



Beneficiaries of SDCERS Members are eligible for certain Death Benefits that are dependent on the status of the SDCERS Member at the time of the Member's death, and on which benefit option the Member chose at their time of retirement or entry into DROP.

This fact sheet provides a detailed explanation of those benefits. The information is divided into two sections: "Death Benefits for Active Members (Before Retirement)" and "Death Benefits for Retired Members and DROP Participants." Also included on Page 8 is a "Glossary of Terms" to help Members understand the definitions of terms such as "Beneficiary," "Continuance," "Final Compensation" and "Surviving Spouse," which appear throughout this booklet.

WHAT TO DO UPON THE DEATH OF AN SDCERS MEMBER

Upon the death of an SDCERS Member, any family member, friend or caretaker may call SDCERS to inform SDCERS of the passing, and set in motion the steps SDCERS must take to ensure all benefits are paid in a timely manner to the person(s) designated by the Member.

If you need to contact SDCERS to notify us of the passing of a Member, call our Call Center at 619.525.3600 or 800.774.4977. You will be asked to provide the SDCERS representative with the Member's name, date and place of death, Social Security Number and health insurance information, if you have it.

If you are not the Member's Surviving Spouse or Beneficiary, SDCERS will take the information from you and contact the appropriate individuals regarding any benefits applicable to the Surviving Spouse or Beneficiary.

SDCERS will send the Beneficiary(ies) a packet of information containing directions on the necessary documentation needed to begin the process of paying death benefits. This includes, but is not limited to, obtaining a copy of the deceased Member's Death Certificate. A checklist of necessary documentation is included in the packet. In addition, SDCERS includes forms for the Beneficiary(ies) to complete and mail back, in order to apply for death benefits. SDCERS will contact the Beneficiary(ies) to provide additional information, if necessary, in order to finalize the processing of benefits.

COUNSELING APPOINTMENTS

In many cases, Beneficiaries will attend a detailed counseling session with an SDCERS representative to review the death benefit process. These sessions offer Beneficiaries the opportunity to ask important questions, and obtain assistance in completing their paperwork.

The information in this publication is intended to provide Members with a current and accurate summary of retirement benefits. However, it is not a legal document or a substitute for the law. The language used in this publication is not intended to create a contract between the City, Port, Airport and any Member. The governing plan document adopted by the Member's employer governs the operations of SDCERS. Accordingly, if any information in this publication conflicts with the employer's plan document, the law or the Board Rules, the plan document, law or Board Rules must prevail.

Death Benefits for Active Members (Before Retirement)

Designation Of Beneficiary(ies)

In most cases, the most recent Beneficiary designation on file with SDCERS is used to distribute Active Member death benefits. Active Members initially designate Beneficiaries when they become SDCERS Members, but may also change their Beneficiary designation at any time, except as otherwise noted.



It is important that you keep your Beneficiaries up to date, particularly if your personal situation changes. This can be especially important in the event of a divorce.

If you are an Active Member, it is important that you keep Beneficiaries up to date, particularly if your personal situation changes. In the case of divorce, for example, you should file a new designation—even if you wish to continue naming your now ex-spouse as your beneficiary—because that beneficiary’s status has changed from “spouse” to “ex-spouse.” The easiest way to update a beneficiary is to access SDCERS’ Member Portal, at www.sdcers.org, and submit changes directly online.

“Active Death Benefit” (For Active Employees NOT ELIGIBLE TO RETIRE)

If a Member dies before they are eligible to retire, and the death is not work-related (not an “industrial death”), SDCERS will pay the Active Death Benefit to the named Beneficiary.

This Beneficiary may be a Surviving Spouse or another named Beneficiary, such as a child or children. A Member may elect before their death to have this amount paid to their Beneficiary in monthly installments. The Active Death Benefit consists of:

- ◆ The Member’s accumulated retirement contributions, with interest; and
- ◆ One month of pay for each year of service credit, not to exceed one-half of Member’s final compensation.

A Member may elect to have all or part of the Active Death Benefit paid to their Beneficiary in a lump sum or in equal monthly installments for up to 120 months. If a Member dies without making an election, the Beneficiary may then make the election of receiving the benefit in a lump sum or equal monthly installments.

PAYMENT OF ACTIVE MEMBER DEATH BENEFITS

IN LUMP SUM

If the Member or Beneficiary elects to receive the payment in a lump sum, the payment must be made no later than December 31 following the fifth anniversary of the Member’s death.

IN EQUAL MONTHLY INSTALLMENTS

If the Member or Beneficiary elects to receive the payment as equal monthly installments:

- ◆ The monthly installments cannot exceed the beneficiary’s life expectancy using the Single Life Table in Treasury Reg. 1.401(a)(9)-9, Q&A-1;
- ◆ Interest will be applied to the payments using the DROP annuity factor in effect on the date of the Member’s death; and
- ◆ Payments must begin within one year of the Member’s death.

NOTE: If a designated Beneficiary fails to make an election within six months, the Beneficiary will be deemed to have elected a Lump Sum.

“Death While Eligible Benefit” (for Members Eligible to Retire)

If a Member dies after having met the minimum age and service credit requirements for retirement, but is still an Active employee (working for the City and has not yet retired) and is survived by a Surviving Spouse or one or more children under age 18, SDCERS will pay the Death While Eligible Benefit to the Member’s Surviving Spouse or eligible child(ren). This benefit is the sum of:

- ◆ A monthly benefit equal to 1/2 of the monthly retirement benefit the Member would have received had the Member retired on the date of death and selected the maximum benefit; and
- ◆ A monthly annuity based on the Member’s Accumulated Additional Contributions and interest on the date of death, if any exist (see Page 8 for a definition of Accumulated Additional Contributions).

SDCERS will pay this benefit to the Member’s Surviving Spouse for life. If the Member has no Surviving Spouse, or if the Surviving Spouse dies before all of the Member’s children reach age 18, SDCERS will pay this monthly allowance in equal shares to any children the Member has under age 18, until each child dies or reaches the age of 18.

The Member’s Surviving Spouse may choose to receive a lump sum payment instead of a monthly continuance. Also, the Surviving Spouse or child(ren) who is/are entitled to receive the Death While Eligible Benefit may choose to receive the Active Death Benefit in its place (see Page 2).



Payment of the Death While Eligible benefit ends when the Surviving Spouse dies and there are no remaining children under age 18. If this occurs before the sum of monthly payments reaches what would have been paid as the Active Death Benefit, then the remainder is paid to surviving children or, if none, the

Industrial Death Benefit (if death is work-related)

If the Workers Compensation Appeals Board determines a Member’s death was work-related, and the Member leaves a Surviving Spouse who is named as the Member’s designated Beneficiary, or child(ren) under age 18, SDCERS will pay the Industrial Death Benefit to the Beneficiary(ies). The benefit is the sum of:

- ◆ A monthly benefit equal to 1/2 of the Member’s final compensation; and
- ◆ A monthly annuity based on the Member’s Accumulated Additional Contributions and interest on the date of death, if any exist (see Page 8 for a definition of Accumulated Additional Contributions).

SDCERS will pay this monthly benefit to the Member’s Surviving Spouse for life. If the Member leaves no Surviving Spouse, or if the spouse dies before all of the Member’s children reach age 18, SDCERS will pay this monthly allowance in equal shares to any children the Member has under age 18 until each child turns 18. A Surviving Spouse who is eligible to receive the Industrial Death Benefit may choose to receive a lump sum payment of the actuarial present value of the benefit, which will be determined as of the date of the Member’s death.

If, at the time of the Member’s death, the Worker’s Compensation Appeals Board has not yet determined whether the Member’s death was industrial, SDCERS may pay the Active Death Benefit instead. If the Worker’s Compensation Appeals Board later determines that the Member’s death was industrial, and there is a Surviving Spouse or child(ren) under age 18 who qualifies for the benefit, the System will then pay the Industrial Death Benefit less the amount of the Active Death Benefit previously paid by SDCERS.

Death Benefits For Retired Members & DROP Participants

DESIGNATION OF BENEFICIARY(IES)

When a Member retires or enters DROP, that Member makes two very important designations on the retirement application:

- 1 Designation of a Beneficiary for a Continuance, if the Member chooses the Maximum Benefit, or Options 2, 3 or 4.
- 2 Designation of Beneficiary(ies) to receive benefits ***other than a Continuance.***



CONTINUANCE

If, at the time of retirement or entry into DROP, the Member chose either the Maximum Benefit Option, or Options 2, 3 or 4, each of those options provide for a monthly lifetime continuance to be paid to the Member's designated Beneficiary. A continuance will be paid to the Beneficiary until the Beneficiary's death. No continuance will be paid to a survivor of the Beneficiary, and a continuance cannot be paid to an estate or trust.

IMPORTANT:

Once a Member has retired or entered DROP, the Beneficiary named to receive a continuance cannot change.

A continuance is a designated percentage of the retired Member's benefit. A Beneficiary receiving a continuance is eligible to receive any approved annual Cost of Living Adjustments (COLAs) applied to retirement benefits.

SURVIVING SPOUSE 50% CONTINUANCE UNDER MAXIMUM BENEFIT OPTION

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 at the time of retirement and death will receive a lifetime monthly benefit, equal to 50% of the monthly benefit amount the retired Member was receiving at the time of death. If the Member wants to designate someone other than their spouse to receive a Continuance, then the Member's spouse must sign a *Waiver of Community Property Interest* form.

If a Member retired or entered DROP after September 18, 2008 and elected the Maximum Benefit-Married (with a 50% continuance to the Member's spouse after the Member's death), the designated spouse must be married to the Member continuously from the date of the Member's retirement to the date of the Member's death to receive the benefit. If the Member and their spouse divorce after retirement, the Member's spouse would no longer be eligible for the benefit.

CONTINUANCE UNDER OPTIONS 2, 3 AND 4

Options 2, 3 and 4 allow more flexibility in naming a Continuance. Under these options, the Member's Beneficiary can be a spouse, but can also be a child or any other person the Member selects. If the retiree selected Benefit Option 2 or 4, the survivor benefit for a named non-spouse Beneficiary is reduced when the age differential between the retiree and Beneficiary is greater than 10 years. The reduction is increased for each year of age differential up to a maximum reduction at 44 years and greater. Under all three options, the retirement benefit that the Member receives while living is actuarially reduced based on the age of the Beneficiary named to receive the Member's Continuance. The percentage that the Beneficiary receives is listed below:

Option 2	Continuance is 100% of Member's reduced benefit
Option 3	Continuance is 50% of Member's reduced benefit
Option 4	Continuance percentage of Member's reduced benefit chosen by the Member

Continuances will also receive the following benefits in the same ratio as their monthly benefit bears to the monthly benefit received by the Member: 13th Check, Corbett Check, and COLA.

OPTION 1: REFUND OF UNUSED CONTRIBUTIONS (NO CONTINUANCE)

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 the Member's death, the amount of annuity payments paid was equal to or more than the accumulated contributions the Member had made throughout their career, no additional funds will be paid out to a Beneficiary. If, however, the amount of annuity payments paid to the Member was less than the accumulated contributions, SDCERS will pay the difference to the Member's Beneficiary or estate, as provided by the Member's election. The Member may, at the time of retirement, elect to have this balance paid in one of two ways:

- ① Lump sum
- ② Equal monthly installments for no more than 120 months, or 10 years, whichever is less

Note: If the Member dies after retirement but before receiving the first retirement check, this election will be revoked and the Member's Beneficiary will receive the "Death While Eligible" benefit for Active Members, as described on Page 3.

\$2,000 DEATH BENEFIT & OTHER PAYABLE MONIES



In addition to the Continuance, additional death benefits may be available to the Member's named Beneficiary. The Beneficiary who receives these additional benefits may be the same person named to receive the Continuance, or may be a different person or several people, depending on the Member's designation.

The Beneficiary(ies) that these benefits are paid to are the Beneficiary(ies) named on the Member's

Application for Service Retirement or Application for DROP, or on the Beneficiary Change For Retirees & Active DROP Members form if the Member updates those Beneficiary(ies) after retirement or entry into DROP.

In most cases, the most recent eligible Beneficiary designation on file with SDCERS is used to distribute these death benefits.

Retired Members and Active DROP Members may change these Beneficiaries at any time.

These benefits include:

- ◆ \$2,000 death benefit

These benefits may also include additional monies such as:

- ◆ Unpaid 13th Check accrued to the Member on a prorated basis as of the date of death
- ◆ Unpaid Corbett benefits accrued to the Member on a prorated basis as of the date of death
- ◆ Unpaid retirement allowance accrued to the Member on a prorated basis as of the date of death (partial month's pension payment)

Once SDCERS determines which death benefits the Beneficiary(ies) are eligible to receive, the total amount is paid to the Beneficiary(ies) named, according to how the Member designated them to be received (e.g., one Beneficiary receiving 100% of the total of these benefits, or two Beneficiaries receiving 50% each, etc.).



Your
beneficiary

forms should
clearly indicate

who you want
to receive each

of your death

benefits, as naming

your spouse or

RDP to receive

a continuance

benefit does not
automatically

mean they will also

receive the \$2,000

death benefit and

partial month's

pension payment.

DROP Account Balance Benefit

DEATH OF ACTIVE MEMBER IN DROP (PRIOR TO RETIREMENT)

If a Member dies as an Active Member participating in DROP (before retirement), the Member's named Beneficiary or Beneficiaries for the DROP account balance may elect to receive either a lump sum payment or payment in equal monthly installments over the Beneficiary's life expectancy. **This election by the Beneficiary may not change once it has been made.**

RULES REGARDING PAYMENT OF DROP ACCOUNT BALANCE BENEFIT

Under Federal tax rules, if the Member's opposite-sex spouse* is the sole Beneficiary of the DROP Account, payments must begin no later than:

- ❶ December 31 of the year in which the Member would have turned 70 1/2; or
- ❷ December 31 of the year following the Member's death

** Federal law does not recognize same-sex marriages or domestic partnerships.*

DESIGNATION OF BENEFICIARY OTHER THAN OPPOSITE-SEX SPOUSE

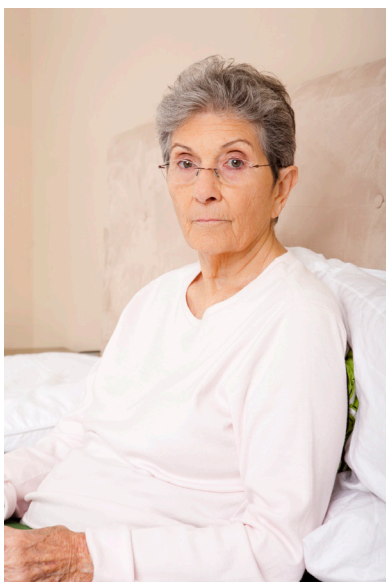
Federal tax rules require that if the Member designates someone other than the Member's opposite-sex spouse as a named Beneficiary for the DROP account balance (even if the opposite-sex spouse is also designated), then payment must begin no later than:

- ❶ Five years after the Member's death if being paid in a lump sum; or
- ❷ One year after the Member's death if being paid as an annuity

DEATH OF RETIRED DROP MEMBER

Upon retirement out of DROP, Members may take a lump sum distribution of their entire DROP account, take a partial lump sum and annuitize the balance, or annuitize the entire amount and begin receiving payments over their life expectancy, or for 240 months.

If the Member annuitizes all or part of the DROP account and dies before all of the payments have been made, the Member's named Beneficiary may choose to continue the monthly payments until all payments have been made, or may elect to receive the remaining principal of the remaining monthly payments in a lump sum within 90 days of the Member's death.



If the Beneficiary dies before all of the payments have been made, SDCERS will pay the remaining principal of the remaining monthly payments in a lump sum, to the Beneficiary's estate or named Beneficiary.

IMPORTANT MESSAGE TO MEMBERS REGARDING YOUR DROP BENEFICIARY(IES)

- ◆ You may name a different Beneficiary to receive the DROP Account Payout Benefit (DROP Annuity) than the Beneficiary you named to receive the \$2,000 death benefit and other benefits explained earlier in this fact sheet.
- ◆ At retirement, you may name **ONLY ONE** Beneficiary to receive the DROP Account Annuity; it cannot be distributed between multiple Beneficiaries.

Health Insurance (FOR ELIGIBLE BENEFICIARIES OF CITY EMPLOYEES ONLY)

Upon the death of a retired City of San Diego Member, a Beneficiary receiving a continuance who had been covered as a dependent on the retired member's City-sponsored group health plan—such as a Surviving Spouse, surviving minor child or other eligible dependent—may continue to participate in the same City-sponsored plan.

The Beneficiary's health insurance premiums are not, however, eligible for reimbursement or City-paid coverage. A Member's City health allowance is only available to cover the Member's own health premiums and that allowance does not transfer for use by a Beneficiary upon the Member's death.

The Beneficiary's premiums may, however, be deducted directly from the Beneficiary's monthly continuance. If the Beneficiary wishes to change to another City-sponsored group health insurance plan, the Beneficiary 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.

More information may be found at www.sdcers.org. Under "Forms & Publications," click "Health Forms & Booklet" to view/print the latest *City of San Diego Retiree Health Benefits* booklet. This booklet contains information on City-sponsored health plans and is updated annually.

HEALTH INSURANCE FOR SURVIVING SPOUSE OF MEMBERS KILLED IN THE LINE OF DUTY

The Surviving Spouse or minor child of a City of San Diego Safety Member killed in the line of duty by external violence, physical force, or as a result of an accident or injury caused by external violence or physical force, is entitled to post-retirement health benefits as a Health-Eligible retiree. Please contact SDCERS for more information.

Deferred Members

Deferred Members are former SDCERS Members who have terminated employment with the City and left their contributions on deposit with SDCERS, deferring their retirement until they are eligible to begin receiving a benefit.

If a Deferred Member dies before retirement, the Deferred Member's named Beneficiary(ies) will receive a refund of all of the Deferred Member's contributions, plus interest. Even if the Deferred Member is age-eligible and service-eligible for retirement at the time of death, the Beneficiary(ies) is not eligible for any other death benefits covered in this fact sheet.



Upon the death of a retired City of San Diego Member, a Beneficiary receiving a continuance who had been covered as a dependent on the retired Member's City-sponsored group health plan may continue to participate in the same plan. The Beneficiary's health insurance premiums are not, however, eligible for reimbursement or City-paid coverage.

Visit www.sdcers.org for more information on health insurance. Under "Forms & Publications," click "Health Forms & Booklet" to view the latest *City of San Diego Retiree Health Benefits* booklet. This booklet contains information on City-sponsored health plans and is updated annually.

No Beneficiary Designated (Active Employees, Retirees & Deferred Members)

If a Member or Retiree dies and there is no named Beneficiary, or the Beneficiary is either the Member/Retiree's estate, predeceased the Member/Retiree or cannot be located, specific procedures are followed. SDCERS will pay benefits due upon the death of a Member.

Depending on the Member's status, this may include the \$2,000 death benefit, return of contributions or unpaid monthly retirement benefits earned but not paid at the time of death (but not a Continuance), pursuant to the provisions of SDMC §24.0706 (the City's Municipal Code). SDMC §24.0706 provides that payment shall be made to surviving relatives of the Member/Retiree in the following order:

- 1 Surviving Spouse
- 2 Children
- 3 Parents
- 4 Siblings
- 5 Next of Kin

Alternatively, the Board has discretion to pay any of the amount due from the System to the funeral director who conducted the funeral or to the person or organization that paid the funeral expenses as related to the death of a Member or Retiree. Payment may not exceed the actual cost of the funeral and will fully discharge the System for the amount paid.

Glossary of Terms

"Accumulated Additional Contributions"—Accumulated Additional Contributions are voluntary contributions made in addition to required contributions.

*This definition differs from the definition of "Accumulated Additional Contributions" provided in the San Diego Municipal Code, and is for purposes of this fact sheet only.

"Beneficiary"—Any person designated by the Member or Deferred Member to receive one or more of the death benefits described in this fact sheet.*

*This definition differs from the definition of "Beneficiary" provided in the San Diego Municipal Code, and is for purposes of this fact sheet only.

"Continuance"—A percentage of the retired Member's benefit, designated at the time the Member retires or enters DROP, that is paid to the Beneficiary named to receive the Continuance for life.

"DROP"—Refers to the "Deferred Retirement Option Plan," an alternative method of benefit accrual.

"Final Compensation"—Final Compensation is calculated by using either a Member's highest one-year or highest three-year period of pensionable salary (determined by the Member's date of hire and classification) and using an average of that one-year or three-year period.

"Member"—Any person employed by the City of San Diego who actively participates in and contributes to the Retirement System and who will be entitled, when eligible, to receive benefits from the Retirement System. There are three classes of Members: General, Safety and Elected Officer.

"Registered Domestic Partner (RDP)"—Registered Domestic Partner means a domestic partner who qualifies as a RDP pursuant to the California Domestic Partner Rights and Responsibilities Act of 2003. Unless otherwise stated or prohibited under Federal law, a Surviving Spouse includes a RDP.

"Surviving Spouse"—A Surviving Spouse is the Member's spouse at the time of the Member's death. As noted above, unless otherwise stated or prohibited under Federal law, a Surviving Spouse includes a Registered Domestic Partner.