

Article 4: City Employees' Retirement System

Division 6: Optional Settlements and Survivor Benefits

*(“Administration” incorp. 1–22–1952 by O–5046 N.S.
contained in O–10792 O.S. adopted 11–29–1926;
repealed 10–25–1962 by O–8744 N.S.)*

*(“Optional Settlements for Members and Safety
Members” added 10–25–1962 by O–8744 N.S.)*

*(Retitled to “Optional Settlements and Survivor Benefits
on 6–19–2000 by O–18815 N.S.)*

§24.0601 Surviving Spouse Contribution Rates and Benefits

- (a) Beginning on July 1, 1973, every Member will make survivor contributions in addition to Normal Contributions. The System will calculate the survivor contributions as a percentage of Normal Contributions, as set forth below:

Membership Classification	Survivor Contributions as Percentage of Normal Contributions
General Members	9.98%
Safety Members	11.76%

- (b) The System will pay the survivor contributions, and interest thereon, to the Member or his or her Beneficiary if the Normal Contributions are paid under either the Active Death Benefit or the Member’s withdrawal of Accumulated Contributions.
- (c) When a retired Member dies, the System will pay the Member’s surviving spouse a monthly allowance equal to 50% of the Member’s monthly retirement allowance if:
- (1) the Member designated the spouse as Beneficiary,
 - (2) the spouse was married to the Member on the date the Member retired,
and

- (3) the Member's monthly retirement allowance was the maximum monthly benefit, and was not modified under Optional Settlement 1, 2, 3 or 4.
- (d) The System will not pay any benefits under this section if there is a surviving spouse who qualifies for and receives the industrial death benefit.
- (e) If, at the time of retirement, a Member who has selected the maximum benefit does not have a spouse who is eligible for benefits under this section, the System will either:
 - (1) pay the Member the Accumulated Contributions including interest he or she made pursuant to this section, in lump sum, or
 - (2) treat these contributions as voluntary additional contributions made to provide a larger Annuity benefit.

(“Settlement of Options” repealed; “Surviving Spouse Contribution Rates and Benefits” added 4-2-2002 by O-19043 N.S.)

§24.0602

Election and Change of Retirement Optional Settlement

Instead of receiving the maximum monthly benefit, a Member may elect to receive a modified retirement allowance under Optional Settlement 1, 2, 3 or 4. The Member's election must be made before the Member cashes his or her first retirement allowance check.

(“Change and Election of Options” repealed; “Election and Change of Retirement Optional Settlement” added 4-2-2002 by O-19043 N.S.)

§24.0603

Optional Settlement 1

- (a) If a Member selects Optional Settlement 1, the System will pay the Member a reduced retirement allowance until his or her death. If the Member dies before receiving in annuity payments the amount of his or her Accumulated Contributions at retirement, the System will pay the balance to the Member's Beneficiary or estate.
- (b) At the time of his or her retirement, a Member who selects Optional Settlement 1 must direct the System, in writing, to pay the Accumulated Contributions remaining at his or her death to his or her Beneficiary or estate in one of the following three ways:
 - (1) in lump sum;

- (2) in equal monthly installments for the life of the Beneficiary, for no more than 120 months; or
 - (3) in monthly installments, fixed in number or amount and without a continuance to a Beneficiary, subject to the rules adopted by the Board. The Board will credit regular interest on the balance remaining on account with the System.
- (c) If the Member elects to have his or her Accumulated Contributions paid in installments, the System will pay the first installment on the first day of the month after the balance becomes due. The subsequent installments will be paid on the first day of each month thereafter. The total of the installments will be the actuarial equivalent of the Accumulated Contributions remaining when the Member dies.
- (“Optional Settlement 1” repealed; “Optional Settlement 1” added 4-2-2002 by O-19043 N.S.)*

§24.0604

Optional Settlement 1 - Death Before Retirement Allowance Begins

If a Member who selected Optional Settlement 1 dies after the effective date of retirement, but before cashing his or her first retirement allowance check, the Member’s election will be revoked and the Member’s Beneficiary will receive the Death While Eligible Benefit.

(“Optional Settlement 1 — Further Defined” repealed; “Optional Settlement 1 - Death Before Retirement Allowance Begins” added 4-2-2002 by O-19043 N.S.)

§24.0605

Optional Settlement 2

If a Member selects Optional Settlement 2, the System will pay the Member a reduced retirement allowance until his or her death. When the Member dies, the System will pay the full amount of the Member’s reduced retirement allowance to his or her Beneficiary for the life of the Beneficiary. Beginning on January 1, 2002, payments made by the System under this optional settlement will comply with all applicable tax laws, including the minimum distribution requirements of section 401(a)(9) of the Internal Revenue Code.

(“Optional Settlement 2” repealed; “Optional Settlement 2” added 4-2-2002 by O-19043 N.S.)

§24.0606 Optional Settlement 3

If a Member selects Optional Settlement 3, the System will pay the Member a reduced retirement allowance until his or her death. When the Member dies, the System will pay one-half of the Member's reduced retirement allowance to his or her Beneficiary for the life of the Beneficiary.

(“Optional Settlement 3” repealed; “Optional Settlement 3” added 4-2-2002 by O-19043 N.S.)

§24.0607 Optional Settlement 4

If a Member selects Optional Settlement 4, the System will pay the Member a reduced retirement allowance until his or her death. When the Member dies, the System will pay the Member's Beneficiary a percentage, selected by the Member, of the Member's reduced retirement allowance, for the life of the Beneficiary. The benefits paid to the Member's Beneficiary under this optional settlement will not exceed the actuarial equivalent of the benefits that would have been paid to the Beneficiary if the Member had selected Optional Settlement 2.

Beginning on January 1, 2002, payments made by the System under this optional settlement will comply with all applicable tax laws, including the minimum distribution requirements of section 401(a)(9) of the Internal Revenue Code.

(“Optional Settlement 4” repealed; “Optional Settlement 4” added 4-2-2002 by O-19043 N.S.)

§24.0608 Social Security Integrated Option

The Social Security Integrated Option is available to all Members who are entitled to receive Social Security benefits on or after January 1, 1982. Under this option, the Member may elect, upon retirement, to receive a modified retirement allowance, which is actuarially equivalent to the Member's unmodified retirement allowance. From the effective date of retirement until the first day of the month in which the Member reaches the age of 65, the retirement allowance will be modified to provide a greater monthly payment. When the Member reaches the age of 65, the retirement allowance will be lowered. The initial greater monthly payment will equal the total of the lower monthly payment plus the Member's estimated Social Security Old Age Insurance Benefits. This modified allowance may be further modified on an actuarial basis under Optional Settlement 1, 2, 3 or 4.

(“Social Security Integrated Option” repealed; “Social Security Integrated Option” added 4-2-2002 by O-19043 N.S.)

§24.0609 Rules for Options Set by Board

The Board of Administration will enact procedures for Members to follow in exercising the options described in this Division.

(“*Rules for Options Set by Board*” repealed; “*Rules for Options Set by Board*” added 4-2-2002 by O-19043 N.S.)