

# AUSTIN FIRE FIGHTERS RELIEF AND RETIREMENT FUND

## GUIDE TO COMPLETING A BENEFICIARY DESIGNATION UNDER SECTION 7.09

**IMPORTANT:** *This guide is intended to assist active and retired fire fighters who are not married and have no dependent children and who want to designate a beneficiary for any survivor benefit that might be due under the Fund pursuant to Section 7.09 of the Fund's statute. If you have a spouse or dependent child, your spouse or dependent child(ren) are automatically entitled to the survivor benefit that might be due under the Fund, and you do not need a beneficiary designation.*

### 1. When am I eligible to designate a beneficiary?

You may designate a beneficiary if:

- you are not married, and
- you do not have any dependent children.

Any beneficiary designation form filled out while you have a spouse or dependent child is invalid.

Additionally, you may not be eligible to designate a beneficiary after retirement if you have made two additions or changes to your beneficiary designation. See Question #9.

### 2. If I am married or have a dependent child, can I still designate a beneficiary on a contingent basis?

**No.** You may only designate a beneficiary if you are not married and you have no dependent children. Any beneficiary designation form filled out while you have a spouse or dependent child is invalid.

However, if you designated a beneficiary prior to September 1, 2012, such designation will be recognized even if you were married or had a dependent child at such time.

### 3. Who is a dependent child?

A dependent child is a child who is not married and is under the age of 22.

### 4. What happens if I marry after I designate a beneficiary?

The answer depends on whether or not you are retired and have commenced your retirement benefit.

#### *Active Fire Fighters or Members Who Have Not Commenced a Retirement Benefit*

- If you marry before you commence your retirement benefit, your existing beneficiary designation is no longer valid. Your spouse will now be entitled to any survivor benefit at your death. Your previous beneficiary designation will not be reinstated if your marital status later changes, and you will need to designate another beneficiary.

#### *Retirees Who Are Receiving a Retirement Benefit*

- If you are a retiree and marry after you have commenced your retirement benefit, your beneficiary designation will still remain valid for 24 months. Your new spouse will not be entitled to the survivor benefit until after you have been married for 24 months. You may change your beneficiary designation before 24 months has passed to name your new spouse, but you will be subject to a reduction of your benefit for the change.

**5. What happens if I have a child after I designate a beneficiary?**

If you have a child, your existing beneficiary designation is no longer valid. Your dependent child or children will be entitled to a survivor benefit until they reach the age of 22 or marry before age 22, whichever comes first. If you are not married, once your children all reach the age of 22 or marry before age 22, you may contact the Pension Office to complete the appropriate form to designate a beneficiary.

**6. If I am not married and have no children, do I have to name someone as a designated beneficiary? What will happen if I do not designate a beneficiary?**

No, you are not required to designate a beneficiary. However, if you select a Normal Retirement Annuity, are not married, have no dependent children, and do not designate a beneficiary, there will be no survivor benefit paid. The benefit will be limited to the return of your accumulated contributions to your estate.

If you would prefer not to designate a beneficiary, upon retirement, consider selecting the Single Life Annuity benefit option. The Single Life Annuity will provide you with an increased benefit payable only to you during your lifetime with no survivor benefit.

An "Option 2" is also available under the Single Life Annuity, which would provide a slightly reduced benefit (as compared to the Single Life Annuity amount), but guarantee payments for at least 10 years. A special beneficiary designation may be made under the Option 2 for a Single Life Annuity. Contact the Pension Office for more information on the Single Life Annuity benefit option.

**7. Who can I name as a designated beneficiary?**

You may name any living person as your designated beneficiary. You may not name an entity, a trust, or your estate as your beneficiary.

**8. Can I designate multiple beneficiaries?**

No, you may only designate one beneficiary.

**9. When and how often can I designate a beneficiary?**

The answer depends on whether or not you are retired and have commenced your retirement benefit.

*Active Fire Fighters or Members Who Have Not Commenced a Retirement Benefit*

- If you are an active fire fighter or have not yet commenced your retirement benefit, you may designate a beneficiary by submitting Form 500A to the Fund at any time and may change beneficiaries as often as you would like without any limitations or reductions by submitting a new Form 500A to the Fund.

*Retirees Who Are Receiving a Retirement Benefit*

- If you are a retiree and have commenced your retirement benefit, you may add a new beneficiary or change an existing beneficiary at any time by submitting Form 500R to the Fund. However, effective January 1, 2017, you may only add or change a beneficiary **twice** after your benefit has commenced. You will not be allowed to add or change a beneficiary designation once you have made two such additions or changes.

**10. If I am retired and already receiving a retirement benefit, will adding or changing my beneficiary have an impact on my benefit?**

Yes. Effective January 1, 2017, each time you add or change a beneficiary, you must agree to have your monthly retirement annuity amount actuarially reduced pursuant to the rules adopted by the Board. Any changes made prior to January 1, 2017 are not subject to such reduction.

**11. Why is my benefit reduced if I add or change a beneficiary after retirement?**

Your benefit is reduced when you add or change a beneficiary after your retirement benefit has commenced to ensure such change does not have an adverse actuarial impact on the Fund.

**12. How do I designate a beneficiary?**

If you have not yet commenced your retirement benefit, you should use **Form 500A** to designate a beneficiary. If you have commenced your retirement benefit, you should use **Form 500R** to add a beneficiary or change your beneficiary designation. These are the only two ways to designate a beneficiary. These forms are available on the Fund's website and at the Pension Office.

(Note: if you elect Option 2 of the Single Life Annuity form of benefit, you may elect a beneficiary for the 10 year guaranteed payment. However, this designation is made on the Option 2 election form and not through a Form 500A or Form 500R.)

**13. How does this designation affect my DROP account?**

This beneficiary designation does not apply to your DROP account. When you apply to participate in the DROP, you will be asked to designate a beneficiary for the DROP account only. You may name a different beneficiary for your survivor benefit and your DROP account.

**14. What if I named a beneficiary on the Provisional Beneficiary Designation form in 2016?**

Any provisional beneficiary designation is no longer valid. These designations expired on November 1, 2016. Any valid beneficiary designation in place prior to the provisional designation period will still be valid. If you want to name a new designated beneficiary or change your beneficiary, you must fill out and submit Form 500A or 500R, as applicable.

**15. Does it matter if my designated beneficiary is younger than me?**

It might. If your designated beneficiary is less than 10 years younger than you, your beneficiary's monthly benefit will be 75% of the monthly benefit you were receiving before your death. However, if your designated beneficiary is 10 years or more younger than you, your beneficiary's monthly benefit will be reduced based on the table below.

<i><b>If your designated beneficiary is:</b></i>	<i><b>The percentage of your retirement annuity payable to your designated beneficiary for life after you die is:</b></i>
Less than 10 years younger than you	75%
At least 10, but less than 15 years younger than you	45%
At least 15, but less than 20 years younger than you	40%
At least 20, but less than 35 years younger than you	35%
At least 35 years younger than you	30%