

Level Income Payment Option For Foundation Members

If you are interested in the Level Income Payment Option, you must secure your estimated age 62 Social Security benefit and provide it to SDRS at least one complete calendar month prior to your retirement. You may either:

- Secure updated information from Social Security, which typically takes six to eight weeks, or
- Furnish SDRS with a copy of your Social Security statement. For workers age 60 and over, your statement is mailed to you approximately three months prior to your birthday. If you do not receive a paper statement, you may also obtain your Social Security statement online at www.ssa.gov/myaccount.

Note: If you have not contributed to Social Security for any period of time during your working years, your level income payment option benefit may be affected by the Windfall Elimination Provision. You will need to contact the Social Security Administration citing this activity in order to receive an accurate estimate of your Social Security benefits. You must forward this more accurate estimate to SDRS for an appropriate level income payment option estimate to be prepared.

participating unit, you and your employer must make contributions at the appropriate contribution rate. During your reemployment period, your employee contributions will be deposited into your account with the SDRS Supplemental Retirement Plan (SRP) and the employer contributions will go directly to SDRS; you will not accrue an additional benefit with SDRS. When you re-retire, you may access your SDRS-SRP contributions. Contact the SDRS-SRP office for more information about withdrawal options.

Note: Exception for Class B Public Safety reemployed in a Class A position.



South Dakota Retirement System
222 East Capitol Avenue • Pierre, SD 57501
(888) 605-SDRS • www.sdrs.sd.gov



Level Income Payment Option

For Foundation Members
Joining SDRS Prior to July 1, 2017



July 2017

South Dakota Retirement System
222 East Capitol Avenue • Pierre, SD 57501
(888) 605-SDRS • (605) 773-3731
www.sdrs.sd.gov

Level Income Payment Option

The level income payment option is available under the Foundation benefit design only.

Level income payment is an option Foundation members may elect if they retire early (for Class A and Class B Judicial: between the ages of 55 and 62; for Class B Public Safety: between the ages of 45 and 62) and decide to receive retirement benefit payments immediately.

The level income payment option increases the amount of the monthly payment you receive from SDRS until you are eligible to receive Social Security benefits at age 62. At that time, the payment from SDRS will decrease, but your replacement income from both SDRS payments and Social Security benefits will remain essentially the same as what you had been receiving from SDRS alone under the level income payment option.

You must contact the Social Security Administration to initiate your Social Security benefit payments. **It is important that you discuss when you can expect to receive your initial Social Security benefit payment so you can plan your finances accordingly.** Visit www.ssa.gov or call 1-800-772-1213 for further information or to find office locations.

The value of your future lifetime benefits under the level income payment option is expected to equal the value of your normal lifetime payments. This option merely provides a higher SDRS payment until age 62 and a smaller payment after that time.

Level Income Payment Option Election Form

The election form for the level income payment option must be signed and returned to the SDRS office prior to the expected commencement of your retirement benefit. Please note, once the election form is signed, the decision to choose the level income payment option is irrevocable. Therefore, it is important to consider the effects the level income payment option has on surviving spouse benefits and how a period of reemployment may distort the higher payments before age 62.

Effects on Surviving Spouse Benefit

If your death occurs prior to you reaching age 62, your eligible surviving spouse will receive 60% of the higher, pre-age 62 benefit. Then, when you would have reached age 62, your spouse will receive 60% of the lower, after-age 62 benefit, regardless of whether your spouse has reached age 62. If your death occurs after you have reached age 62, your surviving spouse will receive 60% of the benefit amount you were receiving at the time of your death.

If you become reemployed as a participating member of SDRS, upon your death, your surviving spouse is immediately entitled to 60% of either your suspended benefit or current benefit depending on your initial retirement status (Normal/Special Early Retirement or Early Retirement). If you are reemployed and your death is prior to age 62, please refer to the first paragraph of this section.

Employment After Retirement

Benefit Termination: If you retire and return to permanent full-time employment with any SDRS participating employer within three (3) full calendar months of termination from employment, your SDRS retirement status will be revoked and all retirement benefits must be repaid to SDRS, with interest.

Benefit Suspension Status: If you retire prior to reaching normal retirement age or prior to meeting the requirements for Special Early Retirement and return to permanent full-time employment with an SDRS-participating employer after a three-month termination period, your SDRS retirement benefit will be suspended. (Special Early Retirement means you are able to retire early with an unreduced benefit). Upon re-retirement prior to age 62, your monthly benefit will be reinstated to the pre-age 62 amount. At age 62, your benefit will be reduced to the lower, after-age 62 amount. If re-retirement is after age 62, your monthly benefit will be reinstated to the lower, after-age 62 amount.

Benefit Reduction Status: If you retire after reaching normal retirement age or after meeting the requirements for Special Early Retirement and return to permanent full-time employment with an SDRS-participating employer after a three-month termination period, your SDRS retirement benefit will be reduced by 15% and the COLA will be eliminated during the reemployment period. Upon subsequent termination of your reemployment, your retirement benefit will be reinstated to the unreduced amount.

If you are employed as a permanent full-time employee (working at least 20 hours per week and six months per year) with an SDRS