

Retirement Benefit Payment Options

Deciding on a Payment Option for Survivor Benefits

When you retire from SFERS, you will have the option to enhance the benefit your designated beneficiary(ies) will receive upon your death. Regardless of the type of retirement (service, vesting, or disability [dependent on the plan]) you may choose from four retirement options: the unmodified option, or one of three enhanced options.

The unmodified option is your standard monthly benefit calculated based on your age, years of service, and average final compensation and provides standard survivor benefits. Each of the three enhanced options will permanently reduce your monthly benefit while you are alive but provides an enhanced benefit to your survivor(s). The amount of the reduction to your benefit depends on the option you select, and is determined by your *benefit amount, your age, whether your survivor is Qualified or Non-Qualified, and/or your survivor's age* at the time of your retirement.

You will select a retirement option during the retirement application process. Once you submit your retirement application to SFERS, you **are permitted** to change your benefit option any time **before your retirement date**. You **are not permitted** to change your benefit option **after your retirement date**, even if the beneficiary you name predeceases you (except for Option one).

When designating an eligible spouse/domestic partner as beneficiary, SFERS requires:

- A Certified Original Marriage Certificate (Souvenir/non certified copy not accepted)
Or
- A Certified Original Domestic Partner Certificate
And
- A Certified Original Birth Certificate (Options 2 and 3)

When designating a non-spouse as beneficiary, SFERS requires:

- A Certified Original Birth Certificate (Options 2 and 3)

What is the difference between a beneficiary and a qualified survivor?

- **A Beneficiary is:** a person or persons, a trust, or an estate designated to receive a **lump sum benefit** upon your death
- **A Qualified Survivor is:** an eligible spouse/domestic partner, or unmarried child (also dependent child or dependent parent for safety plans), who receives a **continuation benefit** upon your death. Refer to your **summary of plan provisions** for a detailed definition.

Retirement Benefit Payment Options

Unmodified

Standard lifetime monthly benefit calculated based on your age, years of service, and average final compensation, and provides the standard survivor benefits.

Option 1

An optional form of monthly allowance that, upon your death after retirement, any unused contributions in your member account after offset of the annuity payments received during your retirement lifetime, will be paid to your beneficiary in a lump sum. Your Option 1 election reduces the allowance payable to you during your lifetime to provide the lump sum payout. With your Option 1 election, you will be required to name a primary beneficiary. You may also name contingent beneficiaries. You may name as many primary and contingent beneficiaries as you would like. Your primary beneficiary receives the balance of your unused contributions, if any, at the time of your death. If you name more than one beneficiary, whether primary or contingent, they will all share equally in the payout of unused contributions. If your primary beneficiary dies before you do and you die without naming another primary beneficiary, your unused contributions go to your contingent beneficiary(ies) in the same manner. If all of your primary and contingent beneficiaries die before you do, the unused contributions are paid to your estate. You can change your Option 1 beneficiary designation election at any time.

Option 2

An optional form of monthly allowance that actuarially reduces your monthly allowance during your lifetime and, at the time of your death, provides a 100% continuation benefit to be paid to your named beneficiary who survives you. Your Option 2 election reduces the allowance payable to you during your lifetime to provide the enhanced benefits to your surviving beneficiary. The Option 2 continuation allowance will be reduced by any qualified survivor continuation benefit that is payable at the time of your death.

Option 3

An optional form of monthly allowance that actuarially reduces your monthly allowance during your lifetime and, at the time of your death, provides a continuation benefit to be paid to your named beneficiary who survives you equal to 50% of the reduced monthly allowance you were receiving at the time of your death. The Option 3 continuation will be reduced by any qualified survivor continuation benefit that is payable at the time of your death. With Option 2 or Option 3 elections, you may name any person as your beneficiary. However, if at the time of your death, you have a spouse or domestic partner who meets the definition of qualified survivor, your spouse/domestic partner is automatically eligible for the Plan-provided 50% continuation benefit until death, remarriage or entering into a domestic partnership. If you name your spouse/domestic partner as your Option 2 or 3 beneficiary, your spouse/domestic partner will receive the additional portion of the Option 2 or 3 continuation benefit that you purchased in addition to the Plan provided 50% continuation benefit. If you name someone other than your spouse/domestic partner as your Option 2 or 3 beneficiary, your spouse/ domestic partner who meets the definition of qualified survivor at the time of your death will be automatically eligible for the Plan-provided 50% continuation benefit and your non-spouse/domestic partner beneficiary will receive the difference in the enhanced portion of the Option 2 or 3 election, if any. Further, your spouse/domestic partner must agree to your designation in writing in the presence of a SFERS staff member or a notary public. In no event will the monthly continuation benefits payable upon the death of a member under Options 2 or 3 exceed the monthly plan benefits payable to the member during his or her lifetime. You cannot change your Option 2 or Option 3 beneficiary designation after your retirement date. If your named beneficiary dies before you do, the enhanced portion of the Option 2 or 3 benefits are not payable after your death.

Retirement Benefit Payment Options

The table below outlines options available to a **Qualified Survivor**. See page 2 for a detailed description of all benefit payment options.

Options for eligible Qualified Survivor (Benefit Payment Options cannot be changed after retirement)				
	Unmodified	Option One	Option Two	Option Three
Monthly Benefit:	Standard Lifetime Benefit	Permanent Reduction of Lifetime Benefit	Permanent Reduction of Lifetime Benefit	Permanent Reduction of Lifetime Benefit
Lump Sum Benefit: (Regardless of Option selection)	\$100 per each full year of service / \$3000 Max to Designated Beneficiary(ies)	\$100 per each full year of service / \$3000 Max to Designated Beneficiary(ies)	\$100 per each full year of service / \$3000 Max to Designated Beneficiary(ies)	\$100 per each full year of service / \$3000 Max to Designated Beneficiary(ies)
Continuation Benefit: (Regardless of Option selection)	50% Continuation of Monthly Benefit to Qualified Survivor	50% Continuation of Monthly Benefit to Qualified Survivor	50% Continuation of Monthly Benefit to Qualified Survivor	50% Continuation of Monthly Benefit to Qualified Survivor
Enhanced Benefit:	None	Remaining balance of retirement account, if any (can name one or more person(s))	100% Continuation of monthly benefit to Qualified Survivor (rather than 50%)	75% Continuation of monthly benefit to Qualified Survivor (rather than 50%); OR 50% Continuation of monthly benefit to designated beneficiary (non-spouse)
		Continuation Benefit: Paid to eligible surviving spouse/domestic partner until death or remarriage/new marriage or new domestic partnership, or to an unmarried child under 18 until the age of 18		
Change Beneficiary(ies) after retirement?	YES: For lump sum	YES: For Option YES: For Lump Sum	NO: For Option YES: for Lump Sum	NO: For Option YES: For Lump Sum

Benefit payment options are voluntary. This table is for informational purposes only. In case of a conflict between this table and the law, the law takes precedence.

Retirement Benefit Payment Options

The table below outlines options available to a **Designated Beneficiary**. See page 2 for a detailed description of all benefit payment options.

Options for Designated Beneficiary(ies) (Benefit Payment Options cannot be changed after retirement)				
	Unmodified	Option One	Option Two	Option Three
Monthly Benefit:	Standard Lifetime Benefit	Permanent Reduction of Lifetime Benefit	Permanent Reduction of Lifetime Benefit	Permanent Reduction of Lifetime Benefit
Lump Sum Benefit: (Regardless of Option selection)	\$100 per each full year of service / \$3000 Max to Designated Beneficiary(ies)	\$100 per each full year of service / \$3000 Max to Designated Beneficiary(ies)	\$100 per each full year of service / \$3000 Max to Designated Beneficiary(ies)	\$100 per each full year of service / \$3000 Max to Designated Beneficiary(ies)
Continuation Benefit: (Regardless of Option selection)	None	None	None	None
Enhanced Benefit: (can name one person only)	None	Remaining balance of retirement account, if any (can name one or more person(s))	<u>100%</u> Continuation of monthly benefit to designated beneficiary	<u>50%</u> Continuation of monthly benefit to designated beneficiary
		Continuation Benefit: Paid to a designated beneficiary through beneficiary's date of death (can name one person only). If the designated beneficiary predeceases you, then no benefit is payable.		
Change Beneficiary(ies) after retirement?	YES: For Lump Sum	YES: For Option YES: For Lump Sum	NO: For Option YES: For Lump Sum	NO: For Option YES: For Lump Sum

Benefit payment options are voluntary. This table is for informational purposes only. In case of a conflict between this table and the law, the law takes precedence.