

1 H.282

2 Introduced by Representative Savage of Swanton

3 Referred to Committee on

4 Date:

5 Subject: Executive; state employees; teachers; municipal employees;

6 retirement; survivorship option

7 Statement of purpose: This bill proposes to authorize a state employee,

8 teacher, or municipal employee to redesignate only once the beneficiary on his

9 or her survivorship option. A member shall be authorized to redesignate a

10 beneficiary by January 1, 2012, or within 30 days of reaching retirement.

11 An act relating to allowing a state employee, teacher, or municipal
12 employee one opportunity to change the beneficiary indicated on his or her
13 survivorship option

14 It is hereby enacted by the General Assembly of the State of Vermont:

15 Sec. 1. 3 V.S.A. § 465 is amended to read:

16 § 465. TERMINATION OF SERVICE; ORDINARY DEATH BENEFIT

17 (a) Upon the withdrawal of a member from service prior to retirement for

18 reasons other than death, the amount of his or her accumulated contributions

19 will be returnable to him or her. In lieu of such return of contributions, any

20 member who has completed five years of creditable service, may allow his or

21 her contributions to remain in the system and receive a deferred vested

1 retirement allowance, commencing at normal retirement date, which shall be
2 equal to:

3 (1) A normal retirement allowance based on his or her average final
4 compensation at his or her date of termination of service and the number of
5 years of creditable service he or she would have completed had he or she
6 remained in service to his or her normal retirement date, multiplied by

7 (2) The ratio that the number of his or her years of creditable service at
8 termination of service bears to the number of years of such service he or she
9 would have completed had he or she remained in service to his or her normal
10 retirement date.

11 * * *

12 (j) A member shall be authorized to redesignate the beneficiary identified
13 under subdivision (b)(1) of this section to whom the member's retirement
14 allowance or the member's accumulated contributions shall be paid upon the
15 death of the member. A member shall be authorized to redesignate a
16 beneficiary under this subsection by January 1, 2012, or within 30 days of
17 reaching retirement. A beneficiary designated under this subsection shall be
18 the same age or older as the person initially designated a beneficiary under
19 subdivision (b)(1) of this section. A member shall be assessed an
20 administrative fee for a redesignation of a beneficiary under this subsection.

1 Sec. 2. 16 V.S.A. § 1940 is amended to read:

2 § 1940. TERMINATION OF SERVICE; DEATH; REFUND; PENSION

3 (a)(1) Upon the withdrawal of a member from service prior to retirement,
4 the amount of the member's accumulated contributions, less not more than
5 one-third of the regular interest credited thereon as determined by the board,
6 will be returnable to the member. In lieu of the return of contributions:

7 * * *

8 (c) A member shall be authorized to redesignate the beneficiary identified
9 under subdivision (b)(1) of this section to whom the member's accumulated
10 contributions shall be paid upon the death of the member. A member shall be
11 authorized to redesignate a beneficiary under this subsection by January 1,
12 2012, or within 30 days of reaching retirement. A beneficiary designated
13 under this subsection shall be the same age or older as the person initially
14 designated a beneficiary under subdivision (b)(1) of this section. A member
15 shall be assessed an administrative fee for a redesignation of a beneficiary
16 under this subsection.

17 Sec. 3. 24 V.S.A. § 5061 is amended to read:

18 § 5061. DEATH BENEFIT; POST RETIREMENT

19 (a) The beneficiary of a member who dies after retirement shall receive at
20 the member's death, a lump sum equal in amount to the difference between the
21 member's accumulated contributions at the time of retirement and the sum of

1 the annuity payments actually made to the member during his or her lifetime.
2 However, if the member elected an option prior to the commencement of the
3 benefit, the provisions thereof shall apply. Under all options, in the absence of
4 a written designation of beneficiary, or in the event the designated beneficiary
5 is deceased, the residual amount payable as a result of the death of the member
6 after retirement shall be payable as follows:

7 (1) In the case of an open estate, to the administrator or executor.

8 (2) In the case of a closed estate and the residual amount payable is
9 valued at less than \$1,000.00, in accordance with the probate division of the
10 superior court decree of distribution.

11 (3) In the absence of an open estate or probate division of the superior
12 court decree of distribution, and the residual amount payable is valued at less
13 than \$1,000.00 to the surviving spouse of the deceased owner, or, if there is no
14 surviving spouse, then to the next of kin according to 14 V.S.A. § 551.

15 (4) In all other cases a probate estate shall be opened by the claimant, or
16 other interested party, in order to determine the appropriate distribution of the
17 residual amount payable. When an estate is opened solely to distribute the
18 residual amount payable under this section, the probate division of the superior
19 court may waive any filing fees.

20 (b) A member shall be authorized to redesignate the beneficiary to whom a
21 lump sum shall be paid under subsection (a) of this section upon the death of

1 the member. A member shall be authorized to redesignate a beneficiary under
2 this subsection by January 1, 2012, or within 30 days of reaching retirement.

3 A beneficiary designated under this subsection shall be the same age or older
4 as the person initially designated a beneficiary under subsection (a) of this
5 section. A member shall be assessed an administrative fee for a redesignation
6 of a beneficiary under this subsection.

7 Sec. 4. EFFECTIVE DATE

8 This act shall take effect on passage.