

Ancillary Benefit Language/Reductions

Issue: Under current law, ancillary benefits can't be reduced by the vesting percentage maximums found in statute. Some relief associations are reducing the benefits by the statutory percentages, or by other percentages from their bylaws.

- Options:**
1. Change the language so benefits can't be reduced at all (Alternative 1).
 2. Change the language to allow benefits to be reduced, pursuant to a relief association's bylaws (Alternative 2).
 3. Change the language to remove the optional five-year minimum survivor benefit (Alternative 3).
 4. Change the language so that only lump sum plans can establish a minimum survivor benefit (Alternative 4).
 5. Change the language so that relief associations can establish a minimum survivor or minimum disability benefit not to exceed five times the annual benefit level (Alternative 5).
 6. Make no changes and address through education.

Examples:

Alternative	Result
1. Benefits must be paid at 100 percent.	Requires benefits to be paid at years of service times the benefit level.
2. Allows bylaws to set reduction percentages.	Allows benefits to be reduced by vesting percentages or other percentages established in the bylaws.
3. Omit five times benefit level option.	Removes the optional up to five year minimum survivor benefit.
4. Only lump sum plans eligible for five times benefit level option.	Clarifies that only lump sum plans are eligible to establish a minimum survivor benefit, not to exceed five times the annual benefit level.
5. Disability added to five times benefit level option.	Allows relief associations to establish an optional minimum disability benefit, not to exceed five times the annual benefit level.