

Choosing Your Retirement Payment Option

(Video Transcript)

Are you ready to apply for your MERS Defined Benefit retirement? Congratulations!

As a MERS retiree, you'll receive a monthly benefit payment for the rest of your life. The payment option you choose at retirement will determine how much that monthly payment will be and what your beneficiary might receive when you pass away.

So it's important to understand your options for how you want to receive your benefit. That's because once you make your selection, you can't change it.

The Straight Life benefit option will provide you with the highest monthly benefit, because it will only ever be paid to you, the retiree. When you die, your monthly benefit ends. Under this option, your beneficiary would receive a lump sum refund of any unpaid employee contributions. But since your benefit uses employee contributions first, they are typically exhausted in the first 2-3 years of your retirement.

If you want someone else to receive your monthly retirement benefit after you die, the Life with % to Survivor benefit options allow you to name one beneficiary who will continue to receive a chosen percent of your monthly retirement benefit for the rest of their life.

With this option, your monthly benefit will be reduced based on both of your life expectancies. You can only name one person, and once you've named your monthly pension beneficiary, you can't change it.

Should your beneficiary pass away before you do, be sure to let us know, and your monthly benefit payment will be bumped up to the higher Straight Life amount.

The last payment type is the Life with Years Period Certain option. Like all the other payment options, this option provides a lifetime benefit to you. It also provides you with the assurance that your monthly benefit will continue to be paid to your beneficiary for a minimum amount of time if you should die within the time period that you select.

The period you select will begin with the effective date of your retirement. If you choose this option, your benefit will be reduced based on the time period you select, rather than the age of your beneficiary. So, you can choose more than one beneficiary, and even add or remove beneficiaries after retirement.

If you outlive the time period you choose, you will continue to receive your same monthly benefit, but your beneficiaries will not receive a monthly benefit after you pass away.

If you're curious to see how each of these payment options will affect your monthly retirement benefit, you can log in to your myMERS account to calculate your estimated benefit under each payment option. If you're married, it's a good idea to review these options with your spouse, because they will need to sign off on your decision if you elect anything other than Life with 100% to Survivor.

REMEMBER: Once you've made your chosen your payment option you can't change your mind.