
INSURABLE INTEREST SURVIVOR BENEFITS

Survivors

Amount of Election

Cost to Annuitant

Termination of Insurable Interest Benefit



Insurable Interest Survivor Benefits

Any retiring employee (regardless of marital status), in good health, may elect an insurable interest survivor benefit for any person who is financially dependent upon the retiree.

Survivors

The insurable interest survivor may be

- a spouse,
- a former spouse, or
- anyone who is financially dependent upon the retiree.

Amount of Election

The insurable interest benefit is based upon the retiree's full annuity. The retiree may not elect any other survivor base.

Cost to the Annuitant

The cost of an insurable interest benefit is based on the age difference between the retiree and the insurable interest survivor.

Age of Insurable Interest Survivor in Relation to Age of Retiree	Reduction in Basic Annuity
Older or less than 5 years younger	10%
5 but less than 10 years younger	15%
10 but less than 15 years younger	20%
15 but less than 20 years younger	25%
20 but less than 25 years younger	30%
25 but less than 30 years younger	35%
30 or more years younger	40%

Survivor Benefits

Insurable Interest Survivor Receives

In the event of the annuitant's death, the insurable interest survivor receives 55% of the retiree's commencing annuity after the reduction to provide the insurable interest survivor benefit, plus COLAs.

Termination of Entitlement to the Insurable Interest Benefit

The insurable interest survivor benefit will be terminated upon death of the insurable interest survivor, or on conversion of the benefit to a regular survivor annuity. If entitlement to insurable interest benefit terminates while the retiree is living, the retiree's annuity benefit will be restored to the full rate, prospectively.

Example: Insurable Interest Survivor Benefit

Betty: \$20,000 annuity
Elects Insurable interest benefit for her sister, Carol, 6 years younger.

Cost: 15% of \$20,000 = \$3,000

$$\begin{array}{r} \$20,000/\text{yr. } (\$1,666/\text{month}) \\ - \quad \underline{3,000} \\ \$17,000/\text{yr. } (\$1,416/\text{month}) \end{array}$$

Insurable Interest

Survivor receives: 55% of 17,000 = \$ 9,350/year
= \$779/month