

Terminology

Vested: A member is entitled to lifetime retirement benefits with three years of service.

Normal Retirement: Unreduced benefits are available to Class A and Class B Judicial members at age 67 (Class B Public Safety members at age 57).

Early Retirement: Permanently reduced benefits are available up to 10 years prior to a member's normal retirement age. The amount of reduction is 5% for each year prior to normal retirement age.

Cost of Living Adjustment (COLA): Effective July 1 of each year, a COLA increases eligible benefit payments between 0% and 3.5%, depending on the rate of inflation and affordability.

When to Contact SDRS

Plan to contact the SDRS office approximately 3-6 months prior to your intended retirement date to speak with a retirement planner. A packet containing a benefit estimate, necessary forms, and additional information will be sent to you.

Returning to Work After Retirement

If a retired member returns to employment with an SDRS employer, the member must have three consecutive months of separation from service. The separation period cannot include any kind of relationship or employment with an SDRS participating employer. Returning to work prior to meeting the three-month separation invalidates the member's retirement status and all retirement benefits must be repaid to SDRS. (Note: A member is exempt from the three-month separation from service if the member was at least age 59 1/2 at retirement and rehired to work less than 1,250 hours during the employer's fiscal year.)

If you are rehired by an SDRS employer to work more than 1,250 hours during their fiscal year, your benefit will be reduced by 15% and the COLA will be eliminated during the reemployment period. Member contributions go into your SDRS-SRP account. (Exception for Class B Public Safety member returning to work as a Class A member: The 15% benefit reduction and COLA elimination will not be applied.)

If you are rehired by an SDRS employer to work less than 1,250 hours during their fiscal year:

- After meeting the three-month separation, your SDRS benefit will continue without disruption or reduction and no contributions are required. However, if you subsequently work over 1,250 hours, your benefit will be affected prospectively as described above.
- If you were at least age 59 1/2 at retirement, you are exempt from the three-month separation and your benefit will not be affected. However, if you subsequently work over 1,250 hours, your benefit will be suspended prospectively for the duration of the reemployment period.

For a more complete explanation on SDRS return to work provisions, please refer to the SDRS publication, "Returning to Work After Retirement."



Generational Member

Retirement Planning & Benefit Information



April 2021

South Dakota Retirement System
222 East Capitol Avenue, Suite 8
PO Box 1098
Pierre, SD 57501
1-888-605-SDRS (7377)
sdrs.sd.gov



Benefit Estimates

Your benefit estimate is based on your years of credited service and your final average compensation. Until your employer reports your final compensation and contributions to SDRS, the exact amount of your benefit is subject to adjustment.

Applying for Retirement

You must file an SDRS Form B-2G, "Application for SDRS Generational Retirement Benefits," with SDRS at least one complete calendar month prior to your retirement. (Note: If you fail to make timely application for your benefits, you may be eligible to receive up to three months of retroactive benefits to be paid with your first benefit payment. Subsequent benefit payments will revert to the regular benefit amount.)

Prior to your retirement, you must provide SDRS with a legible photocopy of:

- * Your photo ID
- * Your birth certificate
- * Your spouse's birth certificate, if applicable
- * Your marriage certificate, if applicable
- * Your divorce decree, if applicable

Your final paycheck from your employer must be prior to the effective date of your retirement. You may not receive your final paycheck and your SDRS benefit in the same month.

It is important to note that SDRS cannot start your Social Security benefit. You must contact the Social Security Administration to initiate your Social Security benefit payments. Visit ssa.gov or call 1-800-772-1213 for further information or to find SSA office locations.

Benefit Payments

Your SDRS retirement benefit will be paid to you for your lifetime. You cannot outlive your SDRS retirement benefit.

All retirement benefits are effective the first day of the month. Your benefit payments will be made on the 15th of each month. If the 15th falls on a weekend or holiday, your payment will be made on the prior business day. To ensure prompt delivery of your payments, you are encouraged to use direct deposit.

Surviving Spouse Benefits

A Generational member's retirement benefit is a single-life benefit; however, you may make an election at retirement to take an actuarially reduced retirement benefit in order to provide a surviving spouse benefit to your eligible surviving spouse.

Single-Life Benefit: Benefits are payable for your lifetime only. No benefit would be payable to your surviving spouse, if applicable.

60% Joint & Survivor Benefit: Your eligible surviving spouse would receive a surviving spouse benefit equal to 60% of the benefit being paid to you at the time of your death.

100% Joint & Survivor Benefit: Your eligible surviving spouse would receive a surviving spouse benefit equal to 100% of the benefit being paid to you at the time of your death.

If both you and your spouse die before your accumulated contributions have been paid out, your named beneficiary/beneficiaries or estate will receive any remaining balance.

Federal Income Tax Withholding

Your benefit payments will be taxable at your retirement. To ensure that SDRS withholds federal income taxes according to your wishes and in accordance with IRS guidelines, it is important for you to complete IRS Form W-4P, "Withholding Certificate for Pension or Annuity Payments," and return it to the SDRS office.

If you do not complete an IRS Form W-4P, SDRS must withhold federal income taxes at the default rate. Please consult with your tax advisor to determine the proper withholding amount for your personal situation.

If you need to change your withholding amount, you will need to complete a new IRS Form W-4P and return it to the SDRS office.

IRS Form 1099-R

By January 31 of each year, SDRS will send you an IRS Form 1099-R that reflects the total gross distribution, taxable amount, and any federal income tax withheld for the previous year.

Variable Retirement Account

In addition to SDRS retirement benefits, Generational members have a Variable Retirement Account (VRA) which is funded by a monthly contribution of up to 1.5% of pay while actively employed and credited with investment earnings. The VRA becomes payable at retirement, disability, or death. VRA payment options include: a lump-sum payment, a rollover to the SDRS-SRP or other eligible plan, or a purchase of a SDRS Supplemental Pension Benefit at retirement.