

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 Payments

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 Generational Members
Joining SDRS On/After 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

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: If you selected this option at retirement, benefits are payable for your lifetime only. No benefit would be payable to your surviving spouse, if applicable.

60% Joint & Survivor Benefit: If you selected this option at retirement, your eligible spouse would receive a surviving spouse benefit equal to 60% of the benefit being paid to you at the time of your death. The surviving spouse benefit will continue for your spouse's lifetime with annual cost-of-living adjustments.

100% Joint & Survivor Benefit: If you selected this option at retirement, your eligible spouse would receive a surviving spouse benefit equal to 100% of the benefit being paid to you at the time of your death. The surviving spouse benefit will continue for your spouse's lifetime with annual cost-of-living adjustments.

Note: If you (and your spouse, if electing a joint & survivor benefit) 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.

Employment After Retirement

Before returning to SDRS-covered employment in a permanent, full-time capacity, you must complete three full calendar months of termination from employment beginning from your effective date of retirement.

Benefit Termination: Returning to SDRS-covered employment prior to satisfying the required termination period revokes your retirement status and all retirement benefits must be repaid to SDRS, with interest.

Benefit Suspension: If you retire prior to reaching normal retirement age and return to SDRS-covered employment after satisfying the required termination period, your entire SDRS retirement benefit will be suspended, you will not receive the annual cost-of-living adjustment (COLA) during the reemployment period, and your member contributions will go into your SDRS Supplemental Retirement Plan (SRP) account. Upon subsequent termination of your reemployment, your retirement benefit will be reinstated.

Benefit Reduction: If you retire after reaching normal retirement age and return to SDRS-covered employment after satisfying the required termination period, your SDRS retirement benefit will be reduced by 15%, you will not receive the annual COLA during the reemployment period, and your member contributions will go into your SDRS-SRP account. Upon subsequent termination of your reemployment, your retirement benefit will be reinstated to the unreduced amount.

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