterfield	(314) 340-4100
District 7	Joplin	(417) 629-3300
District 8	Springfield	(417) 895-7600
District 9	Willow Springs	(417) 469-3134
District 10	Sikeston	(573) 472-5333

Missouri State Highway Patrol

General Headquarters	Jefferson City	(573) 751-3313
Troop A	Lee's Summit	(816) 524-1407
Troop B	Macon	(660) 385-2132
Troop C	St. Louis	(314) 340-4000
Troop D	Springfield	(417) 895-6868
Troop E	Poplar Bluff	(573) 840-9500
Troop F	Jefferson City	(573) 751-1000
Troop G	Willow Springs	(417) 469-3121
Troop H	St. Joseph	(816) 387-2345
Troop I	Rolla	(573) 368-2345

Introduction

How to Use This Handbook

The pages with the black stripe contain information regarding the Closed Plan.

For information on the Year 2000 Plan, please turn the book over to the orange side.

If there is any difference between the information provided in this handbook and the law or policies which govern MPERS, the law and policies will prevail.

The benefits described in this handbook apply only to active employees unless otherwise stated.

Examples provided in this handbook are for illustrative purposes only. Benefit amounts provided in the examples should not be construed as benefits you would receive upon retirement. For a personal benefit estimate with benefit amounts specific to you, please contact a benefit specialist.

Introducing Your Benefits

The MoDOT and Patrol Employees' Retirement System (MPERS) is pleased to provide you with the Closed Plan member handbook. This member handbook gives you a general summary of the Closed Plan benefit provisions administered by MPERS. Some of the topics explained in the handbook are membership and eligibility requirements, retirement and survivor benefits, the BackDROP, disability benefits, and other general information relating to the Closed Plan. We hope this handbook will give you a general understanding of the major provisions of the Closed Plan and will be of value to you when you have benefit or retirement questions.

As you probably know, the Closed Plan was the only retirement plan available to Missouri Department of Transportation (MoDOT) and Missouri State Highway Patrol (MSHP) employees prior to July 1, 2000. With the enactment of Senate Bill 308 & 314 in July 1999, a new retirement plan was created for state employees. The new retirement plan, known as the Year 2000 Plan, became effective on July 1, 2000. A separate section of this handbook describes the Year 2000 Plan in detail.

Your employment status on July 1, 2000 determines:

- which retirement plan you will participate in while actively employed.
- your options at retirement.

Introduction

The following chart should help you determine in which plan you will participate. If you would like additional information about a specific provision or have questions regarding your retirement benefits, please contact a benefit specialist.

CLOSED PLAN	YEAR 2000 PLAN
<p>The Closed Plan is the existing retirement plan for employees hired <u>before</u> July 1, 2000. You will continue to participate in the Closed Plan until retirement if one of the following categories describes your employment status on <u>June 30, 2000</u>. At retirement, you may elect the Closed Plan or the Year 2000 Plan if you:</p> <ul style="list-style-type: none"> ▪ Were an active member of the Closed Plan (actively employed in a benefit eligible position). ▪ Were a terminated-vested member of the Closed Plan (eligible for future retirement benefits under the Closed Plan, but no longer working for the state). ▪ Were receiving disability benefits through MPERS disability plan. ▪ Were on a leave of absence. 	<p>Effective July 1, 2000, the retirement plan for new employees is the Year 2000 Plan. You will be a member of the Year 2000 Plan if one of the following categories describes your employment status <u>on or after</u> <u>July 1, 2000</u>.</p> <ul style="list-style-type: none"> ▪ You were hired for the first time in a benefit eligible position on or after July 1, 2000. ▪ You left state employment prior to becoming vested (not eligible for a future retirement benefit) and returned to work in a benefit eligible position on or after July 1, 2000.

In a defined benefit plan, retirement system members who vest and meet certain age and service requirements are guaranteed a retirement benefit based on a formula set by law.

Introduction

Administration

The retirement system (MPERS) administers retirement and survivor benefits, disability benefits, and death benefits for members of the system in accordance with Chapter 104 of the Revised Statutes of Missouri (RSMo). The retirement system operates as a 401(a) tax qualified “defined benefit plan”.

In accordance with state statute, a 11-member Board of Trustees governs MPERS. The Board consists of the following members:

- Three members of the Highways and Transportation Commission elected by the members of the Commission.
- The director of the Department of Transportation.
- The superintendent of the Highway Patrol.
- One member of the Senate appointed by the President Pro Tem of the Senate.
- One member of the House of Representatives appointed by the Speaker of the House.
- One active member of the system elected by the active employee members of the Department of Transportation to serve a four-year term.
- One active member of the system elected by the active employee members of the civilian or uniformed Highway Patrol to serve a four-year term.
- One retired member elected by all retired members of MoDOT to serve a four-year term.
- One retired member elected by a plurality vote of all retired members of the Civilian and Uniformed Patrol to serve a four-year term.

The Board is responsible for all aspects of the retirement system’s operations. The day-to-day management of MPERS is delegated to the executive director who is hired by the Board. The executive director acts as an advisor to the Board on all matters pertaining to the system and, with the approval of the Board, contracts for professional services and employs the remaining staff needed to operate the system. It is the goal of the executive director’s office to:

- Update you on legislative changes that affect your benefits.
- Provide individualized counseling regarding your benefit options (i.e. different plan provisions, benefit estimates showing your benefit amounts, etc.).
- Provide educational seminars relating to retirement matters.
- Make available, upon request, an Annual Financial Report, etc.

Introduction

Cost

Since August 13, 1976, the cost of your retirement plan is funded solely by employer contributions and income on investments from those contributions. The calculation of the contribution rate is based on a number of factors including the current level of benefits, the number of participants in the plan, current and future pay levels, the age and average life expectancy of members, expected earnings on investments, and the plan's unfunded liability. Each year, the MPERS' Board of Trustees establishes a contribution rate for the next fiscal year. The contribution rate, which is set as a percentage of payroll, is calculated by the system's actuary. The contribution rate is designed to cover the system's benefit obligations and administrative costs for the coming fiscal year and into the future.

Your Retirement Benefit

Once you retire, you will receive a monthly retirement benefit from MPERS for your life. If you are married and select a joint and survivor option, your eligible surviving spouse will receive a lifetime survivor benefit, in the event of your death.

Your retirement benefit is calculated on:

- your highest 36 consecutive months of pay,
- your years and months of creditable service, and
- a multiplier that is set by the legislature.

The more service you have and the higher your annual pay, the higher your retirement benefit will be.

There are several sources that should make up your total retirement income: your retirement benefit from MPERS, your social security benefit, and your personal savings. By familiarizing yourself with your future estimated benefits from MPERS and social security you will be better able to assess how much you will need in personal savings to achieve your desired standard of living during retirement.

You do not have an individual "account" with MPERS. Your benefits are financed by contributions from the state and investment earnings on those contributions.

For members who have no spouse, there are guaranteed payment options available.

Membership and Service

To be eligible to participate in the Closed Plan, you must be employed by MoDOT or MSHP in a position normally requiring you to work at least 1,040 hours per year.

A year is the twelve-month period beginning on your first day of employment.

Vesting service is used to determine your eligibility for a benefit.

Creditable service is used to determine the amount of your benefit.

If you terminate with MoDOT to accept employment with MSHP, or vice versa, your creditable service in MPERS continues with no interruption of service.

Membership Requirements

You are a member of the Closed Plan if you were an active employee of MoDOT or MSHP (includes disability recipients and employees on a leave of absence) employed in a benefit eligible position prior to July 1, 2000. At the time you were hired, MoDOT/MSHP determined if your position was benefit eligible.

Types of Service

Vesting Service (104.035)

To be vested means you have the right to an annuity payable at a future date. Vesting service is used to determine your eligibility for a benefit (not the dollar amount).

In order to qualify for a retirement benefit from MPERS, you must have at least five years of vesting service. Your annuity will be based on your creditable service, final average pay, and the laws in effect at the time you terminate employment. In the Closed Plan, service that has been purchased or transferred may be considered creditable for vesting purposes.

Creditable Service (104.010.15)

Creditable service refers primarily to the length of time you have been working in a benefit eligible position (position normally requiring you to work at least 1,040 hours per year). If you are employed in a benefit eligible position with MoDOT or MSHP, you will earn one day of creditable service for each day worked, regardless of whether you work for more than one state agency in a day.

Your total creditable service (active and prior) is one of the factors used to calculate the amount of your retirement benefit. The more creditable service you have, the higher your monthly benefit amount. Therefore, you may want to investigate the possibilities of obtaining credit for any prior service.

If you cease to be an employee and are not eligible for any benefits from this system, you forfeit, waive and relinquish all accrued rights in the system, including creditable service held at the time of termination. If you return to state employment, your forfeited creditable service will be restored after one continuous year of membership in the system.

Your retirement service record date is the date of record used by the system to determine your creditable service in MPERS; generally, this is the date you began employment with MoDOT or MSHP in a benefit eligible position. If applicable, this date will include

Membership and Service

creditable prior service with other state agencies and/or service that is purchased, e.g., military service, city police service (uniformed patrol members only), or non-federal public employment service.

Acquiring Service Credit

Your retirement benefit is based on a formula that takes into consideration the amount of service credit you have accumulated towards retirement. As previously mentioned, members of MPERS earn one day of service credit for each day of work. That is the most common way of accumulating service credit. However, there are other ways.

- You may have active service and/or active/inactive duty military service.
- You may have worked for some other public entity in the state of Missouri such as a local school district, city, county or the University of Missouri.
- You may have previous state service that was forfeited or that has not yet been credited.
- You may have service from another state agency that was creditable under the Missouri State Employees' Retirement System (MOSERS) that is eligible for transfer.

The next several sections of this handbook explain the different types of service and how you can find out whether or not you can receive credit in MPERS for your previous service. Generally speaking, you cannot receive credit for the same period of service under different retirement systems, or receive credit for any period of service for which you already have credit in MPERS. Additional service can increase your benefit and in some cases enable you to retire sooner. It is your responsibility to pursue any previous employment that may be eligible for purchase.

When to Apply

You must complete the purchase or transfer of service prior to your date of retirement. It is your responsibility to complete and submit the appropriate form or contact a benefit specialist if you wish to receive credit for prior service.

- Because completing a service purchase often takes several months to finalize, this transfer of service should be initiated long before you apply for retirement. Generally speaking, you have up to two years to pay for purchased service.
- Waiting to purchase the service **will** increase the cost of the service. Some purchases have an interest component in the calculation. Some purchases are based on the present value of your retirement benefit, which increases as you get closer to retirement.

Some types of service may be added to your record at no cost, others may have to be purchased.

Membership and Service

*Submission of the application does **not** obligate you to purchase prior service credit. It simply allows us to collect the information necessary to give you a cost estimate.*

If you are considering transferring service to MOSERS you should contact MOSERS to initiate this transfer.

How to Pay for Purchases

Along with the cost estimate, you will receive an election form. If you decide to purchase your prior service credit, complete the election form and return it to MPERS. Prior service credit may be purchased using one or more of the following payment methods:

- **Lump Sum Payment** - You may make a single cash/check payment to MPERS to cover the cost of acquiring the prior service credit.
- **Monthly Payments/Payroll Deductions** - You may elect to make monthly payments directly to MPERS or have the payments deducted from your payroll check. If you elect this payment method, interest will be added to the purchase cost.
- **Rollover From Eligible Employer Plan or Traditional IRA** - You may use the funds from an eligible employer plan (including your Missouri Deferred Compensation Plan) or traditional IRA to purchase prior service credit.
- **Combination of Lump Sum and Monthly Payments** - Please note, if you make a partial lump sum payment up front, we will need to recalculate the amount of your monthly payment based on the remaining balance.

Creditable Prior Service with MOSERS (104.602)

In addition to the creditable service you earn in MPERS in your present position, there are provisions that allow you to transfer any creditable service you may have with the Missouri State Employees' Retirement System (MOSERS) to MPERS at no cost to you.

If you have membership service in MOSERS, you may elect to receive credit for that service in MPERS. This transfer also works in the other direction. In other words, if you should become a member of MOSERS at a later date, you could transfer your MPERS service to that system. This type of service **can** be used to satisfy the vesting requirement (currently 5 years). This service **can** also be used in determining your eligibility for retirement.

How to Apply

When you are completing your employment paperwork, you will be asked to provide the name(s) of the state agency(ies) for which you previously worked. Upon receipt of the information, we will contact MOSERS to verify your service. You will receive a confirmation letter from MPERS when the service has been transferred.

If you have service in both MPERS and MOSERS and should happen to die before consolidating (transferring) your service, your eligible survivor may elect to transfer service from MOSERS in order to receive the highest possible benefit. The survivor benefit will be calculated on the combined service.

Membership and Service

Credit for Non-Benefit Eligible Service with MoDOT or MSHP (104.272)

Certain types of employment with MoDOT or MSHP, e.g., summer employment, emergency snow removal, part-time wage/salaried, temporary, etc., may not have been recognized as creditable service for retirement system purposes. However, if you work continuously with MoDOT or MSHP until retirement, you are eligible to receive credit for such service if the service can be verified. If verified, this type of service credit will be an add-on to your creditable service at the time of retirement; it **cannot** be used in determining your eligibility for retirement or to satisfy the vesting requirement. (Reference the example under the section *Computing Creditable Service* for how this type of service is credited when computing your retirement benefit.)

Non-Benefit Eligible Service with Other State Agencies (104.040.3)

You may also qualify, after one continuous year of membership in the system, to receive credit for service with any state department if such service has not otherwise been credited. This type of service **can** be used to satisfy the vesting requirement (currently 5 years). This service **can** also be used in determining your eligibility for retirement.

How to Apply

If you are interested in pursuing credit for this non-benefit eligible service, you are responsible for providing information to MPERS regarding the employer and the period of service. You must provide, **on your former employer's letterhead** the following:

- Employee Name, Social Security number, starting and ending dates of employment.
- Type of position, i.e. full-time, full-time temporary, part-time, temporary, seasonal or emergency.
- If not full-time employment, we **must** receive the total hours worked during the above dates of employment.
- Was employee a member of a retirement system?
- Rate of pay by hour or month.
- Verified by appropriate agency employee.

Public Employment Prior Service (105.691)

You may acquire service credit for any full-time, non-federal public sector employment within the state of Missouri. "Public employment" refers to employment with a city, county, municipality, public school, or other political subdivision. Federal employment and out-of-state employment **are not** eligible.

The types of service previously discussed are granted only when specific conditions have been met. You cannot receive credit for the same period of service under two retirement systems. If you obtain credit in MPERS for prior service, you must forfeit all rights to benefits under the other retirement system.

It is your responsibility to contact your district/division/ troop or a benefit specialist to learn how you may receive this credit.

Service will not be credited if it cannot be verified.

Before you can apply for public employment service credit, you must be vested (5 or more years creditable service) in MPERS.

Membership and Service

You do not have to purchase all of your public employment at once. You may elect to purchase only a portion of the time now. Any remainder can be purchased at a later date; however, the cost will be recalculated at the time of purchase.

You cannot receive credit for the same period of public employment under two retirement systems. If you obtain credit in MPERS for prior public employment, you must forfeit all rights to benefits under the other retirement system. (105.691.9)

If you have full-time non-federal public employment covered by a retirement plan, you may qualify to purchase your creditable service from that plan. You may purchase the service and/or transfer the value of the service in the prior retirement plan, if that plan has an agreement with MPERS. If you have full-time non-federal public employment not covered by a retirement plan, your only option is to purchase the service. You must be vested (5 or more years of creditable service) in MPERS before you can apply for public employment service credit. This service **can** be used in determining your eligibility for retirement.

Before you decide to purchase this type of service, you should contact a financial advisor to determine how the purchase will affect your overall financial plan. ***Any purchase/transfer of service must be completed prior to applying for retirement.*** If payment in full is not made within this prescribed time period, any partial payments made by the individual because of the election will be refunded, and no creditable service will be allowable in the receiving plan as a result of the partial payments. (105.691.6)

How to Apply

If you are interested in purchasing full-time non-federal public employment service, you must provide information regarding the employer and the period of service you wish to purchase. This information is to be provided on an *Election to Purchase/Transfer Creditable Service* form that is available from your district/division/troop. The member must then take the *Election to Purchase/Transfer Creditable Service* form to the former employer's office or retirement system for verification. They will then return the form to MPERS for a calculation of cost to be made on the service that is verified. Public employment prior service, as explained above, is granted only when **specific conditions** have been met.

Public Employment Prior Service - Uniformed Patrol Members Only (104.040.6)

You may acquire service credit for any full-time non-federal public sector employment within the state of Missouri. "Public employment" refers to employment with a city, county, municipality, public school, or other political subdivision. Federal employment and out-of-state employment are not eligible.

Membership and Service

To be eligible to purchase this service credit you must be an active member. You must purchase all months of eligible service (up to 4 years), and the purchase must be made prior to applying for retirement. In connection with such a purchase MPERS requires that you submit an *Election to Purchase/Transfer Creditable Service* form for an estimate of the cost to purchase.

Payment for purchase of public employment service will be based on the member's annual salary rate when initially employed as a member in a benefit eligible position, the contribution percentage being paid by the state on the member's date of employment in a benefit eligible position, and with simple interest from date of employment in a benefit eligible position to the date of election to purchase service. Any period of service being purchased cannot coincide with your employment with MoDOT, MSHP or any other state agency. Purchase of public service cannot be used to satisfy the vesting requirement (currently 5 years). This service can be used in determining your eligibility for retirement.

Before you decide to purchase this type of service, you should contact a financial advisor to determine how the purchase will affect your overall financial plan. ***Any purchase/transfer of service must be completed prior to applying for retirement.***

How to Apply

If you are interested in purchasing such public employment service, you are responsible to provide the retirement system information regarding the employer and the period of service you wish to purchase. This information is to be provided on an *Election to Purchase/Transfer Creditable Service* form that is available from your district/division/troop. The member must then take the form to the former employer's office or retirement system for verification. They will then return the form to MPERS for a calculation of cost to be made on the service that is verified. Public employment prior service, as explained above, is granted only when specific conditions have been met. You cannot receive credit for the same period of public employment service under two retirement systems. If you obtain credit in MPERS for prior public employment service you must forfeit all rights to benefits under the other retirement system. (105.691.9) Once the above is received a cost estimate will be provided to the member regarding options for payment.

A member may not receive service credits or benefits from any other public or private retirement plan for the purchased service.

Excluding military service, a member may not receive service or retirement credit from any other public or private retirement for the same period of purchased service.

Membership and Service

Military Service Credit Purchase (104.010.29, 104.040.4 & 104.030)

Members who served and were honorably discharged from one of the following branches of the military may receive up to four years of creditable prior service for their service in the military. This includes active service, and/or active/inactive duty training from which you were honorably discharged. Military service includes:

- Army, Air Force, Navy, Marine Corps, or Coast Guard
- Members of the United States Public Health Service
- Any women's auxiliary
- Army and Air National Guard when engaged in active duty for training, inactive duty training, or full-time National Guard duty,
- And, any other category of persons designated by the President in time of war or emergency.

You must purchase all the months of eligible service and the purchase must be made prior to applying for retirement. *Purchase of military service can be used to satisfy the vesting requirement (currently 5 years) and in determining your eligibility for retirement.* Payment for purchase of military service will be based on the following: 1.) member's annual salary rate when initially employed by the state in a benefit eligible position, 2.) the contribution percentage being paid by the state on member's date of employment in a benefit eligible position and 3.) the elapsed time from member's date of employment in a benefit eligible position to the date of election to purchase military service. Periods of military service to be purchased cannot coincide with your employment with MoDOT, MSHP, or any other state agency.

If you have been granted unpaid military leave, under the Uniformed Service Employment and Reemployment Rights Act of 1994 (USERRA), you may qualify for automatic credit of military service. The leave will be considered creditable service in MPERS if you meet all the requirements of the USERRA including:

- Were a state employee immediately prior to entry into the armed forces;
- Served during a period of "active armed" warfare; and,
- Were reemployed by the state in accordance with USERRA guidelines after termination of such service by an honorable discharge or release to inactive status.

To be eligible to purchase military service credit you must be an active or terminated vested member. You must purchase all months of eligible service (up to 48 months), and the purchase must be made prior to applying for retirement.

Purchase of military service can be used to satisfy the vesting requirement (currently 5 years) and in determining your eligibility for retirement.

Membership and Service

MPERS requires that you submit a copy of your military DD 214 or NGB Form 23 or Army National Guard Current Annual Statement, which verifies the following:

- Your service was in an eligible branch of the U.S. Armed Forces or reserve component.
- Your dates of service.
- You were honorably discharged.

If you do not have a copy of your DD 214, NGB Form 23 or Army National Guard Current Annual Statement, you may obtain one by contacting the:

National Personnel Records Center

Military Personnel Records

9700 Page Avenue

St. Louis, MO 63132-5100

(314) 801-0800

www.archives.gov

If you lived in Missouri when you were discharged from the service, you may obtain a copy of your discharge form by calling the:

Missouri National Guard

(573) 638-9890 or (573) 638-9683

Before you decide to purchase this type of service, you should contact a financial advisor to determine how the purchase will affect your overall financial plan. ***Any purchase/transfer of service must be completed prior to applying for retirement.***

How to Apply

If you are interested in purchasing military service, you must provide the retirement system a copy of your military DD 214, NGB Form 23 or Army National Guard Current Annual Statement before a cost estimate will be provided. Once the above is received a cost estimate will be made and documentation provided the member regarding options for payment. If you have any questions regarding your military service, please contact a benefit specialist at (800) 270-1271.

You must purchase all months of eligible service (up to 48 months), and the purchase must be made prior to applying for retirement.

Once the requested information is received, a cost estimate will be made and documentation will be provided to the employee regarding options for payment.

Membership and Service

Police Service Credit - (Uniformed Patrol Members Only) (104.040.5)

Any uniformed member of MSHP who served as a certified police officer prior to becoming a member may elect, prior to applying for retirement, to purchase all of his or her creditable prior service (not to exceed 4 years) equivalent to such service in the police force. A member may not be receiving or be eligible to receive credits or benefits from any other public or private retirement plan for the service to be purchased.

Payment for purchase of police service will be based on the member's annual salary rate when initially employed as a member in a benefit eligible position, the contribution percentage being paid by the state on the member's date of employment in a benefit eligible position, and with simple interest from date of employment in a benefit eligible position to the date of election to purchase police service. Any period(s) of police service being purchased cannot coincide with your employment with MoDOT, MSHP, or any other state agency. Purchase of police service can be used to satisfy the vesting requirement (currently 5 years) and in determining your eligibility for retirement.

Before you decide to purchase this type of service, you should contact a financial advisor to determine how the purchase will affect your overall financial plan. ***Any purchase/transfer of service must be completed prior to applying for retirement.***

How to Apply

If you are interested in applying for police service credit, it is your responsibility to provide the following information, **on your former employer's letterhead**:

- Employee Name,
- Social Security Number,
- Starting and ending dates of employment (mm/dd/yy),
- **Must** state that you were a commissioned officer; and,
- Verified by appropriate agency employee.

Eight-Year Transfer Provision (104.800)

There is a special provision that will allow you a one-time transfer of up to eight years of service to or from any of the following plans:

- Administrative Law Judges and Legal Advisors' Plan (ALJLAP)
- Judicial Plan
- Prosecuting Attorneys' and Circuit Attorneys' Retirement System (PACARS)

Membership and Service

You will forfeit any remaining credit in the plan your service was transferred from. In no event will the amount of service that a person will be entitled to transfer pursuant to the provisions of this section exceed eight years. This provision is not available in the Year 2000 Plan. This service **can** be used for vesting purposes and retirement eligibility.

How to Apply

To request this transfer of service, contact a MPERS benefit specialist at 800-270-1271.

Unused Sick Leave Credit (104.601)

If you work continuously until reaching retirement age, you will receive creditable service for your unused accumulated sick leave upon your application for retirement. Currently, one month of credit is granted for every 168 hours of unused sick leave (*Reference the section Computing Creditable Service for an example of how unused sick leave is credited when computing your retirement benefit*).

*Unused sick leave **cannot** be used in determining your eligibility for retirement, nor can it be used to meet the five-year vesting requirement.*

Leaves of Absence

There are various leaves of absence offered by MoDOT and MSHP; however, it is important to remember that an approved leave of absence does not guarantee you will receive creditable service for that period of time on leave; not all leaves of absence qualify for creditable service.

Creditable Leaves of Absence

If your agency approves the following leaves of absence, you will continue to accrue creditable service:

- **Sickness or Injury Leave Without Pay** – **Up to one year** of creditable service can be accrued for retirement.
- **Workers' Compensation** – Creditable service can be accrued until reaching Maximum Medical Improvement (MMI), returning to work, or termination.
- **Family Medical Leave Act of 1993 (FMLA)** – You can accrue **up to 12 weeks** of service credit in a twelve month period.
- **Military Leave** – You can accrue creditable service **for active duty** when you return to work and submit a valid DD 214.
- **Other Leaves Without Pay (for 10 working days or less)** – You can accrue creditable service for personal hardship, disciplinary suspension or other extraordinary reasons.

In general, the retirement laws in effect on the date you leave state employment determine both your eligibility for a benefit and the provisions used to calculate your benefit.

*If you terminate employment with MoDOT/MSHP and have **five or more** years of creditable service, you are a vested member of MPERS and eligible for future retirement benefits.*

Certain types of purchased service can be used to meet the system's minimum vesting requirement (i.e. military service).

When you apply for retirement benefits, you will have the same benefit payment (survivor) options as an active employee who is retiring (Reference Benefit Payment Options).

Membership and Service

Non-Creditable Leaves of Absence

If your agency approves you for the following leaves of absence, you will not continue to accrue creditable service.

- **Layoff**
- **Educational Leave**
- **Extended Leave of Absence Without Pay**
- **Other Leaves Without Pay (for 11 working days or more)** – (i.e. personal hardship, disciplinary suspension or other extraordinary reasons)

If you have questions concerning your eligibility for a leave of absence, please contact your district/division/troop representative.

Leaving State Employment

If You Are Not Vested (104.050.2 & 3)

If you terminate employment with MoDOT/MSHP and have **less than** five years of creditable service, you forfeit your accrued service credit and all rights to benefits in MPERS' Closed Plan. If you return to work in a benefit eligible position, your forfeited creditable service in the Closed Plan will be restored after one continuous year of membership in the system and combined with your new membership service in the Year 2000 Plan. Future benefits, if eligible, will be in the Year 2000 Plan and will be computed on your total creditable service, final average pay, and laws in effect at the time of your subsequent termination or retirement.

If You Are Vested (104.035)

If you are vested, a letter will be sent to you notifying you of your vested status and what benefits you are eligible to receive as a vested member. Vesting requirements have changed over the years; the dates regarding vesting service changes are as follows:

- Members who terminated employment prior to August 13, 1976, a 20-year service requirement was in effect.
- From August 13, 1976, thru May 31, 1981, a 15-year service requirement with no age limit **or** a 10-year service requirement at age 35 was in effect.
- From June 1, 1981, thru September 27, 1992, a 10-year service requirement was in effect.
- Since September 28, 1992, a 5-year service requirement is in effect.

Membership and Service

If you became vested prior to July 1, 2000, you will have the choice at retirement of electing the Closed Plan or the Year 2000 Plan. If you return to work in a benefit eligible position, your prior creditable service in the Closed Plan will be restored upon your reemployment and combined with your new membership service, and you will continue to be covered under the Closed Plan. When you elect to retire, you will have the choice of retiring under the Closed Plan or the Year 2000 Plan.

Approximately 90 days prior to a vested member's eligibility to begin receiving full retirement benefits, a *Retirement Application* will be mailed to you from the retirement system (MPERS). The application will indicate your payment options for receiving a retirement benefit, and you will receive an estimate of your benefit amount and the estimated date you will be eligible to begin receiving benefits.

As a vested member, you can opt to begin receiving your benefit early (*Reference Eligibility Requirements under Early (Reduced) Retirement*). If you choose to take your benefit early, **it will be your responsibility** to contact the retirement system office at least 90 days before the date you want to retire.

As a vested member, it is important to keep MPERS informed of your current address as well as any beneficiary changes. This information is of utmost importance in advising you of legislative changes, contacting you to secure necessary documents when you are approaching retirement age, and contacting your eligible survivors should survivor benefits become due.

If you are vested and leave state employment, please contact MPERS if your address changes.

Retirement Options and Survivor Benefits

Normal (Full) Retirement

Your eligibility for retirement depends on your age and the amount of creditable service you have earned. The retirement laws in effect on the date you leave state employment determine both your eligibility for a benefit and the provisions used to calculate your benefit.

Eligibility Requirements (104.100 & 104.271)

You qualify for normal (full) retirement benefits when you meet one of the following age and service requirements:

MoDOT & Civilian Patrol Employees

- Age 65 with 4 or more years of creditable service (active).
- Age 65 with 5 or more years of creditable service (terminated & vested).
- Age 60 with 15 or more years of creditable service (active or terminated & vested).
- “Rule of 80” - at least age 48 with the sum of your age and service equaling 80 or more (active or terminated & vested).

Uniformed Patrol Employees

- Age 55 with 4 or more years of creditable service (active).
- Age 55 with 5 or more years of creditable service (terminated & vested).
- “Rule of 80” - at least age 48 with the sum of your age and service equaling 80 or more (active or terminated & vested).
- Mandatory retirement at age 60 (active).

Base Benefit Formula (104.090.1)

Your base benefit when you retire is calculated using a formula that is set by law and takes into account the following factors:

- **Final Average Pay** - the average of your highest 36 consecutive months of pay, including cash overtime.
- **Multiplier** - a percentage factor set by the legislature for use in calculating your benefit (currently set at 1.6 percent).
- **Creditable Service** - years and months (twelfths of a year) of service credit you have accumulated including credit for unused sick leave (if applicable).

Computing Creditable Service

To compute an employee’s total years of creditable service, the following example is illustrated. We will assume the member’s total creditable service is 24 years and 10 months, member has a balance of 560 hours of unused sick leave, and has 1 month of summer employment.

Retirement Options and Survivor Benefits

Years and Months of Creditable Service..... 24 Years 10 Months
 Credit for Accumulated Unused Sick Leave (560 hours)..... 3 Months
 Other Service Credit (summer/emergency employment, etc.)..... 1 Month
 Total Creditable Service for Calculating Annuity..... 25 Years 2 Months
 (or 25.1667** Years)

Portion of a Year Calculations**

1/12 = 0.0833	7/12 = 0.5833
2/12 = 0.1667	8/12 = 0.6667
3/12 = 0.2500	9/12 = 0.7500
4/12 = 0.3333	10/12 = 0.8333
5/12 = 0.4167	11/12 = 0.9167
6/12 = 0.5000	12/12 = 1.0000

Base Benefit Computation (Applying the Formula)

For an employee having 25 years and 2 months of total creditable service (as shown in the preceding example), and assuming his/her final average pay is \$2,500, the formula to calculate the monthly base benefit is shown in the example below. The formula takes into account the three factors previously mentioned.

Example

Final Average Pay	Multiplier (1.6%)	Years & Months of Creditable Service	Monthly Base Benefit
\$2,500.00	x 0.016	x 25.1667	= \$1,006.67

(If you are a member of the uniformed patrol, your base benefit is calculated by applying the above formula, then multiplying the product by 1.333333.)

Monthly Base Benefit	1/3 Increase	Monthly Base Benefit
\$1,006.67	x 1.333333	= \$1,342.23

Uniformed Patrol Special Benefit (104.090)

Uniformed patrol members are eligible to receive an additional benefit of \$90 per month plus cost-of-living adjustments (COLAs) until attaining age 65. This special benefit amount will be reduced monthly by any amount earned during gainful employment. To receive this benefit, you must retire from active status. Vested members who have terminated are not eligible for this benefit. It will be the uniformed patrol member's responsibility to notify the retirement system when gainfully employed. Annually, the member will be required to certify any earnings received from gainful employment.

One month of creditable service is granted for every 168 hours of unused sick leave.

In the past, formula increases have been passed along to retirees (when the multiplier has been increased by the legislature).

Your base benefit will be reduced if you elect:

- *Early retirement*
- *Joint & 100% Survivor Option*
- *Life Income With 60 Guaranteed Payments*
- *Life Income With 120 Guaranteed Payments*

This special benefit provision is not available to uniformed patrol members employed on or after January 1, 1995.

It will be the uniformed patrol member's responsibility to notify the retirement system when gainfully employed.

Retirement Options and Survivor Benefits

Minimum Base Benefit (104.615)

A minimum base benefit ensures that no member eligible for retirement will receive less than a certain amount. The minimum base benefit amount is used only when it is greater than the amount determined by the base benefit formula. If you are entitled to a minimum base benefit, you will receive \$15 for each full year of creditable service. For example, if you work 25 years, your minimum base benefit will be \$375 (25 years x \$15 per year = \$375). To be eligible, you must begin receiving a retirement benefit the first of the month immediately following the date you leave state employment.

BackDROP (104.625)

BackDROP is a payment option you may be able to elect upon retirement. This option provides for a benefit to be calculated as if you elected to retire at a previous date. If you elect the BackDROP, the monthly benefit payable on your actual retirement date is based on the benefit you would have been receiving had you left employment and retired on the BackDROP date. In addition, you will receive a lump sum payment equal to 90% of the life income annuity amount you would have received during the BackDROP period.

To be eligible for the BackDROP, you must meet all the following requirements:

- You were actively employed in a benefit eligible position on the date you were first eligible for normal (full) retirement.
- You continued to be employed in a benefit eligible position at least two years beyond your normal (full) retirement eligibility date.
- You retire directly from active employment.

BackDROP Date

The BackDROP date selected must be in 1 year increments, not to exceed 5 years. In addition, you may select the maximum amount you are eligible for up to 5 years.

As an example, if you work 3 years and 5 months beyond normal retirement eligibility, you may select a BackDROP period of 1 year, 2 years, 3 years or the maximum of 3 years, 5 months.

Whatever BackDROP date you choose, it must meet both of the following requirements. It must be:

- On or after the date you were first eligible for normal (full) retirement benefits.
- Within the five year period immediately prior to your actual retirement date.

You are not required to take any action related to the BackDROP until you actually retire.

Retirement Options and Survivor Benefits

BackDROP Period

The BackDROP period depends on how long you work past normal (full) retirement eligibility. The BackDROP period consists of your full years and months of service rendered between your BackDROP date and your actual retirement date. The BackDROP period will be in the range of one year to five years.

BackDROP Example

This example reflects the benefit for an employee electing the Joint & 100% survivor option in the Closed Plan. The employee's spouse is 5 years younger than the employee. (Note: reduction factor for the survivor option is applied on retirement date - not on BackDROP date.)

Age on BackDROP Date.....	50 Years
Age at Actual Retirement.....	53 Years
Service on BackDROP Date.....	30 Years
Service Beyond Normal (Full) Retirement.....	3 Years
Final Average Pay (BackDROP Date).....	\$2,000
Annual COLA Rate	4%
Retirement Date.....	January 1
BackDROP Date	January 1
COLA effective Date.....	October 1

Monthly Benefit with BackDROP

$$\$2,000 \times 0.016 \times 30 = \$960.00$$

Retirement Benefits During BackDROP Period

(example includes 4% annual COLAs)

Monthly Benefit

	<u>January-September</u>	<u>October-December</u>	<u>Annual Benefit</u>
1st Year Benefit	\$960.00	\$998.40	\$11,635.20
2nd Year Benefit	\$998.40	\$1,038.34	\$12,100.62
3rd Year Benefit	\$1,038.34	\$1,079.87	<u>\$12,584.67</u>
Total Benefit			\$36,320.49

BackDROP Distribution

$$\$36,320.49 \text{ (Total Benefits)} \times 0.90 = \$32,688.44 \text{ (Lump Sum Payment)}$$

or

$$\$32,688.44 \div 3 = \$10,896.14 \text{ (Three Annual Installments)}$$

If you elect a joint and survivor option, the reduction will be based on your age as of the BackDROP date.

Retirement Options and Survivor Benefits

Tax Withholding - Lump Sum Payment

$$\begin{aligned} \$32,688.44 \times 0.20 &= \$6,537.69 \text{ (20\% Withholding)} \\ \$32,688.44 - \$6,537.69 &= \$26,150.75 \end{aligned}$$

Tax Withholding - Three Annual Installments

$$\begin{aligned} \$10,896.14 \times 0.20 &= \$2,179.23 \text{ (20\% Withholding)} \\ \$10,896.14 - \$2,179.23 &= \$8,716.91 \end{aligned}$$

Monthly Benefit at Retirement (Life Annuity)

$$\$960.00 + 119.87 \text{ (COLAs)} = \$1,079.87$$

Monthly Benefit @ Retirement (with BackDROP & Spouse Reduction)

$$\$1,079.87 \times 0.9250 = \$998.88$$

Monthly Benefit without BackDROP

Age at Actual Retirement.....53 Years
 Years of Creditable Service on Retirement Date.....33 Years
 Final Average Pay (FAP) on Retirement Date \$2,300.00

FAP		Multiplier		Years	=	Monthly Benefit
\$2,300.00	x	0.016	x	33	=	\$1,214.40

Payment Options

You may receive your BackDROP distribution one of three ways:

- ***Cash Option*** - If you elect the cash option, the distribution will be paid directly to you. MPERS is required to withhold 20% of the payment for IRS purposes and report it as federal income tax withholding.
- ***Rollover Option*** - If you elect the rollover option, your payment must be made directly to a qualified plan. Your payment will not be taxed in the year of the rollover and no income tax will be withheld. The payment will be taxed upon withdrawal.
- ***Combination Cash and Rollover Option*** - If you elect the combination option, you may specify the amount of your distribution to be made directly to a qualified plan. The balance will be paid to you (less the required 20% federal income tax withholding on the cash portion).

For additional payment information see Special Tax Notice brochure.

Retirement Options and Survivor Benefits

Applying for BackDROP

You are not required to take any action related to the BackDROP until you apply for retirement. At that time, you may elect the BackDROP option on the *Retirement Application*. An estimate of your monthly retirement benefit **with** and **without** the BackDROP will be provided to you.

You are not required to elect the BackDROP regardless of how long you work beyond normal (full) retirement eligibility - that decision is up to you.

Early (Reduced) Retirement (104.100)

Not Applicable to Uniformed Patrol Members

Eligibility Requirements

You are eligible for early (reduced) retirement when you meet the following age and service requirement:

- Age 55 with 10 or more years of creditable service.

Early (Reduced) Retirement Reduction Factor

If you elect early (reduced) retirement, your base benefit is reduced by 0.006 for each month your age at retirement is younger than your normal (full) retirement age.

The formula for calculating the early (reduced) retirement reduction factor is:

$$\text{One} - (\text{Months Retiring Early} \times 0.006) = \text{Early (Reduced) Retirement Factor}$$

Example

We will assume the employee is 57 years of age, has 18 years creditable service and final average pay is \$2,500.00. With 18 years of service, this person would be eligible for normal (full) retirement at age 60; by electing early (reduced) retirement, he/she will be retiring 36 months early.

Reduction Factor Calculation

$$36 \text{ Months} \times 0.006 = 0.216$$

$$1 - 0.216 = 0.784 \text{ (reduction factor)}$$

Base Benefit Calculation

$$\$2,500 \times 0.016 \times 18.0 = \$720.00$$

$$\$720.00 \times 0.784 = \$564.48 \text{ (reduced monthly benefit)}$$

The payment for each month's retirement benefit is the last working day of the month.

There are only 12 dates per year that you may retire...January 1, February 1, March 1, etc.

The designation of agent form relates only to your MPERS benefits and becomes effective when your physician determines you are incapacitated.

Retirement Options and Survivor Benefits

Applying for Retirement (104.090)

When you elect to retire, you must complete and submit a *Retirement Application* to MPERS. Your completed application along with the necessary documentation must be filed at least 30 days, but not more than 90 days, prior to your effective date of retirement.

Your retirement date will always be the first day of the month following the month in which you attain the age and service requirement qualifying you for a benefit, or the first of any month thereafter. However, if your birthday falls on the first day of the month, you may retire that particular month.

Proof of Age Document(s)

To establish your eligibility for retirement, you must submit an acceptable proof-of-age document with your *Retirement Application*. A legible copy of one of the following documents is acceptable:

- Birth Certificate
- Passport
- Bureau of the Census Form
- Military Form DD 214
- Infant Baptismal Record (record must show date of birth)

If you are married, and select a survivor option, please submit your spouse's proof-of-age document and marriage certificate with your retirement application. MPERS cannot complete the verification of your retirement benefit without these documents and will not begin payments until all documentation is received. Please DO NOT send original proof-of-age documents!

Designation of Agent (104.1093)

If you become incapacitated (no longer able to handle your own affairs), MPERS must pay benefits to the individual who has legal responsibility for your financial matters. Any employee, retiree or beneficiary may designate an agent who will be responsible for managing his/her benefits from MPERS. You can name an agent and a successor agent by requesting a *Designation of Agent (for MPERS benefit)* form. The form allows you to choose an agent who can make benefit decisions for you if you become disabled or incapacitated. This form does not give your agent broad powers like those usually found in a durable power of attorney. MPERS will recognize your agent first regarding the distribution of your benefit. In the event your agent cannot or will not perform these duties, MPERS will look to your successor agent for instructions.

Retirement Options and Survivor Benefits

If no agent has been designated, the following order of persons may act as agent upon submission of a written statement from a physician who has determined the benefit recipient is disabled or incapacitated:

- The spouse of the benefit recipient.
- A child of the benefit recipient.
- A parent of the benefit recipient.
- A brother or sister of the benefit recipient.
- A niece, nephew or grandchild of the benefit recipient.

MPERS is not liable with regard to any payment made in good faith to your agent.

Deductions From Your Benefit Payment

The following deductions may be withheld from your monthly benefit payment:

- Federal Income Tax.
- Missouri Income Tax.
- MoDOT/MSHP Medical Insurance Premium(s).
- Optional, Association and Met Life/BMA Insurances.
- Approved Cancer Insurance Premium.
- Credit Union (deduction can be made for only one Highway Credit Union even though you may belong to more than one).

Survivor Benefits

Death Before Retirement (Non-Duty Related)

Five or More Years of Service (104.140.1)

If you have five or more years of creditable service and die before retirement, the spouse to whom you are married on the date of your death is eligible to receive survivor benefits.

The monthly benefit for the surviving spouse will be based on the benefit you have accrued as of your date of death and calculated according to the Joint & 100% Survivor Option.

Benefits continue throughout the lifetime of the spouse and an annual COLA is provided (*Reference cost-of-living adjustment*).

If there is no eligible surviving spouse, or the spouse is deceased, a total of 80% of your monthly base benefit, in equal shares, will be paid to your eligible surviving children under age 21 (unless the child is totally incapacitated). If a child is under 18 years of age, benefits will be payable to the surviving parent as natural guardian of such child (if such parent has custody or assumes custody of the child), or to the legal guardian of such child, until attaining age 18; thereafter, the benefit is paid to the child until age 21. An annual COLA is provided to eligible surviving children.

Association life insurance is only available to MoDOT employees; Met Life/BMA insurance is only available to MSHP employees.

If no state tax designation is received, no tax will be withheld. If no federal tax designation is received, we are required to withhold taxes as if you claimed married with three allowances. By January 31st of each year, MPERS will mail benefit recipients a Form 1099-R (the equivalent of the W-2 form you received as an active employee) showing your income and taxes for the previous year. Retirement benefits are not subject to social security and medicare tax withholdings.

The survivor benefit will be payable for the remainder of your spouse's life (even if spouse remarries) and an annual cost-of-living adjustment will be provided.

Survivor benefit payments begin the first of the month following your date of death; however, they are not automatic. Each eligible benefit recipient must submit a Survivor Application with required documentation. If there is no eligible surviving spouse or eligible surviving children under age 21, no benefits will be payable.

** Under certain conditions, your payment option may be changed. See "Designation of New Spouse for Survivor Options".*

Retirement Options and Survivor Benefits

Less Than Five Years of Service (104.140.2)

If you have three or more, but less than five, years of creditable service and die before retirement, the spouse to whom you are married on the date of your death, or your eligible surviving children under age 21, will receive a total monthly payment equal to 25% of your base benefit calculated as if you had retired on the date of your death. Benefits continue throughout the lifetime of the eligible spouse. Benefits payable to eligible surviving children under age 21 will be divided equally among the surviving children. An annual COLA is provided to an eligible spouse or eligible surviving children.

Benefits cease through either death of the eligible surviving spouse, or through death or attainment of age 21 by the eligible surviving children. When death or attainment of age 21 of eligible surviving children occurs, your benefit will be reallocated so the remaining eligible children receive equal shares.

Death Before Retirement (Duty-Related) (104.140.3)

If you die while actively employed and your death is determined to be duty-related by the Board of Trustees, the spouse to whom you are married on the date of your death, or your eligible surviving children under age 21, will receive a minimum survivor benefit equal to 50% of your final average pay. In the event of a duty-related death, there is no minimum service requirement.

Death After Retirement (104.090)

At retirement, you must elect a benefit payment option on your *Retirement Application*. This election determines whether or not a benefit will be paid to anyone after your death. The payment option you select cannot be changed after your effective date of retirement, except under certain circumstances (*Reference Designation of New Spouse for Survivor Option*). Your spouse/beneficiary must apply for survivor benefits which will start the first of the month following your date of death.

Benefit Payment Options (104.090.3)

In addition to electing a plan, you must also elect a benefit payment option on your *Retirement Application*. This election determines whether or not a benefit will potentially be paid to anyone after your death.

Your payment option* and plan election can be changed anytime prior to MPERS mailing or electronically transferring your first benefit payment. Regardless of the payment option you elect, you will receive a benefit payment each month for your lifetime. The payment options available under the Closed Plan include:

Retirement Options and Survivor Benefits

Life Income Annuity

- Your retirement benefit will not be reduced.
- No survivor benefits will be paid.
- You must name a beneficiary to receive your final payment from MPERS.
- The benefit will continue throughout the life of the member and will include an annual COLA.

Regardless of the benefit payment option selected, the retiree or member will receive a benefit for their lifetime.

Unreduced Joint & 50% Survivor

- Your retirement benefit will not be reduced to provide a survivor benefit for your eligible spouse or former spouse.
- Your eligible spouse will receive 50% of the benefit amount you are receiving at the time of your death. The benefit will continue throughout the life of the surviving spouse (even if the spouse remarries) and will include an annual COLA.
- For members who retired prior to August 28, 2004 and chose a survivor option, survivor benefits will be paid to the spouse to whom the member was married on the date of death.
- For members who retired after August 28, 2004, survivor benefits will be paid to the individual who was the spouse at the time of the member's retirement, or as provided in the section titled "Designation of New Spouse for Survivor Options". The benefit will continue throughout the life of the surviving spouse (even if the spouse remarries) and will include an annual COLA.

If married on the annuity starting date, the member's annuity will be paid under either the Joint & 50% or the Joint and 100% benefit payment option, with the spouse as the member's designated beneficiary, unless the spouse consents, in writing, to the member electing another available form of payment.

Joint & 100% Survivor

- Your retirement benefit will be reduced to provide a survivor benefit for your eligible spouse or former spouse.
- Your eligible spouse will receive 100% of the benefit amount you are receiving at the time of your death. The benefit will continue throughout the life of the surviving spouse (even if the spouse remarries) and will include an annual COLA.
- For members who retired prior to August 28, 2004 and chose a survivor option, survivor benefits will be paid to the spouse to whom the member was married on the date of death.
- For members who retired after August 28, 2004, survivor benefits will be paid to the individual who was the spouse at the time of the member's retirement, or as provided in the section titled "Designation of New Spouse for Survivor Options". The benefit will continue throughout the life of the surviving spouse (even if the spouse remarries) and will include an annual COLA.

Retirement Options and Survivor Benefits

Life Income with 60/120 Guaranteed Payments

- Your retirement benefit will be reduced for your lifetime.
- Allows you to name a beneficiary (can be anyone) to receive your final benefit payment and the remaining number of guaranteed payments (if any).
- Allows you to change your beneficiary at any time. In the event there is no beneficiary at the time of death, the remainder will be paid as allowable by law.
- If you live longer than the number of guaranteed payments, the reduced benefit will continue throughout your lifetime and will include an annual COLA.

Joint & 100% Survivor Reduction Factors

Years Spouse Older	Percent of Your Benefit You Will Receive	Years Spouse Younger	Percent of Your Benefit You Will Receive
10 or More Years	0.9700	Same	0.9400
Nine Years	0.9670	One Year	0.9370
Eight Years	0.9640	Two Years	0.9340
Seven Years	0.9610	Three Years	0.9310
Six Years	0.9580	Four Years	0.9280
Five Years	0.9550	Five Years	0.9250
Four Years	0.9520	Six Years	0.9220
Three Years	0.9490	Seven Years	0.9190
Two Years	0.9460	Eight Years	0.9160
One Year	0.9430	Nine Years	0.9130
Same	0.9400	Ten Years	0.9100
		Eleven Years	0.9070
		Twelve Years	0.9040
		Thirteen Years	0.9010
		Fourteen Years	0.8980
		Fifteen Years	0.8950

Note: When using this table, the age difference is rounded to the nearest whole year.

Retirement Options and Survivor Benefits

Reduction Factors for Guaranteed 60 Payments and Guaranteed 120 Payments Option

Age	60 Months Guaranteed	120 Months Guaranteed
48 Years	1.0000	0.9900
49 Years	0.9990	0.9880
50 Years	0.9980	0.9860
51 Years	0.9970	0.9840
52 Years	0.9960	0.9820
53 Years	0.9950	0.9800
54 Years	0.9940	0.9780
55 Years	0.9930	0.9760
56 Years	0.9920	0.9740
57 Years	0.9910	0.9720
58 Years	0.9900	0.9700
59 Years	0.9890	0.9660
60 Years	0.9880	0.9620
61 Years	0.9870	0.9580
62 Years	0.9860	0.9540
63 Years	0.9850	0.9500
64 Years	0.9840	0.9460
65 Years	0.9830	0.9420
66 Years	0.9820	0.9380
67 Years	0.9810	0.9340
68 Years	0.9800	0.9300
69 Years	0.9790	0.9260
70 Years	0.9780	0.9220

Note: When using this table, the member's age is rounded to the nearest whole year.

Pop-Up Provisions (104.103.8)

When you retire, if you elect the Joint & 100% survivor option and your spouse or eligible former spouse precedes you in death, your benefit will revert back (pop-up) to the life income annuity amount. The effective date of the pop-up will be the first of the month following your spouse's date of death. The pop-up is not automatic; you must complete a *Pop-Up Application* and provide MPERS with a copy of your spouse's death certificate before the benefit will be adjusted.

Retirement Options and Survivor Benefits

Regardless of which plan you are in, you will receive a COLA each year for your lifetime.

LTD recipients are not eligible for COLAs.

Former spouses receiving a division of benefits (dated prior to September 1, 2001), are not eligible to receive COLAs. However, former spouses whose division of benefits order occurred on or after September 1, 2001, will be entitled to receive an annual COLA.

The annual COLA will be payable in October each year for your lifetime.

Cost-of-Living Adjustment (COLA) (104.103)

MPERS provides an annual COLA to eligible retired members, eligible surviving spouses or former spouses, beneficiaries, surviving children under the age of 21 and work-related disability recipients. For example, if you retire in February, your annual COLA increase will be payable with your October benefit payment each year. The calculation of the annual COLA is described below.

COLA for members employed before August 28, 1997 and work-related disability recipients whose date of disability was prior to July 1, 2004

- Annual COLA will be effective October 1 of each year if benefits are received the preceding month.
- The annual COLA rate will not be less than 4% or more than 5%, until the total increases equal 65% of your initial benefit.
- After you reach 65% in accumulated COLAs, your annual COLA rate will be equal to 80% of the increase in the Consumer Price Index for All Urban Consumers for the United States (CPI-U) with an annual maximum of 5%.

Example of calculating 65% COLA cap

$$\$1,200 \text{ (initial benefit)} \times 0.65 = \$780.00 \text{ (COLA Cap)}$$

COLA for members employed on or after August 28, 1997 and work-related disability recipients whose date of disability was on or after July 1, 2004

- The annual COLA rate will be equal to 80% of the increase in the CPI-U with an annual maximum of 5%.

Example of calculating COLA rate using the CPI-U

$$3.00\% \text{ (CPI-U)} \times 0.80 \text{ (80\%)} = 2.40\% \text{ COLA Rate}$$

Death Benefits (104.515.4)

MPERS provides a \$5,000 death benefit for a designated beneficiary(ies) of members who retired after September 28, 1985.

This benefit is also available to work-related or normal disability recipients who began receiving benefits on or after September 28, 1985.

Terminated vested members and long-term disability recipients **do not** qualify for this benefit. Long-term disability recipients are eligible to receive this benefit upon retirement.

Retirement Options and Survivor Benefits

MPERS is required to report any death benefits received to the Internal Revenue Service (IRS). At the end of the calendar year in which it was paid, *Form 1099-R, "Distribution Form Pensions, Annuities, ... Contracts, etc."* will be sent to the benefit recipient.

Even though the retirement system is required to report the death benefit amount to the IRS, we are not in a position to determine if there will be any effect on the recipient's tax liability. The recipient of the death benefit should contact their tax preparer regarding their tax liability.

Designation of New Spouse for Survivor Options *(104.090.5)*

When you retire and elect a benefit payment option, there are two circumstances under which you may reelect your benefit payment option:

- If you are single at retirement and elect the Life Income Annuity option (not eligible to elect a joint and survivor option), you may change your benefit option if you later marry. You will have **one year from your date of marriage** to submit a *Designation of New Spouse* form to elect one of the joint and survivor options and name your spouse as the beneficiary.
- If you elect one of the joint and survivor options on your *Retirement Application* and your spouse dies, you will be allowed to provide a survivor benefit for your spouse if you remarry. You will have **one year from your date of marriage** to submit a *Designation of New Spouse* form to reelect one of the joint and survivor options and name your spouse as the beneficiary.

Effect of Reemployment with the State (After Retirement) on Benefit Payment

A retiree under MPERS Closed Plan cannot return to work in a benefit eligible position (position normally requiring 1,040 hours or more per year) with either MoDOT or MSHP. There is no statutory provision to allow this type of employment.

You can be employed by another state agency under MOSERS in a benefit eligible position with no suspension of your retirement benefit (annuity) from MPERS.

If you retire under MPERS or MOSERS, you can be employed in a non-benefit eligible position (position normally requiring the performance of duties of less than 1,040 hours per year) with no suspension of your retirement benefit (annuity). You do not earn additional creditable service in MPERS while working in a non-benefit eligible position.

You can be employed as an independent contractor by MoDOT or MSHP, or any other state agency, with no suspension of your retirement benefit (annuity) from MPERS.

Disability Benefits

There are two types of disability plans; long-term and work-related. You are eligible for disability coverage the day you become a member of the retirement system.

Applications for disability benefits may be obtained from your district/division/troop.

Disabilities determined to have commenced prior to July 1, 2004 are subject to approval by the Board of Trustees of the retirement system. Details regarding the disability plans may be obtained by contacting the retirement system for applications dated prior to July 1, 2004.

Effective July 1, 2004, the disability program became fully insured through The Standard Insurance Company. A handbook explaining the disability provisions may be obtained by contacting your district/division/troop representative or MPERS.

General Information

Final Payment of Monthly Retirement Benefit (104.620.3)

Any benefit recipient (retiree, survivor or beneficiary) may designate a beneficiary to receive the final payment from MPERS. Effective September 1, 2002, if a beneficiary has not been designated, the final payment will be paid in the following order to the deceased benefit recipient's:

- Surviving spouse (to whom member was married at the time of death).
- Surviving children or their descendants (divided equally).
- Surviving parents (divided equally).
- Surviving brothers and sisters or their descendants (divided equally).

Divorce Issues (104.312)

Your retirement benefit from MPERS may be “marital property.” If you have been married at any time while an active member of MPERS and are considering a divorce, your spouse may be legally entitled to receive a portion of your retirement benefit. However, in order to divide your benefit, you must be eligible to ultimately receive a benefit without regard to future service (be vested) on the date of your divorce.

Section 104.312 of the Revised Statutes of Missouri (RSMo), enacted August 28, 1994, permits the division of MPERS retirement benefits in the event of a divorce. This law allows MPERS to pay a portion of your pension benefit directly to your former spouse at the time you begin receiving payments from MPERS. Before MPERS can divide your benefit, a court of competent jurisdiction must issue a *Division of Benefits Order* (DBO). According to the law, the court may award your former spouse up to 50% of the benefit accrued during your marriage. The benefit for service accrued before the marriage and after the date of dissolution cannot be divided. No payment will be issued to your former spouse until you begin receiving retirement benefits from MPERS.

Division of Benefits Order (DBO)

To assist you in obtaining an acceptable DBO, we recommend you follow these steps:

1. Discuss divorce proceedings with your attorney. Ask about your rights and options regarding “marital property”.
2. Obtain a DBO packet and benefit estimate from MPERS (this may be obtained upon written request from either the court, the member, or the member's spouse, which cites RSMo section 104.312.2 and identifies the case number and the parties).

If no one is eligible to receive the final payment, the payment will be made as otherwise permitted by law.

If the service accrued during the marriage was under the Closed Plan, the former spouse payment will be calculated according to the Closed Plan provisions, regardless of the plan elected at retirement.

If the member elects early retirement, payments to the member and the former spouse will be adjusted proportionately in accordance with the applicable retirement plan.

General Information

As an alternative to the DBO at the time of divorce, you may choose to contact an actuary to determine the present value of your retirement benefit and divide the present value of your benefit as part of the property division. If you select this method of dividing the benefit, the retirement system will not be involved in the division. For names of actuarial firms who can calculate the present value, contact a benefit specialist.

3. Have your attorney prepare a DBO according to the sample DBO provided in the packet. Submit it to MPERS for approval prior to the court date.
4. Have a DBO signed by the appropriate parties including the judge.
5. Obtain a certified copy of the DBO from the Circuit Clerk. Submit the certified copy to MPERS for processing. MPERS will not process a DBO until a certified copy is received at MPERS' office.

Alternative to the DBO

There are two important details to remember when considering whether or not to use a DBO:

1. No payment will be issued to your former spouse until you begin receiving benefits from MPERS.
2. The only way in which MPERS is legally authorized to divide your benefit is by using a DBO.

MPERS is **exempt** from *Qualified Domestic Relations Orders* (QDROs) provided for by the 1984 Retirement Equity Act. For the most part, the 1974 Employee Retirement Income Security Act (ERISA), which was amended to provide for QDROs, only relates to private sector pension plans. Government pension plans like MPERS are exempt from this provision of federal law.

There may be other alternative methods available to you as well. Please consult your attorney to decide which method of dividing your benefit is best for you.

Obtaining Benefit Information

Generally, the DBO estimate will show the amount of creditable service, the benefit formula, and the accrued monthly retirement benefit attributable to the period of the marriage. Divorce benefit information may be obtained upon written request from either the court, the member, or the member's spouse, by citing RSMo section 104.312.2 and identifying the case number and parties. The member will be provided a copy of the information that is released.

General Information

Example of Calculating the Former Spouse Payment

Assumptions

- Began working for the state 9/1/85
- Date of marriage was 10/16/89
- Date of dissolution is 11/30/98
- Final average pay at date of dissolution (based on highest 36 months of salary) is \$2,000
- Former spouse awarded 50% of your benefit in the DBO

Service Accrued During Marriage

$$\begin{array}{r}
 98 - 11 - 30 \quad (\text{date of dissolution}) \\
 \text{(minus) } 89 - 10 - 16 \quad (\text{date of marriage}) \\
 \hline
 9 - 1 - 14 \quad (9 \text{ years } 1 \text{ month } 14 \text{ days})
 \end{array}$$

Benefit Calculation

<u>Final Average Pay</u>		<u>Multiplier (1.6%)</u>		<u>Years/Months of Service</u>		<u>Benefit Eligible for Division</u>
\$2,000.00	x	0.016	x	9.0833	=	\$ 290.67

<u>Benefit Eligible For Division</u>		<u>Percentage Specified in DBO</u>		<u>Former Spouse Payment</u>
\$290.67	x	0.50	=	\$ 145.34

Divorce Before Retirement

In accordance with the DBO, former spouse payments will commence when you begin receiving benefits from MPERS. Upon your death or the death of your former spouse, the DBO will automatically terminate.

Divorce After Retirement

Payments to the former spouse will begin the first of the month following receipt of an acceptable DBO. MPERS will only divide retirement benefit payments paid after receipt of the certified DBO. Upon the death of either party, the DBO will automatically terminate. If your former spouse dies before you, your benefit will increase by the amount otherwise payable to the former spouse on the first of the month following the month in which your former spouse dies. For members who retire after August 28, 2007, the benefit used to calculate the former spouse payment will be adjusted proportionately in accordance with the percentage chosen at the time of retirement to provide a survivor benefit.

If your former spouse dies while receiving a portion of your benefit, please contact our office.

For members who retired prior to August 28, 2004 and chose a survivor option, survivor benefits will be paid to the spouse to whom the member was married on the date of death.

For members who retired after August 28, 2004, survivor benefits will be paid to the individual who was the spouse at the time of the member's retirement, or as provided in the section titled "Designation of New Spouse for Survivor Options". The benefit will continue throughout the life of the surviving spouse (even if the spouse remarries) and will include an annual COLA.

General Information

Multiple Divorces

If you should marry and divorce more than once, the court can enter more than one DBO. Each order can only divide the benefit accrued during that marriage.

If you have any additional questions regarding divorce and the division of your benefits, contact a benefit specialist.

Cost-of-Living Adjustments

Former spouses receiving a benefit resulting from a DBO dated on or after September 1, 2001, will receive COLAs in accordance with the applicable plan. However, former spouses receiving a benefit resulting from a DBO dated prior to September 1, 2001, are not eligible to receive COLAs.

Summary of DBO Provisions

- MPERS will not automatically divide your retirement benefit in the event of divorce. The only way in which MPERS is legally authorized to divide your benefit is by using a DBO.
- The division amount is negotiable at the time of divorce. It can be any amount up to 50% of your benefit accrued during the marriage.
- There may be other alternative methods available to divide the value of your retirement benefit. Ask your attorney about your rights and options.
- If you marry and divorce more than once, the court can authorize more than one DBO. Each order can only divide the benefit accrued during that marriage.
- No payment will be issued to your former spouse until you begin receiving retirement benefits from MPERS.
- In order to have your benefit divided, you must be eligible for a benefit (vested) on the date of your divorce.
- A DBO can be obtained from and submitted to MPERS after the divorce. Don't assume the DBO is automatically part of the divorce.
- The DBO will automatically terminate upon the death of either party.

It is important that you and your former spouse keep MPERS updated on any address changes. We will contact both of you if there is a change in benefit amount or status.

General Information

Protection of Benefits (104.250)

Your retirement benefits from MPERS are not subject to execution, garnishment, attachment, writ of sequestration, or any other process or claim, except, any payment from the retirement system is subject to the collection of child support or spousal maintenance. Also, your benefit may not be assigned, except with a *Division of Benefits Order* issued by a court of competent jurisdiction in a dissolution of marriage proceeding. Information concerning an acceptable *Division of Benefits Order* is available, upon request, from the retirement system.

Correction of Errors (104.200)

The executive director of MPERS is in charge of all records of the retirement system. If, due to an error, you receive more or less than the benefit to which you are entitled, the error, when discovered, will be corrected and your benefit will be adjusted accordingly.

If errors in your records are due to fraud, the perpetrator(s) of the fraud will be subject to a fine or imprisonment under the Revised Statutes of Missouri.

Legal Notices (104.240)

Legal notices must be in writing and served upon the executive director or assistant executive director of MPERS at the address below:

MoDOT and Patrol Employees' Retirement System

1913 William Street - PO Box 1930

Jefferson City, MO 65102-1930

Financial Reports (104.190)

State law requires all public employee retirement systems in Missouri to publish a *Comprehensive Annual Financial Report*. This report will be sent to you upon request.

Definitions

Annuity - Annual payments, made in equal monthly installments, to a retired member.

BackDROP - The Deferred Retirement Option Provision available to active employees who retire on or after January 1, 2002. You must continue working at least two years beyond normal (full) retirement to be eligible to elect the BackDROP option at retirement. Under the BackDROP option, the monthly benefit is calculated as if you elected to retire at a previous date. In addition to the monthly benefit, at the time of retirement you will receive a lump sum payment equal to 90% of the total benefits you would have received had you retired at that time. The maximum number of years you can drop back is five years.

Base Benefit - The amount a member is entitled to receive at retirement before any reductions for early (reduced) retirement or a survivor option.

Beneficiary - Any person entitled to or designated by a member or retiree who may be legally entitled to receive benefits from MPERS.

Compensation -

1. All salary and wages payable to an employee for personal services performed for a department, **excluding:**
 - a. Any amounts paid after an employee's employment is terminated, unless the payment is made as a final installment of salary or wages at the same rate as in effect immediately prior to termination of employment in accordance with a state payroll system adopted on or after January 1, 2000.
 - b. Any amounts paid upon termination of employment for unused annual leave.
 - c. Pay in excess of the limitations set forth in Section 401(a)(17) of the Internal Revenue Code as amended and other applicable federal laws or regulations.
2. All salary and wages which would have been payable to an employee on workers' compensation leave of absence during the period the employee is receiving a weekly workers' compensation benefit, as reported and verified by the employing department.
3. All salary and wages which would have been payable to an employee on a medical leave due to employee illness, as reported and verified by the employing department.

Consumer Price Index for All Urban Consumers for the United States (CPI-U) - The Consumer Price Index for All Urban Consumers for the United States, or its successor index, as approved by the board, as such index is defined and officially reported by the United States Department of Labor, or its successor agency. The CPI-U is used by MPERS to determine the annual cost-of-living adjustment (COLA) rate for benefit recipients.

Creditable Prior Service - The service of an employee which was either rendered prior to the establishment of MPERS, or prior to the date the employee last became a member of MPERS. Such service is used in determining your eligibility for and the amount of your benefit.

Definitions

Creditable Service - The sum of your membership service and creditable prior service used in calculating the amount of your benefit. In no case will more than one day of creditable service or creditable prior service be credited any member for any one calendar day of eligible service credit.

Deferred Normal (Full) Annuity - The annuity payable to any former employee who terminated employment as an employee or otherwise withdrew from service with a vested right to a normal (full) annuity, payable at a future date.

Department - Any department or agency of the executive, legislative or judicial branch of the state of Missouri receiving state appropriations, including allocated funds from the federal government but not including any body corporate or politic unless its employees are eligible for retirement coverage from a system under Chapter 104, RSMo, as otherwise provided by law.

Employee - Any person employed by the state who is employed, promoted or transferred by a department into a new or existing position and earns a salary or wage in a position normally requiring the performance of duties of not less than one thousand hours per year. The term employee includes persons who are currently receiving annuities or other retirement benefits from some other retirement or benefit fund, so long as they are not simultaneously accumulating creditable service in another retirement or benefit system which will be used to determine eligibility for or the amount of a future retirement benefit.

Final Average Pay - The average compensation of a member for the thirty-six consecutive months of service prior to retirement when the member's compensation was greatest.

Member - An employee, retiree, or former employee entitled to deferred annuity covered by MPERS.

Membership Service - The service after becoming a member of MPERS that is recognized in determining your eligibility for and the amount of a member's benefits.

Normal (Full) Annuity - The annuity provided to a member upon retirement at or after the member's eligibility for normal (full) retirement.

Reduced Annuity - An actuarial equivalent of a normal (full) annuity.

Retiree - A member who is not an employee and who is receiving an annuity from MPERS.

Uniformed Members of the Highway Patrol - The superintendent, lieutenant colonel, majors, captains, director of radio, lieutenants, sergeants, corporals, and troopers of the Missouri State Highway Patrol who normally appear in uniform.

Vested - Eligible for a retirement benefit once you meet the age and service requirements.

Vesting Service - The sum of a member's prior service credit and creditable service that is recognized in determining your eligibility for benefits under MPERS.

Notes
