

FORM OF RETIREMENT BENEFIT PAYMENT

An employee has 5 options to choose from with regards to how his/her pension benefits will be distributed. A description of each follows:

- 1) **FORM OF PAYMENT SL - STRAIGHT LIFE BENEFIT:**
Under form of payment SL, the retirant is paid a retirement benefit for life. Upon death of the retired member, no further retirement benefits will be provided.
- 2) **FORM OF PAYMENT A - LIFE PAYMENTS WITH TEN YEARS CERTAIN**
Under form of payment A, the retirant is paid a reduced retirement benefit for life. Upon the death of the retirant and if the retirant received fewer than 120 monthly retirement benefit payments, the survivor beneficiary is paid a retirement benefit for the remainder of the 120 months in the same amount the retirant was receiving.
- 3) **FORM OF PAYMENT B - LIFE PAYMENTS WITH FULL CONTINUATION TO SURVIVOR BENEFICIARY.**
Under form of payment B, the retirant is paid a reduced retirement benefit until either the retirant or the survivor beneficiary dies. Upon the death of the survivor beneficiary, the retirant is paid the form of payment SL retirement benefit over the retirant's remaining life. Upon the death of the retirant during the life of the survivor beneficiary, the survivor beneficiary is paid the full amount of the reduced form of payment B retirement benefit over the survivor beneficiary's remaining life
- 4) **FORM OF PAYMENT C - LIFE PAYMENTS WITH ONE-HALF CONTINUATION TO SURVIVOR BENEFICIARY.**
Under form of payment C, the retirant is paid a reduced retirement benefit until either the retirant or the survivor beneficiary dies. Upon the death of the survivor beneficiary, the retirant is paid the form of payment SL retirement benefit over the retirant's remaining life. Upon the death of the retirant during the life of the survivor beneficiary, the survivor beneficiary is paid one-half (1/2) the amount of the form of payment C retirement benefit over the survivor beneficiary's remaining life.
- 5) Under form of payment SL, A, B, and C, a member may choose to have his/her retirement benefits coordinated with his/her future social security benefits. Under Social Security coordination, the retirant is paid an increased retirement benefit until s/he is eligible to receive normal social security benefits, at an age prescribed by the Social Security Act, and a reduced retirement benefit for life thereafter. In order for this form of payment to be calculated, you must request an estimate of your social security earnings.

Social Security Administration Resource:

Once an employee has retired, **neither** the named beneficiary nor the option chosen can be changed. A reduction factor is applied to forms of payment A, B, and C because the retiree is providing for an ongoing pension to a beneficiary upon the death of the retiree. The reduction factor is based on the ages of both the retiree and beneficiary at the time of retirement.