

Chapter 13: Death Benefits

Death reporting procedures

Upon death, the person handling the members affairs should contact the TRS Member Services Department at members@trsill.org or call 877-927-5877 (877-9-ASK-TRS) and provide the deceased member's name, Social Security number and date of death. TRS will forward a letter and the appropriate forms to the contact person for the member's designated beneficiaries for completion.

If the member was an active teacher at the time of death, a Supplementary Report will be requested in the online portal for the employer to complete.

An annuitant's retirement benefit is payable through the end of the month in which his or her death occurs. TRS issues payments at the end of the month for the preceding month. Any payments issued to the annuitant beyond the month of death must be returned to TRS.

Benefits payable

TRS provides 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 the member's death. A dependent beneficiary may choose between a lump-sum payment or monthly benefits. A nondependent beneficiary receives a lump-sum payment.

TRS must have a copy of the deceased member's or annuitant's death certificate on file before death benefits can be processed. Other supporting documents may also be required.

Designation of beneficiaries

To designate beneficiaries, members must complete and return a Beneficiary Designation form to TRS.

A member may designate a primary beneficiary on the Beneficiary Designation form to receive survivor benefits. If at the member's death, 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 the member designates both a dependent and a nondependent primary beneficiary.

Alternate beneficiaries named on the Beneficiary Designation form will receive benefits only if all designated primary beneficiaries predecease the member.

If the member's beneficiary includes more than one person, benefits are divided equally among the living beneficiaries of that class (primary or alternate).

The automatic designation option on the Beneficiary Designation 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 the member's estate.



Members and annuitants may change beneficiary designations at any time and should review their designation periodically. Members may verify their beneficiary designations by visiting their secure member account online or by contacting TRS.

To change beneficiaries, a new Beneficiary Designation form must be completed. Members may update their beneficiary designations by downloading their personalized forms within the secure member area of the TRS website. Part of their forms will be prefilled with information on file for them. If any members cannot access their online accounts, they should email members@trsill.org and provide their full names, last 4 digits of their Social Security numbers and full mailing addresses and TRS will mail the form to them to complete.

If TRS does not have a form on file for the member, death benefits are distributed as follows:

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

The beneficiaries designated for the beneficiary refund and survivor benefits will be noted in the "Beneficiary Information" section of the member's TRS Benefits Report.

Types of beneficiaries

The type of benefit for which survivors are eligible is determined by the survivor's status at the time of the member's death. Monthly survivor benefits can be paid only to dependent beneficiaries.

A dependent beneficiary is

- a spouse to whom the member has 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 the member has 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 the member's final federal income tax return, or
- a dependent parent who received at least half of his or her support from the member for the 12-month period immediately prior to the member's 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.

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



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.”

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

Rollovers

If a member or survivor has questions about rollovers for surviving spouse and non-spouse beneficiaries, please ask him/her to contact the TRS Member Services Department at members@trsill.org or call 877-927-5877 (877-9-ASK-TRS). The rules are complicated and rollover eligibility varies.

How to obtain additional information

Members or beneficiaries may want to consult with a professional tax advisor before they take a payment of benefits from TRS. More specific information on tax treatment of payments from qualified retirement plans can be found in [IRS Publication 575, Pension and Annuity Income](#) and [IRS Publication 590-B, Distributions from Individual Retirement Arrangements \(IRAs\)](#). These publications are available at www.irs.gov, from local IRS offices, or by calling 1-800-TAX-FORM.

