

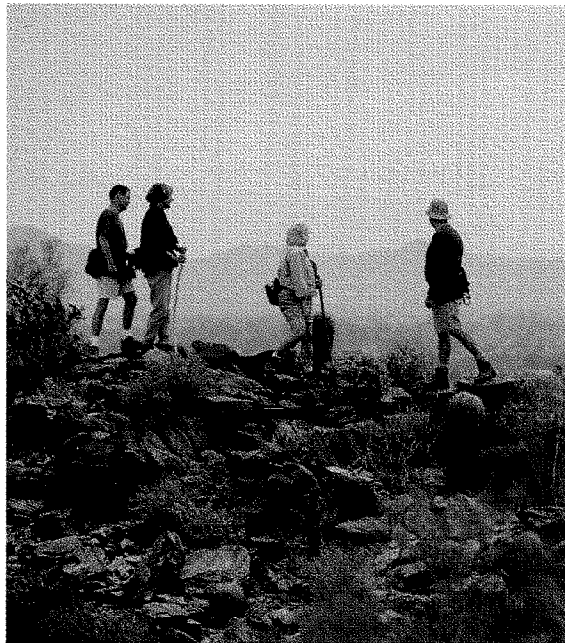
## What is the Partial Lump-Sum Option (PLSO)?

The Partial Lump-Sum Option (PLSO) is a PSRS-PEERS service retirement benefit payment option that allows qualified members to elect to have lifetime monthly benefits actuarially reduced in exchange for the right to receive a one-time, lump-sum payment at retirement. The one-time, lump-sum payment can be equal to 12, 24 or 36 times your Option 1-Single Life benefit amount.

If you choose the PLSO, you still must choose a monthly payment option (Single Life, Joint-and-Survivor, or Term-Certain).

You are eligible to choose a PLSO payment if you meet one of the following criteria:

- You have a minimum of 33 years of service credit, or
- You are at least age 63 with a minimum of 8 years of service credit, or
- Your age plus your years of service credit equals 86 or more (Rule of 86).



## How Much Will My Lump-Sum Payment Amount Be?\*

Your PLSO lump-sum amount is determined by multiplying your Option 1-Single Life monthly benefit amount by 12, 24 or 36.

You can estimate the amount of your PLSO payment and the actuarially reduced lifetime monthly benefits (reduced because of the PLSO payment) by using the Benefit Estimate Calculator located at [www.psr-peers.org](http://www.psr-peers.org), or you can obtain an estimate by calling (800) 392-6848.

### Example:

If you qualify for PLSO and your Option 1 lifetime monthly benefit amount is \$2,000 per month, then your PLSO payment is calculated as follows:

#### 12-month option

\$2,000 per month x 12 months = \$24,000  
BEFORE TAXES

#### 24-month option

\$2,000 per month x 24 months = \$48,000  
BEFORE TAXES

#### 36-month option

\$2,000 per month x 36 months = \$72,000  
BEFORE TAXES

## How Much Will My Monthly Benefit Be Reduced?\*

In addition to your lump-sum payment, your lifetime monthly benefit is reduced to reflect the value of the PLSO payment and your age because of the PLSO. The actuarial reduction in your monthly benefit applies regardless of the monthly benefit option you choose (Option 1, 2, 3, 4, 5 or 6).

\* Example provided by the Public Education Employee Retirement System of Missouri, (July 2007).

\*\* Policy #FA542, FA544, FA547, FA549, Form # M-2014, M-2015

\*\*\* Policy #AD-23, Form #C-3011

See Policies for exclusions.



## Where and How Do I Invest My PLSO?

- **The FSL TaxVantage™ Annuity\*\*** offers the security of a guaranteed rate of growth and several lifetime payout options. Your deposit earns interest credited daily and is transferable to the FTJ FundChoice mutual fund platform with no surrender costs. It also has an accidental death benefit\*\*\* as well as a terminal illness allowance so you can access 100% of your account value if you are diagnosed with a terminal illness.
- **FTJ FundChoice™** offers more than 160 mutual fund families with over 1,600 mutual funds to suit your investment needs. Most of the major mutual fund companies are represented on the FundChoice platform. Investment options will fluctuate in value, and redemption value may be more or less than original cost. For a prospectus which should be read carefully before investing, call 800-379-2513. Any investment in a mutual fund may be subject to recurring fees and expenses. You can design and manage a diversified investment plan to meet your needs. You also get daily account access and unlimited allocation adjustment.

## It's Your Money, Make Sure You Get It.

If you die relatively soon after you've retired, you and your heirs stand to lose a significant amount of money that would have been paid out over time. By exercising your right to transfer a lump-sum of money now, you make sure that you receive at least a portion of the matching contributions your employer paid toward your retirement. Otherwise, upon death that money is gone forever.

## Taxes on Partial Lump-Sum Distributions.

- A retiree who chooses a PLSO payment can treat as non-taxable, a portion of the payment equal to all previously taxed funds that were credited to his or her account prior to January 1, 1987. If you have no taxed contributions in your account that meet the criteria above, then 100% of your distribution is considered taxable income in the year the PLSO payment is made.
- The amount of your PLSO distribution that can be claimed as non-taxable is reported to you on the IRS Form 1099-R provided for the tax year in which the payment occurs.
- Any portion of a partial lump-sum that is considered taxable income by the IRS is subject to the mandatory 20% federal tax withholdings by PSRS. In addition, if your payment occurs before you reach age 59½ and a rollover of the taxable amount does not take place, a 10% federal tax penalty may apply in addition to the ordinary income tax owed. This penalty will not apply if you terminate employment in or after the tax year in which you reach age 55. You can choose, however, to "roll over" the funds into an IRA or other qualified retirement plan, in which case the funds would not be subject to either the 20% federal withholding or the 10% federal excise tax.
- PLSO payments may also be subject to state taxes, although not withheld by PSRS.
- Your PLSO can be rolled over into a traditional IRA, 403(b), 401(k), or 457 plan.



**If you are considering a PLSO,  
contact us today at  
(800) 821-7303.**



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*This brochure is not intended to serve as a legal document or a substitute for the law or regulations governing PSRS. Because FTJ cannot offer tax advice, we strongly suggest that you consult a tax professional before making a final decision regarding the Partial Lump-Sum Option.*

## **Forrest T. Jones & Company:**

## **Making Sense of Your Partial Lump-Sum Option (PLSO)**



## **A guide to understanding your PLSO for both PSRS and PEERS**