

How does a member calculate the cost vs. benefit of an SPB purchase?

SDRS has established a Supplemental Pension Benefit Calculator, which is located on the SDRS website at www.sdrs.sd.gov. Click on the “Calculators” tab, then “Supplemental Pension Benefit Calculator.”

The SPB calculator is a planning tool that a member can use to estimate the amount of a SPB monthly benefit based on the amount of money the member would transfer from the member’s SDRS-SRP and/or SPP account, and/or VRA funds for Generational members.

How do I start an SPB?

To participate in the SPB program or to obtain additional information, please contact the SDRS office. Upon your request, an SPB application packet will be sent to you.

Members are cautioned to make sure they have adequate savings before committing all their SRP and/or SPP funds (and/or VRA funds for Generational members) to this benefit. Once a member has entered into the SPB agreement a member may not later elect to terminate the agreement and request a refund. The agreement is irrevocable.

Do I need to fill out a beneficiary designation form?

It is advised that an SPB-2 Beneficiary Designation form be completed and submitted with the SPB-1 Application form. If, at the time of death of the member, or the surviving spouse (if applicable), the total monthly supplemental pension benefit paid-to-date is less than the amount of the member’s single premium, the difference will be disbursed in a lump sum to the person designated on the form.

If no beneficiary is designated, the lump sum will be disbursed to all surviving children, and if there are no surviving children the lump sum will be disbursed to the member’s estate.



Supplemental Pension Benefit



Frequently Asked Questions

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Supplemental Pension Benefit (SPB)

What is a Supplemental Pension Benefit (SPB)?

The SPB is a program that can be used to provide additional financial security during retirement through lifetime monthly benefit payments, with cost-of-living adjustments.

Who can participate?

A Foundation or Generational member who is receiving an SDRS monthly retirement benefit and has at least \$10,000 in the SDRS Supplemental Retirement Plan (SRP) and/or the SDRS Special Pay Plan (SPP), or a Variable Retirement Account (VRA) for Generational members, may choose to convert the funds into an SPB by entering into an irrevocable agreement with SDRS.

Note: The IRS prohibits the transfer of SRP funds unless the member has terminated employment. Therefore, a retired member who has returned to SDRS-covered employment is not eligible to establish an SPB. This also applies to Class B Public Safety members who return as Class A members and vice versa.

How many conversions are allowed?

For Foundation members: One SPB conversion using SDRS-SRP and/or SPP funds is allowed. Multiple retirements do not create additional opportunities.

For Generational members: Up to two SPB conversions are allowed—one using SDRS-SRP and/or SPP funds and/or one using VRA funds.

Is the SPB protected for inflation?

The SPB participant receives an annual cost-of-living adjustment (COLA). The annual COLA is effective on July 1 of each year after receiving a benefit payment for one full fiscal year period (July-June). The annual COLA considers affordability based on the SDRS fair value funded ratio and the annual inflation rate as defined by the consumer price index (CPI-W), but cannot be less than 0.5% or more than 3.5%.

What payment options are available?

Any member may elect a single life benefit, which is payable for the lifetime of the member only. In addition, a member who is married at the time of election may elect one of the following joint and survivor options:

- (1) Lifetime benefit for the member, and upon the member's death, 60 percent of the monthly benefit amount is payable to the surviving spouse; or
- (2) Lifetime benefit for the member, and upon the member's death, 100 percent of the monthly benefit amount is payable to the surviving spouse.

Can I change my payment option if my marital status changes?

The SPB contract is an irrevocable agreement and the provisions will remain unchanged. If a single SPB participant later marries, or if a married SPB participant becomes single, the terms of the SPB contract cannot be changed.

Additionally, if a joint and survivor option is elected and the spouse named in the SPB contract dies, the surviving spouse benefit cannot be transferred to a different spouse if the member remarries. Only the spouse that is married to the member at the time the SPB is established and is still married to the member at the time of the member's death is eligible for the surviving spouse benefit payable under the SPB contract.

How will the monthly SPB be paid?

To participate in the SPB program a member must sign up for electronic direct deposit. Electronic deposit guarantees that the SPB payment is available to you sooner, eliminates the danger of lost and/or delayed checks, and provides SDRS with a cost effective mechanism to track benefit payments.

On the SPB-1 Application form, the member provides authorization for direct deposit of SPB payments as well as a voided check to set up the direct deposit.

When will the monthly SPB be paid?

Payment will follow the same payment schedule established for the SDRS monthly retirement benefit in that payment will be made on the 15th of each month. If the 15th falls on a weekend or holiday, the payment will be made on the prior business day.