

Your Retirement Benefit

Your SDRS retirement benefit will be paid to you for your lifetime—you cannot outlive your SDRS retirement benefit. Effective on July 1 of each year, an annual cost of living adjustment (COLA) increases eligible benefit payments between 0.5% and 3.5%, depending on the CPI and SDRS fair value funded status.

Benefit Payment Options

Your SDRS retirement 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.

Direct Deposit: You are encouraged to have your SDRS benefit payments directly deposited into your bank account each month.

If you have not already signed up to receive direct deposit, please complete SDRS Form B-6, attach your bank account information (such as a voided check), and return it to SDRS.

If you do not choose to have your monthly benefit payment directly deposited, a check will be mailed to you from the SDRS office on the 15th of each month, as explained above.



Retirement Benefit Information

For Foundation Members
Joining SDRS Prior to July 1, 2017



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



July 2019

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

Surviving Spouse Benefits

If you die after retirement, a lifetime surviving spouse benefit equal to 60% of the benefit you were receiving at the time of your death will be immediately payable to your qualifying spouse, as defined in SDCL Chapter 3-12C.

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

Federal Income Tax Withholding

Under current Internal Revenue Service guidelines, your pension income will be taxable immediately upon your retirement.

To ensure that SDRS withholds federal income taxes according to your wishes and in accordance with IRS guidelines, we ask that you 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: Single with 1 allowance. Please contact the IRS or your tax advisor for further details regarding the proper federal income tax withholding amount for your situation and/or completion of the IRS Form W-4P.

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.

In January 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.

Safe Harbor Method of Tax Recovery

If you made contributions to SDRS prior to July 1984, you are entitled to a partial recovery of contributions you made on an after-tax basis. SDRS uses the IRS simplified Safe Harbor method to determine this tax exclusion. The difference between the gross distribution (reflected in Box 1 of your 1099-R) and the taxable amount (reflected in Box 2A of your 1099-R) represents this partial recovery.

Further information regarding the Safe Harbor method can be found in the instructions for IRS Form 1040.

Employment After Retirement

Benefit Termination: If you retire and return to permanent full-time employment with an SDRS participating employer within three (3) full calendar months (mandatory termination period) of termination of employment, your SDRS retirement status will be revoked and all retirement benefits paid during the period 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, your SDRS retirement benefit will be suspended if, after the mandatory termination period, you return to permanent full-time employment with an SDRS participating employer.

(Special Early Retirement means you are able to retire early with an unreduced benefit). Upon subsequent termination of your reemployment, your retirement benefit will be reinstated.

Benefit Reduction Status: If you retire after reaching normal retirement age or after meeting the requirements for Special Early Retirement, and if, after the mandatory termination period, you return to permanent full-time employment with an SDRS participating employer, 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 reemployed as a permanent full-time employee (working for at least 20 hours per week and six months per year) with an SDRS 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 your employer's 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.