SERS
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Death of a Retiree Fact Sheet

Tier 1 Members

The starting monthly survivor annuity is 50% of the retirement amount being paid at the time of death. This amount may be offset by half of the amount of the Social Security survivor benefit the survivor is eligible to receive. The offset cannot reduce the SERS survivor benefit to less than 25% of the retirement amount being paid at the time of the member's death. No offset is applied to the survivor benefit of members who chose the Social Security offset removal option at retirement, retired prior to 1/1/1998, or who did not contribute to Social Security during their State employment.

Tier 2 Members

The starting monthly survivor annuity is 66 2/3% of the retirement amount being paid at the time of death. This amount may be offset by half the amount of the Social Security survivor benefit the survivor is eligible to receive. The offset cannot reduce the SERS survivor benefit to less than 33 2/3% of the retirement amount being paid at the time of the member's death. No offset is applied to the survivor benefit of members who chose the Social Security offset removal option retirement, or who did not contribute to Social Security during their State employment.

Cost of Living (COLA) Increases

Tier 1 member did not elect the COLA buyout: The survivor benefit is increased by 3% every January. Increases are compounded.

Tier 1 member elected the COLA buyout: Beginning the January following the benefit start date, the annuity is increased by 1.5% every January. Increases are not compounded.

Tier 2 member: Beginning the January following the benefit start date, the annuity is increased by the lesser of 3% or one-half of the Consumer Price Index. Increases are not compounded.

Who are eligible survivors?

- A current spouse who was married to the deceased member at least one year prior to their death. Monthly survivor benefits can only be paid if the spouse is age 50 or over unless the surviving spouse is also supporting a minor child or a disabled adult child who is eligible for a survivor benefit.
- Minor children (under age 18).
- Children under age 22 if unmarried and a full-time student.
- Dependent disabled children over age 18. Disabled means dependent by reason of a physical or mental disability, and does not have the ability to engage in any substantial gainful activity, defined as when the individual becomes employed with the State of Illinois in any capacity, or violates the Calendar Quarter Remuneration Limit by earning more than the substantial gainful activity amount as determined by the Social Security Administration. For a disabled child to qualify for survivor benefits, the child must be unmarried and have been at least 50% financially dependent upon the member at the time of death. A tax return for the tax year immediately preceding a member's death that identifies a surviving disabled adult son or daughter as the member's dependent is required to qualify them for a survivor's annuity.
- Dependent parent who is at least 50% financially dependent upon the member at the time of death. Parents can only be eligible if the member does not have a surviving spouse or eligible surviving children.

Beneficiaries

If a retiree dies with no eligible survivors, the nominated beneficiary(ies) will receive a lump sum benefit consisting of any remaining balance (contributions plus interest less retirements benefits paid) in the retirement account or $500.00, whichever is greater. No funds are due to beneficiaries for a member who separated from State service prior to July 15, 1971.

How the Social Security offset is applied:

- At age 50, if a survivor is eligible for a disabled widow's benefit from Social Security, 50% of the disabled widow's benefit is subtracted from the SERS survivor's monthly gross annuity. This offset remains for the survivor's lifetime.
- At age 60, 50% of the widow's Social Security benefit is subtracted from the SERS survivor's monthly gross annuity.
- At age 62, Social Security benefits are reviewed again, and the survivor's own Social Security benefit is subtracted from the widow's Social Security benefit. This total is divided in half and subtracted from the survivor's monthly gross annuity. There is no offset to the SERS survivor benefit if the spouse's own SSA benefit is higher than the SSA widow's benefit.
- Important Note: If you are not receiving an SSA widow's benefit due to your employment, SERS is required to apply the offset in the amount you are otherwise eligible to receive.

Examples of Social Security Offset

From age 50

SERS Pension at time of death	$3,000.00
SERS Survivor Annuity	$1,500.00
SSA Disabled Widow's Benefit	$700.00

The disabled widow's benefit ($700.00) is divided in half and subtracted from the SERS benefit.

SERS Survivor Annuity	$1,500.00
1/2 SSA Disabled Widow's Benefit	- $350.00
Survivor Annuity with Offset Applied	$1,150.00

From age 60

SERS Pension at time of death	$3,000.00
SERS Survivor Annuity	$1,500.00
SSA Widow's Benefit	$2,000.00

The widow's benefit ($2,000.00) is divided in half and subtracted from the SERS survivor benefit.

SERS Survivor Annuity	$1,500.00
1/2 SSA Widow's Benefit	- $1,000.00
Survivor Annuity with Offset Applied	$500.00

This would reduce the benefit to below 25% of the member's pension at time of death, so the survivor benefit would be $750.00

From age 62

SERS Pension at time of death	$3,000.00
SERS Survivor Annuity	$1,500.00
SSA Widow's Benefit	$2,000.00
SSA Benefit of Survivor	$1,800.00

The amount of the survivor's own SSA benefit ($1,800.00) is subtracted from the widow's Social Security benefit ($2,000.00). This total ($200.00) is divided in half and subtracted from the SERS survivor benefit.

SERS Survivor Annuity	$1,500.00
1/2 Difference in SSA Benefits	- $100.00
Survivor Annuity with Offset Applied	$1,400.00

From age 62

SERS Pension at time of death	$3,000.00
SERS Survivor Annuity	$1,500.00
SSA Widow's Benefit	$2,000.00
SSA Benefit of Survivor	$2,100.00

Since the spouse's own SSA benefit is higher than the SSA widow's benefit, there is no offset to the SERS survivor benefit

SERS Survivor Annuity	$1,500.00
1/2 Difference in SSA Benefits	- $0.00
Survivor Annuity with Offset Applied	$1,500.00