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Survivor Benefits

PERA is currently revising this publication to reflect changes as a result of the enactment of Senate Bill 10-001.

**Colorado
Public
Employees'
Retirement
Association**

Effective January 1, 2010

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Overview

In the event of your death before retirement, PERA provides benefits to your qualified survivors or named beneficiary(ies). The statutes and rules governing eligibility for survivor benefits and the order in which your qualified survivors receive benefits are different under the PERA and DPS benefit structures. If your membership status allowed you to exercise portability between the PERA and DPS benefit structures, and you now have a frozen account, your frozen account is considered to be an inactive member contribution account for purposes of survivor benefit eligibility.

Keep this booklet with your important papers and in the event of your death, your survivors or named beneficiary should promptly notify PERA of your death by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

PERA Benefit Structure

The order in which your qualified survivors receive benefits depends on whether or not you are eligible for retirement at the time of your death.

Member Eligible for Retirement

If you are an active Colorado PERA member and you are eligible for retirement, (see Retirement Eligibility chart above), your qualified survivors are as follows, listed in order of eligibility:

Retirement Eligibility	
Minimum Service Credit	Minimum Age
25 years	50
20 years	55
5 years	60
Less than 5 years	65

1. **Cobeneficiary:** The person designated by you after you are eligible for retirement benefits to receive an Option 3 Benefit. (To select a cobeneficiary to receive this benefit, call PERA and request an *Option 3 Declaration Form*.)

Benefit: Your cobeneficiary will receive an Option 3 Benefit.

2. **Spouse:** The person to whom you were married on the date of your death.

Benefit: Your surviving spouse will receive an Option 3 Benefit.

See Glossary on page 8 for definitions of PERA HAS, Option 3 Benefit, Lump-Sum Payment, and Named Beneficiary

3. **Children:** Natural or adopted, unmarried, under age 18, or under age 23 if enrolled full-time in an accredited school within six months after your date of death. Natural is limited to children conceived before the death of the member and brought to term within the normal gestation period following the member's death.

Benefit: One qualifying child receives 40 percent of your HAS; two or more qualifying children share 50 percent of your HAS equally. This benefit continues to be payable to the child until that child is no longer qualified.

4. **Disabled Adult Children:** Children who become mentally or physically incapacitated from gainful employment prior to marrying or reaching age 18 (or age 23 if enrolled full-time in school).

Benefit: A disabled adult child may continue to receive a child's survivor benefit as explained in number 3 above, and the benefit will continue until the child is married or no longer disabled.

5. **Dependent Parents:** Financially dependent parents who receive at least 50 percent of their support from you as documented by IRS tax returns at the time of your death.

Benefit: One dependent parent receives 25 percent of your HAS; two dependent parents share 40 percent of your HAS.

6. **Named Beneficiary:** If there are no qualified survivors to receive a monthly benefit, your named beneficiary will receive a lump-sum payment.

Note: Surviving spouses and dependent parents who are eligible for a monthly benefit and who are also a named beneficiary on your account may elect to receive a lump-sum payment in lieu of a monthly benefit, if there are no other qualified survivors.

Member Not Eligible for Retirement

If you are an active Colorado PERA member with at least one year of earned service and you are not eligible for retirement when you die, your qualified survivors are listed on page 3 in order of eligibility. If your death is job-related, this service credit minimum is waived.

1. **Children:** Natural or adopted, unmarried, under age 18, or under age 23 if enrolled full-time in an accredited school within six months after your date of death. Natural is limited to children conceived before the death of the member and brought to term within the normal gestation period following the member's death.

Benefit: One qualifying child receives 40 percent of your HAS; two or more qualifying children share 50 percent of your HAS equally. This benefit continues to be payable to the child until that child is no longer qualified.

2. **Spouse:** The person to whom you were married on the date of your death.

Benefits are as follows:

- **If your death is job-related**, your surviving spouse may elect to immediately begin receiving an Option 3 Benefit.
- **If you have between one and 10 years of service credit at the time of your death**, your surviving spouse, at age 60, is eligible to begin receiving a monthly benefit equal to 25 percent of your HAS. If PERA determines that your surviving spouse is disabled, the benefit is payable immediately.
- **If you have 10 or more years of service credit at the time of your death**, your surviving spouse will immediately begin receiving an Option 3 Benefit, provided there are no qualified children. A surviving spouse would begin receiving this benefit immediately following the conclusion of qualifying children's receipt of survivor benefits.

3. **Disabled Adult Children:** Children who become mentally or physically incapacitated from gainful employment prior to marrying or reaching age 18 (or age 23 if enrolled full-time in school).

Benefit: A disabled adult child may continue to receive a child's survivor benefit as explained in number 1 above, and the benefit will continue until the child is married or no longer disabled.



4. **Dependent Parents:** Financially dependent parents who receive at least 50 percent of their support from you as documented by Internal Revenue Service (IRS) tax returns at the time of your death.

Benefit: One dependent parent receives 25 percent of your HAS; two dependent parents share 40 percent of your HAS.

5. **Named Beneficiary:** If there are no qualified survivors to receive a monthly benefit, your named beneficiary will receive a lump-sum payment.

Note: Surviving spouses and dependent parents who are eligible for a monthly benefit and who are also a named beneficiary on your account may elect to receive a lump-sum payment in lieu of a monthly benefit, if there are no other qualified survivors.

Less Than One Year of Service Credit

If you should die with less than one year of PERA service credit and your death is not job related, your named beneficiary will receive a lump-sum payment.

Inactive Member

If you are an inactive member with at least five years of Colorado PERA service credit, the following will occur in the event of your death:

Your surviving spouse is eligible to receive an Option 3 Benefit beginning on the date you would have been eligible to receive a reduced service retirement benefit.

If you have no surviving spouse, your named beneficiary will receive a lump-sum payment.

If you are an inactive member with less than five years of PERA service credit, the following will occur in the event of your death:

Your named beneficiary will receive a lump-sum payment.

Your survivors, in some cases, may qualify for survivor benefits if you earned at least six months of PERA service credit within the three years preceding your death and you died from the same illness or injury that caused you to terminate PERA-covered employment.

DPS Benefit Structure

Your qualified survivors are eligible for survivor benefits at the time of your death as long as the named beneficiary waives his or her right to receive a refund of your contributions and:

- At the time of your death, you are an active DPS benefit structure member and you have earned at least five years of service credit under the DPS benefit structure; or
- You qualified for disability retirement after July 1, 1962, and have yet to meet the age requirement for recalculation of your disability retirement benefits.

If the eligibility requirements are not met, your named beneficiary will receive a lump-sum payment.

If the eligibility requirements are met, your qualified survivors are as follows (multiple individuals may be eligible to receive benefits at the same time):

1. **Children:** Natural or adopted, unmarried, under age 18, or under age 23 if enrolled full-time in an accredited school within four months after your date of death. If a qualified child is adopted by anyone other than your surviving spouse who has not remarried, the benefit will terminate.

Benefit: Up to three qualifying children will each receive the greater of \$160 or 10 percent of your HAS. Four or more qualifying children will receive the greater of \$480 or 30 percent of your HAS, split equally.

2. **Disabled Children:** Children of any age who are mentally or physically incapacitated from gainful employment, provided that they are unmarried and financially dependent upon you at the time of your death.

Benefit: A disabled child will receive a child's survivor benefit as explained in number 1 above.

3. **Spouse With Custody of Children:** The person to whom you were married on the date of your death who has custody of children, as described in number 1 above.

Benefit: Your spouse's benefit will be offset by the benefit received by your children, as described in numbers 1 and 2 above.

See Glossary on page 8 for definitions of DPS HAS, Option B and P3 Benefits, Option B Beneficiary, Named Beneficiary, and Lump-Sum Payment

Benefits are as follows:

- **If you have less than 15 years of earned service credit at the time of your death**, your surviving spouse will receive the greater of \$480 or 30 percent of your HAS.
- **If you have between 15 and 25 years of earned service credit at the time of your death**, your surviving spouse will receive the greater of \$480 or 40 percent of your HAS.
- **If you have 25 years or more of earned service credit at the time of your death**, your surviving spouse will receive the greater of \$480 or 40 percent of your HAS, increased by 2 percent of HAS for each year of service credit in excess of 25 years.

4. **Spouse Without Custody of Children:** The person to whom you were married on the date of your death, without custody of your qualified children. Your spouse will be eligible for a benefit at age 60, or at age 50, if you had at least 15 years of earned service credit on your date of death.

Benefit: If your spouse is age 60 or older, he or she will receive the lesser of \$480 or 30 percent of your HAS. If your spouse is at least 50 years of age, he or she will receive the greater of \$480 or 30 percent of your HAS, increased by one percent of HAS for each year of service over 15.

5. **Dependent Parents:** A parent who has not remarried since your death and who received at least 50 percent of his or her support from you, and who has been receiving support for at least 6 months prior to your death. Dependent parents are not eligible for benefits if there are other qualified survivors who are receiving benefits.

Benefit: Greater of \$240 or 10 percent of your HAS.

6. **Named Beneficiary(ies):** The person(s) designated by you as the named beneficiary(ies) of your account. Your named beneficiary(ies) is only eligible for survivor benefits if you were eligible for service or reduced service retirement at the time of your death.

Benefit: Your named beneficiary may elect to receive either an Option B or an Option P3 benefit, or may elect to receive survivor benefits as described above if he/she is a qualified survivor.

Inactive Member

If your membership status allowed you to exercise portability and you have a frozen account, your account is considered to be inactive and your survivors would not be eligible for survivor benefits upon your death.

Health Care Coverage

Survivors receiving a monthly benefit and the guardians of any children receiving monthly survivor benefits are eligible to enroll in the PERACare Health Benefits Program. The Program offers health care, dental, and vision plans. Survivors must enroll within 30 days after the first day that survivor benefits are payable.

If a survivor is receiving a benefit based on an account in the PERA benefit structure, PERA subsidizes a portion of the monthly premium based on the deceased member's years of service credit. If a survivor is receiving a benefit based on an account in the DPS benefit structure, no subsidy is available.

Taxes on PERA Benefits

Survivors who receive a monthly benefit must instruct PERA regarding how much to withhold for tax purposes on the *Withholding Preference Form* located in the *Taxes on PERA Benefits* booklet.

If you are a state trooper and are killed in the line of duty, your surviving spouse and qualified children may be exempt from federal income tax. Consult a tax adviser to determine if they would qualify for this exemption under Section 101(h) of the federal Internal Revenue Code.

Glossary of Terms Used in This Booklet

PERA Highest Average Salary (HAS) is one-twelfth of the average of the highest annual salaries on which PERA contributions were paid that are associated with three periods of 12 consecutive months of service credit.

DPS Highest Average Salary (HAS) is the average monthly salary of the 36 months of earned service having the highest salaries.

PERA Option 3 Benefit is a lifetime monthly benefit based on a member's age, service credit, and on the age and life expectancy of the survivor at the time of the member's death.

DPS Option B Benefit is a lifetime monthly benefit based on a guaranteed period of payments determined at the time of the member's death.

DPS Option B Beneficiary is the person(s) designated to receive the remainder of monthly benefits should the retiree die before the end of the guaranteed period of payments.

DPS Option P3 Benefit is a lifetime monthly benefit based on a member's age and service credit, and on the age and life expectancy of the survivor at the time of the member's death.

Lump-Sum Payment is a single payment of a deceased member's contributions and interest. Under the PERA benefit structure, the payment includes a 100 percent match on contributions and interest. The DPS benefit structure does not have a match.

Named Beneficiary is the person(s) or entity you designate to receive a lump-sum payment of any remaining moneys credited after all monthly benefits have been paid.

For More Information


- Visit PERA's Web site at www.copera.org.
- Attend a PERA Benefit Information Meeting.
- Write to PERA at PO Box 5800, Denver, Colorado 80217-5800. Please include your Social Security number with requests for personal information.
- Request an estimate of survivor benefits based on your current circumstances by calling PERA at 303-832-9550 or 1-800-759-7372 and providing the date of birth for your spouse and children, and dependent parents if applicable.
- Visit the PERA offices at 1301 Pennsylvania Street in Denver or in Westminster at 1120 West 122nd Avenue.



This booklet contains general information about Colorado PERA's survivor benefits program. Your rights, benefits, and obligations as a PERA member are governed by Title 24, Article 51 of the Colorado Revised Statutes, and the Rules of the Colorado Public Employees' Retirement Association, which take precedence over any interpretations in this booklet.

Colorado Public Employees' Retirement Association
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