

Benefit Provision	Closed Plan	Year 2000 Plan
Base Benefit Formula <ul style="list-style-type: none"> Payable for your lifetime Minimum = \$15 per full year of service 	Credited Service x .016 x Final Average Pay <i>In the past, formula increases have been passed along to retirees.</i>	Credited Service x .017 x Final Average Pay <i>As written, future formula increases, if any, will not be passed along to retirees.</i>
Temporary Benefit Formula <ul style="list-style-type: none"> Payable until age 62 	Not Available	Credited Service x .008 x Final Average Pay <ul style="list-style-type: none"> Must retire under "Rule of 80" eligibility
Uniformed Patrol Special Benefit	\$90 per month until age 65 <ul style="list-style-type: none"> Stops for any months gainfully employed 	Not available
Benefit Payment Options <ul style="list-style-type: none"> Determines if a benefit will be paid to anyone after your death 	<ul style="list-style-type: none"> Life Income Annuity Unreduced Joint & 50% Survivor Joint & 100% Survivor Life Income w/ 60 Guaranteed Payments Life Income w/ 120 Guaranteed Payments 	<ul style="list-style-type: none"> Life Income Annuity Joint & 50% Survivor Joint & 100% Survivor Life Income w/ 120 Guaranteed Payments Life Income w/ 180 Guaranteed Payments
Cost-of-Living Adjustment (COLA) <ul style="list-style-type: none"> COLAs are payable each year for your lifetime Annual rate based on 80% of the change in the Consumer Price Index (CPI-U) Maximum annual COLA rate is 5% Annual COLAs apply to eligible survivor and beneficiary payments 	<u>Effective October each year</u> Members employed before 8/28/97: <ul style="list-style-type: none"> Minimum annual rate is 4% until total increases equal 65% of initial benefit - then based on 80% of the change in the CPI Members employed on or after 8/28/97: <ul style="list-style-type: none"> Based on 80% of the change in the CPI 	<u>Effective on anniversary of retirement</u> <ul style="list-style-type: none"> Based on 80% of the change in the CPI
Normal Retirement Eligibility <ul style="list-style-type: none"> Eligibility based on minimum age and service requirements 	<ul style="list-style-type: none"> Age 65 with 5 years of service Age 60 with 15 years of service "Rule of 80" - age 48 with age and service equaling 80 or more 	<ul style="list-style-type: none"> Age 62 with 5 years of service "Rule of 80" - age 48 with age and service equaling 80 or more (<i>cannot "grow" into Rule of 80 if you leave before retirement</i>)
Uniformed Patrol Normal Retirement Eligibility	<ul style="list-style-type: none"> Age 55 with 5 years of service "Rule of 80" - age 48 with age and service equaling 80 or more Mandatory retirement at age 60 	<ul style="list-style-type: none"> "Rule of 80" - age 48 with age and service equaling 80 or more Mandatory retirement at age 60 with 5 years of service
Early Retirement Eligibility <ul style="list-style-type: none"> Reduced benefit 	<ul style="list-style-type: none"> Age 55 with 10 years of service Reduced .006 for each month younger than normal retirement age 	<ul style="list-style-type: none"> Age 57 with 5 years of service Reduced .005 for each month younger than normal retirement age
Unused Sick Leave Credit <ul style="list-style-type: none"> Earn 1 month of service for every 168 hours of unused sick leave 	<ul style="list-style-type: none"> Must be eligible for early or normal retirement when leaving state employment 	<ul style="list-style-type: none"> Must be vested when you leave state employment
\$5,000 Death Benefit <ul style="list-style-type: none"> No cost to you Terminated-vested members and long-term disability recipients do not qualify 	Available to: <ul style="list-style-type: none"> Members retiring after 9/28/85 Members who began receiving work-related or normal disability benefits after 9/28/85 	Available to: <ul style="list-style-type: none"> Active members and long-term disability recipients retiring after 9/28/85 Work-related benefit recipients who began receiving benefits on or after 9/28/85

Which Plan is Right For You?

At retirement, members of the Closed Plan may elect to stay in the Closed Plan or retire in the Year 2000 Plan. For some, the decision is not an easy one to make. This brochure provides a side-by-side comparison of the primary benefit provisions and discusses trade-offs between the two plans. (*Members of the Year 2000 Plan cannot elect the Closed Plan at retirement.*)

The needs of one member may be quite different from the needs of another member. In other words, this is an individual decision. A thorough understanding of the differences between the plans, combined with information related to your personal circumstances, is critical to your decision regarding which plan is right for you.

Consider the following factors before electing a retirement plan:

- Income needs during your retirement
- Future formula increases (*Not a guarantee in either plan.*)
- Temporary benefit (*When will you reach age 62?*)
- Survivor benefits (*Are you married?*)
- COLAs (*Are you eligible for the 4% COLA in the Closed Plan?*)

Benefit Formula

- The multiplier in the Closed Plan is 1.6%. In the past, formula increases have been passed along to retirees.
- The multiplier in the Year 2000 Plan is 1.7%. As written, future formula increases, if any, will **not** be passed along to retirees.

Temporary Benefit

- The temporary benefit is available in the Year 2000 Plan only.
- At age 62, the temporary benefit and any COLAs earned on that amount stop.
- In exchange for the extra income early in your retirement, members hired before August 28, 1997 will be giving up the minimum 4% COLA under the Closed Plan.
- Survivors and beneficiaries are **not** eligible for the temporary benefit. If you die while receiving the temporary benefit, any survivor benefits will be determined by your base benefit amount and the payment option elected at retirement.

Survivor Benefits

- The Closed Plan provides a “free” survivor benefit for your spouse - the *Unreduced* Joint & 50% Survivor option. Free means that your monthly retirement benefit will not be reduced to pay for the future survivor benefit.
- There are no “free” survivor benefits under the Year 2000 Plan.
- Because of the larger reduction factors, a joint and survivor option costs more under the Year 2000 Plan.
- In most cases, the increase in the base benefit formula in the Year 2000 Plan will partially or more than offset the effect of the difference in the payment option reduction factors between the two plans.

Cost-of-Living Adjustments (COLAs)

- Regardless of which plan you elect, you will receive a COLA each year for your lifetime.
- The maximum COLA rate for each plan is 5%.
- If you were hired before August 28, 1997, the Closed Plan provides a 4% COLA each year until the total increases equal 65% of your initial benefit. Generally speaking, it takes about 12 years to reach your COLA cap. After you reach the COLA cap, the annual COLA rate will be 80% of the change in the Consumer Price Index (CPI-U) for the previous year.

BackDROP

BackDROP is an option you may be eligible to elect at retirement. This option provides for a benefit to be calculated as if you elected to retire at a previous date. To be eligible for BackDROP, you must continue working at least 2 years after you first become eligible for normal retirement benefits.

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.

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This brochure is intended to give you a side-by-side comparison of the primary benefits of the Closed Plan and the Year 2000 Plan. The information in this brochure does not amend or overrule any applicable statute or administrative rule. In the event of a conflict, the applicable statute or administrative rule will prevail.

Comparison of Closed Plan & Year 2000 Plan



***Side-by-side comparison of the Closed Plan
and Year 2000 Plan benefit provisions.***



**MoDOT & Patrol Employees'
Retirement System**