



Benefits & Services Committee

Item Number 5 – Open Session

Subject: Outstanding Death Benefit Update

Presenter(s): Melyssa Adams

Item Type: Information

Date & Time: September 2, 2021 – 30 minutes

Attachment(s): None

PowerPoint(s): Outstanding Death Benefit Update

PURPOSE

The purpose of this item is to provide an update regarding CalSTRS outstanding death benefits, with a focus on volumes and disbursement strategies.

BACKGROUND

During the November 2019 Benefits & Services Committee meeting, staff provided the committee with a follow-up presentation regarding the Survivor Benefits Program, CalSTRS' efforts to inform active and retired members about survivor benefits, as well as CalSTRS' efforts to locate and pay beneficiaries, and provided an update on the status of, and efforts to pay, outstanding death benefit cases.

During the November 2020 Benefits & Services Committee meeting, staff provided a review of the outstanding death benefit population and provided an update regarding the status of, and efforts to pay, outstanding death benefit cases.

For this item, staff will provide a brief update on the outstanding death benefit population.

OUTSTANDING DEATH BENEFITS

Education Code 22323, monthly report of outstanding death benefits, states:

“The system shall report monthly to the board concerning outstanding death benefits payable that have not been paid within six months of the notification of the death of the member.”

For the period spanning 2001 through the end of Fiscal Year 2020-21, CalSTRS has paid over 111,000 cases, totaling over \$974 million in benefit payments, in relation to approximately 8,600 cases, totaling an estimated \$87 million in benefit payments, that remain outstanding. This represents a paid-to-unpaid ratio of approximately 92 to 8 percent for all notifications of death received during that period. This ratio has remained stable for the last several fiscal years.

WHY OUTSTANDING

The inability to locate a beneficiary and/or missing necessary information to facilitate processing benefits are the two most common causes for why benefits typically remain outstanding. Benefits remain outstanding only after our effort to locate and obtain necessary information from beneficiaries has been exhausted, and a quality assurance review has been completed to ensure due diligence to process benefits has been performed.

For those benefits that remain unpaid, subsequent contact from a beneficiary or receipt of required documentation resumes benefit processing.

It's important to note that all unpaid benefits remain with CalSTRS until a valid claimant is located, necessary documentation to complete benefit processing is received, and benefits are issued to the persons/entity entitled to receive them per law. Survivor Benefits continuously monitors for the receipt of new documentation/information that will enable the resumption of benefit processing.

MEMBER EDUCATION

Throughout the member's career and into retirement, CalSTRS engages in many outreach efforts to increase member awareness around various aspects of their retirement and financial future. This includes survivor benefits and how to prepare loved ones for what happens after the member passes away.

CalSTRS communicates this information through several media avenues including:

Newsletters

- *CalSTRS Connection: Your Money Matters* (for active and inactive members)
- *CalSTRS Connections: Reaching Your Retirement* (for active and inactive members)
- *Retired Educator* (for retired members)

Retirement Progress Reports (Active Members)

Workshops and planning sessions provided by Retirement Readiness

- Targets various stages of a member's career and into retirement
- Personal sessions with Benefits Specialists who are available to members throughout their careers

CalSTRS.com and myCalSTRS

- Establish or update a *Recipient Designation*
- *Survivor Benefits: Remember Your Loved Ones* publication
 - Includes general information regarding survivor benefits, ways to designate a beneficiary, and information to provide loved ones in the event of a member's passing
- Enter a notification of death of a member or beneficiary

FUTURE ENHANCEMENTS

Through the Pension Solution project, efforts are underway to design the new pension administration system with features and tools that can be leveraged to not only enhance how benefits are processed, but also improve methods for member outreach. These system enhancements include automated, targeted reminders across different platforms (e.g., emails, regular mail, and eventually text messages) based on member demographics or status, and focused on compelling members to complete or update, as necessary, recipient designations with CalSTRS. These enhancements are expected to assist members with maintaining up-to-date designations, and to better position CalSTRS to quickly locate beneficiaries and pay death benefits.