RETIREMENT ADVISORS

Retirement Basics for Missouri Educators

Planning Your Financial Future

Understanding Your Retirement System

Public School Retirement System (PSRS) and Public Education Employee Retirement System (PEERS) are the retirement pension plans for Missouri educators. A pension is a guaranteed income provided at retirement. The plan that applies to you depends on which system your district has chosen. The plans are similar, and the following information pertains to both systems.

View to learn more about PSRS and PEERS

Lifetime Retirement Benefits After Five Years of Service

Once you have earned five years of credit with PSRS-PEERS, you can receive lifetime retirement benefits when eligible.

Benefits are Funded by Members, Employers, and Investment Earnings

Investment earnings are the primary source of funding for PSRS-PEERS benefits. On average, 60 cents of every dollar paid to PSRS-PEERS retirees comes from investment earnings. PSRS-PEERS contributions are automatically deducted from your pay, pre-tax, to help fund your benefits. Your employer matches the dollar amount of your contributions, paid into a general fund used to pay benefits.*

** https://www.psrs-peers.org/About-Us#Funding-PanelID*

Flexible Retirement Dates

You are eligible for normal retirement:**

- At age 60 with at least 5 years of credit,
- At any age with at least 30 years of credit, or
- When the sum of your age plus years of credit equals 80 or more (Rule of 80).

*** https://www.psrs-peers.org/PSRS/Service-Retirement/Eligibility-and-Calculations*

You are eligible for early retirement (at reduced benefits):

- At age 55 with at least 5 years of credit, or
- At any age with at least 25 years of credit.

Partial Lump-Sum Options (PLSO)

If you work three years beyond normal retirement, you have the option to choose a one-time, Partial Lump-Sum Option payment at retirement with reduced lifetime monthly benefits.

Calculating Benefits

Use the online Benefits Estimate Calculator at psrs-peers.org to generate estimates of your future retirement benefits.

Filling the Retirement Gap

While Missouri offers a great retirement system there is still a 20% gap in pension and the income you currently live on. Continue reading to learn how employer 403b or 457 plans can help you bridge that gap.

Social Security

Social Security is federal program of social insurance and benefits developed in 1935. The program's benefits include retirement income, disability income, Medicare and Medicaid, and death and survivorship benefits. Social Security is one of the largest government programs in the world, paying out hundreds of billions of dollars per year.

Based on the year someone was born, retirement benefits may begin as early as age 62 and as late as age 70.The amount of income received is based on the average wages earned over the worker's lifetime. Spouses are also eligible to receive Social Security benefits, even if they have limited or non-existent work histories.

Most PSRS members do not pay Social Security taxes on their earnings while employed by PSRS-PEERS-covered employers. Members employed in certain positions (determined by your employer and the Social Security Administration) pay into PSRS-PEERS at a two-thirds rate, and pay into Social Security at the full rate.

If you have other employment that is covered by Social Security in addition to your PSRS-PEERS-covered employment – you may be subject to two federal laws that can cause a reduction in your Social Security benefits:

- The Windfall Elimination Provision (WEP)
- The Government Pension Offset (GPO)

Contact your local tax professional for more.†

† https://www.psrs-peers.org/PSRS/Benefit-Recipients/Social-Security-and-Medicare

Common Plan Questions

These questions apply no matter which funding option you choose.

What happens when I leave employment? The contributions and earnings are yours. Most plan sponsors allow you to leave your account with them, although you can no longer contribute to the plan. Other options include transferring to a new employer plan of the same type and transferring to an IRA of that tax type. If a distribution is made prior to age 59.5 there are tax penalty implications.

How do I increase my contribution or update my account? You can increase your contributions or make updates to your account – such as beneficiaries, name changes, and address changes – by calling 877-687-3995 or emailing us at ask@ftjadvisors.com.

How much should I save? How much to contribute is different for everyone. Invest the amount that works for you. Remember anything is better than nothing, and saving early is more important than most realize. View IRS contribution limits through the QR code below, right.

In the figure below you will see what the difference in saving early can do by compounding interest.

The Cost of Waiting*

	LISA Age 21	JIM Age 36
Annual Contribution	$3,000	$3,000
Number of Years	15	30
Total Investment	$45,000	$90,000
Accumulated Value at Age 66	$425,119	$251,405

* *The example assumes hypothetical 6% annual compounded tax-deferred growth. Example is for illustrative purposes only and is not an indication or guarantee of past or future performance of the investment choices available through the PlanMember Services Program. Actual return may be higher or lower.*

Start Your Retirement Journey Today

FTJ Retirement Advisors (FTJRA) is your direct contact for all Fidelity Security Life Insurance Company® (FSL), PlanMember (PM) or Retirement Planning needs. Our team of knowledgeable professionals is ready to help guide you through the process of selecting the options that best fit your unique financial situation.

Visit for more 403b/457 information

Build the Plan That Is Right for You

Understanding how your plan works for your situation is important. Choose one of each of the following Plan Type, Tax Type, and Product Type that is right for your needs.

Learn more about IRS contribution limits and guidelines

Plan Type

	403(b)	457
Employee Contributions	All full-time and part-time employees are eligible to participate through payroll deduction.* Contributions can be traditional, Roth, or both. Accepts employer (board paid) contributions. **Pending district approval*	
Age 50+ Catch-up	Participants turning age 50 or older may contribute an additional amount beyond the initial amount allowable during the year in which the contribution is made. *See Current IRS Contribution Limits in above QR code‡*	
Loans	Must be permitted and approved by the plan's third-party administrator. Borrowed amount must be the lesser of $50,000 or 50% of the total account balance. PlanMember minimum loan amount is $1,000; FSL is $2,000. *Fees may apply.*	Loans from nonprofit organizations or public school system 457(b) plans are not generally permitted.
Distributions	Qualifying Events: retirement, permanent disability, financial hardship, attainment of age 59.5, death (upon which your beneficiary receives your account value). Option to rollover to purchase service credit.	Qualifying Events: severance of employment, retirement, permanent disability, unforeseeable emergency, death, (upon which your beneficiary received your account value). Option to rollover to purchase service credit.
Rollovers	You are encouraged to discuss rolling money from one account to another with your financial advisor/planner considering any potential fees and/or limitation of investment options.	

‡ *https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-catch-up-contributions*

Tax Type		Product Type	
Traditional: "Tax on Harvest" (Pre-Tax)	**Roth: "Tax on Seed" (Post-Tax)**	**Fixed Annuity**	**Market Account**
Not taxed before money is invested	Taxes paid before money is invested	Offered by: Fidelity Security Life Insurance Company®*	Offered by: PlanMember
Tax deferred until distributions	No taxes paid upon distribution	Monthly contribution minimum: $25	Monthly contribution minimum: $50
Lowers Adjusted Gross Income (AGI)	Does not lower Adjusted Gross Income (AGI)	Has a minimum guaranteed interest rate.	Market based: fluctuates with market; more potential risk and reward.
Distributions are taxed as ordinary income	Roth accounts specifically labeled "Roth" on application. Otherwise, they are Traditional.	*Flexible Premium:* An ongoing contribution usually monthly (payroll deducted) that can be changed. *Single Premium:* A one time contribution.	Market based accounts offer different fund options with different levels of risk so you can find the one right for you.

* *The Fixed Annuity is an Insurance Product underwritten by Fidelity Security Life Insurance Company®. FSL has been rated A (Excellent), based on an analysis of financial position and operating performance by A.M. Best Company, an independent analyst of the insurance industry. For the latest rating, access www.ambest.com*

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