



## **EXPLANATION OF OPTIONAL FORMS OF PAYMENT OF RETIREMENT BENEFITS**

Prior to receipt or DROP accrual of the first monthly retirement payment, a member shall select the retirement benefits to which the member is entitled in accordance with one of the following options:

**OPTION 1A** – A monthly benefit payable to the retired member for his/her lifetime. If the retired member has at least 10 years of service or retires on line of duty disability, 120 monthly payments are guaranteed. If the retired member dies before receiving 120 monthly payments, the remainder of the 120 monthly payments at 100% of the member's benefit is paid to the member's designated beneficiary or beneficiaries which could be, but need not be, the member's spouse and/or minor children. After 120 monthly payments, upon the retired member's death, 75% of the member's benefit is then paid to the member's surviving spouse (must have been spouse at time of retirement) and/or minor children; or if a non-line of duty disability retirement with 10 but less than 20 years of service, 65% is then paid to the member's surviving spouse (must have been spouse at time of retirement) and/or minor children. The amount of benefit is not changed if surviving spouse remarries. If there are minor children, 25% of the amount payable to the surviving spouse is for the minor children.

**OPTION 1B** – For non-line of duty disability retirement with less than 10 years of service, a monthly benefit payable to the retired member for his/her lifetime. Upon the retired member's death, 65% of the member's benefit is then paid to the member's surviving spouse (must have been spouse at time of retirement) and/or minor children. The amount of benefit is not changed if the surviving spouse remarries. If there are minor children, 25% of the amount payable to the surviving spouse is for minor children. Since the member had less than 10 years of service, 120 monthly payments at 100% of the member's accrued benefit is not guaranteed.

**OPTION 2** – A monthly benefit payable to the retired member for his/her lifetime. In the event the member dies before benefits are received for at least 120 monthly payments, the same monthly benefit is payable to the member's designated beneficiary(s) until the total number of years of benefit payments to both the retired member and beneficiary(s) equals 120 monthly payments. The benefit stops at the end of 120 monthly payments and there are no further payments to the beneficiary(s). For a member retiring on non line of duty disability with less than 10 years of service, the monthly benefit is the actuarial equivalent of Option 1B. A trust could be designated as a beneficiary.

**OPTION 3** – An increased monthly benefit payable to the retired member for member's lifetime. Upon the member's death, the benefit will cease and member's beneficiary(s) will receive only a refund of contributions the member paid in excess of the amount the member received in benefits, if any. This option does **not** provide a continuing benefit to a beneficiary or joint pensioner. This is the maximum monthly benefit payable to a retiring member for life. To provide a survivor with a monthly benefit after the member's death, one of the other options should be considered. For a member retiring on non-line of duty



disability with less than 10 years of service, the monthly benefit is the actuarial equivalent of Option 1B.

**OPTION 4** - A reduced monthly benefit payable to the retired member and a joint pensioner containing 4 sub-options. Upon the death of either:

- [A] the same monthly benefit (100%) is payable to the survivor for the survivor's lifetime; or
- [B] The monthly benefit is reduced to 75% and is payable to the survivor for the survivor's lifetime; or
- [C] The monthly benefit is reduced to 66-2/3% and is payable to the survivor for the survivor's lifetime; or
- [D] The monthly benefit is reduced to 50% and is payable to the survivor for the survivor's lifetime.

The benefit payable under OPTION 3 or the four ([A]-[D]) sub options under OPTION 4 shall be the actuarial equivalent of OPTION 2 and based upon the Pension Board's adopted tables. However, for a member retiring on non-line of duty disability with less than 10 years of service, the monthly benefit is the actuarial equivalent of Option 1B.

**PLEASE NOTE**

- **ONCE BENEFITS OR DROP ACCRUAL COMMENCE, SERVICE MAY NOT BE ADDED AND OPTION SELECTED MAY NOT BE CHANGED. HOWEVER, A MEMBER MAY CHANGE THE DESIGNATED BENEFICIARY(S) UNDER OPTIONS 1A AND 2; AND MAY CHANGE THE JOINT PENSIONER UNDER OPTION 4 UNDER CERTAIN CONDITIONS.**
- **RETIREMENT OPTION SELECTED IS FINAL WHEN THE FIRST BENEFIT CHECK IS RECEIVED OR ACCRUED IN FORWARD DROP.**
- **RETIREMENT IS EFFECTIVE THE FIRST DAY OF THE MONTH FOLLOWING THE LAST DAY THE MEMBER WORKS PRIOR TO RETIRING OR BECOMING A DROP PARTICIPANT.**
- **BENEFITS ARE PAYABLE ON THE LAST DAY OF THE MONTH FOR THE CURRENT MONTH.**