
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT LAW**ARTICLE 7. BENEFITS****§ 585. Retirement Optional Settlement 4**

(a) For purposes of any request for a new form of optional settlement 4 subject to the approval of the board, the request must comply with applicable federal and state requirements and the following administrative requirements. If staff determines a request for a new option 4 allowance type should be denied based upon administrative criteria, staff will bring the request before the board to either approve or deny the request.

(1) There is no existing option or option 4 type that could be used to accomplish substantially the same results.

(2) Each beneficiary would receive a minimum of 25% of the member's monthly allowance. This minimum would not apply in the case of a community property interest.

(3) Each beneficiary is alive and named at the time of the designation.

(4) Upon the death of a beneficiary, there would be no continuing allowance to a secondary or contingent beneficiary.

(5) Any proposed change in future allowance payment to the retired annuitant or named beneficiary is based upon an easily identifiable event, such as a specified date or death of the retired annuitant.

(6) The requested annuity is a combination of life annuities, joint life annuities (on no more than two lives), a temporary life annuity, an annuity certain, or lump sums payable upon the death of the member or a beneficiary.

(7) The total of all lump sums payable upon death cannot exceed the amount of the member's contributions with interest at the time of retirement.

(8) The total amount (excluding lump sums payable upon death) payable in any month cannot exceed three times the amount that would have been payable for that month if the member had elected an unreduced allowance and was alive in the month.

(9) It is reasonable to expect that at least 100 members will elect the option within two years of the date that the first option becomes available.

(b) The Board may, in its discretion, establish a review period for any approved option 4 allowance type to monitor conformity with the standards in subsection (a) and may, on a prospective basis, terminate any current or added option 4 allowance type in subsection (c) that does not conform to those standards.

(c) The following alternative forms of option 4 allowance have been approved by the Board. However, the amount to be paid to the beneficiary cannot be more than what the member could provide the beneficiary under option 2W.

(1) "Specific Dollar Amount to a Beneficiary"

The member may specify that upon his or her death after retirement, a monthly allowance in an amount determined by the member be paid to a named beneficiary for life.

(2) "Specific Percentage to a Beneficiary"

The member may specify that upon his or her death after retirement, a monthly allowance in an amount equivalent to a specified percentage of the member's unmodified allowance be paid to a named beneficiary for life. Or, a member may specify that upon the death of either the member or named beneficiary, the survivor would receive a certain percentage of the member's unmodified allowance.

(3) "Option 2W and Option 1 Combined"

The member may specify that the same monthly allowance the member is receiving continue to be paid to his or her named beneficiary upon the member's death and that upon the subsequent death of the named beneficiary, any member contributions not used to fund the allowance be paid in a lump sum to a secondary beneficiary or beneficiaries.

(4) "Reduced Allowance for Fixed Period of Time"

The member may specify a percentage of his or her unmodified allowance to be received for a fixed period of time immediately following retirement. At the end of the specified period, the member begins to receive an increased allowance that is the actuarial equivalent of his or her remaining benefit. The allowance may be based on the member's life alone or on the joint lifetimes of the member and a named beneficiary.

(5) "Multiple Lifetime Beneficiaries"

The member may name more than one beneficiary to receive a lifetime monthly allowance following the death of the member after retirement.

(6) "Option 3W and Option 1 Combined"

The member may specify that one-half of the monthly allowance the member is receiving continue to be paid to his or her named beneficiary upon the member's death and that upon the subsequent death of the named beneficiary, any member contributions not used to fund the allowance be paid in a lump sum to a secondary beneficiary or beneficiaries.

(7) "Reduction upon Death of Retiree or Named Beneficiary"

The member may specify a minimal reduction of at least one dollar to the unmodified allowance to provide the highest allowance possible while both the member and beneficiary are living. Upon the death of either of them, the continuing allowance will be significantly reduced for the survivor.