

Retirement Benefit Options

There are eight benefit options under which you may retire. The Maximum Option is actuarially reduced if another option is chosen. If the option beneficiary is not your spouse and you should die leaving minor or other eligible children, your selected option beneficiary will be void, and the minor or other eligible children will receive survivor benefits. Children of Plan B retirees are not eligible for survivor benefits. These children may be eligible for Social Security benefits. The retirement option cannot be changed once the *Affidavit of Retirement Option Election* (Form 11E) has been processed.

Maximum Option — Under this option, you receive the largest monthly benefit possible. All benefits cease at death and only any remaining employee contributions are due your estate. No beneficiary may be designated under this option.

Option 1 — Under this option, you receive a monthly benefit slightly less than the Maximum Option amount. The Option 1 benefit is determined by the total amount of your accumulated member contributions and your age at the time of retirement. More than one beneficiary may be designated who, at the time of your death, would receive any remaining balance of your accumulated contributions in one lump-sum payment. It usually takes between 10 and 15 years to deplete the accumulated contributions. Any time you participated in DROP is included in these 10 to 15 years. Option 1 is the only option under which more than one beneficiary may be named, and the beneficiary(ies) may be changed at any time. This option may not be chosen if you choose the Initial Lump-Sum Benefit (ILSB), but it is available if you choose DROP.

Under the following lifetime benefit options, only one beneficiary may be named and that beneficiary may not be changed. The benefits are actuarially reduced from the Maximum Option benefit based on reduction factors determined by the ages of you and your named beneficiary at the time of your retirement.

You may remove a designated nonspousal beneficiary if the beneficiary is certified as permanently disabled by the State Medical Disability Board. You may remove a nonspousal, mentally disabled beneficiary if the receipt of benefits would cause that beneficiary to become ineligible for federal benefits of greater value. In both cases, you would change to the Maximum Option that is reduced to an actuarial equivalent and you could **not** name a new beneficiary. If you divorce, you may only remove a spousal beneficiary through a court order voluntarily agreed to by the ex-spousal beneficiary.

Option 2 — This option provides you with a reduced monthly benefit and continues the same lifetime benefit to your beneficiary after your death.

Option 2A (Pop-up) — This option provides you with a reduced monthly benefit and continues the same lifetime benefit to your beneficiary after your death. If your beneficiary dies before you, the reduced benefit “pops up” to the Maximum Option amount.

Option 3 — This option provides you with a reduced monthly benefit that is greater than the Option 2 or 2A benefit. After your death, your beneficiary would receive a lifetime benefit equal to one-half of the benefit amount you were receiving.

Option 3A (Pop-up) — This option provides you with a reduced monthly benefit that is greater than the Option 2 or 2A benefit but less than the Option 3 benefit. After your death, your beneficiary would receive a lifetime benefit equal to one-half of the benefit amount you were receiving. If your beneficiary dies before you, the reduced benefit “pops up” to the Maximum Option amount.

Option 4 — This option provides you with a reduced monthly benefit that is determined by the cost of the amount you designate for your beneficiary. The amount designated for the beneficiary cannot exceed the Option 2 benefit amount.

Option 4A (Pop-up) — This option provides you with a reduced monthly benefit that is determined by the cost of the amount you designate for your beneficiary. The amount designated for the beneficiary cannot exceed the Option 2 benefit amount. If your beneficiary dies before you, the reduced benefit “pops up” to the Maximum Option.