

GACC 2022 Resolution – Survivor Benefits Clarification

11. Survivor allowance payable on death of retiree.

(a) Designated beneficiary.

(1) Subject to paragraphs (2) and (3) of this subsection, at the time of retirement a member may name a designated beneficiary or beneficiaries to receive the benefits payable on the death of the retiree under this section.

(2) (i) For a survivor benefit providing for payment under subsections (b) and (c) of this section to a designated beneficiary for life, the designated beneficiary must be an individual.

(ii) If the designated beneficiary is an individual with a disability, the allowance payable under this section may be paid into a trust for the benefit of the individual.

(3) If a retiree dies and is survived by a spouse, the retiree's designation of a beneficiary or beneficiaries shall be void and of no effect for a survivor benefit under this section.

(b) Survivor allowance.

(1) On the death of a retiree, the Board of Trustees shall pay a survivor allowance equal to one-half of the retirement allowance that would be payable to the retiree if the retiree were living and continuing to receive a retirement allowance.

(2) If the retiree has a surviving spouse, the survivor allowance shall be paid to the retiree's surviving spouse for life, commencing on the date of the retiree's death.

(3) If the retiree does not have a surviving spouse and the retiree has creditable service before January 14, 2015, the survivor allowance shall be paid to the designated beneficiary for life, commencing:

(i) On the retiree's death, if the designated beneficiary is then at least age 60;

(ii) When the designated beneficiary attains age 60, if the designated beneficiary has not attained 60 years of age on the retiree's death; or

(iii) At any time after the designated beneficiary attains age 50 but before the designated beneficiary attains age 60, if the designated beneficiary makes the election set forth in subsection (d)(2) of this section.

(4) If the retiree does not have a surviving spouse and the retiree has no creditable service before January 14, 2015, the survivor allowance shall be paid to the designated beneficiary for life, commencing:

(i) On the retiree's death, if the designated beneficiary is then at least age 62;

(ii) When the designated beneficiary attains age 62, if the designated beneficiary has not attained 62 years of age on the retiree's death; or

(iii) At any time after the designated beneficiary attains age 55 but before the designated beneficiary attains age 62, if the designated beneficiary makes the election set forth in subsection (d)(3) of this section.

(d) Election to receive reduced survivor allowance.

(1) This subsection does not apply to a surviving spouse of a retiree.

(2) (i) This paragraph applies only to the designated beneficiary of a retiree who has creditable service before January 14, 2015.

(ii) Instead of the survivor allowance payable to the designated beneficiary on attaining age 60, the designated beneficiary may elect to receive a reduced survivor allowance for life commencing at any time after the designated beneficiary attains age 50 if the designated beneficiary completes and submits an application for a reduced survivor allowance stating the date on which the designated beneficiary desires to receive the reduced survivor allowance.

(iii) The reduced survivor allowance is an amount equal to one-half of the retirement allowance that would be payable to the retiree if the retiree were living and eligible to receive a retirement allowance, reduced by 0.5% for each month by which the designated beneficiary's age precedes the date the designated beneficiary attains age 60.

(3) (i) This paragraph applies only to the designated beneficiary of a retiree who has no creditable service before January 14, 2015.

(ii) Instead of the survivor allowance payable to the designated beneficiary on attaining age 62, the designated beneficiary may elect to receive a reduced survivor allowance for life commencing at any time after the designated beneficiary attains age 55 if the designated beneficiary completes and submits an application for a reduced survivor allowance stating the date on which the designated beneficiary desires to receive the reduced survivor allowance.

(iii) The reduced survivor allowance is an amount equal to one-half of the retirement allowance that would be payable to the retiree if the retiree were living and eligible to receive a retirement allowance, reduced by 0.5% for each month by which the designated beneficiary's age precedes the date the designated beneficiary attains age 62.

(e) Lump-sum death benefit.

(1) Benefits will not be paid under this subsection if the retiree has a surviving spouse at the time of death.

(2) (i) This paragraph applies only to a designated beneficiary that is not an individual.

(ii) If a retiree dies before receiving payments equal to the actuarial equivalent present value of the retiree's basic allowance computed at the time of retirement, the Board of Trustees shall pay the balance as a single payment to the retiree's designated beneficiary.

(3) If a retiree has designated more than one beneficiary and dies before receiving payments equal to the actuarial equivalent present value of the retiree's basic allowance computed at the time of retirement, the Board of Trustees shall pay the balance as a single payment to the retiree's designated beneficiaries in equal shares.

(f) Change of designated beneficiary.

(1) Except as provided in paragraph (2) of this subsection, a retiree may change the designated beneficiary by:

(i) Completing an acknowledged written designation form; and

(ii) Filing the designation of beneficiary form with the Board of Trustees.

(2) A retiree may not change the designated beneficiary if:

(i) The designated beneficiary is the retiree's spouse; and

(ii) The retiree's spouse is living at the time the retiree requests a change in beneficiary.

12. Optional Allowances.

(a) In general. Instead of the retirement allowance and survivor allowance provided under § 11 of this Item 3A, at retirement, a member may elect an optional allowance set forth in subsection (d) of this section.

(b) Designated beneficiary.

(1) (i) Subject to subparagraph (ii) of this paragraph, at the time of retirement a member may name a designated beneficiary to receive the benefits payable on the death of the retiree under this section.

(ii) If, at the time of retirement, a member is married and elects to receive the optional allowance provided for under this section, the member shall designate the member's spouse as the designated beneficiary.

(2) (i) For the optional allowance payable under this section to a designated beneficiary for life, the designated beneficiary must be an individual.

(ii) If the designated beneficiary is an individual with a disability, the allowance payable under this section may be paid into a trust for the benefit of the individual.

(c) Optional requirement.

(1) The optional allowance shall be certified by the actuary for the Board of Trustees to be of equivalent actuarial value to the allowance payable to the retiree and the retiree's beneficiary.

(2) If a member elects the optional allowance under subsection (c) of this section and designates a beneficiary other than the member's spouse or disabled child as defined under § 72(m)(7) of the Internal Revenue Code, a member may not designate a beneficiary who is more than 10 years younger than the member.

(c) Description of the optional allowance.

(1) The optional allowance payable under this section is a level payment plan.

(2) Under the optional allowance payable under this section, when the retiree dies, the Board of Trustees shall pay the retiree's reduced allowance to the retiree's designated beneficiary.

(d) Change of designated beneficiary.

(1) Except as provided in paragraph (2) of this subsection, a retiree may change the designated beneficiary by:

(i) Completing an acknowledged written designation form; and

(ii) Filing the designation of beneficiary form with the Board of Trustees.

(2) A retiree may not change the designated beneficiary if:

(i) The designated beneficiary is the retiree's spouse; and

(ii) The retiree's spouse is living at the time the retiree requests a change in beneficiary.

(e) Recomputation of allowance.

(1) If a retiree changes a designated beneficiary under subsection (d) of this section, the Board of Trustees shall recompute the allowance based on the value of the balance in the retiree's reserves when the change is made.

(2) A retiree may rescind a request to change the designated beneficiary and restore the retiree's prior designation of beneficiary by sending written notice to the State Retirement Agency that is received by the State Retirement Agency before the second allowance payment normally becomes due after the change of beneficiary.

(3) A retiree who rescinds a change of designated beneficiary in a timely manner under paragraph (2) of this subsection shall receive, after the rescission, the allowance payable prior to the change of designated beneficiary, without retroactive adjustment of any allowance payment made while the rescinded designation of beneficiary was in effect.

13. Designated beneficiary.

(a) Right to designate beneficiary. A member may name a designated beneficiary or beneficiaries to receive the benefits payable on the death of a member under §§ 16 and 17 of this Item 3A if the participant's spouse is not living at the time of the participant's death.

(b) Benefits for life. For a survivor benefit providing for payment under §§ 16 and 17 of this Item 3A to a designated beneficiary for life, the designated beneficiary must be an individual.

(c) Designation of beneficiary void. If a member dies and is survived by a spouse, the member's designation of a beneficiary or beneficiaries under §§ 16 and 17 of this Item 3A shall be void and of no effect.

(d) Change of designated beneficiary.

(1) Except as provided in paragraph (2) of this subsection, a member may change the designated beneficiary by:

(i) Completing an acknowledged written designation form; and

(ii) Filing the designation of beneficiary form with the Board of Trustees.

(2) A retiree may not change the designated beneficiary if:

(i) The designated beneficiary is the retiree's spouse; and

(ii) The retiree's spouse is living at the time the retiree requests a change in beneficiary.