CHANGING YOUR COBENEFICIARY OR BENEFIT OPTION

Revised April 2025

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COBENEFICIARY CHANGES UNDER THE PERA BENEFIT STRUCTURE

When you retire, you will choose from one of three options to receive your benefit. All options provide a lifetime monthly benefit for you.

» If you choose an Option 1 benefit, no benefits will be payable after your death.

» If you choose an Option 2 or 3 benefit, your cobeneficiary will receive a lifetime monthly benefit after your death. In some situations, you may be eligible to change your benefit option or cobeneficiary after retirement.

Important Terms

Cobeneficiary: The person you designate under PERA benefit structure Options 2 and 3 to receive a continuing monthly benefit after your death. You may name only one cobeneficiary and your selection is irrevocable unless certain conditions apply. See more information beginning on page 3.

If you have a disabled child, you may designate a Supplemental Needs Trust for the benefit of the disabled child as your cobeneficiary. You may not designate any other trust as your cobeneficiary.

Named Beneficiary: The person(s) or entity you designate to receive a lump-sum payment of any remaining moneys credited after all monthly benefits have been paid to you and your cobeneficiary (if applicable).

Benefit Options

Option 1: This option provides you with a lifetime monthly benefit. Following your death, a single payment of any remaining balance in your Defined Benefit (DB) Plan account, plus a 100% match on the balance, will be made to your named beneficiary, or your estate if no named beneficiary exists. No further monthly benefits are payable.

Option 2: This option provides you with a lifetime monthly benefit. Following your death, your cobeneficiary will receive a lifetime monthly benefit equal to one-half of your benefit at the time of your death. If there is a DB Plan account balance remaining after the death of your cobeneficiary, a single payment of any remaining balance in your DB Plan account, plus a 100% match on the balance, will be made to your named beneficiary, or your cobeneficiary's estate if no named beneficiary exists. No further monthly benefits are payable.

Option 3: This option provides a lifetime monthly benefit. Following your death, your cobeneficiary will receive a lifetime monthly benefit equal to your benefit at the time of your death. If there is a DB Plan account balance remaining after the death of your cobeneficiary, a single payment of any remaining balance in your DB Plan account, plus a 100% match on the balance, will be made to your named beneficiary, or your cobeneficiary's estate if no named beneficiary exists. No further monthly benefits are payable.

Designating a Supplemental Needs Trust

If you select your child as a cobeneficiary and that child is now the sole beneficiary of a Supplemental Needs Trust (as determined by law), contact PERA for information if you wish to change your cobeneficiary designation to the Supplemental Needs Trust.

Changes Within 60 Days of Retirement

After you retire, you may change your benefit option or your cobeneficiary within 60 days after your first benefit is issued. This change is retroactive to the effective date of retirement and will result in a benefit adjustment. Notify PERA in writing of the change you wish to make. After the 60 days, you may make changes only in certain situations as explained beginning on page 3.

Changes if Your Cobeneficiary Dies

If your effective date of retirement is on or after July 1, 1988, and you are receiving an Option 2 or 3 benefit, your benefit amount will increase if your cobeneficiary dies before you.

Your new benefit will be equal to your Option 1 amount, plus increases calculated on that amount since your date of retirement. The new benefit amount will be effective on the date of your cobeneficiary's death.

Changes at Other Times

Regardless of when you retire, you are eligible to change your benefit option or cobeneficiary under certain circumstances.

Marriage and Civil Union

If you marry on or after January 1, 2011, or enter into a civil union on or after January 1, 2014, the following applies:

» If you elected an Option 1 benefit and were not married at the time of retirement, and you later marry or become a partner in a civil union, you may name your new spouse or partner as cobeneficiary and select an Option 2 or 3 retirement benefit within 60 days of the date of the marriage or civil union. After 60 days, you are no longer allowed to name your new spouse or partner under an Option 2 or 3 benefit.

» If you elect an Option 2 or 3 benefit at retirement with your spouse or partner (through marriage or civil union) as cobeneficiary and your spouse or partner dies, upon remarriage or new civil union you may name your new spouse or partner as cobeneficiary and select an Option 2 or 3 benefit within 60 days of the date of the marriage or civil union. After 60 days, you are no longer allowed to name your new spouse or partner under an Option 2 or 3 benefit.

» You may only designate your current spouse or partner (through marriage or civil union) once, even if you revoke your decision within 60 days. This one-time designation is irrevocable.

If you married before January 1, 2011, and would like information on your options for adding your spouse as cobeneficiary, please call PERA's Customer Service Center at 800-759-7372.

Naming a New Spouse as Your Cobeneficiary

If you are eligible to name a new spouse as your cobeneficiary (see the "Marriage and Civil Union" and "Divorce" sections), selecting an Option 2 or 3 benefit and naming your new spouse as cobeneficiary will allow you to offer some financial protection to your new spouse, since it will provide a lifetime monthly benefit to that person after your death. Also, naming your spouse as your cobeneficiary will allow them to receive the premium subsidy for PERACare (PERA's Health Benefits Program) after your death. (If your spouse will not receive a benefit after your death, they may continue coverage in PERACare if already enrolled, but will not be eligible to receive the subsidy.)

When you name your new spouse as your cobeneficiary, the amount of your benefit may increase or decrease, depending on your ages and the benefit option you select. The amount of an Option 2 or 3 benefit is calculated based on the ages of you and your new cobeneficiary at the time of the change. The benefit amounts in the following examples reflect calculations for specific ages of the retiree and cobeneficiary; the benefit amount changes could be more or less depending upon ages. (There is no "average" percent change; contact PERA for an estimate.)

Example 1:

George retired in February 2019. He was single at retirement, selected an Option 1 benefit, and receives a gross benefit of $1,100 a month. George now marries Sally. If he changes his benefit option and names Sally as his cobeneficiary, his new benefit amounts will be:

» With Option 2: $990
Sally will receive one-half of the benefit ($495) upon George's death.

» With Option 3: $900
Sally will receive the same amount upon George's death.

If George changes his benefit option to Option 3, his benefit will decrease from $1,100 to $900 a month. However, when George dies, Sally will receive a lifetime monthly benefit in the same amount ($900) as George was receiving. She also will be eligible for benefit increases and for a subsidy toward her PERACare health care premium. If George keeps Option 1, the monthly benefit will stop when he dies, and Sally will not receive the PERACare health care premium subsidy.

If George chooses an Option 2 or 3 benefit, and Sally dies before him, his benefit will revert to the Option 1 amount.

Example 2:

When Ann retired in 2008, she selected an Option 2 benefit and named her husband Jim as her cobeneficiary. Jim died in 2015, and Ann's benefit reverted to Option 1. She is now planning to remarry. Ann will now have the choice of keeping her benefit under Option 1 or naming her new spouse as cobeneficiary under an Option 2 or 3 benefit within 60 days of the date of marriage.

If Ann chooses an Option 2 or 3 benefit, her new benefit amount will depend upon the ages of Ann and her new spouse.

Also, if her new spouse predeceases her, Ann's benefit will revert to the Option 1 amount. Her new spouse has the added advantage of continuing to receive the PERACare health care premium subsidy as an Option 2 or 3 benefit recipient.

If you have questions about this section, please call PERA's Customer Service Center at 800-759-7372.

Divorce

» If you elect an Option 2 or 3 benefit at retirement with your spouse (through marriage or civil union) as cobeneficiary and you later divorce, you may change your cobeneficiary but not the option you selected, provided a change of cobeneficiary is ordered or allowed by a district court with jurisdiction over the divorce action.

» If you elect an Option 2 or 3 benefit at retirement with your spouse (through marriage or civil union) as cobeneficiary and you later divorce, you may remove your cobeneficiary (and not name a new cobeneficiary), which causes you to revert to an Option 1 benefit. You may do this only if you meet the following conditions:

- You retired on or after July 1, 1988;
- You divorced on or after July 1, 2003; and
- You were ordered or allowed by a district court with jurisdiction over the divorce action to remove your former spouse (through marriage or civil union) as cobeneficiary.

If you have questions about this section, please call PERA's Legal Department at 303-837-6271.

COBENEFICIARY CHANGES UNDER THE DPS BENEFIT STRUCTURE

When you retire, you will choose from one of four options to receive your benefit. All options provide a lifetime monthly benefit for you.

» If you choose an Option A benefit, no benefits are payable after death.

» If you choose an Option B benefit, those benefits are calculated with a guarantee period. You will be paid for your lifetime, and upon your death, benefits transfer to your Option B beneficiary(ies) if your guarantee period has not lapsed.

» If you choose an Option P2 or P3 benefit, your cobeneficiary will receive a lifetime monthly benefit after your death. In some situations, you may be eligible to change your cobeneficiary selection after retirement.

Under the DPS benefit structure, PERACare health care subsidies are only provided to retirees. Should your cobeneficiary receive your Option P2 or P3 benefit after your death, they will not receive a PERACare health subsidy.

Important Terms

Cobeneficiary (Co-annuitant): The person you designate under DPS benefit structure Options P2 and P3 to receive a continuing monthly benefit after your death. You may name only one cobeneficiary and your selection is irrevocable unless certain conditions apply. More information begins on page 8.

If you have a disabled child, you may designate a Supplemental Needs Trust for the benefit of the disabled child as your cobeneficiary. You may not designate any other trust as your cobeneficiary.

Named Beneficiary: The person(s) or entity you designate to receive a lump-sum payment of any remaining moneys credited after all monthly benefits have been paid to you and your cobeneficiary (if a cobeneficiary has been named) if you choose an Option A, P2, or P3.

Option B Beneficiary(ies): The person(s) designated under Option B to receive the remainder of monthly benefits should you die before the end of the guaranteed period of payments.

Benefit Options

Option A: This option provides you with a lifetime monthly benefit. Following your death, a single payment of any remaining balance in your Defined Benefit (DB) Plan account, without a match, will be made to your named beneficiary, or your estate if no named beneficiary exists. No further monthly benefits are payable.

Option B: This option provides you with a lifetime monthly benefit. As part of the retirement calculation, your DB Plan account is annuitized to determine the guarantee payment period. If you die before the end of the guarantee period, your Option B beneficiary(ies) will receive your remaining monthly payments through the end of the guarantee period. If your Option B beneficiary(ies) receives a benefit after your death and dies before the end of the guarantee period, a single payment will be paid to the estate of the deceased beneficiary. If your Option B beneficiary(ies) predeceases you, you do not name any additional Option B beneficiary(ies), and you die before the end of the guarantee period, a single payment will be made to your estate. No further monthly benefits are payable.

Option P2: This option provides you with a lifetime monthly benefit. Following your death, your cobeneficiary will receive a lifetime monthly benefit equal to one-half of your benefit at the time of your death. If there is a DB Plan account balance remaining after the death of your cobeneficiary, a single payment of any remaining balance in your DB Plan account, without a match, will be made to your named beneficiary, or your cobeneficiary's estate if no named beneficiary exists. No further monthly benefits are payable.

Option P3: This option provides you with a lifetime monthly benefit. Following your death, your cobeneficiary will receive a lifetime monthly benefit equal to your benefit at the time of your death. If there is a DB Plan account balance remaining after the death of your cobeneficiary, a single payment of any remaining balance in your DB Plan account, without a match, will be made to your named beneficiary, or your cobeneficiary's estate if no named beneficiary exists. No further monthly benefits are payable.

If you name someone other than your spouse (through marriage) who is more than 10 years younger than you as your cobeneficiary, the amount that continues to your cobeneficiary at your death could be limited in accordance with percentages required by Internal Revenue Code (IRC) regulations. For information about the percentages, please call PERA's Customer Service Center.

Designating a Supplemental Needs Trust

If you select your child as a cobeneficiary and that child is now the sole beneficiary of a Supplemental Needs Trust (as determined by law), contact PERA for information if you wish to change your cobeneficiary designation to the Supplemental Needs Trust.

Changes Before Your First Benefit is Issued

You may change your benefit option or cobeneficiary any time before the date your first benefit payment is issued. To change your cobeneficiary or benefit option, you must notify PERA in writing. After the date your first benefit payment is issued, you are not allowed to change your benefit option under Options A and B. Under Options P2 and P3, you may make changes only in certain situations as explained beginning below.

Changes if Your Cobeneficiary Dies

If you are receiving an Option P2 or P3 benefit, your benefit amount will increase if your cobeneficiary dies before you.

Your new benefit will be equal to your Option A amount, plus increases calculated on that amount since your date of retirement. The new benefit amount will be effective on the date of your cobeneficiary's death.

Divorce

Under Options P2 and P3, you may be allowed to revert your benefit to an Option A benefit, if you divorce and the district court with jurisdiction over the divorce action orders or allows you to remove your former spouse as cobeneficiary.

If you have questions about this section, please call PERA's Legal Department at 303-837-6271.

SUSPENDING RETIREMENT IN THE PERA BENEFIT STRUCTURE

If You Suspended PERA Retirement On or Before December 31, 2010

If you voluntarily suspended retirement on or before December 31, 2010, and have not reinstated those benefits, please call PERA's Customer Service Center for more information.

Suspending PERA Retirement On or After January 1, 2011

If you suspend retirement and return to membership, you will make contributions to PERA and earn service credit for this employment. If you have earned less than one year of service credit when you terminate employment and re-retire, PERA will refund your contributions and resume your benefit as originally calculated.

If you earn one year or more of service credit following a suspension of retirement, you will build a separate benefit. When you terminate employment, your original benefit will resume and you have the option to either refund your new account or apply to receive a separate benefit based upon the plan provisions that governed your initial retirement benefit. You will be immediately eligible for a second benefit when you stop working, regardless of your age.

If you select a separate benefit, you may select a new option and/or cobeneficiary (if applicable), but your option and cobeneficiary must be the same for your original benefit and your new benefit segment.

To become eligible for an annual increase after a suspension of your benefit payments, there is a required waiting period that must be satisfied. This would apply separately to each segment. See the *Annual Increases for Benefit Recipients* fact sheet for more information.

If you decide to suspend your retirement and return to work, you must notify PERA in writing prior to the date of your re-employment. For more details, see the *Working After Retirement* booklet.

SUSPENDING RETIREMENT IN THE DPS BENEFIT STRUCTURE

If You Suspended DPS Retirement On or Before December 31, 2010

If you voluntarily suspended retirement on or before December 31, 2010, and have not reinstated those benefits, please call PERA's Customer Service Center for more information.

Suspending DPS Retirement On or After January 1, 2011

If you suspend retirement and return to membership, you will make contributions to PERA and earn service credit for this employment. If you have earned less than one year of service credit when you terminate employment and re-retire, PERA will refund your contributions and resume your benefit as originally calculated.

If you earn one year or more of service credit following a suspension of retirement, you will build a separate benefit. When you terminate employment, your original benefit will resume and you have the option to either refund your new account or apply to receive a separate benefit based upon the plan provisions that governed your initial retirement benefit. You will be immediately eligible for a second benefit when you stop working, regardless of your age.

If you elected an Option B, C, D, or E you are not eligible to change your option upon re-retirement.

To become eligible for an annual increase after a suspension of your benefit payments, there is a required waiting period that must be satisfied. This would apply separately to each segment. See the *Annual Increases for Benefit Recipients* fact sheet for more information.

If you decide to suspend your retirement and return to work, you must notify PERA in writing prior to the date of your re-employment. For more details, see the *Working After Retirement* booklet.

HOW TO MAKE A CHANGE

If you are eligible to change your benefit option and/or cobeneficiary, contact PERA for a benefit estimate. If your change requires a cobeneficiary, PERA needs to know the birthdate of your new cobeneficiary.

If you are making changes as described in the "Marriage and Civil Union" section under the PERA benefit structure, you must authorize the change within 60 days of the date of marriage or civil union. Copies of the following documents are required:

» A completed and signed *Benefit Option Election Form* for either the PERA or DPS benefit structure.

» Your new marriage or civil union certificate.

» In the case of remarriage or new civil union, your previous spouse's death certificate.

If you need to make a benefit option or cobeneficiary change as a result of a divorce, please contact PERA's Legal Department at 303-837-6271 for more information.

ACCESSING YOUR PERA ACCOUNT

You can access your PERA account online by logging in at copera.org.

For first-time access:

» Create an online user profile by clicking the "Member Login/Registration" button on copera.org.

» Click "Register as a new user."

» Enter your personal information.

» Verify your identity and set up your User ID and password.

You will also be required to enroll in multifactor authentication. With multifactor authentication, you access your information online using not only your User ID and password, but also a security code or push notification sent to your home or mobile phone.

If you have any questions about accessing your account, please call PERA's Customer Service Center at 800-759-7372.

CONTACT PERA

Visit PERA's website at copera.org.

Call PERA's Customer Service Center at 800-759-7372.

Visit the PERA offices in Denver or Westminster.

Send mail to PERA at
P.O. Box 5800
Denver, CO 80217-5800

Forms and publications can be found on the PERA website. Copies can also be requested by calling PERA's Customer Service Center.

Your PERA membership rights, benefits, and obligations are governed by Title 24, Article 51, of the Colorado Revised Statutes, PERA Rules, and other governing laws, which prevail over any interpretations in this booklet.

5/53 (REV 4-25)

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