

Commonwealth of Pennsylvania State Employees' Retirement System

2009 Benefits Completion Plan

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June 9, 2010

Mr. Leonard M. Knepp
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Dear Mr. Knepp:

The purpose of this letter is to recommend the amount of employer contributions necessary to sustain the Benefits Completion Plan (BCP). Section 415(b) of the Internal Revenue Code (IRC) limits the benefits that can be paid to members of the Pennsylvania State Employees' Retirement System (SERS) from the SERS Defined Benefit Plan. The benefit from the Benefits Completion Plan is the benefit that would have been paid in the absence of the IRC Section 415(b) limit less the benefit that is being paid from the SERS Defined Benefit Plan.

The December 8, 2003 ruling letter from the Internal Revenue Service (IRS) stated that the contribution to the Benefits Completion Plan during each fiscal year would be limited to the amount sufficient to fund benefits payable during the calendar year that starts in the fiscal year. This report determines the recommended contribution for the fiscal year beginning July 1, 2010. In accordance with the IRS letter we based the contribution for the fiscal year beginning July 1, 2010 on a projection of the benefits payable from the Benefits Completion Plan fund through December 31, 2011.

The Benefits Completion Plan pays both retirement annuities and death benefits. The retirement annuities are reasonably predictable. Some of the death benefits are very large, and these could be paid at any time. At one extreme there would be no large death benefits in a year. However, there could be one or more large death benefits payable in any given year.

In October 2006 we prepared a report on the long-term financing of the Benefits Completion Plan. Based on that report we proposed that the Benefits Completion Plan contribution be set at a high enough level to ensure that the fund was large enough to pay the two highest potential death benefits. However, the maximum contribution in any year would be the following:

Fiscal year beginning July 1, 2007	0.04 percent of payroll
Fiscal year beginning July 1, 2008	0.05 percent of payroll
Fiscal year beginning July 1, 2009	0.06 percent of payroll.

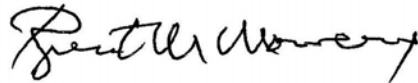
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The above policy resulted in our recommending a contribution of 0.04 percent of payroll for the fiscal years beginning July 1, 2007 and July 1, 2008, and 0.01 percent of payroll for the fiscal year beginning July 1, 2009.

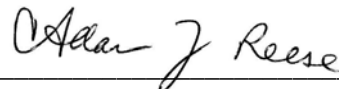
Now, based upon our review of the status of the fund as of December 31, 2009, our fund balance projections through December 31, 2011 and the policy described above, we recommend that SERS maintains a contribution rate of 0.01 percent of payroll for the year beginning July 1, 2010.

There are currently twenty members of the Benefits Completion Plan receiving annuity payments and 55 employees who could receive benefits if they retire before December 31, 2011. This report projects the fund based on the expected benefits for those members and employees.

Respectfully Submitted,
Hay Group



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Pennsylvania State Employees' Retirement System Benefits Completion Plan

The Pennsylvania State Employees' Retirement System (SERS) administers two defined benefit plans. The Defined Benefit Plan covers all eligible Pennsylvania employees and annuitants. The Benefits Completion Plan (BCP) provides benefits to certain annuitants whose Defined Benefit Plan benefits are limited by Internal Revenue Code (IRC) Section 415(b).

This report presents the current status of the Benefits Completion Plan as of December 31, 2009 and recommends an employer contribution for the plan for the fiscal year beginning July 1, 2010. The employer contribution for the Benefits Completion Plan will be added to the employer contribution for the Defined Benefit Plan to set the total retirement contribution for the fiscal year beginning July 1, 2010.

Benefits Payable from the Benefits Completion Plan Trust Fund

In general, IRC Section 415(b) limits a member's annual benefit attributable to employer contributions to a specified dollar limit. For the 2010 calendar year, the IRC Section 415(b) limit is \$195,000. There was no increase over the limit in calendar year 2009.

The Internal Revenue Service adjusts the IRC Section 415(b) limit for inflation on an annual basis. However, in any given year there will be no increase to the IRC Section 415(b) limit unless cumulative inflation is enough to result in an annual increase of at least \$5,000. Thus, the limit will not necessarily increase every year.

The IRC Section 415(b) limit is adjusted to its actuarial equivalence at certain member ages. If a member retires before age 62, the IRC Section 415(b) limit is reduced to its actuarial equivalent at the member's retirement age. If a member retires after age 70, the IRC Section 415(b) limit is increased to its actuarial equivalent at the member's retirement age.

The IRC Section 415(b) limit is further adjusted for the actuarial value attributable to the withdrawal of an amount equal to the member's pick up contributions with interest. The IRC Section 415(b) limit is also adjusted actuarially for certain optional benefit forms and adjusted for annuities with less than 10 years of service credit.

The Benefits Completion Plan will pay both retirement and death benefits that exceed the IRC Section 415(b) limit. Death benefits can be paid either on the death of a retired member receiving benefits from the Benefits Completion Plan or on the death of an employee.

In almost all cases, SERS benefits are also limited to no more than 100 percent of compensation. In general, the Benefits Completion Plan does not pay benefits that, together with the Defined Benefit Plan, are greater than 100 percent of salary. Exceptions to this limit include Constitutional Officers who are eligible for Class D-3 benefits and certain members eligible for actuarial increases due to retirement beyond age 70. For such members, the 100 percent of salary limit does not apply. For all others, the monthly retirement benefit payable from the Benefits Completion Plan is the difference between:

- 1 – The total benefit that would have been paid with the 100 percent limit but without the IRC Section 415(b) limit; and,
- 2 – The actual benefit that is paid from the Defined Benefit Plan.

SERS pays a death benefit that is based on the full SERS monthly annuity without either the IRC Section 415(b) or 100 percent of pay limit but no more than the benefit permitted under IRC Section 401(a)(9) of the Internal Revenue Code. The SERS death benefit is the total of (a) the death benefit based on the monthly annuity limited by 100 percent of pay and (b) a supplemental benefit equal to the full benefit less the benefit limited by 100 percent of pay. The supplemental death benefit is payable from the Defined Benefit Plan to the extent permitted by IRC Section 415(b). Therefore, the death benefit payable from the Benefits Completion Plan is the difference between:

- 1 – The total benefit that would have been paid without either the 100 percent limit or the IRC Section 415(b) limit; and,
- 2 – The actual benefit that is paid from the Defined Benefit Plan.

A retiree or survivor is a member of the Benefits Completion Plan if the retiree/survivor is currently drawing benefits from the Benefits Completion Plan. An employee is not currently a member of the Benefits Completion Plan even if the projected benefits for the employee are greater than the IRC Section 415(b) limit. The employee will become a member of the Benefits Completion Plan only after the employee retires and begins to draw benefits from the plan. Retirees/survivors who become members of the Benefits Completion Plan will generally remain members unless and until the IRC Section 415(b) limit is increased to the point that the benefit payable to them from the Defined Benefit Plan is not limited.

Monthly Retirement Benefit

The monthly benefit payable from the Benefits Completion Plan is the benefit that would have been paid without the IRC Section 415(b) limit less the benefit that is being paid from the Defined Benefit Plan. The example below illustrates the retirement benefits payable from the retirement system and the limits that affect the benefits payable.

Example of a Monthly Retirement Benefit Payable from the Benefits Completion Plan

TABLE 1		
A.	Benefit payable to the member based on option selected.	\$200,000
B.	Retirement Code 100 percent of pay limit.	197,000
C.	Retirement benefit payable from the SERS Defined Benefit Plan, limited by 100 percent of pay. (lesser of A. and B.)	197,000
D.	IRC Section 415(b) limit.	195,000
E.	Retirement benefit payable from the SERS Defined Benefit Plan, limited by IRC Section 415(b) limit and 100 percent of pay. (lesser of C. and D.)	195,000
F.	Retirement benefit payable from the Benefits Completion Plan. (difference between C. and E., but not less than \$0)	2,000

The 100 percent of salary limit (line B. above) is applied in determining the benefit that would have been paid without the IRC Section 415(b) limit. Therefore, the Benefits Completion Plan and the Defined Benefit Plan, in combination, do not pay retirement benefits that exceed 100 percent of final compensation.

Death Benefit

There are three types of death benefits payable from the Benefits Completion Plan. The Appendix includes examples of each type of benefit. The types are:

- ✓ Death benefits payable to beneficiaries of active members who have an annual retirement benefit in excess of the IRC Section 415(b) limit and who die in service (see example 1 in the Appendix); and
- ✓ Death benefits payable to beneficiaries of retired members who selected Option 1 and who have an annual retirement benefit in excess of the IRC Section 415(b) limit (see example 2 in the Appendix); and
- ✓ Death benefits payable to survivor annuitants based on the optional benefit chosen by the member at retirement, where the annual survivor benefit payable is in excess of the IRC Section 415(b) limit (see example 3 in the Appendix).

Members who die in service who were eligible to receive a retirement benefit are assumed to have retired the day before death and elected an Option 1 benefit. If the Option 1 death benefit is

in excess of the benefit payable under the IRC Section 415(b) limit, the Defined Benefit Plan will pay the amount of the benefit attributable to the annuity up to the IRC Section 415(b) limit, and the Benefits Completion Plan will pay the remainder of the death benefit. Example 1 in the Appendix illustrates the death benefits payable from the SERS Defined Benefit Plan and the Benefits Completion Plan if an active member dies in service.

A Supplemental Death Benefit is payable to a beneficiary of a member who had a retirement benefit limited by 100 percent of final compensation. The Supplemental Death Benefit is the present value of the difference between the retirement benefit payable to the member and the 100 percent of final compensation limit, subject to limits imposed by IRC Section 401(a)(9). If the benefit payable to the member is larger than the IRC Section 415(b) limit, the part of the benefit in excess of the IRC Section 415(b) limit of the Supplemental Death Benefit will be payable from the Benefits Completion Plan. Example 2 in the Appendix illustrates this case.

If a member chooses a joint and survivor benefit at retirement and the benefit is limited by the IRC Section 415(b) limit (as shown in the example in Table 1), the member will receive a retirement benefit from the SERS Defined Benefit Plan and the member will receive a retirement benefit from the Benefits Completion Plan. It is possible that part of the survivor benefit payable after the member's death would also be payable from the Benefits Completion Plan. Example 3 in the Appendix illustrates a situation where a survivor benefit would be payable from the Benefits Completion Plan based on the optional benefit the member elected at retirement. Example 4 shows a situation where a survivor benefit would not be payable. The examples illustrate the benefit payable based on an Option 2 (100 percent joint and survivor annuity) and an Option 3 (50 percent joint and survivor annuity).

Status of the Fund

Table 2 shows the progress of the fund in calendar year 2009. The fund began at about \$6,700,000 and increased by \$500,000 to about \$7,200,000. There were no death benefits paid in the year. The retroactive payments are those made to cover the time between the effective date of the annuity and the date payments actually commence.

TABLE 2	
Benefits Completion Plan Trust Fund	
Operations in Calendar Year 2009	
Beginning Balance – December 31, 2008	\$ 6,692,997
Income	
Contributions	1,380,346
Investment Income	30,464
Total Income	1,410,810
Expenses	
Benefit Payments	
Retroactive Benefit Payments	59,927
Regular Benefit Payments	786,449
Benefits Payable	1,409
Total Benefit Payments	847,785
Administrative Expenses	17,407
Total Expenses	865,192
Ending Balance – December 31, 2009	\$7,238,615

Actuarial Assumptions

The actuarial assumptions used for this valuation of the Benefits Completion Plan are the actuarial assumptions that are used for the December 31, 2009 valuation of the Defined Benefit Plan, with the exceptions noted below.

The Benefits Completion Plan Trust Fund will be invested in short-term investment funds in the SERS Treasury Account, which are expected to yield 4.0 percent interest, compounded annually. The fund earned 0.4 percent interest in 2009.

Administrative expenses include actuarial and legal fees that are charged directly to the Fund. The Fund paid \$17,000 in expenses in 2009, \$15,000 in 2008, and \$13,000 in 2007. The 2006 expenses were \$41,000, which included payment for a study of the long-term funding levels for

the Benefits Completion Plan. This study was not performed in any subsequent years, so we assume expenses of \$20,000 on an annual basis.

The IRC Section 415(b) limit could increase on January 1, 2011. However, for purposes of this valuation, it is assumed that the limit will remain flat. If the limit increases on January 1, 2011 then the benefit payments from the Benefits Completion Plan will be lower than projected.

Assumed future salary increases will be 4.9 percent a year. The Defined Benefit Plan valuation assumes a 3.3 percent general increase plus an individual increase that averages 3.8 percent for a total of 7.1 percent on average. The individual increase is inversely related to service. Because most of these employees have substantial service we used a salary increase rate that was lower than the average for all years of service.

In determining the liability for the Benefits Completion Plan, it is assumed that employees who terminate and apply for an annuity before superannuation age will elect to begin benefits immediately. The Defined Benefit Plan valuation assumes a portion of the terminating members will elect a deferred benefit.

For purposes of the Benefits Completion Plan valuation, it is assumed that future retired members will choose the full retirement allowance (single-life annuity) option, and the member will not withdraw any contributions or interest. Assuming the member elects a full retirement allowance produces a conservative estimate because the 415(b) limit is not subject to reduction when a member elects to cover a spouse under an Option 2 or an Option 3 (i.e., joint and survivor annuity) election. When a member withdraws contributions and interest, under an Option 4 lump sum withdrawal, the 415(b) limit is reduced by more than the actual benefit is reduced. Therefore, one aspect of this assumption is conservative and the other aspect is not. We believe that the net effect of these assumptions results in a reasonable estimate of the Benefits Completion Plan liability. The Defined Benefit Plan valuation assumes a portion of the retired members will elect an alternative form of annuity. As with the Defined Benefit Plan valuation, retirements are assumed to occur on January 1 in the Benefits Completion Plan valuation.

Determination of the Recommended Contribution

The Benefits Completion Plan contribution is set for one year at a time based on projected payouts for two years. However, it is useful to consider the long-term cost of the Benefits Completion Plan. Hay Group estimated the projected long-term cost of the Benefits Completion Plan in future years and presented the results of that report on October 6, 2006. The primary finding of that report was that the net Benefits Completion Plan payments, as a percent of total SERS payroll, will increase gradually to a peak of 0.05 percent of pay in 2016 to 2018. The payment will then decline because the great majority of the Benefits Completion Plan benefits are payable to members who joined SERS before January 1, 1996. All pre-1996 hires are not subject to IRC pay limits that reduce the compensation that can be used to compute benefits under both the Defined Benefit Plan and the Benefits Completion Plan.

In our 2008 Benefits Completion Plan actuarial report we noted that in early 2009, an active employee with a large potential death benefit had retired and did not elect an Option 1 (guaranteed present value) benefit. The individual was also not eligible for a Supplemental

Death Benefit. Since a death benefit was no longer potentially payable from the Benefits Completion Plan for this individual, we considered the fund to be sufficient to fund the two highest potential death benefits. Consequently, we recommended, for the fiscal year beginning July 1, 2009, that the contribution rate be reduced from 0.04 percent to 0.01 percent of payroll. During 2009, another active employee with a large potential death benefit retired and did not elect an Option 1 benefit. Therefore, for the fiscal year beginning July 1, 2010, it is recommended that the contribution rate remain at 0.01 percent of payroll.

Most of the benefits payable from the Benefits Completion Plan fund are relatively small and predictable. The total payments are expected to be around \$1,451,000 in 2011. However, substantial benefits are payable in the event of the death of some of the current and potential members. Table 4 below shows that 8 people have potential death benefits of over \$1,000,000. The two largest potential death benefits total \$4,300,000. Two of these 8 people are current members receiving monthly benefits. The other 6 are still active employees.

Based on the projected long-term cost of the Benefits Completion Plan, Hay Group and SERS developed the following policy for establishing future contributions. In general, the contribution should be set at the rate needed to build and maintain a fund sufficient to pay the two highest death benefits. The following are the maximum contributions for each year:

Fiscal year beginning July 1, 2007	0.04 percent of payroll
Fiscal year beginning July 1, 2008	0.05 percent of payroll
Fiscal years beginning July 1, 2009 and later	0.06 percent of payroll.

The employer contribution to the Benefits Completion Plan Trust Fund is the contribution for the year beginning July 1, 2010 that, together with the fund assets as of June 30, 2010, will be sufficient to fund all benefits payable through December 31, 2011.

Table 3 shows the projection of the fund balance if a 0.01 percent contribution rate is implemented for both the 2010-2011 and 2011-2012 fiscal years. The table shows the projection through December 31, 2011 since the contribution needs to be sufficient to fund the benefits through 2011. The projection was made beginning with the current assets and projections using the actuarial assumptions described above. The retirement benefits are assumed to begin on January 1. Table 3 shows a prorated share of the death benefit.

The fund at the end of each period is equal to:

1. The fund at the end of the prior period, plus
2. Contributions, less
3. Retirement and death benefits, less
4. Expenses, plus
5. Investment earnings on the fund

The retirement benefits are those projected for the period using the stated assumptions. The death benefits are also projected using the stated assumptions. However, with the low probability for each possible death benefit, the actual benefits could be zero or could be much

higher if one or more of the participants with potential \$1,000,000 (or greater) death benefits were to die.

TABLE 3						
Projected Benefits Completion Plan Trust Fund Balance						
June 30, 2010 Through December 31, 2011						
Time Period	Contributions +	Retirement Benefit Payments -	Death Benefit Payments -	Expenses -	Interest +	Ending Balance
As of December 31, 2009 (from Table 2 above)						\$7,238,615
January 1, 2010 – June 30, 2010	\$283,016	\$586,677	\$72,259	\$10,000	\$140,913	6,993,608
July 1, 2010 – December 31, 2010	296,799	586,677	72,259	10,000	136,151	6,757,623
January 1, 2011 – June 30, 2011	296,799	653,473	71,782	10,000	130,768	6,449,935
July 1, 2011 – December 31, 2011	306,594	653,473	71,782	10,000	124,712	6,145,986

Table 3 above shows the results of implementation of a 0.01 percent of payroll contribution for both the 2010-2011 and 2011-2012 fiscal years. The resulting fund will be more than sufficient to fund the expected benefits using the actuarial assumptions as to the probability of retirement and mortality, and in accordance with the funding policy stated above. By December 31, 2010, the fund will be sufficient to pay the two largest death benefits, plus over \$2,000,000.

TABLE 4	
Potential Death Benefits of \$1 million or more Payable from the Benefits Completion Plan in 2011	
Employee A	\$2,200,000
Employee B	2,100,000
Employee C	1,700,000
Employee D	1,300,000
Employee E	1,200,000
Retiree A	1,100,000
Retiree B	1,100,000
Employee F	1,100,000

Current and Potential Retired Members

An annuitant covered by SERS is eligible to participate in the Benefits Completion Plan if the annuitant is receiving a retirement benefit from the Defined Benefit Plan that is limited by IRC Section 415(b).

Each year, at the valuation, the current members in the Benefits Completion Plan are evaluated to determine if they should be included in the Benefits Completion Plan for the following year. Members of the Benefits Completion Plan would not be eligible to continue to participate if their retirement benefit were no longer limited by IRC Section 415(b). This situation could occur if the IRC Section 415(b) limit was increased and the total benefit due to the annuitant was paid out of the Defined Benefit Plan.

Current Retired Members

As of the valuation date of December 31, 2009, there were twenty members in the Benefits Completion Plan when reflecting the 415(b) limit effective January 1, 2010. These twenty members will remain members in the Benefits Completion Plan unless and until the IRC Section 415(b) limit is increased to the point that the benefit payable to them from the Defined Benefit Plan is not limited.

TABLE 5 Benefits Completion Plan Current Retired Members as of December 31, 2009			
Age Group	Number	Annual Retirement Benefit	Potential Death Benefit
Less than 65	12	\$711,931	\$2,771,530
Older than 65	8	324,254	365,521
Total	20	\$1,036,185	\$3,137,051

Potential Retired Members

In addition to determining the liability for currently retired members of SERS and their survivors and beneficiaries, it is necessary to project benefits for potential members in the Benefits Completion Plan. Potential members are currently active employees of SERS who could retire before the end of the next calendar year with benefits limited by IRC Section 415(b).

For purposes of the actuarial valuation, potential members in the Benefits Completion Plan were selected by SERS staff as those who had at least five years of credited service as of December 31, 2009 and whose Single Life Annuity as of December 31, 2009 was more than 90 percent of the age-adjusted IRC Section 415(b) limit.

These selection criteria resulted in a set of 55 employees who might receive benefits from the Benefits Completion Plan. We reviewed the selection criteria and agree that these criteria were

reasonable to select all potential members likely to receive benefits before December 31, 2011. Further, our calculation of the exact benefit for these 55 employees showed most with small or zero benefits from the Benefits Completion Plan. This confirmed our assumption that the criteria were broad enough to identify all potential members. Table 6 shows the potential benefits as of December 31, 2009 for the 39 employees who could have received a benefit if they had retired at that point. The other 16 employees would have received no benefit if they retired.

TABLE 6 Benefits Completion Plan Current Active Employees who are Potential Members As of December 31, 2009		
Age Group	Count	Annual Benefit
<50	2	\$25,486
50 – 54	3	33,314
55 – 59	11	28,231
60 – 64	11	192,562
65 and older	12	373,096
Total	39	\$652,689

Appendix

Example 1: Lump Sum Death Benefit Payable from Benefits Completion Plan for a Member Who Dies in Service

A.	Maximum single life annuity.	\$200,000
B.	IRC Section 415(b) limit.	195,000
C.	Retirement benefit payable from the SERS Defined Benefit Plan, if the member had retired, limited by IRC Section 415(b) limit. (lesser of A. and B.)	195,000
D.	Death benefit payable from the SERS Defined Benefit Plan is the present value of the benefit payable from the SERS Defined Benefit Plan (8.0 times C).	1,560,000
E.	Retirement benefit payable from the Benefits Completion Plan, if the member had retired. (difference between A. and C., but not less than \$0)	5,000
F.	Death benefit payable from the Benefits Completion Plan is the present value of the benefit payable from the Benefits Completion Plan (8.0 times E).	40,000

Because the member's accrued retirement benefit is in excess of the Section 415(b) limit, a death benefit will be paid from the Benefits Completion Plan in addition to the death benefit payable from the SERS Defined Benefit Plan. The benefit payable from the SERS Defined Benefit Plan (Line D) is the present value of the retirement benefit limited by the IRC Section 415(b) limit. The death benefit payable from the Benefits Completion Plan (line F) is the present value of the retirement benefit payable from the Benefits Completion Plan. The examples use an actuarial present value factor of 8.0.

Example 2: Lump Sum Death Benefit Payable from the Benefits Completion Plan for a Member Who Dies After Retirement under Option 1

A.	Benefit payable to the member based on option selected.	\$200,000
B.	100 percent of pay limit.	160,000
C.	Retirement benefit payable from the SERS Defined Benefit Plan, limited by 100 percent of pay. (lesser of A. and B.)	160,000
D.	IRC Section 415(b) limit.	195,000
E.	Retirement benefit payable from the SERS Defined Benefit Plan. (lesser of C. and D.)	160,000
F.	Retirement benefit payable from the Benefits Completion Plan. (difference between C. and E., but not less than \$0)	0
G.	Annual annuity over the 100 percent of pay limit. (difference between A. and the sum of F. and E., but not less than \$0)	40,000
H.	Supplemental Death Benefit (Present value of annuity over the 100 percent of pay limit, assuming no Section 401(a)(9) limitation is applicable). (G. times 8.0)	320,000
I.	Additional annual annuity payable from the SERS Defined Benefit Plan if the 100 percent of pay limit was not applicable. (difference between D. and E.: the IRC Section 415(b) limit and the amount payable from the SERS Defined Benefit plan)	35,000
J.	Supplemental Death Benefit Payable from the SERS Defined Benefit Plan. (Present value of the annual annuity payable from the SERS Defined Benefit Plan if the 100 percent of pay limit was not applicable, assuming that no Section 401(a)(9) limit is applicable.) (I. times 8.0)	280,000
K.	Annual annuity payable from the Benefits Completion Plan if the 100 percent of pay limit was not applicable. (difference between G. and I. but not less than \$0)	5,000
L.	Supplemental Death Benefit Payable from Benefits Completion Plan (K. times 8.0)	40,000

The Supplemental Death Benefit payable from the Benefits Completion Plan is the present value of the difference between the benefit payable to the member if the 100 percent of pay limit did not apply (line A = \$200,000) and the IRC Section 415(b) limit (line D = \$195,000). If the actuarial present value factor is 8.0, the lump sum death benefit would be \$40,000.

Example 3. Monthly Survivor Benefit Payable from the Benefits Completion Plan for a Member Who Dies After Retirement under an Option 2 Retirement Benefit

A.	Benefit payable to the member assuming an Option 2 was chosen.	\$200,000
B.	100 percent of pay limit.	205,000
C.	Retirement benefit payable from the SERS Defined Benefit Plan, limited by 100 percent of pay. (lesser of A. and B.)	200,000
D.	IRC Section 415(b) limit, assuming member named spouse as survivor annuitant.	195,000
E.	Retirement benefit payable from the SERS Defined Benefit Plan, limited by IRC Section 415(b) limit. (lesser of C. and D.)	195,000
F.	Retirement benefit payable from the Benefits Completion Plan. (difference between C. and E., but not less than \$0)	5,000
G.	Full survivor benefit. (100 percent of A.)	200,000
H.	Survivor benefit payable from the SERS Defined Benefit Plan after the death of the member, based on Option 2 benefit. (100 percent of E.)	195,000
I.	Survivor benefit payable from the Benefits Completion Plan, after the death of the member, based on Option 2 benefit. (difference between G. and H.)	5,000

Example 4. Monthly Survivor Benefit Payable from the Benefits Completion Plan for a Member Who Dies After Retirement under an Option 3 Retirement Benefit

A.	Benefit payable to the member assuming an Option 3 was chosen.	\$201,000
B.	100 percent of pay limit.	205,000
C.	Retirement benefit payable from the SERS Defined Benefit Plan, limited by 100 percent of pay. (lesser of A. and B.)	201,000
D.	IRC Section 415(b) limit, assuming member named spouse as survivor annuitant.	195,000
E.	Retirement benefit payable from the SERS Defined Benefit Plan, limited by IRC Section 415(b). (lesser of C. and D.)	195,000
F.	Retirement benefit payable from the Benefits Completion Plan. (difference between C. and E., but not less than \$0)	6,000
G.	Full survivor benefit. (50 percent of A.)	100,500
H.	Survivor benefit payable from the SERS Defined Benefit Plan after the death of the member, based on Option 3 benefit. (50 percent of A.)	100,500
I.	Survivor benefit payable from the Benefits Completion Plan, after the death of the member, based on Option 3 benefit. (difference between G. and H.)	0

Because the survivor benefit payable from the Defined Benefit Plan without regard to the IRC Section 415(b) limit is less than the IRC Section 415(b) limit, no benefit is paid from the Benefits Completion Plan after the member's death.