

Ancillary Benefit 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. Make no changes and address through education.
 2. Change the language so benefits can't be reduced at all (i.e. benefits must be paid at 100%).
 3. Allow benefits to be reduced, pursuant to a relief association's bylaws.

Examples:

Scenario	Result	In Compliance?
A. Ancillary benefits reduced by statutory vesting percentages	Disabled member or survivor receives lesser amount. Non-vested members and their survivors receive nothing	No, can't reduce by vesting percentages in subdivision 2
B. Ancillary benefits reduced by other percentages	Same	Yes, if the vesting percentages don't exceed the statutory maximums
C. Ancillary benefits aren't reduced	Benefit paid at years of service times benefit level	Yes