DISCUSSION SHEET

Employees' Retirement Fund
Board of Trustees Meeting

October 9, 2018

Issue: ADMINISTRATIVE PROCEDURES REGARDING PROCESSING DEATH BENEFITS

Attachment: Resolution No. 2018 – 2

Discussion: The Board has the authority under Chapter 40A-4(18) to "interpret this chapter as necessary to resolve any problems created by any ambiguities, inconsistencies, or omissions that might be found in this chapter." This Resolution was originally written and approved by the Board in 2004 and is revised based on a legal review process.

The revised Resolution is drafted to clarify several key points of ambiguity to assure consistency with benefit administration including:

- The distribution of death benefits after retirement under Section 40A-23 should be read and interpreted in conjunction with the provisions in Section 40A-16 addressing retirement options and the payment of survivor benefits.

- In the event of a member's or inactive member's death where there is no eligible surviving spouse or other valid designated beneficiary, a one-time lump sum payment will be paid to a documented designee that is selected by the member before such payment will be paid to a qualified recipient (with the exception of a qualified recipient that is a surviving minor or disabled child). If there is no documented designee or qualified recipient, payment will be made to the deceased member's estate;

- A "designated beneficiary" is a qualified recipient that the member, inactive member, or retiree has named on an authorized document accepted by the Fund. A designated beneficiary cannot be changed after a member or inactive member has retired and selected a retirement option;

- The term "qualified recipient" includes minor or disabled child(ren) born, conceived, or adopted at the point of death and a parent that qualified as the member's, inactive member's, or retiree's dependent for federal income tax

purposes at the point of death;

- Clarifies which official documents the Fund will accept for purposes of identifying the personal representative of the estate of a deceased member or inactive member when the member or inactive member did not complete the “ERF Death Benefit Form; and

- The term “death benefit option” refers solely to the form of payment under Section 40A-21(c) and does not include the identification of the recipient of any benefits that might be payable on account of the death of a member, inactive member, or retiree.

Recommendation: Approve and adopt Resolution 2018 – 2 in its entirety.