

# 9. Survivor Benefits

**T**he Defined Benefit Program provides benefits to survivors when your death occurs either before or after your retirement. These benefits provide a basic level of security for your survivors. There are two types of coverage: Coverage A, Family Allowance, and Coverage B, Survivor Benefit.

## Coverage A or Coverage B—Family Allowance or Survivor Benefit

If you became a CalSTRS member after October 15, 1992, your survivors are protected under Coverage B, Survivor Benefit. If you were a CalSTRS member before that date, you were offered the choice of either Coverage A or Coverage B. Check your *Retirement Progress Report* for which coverage you have or call us at 800-228-5453. You can also view your information at *myCalSTRS*. Go to [www.CalSTRS.com](http://www.CalSTRS.com) and log in or register to access *myCalSTRS*.

## One-Time Death Benefit

Under both Coverage A and B, a one-time death benefit is payable to your eligible named recipient. The amount of this benefit depends on your coverage and whether you die before or after your retirement. If you do not name a recipient, your estate will receive the one-time death benefit. For more information on one-time death benefit recipients, see [Section 5](#), *Approaching Retirement*.

## Monthly Benefits

Monthly benefits may be paid to your eligible survivors if you die before retirement or if you are receiving a disability benefit at the time of death.



*The Defined Benefit Program provides benefits to survivors when your death occurs either before or after your retirement.*

## Less Than One Year of Service Credit

If you have less than one year of service credit, the benefit payable to your death benefit recipient is a refund of your accumulated Defined Benefit and Defined Benefit Supplement contributions and interest.

## Reporting the Death of a Member or Benefit Recipient

CalSTRS should be notified as soon as possible of the death of a member, option beneficiary or CalSTRS benefit recipient. You can either call us at 800-228-5453 or write to us at

CalSTRS  
P. O. Box 15275  
Sacramento CA 95851-0275

We will need the following information:

- Deceased person's name and Social Security number or Client ID.
- Date of death.
- Deceased person's status immediately preceding death: retired, disabled, a member in active teaching status, option beneficiary or other benefit recipient.
- Name, address and telephone number of contact person.

### **Survivor Benefit Application Processing**

After we learn of a member's death, we will assign a caseworker who contacts the recipients by letter. The letter includes the caseworker's name, telephone number and other important information.

We must have a copy of the death certificate to process an application for benefits. We may request additional information or documentation as well. CalSTRS payments issued to the deceased member after the date of death must be returned to us or they may be deducted from subsequent benefits.

### **Payment of Benefits**

CalSTRS generally pays benefits to recipients within 45 days of receiving the last required document. Payment may be delayed if we do not:

- Receive documentation such as marriage or death certificates in a timely manner.
- Have a *One-Time Death Benefit Recipient* form on file that identifies the current name and address of the recipient or recipients.

### **Coverage A—Family Allowance If You Die Before Retirement**

Under Coverage A, benefits are payable to your survivors if you became a member of CalSTRS before October 16, 1992, and did not elect Coverage B in the election held between October 1992 and April 1993.

### **One-Time Death Benefit**

Under Coverage A, if you die before retirement, CalSTRS pays a one-time death benefit to your named recipient or recipients. (This amount is adjusted periodically by the Teachers' Retirement Board). The amount through June 30, 2009, is \$6,163. If you name more than one recipient, the payment is divided equally, unless you specified other percentages of distribution. If you do not name a one-time death benefit recipient, CalSTRS must make the payment to your estate.

For CalSTRS to pay this benefit you must have had one year or more of credited service and your death must have occurred during one of the following periods:

- While performing creditable service or receiving a disability benefit.
- Within four months after you terminated employment or last earned creditable service.
- Within four months after you terminated a disability benefit if no service was performed after the termination.
- Within 12 months of the last day for which compensation was paid, if you were on an approved leave of absence without compensation for reasons other than disability or military service.

If you worked part time, your death must have occurred within four months after ending employment or earning service credit.

In addition to these qualifications, if you took a refund of accumulated retirement contributions, the benefit can be paid only if you have subsequently performed one year of credited service.

### **Eligibility for Family Allowance**

For your survivors to be eligible for the monthly family benefit, you must have met the same eligibility requirements as those for the one-time death benefit described earlier and you:

- Cannot have a preretirement election of an option in effect.
- Must have earned one year of credited CalSTRS service since reinstatement from service retirement, if applicable.
- Must have earned at least one-half year of credited service after a break in service of more than one year, if applicable.

Under Coverage A, a monthly family benefit is payable to:

### **1. The surviving spouse or registered domestic partner with eligible dependent children**

A dependent child is eligible if he or she is all of the following:

- Your natural or adopted child or stepchild and not adopted by a person other than your spouse or partner.
- Born no later than 10 months after the date of your death.
- Under age 22.
- Unmarried or unregistered as a domestic partner at the time of your death.
- Financially dependent on you on the date of your death or on the effective date of your disability, if you died while receiving a disability benefit.

Your surviving spouse or registered domestic partner will receive 40 percent of your final compensation and 10 percent of your final compensation for each eligible dependent child up to a maximum of 50 percent for five or more children. The maximum family benefit is 90 percent of your final compensation. The benefit is payable as long as your eligible dependent child is under age 22 and is neither married nor a registered domestic partner. (See the example on the next page.)

### **2. Eligible dependent children, but no surviving spouse or registered domestic partner**

If you have eligible dependent children, but no surviving spouse or partner, your children are eligible for 10 percent of your final compensation for each child up to a maximum benefit of 50 percent. If you have more than five eligible children, they will



share equally in the total 50 percent of final compensation. Benefits to each eligible dependent child will end on the day before each child reaches age 22, marries or registers as a domestic partner, or dies. When all of your children are no longer eligible for a benefit, any remaining contributions and interest in your account, less all monthly benefits paid, will be paid to the recipient or recipients you named to receive the one-time death benefit. If you did not name a recipient, CalSTRS must make the payment to your estate.

### **3. The surviving spouse or partner with no eligible dependent children**

If you have no eligible dependent children, or when your last child is no longer eligible, your surviving spouse or registered domestic partner may elect to receive either:

- A return of the accumulated Defined Benefit contributions and interest in your account at the time of your death, less all monthly benefits paid.

OR

- A monthly benefit payable for life. The calculation is based on the projected service credit and projected final compensation you would have accrued if you had retired at age 60 and selected the 50% Beneficiary Option. (This calculation will also include service credit for your unused sick leave if you became a CalSTRS

member before July 1, 1980, or you die on or after January 1, 1999.) The benefit is reduced by an option factor based on your and your spouse's or partner's birth dates. Your spouse or partner will receive one-half of your reduced benefit. If the monthly benefit is paid before age 60, the amount is actuarially reduced. The calculation will also include service credit for your unused sick leave.

Neither the longevity bonus nor career factor is part of the calculation for monthly coverage at age 60 because your death occurred before retirement. For details, see Section 6, Your Retirement Benefit.

#### 4. Dependent parents

A benefit can be paid to your dependent parents if you have no surviving spouse or registered domestic partner and no eligible children. A parent will be paid a monthly payment for life beginning at age 60. If the dependent parent is under age 60, he or she may elect to receive an actuarially reduced benefit for life. For more information about eligibility requirements for this benefit, contact us at 800-228-5453.

#### 5. Named recipient

If there is no surviving spouse, partner, eligible dependent children or dependent parents, any remaining Defined Benefit contributions and interest in your account will be paid to the recipients you named to receive your one-time death benefit. If no recipient was named, CalSTRS must make the payment to your estate.

#### Offsets

CalSTRS must reduce the family allowance benefit under Coverage A by the amount of benefits payable by other public systems because of a member's death. Other public systems include Social Security, federal civil service retirement, federal military disability, railroad retirement, and any other public retirement system, including disability programs financed from public funds.

Recipients of a family allowance benefit must send a copy of any award letters to us so that we can adjust their payments.

#### Family Allowance Example

Rob dies at age 40. Rob's survivors include his wife Linda and three eligible dependent children.

Linda will receive a monthly family benefit of \$1,754 as long as she has three eligible dependent children. In addition, an annual benefit improvement increase of 2 percent of the basic benefit will be added to the monthly payment each September, beginning a year after Rob's death. As each child becomes ineligible, that child's increment will no longer be included in the basic benefit.

When her youngest child reaches age 22, or is no longer eligible, Linda will have to make a choice. She may choose one of these three options:

- Take the remaining Defined Benefit contributions and interest in Rob's account, less all previously paid benefits.
- Receive the surviving spouse benefit payable for life once she reaches age 60. She will receive a monthly payment of \$1,353.85, based on Rob's projected service and projected final compensation.

#### Family Allowance Example

##### Coverage A

Member: Rob, age 40	
Spouse: Linda, age 40	
Children: Mike, 15; Robert, 10; & Sandy, 5	
Service Credit: 10 years	
Final Compensation	\$3,220
a. Spouse's benefit	
40% x \$3,220	= \$1,288
b. Children's increment	
3 x 10% x \$3,220	+ \$966
Family allowance benefit with eligible children (a+b)	= \$2,254
Less Social Security offset	- \$500
<b>Amount payable by CalSTRS</b>	<b>= \$1,754</b>

- Receive a reduced surviving spouse benefit—before age 60—based on her age at that time.

### **Coverage B—Survivor Benefit If You Die Before Retirement**

Under Coverage B, benefits are payable to your survivors if you became a member of CalSTRS on or after October 16, 1992, or elected Coverage B in the election held between October 1992 and April 1993.

### **Coverage B— One-Time Death Benefit**

Under Coverage B, if you die before retirement, CalSTRS pays a one-time death benefit to your named recipient or recipients. (This amount is adjusted periodically by the Teachers' Retirement Board.) The one-time death benefit is \$24,652 through June 30, 2009. If you name more than one recipient, the payment is divided equally, unless you specified other percentages of distribution. If you do not name a one-time death benefit recipient, CalSTRS must make the payment to your estate.

For CalSTRS to pay this benefit you must have had one year or more of service credit and your death must have occurred during one of the following periods:

- While in employment for which creditable compensation is paid.
- Within four months after you terminated employment or last earned creditable service.
- Within 12 months of the last day for which creditable compensation is paid, if you were on an approved leave of absence without compensation for reasons other than disability or military service.

If you worked part time, death must have occurred within four months after you ended employment or earned service credit. In addition, if you had taken a refund of contributions or had reinstated after retirement:

- You must have earned one year of service credit after your refund or reinstatement.

OR

- Six months must have elapsed since your reinstatement from disability retirement.

### **Qualifying for Monthly Survivor Benefits**

You must have met the same eligibility requirements as those for the one-time death benefit and you:

- Cannot have a preretirement election of an option in effect.
- Must have earned one year of credited CalSTRS service since reinstatement from service retirement, if applicable.
- Must have earned at least one-half year of service credit after a break in service of more than one year, if applicable.
- Must have died within four months after reinstatement from disability retirement, if you had reinstated to active membership from disability retirement.

### **Who Can Receive Survivor Benefits**

Under Coverage B, a monthly survivor benefit is payable to:

#### **1. Surviving spouse or registered domestic partner**

Under Coverage B, your surviving spouse or partner has the choice of receiving either a monthly benefit or a return of your Defined Benefit contributions and interest, whether or not there are eligible dependent children.

Your surviving spouse or registered domestic partner can begin receiving the survivor benefit either:

- Immediately as of the date of your death. The benefit is actuarially reduced if you were under age 60 at the time of death.

OR

- When you would have reached age 60.

The monthly benefit is calculated on your actual service credit and actual final compensation at the time of your death. If you die on or before age 60, your age and your spouse's or partner's age as of the date you would have attained age 60 are used in the calculation. The benefit your spouse or partner would receive would be one-half of the member benefit.

If you die after age 60, your age and your spouse's or partner's age as of the date of death will be used in the calculation. The survivor benefit calculation will also include service credit for your unused sick leave.

Neither the longevity bonus nor the career factor is part of the calculation for a monthly Coverage B survivor benefit because your death occurred before retirement. For details, see [Section 6](#), Your Retirement Benefit.

## **2. Eligible dependent children**

If you have eligible dependent children and your spouse or partner decides to take a survivor benefit, each child will also receive a monthly benefit.

If you have no surviving spouse or partner, but have eligible dependent children, each child will be eligible to receive a monthly benefit.

A child is eligible if all of the following apply, that is, he or she is all of the following:

- Your natural or adopted child or stepchild and not adopted by a person other than your spouse or partner.
- Born no later than 10 months after the date of your death.
- Under age 21.
- Financially dependent on you at the time of your death.

A benefit is not payable to your eligible dependent children if your surviving spouse or partner decides to receive a return of your Defined Benefit contributions and interest.

Your child's benefit begins on the day following the date of your death and is payable until the day before your eligible

dependent child reaches age 21 or dies, whichever occurs first, even if your spouse elects to wait to receive a monthly survivor benefit until your 60th birthday.

If your surviving spouse or partner dies before your eligible dependent children become ineligible, your children's benefits are still payable until the day before each eligible child reaches age 21 or dies. Once all children are no longer eligible for a benefit, any remaining Defined Benefit contributions and interest in your account, less all monthly benefits paid, will be paid to your death benefit recipient.

Each child's benefit is 10 percent of your final compensation, up to a maximum of 50 percent for five or more children.

## **3. Eligible dependent children, but no surviving spouse or registered domestic partner**

If you have dependent children, but no surviving spouse or registered domestic partner, each child is eligible for 10 percent of your final compensation for each child, up to a maximum benefit of 50 percent. If you have more than five eligible dependent children, they will share equally in the total 50 percent of final compensation. Benefits will end on the day before your child reaches age 21 or dies, whichever occurs first.

When all of your children are no longer eligible for a benefit, any remaining contributions and interest in your account, less all monthly benefits paid, will be paid to your one-time death benefit recipients. If you did not name a recipient, CalSTRS must make the payment to your estate.

## **4. If there is no surviving spouse, registered domestic partner or eligible dependent children**

No monthly benefits are payable to survivors if you have no surviving spouse, registered domestic partner or eligible dependent children. Your Defined Benefit accumulated retirement contributions and interest will be paid to your one-time death benefit recipients.

If no recipient was named, CalSTRS must make the payment to your estate.

### Offsets

The monthly survivor benefit under Coverage B is not reduced by benefits payable from other public systems such as Social Security.

### Survivor Benefit Example

Sharon dies at age 40. Her survivors include a spouse, David, and three children eligible for benefits. Her final compensation is \$3,220.

**David's choices:** David can choose the surviving spouse benefit or he can choose to take a refund of the contributions and interest in Sharon's Defined Benefit account. *However, if he does not elect a monthly benefit, the children are not entitled to monthly benefits.*

If David elects the survivor benefit, he will immediately receive 10 percent of final compensation for each child (\$322 each) as of the date of Sharon's death, until each eligible dependent child reaches age 21.

Then David can choose whether to receive his surviving spouse benefit when Sharon would have reached her 60th birthday (normal retirement age) and receive the full amount or he can choose to receive a reduced benefit immediately.

### NOTE

The surviving spouse benefit is calculated based on the amount of service credited at death, as if the member lived to age 60 and had retired naming him as a 50% Beneficiary Option beneficiary, which is 50 percent of the reduced benefit.

If David's choice is to defer receiving his surviving spouse benefit, their children will receive the following benefit immediately as of the date of Sharon's death:

**10% of final compensation for each child:  
\$322 x 3 children = \$966**

David would receive no spouse benefit until Sharon would have reached age 60, which would be 20 years from this time. He would then receive a spouse benefit of \$302.94 for the rest of his life. See the calculation in the Survivor Benefit Example.

If David elects to take his surviving spouse benefit immediately, the family will receive the following survivor benefit:

**David's reduced spouse benefit (see the next calculation) = \$52.86**

**10% of final compensation for each child  
(\$322 x 3 children) = \$966**

**Total = \$1,018.86**

Each dependent child's separate benefit will stop when that child reaches age 21. After David's last child is no longer eligible, he will continue to receive his spouse's benefit, \$52.86 per month in this case, for his lifetime. In addition, an annual benefit improvement increase of 2 percent of the basic benefit will be added each September, beginning a year after Sharon's death.

Here are the choices David must make for the spouse's monthly benefit:

**Defer benefit until Sharon's 60th birthday  
(see the Survivor Benefit example):  
\$644 x 0.9408 ÷ 2 = \$302.94**

OR

**Start benefit as of the date of Sharon's death  
\$302.94 x 17.45% (age 40 50% Beneficiary  
Option age factor) = \$52.86**

### Survivor Benefit Example

#### Coverage B

Member: Sharon, age 40  
Spouse: David, age 40  
Children: Joe, 12; Sam, 9; & Jake, 7  
Service Credit: 10 years  
Final Compensation: \$3,220

Sharon's Member-Only Benefit, as if she were age 60  
2% x 10 years of service credit x \$3,220  
Final Compensation = \$644.00

Reduced benefit, based on option factor of 94.08%  
(member and spouse age 60)  
0.9408 x \$644 = \$605.88

David would receive, when Sharon would have reached 60, one-half of Sharon's reduced benefit  
\$605.88 ÷ 2 = \$302.94

David could begin receiving, as of the date of Sharon's death, actuarially reduced,  
\$302.94 x 17.45% = **\$52.86**

## Defined Benefit Supplement Distribution

If you die before retirement, your one-time death benefit recipient will receive a benefit based on the balance in your Defined Benefit Supplement account. If you have \$3,500 or more per named recipient, your recipients will have a choice of a lump-sum payment or a period-certain annuity.

If you die after retirement, you will have already made your Defined Benefit Supplement annuity selection. An ongoing monthly annuity will be paid depending on your selection at retirement.

## Coverage A or B—When You Die After Retirement

### Coverage A or B—One-Time Death Benefit

If you die after retirement, the one-time death benefit is the same under both Coverage A, Family Allowance, and Coverage B, Survivor Benefit.

CalSTRS pays a one-time death benefit to your named recipients if you are a retired member. (The amount of the payment may be adjusted periodically by the Teachers' Retirement Board.) The one-time death benefit through June 30, 2009, is \$6,163. If you name more than one recipient, the benefit is divided equally, unless you specified other percentages

of distribution. If you did not name a one-time death benefit recipient, CalSTRS must make the payment to your estate.

### Defined Benefit Supplement Distribution

If you die after retirement, depending on your Defined Benefit Supplement annuity option, your Defined Benefit Supplement balance may be distributed to your recipients named on your *One-Time Death Benefit Recipient* form.

### Monthly Benefit With an Option

Once you have retired, no monthly benefit is payable to your survivors unless you have chosen one of the options described in Section 6, Your Retirement Benefit. If you have chosen an option, your option beneficiary will receive the monthly benefit payable under that particular option. If you are retired and have not chosen an option, you have been receiving a Member-Only monthly benefit.

The option beneficiary who is receiving a monthly Defined Benefit and Defined Benefit Supplement payment may name their own beneficiary to receive any remaining accrued benefit after their death.

### Monthly Benefit Without an Option

If you are retired and you elected the Member-Only Benefit for your Defined Benefit pension, you will receive it for your lifetime. No continuing monthly benefit will be payable to another person.

However, your one-time death benefit recipient will receive the monthly retirement benefit that accrued and was not paid during the month of death, plus any residual contributions and interest that may be in your Defined Benefit account, after all benefit payments made to you have been deducted.

In addition, your one-time death benefit recipient will receive any residual contributions and interest in your Defined Benefit Supplement account, after all payments made to you have been deducted. If you had selected a Member-Only Annuity for your Defined Benefit Supplement account distribution, your one-time death benefit recipient will receive the monthly annuity payment that accrued and was not paid during the month of death.

## Member Death After Retirement Example

### Member-Only Benefit

Elaine had been retired for 10 years at the time of her death on the 15th of the month. Elaine's monthly benefit was \$950. She had \$35,000 in contributions and interest at the time of retirement and received \$115,000 in retirement benefits before her death.

The amount payable to Elaine's recipient would be calculated as follows:

Contribution and interest balance at retirement	\$35,000
Less retirement benefit paid	- \$115,000
Remaining contributions and interest	0
Accrued monthly benefit during the month of death (½ month x \$950)	\$475
Current one-time death benefit	\$6,163
<b>Total Payable</b>	<b>\$6,638</b>