

**495—15.1(97B) Dividend payments for beneficiaries of members retiring prior to July 1, 1990, who chose joint and survivor annuity options.**

**15.1(1) November dividend adjustment.** Effective July 1, 2008, in order to determine whether the adjustment to dividend payments is payable under Iowa Code section 97B.49F(1) “b” as amended by 2008 Iowa Acts, Senate File 2424, section 34, an IPERS actuary shall compare the actuarially required contribution rate for the fiscal year of the dividend adjustment to the statutory contribution rate for that same fiscal year and certify the results to IPERS. If the actuarially required contribution rate exceeds the statutory contribution rate for that same fiscal year, the applicable percentage used to calculate dividend adjustments shall be zero.

**15.1(2) General.** The dividend payable to the beneficiary of a pre-July 1, 1990, retired member who selected a joint and survivor annuity option, except for the year of the member’s death and the next year, is calculated in the same manner as for retired members.

For a member who lives into November of the year in which the member dies, the dividend will be payable to the member’s account.

**15.1(3) Dividend for the years in which member’s death occurs.** For a member who does not live into November of the year in which the member dies, the dividend payable for the year in which the member dies is calculated the same as it would have been calculated for the deceased retired member. The dividend amount that would have been payable to the deceased retired member is then multiplied by the survivor annuity percentage selected for the contingent annuitant (CA) in the member’s retirement application.

**15.1(4) Dividend for the year following the year of the retired member’s death.** For a member who does not live into November of the year in which the member dies, the dividend payable in the year following the year of the member’s death is calculated as follows. The sum of the survivor’s monthly benefit payments received for the year in which the member’s death occurs is divided by the number of survivor benefit payments for that year, and that amount is multiplied by 12. That amount plus the member’s survivor’s prior dividend is then multiplied by the dividend rate for the year following the year of the member’s death, which equals the dividend adjustment for the year following the year of the member’s death. This dividend adjustment plus the prior year’s dividend produces the dividend amount for the year following the year of the member’s death.

**15.1(5) Examples.**

*a. Dividend for the year of the member’s death.* The following assumptions are made. The member retired in 1989 and selected a joint and 50 percent to survivor annuity. The retired member received a monthly payment of \$1,000, and died in June 2002. The member received \$12,000 in monthly benefits for January through December 2001. The member received a dividend of \$500 in 2001, and the dividend rate is 3 percent for 2002.

2001 total monthly benefits	+	2001 dividend amount	×	2002 dividend rate	=	2002 dividend adjustment	+	2001 dividend amount	=	Dividend payable amount	×	CA%	=	CA 2002 dividend
\$12,000.00		\$500.00		3%		\$375.00		\$500.00		\$875.00		50%		\$437.50

*b. Dividend for the year following the year of the member’s death.* The following assumptions are made. The member retired in 1989 and selected a joint and 50 percent to survivor annuity. The retired member received a monthly payment of \$1,000, and died in June 2002. The survivor received \$500 each month for July through December of 2002 for a total of \$3,000. The survivor received a dividend of \$437.50 in 2002, and the dividend rate is 3 percent for 2003.

2002 total monthly benefits for CA	÷	Total of payments for CA 2002	×	Twelve months for 2002	+	2002 dividend amount	×	2003 dividend rate	=	2003 dividend adjustment	+	2002 dividend amount	=	Dividend payable to CA for 2003
\$3,000.00		6 months		12 months		\$437.50		3%		\$193.13		\$437.50		\$630.63