



Post-Retirement Survivor Benefits:
For Retired Nonmembers –
Non-Spouse Claim

PUB 65

This page intentionally left blank

TABLE OF CONTENTS

Introduction	3
Benefit Options	4
Prorated Allowance	4
One-Time Payments	4
Monthly Benefits	5
Determining Beneficiary Status	6
Beneficiary for One-Time Payments	6
Beneficiary for Monthly Allowances	6
Applying for Benefits	7
Returning Warrants Issued After Death	7
Submitting the Application	7
Additional Documents Required	7
Filling Out the Application	8
Application for Retired Member/Payee Survivor Benefits	8
Tax Form Information	10
Statement of Benefits Paid and Withholding	10
Taxpayer Identification Number	10
Notice of Possible Penalties	10
Changing a Tax Withholding Election	10
Foreign Residency	11
Filling Out Other Forms	12
Tax Withholding Election for Nonmember Survivor Benefits Including Benefits Eligible for Rollover	12
Tax Withholding Election	12
Certification of Trust	13
How To Get More Information	14
CalPERS Website	14
Reach Us by Phone	14
Visit Your Nearest CalPERS Regional Office	14
Privacy Notice	15

INTRODUCTION

It is a sad and difficult time whenever a family member passes away. While there is no way to replace or adequately compensate for the loss of a loved one, you will be comforted in knowing that relatives and beneficiaries of deceased CalPERS nonmembers may be entitled to survivor benefits.

This publication contains information about the types of CalPERS survivor benefits that may be payable and who is entitled to receive the benefits after the death of a CalPERS nonmember.

Please take a few moments to review the information in this publication and the accompanying cover letter to determine what type of CalPERS survivor benefits to which you or a family member may be entitled.

In order to receive survivor benefits, you must apply. Once CalPERS receives a completed application along with all the required supporting documents, such as a death certificate and tax forms, we will process the application.

If your application is approved, payment of eligible benefits usually begins within 45 days after we receive your application and all the supporting documents.

Need Help?

If you have additional questions about CalPERS survivor benefits or need assistance with filling out the application forms, please visit the CalPERS website at **www.calpers.ca.gov** or call CalPERS toll free at **888 CalPERS** (or **888-225-7377**).

Nonmember

A former spouse of a member to whom the court awarded a separate CalPERS account for their community property portion of the original member's contributions.

Domestic Partner

A legally recognized domestic partner has the same legal rights and duties as a spouse under California law. That means a domestic partner of a CalPERS member has the same right to a CalPERS benefit as a spouse of a member.

Beneficiary

A person designated to receive a benefit after the death of a nonmember or other benefit recipient.

BENEFIT OPTIONS

The benefits payable to a retired CalPERS nonmember's beneficiary depend on the retirement benefit option the nonmember elected at retirement, the nonmember's marital status or legal domestic partnership status, and the benefits provided by the member's former employers. Because several factors affect the benefits, it is not possible to determine specifically what benefits are payable in your case until the nonmember's file and the information submitted on the *Application for Retired Member/Payee Survivor Benefits* form are reviewed.

Prorated Allowance

A nonmember's monthly benefit payment stops on the date of their death. A final payment will be made, which is prorated for the number of days the nonmember lived during the month of death.

For example, if the date of death is May 25, the prorated allowance will be $\frac{25}{31}$ of the **monthly retirement benefit** payable on June 1.

You can refer to the nonmember's last benefit warrant to determine the amount of their monthly retirement benefit.

One-Time Payments

Return of Remaining Contributions Option 1

If the nonmember elected this option at retirement, upon death, any unused member contributions in the account will be paid to the beneficiary in a lump sum. This option does not provide a continuing allowance to a beneficiary. In most cases, member contributions are depleted in 10 to 12 years after retirement.

Monthly Benefits

Option 2 or Option 2W *(for retirement dates on or before December 31, 2017)*

100 Percent Beneficiary Option 2 or 100 Percent Beneficiary Option 2 with Benefit Allowance Increase *(for retirement dates on or after January 1, 2018)*

If the nonmember chose one of these options, the nonmember took a reduction to name a specific person to receive a lifetime benefit equal to the nonmember's benefit.

Option 3 or Option 3W *(for retirement dates on or before December 31, 2017)*

50 Percent Beneficiary Option 3 or 50 Percent Beneficiary Option 3 with Benefit Allowance Increase *(for retirement dates on or after January 1, 2018)*

If the nonmember chose one of these options, the nonmember took a lesser reduction to name a specific person to receive a lifetime benefit equal to ½ the nonmember's benefit.

Option 4 *(for retirement dates on or before December 31, 2017)*

Flexible Beneficiary Option 4 *(for retirement dates on or after January 1, 2018)*

This retirement option is customized for each nonmember. You must contact CalPERS for more information if they chose this option.

Purchasing Power Protection Allowance (PPPA)

The PPPA is a supplementary cost-of-living benefit provided to nonmembers when the purchasing power of their benefits falls below minimum levels established by law. If the nonmember was receiving a monthly PPPA payment as a result of service with the member's former employer, and the beneficiary is entitled to a monthly benefit, the beneficiary will typically receive a PPPA payment. In most cases, the beneficiary's PPPA amount will be proportionate to the percentage of the monthly benefit being paid.

DETERMINING BENEFICIARY STATUS

Beneficiary for One-Time Payments

The beneficiary designation for one-time (lump-sum) benefits is made at retirement; however, it can be changed at any time by filing a new beneficiary designation.

If any of the following events occur after the deceased nonmember filed a beneficiary designation, the designation is automatically revoked:

- Marriage or registration of domestic partnership;
- Dissolution or annulment of marriage or dissolution of domestic partnership (however, a designation filed **after** the initiation of a dissolution of marriage/partnership or annulment is **not** revoked when the dissolution or annulment is finalized);
- Birth or adoption of a child.

If there is no valid beneficiary designation in effect at the time of death, the lump-sum death benefits are payable to the beneficiary designated by law, in this order:

1. Spouse or domestic partner legally recognized in California, or if none,
2. Children (including adopted children), or if none,
3. Parents, or if none,
4. Brothers and sisters, or if none,
5. Probated estate, or if the estate is not probated,
6. Trust, or if none,
7. Stepchildren, or if none,
8. Grandchildren (including step-grandchildren), or if none,
9. Nieces and nephews, or if none,
10. Great-grandchildren, or if none,
11. Cousins.

If no beneficiary can be located, the benefit may be claimed by the person who paid the funeral expenses.

Beneficiary for Monthly Allowances

If the nonmember's retirement election form (or a subsequent election form) indicates an election of one of the following options, the beneficiary may be entitled to a monthly allowance:

- Option 2, 2W, 3, 3W, or 4
- 100 Percent Beneficiary Option 2
- 100 Percent Beneficiary Option 2 with Benefit Allowance Increase
- 50 Percent Beneficiary Option 3
- 50 Percent Beneficiary Option 3 with Benefit Allowance Increase
- Flexible Beneficiary Option 4

APPLYING FOR BENEFITS

The person entitled to the benefits should complete the *Application for Retired Member/Payee Survivor Benefits* form.

Returning Warrants Issued After Death

All benefit warrants issued to a retiree after their death must be returned to CalPERS.

Do not return warrants to the State Controller's Office or write "void" on them. The warrants must be returned to CalPERS. If the warrants were cashed, submit a personal check or money order made payable to CalPERS. If the benefit warrants were deposited directly into a bank account, you should contact the bank first to ensure that they have not already returned the payments to CalPERS at our request. (You will receive a copy of this request letter if we notify the bank to return funds.) The reimbursement payment should be identified as "Death Overpayment" and include the member's name and Social Security number or CalPERS ID. Payment should be returned with the completed application and other applicable forms described in this publication.

Submitting the Application

If applying for survivor benefits online, refer to the instructions within the online application process. This can be accessed through the CalPERS emailed link that is provided by either calling CalPERS or when reporting the death online.

If applying for survivor benefits via mail or fax, you must complete the following forms (step-by-step instructions for each form are included in this publication):

- *Application for Retired Member/Payee Survivor Benefits* (required)
- *Tax Withholding Election for Nonmember Survivor Benefits Including Benefits Eligible for Rollover* (required)
- *Tax Withholding Election* (required for monthly and/or prorated allowance)

Additional Documents Required

The following **photocopied** documents should be submitted with your claim:

- A photocopy of the death certificate showing the cause and manner of death (required)
- Court order (if the estate requires probate) or
- A copy of the nonmember's Last Will and Testament (only if the estate is a designated beneficiary but is not subject to probate)
- *Certification of Trust* if the trust may be entitled to benefits

Please send photocopies of documents only. Do not send originals as they will be destroyed.

Label All Documents

Please clearly write the deceased's name and Social Security number or CalPERS ID (a 10-digit identification number) on the top right-hand corner of each photocopied document.

CalPERS ID

If you do not know the CalPERS ID (a 10-digit identification number) of the deceased, please use their Social Security number. You do not need to contact CalPERS.

Send Photocopies, Not Original Documents

CalPERS cannot return original documents. If you send originals, they will be destroyed. Please send photocopies of documents only.

Important!

Be sure to include a photocopy of the **death certificate** with your application.

Nonmember's Spouse or Children

Be sure to provide as much information as possible about the deceased payee's spouse or children. Indicate "don't know" if you cannot answer a question.

Questions?

If you have questions or need assistance with filling out your application, please call CalPERS toll free at **888 CalPERS** (or **888-225-7377**) Monday through Friday, 8 a.m. to 5 p.m. Or, you can call during non-business hours and leave a message.

FILLING OUT THE APPLICATION

Application for Retired Member/Payee Survivor Benefits

Read the instructions and questions carefully before completing the application. Any information you provide should be based on personal knowledge. The information provided will help us determine who is entitled to the benefits. If there is not enough space to enter all the names and addresses for the identified next of kin in a section, attach a separate sheet of paper or use pages 8 and 9 of the form. Be sure to clearly write the deceased's Social Security number or CalPERS ID and name on any attachments.

Signature Section

Complete the Signature Section with your personal information and provide your Social Security or taxpayer identification number. You must have a U.S. Social Security Number (SSN) or IRS-assigned Individual Taxpayer Identification Number (ITIN) before we can make payment to you. For an estate or trust, enter the estate's or trust's Employer Identification Number instead of the Social Security number if claiming benefits as the executor or trustee.

Your signature on this document is made under penalty of perjury under the laws of the State of California.

Information About the Deceased Member's Estate/Trust (Section 1)

Complete Section 1 to provide information regarding the estate and/or trust of the deceased.

Information About the Spouse or Domestic Partner (Section 2)

Complete Section 2 to provide information regarding the deceased's marital status. If there is a spouse or domestic partner, provide their contact information, including the date of marriage/domestic partnership. If there is no spouse or domestic partner, provide reason, and if applicable date of death or divorce for the last spouse/domestic partner.

Information About the Deceased Member's Children (Section 3)

Section 3 asks about the deceased's surviving natural or adopted children. If the deceased was survived by children, enter total number and provide contact information for children on pages 4 and 5. If the deceased was not survived by any children, select appropriate reason.

Only continue to Section 4 if you answered "No" in sections 1 to 3.

Information About the Deceased Member's Parents (Section 4)

Complete Section 4 to provide information about the deceased's parents.

Only continue to Section 5 if there is no surviving parent(s).

Other Next of Kin (Section 5)

Complete Section 5 to provide information on the deceased's next of kin. The questions should be answered in order. If you answer "Yes" to any of these questions, provide the name, address, and any other requested information on pages 8 and 9.

If you answered "No" to all next-of-kin questions, complete the funeral expenses information on the bottom portion of page 7.

Employer Identification Number Required for Estates and Trusts

If the probated estate or trust does not have an Employer Identification Number (EIN), you can obtain one instantly (and free) at www.irs.gov. Complete Form SS-4 online and the number will be provided instantly. Or call the IRS at (800) 829-4933.

TAX FORM INFORMATION

Please read the following information carefully before completing the form.

Statement of Benefits Paid and Withholding

Every January, CalPERS sends each beneficiary a statement showing the gross amount of benefits paid during the previous calendar year and the amount of income tax withheld, if any. Most payments are reported to the Internal Revenue Service (IRS) and the California Franchise Tax Board. Questions about the taxability of benefits should be directed to these agencies or your tax advisor.

Taxpayer Identification Number

The IRS requires recipients of reportable payments to furnish a Taxpayer Identification Number (TIN). You must provide your Social Security number (or Employer Identification Number, if a trust or organization), even if you are not required to file a tax return. We will not be able to make payment to a trust or probated estate without a trust or estate tax ID number.

Notice of Possible Penalties

If you do not have federal tax and/or California state tax withheld, or if you do not have enough withheld, you may have to pay estimated tax. You may also incur penalties. See IRS publication 505, *Tax Withholding and Estimated Tax*, for additional information.

Changing a Tax Withholding Election

Once you file a tax withholding election for a monthly benefit, it will remain in effect until you revoke it. Because your tax situation can change from year to year, you may want to adjust the federal or California state withholding amounts deducted from your monthly benefit payment. There are a few ways to change your tax withholding:

- By mail or fax – Complete a *Tax Withholding Election* form (myCalPERS 1289) and mail or fax to CalPERS.

CalPERS
P.O. Box 942715
Sacramento, CA 94229-2715

Fax: (800) 959-6545

- Online – Log in to your myCalPERS account at my.calpers.ca.gov.

If you need help completing the *Tax Withholding Election* form, call us at **888 CalPERS** (or **888-225-7377**) so we can assist you. However, since we cannot provide tax advice, you should contact your tax consultant, the Internal Revenue Service, and/or the California Franchise Tax Board for specific information on your tax related needs.

Foreign Residency

If you are a resident or citizen of a country other than the United States, complete sections 1 and 4 only of the enclosed *Tax Withholding Election* form (myCalPERS 1289). You must complete this form before CalPERS can pay benefits. You must have a U.S. Social Security Number (SSN) or IRS-assigned Individual Taxpayer Identification Number (ITIN) before we can make payment to you. If you are a United States citizen living in another country, you must complete all sections of the tax election form that may be applicable to you.

Obtaining an Individual Taxpayer Identification Number

You can obtain Form W-7 at **www.irs.gov**. Complete the form and submit it to the IRS.

Important!

Please consider your election carefully. Once payment has been issued, you cannot make a change. Your decision is final once payment has been made.

“Non-spouse beneficiaries” are non-spouse beneficiaries designated by the member or designated by the plan under the Government Code. Generally, this includes all non-spouse beneficiaries except the deceased’s estate, a designated corporation or non-profit organization or entitlement established under Probate Code section 13100.

If CalPERS determines that you do not have the right to roll the taxable portion into an IRA, we will send a special tax form at that time.

FILLING OUT OTHER FORMS

Tax Withholding Election for Nonmember Survivor Benefits Including Benefits Eligible for Rollover

Lump-Sum (Non-Periodic Payments) Return of Remaining Contributions Option 1, Temporary Annuity (Section 1)

Indicate your federal and California state tax withholding elections for these payments in Section 1.

Death benefits may be non-taxable, partially taxable, or fully taxable. Any taxable portion of the benefit will be subject to **20 percent** federal withholding unless rolled over into an IRA. The non-taxable portion of the distribution is not eligible for rollover. That portion will be paid with no taxes deducted and will be reported to the tax authorities as a non-taxable benefit.

Special tax rules apply to eligible rollover distributions. Consult a tax advisor before making your tax election for these benefits.

Federal law provides that non-spouse beneficiaries are also subject to mandatory 20 percent withholding on the taxable portion of the benefit unless rolled into an IRA established on your behalf that will be treated as an “inherited IRA” pursuant to the provision of IRC section 402(c)(11).

If you are a California resident, CalPERS will automatically withhold **3 percent** from the taxable portion of any one-time benefit payments for state taxes unless you elect not to have tax withheld.

If you do not live in California, state tax will not be withheld unless you make an election for state withholding. If you are unsure whether you will be subject to California state taxes, contact the California Franchise Tax Board or seek the advice of a qualified tax consultant.

Tax Election Declaration (Section 2)

Be sure to sign and date the form and provide your Social Security number or taxpayer identification number in Section 2. For a trust, enter the trust’s Employer Identification Number instead of the Social Security number.

Tax Withholding Election

If you are receiving a monthly benefit or the one-time Prorate Allowance payment, indicate your federal and California state tax withholding elections for these benefits by completing this form.

Your Information (Section 1)

Complete Section 1 with your personal information and provide your Social Security or taxpayer identification number. You must have a U.S. Social Security Number (SSN) or IRS-assigned Individual Taxpayer Identification

Number (ITIN) before we can make payment to you. For an estate or trust, enter the estate's or trust's Employer Identification Number. A Social Security number is not acceptable to pay an estate or trust.

If you are a resident or citizen of a country other than the United States, or if you are a United States citizen living in another country, complete the Citizenship and Residency fields.

For the Retirement Program and Account field, select the CalPERS and Death Benefits options.

Federal Tax Withholding Election (Section 2)

Complete Section 2 to indicate your federal tax withholding election. This section has 4 steps to complete. Only step 1 is required. Complete steps 2-4 only if they apply to you.

These benefit payments are treated as payroll wages. Federal tax will be withheld based on the tax rate of a single person unless you elect no withholding or select a different marital status. If no election is submitted and the rate of single is used, the highest amount of federal tax will be withheld if the gross monthly payment is at or greater than the IRS minimum level to withhold.

California State Tax Withholding Election (Section 3)

Complete Section 3 to indicate your California state tax withholding election.

If you are a California resident, CalPERS will automatically withhold state tax based on the tax rate of a single person claiming zero exemptions unless you elect no withholding, have a flat amount withheld, or select a different marital status or number of exemptions. If no election for state withholding is submitted and the rate of single with zero exemptions is used, the highest amount of state tax will be withheld if the gross monthly payment is at or greater than the California Franchise Tax Board minimum level to withhold.

If you do not live in California, CalPERS will not withhold state tax unless you make an election for state withholding. If you are unsure whether you will be subject to California state taxes, contact the California Franchise Tax Board or seek the advice of a qualified tax consultant.

Signature and Date (Section 4)

Be sure to sign and date the form or your elections will not be considered valid.

Certification of Trust

If the beneficiary is a trust, the trustee should complete the *Certification of Trust* form.

Working with a Form

Be sure to read the instructions and questions carefully before completing any of the forms.

HOW TO GET MORE INFORMATION

CalPERS Website

Visit our website at www.calpers.ca.gov for more information on all our benefits and services.

Reach Us by Phone

Call us toll free at **888 CalPERS** (or 888-225-7377).
Monday through Friday, 8:00 a.m. to 5:00 p.m.
TTY: (877) 249-7442

Visit Your Nearest CalPERS Regional Office

Fresno Regional Office

10 River Park Place East, Suite 230
Fresno, CA 93720

Glendale Regional Office

Glendale Plaza
655 North Central Avenue, Suite 1400
Glendale, CA 91203

Orange Regional Office

500 North State College Boulevard, Suite 750
Orange, CA 92868

Sacramento Regional Office

Lincoln Plaza East
400 Q Street, Room 1820
Sacramento, CA 95811

San Bernardino Regional Office

650 East Hospitality Lane, Suite 330
San Bernardino, CA 92408

San Diego Regional Office

7676 Hazard Center Drive, Suite 350
San Diego, CA 92108

San Jose Regional Office

181 Metro Drive, Suite 520
San Jose, CA 95110

Walnut Creek Regional Office

Pacific Plaza
1340 Treat Boulevard, Suite 200
Walnut Creek, CA 94597

PRIVACY NOTICE

The privacy of personal information is of the utmost importance to CalPERS. The following information is provided to you in compliance with the Information Practices Act of 1977 and the Federal Privacy Act of 1974.

Information Purpose

The information requested is collected pursuant to the Government Code (sections 20000 et seq.) and will be used for administration of Board duties under the Retirement Law, the Social Security Act, and the Public Employees' Medical and Hospital Care Act, as the case may be. Submission of the requested information is mandatory. Failure to comply may result in CalPERS being unable to perform its functions regarding your status. Please do not include information that is not requested.

Social Security Numbers

Social Security numbers are collected on a mandatory and voluntary basis. If this is CalPERS' first request for disclosure of your Social Security number, then disclosure is mandatory. If your Social Security number has already been provided, disclosure is voluntary. Due to the use of Social Security numbers by other agencies for identification purposes, we may be unable to verify eligibility for benefits without the number.

Social Security numbers are used for the following purposes:

1. Enrollee identification
2. Payroll deduction/state contributions
3. Billing of contracting agencies for employee/employer contributions
4. Reports to CalPERS and other state agencies
5. Coordination of benefits among carriers
6. Resolving member appeals, complaints, or grievances with health plan carriers

Information Disclosure

Portions of this information may be transferred to other state agencies (such as your employer), physicians, and insurance carriers, but only in strict accordance with current statutes regarding confidentiality.

Your Rights

You have the right to review your membership files maintained by the System. For questions about this notice, our Privacy Policy, or your rights, please write to the CalPERS Privacy Officer at 400 Q Street, Sacramento, CA 95811 or call us at **888 CalPERS** (or 888-225-7377).

CalPERS is governed by the Public Employees' Retirement Law and the Alternate Retirement Program provisions in the Government Code, together referred to as the Retirement Law. The statements in this publication are general. The Retirement Law is complex and subject to change. If there is a conflict between the law and this publication, any decisions will be based on the law and not this publication. If you have a question that is not answered by this general description, you may make a written request for advice regarding your specific situation directly to the CalPERS Privacy Officer at 400 Q Street, Sacramento, CA 95811.

This page intentionally left blank

California Public Employees' Retirement System
400 Q Street
Sacramento, California 95811

888 CalPERS (or 888-225-7377)
www.calpers.ca.gov

PUB 65
July 2023

2023.7.1