

## **EXPLANATION OF FORMS OF PAYMENT OF RETIREMENT BENEFITS**

Prior to receipt of the first monthly retirement payment, a member shall select the retirement benefits to which the member is entitled in accordance with one of the following:

**NORMAL FORM OF PAYMENT** – A monthly benefit payable to the retired member for his/her lifetime. In the event the member dies before benefits are received for at least 120 monthly payments, the same monthly benefit is payable to the member's designated beneficiary(ies) until the total number of years of benefit payments to both the retired member and beneficiary(ies) equals 120 monthly payments. The benefit to the beneficiary stops at the end of 120 monthly payments and there are no further payments to the beneficiary(ies). A trust could be designated as a beneficiary.

**OPTION 1** – An increased monthly benefit payable to the retired member for member's lifetime. Upon the member's death, the benefit will cease and member's beneficiary(ies) will receive only a refund of contributions the member paid in excess of the amount the member received in benefits, if any. This option does **not** provide a continuing benefit to a beneficiary or joint pensioner. This is the maximum monthly benefit payable to a retiring member for life. To provide a survivor with a monthly benefit after the member's death, one of the other options should be considered.

**OPTION 2** - A reduced monthly benefit payable to the retired member and a joint pensioner containing 4 sub-options. Upon the death of the retired member:

- [A] the same monthly benefit (100%) is payable to the joint pensioner for the joint pensioner's lifetime; or
- [B] The monthly benefit is reduced to 75%, and is payable to the joint pensioner for the joint pensioner's lifetime; or
- [C] The monthly benefit is reduced to 66-2/3%, and is payable to the joint pensioner for the joint pensioner's lifetime; or
- [D] The monthly benefit is reduced to 50%, and is payable to the joint pensioner for the joint pensioner's lifetime.

The benefit payable under OPTION 1 or the four ([A]-[D]) sub options under OPTION 2 shall be the actuarial equivalent of Normal Form of Payment and based upon the actuarial tables.

**OPTION 3** – In addition to the previous form of payment elected, a partial lump sum distribution, not to exceed the amount of the participant's contributions without interest, may also be requested. If approved, the remaining monthly benefits otherwise payable under the previous form of payment selected will be actuarially reduced.

### **PLEASE NOTE**

- **ONCE BENEFITS COMMENCE, SERVICE MAY NOT BE ADDED AND OPTION SELECTED MAY NOT BE CHANGED. HOWEVER, A MEMBER MAY CHANGE THE DESIGNATED BENEFICIARY(IES) UNDER THE NORMAL FORM OF PAYMENT; AND MAY CHANGE THE JOINT PENSIONER UNDER OPTION 2 UNDER CERTAIN CONDITIONS.**
- **RETIREMENT OPTION SELECTED IS FINAL WHEN THE FIRST BENEFIT CHECK IS RECEIVED.**