§ 512. Withdrawal and death benefits. Benefits upon withdrawal and death shall be payable as follows:

a. A member who withdraws from service or ceases to be a teacher for any cause other than death or retirement shall be paid on demand the accumulated contributions standing to the credit of his individual account in the annuity savings fund. A member who has no accumulated contributions credited to his individual account in the annuity savings fund and who ceases to be a teacher for any cause other than death or retirement may withdraw from membership in the system by filing a notice of withdrawal with the system pursuant to rules and regulations adopted by the retirement board.

b. 1. Should a contributor die before retirement, his accumulated contributions shall be paid to his estate or to such person as he shall have nominated to receive such benefit. In the event such designated beneficiary does not survive him, or if he shall not have so designated a beneficiary, such benefit shall be payable to the deceased member's estate or as provided in section one hundred three-a of the decedent estate law. Such nomination must be by written designation duly executed and filed with the retirement board.

2. In addition to the return of accumulated contributions, a death benefit also shall be payable upon the death of a member who dies before the effective date of his retirement, and was in service upon which his membership was based when he died or was on the payroll in such service and paid within a period of twelve months prior to his death and had not been otherwise gainfully employed since he ceased to be on such payroll or if, during the period that membership is valid, the retirement board shall determine to its satisfaction that said member was physically or mentally incapacitated for the performance of duty at the time he ceased to be on the payroll in such service and that he had been so incapacitated and had not been otherwise gainfully employed since he ceased to be on such payroll; provided he had credit for one or more years of service while actually a member. The amount of death benefit shall be computed by multiplying one twelfth of the compensation earnable by such member during his last twelve months of service while a

member by the number of years, not to exceed twelve, of his total credit for service as a teacher in this state. Where the member has more than twelve years of credited service as a teacher in this state and when his death occurs on or after July first, nineteen hundred sixty-one, and before July first, nineteen hundred seventy-four, there shall be added to such benefit one twenty-fourth of such compensation multiplied by the number of years in excess of twelve, but not to exceed twenty-four such years, of his total credit for service as a teacher in the state. The death benefit shall be paid to such person as he shall have nominated to receive such benefit. In the event such designated beneficiary does not survive him, or if he shall not have so designated a beneficiary, such benefit shall be payable to the deceased member's estate or as provided in section one hundred three-a of the decedent estate law. Such nomination must be by written designation duly executed and filed with the retirement board. The provisions of this paragraph two of subdivision b of this section shall apply only to deaths occurring on and after July first, nineteen hundred fifty-nine.

3. Notwithstanding any other provisions of this article or any rules or regulations adopted thereunder by the retirement board, the death benefit payable pursuant to paragraph two of this subdivision, in the case of a member who dies after having become eligible to apply and be retired for special service or superannuation pursuant to the provisions of this article, shall be increased by the amount, if any, that the actuarial equivalent of the pension portion of his retirement allowance, computed as if he had been retired on the day immediately preceding his death, and computed in accordance with the provisions of subdivision two of section five hundred ten and subdivision four of section five hundred eleven-a of this article, exceeds the amount of the death benefit otherwise payable pursuant to paragraph two of this subdivision. The provisions of this paragraph three of subdivision b of this section shall apply only to deaths occurring after the date on which said paragraph three becomes operative and prior to July first, nineteen hundred seventy-four.

4. Notwithstanding any other provision of this article, the requirement of one or more years of credited service, as set forth in

paragraph two of this subdivision, shall be deemed to have been satisfied by any member who has credit for three or more months of service rendered since last becoming a member. The provisions of this paragraph shall apply only to deaths occurring after June thirtieth, nineteen hundred seventy and before July first, nineteen hundred seventy-five.

5. Notwithstanding any other provision of this article, the death benefit payable pursuant to paragraph two of this subdivision shall be increased by the excess, if any, of the greater of a or b over the sum of c and d, where a, b, c and d are as set forth hereunder:

a. One-twelfth of the member's compensation multiplied by the number of years, not to exceed thirty-six, of his total credited state service.

b. The lesser of three times the member's compensation or twenty thousand dollars.

c. The death benefit which, in accordance with the provisions of paragraph two of this subdivision, is payable in addition to the return of accumulated contributions.

d. The reserve for increased-take-home-pay.

The term "compensation", as used in this subparagraph, shall mean (1) in the case of a member who has credit for one or more years of service rendered since last becoming a member, the compensation earned by such member during his last twelve months of service, and (2) in the case of a member who has credit for less than one year of service rendered since last becoming a member, it shall mean his annual rate of compensation at the time of his death. The provisions of this paragraph shall apply only to deaths occurring after June thirtieth, nineteen hundred seventy and before July first, nineteen hundred seventy-five. The additional death benefits payable hereunder shall be construed as being payable under paragraph two of this subdivision for the purpose of computing benefits payable under paragraph three of this subdivision.

c. The member or, within ninety days after his death, the person nominated by him to receive any benefit payable on his account, may file with the retirement board a written designation, duly executed, providing that such benefit shall be paid in the form of an annuity to the person so nominated. Such annuity shall be determined as the actuarial equivalent of the benefit otherwise payable, on the basis of the interest rate and the mortality tables adopted by the retirement board for use in the calculations of such annuities. Such annuity shall be payable throughout the life of the person so nominated, with no payments at his death unless the member or, within ninety days after his death, the person nominated by him to receive his benefit, shall elect to have the actuarial equivalent of such annuity paid in the form of a reduced annuity payable for life with the provision that if the person so nominated should die before the annuity payments received by him are equal to such actuarial equivalent, the balance thereof shall be paid in a lump sum to such beneficiary's estate or to such person as such member or his nominee shall have designated. Such designation of a beneficiary to receive such benefit may be made or changed at any time by the person who made it. Such election or change shall be made by written designation duly executed and filed with the retirement board. Notwithstanding the foregoing provisions, the retirement board reserves the right to pay any benefit in the form of a lump sum payment if the annuity determined as the actuarial equivalent of the benefit otherwise payable is less than one hundred dollars per month.

d. 1. The retirement board may adopt rules and regulations providing that a trustee of an inter vivos or testamentary trust shall be eligible to be nominated to receive a lump sum benefit pursuant to subdivision b of this section.

2. Any proceeds received by a trustee under this section shall not be subject to the debts of the member or to transfer or estate taxes to any greater extent than if such proceeds were payable to the beneficiaries named in the trust and not to the estate of the member.

3. A payment made in good faith under this section to either a designated trustee of an inter vivos trust, a successor trustee of an

inter vivos trust who provides a copy of his appointment or a trustee of successor trustee of a testamentary trust who provides a copy of the letters of trusteeship shall be a complete discharge to the system to the extent of the payment.

4. If no qualified trustee claims the proceeds within eighteen months after the death of the member, or if satisfactory evidence is furnished within such period showing that there is or will be no trustee to receive the proceeds, payment shall be made to the deceased member's estate.

e. Notwithstanding any other provision of law, a member with ten or more years of credited service in such system who dies before a retirement benefit becomes payable and who is otherwise not entitled to a death benefit from the retirement system shall be deemed to have died on the last day that he or she was in service upon which his or her membership was based for purposes of eligibility for the payment of a death benefit pursuant to the provisions of this section. The death benefit payable in such case shall be one-half of that which would have been payable had such member died on the last day that service was rendered.

f. Notwithstanding the provisions of any other law to the contrary and solely for the purpose of determining eligibility for the death benefit payable pursuant to this section, a person subject to this section shall be considered to have died while in teaching service provided such person was in such service at the time he or she was ordered to active duty pursuant to Title 10 of the United States Code, with the armed forces of the United States or to service in the uniformed services pursuant to Chapter 43 of Title 38 of the United States Code and died while on such active duty or service in the uniformed services on or after June fourteenth, two thousand five. Provided, further, that any such person ordered to active duty pursuant to Title 10 of the United States Code, with the armed forces of the United States or to service in the uniformed servicers pursuant to Chapter 43 of Title 38 of the United States Code who died prior to rendering the minimum amount of service necessary to be eligible for this benefit shall be considered to have

satisfied the minimum service requirement.

g. Notwithstanding any other provision of law to the contrary, any member of the retirement system subject to article fourteen or fifteen of the retirement and social security law who has permanently ceased teaching shall have the right to elect the return of his or her accumulated contributions and thereby terminate his or her membership in the retirement system without regard to the amount of service to his or her credit, provided a public employee retirement system in another state has certified in a manner satisfactory to the system that such member is a member of such other retirement system, has at least five years of retirement credit in such other system, and is eligible, upon the termination of his or her membership in the system, to obtain retirement credit in such other retirement system for the service which has been credited to his or her membership in the system. Upon refund of such accumulated contributions, any and all obligations of the retirement system to such member shall be totally discharged. The retirement board is authorized to adopt such rules and regulations as may be necessary to implement this subdivision.