

## Buyout Questions and Answers

1. Should I take this voluntary buyout?

*We realize this is the most important question you may have. Unfortunately, we cannot answer that question for you. You should consult with a financial planner or your tax advisor to help you make that decision. Remember, you do not have to take the buyout. It is completely voluntary.*

2. I see that my letter has monthly payments from the Closed Plan and the Year 2000 Plan. What is the difference?

*Not everyone who receives our buyout letter will have two plans listed. You have two plans listed because you began work prior to July 1, 2000. At retirement, you would be able to elect either plan. If your first day as a state employee was on or after July 1, 2000, then you would be in the Year 2000 Plan and your letter would only have the Year 2000 Plan benefit estimate listed.*

*For a full description of all of the aspects of the Closed Plan and the Year 2000 Plan, please read our brochure entitled "Comparison of Retirement Plans" which can be found at [www.mpers.org/about-mpers/brochures](http://www.mpers.org/about-mpers/brochures). The table below illustrates the **highlights** of the plans' differences:*

<b>Benefit Provision</b>	<b>Closed Plan</b>	<b>Year 2000 Plan</b>
<i>Base benefit formula</i>	<i>Service x .016 x final average pay</i>	<i>Service x .017 x final average pay</i>
<i>Temporary benefit</i>	<i>None</i>	<i>Service x .008 x final average pay</i>
<i>Cost of living adjustment</i>	<i>Depends upon hire date (see the brochure for the details)</i>	<i>Based on 80% of the change in the Consumer Price Index (CPI)</i>
<i>Retirement eligibility</i>	<i>Age 65 with 5 years of service Age 60 with 15 years of service Rule of 80</i>	<i>Age 62 with 5 years of service</i>

3. When will I receive my payment if I elect to take the buyout?

*MPERS will start making buyout distributions in January 2018, in the order the elections were received. It is expected to take several weeks to process all the distributions.*

4. How can I find out what I can expect to receive in future years as a retiree (if I do not elect to take the buyout)?

*The monthly amount you see on your letter is what you can expect to receive each month during the first 12 months of your retirement. To see what you will receive in future years, please go to [www.mpers.org](http://www.mpers.org) and click on "myMPERS Login" to gain access to our member services portal. If you have not logged in before, please click on the "Create Login!" button at the top right corner to create your account. Once you have gained access, you can run a retirement estimate and you can use our CompaRATOR tool to compare the amounts you would receive depending on the plan you would select at retirement. The CompaRATOR can be found under "Online Forms" after you log into your myMPERS account.*

5. Can I roll over the buyout payment into my IRA?

*Yes you may. Please see the Election Distribution Form for more information, found with the rest of the materials we sent you.*

6. Why am I getting this buyout offer?

*Legislation was recently passed that authorized both MPERS and MOSERS to provide this buyout program to their former vested members. The legislation was part of Senate Bill 62. The complete text of the bill can be found at [www.senate.mo.gov/17info/pdf-bill/tat/SB62.pdf](http://www.senate.mo.gov/17info/pdf-bill/tat/SB62.pdf).*

7. Do I have to pay taxes on the buyout payment?

*The buyout distribution can be taken as cash or a rollover. If you elect the buyout and take the distribution as a rollover to another qualified retirement plan, you will avoid any tax consequences at this time unless it is rolled into a Roth IRA, which would require a 20% federal tax withholding. Taking the buyout as cash will subject the payment to a 20% federal tax withholding and it may also be subject to an additional 10% penalty for early distribution. No state taxes will be withheld, but state taxes may be owed if the buyout is taken in cash.*

8. What is present value?

*Present value is the current worth of an expected income stream to be received in the future. It is determined using a specified discount rate (in this case it is 7.75%) and calculated as of a specific date (in this case it is as of October 1, 2017). The present value is almost always less than the future value because money has an interest earning potential. That potential is generally referred to as the time value of money or commonly stated as “a dollar today is worth more than a dollar tomorrow.” In very simple terms, the present value is the amount that must be invested today that would be sufficient to cover the anticipated income stream payable at your normal retirement date over your expected lifetime.*

9. When do I have to turn in my forms to elect the buyout?

*The forms must be received no later than **November 30, 2017**.*

10. How is the buyout amount calculated?

*The buyout calculation is based on your service credit on record at the time of the calculation. Then our actuary calculated the present value of your future retirement benefit (as of October 1, 2017). For the actuarial assumptions used and the process to calculate the buyout amount, please review the bottom of the second page of the letter you received.*

11. If I elect to take the buyout payment, will my spouse or anyone else get a survivor benefit from MPERS?

*No, the buyout payment is the last payment you or your survivors will receive from MPERS, unless you reemploy with a state agency and earn a whole new retirement benefit.*

12. If I turn in my forms to take a buyout, can I change my mind and rescind my application?

*Yes, but you must do so before your buyout payment is made which is generally scheduled for the month of January 2018. To be safe, you should let us know you have changed your mind before January.*

13. If I take the buyout can I restore this service credit?

*No. If you elect the buyout you will forfeit all service under MPERS. If you were to reemploy in a position covered by MPERS or MOSERS at some future date, none of this service could be restored.*

*If you come back to work for any state agency covered by either MPERS or MOSERS, you will become a member of the 2011 Tier. 2011 Tier members must pay a 4 percent payroll contribution to the retirement system and have different retirement eligibility requirements.*

14. How can I return my completed forms?

*You can:*

- **mail** them to MPERS, PO Box 1930, Jefferson City, MO 65102-1930,
- **fax** them to 573-522-6111,
- **scan** them and attach them to an email and send them to [mpers@mpers.org](mailto:mpers@mpers.org), or
- **hand deliver** them to our office at 1913 William Street, Jefferson City, MO 65109.

15. If I turn in my completed forms am I guaranteed to get my buyout payment?

*No. If you were eligible for the buyout on June 30, 2017, you must remain eligible to receive the buyout up to the date of the payment (sometime in January 2018 or later). If you received a letter from us, based on our records, you were eligible for the buyout program as of the date we issued the letters to our vested former members. If someone takes a retirement eligible position at any state agency covered by either MPERS or MOSERS, the individual is no longer eligible for the buyout. If we receive a division of benefits order, we will stop the buyout payment. If a member retires, he or she will not receive the buyout payment. If a member passes away before the buyout payment is made, we will not send the payment. These are examples only, and this list is not all-inclusive.*

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