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California Public Employees' Retirement System  
Disability and Survivor Benefits Division

January 9, 2020

***PLEASE KEEP FOR FUTURE REFERENCE***

George Washington  
1 Main Street  
Anywhere USA 94596

Dear Mr. Washington,

This is in reply to your December 21<sup>st</sup> request for information about the benefits that may be payable upon your death. I understand you may be considering a divorce from your wife, Martha so this letter will address the impact a divorce may have on your death benefits. Thank you for your patience in awaiting this reply.

You retired on January 1, 2000 under the Option 4 "2W/1" benefit and your retirement allowance is \$16,000 per month. Your benefit is a total of the "option" portion of \$7,415 and the "survivor continuance" portion of \$8,609. The retirement allowance is payable for your lifetime with future cost-of-living increases.

You designated your wife as the beneficiary to receive the option benefit of \$7,415. She is currently entitled to this monthly benefit for her lifetime. If you become divorced or legally separated and if Martha is awarded a community property share of your retirement account, you must retain her as the option beneficiary for as long as she lives. However, if you are awarded 100% interest in your retirement account, you would have the right to remove her as the beneficiary as allowed by California Government Code section 21454. The law allows a separated or divorced member who was awarded 100% interest in their CalPERS account to either remove the spouse/former spouse as beneficiary of a lifetime option, OR to modify the option by removing the spouse/former spouse and naming a new lifetime option beneficiary.

If you are awarded 100% interest in your account you can take one, or both of the following actions:

- 1) You may send a letter to the retirement section asking that Martha be removed as your Option 4 2W/1 beneficiary as allowed by Government Code section

21454. This request would not result in a change to your retirement allowance amount and upon your death no one would receive the monthly option death benefit. **You must attach a complete copy of your court documents showing that you were awarded 100% interest in your retirement account with your letter which should be mailed to CalPERS PO Box 942711 Sacramento, CA 94229-2711.**

- 2) In addition, you may also complete the *Application to Modify Option and/or Life Option Beneficiary* online at [my.calpers.ca.gov](http://my.calpers.ca.gov), follow the prompts from the **Retirement** tab to **Change Retirement Benefit**. To process the application, you will need to send **a complete copy of your court order showing that you were awarded 100% interest in your retirement account**. And, you would need to send a copy of the birth certificate or driver's license for your new beneficiary. You can then elect to make the change online or you can print and mail your signed election document.

The survivor continuance benefit of \$8,609 per month is payable by law to an eligible spouse who is married to the member prior retirement and continuously until the member's death. Martha is currently entitled to this monthly death benefit as your spouse and she would continue to be eligible for this benefit even if you become legally separated. **However, if you and Martha become divorced she will lose entitlement to this benefit.** In that situation, the survivor allowance may be paid to a minor child; or in some situations to an unmarried adult disabled child or to financially dependent parents. In your case, if you become divorced it appears the survivor continuance benefit may not be payable to anyone.

The "Option 1" part of your benefit provides a lump sum payment of any remaining contributions that are not used to fund the annuity portion of the retirement allowance during your lifetime and during your wife's lifetime. In your case, the contributions have been depleted to zero by the annuity paid to you since 2008. Therefore, upon the death of you and your wife there will be no lump sum Option 1 death benefit available for your daughters.

There is also a **\$500.00 Retired Death Benefit**. You designated your wife and daughter as the co-beneficiaries to receive equal shares of this lump sum benefit. If they should both pass away before you this benefit would be payable to your closest surviving family member(s). The order of payment to family is: spouse or registered domestic partner, children (excluding stepchildren), parents, siblings, probated estate or trust. A divorce will revoke this lump sum designation. In that situation, if Martha is awarded a community property interest in your account then she may receive her share of this benefit and you could designate a new beneficiary to receive your share. You may be required to keep Martha as the beneficiary while your divorce is pending. After the divorce, you can change this designation using the on-line self-service feature under

your my|CalPERS account. If a new designation is not filed after the divorce is finalized, your share of the Retired Death Benefit would automatically be payable to your closest family member(s) based on the following order: spouse or registered domestic partner, children (excluding step-children), parents, siblings, probated estate or trust.

In summary if you become legally separated or divorced and if you do not elect a modification of option, or if you do not ask that Martha be removed as the monthly beneficiary then she will remain eligible for the option benefit of \$7,415 per month. Or, if she is awarded a community property share of your retirement account then she will be entitled to the option benefit of \$7,415 as the irrevocable beneficiary for as long as she is living. I hope this information is helpful to you for estate and financial planning purposes.

Sincerely,

Survivor Benefits Section

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