

**MONTANA STATE UNIVERSITY - OFFICE OF HUMAN RESOURCES**

**PUBLIC EMPLOYEES RETIREMENT**

**FREQUENTLY ASKED QUESTIONS**

**April 23, 2010**

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## **I have PERS and am considering retirement. What do I need to do to retire?**

When you have identified a potential retirement date, call or write PERS. (When you are ready to retire you are responsible for requesting retirement estimates and completing the retirement application, your payroll clerk isn't.) They will need the following information:

- name
- home address
- social security number
- anticipated retirement date
- the name and birth date of your beneficiary

## **How can I determine my monthly benefit when I can start?**

After PERS has received this information, they will send your retirement estimates with the options available. You will also receive a form to request a retirement application, tax withholding form and a direct deposit form. If all of these forms are properly completed and received prior to your retirement date, you can expect to receive your first check at the end of your first month of retirement. If you terminate June 30, your retirement is effective July 1 and your first check will be mailed the last working day of July. If you terminate July 10, your retirement is effective August 1 and your first check will be mailed the last working day of August. **This assumes all of the required forms are properly completed and have been submitted to the MPERA office.**

## **How does my vacation and sick leave impact my retirement benefit?**

Your retirement is based on your total years of service credit, your age and your final average salary (FAS--36 month consecutive salary average). If you terminate on December 31, 1999, your FAS usually would consist of 1999, 1998 and 1997. If you have a lump sum payment of vacation and sick leave that represents 4 months of your current salary, we would utilize them as January - April of 2000, and remove January - April of 1997 from our 36 month salary scale. **Lump sum payments are not included as one month of compensation by statute.**

When you are finally retired, your benefit will continue to you for life. If you have selected an optional form of benefit payments to include a spouse or significant other, they will continue to receive a monthly benefit after your death. Choosing an option is a very individual decision only you can make. If you select direct deposit (we highly recommend direct deposit), your payment will be in the bank on the last working day of every month. If PERS needs to change your benefit amount for any reason (such as taxes or insurance changes), you will receive a notification from their office indicating the new

net amount of your payment. If you don't hear from PERS, you will know that your benefit amount will not change.

When you retire, you have an option to have federal and state taxes and medical insurance premiums withheld from your retirement benefit. The amount of taxes withheld will depend on the information you provide. If you claim single and 1 dependent, you will pay more taxes than claiming single and 3 dependents. You can also set a specific amount of taxes to be withheld each month.

**I am under the PERS retirement system and have a serious illness that may cause me to terminate my employment. Am I eligible to receive early retirement? What about a disability retirement, what are the requirements? How do I apply for disability retirement?**

If you have over five years of service, you are eligible to apply for a disability retirement. Members in need of disability estimates need to contact Ian Steel, Disability Examiner, at 444-5444. Mr. Steel will determine eligibility for disability and provide you with the required application. Your employer must complete a statement describing the essential elements of your position. Your employer must also verify information concerning what accommodations were requested, provided and successful. Your physicians must complete physician's statements. All forms must be completed and medical records from the onset of your condition (or for the last 3 years) must be forwarded to our office. Any cost to provide medical documentation is your responsibility. If you are a member of another system and have a duty-related illness or injury, you may be eligible for a disability retirement, even if you have less than five years of service.

**I have terminated my employment and want to withdraw my money from PERS. Why does my spouse need to sign the refund application?**

Your retirement account is an asset in which your spouse also has an interest. The requirement of a spouse's signature ensures that your spouse is in agreement with the refund and/or rollover.

**When I withdraw my money from PERS does it take so long to receive my refund?**

The processing of your refund is not automatic. It takes 6-8 weeks after you receive your last payroll check. Assume you receive your last check on February 10. This means you will be reported on your employer's February payroll. This payroll may not be received in our office until about March 15. Balancing the payroll and updating the system take a little time. Your refund should be processed at the end of March -- assuming all of the forms have been submitted and properly completed.

Contributions may be sent directly to you or rolled into another qualified plan or IRA. If you have any taxed contributions, they will be returned to you while the non-taxed

portion of your account will be rolled-over. A refund application will provide complete information. Refund applications are available from your payroll clerk.

You will receive a 1099R tax form after we process your refund. Keep this form. You will not receive another 1099R at the end of the calendar year.