

To the members of the MWRA Employees' Retirement System

We have received several inquiries recently regarding designation of an Option D beneficiary and wanted to provide some information directly all active members of the System in order to assist them in making this important decision.

There are two types of beneficiary designations for our Retirement System's active members. A "Lump Sum" (11(2)(c)) beneficiary, and an Option D beneficiary.

The "Lump Sum" beneficiary form is used to designate a person or people, or entity, to receive a lump sum of the member's contributions to the System upon the death of the member prior to retirement. Anyone may be designated a beneficiary to receive the one-time payment. The lump sum would only be paid if there were no Option D beneficiary designated and living at the time of the member's death, and no surviving spouse. If more than one person is designated, the member must specify proportions to be received by each.

The Option D beneficiary is to designate a single person, who must be the parent, child, sibling, spouse, or former spouse who has not remarried, of the member, to receive a monthly lifetime benefit upon the death of an active employee. The Option D benefit is payable in lieu of any lump sum of the employee's contributions. The Option D beneficiary would receive the full option C retirement benefit which would have been payable to the member had the member retired on the date of death and elected Option C for the named beneficiary. Particularly for members with a substantial amount of service, the lifetime monthly benefit will be far greater than the lump sum. There is a minimum of \$500 per month payable upon the death of an active employee with at least two years of service, and additional dependent benefits may be available as well.

In Massachusetts, a spouse has the right to elect an Option D benefit upon the death of an employee, regardless of whom the member designates as the Option D beneficiary. In other words, a spouse's election prevents any other beneficiary from receiving the Option D benefit, and for that reason, many employees choose not to file the form to designate one. However, many others choose to designate one to cover the scenario in which both the employee and the spouse die in a single event, such as an accident. That way, if the member were to die, the spouse would have first choice to elect the monthly benefit, but if both the member and the spouse were to die at the same time, another family member of the employee's designation may receive a lifetime monthly benefit which would potentially be far greater than the lump sum.

The Option D form may be found here:

https://www.mwra.com/sites/default/files/fileattachments/general/page/52/beneficiary_selection_option_d.pdf

We would be happy to meet with any member seeking guidance individually, and encourage you to contact Retirement Office Staff with any questions. Thank you.

Carolyn.russo@mwra.com (617) 305-5593

Julie.mcmanus@mwra.com (617) 305-5594

Danielle.diruzza@mwra.com (617) 305-5595