



## New York City Police Pension Fund

233 Broadway, 25<sup>th</sup> fl.

New York, NY 10279

(212) 693-5850

### Beneficiary Fact Sheet — Tiers 2 and 3

The more you know about naming beneficiaries, the better your decisions will be on behalf of family members and loved ones. This fact sheet addresses ten beneficiary questions members frequently ask. We encourage you to call the Membership Services Unit at (212) 693-5850 for further information if needed.

#### 1. What is the *Ordinary Death Benefit*?

The *Ordinary Death Benefit* for a non-line of duty active service death is equal to three (3) times your final year's earnings, defined as salary plus overtime rounded up to the next highest thousand. This benefit is payable after 90 days minimum service. A vested member who dies prior to the start of pension payments is entitled to 50% of the Ordinary Death Benefit.

#### 2. What is the *Return of Contributions Benefit*?

The *Return of Contributions Benefit* is equal to the member's cumulative pension contributions plus earned interest.

#### 3. What should I keep in mind when naming beneficiaries?

The most important thing is to decide *what you would like your benefits to accomplish if you are not here*. For example, do you want the benefits to help your spouse raise your children? Help your siblings raise their families? Care for aging parents or a special needs child? Once you have considered this issue, naming beneficiaries becomes easier.

#### 4. Why is naming beneficiaries so important?

Naming beneficiaries allows death benefits to pass directly to your beneficiaries, usually in just a few weeks. If a minor is named as a beneficiary, the benefit can be paid to a custodian of the minor (see #8, on page 2, for details). If beneficiaries are not named, benefits pass through your estate, which automatically triggers a court-supervised process known as probate that can delay death benefit payment for months and involves payment of various fees.

#### 5. Who can be named as a beneficiary?

Any person can be named as a beneficiary, but members often name a close relative or relatives, such as a spouse, child, sibling or parent. A beneficiary can also be a friend, institution, partnership or charity. Naming your estate is also permissible, but payment of death benefits will be delayed while your estate is probated.

#### 6. What's the difference between primary and secondary beneficiaries?

Primary beneficiaries are your first choice to receive a death benefit. You may name any number of primary beneficiaries. Secondary beneficiaries receive death benefits **ONLY** if no primary beneficiary survives you. If no primary beneficiary survives you, and no secondary beneficiaries were named, your death benefits pass to your estate. To name primary and secondary beneficiaries, visit the NYCPPF or download Form 60 at [nyc.gov/nycppf](http://nyc.gov/nycppf). All forms mailed to the NYCPPF must be notarized.

**7. What happens if one of my primary beneficiaries dies before me and two or more primary beneficiaries were originally named?**

In this case, the NYCPPF pays the deceased primary beneficiary’s share to the estate of the deceased member. The surviving primary beneficiaries receive the benefit percentages originally assigned to them. If a primary beneficiary is living upon the member’s death, but dies before the NYCPPF pays death benefits, that beneficiary’s share would then be paid to the estate of the beneficiary.

**8. Are there special considerations with a minor child beneficiary?**

New York law does not permit the NYCPPF to pay a death benefit directly to a minor child. However, the New York State Uniform Transfers to Minors Statute (UTMA) enables the minor’s benefit to be deposited to an UTMA account managed by an adult custodian whom you appoint. The custodian makes sure the account is used for benefit of the minor beneficiary. NYCPPF members can name an UTMA custodian for each minor beneficiary using Form 62, available at [www.nyc.gov/nycppf](http://www.nyc.gov/nycppf). Members can also use this form to: (a) elect whether the minor would receive any remaining UTMA account balance at age 18 or at age 21; and (b) to name a successor custodian, should the named custodian become unwilling or unable to serve.

**9. What common beneficiary mistakes do NYCPPF members often make?**

The most common mistake is **not updating beneficiary designations**. The NYCPPF recommends that a member **review beneficiaries annually** upon receiving the *Annual Pension Statement*. Major life events that should trigger a beneficiary review include marriage, birth, adoption, divorce or death in the family.

Second, many members mistakenly assume that changing beneficiaries at the NYCPPF will also change beneficiaries at their union organization and vice versa. You must update your beneficiaries at BOTH NYCPPF and your union as well as with NYC Health Benefits and NYC Deferred Compensation, as applicable:

PBA	125 Broad Street, 11 <sup>th</sup> Floor, New York, NY 10004	(212) 233-5531
DEA	26 Thomas Street, New York, NY 10007	(212) 587-1000
SBA	155 Franklin Street, New York, NY 10013	(212) 226-2180
LBA/CEA	40 Peck Slip, New York, NY 10038	(212) 964-7500
Health Benefits	One Police Plaza, Health Benefits Unit, Room 1014, New York, NY 10038	(646) 610-5122
Deferred Compensation	22 Cortlandt Street, 18 <sup>th</sup> Floor, New York, NY 10007	(212) 306-7760
Deferred Comp. mail:	Deferred Comp. Plan / Bowling Green Station P.O. Box 93 New York, NY 10274-0093	

**10. What is the effect of a divorce on designation of beneficiary forms?**

Pursuant to Chapter 173 of the Laws of 2008 (NYS Estates, Powers and Trust Law §5-1.4), a divorce, judicial separation or annulment voids any prior designation of a spouse as beneficiary for certain revocable benefits, such as death benefits or retirement benefits. If you get divorced and you have not filed a Domestic Relations Order (DRO) with the NYCPPF that expressly provides for benefits for your former spouse, then you must re-designate your former spouse as beneficiary after the divorce or judicial separation if you want the former spouse to receive benefits.

**Disclaimer:** The NYCPPF cannot provide legal advice. For guidance on questions of law, consult a family law or estate planning attorney.