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SYSTEMS

- State Employees' Retirement System of Illinois
- General Assembly Retirement System
- Judges' Retirement System of Illinois

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Foreward

The following information is designed to assist members when their retirement benefits are being considered for possible division in divorce proceedings. The Vouchering Section of the State Employees' Retirement System of Illinois ("SERS") handles inquiries and benefit information requests for divorce purposes. A QILDRO ("kwil-dro") is a court order that transfers part or all of a member's retirement benefits, death benefits or contribution refund to an alternate payee.

Much of the information provided is based on the express statutory language and requirements imposed upon Illinois public retirement systems by the QILDRO statute. This legislation, with an effective date of July 1, 2006, amended the Illinois Pension Code Section 1-119 [40 ILCS 5/1-119]. The terms used in this document are defined in Section 1-119 (a) of the Pension Code [40 ILCS 5/1-119] and in the glossary.

This subject matter may be of considerable financial significance. It is strongly recommended that the member obtain competent legal and/or other expert assistance. This information is provided with the understanding that SERS is not rendering legal, financial, or other professional advice. SERS does not assume responsibility for the specific consequences resulting from application of the information in this packet to a particular member or alternate payee.

Inquiries concerning a QILDRO may be directed to the Claims/Benefits Division - Vouchering Section at 217-558-0275, or email QILDRO@srs.illinois.gov. A copy of this document along with the QILDRO forms in PDF are available at www.state.il.us/srs.

Timeline Of Events

The following timeline of events should be observed when SERS benefits are being considered in divorce proceedings.

<i>2-3 months before court date</i>	Telephone or E-mail SERS at 217-558-0275 or QILDRO@srs.illinois.gov and request divorce information relating to a QILDRO.
<i>60 days before court date</i>	Submit request for benefit information for divorce via member's telephone call, member's written authorization, or subpoena.
<i>Within 45 days after SERS receipt of request or subpoena</i>	SERS sends a member's statement of accumulated contributions, accrued Pension Benefits, Refund of Contribution Amount, Partial Refund Amount, Death Benefit Amount as of the date of request.
<i>Court date</i>	Illinois court may, in its discretion, enter a QILDRO.
<i>Immediately following court date</i>	Send certified copy of the QILDRO to SERS, accompanied by a nonrefundable \$50 processing fee by check payable to the State Employees' Retirement System. <i>NOTE:</i> If the QILDRO applies to a person who became a SERS member prior to July 1, 1999, the QILDRO must be accompanied by the member's original written Consent to Issuance of QILDRO.
<i>Within 45 days after SERS receipt of QILDRO</i>	<p>SERS notifies member and alternate payee by 1st class mail that: (1) the court order was received; (2) whether the court order is a valid QILDRO; and (3) if not a valid QILDRO, reason(s) why it is invalid.</p> <p><u>If allocation is on a dollar amount basis and member is not retired</u>, QILDRO is placed in file. See receipt of payment on next page. <u>If member is retired</u>, see receipt of payment on next page.</p> <p><u>If allocation of benefits is on a percentage basis and member has retired</u>, SERS will provide retirement effective date, benefit commencement date, permissive and regular service credit, gross amount of annuity, and gross amount of death benefits. SERS will advise of the need for a QILDRO Calculation Order and that payment to the Alternate payee will begin with the payment occurring at least 30 days after the QILDRO Calculation Order is received by SERS. This information is provided to all parties involved.</p> <p><u>If allocation of benefits is on a percentage basis and member is not retired</u>, SERS will provide initial membership dates, permissive and regular service from initial membership dates to the most recent date providing date used, provide benefit estimate, amount of contribution refund, amount of partial contribution refund, and amount of death benefit. This information is provided to all parties involved.</p>

<p><i>QILDRO Calculation Order.</i> <i>When member is not retired and SERS receives 1) request for retirement application from member; 2) Request for refund application from member; 3) notice of death of member.</i></p>	<p>Within 45 days of SERS receiving all information necessary to determine the benefit payable, SERS will advise of the need for a QILDRO Calculation Order and provide the member’s benefit information to all parties involved.</p>
<p><i>Within 45 days after receipt of QILDRO Calculation Order</i></p>	<p>SERS will acknowledge receipt and notify if order is valid. If not valid, clear, or does not match QILDRO, SERS will notify parties.</p>
<p><i>Receipt of payments</i></p>	<p>Alternate payee will receive or accrue the first payment at the time of the first payment to the member (retirement or refund) or member’s beneficiary (death benefit) occurring at least 30 days after SERS receives the valid QILDRO/QILDRO Calculation Order.</p>

SERS Retirement Benefits and Divorce

Division of Benefits

In marital dissolution proceedings, a common issue is the manner and extent to which a person’s retirement benefits may be divided between the pension holder and his or her former spouse. Benefits provided by the State Employees’ Retirement of Illinois (“SERS”) are not subject to Qualified Domestic Relations Orders (“QDROs”). Under state law, SERS benefits may not be paid to anyone other than the member, except to an alternate payee pursuant to a valid Qualified Illinois Domestic Relations Order, commonly referred to as a “QILDRO.” Unless there is a QILDRO, SERS will pay retirement benefits, or a contribution refund to the member and death benefits to the member’s named beneficiary. It is the member’s obligation to honor a divorce decree directing payment to an ex-spouse.

In 1998, the Illinois legislature passed what is known as the QILDRO law. This law, with an effective date of July 1, 1999, amended the Illinois Pension Code by adding new section 1-119 [40 ILCS 5/1-119], and by modifying portions of the Illinois Marriage and Dissolution of Marriage Act [750 ILCS 5/503].

In 2005, a revised QILDRO law was passed with an effective date of July 1, 2006. The new law expands the QILDRO to apply to lump sum death benefits. The law defines regular and permissive service credit, allows for division of benefits on a percentage basis and provides for a QILDRO Calculation Order for that purpose. The law is very specific regarding what information is to be provided by SERS and when it must be provided. The law further states the responsibilities of the member, alternate payee and their representatives regarding the calculation of benefits, allocation methods and filing requirements.

The QILDRO law does not change the law that determines an appropriate division of marital assets. A member should consult his or her divorce lawyer about what assets are included in the couple’s marital property, and about the division of those assets. SERS cannot give legal advice about the proper division of retirement benefits in a given case.

Benefits Affected By a QILDRO

Monthly retirement benefits. An alternate payee may receive all or a portion of a member's monthly retirement benefit.

Refunds. An alternate payee may receive all or a portion of a member's refund. The types of refunds that may be subject to a QILDRO are:

- 1) A contribution refund paid upon the termination of a member. This is a refund of all of the member's contributions.
- 2) A partial refund paid at the time of retirement that may consist of:
 - A refund of widow/survivor contributions; and
 - An alternative formula refund payable to a member resulting from the member not completing sufficient service to qualify for an alternative formula retirement benefit.

The QILDRO form has separate blanks that may be filled in for the two different types of refunds: (1) contribution refund paid at termination; and (2) partial refund. If there is an amount filled in for the partial refund, the total amount that the alternate payee will receive, from all partial refunds, will not exceed the dollar amount specified.

Death Benefits. An alternate payee may receive all or a portion of a member's death benefit. A death benefit means any non-periodic benefit payable upon the death of member to a member's estate or designated beneficiary(ies), including any refund of contributions following the member's death, whether or not the benefit is so called under the applicable Article of the Pension Code.

Benefits Not Affected By a QILDRO

The QILDRO law does not apply to survivor benefits, disability benefits, or health insurance benefits. A QILDRO that says it applies to any of these benefits is invalid.

Who May Be An Alternate Payee

An alternate payee may be a current spouse, former spouse, child, or other dependent of a SERS member. Anyone who does not fit one of these categories cannot be designated as an alternate payee.

Providing Information About a Member's Retirement Benefits

A divorcing member may be required by law to provide other parties and the court with information regarding the value of his or her retirement account. The SERS Annual Benefit Statement covering the previous fiscal year, July 1 through June 30, provides information concerning the member's service credit, contributions and beneficiaries. The Annual Benefit Statement may provide sufficient information for divorce purposes.

If benefit information is desired specifically for divorce purposes, SERS will provide more detailed information regarding the amount of a member's benefits. The customized information is based on the member's SERS service credit and earnings history. For vested active members, the information includes an accrued monthly retirement annuity estimate. Benefit information for divorce will be provided in response to a subpoena, a member's request, or the member's written authorization to release the information. SERS will provide benefit information for divorce within 45 days of receiving the request or subpoena.

SERS does not provide actuarial opinions as to the present market value of a member's benefits or other interests. SERS does not assume future events such as additional service credit or future salary increases. SERS does not provide benefit information for marital periods or specific years. If a member is not vested, retirement benefit information will not be provided. SERS will provide accrued retirement benefits as of the date of the subpoena or member's authorization.

Use of SERS Adopted Forms

NOTE: Word changes or alterations to the SERS adopted forms are not permitted. This will invalidate the QILDRO.

SERS, along with other Illinois public retirement systems, has adopted the QILDRO form contained in the most recent law to be used when a QILDRO applies to a SERS member. A sample of the required QILDRO form is contained in this packet. ***SERS can only accept QILDRO's that are in the form adopted by SERS. The QILDRO forms found on SERS's website are the forms that will be accepted. Go to www.state.il.us/srs for the QILDRO form, in PDF that can be completed online and printed. This will insure that the correct form is used. SERS has placed its logo above the page number to assist in verifying that the correct form is used.***

SERS, along with other Illinois public retirement systems, has adopted the QILDRO Calculation Order form contained in the most recent law to be used when a QILDRO calls for division of benefits on a percentage basis. The QILDRO Calculation Order form is used in conjunction with the QILDRO to divide benefits. A sample of the required QILDRO Calculation Order form is contained in this packet. ***SERS can only accept QILDRO Calculation Orders that are in the form adopted by SERS. The QILDRO forms found on SERS's website are the forms that will be accepted. Go to www.state.il.us/srs for the QILDRO Calculation Order form, in PDF that can be completed online and printed. This will insure that the correct form is used. SERS has placed its logo above the page number to assist in verifying that the correct form is used.***

If SERS membership began before July 1, 1999, the member must sign and submit an original or court certified copy of the *Consent to Issuance of QILDRO* form before SERS may honor a QILDRO entered against that member. Article XIII, Section 5 of the Illinois Constitution prevents SERS from honoring a QILDRO against a pre-July 1, 1999 member unless accompanied by the required consent form. The consent form is required even if the court entered a QILDRO against that member. Once signed and submitted to SERS, the consent form is irrevocable.

SERS, along with other Illinois public retirement systems, has adopted a *Consent to Issuance of QILDRO* form to be used when a QILDRO applies to a pre-July 1, 1999 member. A sample of the *Consent to Issuance of QILDRO* form is contained in this packet. ***SERS can only accept a Consent in the form adopted by SERS. The QILDRO forms found on SERS's website are the forms that will be accepted. Go to www.state.il.us/srs for the Consent form, in PDF that can be completed online and printed. This will insure that the correct form is used. SERS has placed its logo above the page number to assist in verifying that the correct form is used.***

Procedure for Filing a QILDRO with SERS

QILDRO's and Calculation Order's should be sent to:

State Employees' Retirement System of Illinois
c/o Vouchering Section
2101 South Veterans Parkway
P.O. Box 19255
Springfield, Illinois 62794-9255

The order will be deemed received on the date the System receives it.

\$50 Processing Fee. Each QILDRO and each QILDRO Calculation Order must be accompanied by a \$50 processing fee payable to the State Employees' Retirement System (checks only, please.) A separate \$50 payment is required each time a new or modified QILDRO or QILDRO Calculation Order is submitted to SERS. An increase in the amount payable to the alternate payee due to a cost of living adjustment or automatic annual increase to the member's retirement benefit does not constitute a modification of a QILDRO.

Notice. Within 45 days after SERS receives the court order, SERS will notify the member and each alternate payee by first class mail that it has received the order and whether it is a valid QILDRO/QILDRO Calculation Order. If SERS determines that the order is not a valid QILDRO/QILDRO Calculation Order, the notice will specify the reason or reasons.

Requirements for a Valid QILDRO or QILDRO Calculation Order

For a court order to be a valid QILDRO or QILDRO Calculation Order, it must satisfy **all** of the following criteria:

- (1) The QILDRO and Calculation Order must be accompanied by a \$50 processing fee, payable to the State Employees' Retirement System for each document.
- (2) If the QILDRO applies to a person who became a SERS member before July 1, 1999, it must be accompanied by the **original** *Consent to Issuance of QILDRO* form signed by the member.
- (3) The order must be a court certified copy of the original which bears the clerk of court's seal or stamp certifying the document as a true and correct copy of the original document. **A file-stamped copy will be rejected.**
- (4) The order must identify the Illinois court of competent jurisdiction in a proceeding for declaration of invalidity of marriage, legal separation, or dissolution of marriage that provides for the distribution of property, or any proceeding to amend or enforce such a property distribution.
- (5) The order must contain the name, residence address, and social security number of the SERS member and of the alternate payee.
- (6) The order must identify the State Employees' Retirement System as the retirement system to which it is directed.
- (7) The order must specify the dollar amount or percentage of the retirement benefit, refund payable, or death benefit payable to the alternate payee.
- (8) The order must apply only to benefits that are statutorily subject to QILDRO's. (See *Benefits Affected By a QILDRO*, on page 6.)
- (9) The order must be in the form adopted by SERS. This form is only found on SERS's website. Any alterations to the form will invalidate the order.
- (10) The effective date of the order must be on or after July 1, 2006.
- (11) The QILDRO Calculation Order must not be completed in a manner that changes the intent of the QILDRO to which it relates.

Effect of a Valid QILDRO

Once SERS has determined that a QILDRO is valid:

- (1) If the member is not retired, and if the QILDRO provides for allocation of retirement benefits on a dollar amount basis, the QILDRO will be placed in the member's file and the QILDRO will be implemented when the first affected benefit payment commences.

If allocation of retirement benefits is on a percentage basis and the member is not retired, SERS will provide initial membership date, permissive and regular service from initial membership date to the most recent date providing date used, provide benefit estimate, amount of contribution refund, amount of partial contribution refund, and amount of death benefit. In the future when the member applies for retirement benefits, within 45 days of SERS receiving all information necessary to determine the benefit payable, SERS will provide the effective date of retirement, benefit commencement date, permissive and regular service, gross amount of annuity, gross amount of contribution refund and partial contribution refund, and gross amount of the death benefit. Upon the member's retirement, if the percentage QILDRO was not accompanied by a QILDRO Calculation Order, SERS will advise of the need of the QILDRO Calculation Order. If possible, SERS will determine an anticipated payment to the alternate payee based on the information in the QILDRO.

- (2) If the member is retired, and if the QILDRO provides for allocation of retirement benefits on a dollar amount basis, payment to the alternate payee will begin with the first payment occurring at least 30 days after the QILDRO was received by SERS.

If allocation of retirement benefits is on a percentage basis and the member is retired, SERS will provide retirement effective date, benefit commencement date, permissive and regular service credit, gross amount of annuity and gross amount of death benefit. If a QILDRO Calculation Order did not accompany the QILDRO, SERS will advise of the need for a QILDRO Calculation Order.

SERS will determine an anticipated payment to the alternate payee based on information in the QILDRO, if it is possible to do so. SERS will hold the alternate payee's anticipated payment and pay the member's monthly retirement benefit, less the amount held for the alternate payee, pending receipt of the Calculation Order. Once the Calculation Order is received SERS will adjust the amounts payable in accordance with the Calculation Order and begin paying the alternate payee. However, if it is not possible for SERS to determine an anticipated payment based only on the QILDRO, then neither the member or the alternate payee will be paid until the Calculation Order is received.

- (3) When a QILDRO provides for the allocation of a refund, partial refund, or death benefit on a dollar amount basis the QILDRO will be placed in the member's file and will be implemented when the refund is requested or upon the death of the member.

When a QILDRO provides for the allocation of a refund, partial refund, or death benefit on a percentage basis, if no QILDRO Calculation Order is on file, SERS will advise of the need for a QILDRO Calculation Order when the benefit becomes payable. SERS will hold the refund, partial refund, or death benefit until the QILDRO Calculation Order is received.

If a member has applied for a refund or the beneficiary on file has applied for a death benefit which has not yet been “vouchered” when SERS receives a QILDRO and/or QILDRO Calculation Order that applies to the refund or death benefit, SERS will hold the refund or death benefit until the court clarifies whether the QILDRO and/or QILDRO Calculation Order applies to the pending refund or death benefit payment. It is the member’s or beneficiary(ies) responsibility to obtain clarification from the court. If the refund or death benefit payment has already been “vouchered,” it will be paid to the member or beneficiary(ies). “Vouchered” in this context means the voucher has been signed and dated, even though the check has not been executed by the Office of the State Comptroller.

Current Address of Alternate Payee

Each alternate payee is responsible to keep SERS informed of his or her current residence address. SERS must have the alternate payee’s current address in order for the alternate payee to receive payment. The law does not require SERS to search for a missing alternate payee, other than sending notice to the last known address.

Allocation of Benefits on Dollar Amount Basis. When a member becomes eligible to receive a retirement benefit or refund, or due to the death of the member a death benefit is payable, SERS will send notice by certified mail to the alternate payee’s last known address. If the notice is returned undelivered, SERS will hold the amount payable to the alternate payee for 180 days from the date SERS sent the notice or the date the benefit becomes payable, whichever is later. The amount held will not bear interest. If SERS is notified of the alternate payee’s current address within 180 days, SERS will pay the amount held to the alternate payee. If SERS does not learn of the alternate payee’s current address within 180 days, SERS will pay the amount held to the member or in the case of a death benefit, the member’s beneficiary. If SERS later becomes aware of the alternate payee’s current address, SERS will implement the QILDRO, beginning with the first payment occurring at least 30 days after the current address becomes known, but the alternate payee will have no right to any amounts already paid to the member or beneficiary. If a termination refund has been vouchered, the alternate payee will have no claim to the refund.

Allocation of Benefits on a Percentage Basis. When a member becomes eligible to receive a retirement benefit or refund, or due to the death of the member a death benefit is payable, SERS will send notice by certified mail to the alternate payee’s last known address. SERS provides effective date of retirement, benefit commencement date, permissive and regular service, gross amount of annuity, gross amount of contribution refund and partial contribution refund, and gross amount of death benefits. If a QILDRO Calculation Order did not accompany the QILDRO, SERS will advise of the need for a QILDRO Calculation Order. If the notice is returned undeliverable, SERS will hold the amount payable to the alternate payee for 180 days from the date SERS sent the notice or the date the benefit becomes payable, whichever is later. The amount held will not bear interest. If SERS is notified of the alternate payee’s current address within 180 days, SERS will pay the amount held to the alternate payee. If SERS does not learn of the alternate payee’s current address within 180 days, SERS will pay the amount held to the member or in the case of a death benefit, the member’s beneficiary. If SERS later becomes aware of the alternate payee’s current address, SERS will implement the QILDRO, beginning with the first payment occurring at least 30 days after the current address becomes known, but the alternate payee will have no right to any amounts already paid to the member or beneficiary. If a termination refund has been vouchered, the alternate payee will have no claim to the refund.

Amount Payable to Alternate Payee

An alternate payee's rights are no greater than the member's rights. An alternate payee is only eligible to receive payment if and when the member becomes eligible to receive the benefit or refund or a death benefit becomes payable. A QILDRO cannot order payment to an alternate payee that would not otherwise have been payable to the member or beneficiary.

A QILDRO must specify the dollar amount or percentage payable to the alternate payee. SERS cannot calculate the amount from a formula. If the QILDRO states a formula rather than a dollar amount or percentage, the QILDRO is invalid. The QILDRO form allows the parties to elect whether the amount payable to the alternate payee will or will not increase proportionately if the member's retirement benefit increases due to post-retirement cost of living adjustments or automatic annual increases. The election must be designated by checking the appropriate box in the QILDRO form. If a designation is not indicated SERS will assume that the alternate payee is not to receive increases.

If the amount payable to an alternate payee exceeds the actual amount of the benefit payable to the member, the excess must be disregarded. If there are multiple QILDROs against a member, SERS will honor all of the QILDROs to the extent possible. If the total amount payable to all alternate payees exceeds the actual amount of the benefit, the QILDROs will be satisfied in the order that SERS received them. Amounts payable to multiple alternate payees will not be adjusted pro rata. Amounts that cannot be paid because the benefit is not large enough to cover all amounts payable must be disregarded. SERS is not responsible to an alternate payee or any other person for amounts that remain unpaid because the benefit is not large enough.

If the member received an overpayment or owes SERS any other amount, the amount owed will be deducted from the benefit before the alternate payee is paid. In some instances, a benefit may be subject to a preexisting tax lien or withholding order. If the benefit is not large enough to pay the amount due an alternate payee under the QILDRO plus the amount due under the tax lien or withholding order, SERS will notify the member and the alternate payee. SERS will continue to deduct the amount due under the tax lien or withholding order ahead of the amount due the alternate payee, until SERS receives different instructions from the court that issued the QILDRO. It is the member's or alternate payee's responsibility to obtain clarification from the court if the QILDRO should take priority ahead of an existing tax lien or withholding order.

If a benefit subject to a QILDRO subsequently becomes subject to a tax lien or withholding order, the amount due will be deducted from the portion of the benefit payable to the person subject to the tax lien or withholding order. The remainder of the benefit will be payable to the recipient unaffected by the tax lien or withholding order. SERS is not required to make up any amounts not paid due to recoupment of an overpayment, tax lien, or withholding order.

Guidelines for completing the QILDRO, Section IX of the QILDRO, and the QILDRO Calculation Order

The member, alternate payee and their legal representatives will decide:

- (1) which benefits will be divided:
 - (a) Retirement Annuity
 - (b) Refund of Contribution
 - (c) Partial Refund of Contributions
 - (d) Death Benefits
- (2) when the allocation will begin
- (3) when the allocation will end
- (4) will the alternate payee share in post retirement increases
- (5) will the allocation of benefits be on flat dollar amount basis, percentage of marital portion basis, or percentage of gross benefit basis at commencement of benefits.

After the decisions are made regarding the benefits to be divided and the methods to be used, a QILDRO, QILDRO Section IX, and QILDRO Calculation Order may need to be completed, approved by the Court, and filed with SERS.

The chart on the following page is designed to assist with the completion of the various forms and Sections. For example, if the retirement annuity is to be divided on a percentage of marital portion basis, section III (a) (2) of the QILDRO must be completed, Section IX of the QILDRO must be completed, and a QILDRO Calculation Order will need to be submitted with Section (3) (a) completed.

QILDRO & CALCULATION ORDER COMPARISON CHART

If you completed QILDRO Section	Complete marital portion benefit calculation formula QILDRO Section IX	Complete corresponding section in Calculation Order
III A.1	No	No
III A.2	Yes	3(a)
III A.3	No	4(A)
V A.1	No	No
V A.2	Yes	3(b)
V A.3	No	4(B)
VI A.1	No	No
VI A.2	Yes	3(c)
VI A.3	No	4(C)
VII A.1	No	No
VII A.2	Yes	3(d)
VII A.3	No	4(D)

The following summarizes the QILDRO sections and methods for allocating payment to the alternate payee. Be sure you complete the same sections in the QILDRO and Calculation Order.

QILDRO Section III: monthly retirement benefit

A.1: dollar amount

A.2: percentage of marital portion

A.3: percentage as of retirement date

QILDRO Section IV: termination refund or lump-sum retirement benefit

A.1: dollar amount

A.2: percentage of marital portion

A.3: percentage as of retirement date

QILDRO Section V: partial refund

A.1: dollar amount

A.2: percentage of marital portion

A.3: percentage as of retirement date

QILDRO Section VII: lump sum death benefit

A.1: dollar amount

A.2: percentage of marital portion

A.3: percentage as of retirement date

Application for Benefit By Alternate Payee

An alternate payee who is entitled under a QILDRO to all (not just a portion) of a member's benefit may apply for the benefit, but only if all other qualifications and requirements for payment of the benefit have been met. The alternate payee may not apply for a member's benefit under the following circumstances: (i) the alternate payee is only entitled to part of the member's benefit; (ii) the member is earning service credit (including service credit granted to members receiving disability benefits) in any retirement system covered by the Retirement Systems Reciprocal Act [40 ILCS 5/20]; or (iii) the member is below the minimum age for receiving an undiscounted retirement annuity from SERS or any system under the Retirement Systems Reciprocal Act.

Member's Election of Form of Payment

A member whose benefit is subject to a QILDRO may not elect a form of payment that would diminish the amount payable to the alternate payee, unless the alternate payee has consented to the election in writing. If a member wants to make an election that would diminish the amount payable to the alternate payee, SERS is statutorily required to reject the election and advise the member of the need to obtain the alternate payee's consent. SERS will send the member a consent form that must be completed and returned to SERS.

Modified QILDRO's

A modified QILDRO/QILDRO Calculation Order should be sent to the System in the same manner as a new QILDRO/QILDRO Calculation Order. A separate \$50 processing fee payable to the State Employees' Retirement System must be paid each time a modified QILDRO/QILDRO Calculation Order is submitted to SERS. If a modified QILDRO/QILDRO Calculation Order applies to a person who was a SERS member before July 1, 1999, the member's original signed *Consent to Issuance of QILDRO* form on file with the System will satisfy the consent requirement. An increase in the amount payable to the alternate payee due to a cost of living adjustment or automatic annual increase to the member's retirement benefit does not constitute a modification of a QILDRO.

A modified QILDRO will hold the same priority of payment that the original QILDRO held, as long as the modified QILDRO does not: (i) increase the amount of any benefit payable to the alternate payee; or (ii) affect a different benefit. If a modified QILDRO does increase the amount or affect different benefits, the modified QILDRO will lose the priority held by the original QILDRO. Priority of payment will then be based on the date SERS received the modified QILDRO.

If the benefit is subject to multiple QILDRO's, losing the original QILDRO priority could actually result in a reduced payment to the alternate payee. If the benefit is not large enough to pay the total due under all QILDRO's, only the amount remaining after all other QILDRO's have been paid will be available. A modified QILDRO Calculation Order will not change the priority of a QILDRO.

Expiration of a QILDRO

A QILDRO expires upon the death of the alternate payee. The right to receive the affected benefit will then revert to the member.

A QILDRO expires upon the death of the member unless the QILDRO allocates death benefits that may be payable to an alternate payee.

A QILDRO expires when the member takes a refund that terminates the member's participation in SERS. This is true even if the member's refund is paid to an alternate payee. A QILDRO that expires because the member takes a refund is not automatically renewed by the member's subsequent return to SERS membership.

Retiree Returning to Work

In the event that a retiree returns to work as governed by Article 14-111 with a division pursuant to a QILDRO in effect and implemented, the QILDRO will be suspended during the period of reemployment. Upon the subsequent retirement of the member, the QILDRO will be applied to the retirement benefit then being paid. It will not be necessary to file a new QILDRO.

Income Tax Reporting

The member and alternate payee will receive an income tax form 1099-R by February 1st of each year for the previous calendar year. The form will provide the taxable and nontaxable portion of the benefit payments.

Information About SERS

The benefit program administered by SERS is a governmental plan as defined in section 414(d) of the Internal Revenue Code of 1986, as amended, and section 3(32) of the Employees Retirement Income Security Act of 1974, as amended. The retirement program is administered as a qualified plan pursuant to section 401(a) of the Internal Revenue Code of 1986, as amended. SERS benefit programs are subject to Articles 1, 14, and 20 of the Illinois Pension Code [40 ILCS 5] and Chapter I of Subtitle D of Title 80 of the Illinois Administrative Code. In addition, as a board created by the Illinois General Assembly, SERS is subject to numerous other laws of the State. Article 14 of the Illinois Pension Code [40 ILCS 5/14-101 *et seq.*] explains SERS benefits and the methods for calculating those benefits.

Glossary

<i>Alternate Payee</i>	The spouse, former spouse, child, or other dependent of a member, as designated in a QILDRO. [40 ILCS 5/1-119(a)(1).]
<i>Death Benefit</i>	Any nonperiodic benefit payable upon the death of a member to a survivor of the member or to the member's estate or designated beneficiary, including any refund of contributions following the member's death, whether or not the benefit is so called under the applicable Article of the Illinois Pension Code. [40 ILCS 5/1-119(a)(2).]
<i>Disability Benefit</i>	Any periodic or nonperiodic benefit payable to a disabled member based on occupational or non-occupational disability or disease, including any periodic or nonperiodic increases in the benefit, whether or not the benefit is so called under the applicable Article of the Illinois Pension Code. [40 ILCS 5/1-119(a)(3).]
<i>Member</i>	Any person who participates in or has service credit in SERS, including a person who is receiving or is eligible to receive a retirement benefit, without regard to whether the person has withdrawn from service. [40 ILCS 5/1-119(a)(4).]
<i>Member's Refund</i>	A return of all or a portion of a member's contributions that is elected by the member (or provided by operation of law) and is payable before the member's death.
<i>Qualified Illinois Domestic Relations Order or "QILDRO"</i>	An Illinois court order that creates or recognizes the existence of an alternate payee's right to receive all or a portion of the member's accrued benefits in SERS, is issued pursuant to Section 1-119 of the Illinois Pension Code and Section 503(b)(2) of the Illinois Marriage and Dissolution of Marriage Act, and meets the requirements of Section 1-119 of the Illinois Pension Code. A QILDRO is not the same as a qualified domestic relations order or QILDRO issued pursuant to Section 414(p) of the Internal Revenue Code of 1986. [40 ILCS 5/1-119(a)(6).]
<i>QILDRO Calculation Order</i>	An Illinois Court order that provides the amount of the retirement benefit, refund, partial refund and death benefit that is subject to a QILDRO allocation of benefits on a percentage basis as issued pursuant to Section 1-119 of the Illinois Pension Code.
<i>Regular Payee</i>	The person to whom a benefit would be payable in the absence of an effective QILDRO. [40 ILCS 5/1-119(a)(7).]
<i>Retirement Benefit</i>	Any periodic benefit payable to a retired member based on age or service, including any periodic or nonperiodic increases in the benefit, whether or not the benefit is so called under Article 14 of the Illinois Pension Code. [40 ILCS 5/1-119(a)(8).]
<i>Surviving Spouse</i>	The spouse of a member at the time of the member's death. [40 ILCS 5/1-119(a)(10)].
<i>Survivor's Benefit</i>	Any periodic benefit payable to a surviving spouse, child, parent, or other survivor of a deceased member, including any periodic or nonperiodic increases in the benefit, whether or not the benefit is so called under Article 14 of the Illinois Pension Code. [40 ILCS 5/1-119(a)(11).]
<i>Permissive Service</i>	Service credit purchased by the member for military service, leaves of absence, early retirement incentives, contractual service, federal or out-of-state service, visually handicapped service, legislative staff intern service, and unused sick and vacation time.
<i>Regular Service</i>	Service for which compensation was paid on a State payroll and purchased by the member for a qualifying period, short period(s) of employment, full or partial refund, emergency or temporary employment, furlough time, service transferred from a reciprocal retirement plan and service credit where the member previously opted not to participate in the System and subsequently opted to purchase the service credit for the participation.

No. _____

**QUALIFIED ILLINOIS DOMESTIC RELATIONS ORDER
State Employees' Retirement System**

THIS CAUSE coming before the Court for the purpose of the entry of a Qualified Illinois Domestic Relations Order under the provisions of Section 1-119 of the Illinois Pension Code (40 ILCS 5/1-119), the Court having jurisdiction over the parties and the subject matter hereof; the Court finding that one of the parties to this proceeding is a member of a retirement system subject to Section 1-119 of the Illinois Pension Code (40 ILCS 5/1-119), this Order is entered to implement a division of that party's interest in the retirement system; and the Court being fully advised;

IT IS HEREBY ORDERED AS FOLLOWS:

(I) The definitions and other provisions of Section 1-119 of the Illinois Pension Code (40 ILCS 5/1-119) are adopted by reference and made a part of this Order.

(II) Identification of Retirement System and parties:

Retirement System: State Employees' Retirement System of Illinois
2101 South Veterans Parkway
P.O. Box 19255
Springfield, Illinois 62794-9255

Member: _____
(name)

(mailing address)

(social security number)

Alternate payee: _____
(name)

(mailing address)

(social security number)

Member's Name

The alternate payee is the member's (check one): current or former spouse child or other dependent

(III) The Retirement System shall pay the indicated amounts of the member's retirement benefits to the alternate payee under the following terms and conditions:

(A) The Retirement System shall pay the alternate payee pursuant to one of the following methods (complete the ONE option that applies):

(1) \$ _____ per month (enter amount); OR

(2) _____ % (enter percentage) per month of the marital portion of said benefit with the marital portion defined using the formula in Section IX; OR

(3) _____ % (enter percentage) per month of the gross amount of said benefit calculated as of the date the (check one) member's alternate payee's benefit commences (check alternate payee only if the alternate payee will commence benefits after the member commences benefits, e.g. if the member is receiving retirement benefits at the time this Order is entered).

(B) If the member's retirement benefit has already commenced, payments to the alternate payee shall commence either (check/complete the ONE option that applies):

(1) as soon as administratively possible upon this order being received and accepted by the Retirement System; OR

(2) on the date of _____ (enter any benefit payment date that will occur at least 30 days after the date the retirement system receives a valid QILDRO, but ONLY if payment to the alternate payee is to be delayed to some future date; otherwise, check item (1) above).

(C) If the member's retirement benefit has not yet commenced, payments to the alternate payee shall commence as of the date the member's retirement benefit commences.

(D) Payments to the alternate payee under this Section III shall terminate (check/complete the ONE option that applies):

(1) upon the death of the member or the death of the alternate payee, whichever is the first to occur; OR

(2) after _____ payments are made to the alternate payee (enter any set number) or upon the death of the member or the death of the alternate payee, whichever is the first to occur.

(IV) If the member's retirement benefits are subject to annual post-retirement increases, the alternate payee's share of said benefits (check one) shall shall not be recalculated or increased annually to include a proportionate share of the applicable annual increases.

Member's Name

(V) The Retirement System shall pay to the alternate payee the indicated amounts of any refund upon termination or any lump sum retirement benefit that becomes payable to the member, under the following terms and conditions:

(A) The Retirement System shall pay the alternate payee pursuant to one of the following methods (complete the ONE option that applies):

- (1) \$ _____ (enter amount); OR
- (2) _____ % (enter percentage) of the marital portion of the refund or lump sum retirement benefit, with the marital portion defined using the formula in Section IX; OR
- (3) _____ % (enter percentage) of the gross amount of the refund or lump sum retirement benefit, calculated when the member's refund or lump sum retirement benefit is paid.

(B) The amount payable to an alternate payee under Section V (A) (2) or V (A) (3) shall include any applicable interest that would otherwise be payable to the member under the rules of the Retirement System.

(C) The alternate payee's share of the refund or lump sum retirement benefit under this Section V shall be paid when the member's refund or lump sum retirement benefit is paid.

(VI) The Retirement System shall pay to the alternate payee the indicated amounts of any partial refund that becomes payable to the member under the following terms and conditions:

(A) The Retirement System shall pay the alternate payee pursuant to one of the following methods (complete the ONE option that applies):

- (1) \$ _____ (enter amount); OR
- (2) _____ % (enter percentage) of the marital portion of said benefit, with the marital portion defined using the formula in Section IX; OR
- (3) _____ % (enter percentage) of the gross amount of the benefit calculated when the member's refund is paid.

(B) The amount payable to an alternate payee under Section VI (A) (2) or VI (A) (3) shall include any applicable interest that would otherwise be payable to the member under the rules of the Retirement System.

(C) The alternate payee's share of the refund under this Section VI shall be paid when the member's refund is paid.

(VII) The Retirement System shall pay to the alternate payee the indicated amounts of any death benefits that become payable to the member's death benefit beneficiaries or estate under the following terms and conditions:

(A) To the extent and only to the extent required to effectuate this Section VII, the alternate payee shall be designated as and considered to be a beneficiary of the member at the time of the member's death and shall receive (complete ONE of the following options):

- (1) \$ _____ (enter amount); OR
- (2) _____ % (enter percentage) of the marital portion of death benefits, with the marital portion defined using the formula in Section IX; OR
- (3) _____ % (enter percentage) of the gross amount of the death benefits calculated when said benefits become payable.

(B) The amount payable to an alternate payee under Section VII (A) (2) or VII (A) (3) shall include any applicable interest payable to the death benefit beneficiaries under the rules of the Retirement System.

(C) The alternate payee's share of death benefits under this Section VII shall be paid as soon as administratively possible after the member's death.

(VIII) If this Order indicates that the alternate payee is to receive a percentage of any retirement benefit or refund upon receipt of the information required to be provided by the Retirement System under Section 1-119 of the Illinois Pension Code (40 ILCS 5/1-119), the calculations required shall be performed by the member, by the alternate payee, or by their designated representatives or designated experts. The results of the calculations shall be provided to the Retirement System via a QILDRO Calculation Court Order in accordance with Section 1-119 of the Illinois Pension Code.

(IX) Marital Portion Benefit Calculation Formula (Option to calculate benefit in items III (A) (2), V (A) (2), VI (A) (2), and VII (A) (2)). If in this Section "other" is circled in the definition of A, B, or C, then a supplemental order must be entered simultaneously with this QILDRO clarifying the intent of the parties or the Court as to that item. The supplemental order cannot require the Retirement System to take any action not permitted under Illinois law or the Retirement System's administrative rules. To the extent that the supplemental order does not conform to Illinois law or administrative rule, it shall not be binding upon the Retirement System.

(1) The amount of the alternate payee's benefit shall be the result of $(A/B) \times C \times D$ where:

"A" equals the number of months of (check only one) regular regular plus permissive other service that the member accumulated in the Retirement System from the date of marriage _____ (enter date MM/DD/YYYY) to the date of divorce _____ (enter date MM/DD/YYYY). This number of months of service shall be calculated as whole months after receipt of information required from the Retirement System pursuant to Section 1-119 of the Illinois Pension Code (40 ILCS 5/1-119).

"B" equals the number of months of (check only one) regular regular plus permissive other service that the member accumulated in the Retirement System from the time of initial membership in the Retirement System through the member's effective date of retirement. The number of months of service shall be calculated as whole months after receipt of information required from the Retirement System pursuant to Section 1-119 of the Illinois Pension Code (40 ILCS 5/1-119).

"C" equals the gross amount of:

(i) the member's monthly retirement benefit (Section III(A)) calculated as of the member's effective date of retirement (check only one) including not including other permissive service, upgrades purchased, and other benefit formula enhancements;

(ii) the member's refund payable upon termination or lump sum retirement benefit that becomes payable, including any payable interest (Section V(A)) calculated as of the time said refund becomes payable to the member;

(iii) the member's partial refund, including any payable interest (Section VI (A)) calculated as of the time said partial refund becomes payable to the member; or

(iv) the death benefit payable to the member's death benefit beneficiaries or estate, including any payable interest (Section VII (A)) calculated as of the time said benefit becomes payable to the member's beneficiary;

whichever are applicable pursuant to Section III, V, VI, or VII of this Order. These gross amounts shall be provided by the Retirement System pursuant to Section 1-119 of the Illinois Pension Code (40 ILCS 5/1-119).

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No. _____

CONSENT TO ISSUANCE OF QILDRO

Member's Name: _____

Member's Social Security Number: _____

Alternate Payee's Name: _____

Alternate Payee's Social Security Number: _____

I, _____, a member of the State Employees' Retirement System of Illinois, hereby irrevocably consent to the issuance of a Qualified Illinois Domestic Relations Order. I understand that under the Order, certain benefits that would otherwise be payable to me, or to my death benefit beneficiaries or estate, will instead be payable to _____. I also understand that my right to elect certain forms of payment of my retirement benefit or member's refund may be limited as a result of the Order.

Date

Member's Signature

No. _____

**QILDRO CALCULATION COURT ORDER
State Employees' Retirement System**

THIS CAUSE coming before the Court for the purpose of the entry of a QILDRO Calculation Court Order under the provisions of Section 1-119 of the Illinois Pension Code (40 ILCS 5/1-119), the Court having jurisdiction over the parties and the subject matter hereof; the Court finding that a QILDRO has previously been entered in this matter, that the QILDRO has been received and accepted by the Retirement System, and that the QILDRO requires percentage calculations to allocate the alternate payee's share of the member's benefit or refund, the Court not having found that the QILDRO has become void or invalid, and the Court being fully advised;

IT IS HEREBY ORDERED AS FOLLOWS:

- (1) The definitions and other provisions of Section 1-119 of the Illinois Pension Code (40 ILCS 5/1-119) are adopted by reference and made a part of this Order.
- (2) Identification of Retirement System and parties:

Retirement System: State Employees' Retirement System
2101 South Veterans Parkway
P.O. Box 19255
Springfield, Illinois 62794-9255

Member: _____
(name)

(mailing address)

(social security number)

Alternate payee: _____
(name)

(mailing address)

(social security number)

The alternate payee is the member's (check one): current or former spouse child or other dependent

Member's Name

(3) **Percentage of Marital Portion.** The following shall apply if and only if the QILDRO allocated benefits to the alternate payee in the specific Section noted. The Retirement System shall pay the amounts as directed below, but only if and when the benefits are payable pursuant to the QILDRO and Section 1-119 of the Illinois Pension Code (40 ILCS 5/1-119). Parties shall see QILDRO Section IX for the definitions of A, B, C and D as used below.

(a) The alternate payee's benefit pursuant to QILDRO Section III (A) (2) (**monthly retirement benefit**) shall be calculated pursuant to Section IX of the QILDRO and paid as follows:

$$\left(\frac{\text{_____}}{\text{(enter A)}} / \frac{\text{_____}}{\text{(enter B)}} \right) \times \frac{\text{_____}}{\text{(enter C)}} \times \frac{\text{_____}}{\text{(enter D)}} = \frac{\text{_____}}{\text{(Monthly Amount)}}$$

(b) The alternate payee's benefit pursuant to QILDRO Section V (A) (2) (**termination refund**) shall be calculated pursuant to Section IX for the QILDRO and paid as follows:

$$\left(\frac{\text{_____}}{\text{(enter A)}} / \frac{\text{_____}}{\text{(enter B)}} \right) \times \frac{\text{_____}}{\text{(enter C)}} \times \frac{\text{_____}}{\text{(enter D)}} = \frac{\text{_____}}{\text{(Amount)}}$$

(c) The alternate payee's benefit pursuant to QILDRO Section VI (A) (2) (**partial refund**) shall be calculated pursuant to Section IX of the QILDRO and paid as follows:

$$\left(\frac{\text{_____}}{\text{(enter A)}} / \frac{\text{_____}}{\text{(enter B)}} \right) \times \frac{\text{_____}}{\text{(enter C)}} \times \frac{\text{_____}}{\text{(enter D)}} = \frac{\text{_____}}{\text{(Amount)}}$$

(d) The alternate payee's benefit pursuant to QILDRO Section VII (A) (2) (**lump-sum death benefit**) shall be calculated pursuant to Section IX of the QILDRO and paid as follows:

$$\left(\frac{\text{_____}}{\text{(enter A)}} / \frac{\text{_____}}{\text{(enter B)}} \right) \times \frac{\text{_____}}{\text{(enter C)}} \times \frac{\text{_____}}{\text{(enter D)}} = \frac{\text{_____}}{\text{(Amount)}}$$

The Retirement System's sole obligation with respect to the equations in this paragraph (3) is to pay the amounts indicated as the result of the equations. The Retirement System shall have no obligation to review or verify the equations or to assist in the calculations used to determine such amounts.

(4) **Percentage of Gross.** The following shall apply only if the QILDRO allocated benefits to the alternate payee in the specific Section noted. The Retirement System shall pay the amounts as directed below, but only if and when the benefits are payable pursuant to the QILDRO and Section 1-119 of the Illinois Pension Code (40 ILCS 5/1-119).

(A) The alternate payee's benefit pursuant to QILDRO Section III (A) (3) (**monthly retirement benefit**) shall be calculated and paid as follows:

$$\frac{\text{_____}}{\text{(Gross Benefit Amount)}} \times \frac{\text{_____}}{\text{(Percentage)}} = \frac{\text{_____}}{\text{(Monthly Amount)}}$$

(B) The alternate payee's benefit pursuant to QILDRO Section V (A) (3) (**termination refund**) shall be calculated and paid as follows:

$$\frac{\text{_____}}{\text{(Gross Benefit Amount)}} \times \frac{\text{_____}}{\text{(Percentage)}} = \frac{\text{_____}}{\text{(Amount)}}$$

(C) The alternate payee's benefit pursuant to QILDRO Section VI (A) (3) (**partial refund**) shall be calculated and paid as follows:

$$\frac{\text{_____}}{\text{(Gross Benefit Amount)}} \times \frac{\text{_____}}{\text{(Percentage)}} = \frac{\text{_____}}{\text{(Amount)}}$$

(D) The alternate payee's benefit pursuant to QILDRO Section VII (A) (3) (**lump-sum death benefit**) shall be calculated and paid as follows:

$$\frac{\text{_____}}{\text{(Gross Benefit Amount)}} \times \frac{\text{_____}}{\text{(Percentage)}} = \frac{\text{_____}}{\text{(Amount)}}$$

