



SDRS Outlook

Membership Newsletter • September 2014

SDRS-SRP Offers Additional Financial Security

With costs rising and life expectancies increasing, retirement can be expensive. While the South Dakota Retirement System (SDRS) and Social Security provide lifetime retirement benefits, members will likely need additional resources, such as personal retirement savings, to provide more financial security during retirement.

To encourage personal retirement savings, SDRS established the Supplemental Retirement Plan (SRP) in 1987. The SDRS-SRP, which is a 457 plan administered by Nationwide Retirement Solutions, provides members an investment vehicle for long-term, tax-advantaged retirement savings.

A common remark made by those nearing retirement is that they wish they had started saving sooner.

SDRS-SRP Offers Many Advantages

The SDRS-SRP currently offers both pre-tax and after-tax savings options. With the traditional pre-tax option, contributions are deducted from pay before federal withholding taxes are calculated, giving the participant the advantage of having a higher take-home pay than if contributions were made on an after-tax basis. Contributions and earnings become taxable when they are withdrawn, but usually at a lower tax rate if withdrawn during retirement.

The SDRS Roth 457 option provides an alternative to pre-tax investing. Roth contributions are deducted after federal withholding taxes are calculated and are included as taxable income on an employee's W-2 form. The advantage of the after-tax Roth option is that qualified distributions of Roth contributions and earnings are tax-free. To be qualified, the distribution must be made after age 59½ and a five-year holding period must be satisfied.

Having both the traditional pre-tax and the after-tax Roth options available, participants may choose when they want their contributions, earnings, and retirement income to be taxed.

Enrolling in the SDRS-SRP is easy and contribution requirements are minimal. Participants may contribute just \$25 per month (\$12.50 semi-monthly) to jump-start their retirement savings. The maximum contribution limit is \$17,500 for 2014 and those nearing retirement have an opportunity to save even more under the Age 50+ Catch-up and Special 457 Catch-up provisions.

The SDRS-SRP features a variety of investment options that are carefully researched and

selected by the South Dakota Investment Council. The SDRS-SRP's low annual asset fee of 0.21 percent (\$0.21 per \$100) means more money stays in your account. The SDRS-SRP also offers an array of withdrawal options to suit your financial needs after leaving employment and/or retiring, including annuity options and the opportunity to purchase a Supplemental Pension Benefit through SDRS for additional lifetime retirement income (see page 4 of this newsletter for further details).

Invest in Your Future Through SDRS-SRP

Retirement can last several decades. Personal retirement savings is a key component for financial security during retirement and should be a part of every SDRS member's retirement plan. The SDRS-SRP is a great way to get on the right track and save for your future. For more information, contact the SDRS-SRP office in Pierre at 605-224-2230.

Enroll today and put your money to work for you!



Retirement Ready: Your Questions Answered

SDRS retirement planners are equipped to provide you with the answers you need to make informed decisions regarding your SDRS benefits. As you begin the retirement process, however, you may find it difficult to know what questions to ask. To get you started, here are some questions that members frequently ask the retirement planners:

When should I notify SDRS of my pending retirement?

We recommend that you contact SDRS three to six months prior to your anticipated retirement date.

When will I be eligible to receive the cost-of-living adjustment (COLA)?

To be eligible for a COLA, you must have received your benefit payment for the entire previous fiscal year period (July 1 to June 30). For example: if you began your benefit in July 2014, you would be eligible for the COLA effective July 1, 2015. If you begin your benefit in January 2015, you would be eligible for the COLA effective July 1, 2016.

What happens to my unused sick/annual leave and/or other lump-sum termination pay?

If your employer has elected to participate in the SDRS Special Pay Plan (SPP), you are receiving at least \$600 in unused sick and annual leave and/or other lump-sum termination pay, and you are at least 55 years old or within weeks of attaining age 55, this special pay will go into your SDRS-SPP account. The SDRS-SPP is administered by the SDRS Supplemental Retirement Plan (SRP).

If I return to work, will I still receive my SDRS retirement benefit? In short, it depends. If you go to work for a non-SDRS employer or an SDRS employer in a temporary or part-time, non-benefited position, you will continue to receive your SDRS benefit with no change. If you return to work for an SDRS employer in a permanent, full-time capacity (20 hours per week and six months per year), you must first meet a three consecutive calendar month termination period before returning to SDRS-covered employment. Returning to SDRS-covered employment will affect your retirement benefit. **If you are contemplating a return to SDRS-covered employment, it is important to contact SDRS prior to accepting any position to determine if and how your SDRS retirement benefit will be impacted.**

It is important to note that each individual's circumstances are unique. There is no "cookie-cutter" retirement. When you are talking with our retirement planners, take as much time as you need and ask plenty of questions. We are here to help you make your retirement transition as easy as possible.



Keep Your Beneficiaries Updated

Marriages, divorces, births, adoptions, and deaths all create changes in family status. SDRS encourages its members to review and update their beneficiary designations any time there is a family status change. Additionally, members should occasionally review their beneficiary designations to ensure they are up-to-date.

A member may change beneficiary designations at any time and as often as necessary. If you desire to update your designations, the SDRS E-5 "Beneficiary Designation" form can be obtained on the SDRS website, www.sdrs.sd.gov, under the Active Members section, then Forms. You may also contact the SDRS office to obtain this form.



Members may view their personal account information, including beneficiary designations, through the secure MySDRS section of the SDRS website, www.sdrs.sd.gov. To log-in and gain access to MySDRS, you must register and create a password to obtain your SDRS ID number. Your SDRS ID number and password are required for future log-ins to the MySDRS site. Please safeguard this information.

If you require assistance with MySDRS, please contact SDRS. You may also contact SDRS directly to obtain your beneficiary designation information. Our toll-free number is 1-888-605-SDRS (7377).

SDRS on the Road

INDIVIDUAL RETIREMENT COUNSELING SCHEDULE

DATE	LOCATION	ADDRESS	30-MINUTE SESSION TIMES AVAILABLE
16 Sep 2014	Vermillion, Holiday Inn Express	1200 N Dakota	2:00—8:00 PM
17 Sep 2014	Vermillion, Holiday Inn Express	1200 N Dakota	8:00 AM—8:00 PM
23 Sep 2014	Parker, Community Building	299 N Main	2:00—8:00 PM
07 Oct 2014	Yankton, Kelly Inn	1607 E Hwy 50	2:00—8:00 PM
08 Oct 2014	Yankton, Kelly Inn	1607 E Hwy 50	8:00 AM—8:00 PM
22 Oct 2014	Belle Fourche, Community Center	1111 National Street	2:00—8:00 PM
28 Oct 2014	Elk Point, Union County Courthouse	209 E Main	2:00—8:00 PM
10 Nov 2014	Mobridge, Wrangler Inn	820 W Grand Crossing	2:00—8:00 PM
18 Nov 2014	Spearfish, Holiday Inn	I-90 Exit 14	2:00—8:00 PM
19 Nov 2014	Spearfish, Holiday Inn	I-90 Exit 14	8:00 AM—8:00 PM
02 Dec 2014	Madison, Karl Mundt Library	8th & Egan	1:00—8:00 PM

Call SDRS toll-free at 1-888-605-SDRS (7377) to schedule an appointment.

PRE-RETIREMENT PLANNING WORKSHOPS

DATE	LOCATION	ADDRESS	TIME
15 Oct 2014	Brookings, Swiftel Center	824 32nd Avenue	5:30—8:00 PM

EARLY & MID-CAREER WORKSHOPS

DATE	LOCATION	ADDRESS	TIME
30 Sep 2014	Brookings, Swiftel Center	824 32nd Avenue	6:00—8:00 PM
03 Nov 2014	Sioux Falls, Holiday Inn City Centre	100 W 8th Street	6:00—8:00 PM
09 Dec 2014	Rapid City, Hilton Garden Inn	815 E Mall Drive	6:00—8:00 PM

WOMEN & FINANCIAL PLANNING WORKSHOPS

DATE	LOCATION	ADDRESS	TIME
20 Oct 2014	Sioux Falls, Holiday Inn City Centre	100 W 8th Street	5:15—7:30 PM
25 Nov 2014	Rapid City, Hilton Garden Inn	815 E Mall Drive	5:15—7:30 PM
08 Dec 2014	Pierre, RedRossa Italian Grille	808 W Sioux Avenue	5:15—7:30 PM
16 Dec 2014	Spearfish, Holiday Inn	I-90 Exit 14	5:15—7:30 PM

RETIREE FORUMS

DATE	LOCATION	ADDRESS	TIME
15 Oct 2014	Brookings, Swiftel Center	824 32nd Avenue	3:00—4:00 PM

To register for a workshop or forum, visit www.sdrs.sd.gov or call 1-888-605-SDRS (7377).



South Dakota Retirement System

P.O. Box 1098
Pierre, SD 57501

Supplemental Pension Benefit Provides Additional Lifetime Income

Budgeting is a vital part of any retirement plan—finding that balance between income and expenses. In retirement, you will have lifetime income sources, like SDRS and Social Security. Your lifetime income sources will likely be used to pay for essential expenses during your retirement, such as housing, healthcare, insurance, food, utilities, and taxes.



primary SDRS retirement benefits. The SPB provides a monthly benefit for life, with annual cost-of-living adjustments. The SPB also provides a participant's eligible surviving spouse, if applicable, a lifetime monthly benefit equal to 60 percent of the benefit amount the participant was receiving at the time of death.

With the cost of everything constantly rising, what happens if your expenses exceed your monthly income? How can you overcome financial shortfalls and maintain a balanced budget?

One answer would be to add additional lifetime income to your budget. SDRS retirees who have terminated employment and have funds in the SDRS Supplemental Retirement Plan (SRP) and/or the Special Pay Plan (SPP) have the option to convert those funds into a Supplemental Pension Benefit through SDRS.

The Supplemental Pension Benefit (SPB) is designed to provide members with an opportunity to enhance their

To purchase an SPB, an SDRS retiree must have a minimum of \$10,000 in SDRS-SRP and/or SPP funds. The retiree is required to enter into an irrevocable agreement with SDRS to establish a lifetime monthly SPB. A retiree may enter into an agreement with SDRS for this optional benefit at any time during retirement; however, per law, a retiree is allowed only one SPB conversion.

For more information regarding the SPB, including an SPB calculator, visit the Retiree section of the SDRS website, www.sdrs.sd.gov. You may also contact the SDRS office toll-free at 1-888-605-SDRS (7377) for further information and SPB estimates.

