§ 394. Survivor's benefits. In the case of the death of any electing employee, after the effective date of this election and before retirement, the value of the death benefits provided by the contract or contracts purchased under the optional retirement program which is attributable to the state's contribution as determined by the board, shall be deemed to be an ordinary death benefit provided under a public pension plan within the meaning of section one hundred fifty-four of the civil service law. Notwithstanding the provisions of such section of the civil service law, a survivors benefit payable thereunder on account of the death of any electing employee while in the employ of state university, after the effective date of such election and before retirement, including an employee subject to the provisions of subdivision three of section three hundred ninety-three of this article, shall be paid to such person or persons as such employee shall have nominated to receive the death benefits provided by the contract or contracts purchased under the optional retirement program. In the event such designated beneficiary or beneficiaries do not survive the employee, or if a beneficiary was not so designated, the survivors benefit shall be paid to the deceased employee's estate or as provided in section one hundred three-a of the decedent estate law.