



## Retirement Benefits Training

Death benefits

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### Topics

- Member death claim types.
- Survivor benefit payments.
- Incidental death benefit.
- Accidental Death Program.
- Estates as beneficiaries.

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### How PEBA receives member death notifications

- Employers.
- Family, friends of the deceased.
- Social Security Administration.
- Department of Health and Environmental Control (DHEC).
- Obituaries.
- Funeral homes.

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## Required actions after a death



- **Employer:**
  - In EES, complete Final Payroll Certification - Death.
- **Beneficiary:**
  - Provide PEBA with certified copy of the member's death certificate.

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## Member death claim types

Definitions, eligible benefits

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## Active SCRS, PORS member death



- Deceased employee was:
  - On covered employer's payroll; and
  - Making contributions.
- Beneficiaries may be eligible for:
  - Refund of member contributions and interest;
  - Monthly survivor benefit payment;
  - Incidental death benefit payment; and
  - Accidental Death Program benefit (PORS only).
- State and public school district employers automatically provide incidental death benefit coverage. State employers automatically provide Accidental Death Program coverage. Coverage is optional for other employers. Employer cannot revoke coverage.

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### Inactive SCRS, PORS member death



- Deceased employee was:
  - No longer active member; and
  - Not retired on date of death.
- Beneficiaries may be eligible for:
  - Refund of member contributions and interest; or
  - Monthly benefit payment in some cases.
- Monthly benefit payment possible if member was eligible for service retirement at time of death.

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### Retired SCRS, PORS member death



- Working retiree was:
  - On covered employer's payroll; and
  - Making contributions.
- Beneficiaries of working retiree may be eligible for:
  - Payment according to retiree's payment option; and
  - Retiree incidental death benefit if offered by last employer.

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### SCRS, PORS survivor benefit payments

Refund of contributions,  
monthly survivor benefits

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## Death benefit payment options



- Option A: beneficiary receives refund of remaining contributions.
- Option B: beneficiary receives same reduced lifetime monthly payment amount retiree received before death.
- Option C: beneficiary receives half of reduced lifetime monthly payment amount retiree received before death.

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## Choosing death benefit payment option



- PEBA mails *Election of Death Benefits (Form 4151)* after receiving all documentation.
- If multiple beneficiaries:
  - All must choose same payment option on Form 4151.
  - Payment divided equally.
- Monthly survivor benefits cannot be paid to estate.

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## Refund of contributions to beneficiary



- SCRS – refund of employee contributions plus interest.
- PORS – greater of two amounts:
  - Refund of employee contributions plus interest; or
  - \$1,000 (in-service deaths only).
- Payable if balance not exhausted through benefit payments to member.
- Amount not impacted by:
  - Member's age; and
  - Service credit.

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### SCRS, PORS monthly survivor benefit requirements for in service deaths



	Member's earned service credit	Member's total service credit or age
Class Two	5+ years	<ul style="list-style-type: none"> <li>• 15+ years of service credit; or</li> <li>• Age 60 (SCRS) or age 55 (PORS).</li> </ul>
Class Three	8+ years	<ul style="list-style-type: none"> <li>• 15+ years of service credit; or</li> <li>• Age 60 (SCRS) or age 55 (PORS).</li> </ul>

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### Incidental death benefit

Eligibility, payment amounts

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### Employers who offer benefit



- Coverage required for:
  - State agencies;
  - Higher education institutions; and
  - Public schools.
- Other employers may choose to offer benefit, but may not revoke benefit once added.
- Employer pays for coverage to offer incidental death benefit.

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### Active member incidental death benefit



- Equal to current annual salary; and
- Generally requires one year of earned service.
  - One year requirement waived for job-related injury deaths.
- To be eligible, death cannot be more than 90 days after last earning compensation in regular pay status.

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### Incidental death benefit eligibility for retirees



- May be available for SCRS, PORS retirees.
- Must have coverage from:
  - Last employer (non-working retirees); or
  - Current employer (working retirees.)

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### Non-working SCRS, PORS retiree incidental death benefit



- Employer immediately prior to retirement must provide coverage for beneficiary to receive benefit.

SCRS years of service credit	PORS years of service credit	Incidental death benefit payment
10 to 19 years	10 to 19 years	\$2,000
20 to 27 years	Class Two: 20 to 24 years	\$4,000
	Class Three: 20 to 26 years	
28 or more years	Class Two: 25+ years	\$6,000
	Class Three: 27+ years	

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## Working retiree incidental death benefit



- Equal to larger of:
  - Current annual salary; or
  - Non-working incidental death benefit.

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## Members not eligible for incidental death benefit



- Incidental death benefit not available to:
  - Retired State ORP participants;
  - Inactive members; and
  - Members whose employer does not offer coverage.

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## Incidental death benefit taxes



- Benefit subject to federal, state income taxes.
- Automatic 20 percent withholding for federal taxes.
- Beneficiary must request state taxes be withheld.

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## Accidental Death Program

PORS only

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### Employers who offer benefit



- Only available to employers that participate in PORS.
- Coverage required for all state agencies.
- Other employers may choose to offer benefit, but may not revoke benefit once added.
- Employer pays for coverage to offer Accidental Death Program benefit.

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### Accidental Death Program benefit



- Provides survivor monthly benefit if covered member's death occurs while:
  - Performing a hazard specific to employment;
  - In actual performance of duty; and
  - Without willful negligence on member's part.

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### Who receives benefit

- If member is married:
  - Spouse receives lifetime monthly benefit.
- If member has no spouse, or spouse dies before youngest child turns 18:
  - Monthly benefit is divided equally among surviving children until each child turns 18 or death, whichever occurs first.
- If member has no spouse or child under age 18:
  - Monthly benefit paid to surviving mother and/or father for life.

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### Estates as beneficiaries

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### When beneficiary defaults to estate

- Occurs when:
  - A section of beneficiary form is left blank;
  - PEBA does not receive a beneficiary form; or
  - All named beneficiaries predecease member.
- Employers can identify cases where estate is beneficiary in EES using Data Downloads.

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## Estates and benefit payments



- Trustee of estate receives:
  - A refund of contributions plus interest; and
  - Any incidental death benefit payment, if applicable.
- Trustee must submit one of following<sup>1</sup>:
  - *Certificate of Appointment for the Personal Representative*; or
  - *Affidavit for Collection of Personal Property* for estates of less than \$25,000.
- Estate cannot receive monthly benefit payments.

1 Documents available through Probate Court.

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## Get social with PEBA



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-  [www.twitter.com/scpeba](http://www.twitter.com/scpeba)
-  [www.youtube.com/c/pebatv](http://www.youtube.com/c/pebatv)
-  [www.scpeba.podbean.com](http://www.scpeba.podbean.com)

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## Disclaimer



This presentation does not constitute a comprehensive or binding representation regarding the employee benefits offered by the South Carolina Public Employee Benefit Authority (PEBA). The terms and conditions of the retirement and insurance benefit plans offered by PEBA are set out in the applicable statutes and plan documents and are subject to change. Please contact PEBA for the most current information. The language used in this presentation does not create any contractual rights or entitlements for any person.

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