

## CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

### OPTIONAL SETTLEMENT 4 POLICY

(Adopted 5/2/2012)

#### **PURPOSE**

The Board of Retirement ("Board") of the Contra Costa County Employees' Retirement Association ("CCCERA") adopts this policy to establish guidelines and procedures for the implementation of Optional Settlement 4, Government Code Section 31764, in order to allow members to designate more than one person to receive survivor benefits. Government Code Section 31764 offers a benefit to the member with continuing benefits to more than one designated person. The election may not place any additional financial burden on the retirement system, as determined by the Retirement Board and its actuary. The Board has determined that all requests to designate more than one person (including under other Optional Settlements chosen by the member before retirement) must meet the requirements of Optional Settlement 4, as outlined in this Policy. In order to mitigate administrative costs and burden, the Board has determined that requests under Optional Settlement 4 that meet the criteria set forth in this Policy may be approved by CCCERA staff and shall not require separate Board approval.

#### **AUTHORITY**

The County Employees' Retirement Law of 1937 (Government Code sections 31450, *et seq.*) provides:

#### **§ 31760. Election of actuarial equivalent of retirement allowance**

Until the first payment of any retirement allowance is made, a member or retired member, in lieu of the retirement allowance for his life alone, may elect to have the actuarial equivalent of his retirement allowance as of the date of retirement applied to a lesser retirement allowance payable throughout life in accordance with one of the optional settlements specified in this article.

\* \* \*

#### **§31764. Optional settlement 4**

Optional settlement 4 consists of the right to elect in writing to have a retirement allowance paid him or her until his or her death and thereafter to have other benefits as are approved by the board, upon the advice of the actuary, continued throughout the life of and paid to the persons, having an insurable interest in his or her life, as he or she nominates by written designation duly executed and filed with the board at the time of his or her retirement. The designation shall not, in

the opinion of the board and the actuary, place any additional burden upon the retirement system.

## **POLICY**

The Board hereby approves requests for the designation of more than one person as a beneficiary under Optional Settlement 4, provided that the member demonstrates the following:

1. The request is made in writing and is signed by the member;
2. The designated persons are persons who each have an "insurable interest" in the member's life, as defined by law;
3. The system has determined that the total benefits to be paid pursuant to the election shall be the actuarial equivalent of an unmodified retirement allowance, as required by Government Code Section 31760;
4. The designation will not, in the opinion of the board and the actuary, place any additional burden upon the retirement system. To that end, the Board has determined that the processing and approving of one final request by a member of Optional Settlement 4, including the use of actuarial services, would not place an additional burden on the system and shall be processed free of charge to the member;
5. If additional actuarial services are needed for subsequent designation requests from the member, the member shall have paid the additional cost of determining the final amount and qualification of the proposed request, in the amount of \$500 for each such actuarial verification. However, no fee will be charged if the need for the subsequent actuarial verification is due to CCCERA's error, or as a result of the death of a named beneficiary before the payment of any retirement allowance is made;
6. The fee provision, including the fee amount, is subject to change based on the Board's determination of the financial and administrative burden to the system in processing and approving requests under Optional Settlement 4; and
7. The continued benefits to the designated persons meet all applicable Internal Revenue Service regulations and requirements.

Member elections of other optional settlements (pursuant to Government Code Sections 31762 and 31763) that include designation of more than one beneficiary shall be treated as elections of Optional Settlement 4 and shall be required to meet the criteria set forth in this Policy in order to be approved by the Board.

A member's request for an Optional Settlement 4 calculation shall be made in writing on a form or forms approved by the CCCERA Chief Executive Officer and accompanied by the processing payment indicated in item 5, above, if applicable.