



For IPERS *Beneficiaries*

Important Information About IPERS Death Benefits



IPERS[®]

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Important Information About IPERS Death Benefits

IPERS provides financial protection to members' beneficiaries. We'll help you understand how IPERS death benefits work and what you need to do to begin receiving benefits.



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 on the IPERS website.

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 may have been named as a beneficiary of an IPERS member who has passed away, please call IPERS to find out if you are eligible for death benefits.



Eligibility for Death Benefits

An 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 a portion of death benefits to be payable to an alternate payee, death benefits will be paid according to the QDRO. (See the brochure *Divorce and IPERS Benefits* for more information.)

IF A VALID BENEFICIARY DESIGNATION IS NOT 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 your IPERS pension and death benefits from another member's IPERS account at the same time.

When to File a Claim

File your claim for death benefits 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.

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. Contact IPERS as soon as possible so you can ensure that benefits are claimed within the required time period and avoid forfeiture of death benefits.

Preretirement Death Benefits

IPERS provides death benefits if a member dies before beginning to receive IPERS retirement benefits. The type of benefits available 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 would be \$50 or more). Otherwise, benefits will be paid as a lump-sum payment.

Vesting Rules

Before July 1, 2012, IPERS members became vested by:

- Completing four years of service, or
- Reaching age 55 while in covered employment.

Beginning July 1, 2012, Regular members (most of the membership) become vested by:

- Completing seven years of service, or
- Reaching age 65 while in covered employment.

Sheriffs/deputies and members in protection occupations vest under the pre-July 1, 2012, vesting rules.

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. The total amount cannot 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.

Death Benefit Calculation

Death benefit = The actuarial present value of your accrued benefit as of date of death

OR:

$$\text{Death benefit} = \left[\text{Your accumulated contributions} + \left(\frac{\text{Your highest annual covered wage} \times \text{Years of service}}{30^*} \right) \right]$$

**The denominator is 22 for all Special service occupations.*

IPERS will calculate the death benefit using both formulas. The beneficiary will receive the highest amount.

Postretirement Death Benefits

If a member dies after retirement payments begin, death benefits will be based on the the option the member chose at retirement. IPERS offers six option choices as highlighted below. For Options 4 and 6, members designate a contingent annuitant instead of a beneficiary. A contingent annuitant is someone who may receive monthly death benefits.

Option	The Beneficiary Benefits Are...
1 Annuity With Fixed Lump-Sum Survivor Benefit	A lump-sum payment in an amount specified by the member. The death benefit cannot exceed the amount of the member's total contributions plus interest.
2 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.
3 Single Life Annuity	No death benefit is payable.
4 100%, 75%, 50%, or 25% Joint and Survivor Annuity	A monthly benefit for the remainder of the contingent annuitant'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.
5 120-Month Term Certain Annuity	<p>If the member dies before receiving 120 payments, the beneficiary will be eligible for a benefit.</p> <p>If the beneficiary is an individual, the beneficiary will receive a monthly benefit for 120 months minus the number of payments the member received.</p> <p>If the beneficiary is several individuals, a trust, or an estate, payments will be made as a present value lump sum.</p>
6 100%, 75%, 50%, or 25% Joint and Survivor Annuity With Pop-Up Annuity	A monthly benefit for the remainder of the contingent annuitant'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.

Contact IPERS After a Member's Death

After a member's death, contact IPERS as soon as possible. IPERS' privacy policy prevents the release of beneficiary or other confidential information to third-parties.

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.

Applying for Death Benefits

To receive death benefits, you must file an application with IPERS. Benefits must be paid by the required filing date; otherwise, they may be forfeited. Supporting documentation may be required with your application, so it's to your advantage to begin the process 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 or an Individual Retirement Account (IRA). If you are a beneficiary (not a surviving spouse), contact your financial planner for rollover options.

Maximum Death Benefits

The amount of your death benefits may be limited by law. 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.

Tax Information

You may receive an IRS Form 1099-R in the member's name, depending on your relationship to the member.

If you receive IPERS death benefits, you will also receive a 1099-R each year you receive benefits.

A Difficult Time

We understand that losing a loved one is hard. Call IPERS if you have questions about this information. We are here to help.

When an IPERS member passes away, follow the steps below:

- Notify IPERS of the death as soon as possible. Anyone can report a death; it is better for IPERS to receive the information from several people than from no one. You can:
 - Use the fillable form on our website. Go to Members, then to Report a Member's Death.
 - Email info@ipers.org.
 - Call 1-800-622-3849, 7:30 a.m.–5 p.m., Monday–Friday.
- IPERS will notify the beneficiary(s) and provide required application.
- Fill out the application and attach any required documentation.
- Submit the application and documentation to IPERS as soon as possible so we can confirm your application is complete, or, if necessary, request additional information before the required filing date.

Questions? *Contact us.*

www.ipers.org

info@ipers.org

515-281-0020

1-800-622-3849 (toll-free)

Monday–Friday

7:30 a.m.–5 p.m. Central Time

Fax: 515-281-0053



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