

## State Teachers Death Benefits for Former Spouses

### **Pre-Retirement Death:**

If the member dies before retirement, only possible survivor benefit to a former spouse is a refund of the member's contributions and interest. No lump sum can be paid if the member is remarried since new spouse is a "statutory survivor" who will receive a life annuity as a survivor benefit. Only if there are no statutory survivors (e.g., a current spouse) will a death benefit be payable to the former spouse, and the death benefit will only be a lump sum payment of any balance left in the member's account. There will be no on-going annuity.

### **Post-Retirement Death:**

The DRO can provide for survivorship benefits to the former spouse as long as the member is alive when s/he retires. Currently, the Teachers' Retirement Board (TRB) does not require a waiver from the current spouse, rather, it will honor the designation made in the DRO. **(Note, however, that if the parties were married at the time of retirement, and divorce thereafter, any survivor benefits elected will terminate!)**

There are two ways to provide survivor benefits:

One is to require the member to select **Plan D: Co-Member Option**: If the member is ordered to take this option and name the former spouse as the survivor, the former spouse will receive the Assigned Benefit during the member's lifetime. Upon the member's death, the Assigned Benefit terminates, and the former spouse will receive a Survivor's Benefit, which will be a percentage of the full monthly annuity paid during the member's life (the combined monthly payment to the member and former spouse). The co-member option is selected at the time of retirement, and can provide a Survivor Benefit ranging from 33% to 100%. The Survivor's Benefit is paid through a reduction in the monthly retirement annuity; the lower the survivorship benefit, the less of a reduction to the monthly annuity.

The cost of the co-member option can be allocated to either party, or it can be shared. Some former spouses are willing to bear the entire reduction factor, in exchange for a 50% or 100% co-member option, since their benefits will increase upon the member's death. The cost of the option can be significant, however, and should be determined before the option is selected. Be aware, there can only be one co-member. If the member remarries before retirement, there will be no survivor benefits for the new spouse if the former spouse is designated as the beneficiary under the co-member option.

The other way to provide survivorship benefits to the former spouse is to require the member to select **Plan C: Period Certain**: this choice could cover subsequent spouses, since the member can name survivor for the remaining period if the member dies prior to the end of the period.

There is one other retirement option available, but it does not provide benefits after the member's death: **Plan N: Life Option**. This provides for payments for the life of the member only. Monthly payments of the Assigned Benefit will terminate upon his death or the death of the former spouse, whichever occurs first.

### **Death of the Former Spouse:**

In the event of the former spouse's death, either before or after retirement benefits commence, the benefits revert to the Member.