

## LEGISLATIVE DIGEST

[Administrative Code - Special Needs Trusts as Retirement Beneficiaries]

**Ordinance amending the Administrative Code to permit members of the San Francisco Employees' Retirement System (SFERS) to designate Special Needs Trusts as retirement beneficiaries in certain circumstances, and to specify requirements for those trusts**

### Existing Law

Members of the San Francisco Employees' Retirement System can currently only name a person as the beneficiary of a survivor annuity after their death.

### Amendments to Current Law

The amendments to Administrative Code Sections 16.29-3, 16.75, 16.79, 16.80, and the addition of 16.79-1 would allow a member of the San Francisco Employees' Retirement System to name a Special Needs Trust as the beneficiary for certain benefits payable upon the member's death.

### Background Information

Members of the San Francisco Employees' Retirement System (SFERS) can only name a person as the beneficiary of a survivor annuity after their death. This leaves SFERS members with limited estate planning options regarding disabled dependents when selecting their death benefits beneficiary. In certain situations, receipt of retirement allowance and death benefit payments by these disabled individuals can cause a loss of public-needs based benefits. Therefore, SFERS members in these situations are left with no method of providing their disabled dependents with retirement allowance and death benefit payments without possible risking the loss of necessary benefits.

A Special Needs Trust is a narrowly defined form of trust designed to manage funds for the benefit of a disabled individual. Funds paid into a Special Needs Trust for a disabled individual are treated differently than funds paid directly to a disabled individual, removing the risk of a loss of public-needs based benefits.

This amendment creates a method for SFERS members to provide retirement allowance and death benefit payments to their disabled dependent through a Special Needs Trust.

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