

# For IPERS Beneficiaries

Important Information About IPERS Death Benefits



**IPERS**

*Working Today for Your Tomorrow*

**I**PERS provides financial protection to members' beneficiaries. As a beneficiary, it's important that you understand how IPERS death benefits work and what you need to do to begin receiving benefits. This brochure is designed to provide you with the information you need to make this difficult situation a little easier.

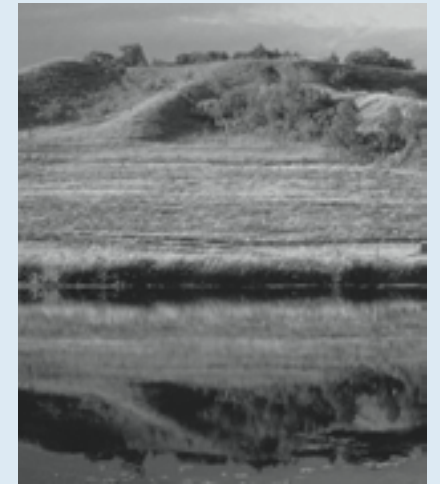


Photo courtesy of the Iowa Tourism Office

*The Loess Hills in western Iowa are a natural formation of windblown hills with unique flora. The only other natural formation of windblown hills with these depths exists in China.*

WHAT'S INSIDE	PAGE
Financial Protection for Peace of Mind	2
Who Are IPERS Members?	2
Eligibility for Death Benefits	2
If an IPERS Member Dies Before Retirement – Preretirement Death Benefits	4
If an IPERS Member Dies After Retirement – Postretirement Death Benefits	6
Applying for Death Benefits	10

## FINANCIAL PROTECTION FOR PEACE OF MIND

IPERS death benefits provide financial protection to eligible beneficiaries. They are designed to ease the financial strain that sometimes follows the death of a loved one. **You should notify IPERS as soon as possible after a member's death.** Notifying IPERS will help ensure that benefits are paid properly and timely. Benefits will be paid according to the most current beneficiary designation on file with IPERS.

## WHO ARE IPERS MEMBERS?

IPERS covers most public employees in Iowa. Covered employers include – but are not limited to – schools, counties, state agencies, cities, and townships. If you think a loved one worked in IPERS-covered employment at some point, please call IPERS to find out if you are eligible for death benefits.

## ELIGIBILITY FOR DEATH BENEFITS

The IPERS beneficiary designation will supersede many legal documents such as wills or assignments. A beneficiary designation generally will be revoked by a divorce decree, unless the beneficiary designation is implemented by a Qualified Domestic Relations Order (QDRO). If a member has a QDRO on file with IPERS that requires death benefits to be divided, death benefits will be paid according to the QDRO. (See the brochure “Divorce and IPERS Benefits” for more information about QDROs.)

If there is no valid beneficiary designation on file, benefits will be paid in the following order to the member's:

1. Estate; or if none,
2. Spouse; or if none,
3. Child(ren) (divided equally); or if none,
4. Parents; or if none,
5. Siblings (divided equally).

If you are both an IPERS member and a beneficiary, you may receive IPERS pension and death benefits at the same time.

## Payments to Minors

If the designated beneficiary is a minor, death benefits must be paid to a custodian or conservator. If the death benefit amount is:

- Less than \$25,000, payment may be made to the minor's adult custodian.
- \$25,000 or *more*, the benefit must be paid to a court-established conservator.

If the minor will reach age 18 before the filing deadline, the minor may wait until he or she reaches age 18 to apply for benefits. Be sure to contact IPERS as soon as possible to ensure that benefits are claimed within the required time period to avoid forfeiture of death benefits.

## When to File a Claim

Claims for death benefits should be filed as soon as possible after the member's death. The required filing date is set by the IRS and may vary according to your situation. If a claim for death benefits is not made by the required filing date, death benefits may be forfeited. If there is more than one designated beneficiary and some beneficiaries apply for death benefits within the required timeframe and others do not, any unclaimed benefits will be paid pro rata to those who filed timely claims. Contact IPERS to find out your required filing date.



### Contact IPERS as Soon as Possible After a Member's Death

Beneficiaries should contact IPERS as soon as possible after a member's death. If an application is not filed by the required filing date, benefits may be forfeited.

## IF AN IPERS MEMBER DIES BEFORE RETIREMENT— PRERETIREMENT DEATH BENEFITS

IPERS provides death benefits if a member dies before beginning to receive IPERS retirement benefits. How IPERS pays out the benefits depends on the beneficiary(ies) and the member's vested status.

- **If the member was not vested:** Regardless of the number or type of beneficiary(ies) designated, death benefits will be paid as a lump-sum payment.
- **If the member was vested:** If there is only one individual designated as the beneficiary, the beneficiary may choose between a lump-sum payment or a lifetime monthly benefit (provided the monthly benefit is \$50 or more). Otherwise, benefits will be paid as a lump-sum payment.

An IPERS member is vested when the member has completed 4 years of service or the member is working and making contributions to IPERS at age 55, whichever occurs sooner.

### Example 1

#### Preretirement Death Benefit (Member With 15.25 Years of Service)

After working for an IPERS-covered employer for 15.25 years, Bill dies at age 42. At the time of his death, his highest 3-year average salary is \$45,635. Bill's lump-sum preretirement death benefit would be \$46,744.

### Example 2

#### Preretirement Death Benefit (Member With 21 Years of Service)

After working for an IPERS-covered employer for 21 years, Jane dies at age 59. At the time of her death, her highest 3-year average salary is \$42,000. Jane's lump-sum preretirement death benefit would be \$147,000.

For more information about how death benefits are calculated, contact IPERS.

#### Line-of-Duty Death Benefit

Some IPERS members are considered "Special Service." Special Service members include sheriffs, deputy sheriffs, and many other protection occupations. If a Special Service member's death is the direct result of a personal injury incurred in the line of duty, a line-of-duty death benefit of up to \$100,000 may be payable. The line-of-duty benefit will be paid as a lump sum and is in addition to any other death benefits that are payable (not to exceed the Internal Revenue Code maximum). If you are a beneficiary of a Special Service member, please contact IPERS to see if you are eligible.



## IF AN IPERS MEMBER DIES AFTER RETIREMENT— POSTRETIREMENT DEATH BENEFITS

If a member dies after retirement payments begin, death benefits will be based on the member's payment election at retirement. IPERS offers six option choices as highlighted below.

If the Member's Retirement Benefit Was Paid as an...	The Beneficiary Benefits Are...	Example																
<b>Option 1:</b> Annuity With Fixed Lump-Sum Survivor Benefit	A lump-sum payment based on the amount elected by the member. The death benefit cannot exceed the amount of the member's total contributions plus interest.	<i>Joe retires 2 months before his 59th birthday after working in IPERS-covered employment for 21 years and earning a high 3-year average salary of \$42,014.26. His wife is age 60 and 10 months. His IPERS contributions plus interest total \$44,563.91. Here's the amount of his benefit and the death benefit payable to his wife under each option.</i>																
		<b>Monthly Benefit Payable to Joe:</b> \$1,331.76																
		<b>Minimum Lump-Sum Benefit Payable to Joe's Wife in the Event of His Death:</b> \$1,000																
		<b>Maximum Lump-Sum Benefit Payable to Joe's Wife in the Event of His Death:</b> \$44,000 (Joe's monthly benefit would be \$1,249.20.)																
<b>Option 2:</b> Annuity With Variable Decreasing Lump Sum	A lump-sum payment equal to the member's contributions plus interest minus the total retirement benefits the member received before his or her death.	<b>Monthly Benefit Payable to Joe:</b> \$1,330.80 <b>Benefit Payable to Joe's Wife in the Event of His Death:</b> \$12,624.71 after 2 years. After Joe receives 34 monthly payments, there will not be any death benefit payable to his wife.																
<b>Option 3:</b> Single Life Annuity	No death benefit is payable.	<b>Monthly Benefit Payable to Joe:</b> \$1,333.68 <b>Benefit Payable to Joe's Wife in the Event of His Death:</b> None																
<b>Option 4:</b> 100%, 75%, 50%, or 25% Joint and Survivor Annuity	A monthly benefit for the remainder of the beneficiary's life in the amount of 100%, 75%, 50%, or 25% (based on the member's election) of the monthly benefit the member was receiving before his or her death.	<b>Monthly Benefit Payable to Joe:</b> <table border="1" data-bbox="1231 1187 1873 1284"> <thead> <tr> <th>100%</th> <th>75%</th> <th>50%</th> <th>25%</th> </tr> </thead> <tbody> <tr> <td>\$1,174.50</td> <td>\$1,210.62</td> <td>\$1,249.04</td> <td>\$1,289.97</td> </tr> </tbody> </table> <b>Monthly Benefit Payable to Joe's Wife in the Event of His Death:</b> <table border="1" data-bbox="1231 1357 1873 1455"> <thead> <tr> <th>100%</th> <th>75%</th> <th>50%</th> <th>25%</th> </tr> </thead> <tbody> <tr> <td>\$1,174.50</td> <td>\$907.96</td> <td>\$624.52</td> <td>\$322.49</td> </tr> </tbody> </table>	100%	75%	50%	25%	\$1,174.50	\$1,210.62	\$1,249.04	\$1,289.97	100%	75%	50%	25%	\$1,174.50	\$907.96	\$624.52	\$322.49
100%	75%	50%	25%															
\$1,174.50	\$1,210.62	\$1,249.04	\$1,289.97															
100%	75%	50%	25%															
\$1,174.50	\$907.96	\$624.52	\$322.49															

**Example**

*Joe retires 2 months before his 59th birthday after working in IPERS-covered employment for 21 years and earning a high 3-year average salary of \$42,014.26. His wife is age 60 and 10 months. His IPERS contributions plus interest total \$44,563.91. Here's the amount of his benefit and the death benefit payable to his wife under each option.*

**If the Member's Retirement Benefit Was Paid as an...**

**The Beneficiary Benefits Are...**

**Option 5:**  
120-Month Term Certain Annuity

If the member dies before receiving 120 payments, the beneficiary will be eligible for a benefit. If the member already received 120 or more payments at the time of death, no payments will be made to a beneficiary.

If the beneficiary is an individual, the beneficiary will receive a monthly benefit for 120 months minus the number of payments the member received.

If the beneficiary is several individuals, a trust, or an estate, payments will be made as a lump sum.

**Option 6:**  
100%, 75%, 50%, or 25% Joint and Survivor Annuity With Pop-Up Annuity

A monthly benefit for the remainder of the beneficiary's life in the amount of 100%, 75%, 50%, or 25% (based on the member's election) of the monthly benefit the member was receiving before his or her death.

**Monthly Benefit Payable to Joe:** \$1,301.79

**Monthly Benefit Payable to Joe's Wife in the Event of His Death After 24 Months:** \$1,301.79 for 96 months; thereafter, no benefits payable.

**OR**

Assuming Joe had multiple beneficiaries, the lump sum payable if Joe dies after 24 months of pension payments is \$97,600.52.

**Monthly Benefit Payable to Joe:**

100%	75%	50%	25%
\$1,157.91	\$1,197.43	\$1,239.75	\$1,285.16

**Monthly Benefit Payable to Joe's Wife in the Event of His Death:**

100%	75%	50%	25%
\$1,157.91	\$898.07	\$619.87	\$321.29

**Please Note:** *Special Service members (sheriffs, deputy sheriffs, and many other protection occupations) have an additional payment option available that is not described above. Contact IPERS for more information.*

## APPLYING FOR DEATH BENEFITS

To receive any death benefits you may be eligible for, you must file an application with IPERS and complete the necessary supporting paperwork.



Beneficiaries should contact IPERS **as soon as possible** after a member's death. Benefits must be paid by the required filing date; otherwise, benefits may be forfeited. In the event of a member's death, you should:

- Contact IPERS as soon as possible.
- Complete an application for benefits.
- Submit the completed application and supporting documentation as soon as possible.

## Rolling Over Benefits

If you are a surviving spouse and elect to receive your benefits as a lump sum, you may be eligible to roll over your death benefit into another qualified retirement plan. If you are a beneficiary but not a surviving spouse, you may be eligible to roll over your death benefit to an IRA.

## Maximum Death Benefits

The amount of death benefits a beneficiary is eligible to receive may be limited. For example, according to the Internal Revenue Code, preretirement lump-sum death benefits for a 401(a) plan cannot exceed 100 times the expected monthly payout the member would have received under Option 2 if the member reached normal retirement age (generally age 65 or age 62, based on years of service) at the time of his or her death. Line-of-duty death benefits may be reduced to comply with this requirement.

## Stopping Monthly Benefits for Retirees

If a member dies while receiving monthly retirement benefits, the monthly payments stop the month following the member's death (for example, if a member dies in July, the last monthly pension payment will be made in July). If any additional retirement benefit payments are made after the month of the member's death, these payments must be returned to IPERS.

## Tax Information

As a beneficiary, there is tax information you should be aware of if you are receiving or will receive death benefits.

You may receive one or more IRS Form 1099Rs from IPERS in the year of the member's death. If IPERS benefits are payable, one 1099R will be in the beneficiary's name. You may receive other 1099Rs in the member's name depending on your relationship to the member. You will receive one 1099R in each following year if you receive death benefits as a monthly payment.



### Important

This booklet briefly explains certain rights and benefits of IPERS membership. It is not a substitute for federal and state laws governing IPERS, which provide complete information and are subject to change. Although IPERS makes every attempt to ensure its materials are accurate and up to date, any conflict between the contents of the booklet and law must be resolved in favor of the law. The Member Handbook provides a more detailed description of IPERS benefits. It is available electronically on the IPERS Web site or in print by contacting IPERS.

## CONTACT US

We're here to help you! If you have questions about IPERS, please don't hesitate to contact us.



### **By mail**

P.O. Box 9117  
Des Moines, IA 50306-9117



### **In person**

7401 Register Drive  
Des Moines, IA 50321  
8 a.m.-4:30 p.m., Monday-Friday



### **Phone**

515-281-0020 or toll-free 1-800-622-3849  
7:30 a.m.-5 p.m., Monday-Friday



### **Fax**

515-281-0053



### **E-mail**

[info@ipers.org](mailto:info@ipers.org)



### **Web site**

[www.ipers.org](http://www.ipers.org)

---

Please contact IPERS to request an alternative format of this publication. Additional brochures are available on our Web site or upon request.

