

SDRS Outlook

Membership Newsletter • March 2015

New Laws to Go Into Effect July 1, 2015

During the 2015 Legislative Session, five pieces of legislation were proposed by the South Dakota Retirement System (SDRS) Board of Trustees, passed by the Legislature, and signed into law by the Governor. The laws will take effect July 1, 2015.

HB 1007 revised and updated several definitions and references in existing statute.

HB 1008 provided for a consistent refund methodology for members and their beneficiaries. For members who choose to refund their SDRS funds, the amount of the refund is determined by the date that contributory service concluded. Similarly, upon the death of a member, the amount of refund due to the beneficiary will be determined by the date that contributory service concluded rather than the member's date of death.



HB 1009 limited the look-back period for the recovery of overpayments to the six-year period immediately prior to the discovery of the error.

HB 1010 provided clarification related to surviving spouse benefits payable after the death of an active contributing member and revised a reference to an incorrect statute.

HB 1011 provided for automatic contribution increases for automatic enrollees of the SDRS Supplemental Retirement Plan (SRP). The SDRS Board of Trustees will conduct a rules hearing to establish the details of this auto-escalation feature.

The purpose of HB 1011 is to encourage automatic enrollees to increase their personal retirement savings. SDRS-SRP participants have the ability to opt-out of the automatic increase or elect to defer a lesser or greater amount. For additional information on automatic contribution increases to the SDRS-SRP, please contact the SDRS-SRP office in Pierre at 1-605-224-2230.

2014 Legislative Changes Also Become Effective July 1, 2015

During the 2014 Legislative Session several changes to SDRS disability and survivor benefits were signed into law with an effective date of July 1, 2015.

Early Surviving Spouse Benefits

Beginning July 1, 2015, a member's spouse who is eligible to receive a

surviving spouse benefit may elect to receive the surviving spouse benefit prior to attaining age 65, payable at a reduced rate. Under South Dakota Codified Law (SDCL) 3-12-95.6, a surviving spouse may be able to choose to take the benefit as early as the spouse's 55th birthday.

If the election is made to take the benefit early, the benefit will be permanently reduced by five percent for each full year and prorated for each additional month between the date the early surviving spouse benefit commences and the date the surviving spouse would reach age 65. The surviving spouse benefit is a lifetime

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benefit and is subject to annual cost-of-living adjustments.

Disability Benefits For Applications Received After June 30, 2015

Applications for disability benefits received by the SDRS office after June 30, 2015, will be considered pursuant to a revised benefit structure (SDCL 3-12-201 through 3-12-215), which is designed to provide a more understandable benefit with balanced and uninterrupted benefit payments to the members of SDRS.

Under the new structure, the disability benefit amount is the greater of 25 percent of the member's final average compensation at the time of disability or the unreduced accrued retirement benefit at the time of disability. This benefit is payable for the member's lifetime with annual cost-of-living adjustments.

It is important to note that the date that the SDRS office receives a member's disability application will determine under which provisions of law the member's benefit is calculated. Disability applications received on and prior to June 30, 2015, will remain under the current disability benefit structure. Additionally, if a member receiving disability benefits dies, survivor benefits will be based on the benefit structure in place on the member's disability application date.

Survivor Benefits

Survivor benefits, which include family benefits and surviving spouse benefits, are also revised for most member deaths on and after July 1, 2015.

For family benefits to be payable on account of eligible dependent children under the age of 19, the member must either be an active member who has not reached normal retirement age and has at least three years of contributory service at the time of death, died while an active member performing the usual duties of the member's job, or must be receiving disability benefits under the benefit structure effective July 1, 2015, at the time of death.

The family benefit will be equally apportioned among the member's eligible dependent children under the age of 19. Payments will be made on behalf of each child to the child's conservator or custodian. The family benefit payments continue until all eligible dependent children

reach the age of 19. As each child reaches age 19, the family benefit will be reallocated to any remaining children.

If the member died while actively contributing, had not reached normal retirement age, and had at least three years of contributory service at the time of death, or died while performing the usual duties of the member's job, then the family benefit amount is the greater of 25 percent of the member's final average compensation at the time of death or the member's unreduced accrued retirement benefit at the time of death. If the member died while receiving disability benefits under the benefit structure effective July 1, 2015, the family benefit will be equal to what the member was receiving at the time of the member's death.

If a family benefit was paid, the amount of the surviving spouse benefit will be 60 percent of the family benefit paid at the time the family benefit ended, increased by the annual cost-of-living adjustment. If a family benefit was not paid, the amount of the surviving spouse benefit will be 60 percent of the greater of (1) 25 percent of the member's final average compensation at the time of death, increased by the annual cost-of-living adjustment; or (2) the member's unreduced accrued retirement benefit at the time of death, increased by the annual cost-of-living adjustment.

The surviving spouse benefit is payable at the spouse's age 65; however, the surviving spouse may choose to take a reduced benefit as early as age 55, assuming there are no family benefits or spouse option benefits payable. The surviving spouse benefit is payable for the spouse's lifetime with annual cost-of-living adjustments.

Upcoming SDRS Board of Trustees Meetings

April 2, 2015

June 3-4, 2015

September 2-3, 2015

December 2-3, 2015

All meetings are held

at View Thirty Four in

Pierre, SD.

Additional information regarding SDRS and the SDRS Board of Trustees can be found on the SDRS website at www.sdrs.sd.gov.

SDRS on the Road: Scheduled Events For March—June 2015

INDIVIDUAL RETIREMENT COUNSELING SCHEDULE

DATE	LOCATION	ADDRESS	30-MINUTE SESSION TIMES AVAILABLE
31 Mar 2015	Sisseton, NESDCAP	104 Ash Street E	2:00—8:00 PM
14 Apr 2015	Lemmon, Dakota Lodge	5 10th Street E	2:00—8:00 PM
05 May 2015	Sioux Falls, Holiday Inn City Centre	100 W 8th Street	2:00—8:00 PM
06 May 2015	Sioux Falls, Holiday Inn City Centre	100 W 8th Street	8:00 AM—8:00 PM
12 May 2015	Rapid City, Hilton Garden Inn	815 E Mall Drive	2:00—8:00 PM
13 May 2015	Rapid City, Hilton Garden Inn	815 E Mall Drive	8:00 AM—8:00 PM
19 May 2015	Webster, County Courthouse	711 W 1st Street	2:00—8:00 PM
27 May 2015	Canton, Canton Depot	600 W 5th Street	2:00—8:00 PM
02 Jun 2015	Springfield, Community Room	605 8th Street	2:00—8:00 PM
09 Jun 2015	Milbank, Super 8	East Highway 12	2:00—8:00 PM
30 Jun 2015	Kadoka, Fire Hall	102 Main Street	2:00—8:00 PM

Call SDRS toll-free at 1-888-605-SDRS (7377) to schedule an appointment.

PRE-RETIREMENT PLANNING WORKSHOPS & RETIREE FORUMS

DATE	LOCATION	ADDRESS	TIME
24 Mar 2015	Aberdeen, Dakota Event Center	720 Lamont Street	At Each Location Retiree Forums: 3:00—4:00 PM Pre-Retirement Workshops: 5:30—8:00 PM
21 Apr 2015	Rapid City, Hilton Garden Inn	815 E Mall Drive	
28 Apr 2015	Sioux Falls, Holiday Inn City Centre	100 W 8th Street	
16 Jun 2015	Watertown, Event Center	1901 9th Avenue SW	
23 Jun 2015	Yankton, Kelly Inn	1607 E Highway 50	

EARLY & MID-CAREER WORKSHOPS

DATE	LOCATION	ADDRESS	TIME
25 Mar 2015	Mitchell, Highland Conference Center	2000 Highland Way	At Each Location 6:00—8:00 PM
04 May 2015	Pierre, RedRossa Italian Grille	808 W Sioux Avenue	

WOMEN & FINANCIAL PLANNING WORKSHOPS

DATE	LOCATION	ADDRESS	TIME
27 Apr 2015	Yankton, Kelly Inn	1607 E Highway 50	At Each Location 5:15—7:30 PM
18 May 2015	Aberdeen, Dakota Event Center	720 Lamont Street	
29 Jun 2015	Mitchell, Highland Conference Center	2000 Highland Way	

To register for a workshop or forum, visit www.sdrs.sd.gov or call 1-888-605-SDRS (7377).



South Dakota Retirement System
P.O. Box 1098
Pierre, SD 57501

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Uniform Transfers to Minors

It is very common for South Dakota Retirement System (SDRS) members to name their children as beneficiaries on their SDRS accounts. Also consider that if you pass away while actively contributing, there may be family benefits payable to your children. But what if your child is a minor? How are SDRS payments made in these cases?

SDRS cannot make payments directly to minor children. Payments must be made to the child’s conservator or custodian. The legal process for naming a conservator and/or establishing a trust can be lengthy and expensive. However, the Uniform Transfers to Minors Act (UTMA) is a law that provides a simple and inexpensive way to make transfers to minors with control held by a responsible adult (custodian) until the minor becomes of age.

SDRS has developed a new form pursuant to the South Dakota UTMA that allows members to appoint a custodian and successor custodian for minor children for

purposes of SDRS benefit payments. Having this form completed and on file with SDRS allows a minor to receive assets without requiring trust documents or court appointment of a conservator. Under the provisions of the UTMA, the assets belonging to the minor are controlled and managed by a custodian until the minor reaches 18 years of age.

If you have minor children, you may wish to consider completing SDRS Form E-5A Transfer to Minor Form to name a custodian and successor custodian. If you previously completed a Transfer to Minor form from SDRS, you may wish to complete this new form as it now allows you to appoint a successor custodian. If you have any questions regarding the South Dakota UTMA or the Transfer to Minor form, please contact the SDRS office toll-free at 1-888-605-SDRS (7377).



Transfer to Minor Form Available Online!

This new form is available on the SDRS website—www.sdrs.sd.gov—under the Active Members section. Click on Forms to access the SDRS Form E-5A.

It is important to note that a separate form must be completed for each minor child you wish to name as a beneficiary.

The information presented in Outlook is neither a legal reference nor a complete statement of South Dakota laws or administrative rules. In any conflict between this information and South Dakota laws or administrative rules, the laws and administrative rules shall prevail.

Outlook is produced to communicate the plan provisions, changes in law, and issues of interest to members of the South Dakota Retirement System. It is published with funds provided through the contributions of teachers, school boards, state government, state employees, county commissions, county employees, municipal governments, municipal employees, and other local units and employees. 49,000 copies of this document were printed on recycled paper by SDRS at a cost of \$0.082 per document.