

City of San Diego Retired Employees' Association (CSDREA)

SDCERS Death and Survivor Benefits

(City of San Diego General and Safety Members)

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PURPOSE

The purpose of this information paper is to review death and survivor benefits administered by the San Diego City Employees' Retirement System (SDCERS) and to give guidance, upon the death of a retired member, to beneficiaries.

BACKGROUND

The death of a SDCERS retiree can trigger certain benefits to survivors and named beneficiaries. Upon the death of a SDCERS retiree, any family member, friend or caretaker of the deceased may call (619) 525-3600 to inform SDCERS of the passing. At the earliest possible time, a copy of the retiree's death certificate should be provided to SDCERS so that processing of all applicable benefits can begin.

BENEFITS

At the time of retirement or entry into DROP, SDCERS members are asked to choose a beneficiary(ies) to receive the following benefits granted upon the death of the retired member, including:

- A. A continuance of the retired member's service retirement (if the member chose a payment option that includes one,
- B. Pay out of the retired member's remaining DROP account (if the retired member participated in DROP),
- C. The \$2,000 death benefit,
- D. Continuation of participation in retired member's group health insurance plan.

A. Continuance Benefit

The beneficiary choice a member makes for the continuance is an irrevocable decision. Once members cash their first retirement check or the first cycle of retirement benefit is deposited into the members DROP account, the choice of the beneficiary for the continuance cannot be changed. If the retired member's beneficiary

for the continuance predeceases the retired member, no continuance payment will be made upon the death of the retired member.

Depending on the benefit payment option the member chooses at the time of retirement or entry into DROP, the named beneficiary may receive a designated continuance amount, as described below.

Maximum Benefit

If the member chose the Maximum Benefit payment option at the time of retirement or entry into DROP, the surviving spouse to whom the member was married or had a registered domestic partnership with on the date of retirement will receive 50% of the monthly benefit amount the retired member was receiving at the time of death, for the rest of the beneficiary's life if the member designated the spouse/domestic partner as a beneficiary and the spouse/domestic partner is still married to or in a domestic partner status with the member at the time of the member's death.

Option 1

If the member chose Option 1 at the time of retirement or entry into DROP, their benefit was actuarially reduced. If, at the time of death, the amount of annuity payments paid was equal to or more than the accumulated contributions that the retired member made during their career, no additional funds will be paid out. If, at the time of death the amount of annuity payments paid was less than the accumulated contributions that the retired member made during their career, SDCERS will pay the difference to the retired member's beneficiary or estate. (Note: If the member dies after retirement but before cashing the first retirement check, this election will be revoked and the member's beneficiary will receive the Death While Eligible Benefit.)

Option 2

If the member chose Option 2 at the time of retirement or entry into DROP, their benefit was actuarially reduced. Upon the retired member's death, the beneficiary named for the continuance will receive 100% of the monthly benefit amount the retired member was receiving at the time of death, for the rest of the beneficiary's life.

Option 3

If the member chose Option 3 at the time of retirement or entry into DROP, their benefit was actuarially reduced. Upon the

retired member's death, the beneficiary named for the continuance will receive 50% of the monthly benefit amount the retired member was receiving at the time of death, for the rest of the beneficiary's life.

Option 4

If the member chose Option 4 at the time of retirement or entry into DROP, their benefit was actuarially reduced. Upon the retired member's death, the beneficiary named for the continuance will receive a certain percentage of the monthly benefit amount the retired member was receiving at the time of death. This percentage was determined by the member at the time of retirement or entry into DROP. The beneficiary would receive this benefit for the rest of their life.

The member's choice of beneficiary for the continuance under Options 1, 2, 3 and 4 may be a spouse or registered domestic partner, minor child, or any other person that the member elects. Continuance benefits cannot be paid to an estate or trust.

The continuance benefit awarded to the beneficiary will be paid until the death of the beneficiary. There is no allowance for benefits to be paid to a survivor of the beneficiary.

B. DROP Account Payout Benefit

Upon retirement out of DROP, members are required to take a lump sum distribution of their DROP account or begin receiving payments over the retired member's life expectancy 240 months. If the member dies before all payments have been made, the beneficiary may choose to continue the monthly payments or may elect to have the present value of the remaining monthly payments in lump sum within 90 days of the member's death. If the beneficiary dies before all payments have been made, SDCERS will pay the remaining principal of the remaining monthly payments in lump sum, to the beneficiary's estate or named beneficiary.

The choice of the DROP beneficiary may be a spouse or registered domestic partner, child, or any other person that the member elects. Retired members may change their DROP beneficiary at any time after entering DROP or retiring unless the DROP funds have been fully distributed.

C. \$2,000 Death Benefit

The \$2,000 Retiree Death Benefit is paid out one time only, upon the death of the member to the member's named beneficiary. The choice

of the \$2,000 death benefit beneficiary may be a spouse or registered domestic partner, minor child, or any other person that the member elects. Retired members may change their \$2,000 death benefit beneficiary at any time after retirement.

D. Health Insurance

Upon the death of a retired member, a beneficiary receiving a continuance who had been covered as a dependent on the retired member's group health insurance plan, may continue to participate in the same plan.

The beneficiary's health insurance premiums are not eligible for reimbursement or City paid coverage, however, they may be deducted from the monthly continuance.

If the beneficiary wishes to change to another City group health insurance plan, they may do so during any future open enrollment period.

For beneficiaries receiving a continuance who were not enrolled in a health insurance plan at the time of the retired member's death, application for coverage may be made during the next open enrollment period.

Upon the death of the beneficiary, eligibility for participation in a City health insurance plan ceases.

WHEN A RETIRED MEMBER DIES

Losing a loved one is a painful experience. Adding to your loss may be the need to make many decisions relative to the deceased person's estate. Following the immediate arrangements that need to be made, survivors face two major issues: 1) identifying and locating the deceased person's property and assets, and 2) ensuring that all survivor/beneficiary benefits are identified and received in a timely manner.

STEPS TO TAKE UPON THE DEATH OF A RETIRED MEMBER

Members can alleviate much of the financial stress on family members by planning ahead and taking the following actions:

STEP 1

Compile all pertinent asset information into a single location including:

- . retirement accounts,

- . savings records,
- . investment records,
- . real estate records,
- . safety deposit box location and inventory,
- . vehicle records,
- . credit card records,
- . birth and marriage certificates,
- . inventory of personal property, and
- . contact information for any professional advisors.

STEP 2

Review the above information with your spouse, domestic partner or other loved one, answer any questions and take any additional steps you think will help minimize the complexity of this process upon your death.

Survivors/Beneficiaries are encouraged, upon the retired member's death, to avoid any unnecessary delays in contacting SDCERS and other institutions. Avoiding delays will simplify the process and expedite closure for all affected parties. Upon the death of the retired member please take the following steps:

STEP 1

Notify SDCERS of the member's passing by calling (619) 525-3600 or (800) 774-4977. Give the SDCERS representative the member's name, date and place of death, social security number and health insurance information, if you have it. Additionally, give them your name and contact information.

If you are not the member's surviving spouse, registered domestic partner or beneficiary, SDCERS will take the information from you and contact the appropriate individuals regarding any benefits applicable to them.

STEP 2

Mail a copy of the Death Certificate to SDCERS as soon as possible. This will ensure the timely transition of benefits from the deceased member to the beneficiary.

STEP 3

Forms and instructions on how to apply for beneficiary retirement benefits will be sent following receipt of a copy of the death certificate and confirmation of the beneficiaries contact information.

Follow any directions given by the SDCERS representative

(additional documentation, submission of forms, health insurance related information, etc.). SDCERS will contact you if they require any additional information from you in order to finalize the processing of benefits.

For more information or to speak to a Member Services representative about the passing of a member or beneficiary, please call (619) 525-3600 or (800) 774-4977.

LEGAL AUTHORITY

San Diego Municipal Code: Chapter 2 "Government," Article 4 "City Employees' Retirement system," Division 6 "Surviving Spouse Contribution Rates and Benefits," - Code Section 24.0601; "Optional Settlement 1" - Code Section 24.0603; "Optional Settlement 1 - Death Before Retirement Allowance Begins - Code Section 24.0604; "Optional Settlements 2, 3 and 4 - Code Sections 24.0605 through 24.0607 and Division 7 "Death Benefits" - Code Section 24.0701 and "Retiree Death Benefit" - Code Section 24.0710.

San Diego Municipal Code: Chapter 2 "Government," Article 4 "City Employees' Retirement system," Division 14 "Eligibility, Duration of DROP Participation , and Waiver" - Code Section 24.1402(b)(2)(3) and "Designation of Beneficiary" - Code Section 24.1406.

California Labor Code Section 4856.

ADMINISTRATION

Death benefits are administered by SDCERS located at 401 West A Street, Suite 400, San Diego, CA 92101.

FOR QUESTIONS

Contact SDCERS' Member Services Division at (619) 525-3600 or Toll Free at (800) 774-4977.

SDCERS web site and associated links are located at www.sdcers.org.

The booklet entitled "Survivor Benefits Information" is located in the "Members Only Section" of the City of San Diego Retired Employees' Association web site www.csdrea.com.