

## Surviving Spouse Benefits

The following information applies to most employees and retirees. The surviving spouse annuity eligibility and computation differ from what is stated below if:

- The death arises out of and in the course of the employee's service to the employer and is compensable under either the Workers' Compensation Act or Illinois Workers' Occupational Diseases Act;
- The employee or retiree is a commissioner; or
- The employee or retiree has reciprocal service.

If any of the above applies to you, please call the Retirement Fund at (312) 751-3222 for further information.

### Eligibility

Upon the death of a retiree of the MWRD Retirement Fund or an employee of the Metropolitan Reclamation District of Greater Chicago, an annuity is payable to his/her surviving spouse if eligibility requirements are met. These requirements are dependent on date of hire and employment status. Refer to the table below to determine the surviving spouse's eligibility for an annuity.

Requirement	Death in Service	Death After Separation	Death After Retirement
<b>Married at Separation from Service?</b>	Yes	Yes	Yes
<b>Married at Death?</b>	Yes	Yes <sup>1</sup>	Yes, with exceptions <sup>2</sup>
<b>Service Requirement:</b>	36 months if hired after 6/13/1997, otherwise, none	10 years of service	Provided employee annuitant met service requirement, spouse will qualify

<sup>1</sup> The employee must have been married at separation *and remained married* to the same spouse until death.

<sup>2</sup> The spouse of a retired employee is not divested of a retirement annuity if the divorce occurs after retirement provided that the employee and spouse were married at least 10 years at the time of retirement.

## Computation

The annuity to which the surviving spouse is entitled varies depending on the date of retirement or death in service as well as the member's tier. Refer to the definitions below:

**Tier I Participant:** An employee of the District who first became a member before January 1, 2011 under any reciprocal retirement system or pension fund established under Chapter 40 of the Illinois Compiled Statutes except Judges, General Assembly, police and fire pension plans (both Chicago and downstate). This includes any Commissioner who fits the criteria above who elects to participate in the Fund within 90 days after becoming a Commissioner.

**Tier II Participant:** An employee of the District who first became a member on or after January 1, 2011 except for those who were members of any reciprocal retirement system including the IMRF, Municipal Employees Annuity and Benefit Fund of Chicago, Laborers' Annuity and Benefit Fund of Chicago, County Employees Annuity and Benefit Fund of Cook County, Forest Preserve of Cook County Employees Annuity and Benefit Fund, Chicago Park Pension, State Employees Retirement System, State Universities Retirement System, Illinois Teachers Retirement System, or Chicago Teachers Pension Fund prior to January 1, 2011. This includes any Commissioner who fits the criteria above who elects to participate in the Fund within 90 days after becoming a Commissioner.

### For Tier I Participants:

Retirement or death in service occurred:	Before 8/23/1989	On or After 8/23/1989
Then the Surviving Spouse Annuity is:	60% plus 1% for each year of total service of the retirement annuity accrued the deceased employee <b>at the time of retirement</b> to a maximum of 85%	60% plus 1% for each year of total service of the retirement annuity accrued the deceased employee <b>at the time of death</b> to a maximum of 85%

*What is the difference between the two?* After retirement, most employee annuitants receive cost of living adjustments (COLAs). The annuity at the time of death is typically greater than the annuity at the time of retirement.

For spouses of employees hired January 1, 1992 and after, the spouse annuity is reduced by 0.25% for each full month that the spouse is younger than the employee, with a maximum discount of 60%. This discount is reduced by 10% for each full year that the marriage has been in effect at the time of withdrawal from service or death in service. There is no discount if the marriage has been in effect 10 full years or more before withdrawal or death in service.

For any death in service, the early retirement discount is not applied in computing the retirement annuity upon which the surviving spouse's annuity is based.

### For Tier II Participants:

The surviving spouse annuity will be 66 2/3% of the annuity that the member was entitled to receive at the time of death. If the member passed away after retirement, the spouse annuity would be based on the employee's annuity at the time of death. If the member passed away prior to retirement, the spouse annuity would be based upon the employee's annuity he had earned at the time of death, even if he had

not reached the minimum age or service for a retirement annuity at the time of death, provided that the surviving spouse annuity eligibility requirements state above have been met.

For any death in service, the early retirement discount is not applied in computing the retirement annuity upon which the surviving spouse annuity is based.

## Minimums

As stated above, the surviving spouse of the annuitant who retired prior to 8/23/1989 is calculated as a percentage of the original annuity. This calculation may yield a very small surviving spouse annuity. To provide a larger annuity to many surviving spouses, certain minimums are in place.

The table below explains the minimum spouse annuity amounts. However, **these minimums do not apply to reciprocal or term annuities.**

Employee's Service	Employee's Age at Retirement	Minimum Monthly Spouse Annuity
< 10 years	any	\$250
10+ years	any	The greatest of: <ul style="list-style-type: none"> <li>\$500 + \$25 for each year of service in excess of 10 not to exceed \$750 provided that the employee annuity was not discounted for early retirement; or</li> <li>50% of the employee annuity at the time of death</li> <li>60% plus 1% for each year of total service of the retirement annuity accrued the deceased employee <b>at the time of retirement</b> to a maximum of 85%</li> </ul>

## Application Process

When the death of an annuitant or employee is reported to the Fund and there is an eligible spouse, a surviving spouse packet is sent. The packet contains numerous forms including:

- Surviving spouse annuity application
- W4-P form, to elect federal withholding
- Signature Card
- Beneficiary Form
- Health Insurance application, and
- Direct Deposit form.

A copy of the death certificate must be submitted with the completed Surviving Spouse Annuity application package. A Surviving Spouse Annuity cannot be processed without a death certificate and a completed application package. It is important that the information be submitted to our office in a timely manner to avoid a lapse in health insurance.

## Other Things to Know

- If a surviving spouse annuitant remarries he/she does not lose his/her monthly annuity.
- When the marriage to the employee annuitant occurs after retirement, the spouse is not eligible for a surviving spouse annuity.
- For the surviving spouse of a Tier I participant, there is a 3% annual cost of living adjustment to the monthly annuity if:
  - The employee retired or withdrew from service before August 23, 1989 with at least 10 years of pension service credit from this fund (except term annuitants); or
  - If the employee retired or withdrew from service after August 23, 1989 regardless of the amount of pension service credit (except term annuitants).

The cost of living increase is 3% of the monthly annuity at the time of the increase. The increase is payable the first day of the calendar month in which there occurs an anniversary of the employee's date of retirement or date of death, whichever occurred first.

- For the surviving spouse of a Tier II participant, there is a cost of living increase to the monthly annuity. Details are as follows:
  - The cost of living increase rate is the lesser of 3% and half of the CPI-u for the 12 months ending the September 30<sup>th</sup> prior to the increase date.
  - The increase is based upon the original annuity.
  - The increase is payable January 1 occurring after the first anniversary of the commencement of the annuity.

In order to apply for surviving spouse benefits or if you have questions regarding the forms, please call the MWRD Retirement Fund at 312-751-3224.