97B.51 Allowance upon retirement.

1. Each member has the right prior to the member’s retirement date to elect to have the member’s retirement allowance payable under one of the options set forth in this section. The amount of the optional retirement allowance selected in paragraph “a”, “c”, “d”, “e”, or “f” shall be the actuarial equivalent of the amount of the retirement allowance otherwise payable to the member as determined by the system in consultation with the system’s actuary. The member shall make an election by written request to the system and the election is subject to the approval of the system. If the member is married, election of an option under this section requires the written acknowledgment of the member’s spouse. However, the system may accept a married member’s election of a benefit option under this section without the written acknowledgment of the member’s spouse if the member submits a notarized statement indicating that the member has been unable to locate the member’s spouse to obtain the written acknowledgment of the spouse after reasonable diligent efforts. The member’s election of a benefit option shall become effective upon filing the necessary forms, including the notarized statement, with the system. The system shall not be liable to the member, the member’s spouse, or to any other person affected by the member’s election of a benefit option, based upon an election of benefit option accomplished without the written acknowledgment of the member’s spouse. The member may, if eligible, select one of the following options:

a. At retirement, a member may designate that upon the member’s death, a specified amount of money shall be paid to a named beneficiary, and the member’s monthly retirement allowance shall be reduced by an actuarially determined amount to provide for the lump sum payment. The amount designated by the member must be in thousand dollar increments and shall be limited to the amount of the member’s accumulated contributions. The amount designated shall not lower the monthly retirement allowance of the member by more than one-half the amount payable as provided in paragraph “b”. A member may designate a different beneficiary at any time, except as limited by an order that has been accepted by the system as complying with the requirements of section 97B.39. The election of a death benefit amount under this paragraph shall be irrevocable upon payment of the first monthly retirement allowance.

b. A member may elect a retirement allowance otherwise payable to the member upon retirement under the retirement system pursuant to this chapter, to include the applicable provisions of sections 97B.49A through 97B.49G, and a death benefit as provided in section 97B.52, subsection 3.

c. A member may elect an increased retirement allowance during the member’s lifetime with no death benefit after the member’s retirement date.

d. (1) A member may elect to receive a decreased retirement allowance during the member’s lifetime and have the decreased retirement allowance, or a designated fraction thereof, continued after the member’s death to another person, called a contingent annuitant, during the lifetime of the contingent annuitant. The member cannot change the contingent annuitant after the member’s retirement. In case of the election of a contingent annuitant, no death benefits, as might otherwise be provided by this chapter, will be payable upon the death of either the member or the contingent annuitant after the member’s retirement.

(2) In lieu of a benefit as calculated under subparagraph (1), a member may elect to receive a decreased retirement allowance during the member’s lifetime and have the decreased retirement allowance, or a designated fraction thereof, continued after the member’s death to another person, called a contingent annuitant, during the lifetime of the contingent annuitant, as determined by this subparagraph. In addition, if the contingent annuitant dies prior to the death of the member, the member shall receive a retirement allowance beginning with the first month following the death of the contingent annuitant as if the member had selected the option provided by paragraph “b” at the time of the member’s first retirement. The member cannot change the contingent annuitant after the member’s retirement. If a contingent annuitant receives a decreased retirement allowance under this subparagraph following the death of the member, no death benefits, as might otherwise be provided by this chapter, will be payable upon the death of the contingent annuitant.

e. A member may elect to receive a decreased retirement allowance during the member’s
lifetime with provision that in event of the member’s death during the first one hundred twenty months of retirement, monthly payments of the member’s decreased retirement allowance shall be made to the member’s beneficiary until a combined total of one hundred twenty monthly payments have been made to the member and the member’s beneficiary. When the member designates multiple beneficiaries, the present value of the remaining payments shall be paid in a lump sum to each beneficiary, either in equal shares to the beneficiaries, or if the member specifies otherwise in a written request, in the specified proportion. A member may designate a different beneficiary at any time, except as limited by an order that has been accepted by the department as complying with the requirements of section 97B.39.

f. A member retiring under section 97B.49B or 97B.49C may select an allowance upon retirement as provided under paragraph “a”, “b”, “c”, or “e”, or paragraph “d”, subparagraph (1), and may elect to have the monthly allowance otherwise payable to the member pursuant to the selected paragraph or subparagraph recalculated as provided in this paragraph. A member electing payment of a monthly allowance under this paragraph shall have the member’s monthly allowance increased, as determined by the system’s actuary, by an amount equal to the monthly federal social security benefit that would be payable to the member on the date the member would be first eligible to receive a reduced social security pension benefit based upon the member’s account. Upon reaching the date the member would be first eligible to receive a reduced social security pension benefit, the member’s monthly retirement allowance shall be permanently reduced, as determined by the system’s actuary. A member electing payment of an allowance under this paragraph shall provide the system with a copy of the estimate provided by the federal social security administration of the member’s monthly federal social security benefit that would be payable on the date the member would be first eligible to receive a reduced social security pension benefit at least sixty days prior to the member’s first month of entitlement.

2. The election by a member of an option stated under this section shall be null and void if the member dies prior to the member’s first month of entitlement.

3. A member who had elected to take an option stated in this section, may, at any time prior to retirement, revoke such an election by written notice to the system. A member shall not change or revoke an election once the first retirement allowance is paid.