

Remarriage / Marriage After Retirement
Frequently Asked Questions

“SECTION 9(C)(2)

(a) Members (i) who have been retired for less than forty (40) years as of the effective date of this act [10/1/2011], (ii) who retired or entered DROP prior to October 1, 2002, and (iii) who married or remarried after the date of the member’s retirement may elect prospectively to receive a voluntarily reduced retirement benefit payable to the widow or widower. The amount of the widow or widower’s benefit will be based on the actuarial equivalence calculated by the Fund’s actuary, and such benefit shall not result in any additional cost to the Fund or to the plan sponsor than would have been incurred if the member had not elected such benefit under this paragraph. Said actuarial calculation shall be paid for by the retired member.

(b) The election under subparagraph (a) is available only if (i) the spouse is not more than twenty (20) years younger than the married or remarried member, (ii) the marriage or remarriage occurred at least three (3) years prior to the member’s said election, and (iii) the electing member is restricted to exercising this provision for a maximum of two remarriages after retirement.

Q1. Who is eligible for this “Remarriage/Marriage After Retirement” new benefit?

- A1. Members that
- a) retired between 10/1/1971 and 10/1/2002
 - b) married or remarried after they retired
 - c) have a spouse who is not more than 20 years younger than they are
 - d) have been married at least 3 years

Q2. What is the purpose of this Remarriage/Marriage After Retirement” benefit?

- A2. To provide a continuing monthly pension benefit to a spouse who would otherwise receive nothing if the retiree passed away.

Q3. Why is this only available to those retiring or entering DROP before 10/1/2002?

- A3. Because members retiring or entering DROP on or after 10/1/2002 already have the optional forms of payment available to them and can elect a spouse as a joint annuitant if they choose to do so.

Q4. When will this option be available?

A4. Effective 10/1/2011, prospectively.

Q5. I retired in 1980, got divorced, then got remarried in 1981 and am still married to that spouse. If I were to pass away now, my current wife, to whom I have been married for over 30 years, gets nothing from the pension fund, right?

A5. Right. But starting 10/1/2011 you could elect the Remarriage/Marriage After Retirement option if you are eligible, and elect to take an actuarially reduced pension benefit for yourself in order to provide an ongoing monthly pension benefit for your surviving spouse, who would otherwise receive nothing when you die.

Q6. How does this Remarriage/Marriage After Retirement benefit work?

A6. Effective 10/1/2011, the pension office will have a Remarriage/Marriage After Retirement Election Form for you to complete. You will need to provide a copy of your marriage certificate and proof of your spouse's age. After staff verifies that you are in fact eligible to elect this option, your actuarial reduction will be calculated. You can then decide whether or not you want to proceed.

Q7. Why is it a reduction?

A7. The first time someone elects this option, it will always be a reduction. Right now, if someone with an *ineligible* surviving spouse dies, that spouse would receive nothing from the pension fund. Providing a monthly benefit to the otherwise *ineligible* spouse has a cost, so the monthly benefit to the retiree is reduced based upon actuarial equivalence. Take this example--a retiree is drawing \$3,000 per month now, when that retiree dies, he leaves behind \$0 continuation to his *ineligible* spouse. By electing this option, the retiree in this example takes a reduction to 88% to \$2,640 for the rest of his lifetime, in exchange for leaving behind a 65% continuation ($\$2,640 \times 65\% = \$1,716$) instead of \$0 to his spouse until her death or remarriage.

Q8. If I have already elected this option once, get divorced or my spouse dies, and I remarry, can I elect this option again?

A8. Yes. This option may be elected a maximum of two times.

Q9. What if my spouse is more than 20 years younger than I am?

A9. You are not eligible for this option.

Q10. Why not?

A10. There had to be some limitations placed on this option to prevent what actuaries call “anti-selection” and to provide safeguards. The limits on age difference, length of marriage, and maximum of two elections were recommended by the actuary, and this provision of the pension contract was agreed upon during collective bargaining.

Q11. If I elect this option, when would it take effect?

A11. The first of the month following receipt of your executed, notarized election form in the F&P pension office. For example, if you made the election and delivered your form to the pension office on 10/27/2011, the reduction would take effect on 11/1/2011, which would first appear on your 11/30/2011 pension check (because the 11/30/2011 pension check is for the month of November, 11/1/2011 – 11/30/2011).

Q12. What happens if I haven't been married for 3 years yet?

A12. You would not become eligible for this option until your 3rd anniversary.

Q13. So if I get married or remarried on 10/27/2011 to take advantage of this benefit, when would I become eligible to elect this option?

A13. You would become eligible on your 3rd anniversary of 10/27/2014, and if you made the election and delivered your form to the pension office that day, it would take effect on 11/1/2014, which would first appear on your 11/30/2014 pension check.

Q14. What decision should I make?

A14. The calculation and decision will be different for every single person. You might ask “Should I keep the largest possible monthly pension benefit available to me while I'm alive (and provide financial assistance upon my death for my ineligible surviving spouse through a different financial arrangement), or should I choose a lower monthly benefit during my lifetime, but provide my surviving spouse with a continuing benefit and some degree of financial security after my death?”

- Q15. What do you mean by actuarial equivalence in this option?
- A15. The regular monthly pension benefit that you are drawing for your lifetime and the remarriage/marriage after retirement option are designed to be “actuarially equal.” This means that if you elect the remarriage/marriage after retirement option, the amount that you receive is actuarially adjusted so that the expected value in today’s dollars to both you and your newly eligible spouse are the same as what you are now drawing for the rest of your life if you didn’t elect this option. Actuarial equivalence in this option takes into consideration your age, your spouse’s age and both of your life expectancies at the time the election is made. This is the same method used for the Joint Annuitant option (optional forms of payment) available to members retiring or entering DROP on or after 10/1/2002.
- Q16. How does the age difference between my spouse and I affect this election?
- A16. In general, the younger your spouse, the longer they are expected to live, the bigger the reduction that you would typically see.
- Q17. If I elect this option and take a reduction, then later divorce or my spouse dies, does my benefit go back to where it was at the beginning before I elected this option?
- A17. No. There is no “pop-up” provision in this benefit. This benefit option was collectively bargained to be actuarially cost neutral to the plan members and the plan sponsor, and a pop-up provision has an actuarial cost.
- Q18. Is there a charge for this actuarial equivalence calculation?
- A18. No. The actuary developed proprietary software for the F&P pension office to use, so the actuarial equivalence calculations are done at the pension office instead of being sent off to the actuary.
- Q19. So should I, or shouldn’t I elect this option?
- A19. It is an individual decision. Every person’s situation is different, and it is recommended that you seek your own personal tax and financial planning advice when considering this option.