

Lump-sum benefits and designations of beneficiary



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The May 2018 column provided information for retirees regarding designations of beneficiary. These forms can be used to ensure that certain monetary benefits (that are payable upon the death of a retiree) are paid to the individual(s) selected by the retiree. This column provides additional information about designations of beneficiary, and focuses specifically on the Civil Service Retirement System (CSRS) and Federal Employees Retirement System (FERS) lump-sum benefit. It should be read in conjunction with the earlier column.

A CSRS or FERS lump-sum benefit may include an amount equal to the annuity due the deceased retiree,

but not paid before death, as noted in a footnote to the May 2018 column. In circumstances where there is no survivor who qualifies for a survivor annuity, it may include additional benefits. If a CSRS or FERS retiree dies leaving no survivors who qualify for a survivor annuity, the balance of any retirement contributions remaining to the deceased person's credit in the retirement trust fund, plus any applicable interest, will be paid as a lump sum.

Retirees may choose to complete a Designation of Beneficiary form, or alternately, defer to the order of precedence that is used when there is no designation of beneficiary. That order of precedence follows:

1. To your widow or widower.
2. If your widow(er) is deceased, to your child or children, with the share of any deceased child distributed among the descendants of that child.
3. If none of the above, to your parents in equal shares or the entire amount to the surviving parent.
4. If none of the above, to the executor or administrator of your estate.
5. If none of the above, to your other next of kin under the laws of the State in which you live at the time of your death.

Payment of a lump sum will be made to the first person or persons listed above who are alive on the day you die.

Note that in Step 5, the state laws where you live at the time of your death apply. These laws may vary depending on your location. If the first four steps of the order of precedence do not apply to you, you may want to investigate your state laws.

Filling out and filing the form

When completing a Designation of Beneficiary form (SF 3102 for FERS and SF 2808 for CSRS), there are some items

you should pay particular attention to. Although the Office of Personnel Management (OPM) may alert you to any errors or defects on your Designation of Beneficiary form, a complete and error-free submission is your responsibility.

When providing information on the beneficiaries, be sure to use the beneficiary's given name. For example, write "Mary Doe" rather than "Mrs. John Doe."

You also will need witnesses to certify that you completed the form. These witnesses should not be beneficiaries. If there are no witnesses, or the only witness is a beneficiary, the designation will be void.

The completed Designation of Beneficiary form must be received by OPM prior to your death or it will not be valid, even if there is proof that it was mailed prior to death. Receipt by OPM of a fax or any other kind of copy before the date of death does not make the designation valid. Any time you submit a Designation of Beneficiary form, it cancels previous designations.

After OPM receives your Designation of Beneficiary form, it will mail a copy back to you. Keep it in a safe place for your records.

Considerations and clarifications

A last will and testament may be used to designate your CSRS/FERS lump-sum beneficiary if it is witnessed and filed and meets all other requirements for designation of beneficiary. It is extremely important to note that your last will and testament will not override or supersede a Designation of Beneficiary form. In other words, it is not sufficient to change only your last will and testament if it conflicts with your current Designation of Beneficiary form on file at OPM.

Another important consideration is that when your relationship to a beneficiary changes, that does not affect your designation. For instance, if you filed a Designation of Beneficiary form that included your spouse, and you later divorce, the now ex-spouse is still the beneficiary, unless you complete a new Designation of Beneficiary form.

Although a new Designation of Beneficiary is not required when you or your beneficiary's addresses or names change, OPM puts the responsibility to collect benefits on the beneficiary, stating:

We will write to the address you provide here to contact the person you designate. However, that person is obligated to get in touch with us after your death to ask us to make payment.

Do not confuse the Designation of Beneficiary forms for the lump-sum payment with other benefits such as the survivor benefit, Federal Employees' Group Life Insurance or Thrift Savings Plan. Each program and benefit has a unique beneficiary form.

Copies of the various Designation of Beneficiary forms may be accessed at nalc.org or by calling the Retirement Department.