

Tier II

Post-Retirement Death Benefits

Key Facts

- Retirement benefits are payable to members for their lifetime.
- Members can elect to provide benefits to a beneficiary after their death.

At retirement, a member is entitled to a straight life annuity which offers the highest annuity amount. The straight life annuity ends when the member dies, and it does not continue payments to a beneficiary.

1. **Option A60** – 60 Months Certain and Life Annuity
2. **Option A120** – 120 Months Certain and Life Annuity
3. **Option B50** – 50% Survivor Beneficiary Annuity
4. **Option B75** – 75% Survivor Beneficiary Annuity

Under any of the four (4) options, the retiree receives an annuity for his or her lifetime. The duration of the continuing payments and the beneficiary depends on the option.

Annuity Options

1. **Option A60 — 60 Months Certain and Life Annuity**

Under Option A60, if the retiree dies before receiving 60 monthly payments, then the retiree's designated beneficiaries will receive monthly payments for the remainder of the 60 months.

- The beneficiary can be any person.
- The member's reduced annuity will be 96% of the straight life annuity.

2. **Option A120 — 120 Months Certain and Life Annuity**

Under Option A120, if the retiree dies before receiving 120 monthly payments, then the retiree's designated beneficiaries will receive monthly payments for the remainder of the 120 months.

- The beneficiary can be any person.
- The reduced annuity will be 90% of the straight life annuity.

3. Option B50 —50% Survivor Beneficiary Annuity

Under Option B50, the retiree's designated beneficiary will receive one-half ($\frac{1}{2}$) of the reduced annuity for that person's lifetime.

The beneficiary must be either:

- his or her spouse for at least six months immediately preceding the retirement date or
- a dependent child aged 40 or older claimed as a dependent on the member's federal tax return for the year immediately preceding the retirement date.

The reduced annuity to the retiree will be 83% if the retiree's and beneficiary's age are the same. This amount will be adjusted if their age is not the same.

4. Option B75 —75% Survivor Beneficiary Annuity

Under Option B75, the retiree's designated beneficiary will receive three-quarters ($\frac{3}{4}$) of the reduced annuity for that person's lifetime.

The beneficiary must be either:

- his or her spouse for at least six months immediately preceding the retirement date or
- a dependent child aged 40 or older claimed as a dependent on the member's federal tax return for the year immediately preceding the retirement date.

The reduced annuity will be 75% if the retiree's and beneficiary's age are the same. This amount will be adjusted if their ages are not the same.

Effective Date of Benefits

The effective date of benefits payable to any survivor is the first day of the calendar month following the month in which the member dies, regardless of when the survivor submits an application for benefits.

Considerations

When a member retires, he or she must decide whether to receive a straight life annuity or elect to receive a reduced annuity under one of the four options. Below are a few personal and financial matters to consider when making that decision:

- Is there a need to provide continuing benefits to anyone?
- Is the retirement annuity the best source of income for a beneficiary?
- Who needs to receive the continuing benefits?
- Are benefits needed for the beneficiary's lifetime or only a certain period?
- How much of an annuity reduction can I tolerate?

It is important that members and their families understand how the retirement system can help provide a secure income to the family when a member dies.

Additional Information

If you or your family have any questions about post-retirement death benefits, please contact our Education Services section at ASPRS@arkansas.gov.

Reference: A.C.A. § 24-6-408