

OSERS Payment Options

There are six payment options for your OSERS Benefit when you decide to retire. Each of the six options is described below. Two of them guarantee an income for just the life of the retiree; the other four guarantee an income for the life of the retiree and a designated joint annuitant, whoever lives longer.

- **What are the options for taking my retirement benefit? Does the benefit stop when I die?**

Before the first Omaha School Employees' Retirement System benefit payment is made, you must elect the monthly annuity payment option desired. In the event of your death before 60 monthly payments (options A, C, D, E or F) or 120 monthly payments (option B) have been made, the monthly payments will be continued to your designated beneficiary(ies) or if no beneficiary(ies) has been named, to your estate, until the appropriate total number of monthly payments have been made.

Note: Payment Options A and B (described below) guarantee payments for just one life – the life of the retiree.

Option A (Five Years Certain plus Lifetime to the Retiree)

This option pays the largest monthly benefit to the retiree, payable for the retiree's entire lifetime. In the event of the retiree's death before 60 monthly payments have been made, the monthly payments will be continued to the retiree's beneficiary(ies) or estate until the remainder of the guaranteed 60 monthly payments have been made.

Beneficiary designation: You may name any individual or other legal entity to receive the remaining payments. The designation may be changed at any time.

Advantage: Since this option provides the largest retiree benefit, it is often the appropriate choice for a member with no dependents or for a member whose beneficiary would have adequate income from other sources after the retiree's death.

Disadvantage: Monthly payments end with the month of the retiree's death or after the 60th payment, whichever occurs last. No beneficiary protection is provided after the first 60 payments.

Option B (Ten Years Certain plus Lifetime to the Retiree)

This option pays the second largest monthly benefit to the retiree, payable for the retiree's entire lifetime. In the event of the retiree's death before 120 monthly payments have been made, the monthly payments will be continued to the retiree's beneficiary(ies) or estate until the remainder of the guaranteed 120 monthly payments have been made.

Beneficiary designation: You may name any individual or other legal entity to receive the remaining payments. The designation may be changed at any time.

Advantage: Since this option provides a longer guaranteed payment period in the event of the recipient's death, it is an appropriate choice for a single member with dependents still in college or high school.

Disadvantage: Monthly payments end with the month of the retiree's death or after the 120th payment, whichever occurs last. No beneficiary protection is provided after the first 120 payments.

Note: Payment Options C, D, E and F (described below) guarantee payments for two lives – the retiree and a designated joint annuitant.

Joint annuitant designation: You may name one person as your joint annuitant - a spouse, a child, a parent or any other individual (subject to the IRS age restrictions for each payment option). That designation may not be changed. If you and your named joint annuitant were to both die before receiving 60 total monthly payments, the remainder of the 60 monthly payments would be made to the individual, trust or other legal entity you named on the designation of beneficiary card, or to the estate if no beneficiary is designated.

Advantage: These options provide income to the retiree and the named joint annuitant for life.

Disadvantage: The retiree benefit reduction required to pay for the joint annuitant coverage reduces monthly income for the retiree's lifetime.

The following Joint and Survivor annuity options are available. A spouse (regardless of age) is eligible to receive any one of the following Joint and Survivor annuity options. If the designated joint annuitant is not the retiree's spouse, then the availability of some of the following Joint and Survivor annuity options is limited subject to the age limitations imposed by Internal Revenue Service regulations: for purposes of Option C, Option D, and Option F, a *joint annuitant's adjusted age* is the attained age of the joint annuitant plus the number of years, if any, by which the retiree's age is younger than age seventy.

Option C (100% Joint and Survivor)

This option provides monthly annuity payments for the remaining lifetimes of both the retiree and the joint annuitant. The amount of the annuity is reduced from the Five Years Certain amount to provide for the two-lifetime payment period. At the death of the retiree, if the joint annuitant is still living, the joint annuitant will receive the same amount of monthly annuity for her/his remaining lifetime. You may use this option for either a spouse or a non-spouse joint annuitant. However, if the joint annuitant is not your spouse, IRS regulations will only permit use of this option if the adjusted age (see definition above Option C) of the non-spouse joint annuitant is no more than 10 years younger than the attained age of the member in any calendar year.

Option D (75% Joint and Survivor)

This option provides monthly annuity payments for the remaining lifetimes of both the retiree and the joint annuitant. The amount of the annuity is reduced from the Five Years Certain amount to provide for the two-lifetime payment period. At the death of the retiree, if the joint annuitant is still living, the joint annuitant will receive 75% of the amount of the previous monthly annuity for his/her remaining lifetime. You may use this option for either a spouse or a non-spouse joint annuitant. However, if the joint annuitant is not your spouse, IRS regulations will only permit use of this option if the adjusted age (see definition above Option C) of the non-spouse joint annuitant is no more than 19 years younger than the attained age of the member in any calendar year.

Option E (50% Joint and Survivor)

This option provides monthly annuity payments for the remaining lifetimes of both the retiree and the joint annuitant. The amount of the annuity is reduced from the Five Years Certain amount to provide for the two-lifetime payment period. At the death of the retiree, if the joint annuitant is still living, the joint annuitant will receive 50% of the amount of the previous monthly annuity for his/her remaining lifetime. You may use this option for either a spouse or a non-spouse joint annuitant. No IRS imposed age limitation regulations restrict use of this option.

Option F ("Pop-up" Joint and Survivor)

This option provides monthly annuity payments for the remaining lifetimes of both the retiree and the joint annuitant. The amount of the annuity is reduced from the Five Years Certain amount to provide for the two-lifetime payment period. At the death of the joint annuitant, if the retiree is still living, the retiree will receive a monthly annuity in an amount equal to the Five Years Certain annuity for the remainder of her/his lifetime. You may use this option for either a spouse or a non-spouse joint annuitant. However, if the joint annuitant is not your spouse, IRS regulations will only permit use of this option if the adjusted age (see definition above Option C) of the non-spouse joint annuitant is no more than 10 years younger than the attained age of the member in any calendar year.