



COLORADO  
**PERA**®



# **CHANGING YOUR COBENEFICIARY OR BENEFIT OPTION**

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On January 1, 2010, the Denver Public Schools Retirement System (DPSRS) merged with Colorado PERA and as of January 1, 2010, DPSRS ceased to exist. If you are a DPSRS retiree, your retirement account is now a PERA retirement account under the DPS benefit structure. Therefore, you may have two retirement accounts with PERA—one under the PERA benefit structure and one under the DPS benefit structure. This brochure has information about changing your cobeneficiary or benefit option for both benefit structures.



## COBENEFICIARY CHANGES UNDER THE PERA BENEFIT STRUCTURE

When you retire, you will choose from one of three options to receive your benefit. All options provide a lifetime monthly benefit for you. If you choose an Option 1 benefit, no benefits will be payable after your death. If you choose an Option 2 or 3 benefit, your cobeneficiary will receive a lifetime monthly benefit after your death. Only one cobeneficiary may be chosen. In some situations, you may be eligible to change your benefit option or cobeneficiary after retirement.

### IMPORTANT TERMS

**Cobeneficiary:** The person you designate under PERA benefit structure Options 2 and 3 to receive a continuing monthly benefit after your death. You may name only one cobeneficiary and your selection is irrevocable unless certain conditions apply. See more information beginning on page 3.

If you have a disabled child, you may designate a Supplemental Needs Trust for the benefit of the disabled child as your cobeneficiary. You may not designate any other trust as your cobeneficiary.

**Named Beneficiary:** The person(s) or entity you designate to receive a lump-sum payment of any remaining moneys credited after all monthly benefits have been paid to you and your cobeneficiary (if a cobeneficiary has been named).

## **BENEFIT OPTIONS**

**Option 1:** This option provides you with a lifetime monthly benefit. Following your death, a single payment of any remaining balance in your Defined Benefit (DB) Plan account, plus a 100 percent match on the balance, will be made to your named beneficiary, or your estate if no named beneficiary exists. No further monthly benefits are payable.

**Option 2:** This option provides you with a lifetime monthly benefit. Following your death, your cobeneficiary will receive a lifetime monthly benefit equal to one-half of your benefit at the time of your death. If there is a DB Plan account balance remaining after the death of your cobeneficiary, a single payment of any remaining balance in your DB Plan account, plus a 100 percent match on the balance, will be made to your named beneficiary, or your cobeneficiary's estate if no named beneficiary exists. No further monthly benefits are payable.

**Option 3:** This option provides a lifetime monthly benefit. Following your death, your cobeneficiary will receive a lifetime monthly benefit equal to the monthly benefit you were receiving at the time of your death. If there is a DB Plan account balance remaining after the death of your cobeneficiary, a single payment of any remaining balance in your DB Plan account, plus a 100 percent match on the balance, will be made to your named beneficiary, or your cobeneficiary's estate if no named beneficiary exists. No further monthly benefits are payable.

## **DESIGNATING A SUPPLEMENTAL NEEDS TRUST**

If you select your child as a cobeneficiary and that child is now the sole beneficiary of a Supplemental Needs Trust (as determined by law), contact PERA for information if you wish to change your cobeneficiary designation to the Supplemental Needs Trust.

## **CHANGES WITHIN 60 DAYS OF RETIREMENT**

After you retire, you may change your benefit option or your cobeneficiary within 60 days after your first benefit is issued. This change is retroactive to the effective date of retirement and will result in a benefit adjustment. Notify PERA in writing of the change you wish to make. After the 60 days, you may make changes only in certain situations as explained beginning on page 3.

## CHANGES IF YOUR COBENEFICIARY DIES

If your effective date of retirement is on or after July 1, 1988, and you are receiving an Option 2 or 3 benefit, your benefit amount will increase if your cobeneficiary dies before you.

Your new benefit will be equal to your Option 1 amount, plus increases calculated on that amount since your date of retirement. The new benefit amount will be effective on the date of your cobeneficiary's death.

## CHANGES AT OTHER TIMES

Regardless of when you retire, you are eligible to change your benefit option or cobeneficiary under certain circumstances.

### Marriage and Civil Union

- » If you elected an Option 1 benefit and were not married at the time of retirement, and you later marry or become a partner in a civil union, you may name your new spouse as your cobeneficiary and select an Option 2 or 3 retirement benefit.\*
- » If you elect an Option 2 or 3 benefit at retirement with your spouse (through marriage or civil union) as cobeneficiary and your spouse dies, upon remarriage you may name your new spouse as cobeneficiary and select an Option 2 or 3 benefit.\*

*\* You may only designate your current spouse (through marriage or civil union) once, even if you revoke your decision within 60 days. If your current spouse predeceases you, and you subsequently remarry or become a partner in a civil union, you may select an Option 2 or 3 benefit and name your new spouse as your cobeneficiary.*

*If you marry on or after January 1, 2011, changing your benefit option and naming your new spouse as the cobeneficiary is only allowed within 60 days of the date of marriage.*

*If you enter into a civil union on or after January 1, 2014, changing your benefit option and naming your new spouse is only allowed within 60 days of the date of civil union.*

## Divorce

- » If you elect an Option 2 or 3 benefit at retirement with your spouse (through marriage or civil union) as cobeneficiary and you later divorce, you may change your cobeneficiary but not the option you selected, provided a change of cobeneficiary is ordered or allowed by a district court with jurisdiction over the divorce action.
- » If you elect an Option 2 or 3 benefit at retirement with your spouse (through marriage or civil union) as cobeneficiary and you later divorce, you may remove your cobeneficiary (and not name a new cobeneficiary), which causes you to revert to an Option 1 benefit. You may do this only if you meet the following conditions:
  - You retired on or after July 1, 1988;
  - You divorced on or after July 1, 2003; and
  - You were ordered or allowed by a district court with jurisdiction over the divorce action to remove your former spouse (through marriage or civil union) as cobeneficiary.

## NAMING A NEW SPOUSE AS YOUR COBENEFICIARY

If you are eligible to name a new spouse as your cobeneficiary (see the "Marriage and Civil Union" and "Divorce" sections), selecting an Option 2 or 3 benefit and naming your new spouse as cobeneficiary will allow you to offer some financial protection to your new spouse, since it will provide a lifetime monthly benefit to that person after your death. Also, naming your spouse as your cobeneficiary will allow him or her to receive the premium subsidy for PERACare (PERA's Health Benefits Program) after your death. (If your spouse will not receive a benefit after your death, he or she may continue coverage in PERACare if already enrolled, but will not be eligible to receive the subsidy.)

When you name your new spouse as your cobeneficiary, the amount of your benefit may increase or decrease, depending on your ages and the benefit option you select. The amount of an Option 2 or 3 benefit is calculated based on the ages of you and your new cobeneficiary at the time of the change. The benefit amounts in the following examples reflect calculations for specific ages of the retiree and cobeneficiary; the benefit amount changes could be more or less depending upon ages. (There is no "average" percent change; contact PERA for an estimate.)

### Example 1:

George retired in February 1990. He was single at retirement, selected an Option 1 benefit, and receives a gross benefit of \$1,100 a month.

George now marries Sally. If he changes his benefit option and names Sally as his cobeneficiary, his new benefit amounts will be:

» **With Option 2:** \$990

Sally will receive one-half of the benefit (\$495) upon George's death.

» **With Option 3:** \$900

Sally will receive the same amount upon George's death.

If George changes his benefit option to Option 3, his benefit will decrease from \$1,100 to \$900 a month. However, when George dies, Sally will receive a lifetime monthly benefit in the same amount (\$900) as George was receiving. She also will be eligible for benefit increases and for a subsidy toward her PERACare health care premium. If George keeps Option 1, the monthly benefit will stop when he dies, and Sally will not receive the PERACare health care premium subsidy.

If George chooses an Option 2 or 3 benefit, and Sally dies before him, his benefit will revert to the Option 1 amount.

### Example 2:

When Ann retired in 1999, she selected an Option 2 benefit and named her husband Jim as her cobeneficiary. Jim died in 2001, and Ann's benefit reverted to Option 1. She is now planning to remarry. Ann will now have the choice of keeping her benefit under Option 1 or naming her new spouse as cobeneficiary under an Option 2 or 3 benefit within 60 days of the date of marriage.

If Ann chooses an Option 2 or 3 benefit, her new benefit amount will depend upon the ages of Ann and her new spouse.

Also, if her new spouse predeceases her, Ann's benefit will revert to the Option 1 amount. Her new spouse has the added advantage of continuing to receive the PERACare health care premium subsidy as an Option 2 or 3 benefit recipient.



## COBENEFICIARY CHANGES UNDER THE DPS BENEFIT STRUCTURE

When you retire, you will choose from one of four options to receive your benefit. All options provide a lifetime monthly benefit for you. If you choose an Option A benefit, no benefits are payable after death. If you choose an Option B benefit, benefits continue to be payable through the end of the guarantee period either to you or upon your death, to your Option B beneficiary(ies). If you choose an Option P2 or P3 benefit, your cobeneficiary will receive a lifetime monthly benefit after your death. Only one cobeneficiary may be chosen. In some situations, you may be eligible to change your cobeneficiary selection after retirement.

- ▶ Under the DPS benefit structure, PERACare health care subsidies are only provided to retirees. Should your cobeneficiary receive your Option P2 or P3 benefit after your death, he/she will not receive a PERACare health care subsidy.

### IMPORTANT TERMS

**Cobeneficiary (Co-annuitant):** The person you designate under DPS benefit structure Options P2 and P3 to receive a continuing monthly benefit after your death. You may name only one cobeneficiary and your selection is irrevocable unless certain conditions apply. See more information beginning on page 8.

If you have a disabled child, you may designate a Supplemental Needs Trust for the benefit of the disabled child as your cobeneficiary. You may not designate any other trust as your cobeneficiary.



**Named Beneficiary:** The person(s) or entity you designate to receive a lump-sum payment of any remaining moneys credited after all monthly benefits have been paid to you and your cobeneficiary (if a cobeneficiary has been named) if you choose an Option A, P2, or P3.

**Option B Beneficiary(ies):** The person(s) designated under Option B to receive the remainder of monthly benefits should you die before the end of the guaranteed period of payments.

## **BENEFIT OPTIONS**

**Option A:** This option provides you with a lifetime monthly benefit. Following your death, a single payment of any remaining balance in your Defined Benefit (DB) Plan account, without a match, will be made to your named beneficiary, or your estate if no named beneficiary exists. No further monthly benefits are payable.

**Option B:** This option provides you with a lifetime monthly benefit. As part of the retirement calculation, your DB Plan account is annuitized to determine the guarantee payment period. If you die before the end of the guarantee period, your Option B beneficiary(ies) will receive your remaining monthly payments through the end of the guarantee period. If your Option B beneficiary(ies) receives a benefit after your death and dies before the end of the guarantee period, a single payment will be paid to the estate of the deceased beneficiary. If your Option B beneficiary(ies) predeceases you, you do not name any additional Option B beneficiary(ies), and you die before the end of the guarantee period, a single payment will be made to your estate. No further monthly benefits are payable.

**Option P2:** This option provides you with a lifetime monthly benefit. Following your death, your cobeneficiary will receive a lifetime monthly benefit equal to one-half of your benefit at the time of your death. If there is a DB Plan account balance remaining after the death of your cobeneficiary, a single payment of any remaining balance in your DB Plan account, without a match, will be made to your named beneficiary, or your cobeneficiary's estate if no named beneficiary exists. No further monthly benefits are payable.

**Option P3:** This option provides you with a lifetime monthly benefit. Following your death, your cobeneficiary will receive a lifetime monthly benefit equal to the monthly benefit you were receiving at the time of your death. If there is a DB Plan account balance remaining after the death of your cobeneficiary, a single payment of any remaining balance in your DB Plan account, without a match, will be made to your named beneficiary, or your cobeneficiary's estate if no named beneficiary exists. No further monthly benefits are payable. If you name someone other than your spouse (through marriage) who is more than 10 years younger than you as your cobeneficiary, the amount that continues to your cobeneficiary at your death could be limited in accordance with percentages required by Internal Revenue Code (IRC) regulations. For information about the percentages, please call PERA's Customer Service Center.

### **DESIGNATING A SUPPLEMENTAL NEEDS TRUST**

If you select your child as a cobeneficiary and that child is now the sole beneficiary of a Supplemental Needs Trust (as determined by law), contact PERA for information if you wish to change your cobeneficiary designation to the Supplemental Needs Trust.

### **CHANGES BEFORE YOUR FIRST BENEFIT IS ISSUED**

You may change your benefit option or cobeneficiary any time before the date your first benefit payment is issued. To change your cobeneficiary or benefit option, you must notify PERA in writing. After the date your first benefit payment is issued, you are not allowed to change your benefit option under Options A and B. Under Options P2 and P3, you may make changes only in certain situations as explained beginning below.

### **CHANGES IF YOUR COBENEFICIARY DIES**

If you are receiving an Option P2 or P3 benefit, your benefit amount will increase if your cobeneficiary dies before you.

Your new benefit will be equal to your Option A amount, plus increases calculated on that amount since your date of retirement. The new benefit amount will be effective on the date of your cobeneficiary's death.



## **DIVORCE**

Under Options P2 and P3, you may be allowed to revert your benefit to an Option A benefit, if you divorce and the district court with jurisdiction over the divorce action orders or allows you to remove your former spouse as cobeneficiary.

## **SUSPENDING RETIREMENT IN THE PERA BENEFIT STRUCTURE**

### **IF YOU SUSPENDED PERA RETIREMENT ON OR BEFORE DECEMBER 31, 2010**

If you suspended retirement on or before December 31, 2010, and return to membership, you will make member contributions to PERA and earn service credit for this employment. If you have earned less than one year of service credit when you terminate employment and re-retire, PERA will refund your contributions and resume your benefit as originally calculated.

If you earn one year or more of service credit following a suspension of retirement, when you re-retire, PERA will recalculate your benefit to reflect your additional service credit and any change in your Highest Average Salary (HAS), and you may select a new benefit option and cobeneficiary. *Note:* Your new benefit will be calculated under the current HAS calculation, which could lower your retirement benefit instead of increasing it.

Call PERA's Customer Service Center if you would like a benefit estimate to determine if suspending your retirement would have an impact on your benefit amount.

## SUSPENDING PERA RETIREMENT ON OR AFTER JANUARY 1, 2011

If you suspend retirement and return to membership on or after January 1, 2011, you will make contributions to PERA and earn service credit for this employment. If you have earned less than one year of service credit when you terminate employment and re-retire, PERA will refund your contributions and resume your benefit as originally calculated.

If you earn one year or more of service credit following a suspension of retirement, you will build a separate benefit. When you terminate employment, your original benefit will resume and you have the option to either refund your new account or receive a separate benefit based upon the plan provisions that governed your initial retirement benefit. You will be immediately eligible for a second benefit when you stop working, regardless of your age.

If you select a separate benefit, you may select a new option and/or cobeneficiary (if applicable), but your option and cobeneficiary must be the same for your original benefit and your new benefit segment.

You must wait a period of time as specified by state law from the date of re-retirement in order to be eligible for an annual increase. See the *Annual Increases* fact sheet for details.

- ▶ If you decide to suspend your retirement and return to work, you must notify PERA in writing prior to the date of your re-employment. For more details, see the *Working After Retirement* booklet.

## SUSPENDING RETIREMENT IN THE DPS BENEFIT STRUCTURE

If you suspend retirement and return to membership, you will make contributions to PERA and earn service credit for this employment.

If you have earned less than one year of service credit when you terminate employment and re-retire, PERA will refund your contributions and resume your benefit as originally calculated.

If you earn one year or more of service credit following a suspension of retirement, you will build a separate benefit. When you terminate employment, your original benefit will resume and you have the option to either refund your new account or receive a separate benefit based upon the plan provisions that governed your initial retirement benefit. You will be immediately eligible for a second benefit when you stop working, regardless of your age.

### **IF YOU SUSPENDED DPS RETIREMENT ON OR BEFORE DECEMBER 31, 2010**

If you suspended your retirement on or before December 31, 2010, and select a separate benefit upon re-retirement, the new benefit will be the same option and cobeneficiary (if applicable) that you originally selected for your first benefit. You are not allowed to select a new option or cobeneficiary.

### **SUSPENDING DPS RETIREMENT ON OR AFTER JANUARY 1, 2011**

If you suspend your retirement on or after January 1, 2011, and select a separate benefit upon re-retirement, you may select a new option and/or cobeneficiary (if applicable) if you originally selected an Option A, P2, or P3 benefit, but your option and cobeneficiary must be the same for all benefit segments. If you originally selected any option other than A, P2, or P3, you may not change your option or your cobeneficiary upon re-retirement.

You must wait a period of time as specified by state law from the date of re-retirement in order to be eligible for an annual increase. See the *Annual Increases* fact sheet for details.

- ▶ If you decide to suspend your retirement and return to work, you must notify PERA in writing prior to the date of your re-employment. For more details, see the *Working After Retirement* booklet.

## HOW TO MAKE A CHANGE

If you are eligible to change your benefit option and/or cobeneficiary, contact PERA for a benefit estimate. If your change requires a cobeneficiary, PERA needs to know the birthdate of your new cobeneficiary.

If you are making changes as described in the “Marriage and Civil Union” section under the PERA benefit structure, you must authorize the change within 60 days of the date of marriage or civil union.

Copies of the following documents are required:

- » A completed and signed *Benefit Option Election Form* for either the PERA or DPS benefit structure.
- » Your new marriage or civil union certificate.
- » In the case of remarriage or new civil union, your previous spouse’s death certificate.

If you need to make a benefit option or cobeneficiary change as a result of a divorce, contact PERA’s Legal Department at 1-800-759-7372 ext. 6271 for more information.

## ACCESSING YOUR PERA ACCOUNT

You can access your personal PERA information by logging into your account through [www.copera.org](http://www.copera.org).

- » You need a User ID and password to access your account. If you have not yet set up your User ID and password, you will first need a PERA Personal Identification Number (PIN). You may request a PIN on PERA’s website or by calling PERA’s Customer Service Center.
- » You will then log in with your Social Security number (SSN) and PERA PIN.
- » After logging in, you will be prompted to create a user security profile with a User ID and password.
- » Once your user security profile is complete, you will use your User ID and password combination to access your account in the future.

If you have any questions about accessing your account, please call PERA’s Customer Service Center at 1-800-759-7372.



This booklet contains brief information about changing your cobeneficiary or benefit option. Your rights, benefits, and obligations as a PERA member are governed by Title 24, Article 51, of the Colorado Revised Statutes, and the Rules of the Colorado Public Employees' Retirement Association, which take precedence over any interpretations in this booklet.

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## Contact PERA



Visit PERA's website at [www.copera.org](http://www.copera.org).



Call PERA's Customer Service Center at 1-800-759-7372.



Visit the PERA offices in Denver, Lone Tree, and Westminster.



Send mail to PERA at PO Box 5800 Denver, CO 80217-5800



Forms and publications can be found on PERA's website. Copies can also be requested by calling PERA's Customer Service Center.