

Chapter 14: Death Benefits

You can take comfort in knowing that your benefits will help take care of your family after your death.

We provide two types of death benefits: a beneficiary refund, which consists of any remaining accumulated contributions, and survivor benefits.

Each benefit may be paid to separate beneficiaries or both benefits may be paid to the same beneficiaries.

The type of benefit for which beneficiaries are eligible is determined by their status at the time of your death. **Effective June 1, 2011, Illinois law entitles a party to a civil union to the same legal obligations, responsibilities, protections, and benefits as are afforded or recognized by the law of Illinois to spouses.** A dependent beneficiary may choose between a lump-sum payment or monthly benefits. A nondependent beneficiary receives a lump-sum payment. If we do not have a Member Information and Beneficiary Designation (MIBD) form on file for you, death benefits are distributed as follows:

- a **beneficiary refund** is paid to your surviving spouse or civil union partner, or if there is not one, to your estate and
- **survivor benefits** are paid to an eligible dependent beneficiary, or if there is not one, to your estate.



Types of beneficiaries

A dependent beneficiary is

- a spouse to whom you have been married for at least one year, except where a child is born of the marriage in which case the one-year period is not applicable;
- a civil union partner to whom you have been partnered for at least one year;
- an unmarried natural or adopted child under age 18, or between ages 18 and 22 if he or she is a full-time student in an accredited educational institution, or an unmarried child of any age who is dependent by reason of a physical or mental disability and claimed as a dependent on your final federal income tax return; or

- a dependent parent who received at least half of his or her support from you for the 12-month period immediately prior to your death.

For an adopted child to be an eligible dependent beneficiary, the adoption proceedings must have been finalized prior to the member's death and while the child was a minor. For purposes of determining dependency, "disability" is defined as an inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to last for a continuous period of 12 months or more.

Children, unless named as a beneficiary on the MIBD form, are only eligible for benefits if they are the children of the surviving parent who will receive monthly benefits. In the case of a divorce, if the member names the new spouse or civil union partner and had children with the prior spouse or civil union partner, those children are not eligible for monthly survivor benefits.

A parent may be an eligible dependent beneficiary only if there is no other dependent beneficiary.

A nondependent beneficiary is any other designated person or entity that is not a dependent beneficiary.

You may designate a primary beneficiary on the MIBD form to receive survivor benefits. If this individual is a dependent beneficiary, he or she may select either monthly benefits or a lump-sum benefit. Only a lump-sum benefit is payable if you designate both a dependent and a nondependent primary beneficiary.

Alternate beneficiaries named on your MIBD form will receive benefits only if all designated primary beneficiaries are deceased. If your beneficiary designation includes more than one person, the benefits are divided equally among the living beneficiaries of that class (primary or alternate).

The automatic designation option on the MIBD form is an alternative to naming specific individuals. Automatic designation names all eligible dependents as beneficiaries. If no dependent beneficiaries survive, the benefits are paid to your estate.

Designating a Trust

A trust can receive monthly survivor benefits on behalf of a minor child or a disabled dependent beneficiary. A trust cannot receive monthly survivor benefits on behalf of an adult dependent who is not disabled.

To pay a monthly survivor benefit to a trust, the following language is required in the trust.

“The trust is authorized to receive TRS monthly survivor benefits on behalf of (insert beneficiary name). The trustee will use the monthly TRS survivor benefit solely for the care and benefit of (beneficiary name) and will not divert (beneficiary name)’s benefits to some other purpose inconsistent with Article 1 or Article 16 of the Illinois Pension Code.”

Beneficiary Refund

Accumulated contributions are refunded as a lump-sum payment.

If you are an active or an inactive member, your beneficiaries will receive a return of all of your retirement contributions, plus interest, and the portion paid towards the annual increase in annuity. Refer to your TRS Benefits Report for the contributions and interest that are refundable after your death.

If you are an annuitant, your beneficiaries will receive excess accumulated contributions minus the amount you received as a retirement annuity.

Survivor benefits

Two types of survivor benefits exist: lump-sum and monthly.

Eligibility

Nondependent and dependent beneficiaries are eligible for a lump-sum survivor benefit if your death occurs:

- while you are an annuitant;
- while you are employed as a teacher;
- within the first 12 months following your last day of earnings as a teacher;
- while you are on an approved leave of absence;
- while you are receiving a nonoccupational or an occupational disability benefit; or
- while you are an inactive member and you have 20 or more years of service. For the purpose of determining eligibility for a benefit, service credit under the State Employees’ Retirement System of Illinois, the State Universities Retirement System,

and the Public School Teachers’ Pension and Retirement Fund of Chicago is considered.

Nondependent beneficiaries are not eligible for monthly survivor benefits.

Dependent beneficiaries are eligible for monthly survivor benefits if:

- you had 1.5 years of TRS service credit; **and**
- you had at least 60 days of creditable service during the 18 months preceding your death.

If you are an annuitant and had at least one year of service after July 24, 1959, your beneficiaries are eligible for survivor benefits, provided that you had not taken a refund of those contributions prior to your death. If you are an annuitant, did not have service after July 24, 1959, and die after January 1, 1982, your surviving dependent beneficiaries are eligible for survivor benefits to a maximum of \$200 per month plus a \$1,000 one-time, lump-sum payment.

When Survivor Benefits Begin for Dependents		
Dependents	Member status at time of death	
	Active or Inactive	Annuitant*
Spouse or civil union partner with minor children or Spouse or civil union partner age 50 or Dependent parent age 55	On the date of member’s death	First of the month following the date of member’s death
Spouse or civil union partner not age 50 at time of member’s death	When spouse or civil union partner turns age 50 if married at least one year	
Dependent parent not age 55 at time of member’s death	When parent turns age 55	

* Your retirement annuity is payable through the month of your death.

Duration of monthly benefits

Monthly survivor benefits will continue for the life of your spouse or civil union partner. A minor child will receive benefits until he or she reaches age 18 (or age 22 if he or she is a full-time student), marries, or dies, whichever is earlier. An adult child who is

dependent by reason of a physical or mental disability may receive monthly survivor benefits for his or her lifetime if:

- he or she does not marry;
- he or she is not capable of substantial gainful employment; and
- we periodically receive a physician certification verifying his or her continuing disability.

Survivor benefits are payable through the end of the month in which the beneficiary's death occurs. No further benefits are payable.

Teachers' Retirement Insurance Program (TRIP) coverage

Dependent insurance coverage is terminated at midnight on the day of the member's death. Dependents who are eligible for a monthly survivor benefit may re-enroll in TRIP and coverage will be reinstated retroactively to the date of cancellation.

Annual increases in benefits

Recipients of monthly survivor benefits are eligible for a 3 percent increase of the current benefit distributed as follows:

- For beneficiaries of annuitants, benefit increases are applied on Jan. 1 after the survivor benefit has been granted.
- For all other beneficiaries, benefit increases are applied on Jan. 1 following the first anniversary of receiving the survivor benefit.

Death notification

Upon death, a family member should provide the deceased member's name, Social Security number, and date of death. We will forward a letter and the appropriate forms to the member's designated beneficiaries for completion. The application requires that beneficiaries provide a certified copy of the member's death certificate as well as copies of a marriage or civil union certificate and a birth certificate for a surviving spouse or civil union partner.

Dependents may also receive a Survivor Benefits Election form to select either a monthly benefit or a lump-sum payment. This form will be accompanied by information regarding direct deposit of payments, federal income tax withholding, the Teachers' Retirement Insurance Program (TRIP), and the taxability of survivor benefits. Once we receive the completed application and all required documents, benefits will be processed and then issued by the Office of the Comptroller.

An annuitant's retirement benefits are payable through the end of the month in which his or her death occurs. The final payment to a deceased annuitant would be issued the first of the month following the date of death. Any payments issued to the annuitant beyond the final payment must be returned to TRS.

Determining survivor benefits

TRS disbursements are not subject to Illinois individual income taxes. However, they are subject to federal taxes (with the exception of occupational disability benefits).

Time of Death	Types of Beneficiaries	
	Dependents	Nondependents
While employed or employed within 12 months of last day of credit	Lump sum up to the highest salary rate in the last four years or \$1,000 and a monthly benefit ¹ generally not less than \$400 ² or \$600 with minor children ³	Lump sum up to the highest salary rate in the last four years
Annuitant or inactive member with 20 or more years of service⁵	Lump sum of \$3,000 or 1/2 of the highest salary rate in the last four years ⁴ or \$1,000 and a monthly benefit generally 50% of member's earned benefit at time of death	Lump sum of \$3,000 or 1/2 of the highest salary rate in the last four years ⁴

¹ Dependent beneficiaries are eligible for monthly survivor benefits if you had 1.5 years of TRS service credit and at least 60 days of creditable service during the 18 months preceding death.

² Certain circumstances might provide a monthly annuity less than \$400 per month for an active member.

³ TRS will pay 50 percent of the member's earned retirement annuity at death if it is greater than the above amounts.

⁴ Certain lump sums may be greater if the annuitant or inactive member has been in retirement or out of service for less than five years.

⁵ Beneficiaries of inactive members with less than 20 years of service are not eligible for survivor benefits.