

 south carolina
peba
state health plan | retirement systems

Serving those who serve South Carolina

Covered employer training program

Death claims process
FY 2017

Who notifies PEBA of a death?

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



2

Types of Death Claims

- Active
 - member dies while still on payroll and making active member contributions
- Inactive
 - member dies more than 90 days after the last day of earned compensation.
- Retiree
- Working retired member
- Beneficiaries



3

Incidental Death Benefit

- Required for all state agencies and public schools
- Optional for other employers
- Active member incidental death benefit:
 - one year's earnable compensation
 - retired members working for covered employer also receive benefit
 - Employer must provide coverage
- Retired member incidental death benefit:
 - \$2,000, \$4,000, or \$6,000 based on years of service
 - Last employer prior to retirement must provide coverage

4

Active member death benefit

- Member under age 60 (SCRS) or under age 55 (PORS) with less than one year of service credit:
 - Active member incidental death benefit if the death was job-related; and
 - Refund of employee contributions plus interest.
- Member under age 60 (SCRS) or under age 55 (PORS) with 1-14 years of service credit:
 - Active member incidental death benefit; and
 - Refund of employee contributions plus interest.

5

Active member death benefit

- Member had 15 or more years of service credit, with at least five years (Class Two) or eight years (Class Three) being earned service:
 - Active member incidental death benefit; and
 - Beneficiary's choice of monthly annuity or refund of employee contributions plus interest

6

Active member death benefit



• Member older than age 60 (SCRS) or age 55 (PORS) with at least five years (Class Two) or eight years (Class Three) of earned service:

- Active member incidental death benefit; and
- Beneficiary's choice of monthly annuity or refund of employee contributions plus interest.

7

Multiple beneficiaries



• If there are multiple beneficiaries, all beneficiaries must choose to receive the lifetime monthly annuity, if eligible, in order for the annuity to be payable in lieu of the return of contributions.

8

Accidental Death Program *PORS only*



- Accidental Death Program (ADP) benefit paid if:
 - death occurs while member is performing a hazard specific to employment,
 - member in the actual line of duty, and
 - no willful negligence on the member's part
- Monthly annuity:
 - 50 percent of the annual earnable compensation (including overtime) ÷ 12
- Benefits first payable the day after the death and are in addition to other in-service death benefits

9

Who receives the ADP benefit?



- Married member:
 - spouse receives lifetime monthly annuity
- No spouse or spouse dies before youngest child reaches age 18:
 - annuity is divided equally among surviving children until each child reaches age 18 or upon death, whichever occurs first
- No spouse or child under age 18:
 - annuity paid to surviving mother and/or father for life

10

Inactive member death



- Upon the death of an inactive member, the member's beneficiary may receive:
 - A refund of the member's contributions plus interest, or
 - A lifetime monthly benefit if the member was eligible to retire on the date of death
- No incidental death benefit is payable upon the death of an inactive member

11

Retired member deaths



- Retired member incidental death benefit
- Additional benefit depending on payment selection chosen at retirement:
 - Option A – Refund of any remaining contributions
 - Option B – Beneficiary begins to receive the same lifetime monthly annuity amount retiree received prior to death
 - Option C – Beneficiary begins to receive half of the monthly annuity amount retiree received prior to death

12

Working retired member deaths



- Active member incidental death benefit
- Additional benefit depending on payment selection chosen at retirement:
 - Option A – Refund of any remaining contributions.
 - Option B – Beneficiary begins to receive the same lifetime monthly annuity amount retiree received prior to death.
 - Option C – Beneficiary begins to receive half of the monthly annuity amount retiree received prior to death.

13

Information required – active member deaths



- Employer must complete the following *Task List* items in EES:
 - *Certification of Salary for a Deceased Member*
 - *Certification of Final Retirement Deductions*
- Beneficiary will receive:
 - Sympathy letter
 - Request for certified copy of death certificate
 - Request for copy of beneficiary's Social Security card and driver's license or state-issued identification card

14

Information required – retired member deaths



- No information required from the employer unless account has not been finalized, then:
 - *Certification of Final Retirement Deductions* must be completed in EES
- If deceased was a working retiree, employer must complete in EES:
 - *Certification of Salary for a Deceased Member* and
 - *Certification of Final Retirement Deductions for a Deceased Retired Member*

15

Information required – *retired member deaths*



- Beneficiary receives:
 - *Claim and Proof of Death*
 - Request for copy of beneficiary's Social Security card and driver's license or state-issued identification card
- Beneficiary 7204

16

Payments to an estate



- How does an estate become the beneficiary?
 - Member names his estate as beneficiary; or
 - Estate becomes beneficiary by default if the named beneficiaries predecease the member.

Note: A monthly annuity cannot be paid to an estate; however, an estate can receive a refund of the member's remaining contributions plus interest, if any.

17

Payments to an estate



- Additional documentation required:
 - Certificate of Appointment naming the personal representative for estates of more than \$25,000; or
 - Affidavit for Collection of Personal Property for estates of less than \$25,000

18

Summary quiz



- On the *Certification of Salary for a Deceased Member (Form 4152)*, does the last day earned compensation and date of termination have to be the same date?
- On this same form, does the date of final paycheck and date of termination have to be the same date?

19

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.

20

Questions



21
