

**JUDGES
RETIREMENT
SYSTEM
OF ILLINOIS**

Retiree & Survivor
BENEFITS

*Your Rights &
Responsibilities*
HANDBOOK

JANUARY 1, 2002

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This booklet has been prepared to assist retired members, survivors and anyone receiving a lump sum death benefits from the Judges Retirement System (JRS).

It describes the benefits of JRS, effective January 1, 2002, in nontechnical language.

Please read it carefully. Specific questions about benefits should be addressed to JRS.

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RETIREE REEMPLOYMENT

If a JRS retiree returns to employment outside of state government, there is no reason to notify JRS since these earnings do not affect JRS benefits. However, should a retiree return to a position in state government, JRS should be notified immediately.

If you retired under the provisions of the Reciprocal Act and are receiving a pension from more than one Illinois public retirement system, you must notify all the retirement systems involved.

Each system will determine if you are eligible to continue receiving your pension during this reemployment.

Non-Permanent Reemployment

If you return to state employment in a position other than a judge, and your position is expected to continue for no more than 75 working days during a calendar year (any part of a day is considered a full day), you will continue to receive your JRS pension. During this employment, you won't make contributions to JRS, but you will contribute to Social Security.

If your employment lasts longer than 75 working days, your pension benefits end on the 76th day. Your reemployment status will change to a permanent basis and you are considered a permanent employee.

There are no employment restrictions for a majority of the individuals receiving a survivor benefit from the Judges' Retirement System.

Permanent Reemployment

If you are reemployed by the state on a permanent basis, your JRS pension benefit is suspended. If you are recalled as a judge, you will make contributions to JRS during this period of employment and earn additional service credit, unless you file an election to discontinue contributions. After returning to retirement, you must reapply for your pension.

INCREASES FOR RETIREES

You will receive a 3% increase to your pension on January 1 following your first full year of retirement. These annual increases are compounded on your previous year's annuity. Pension increases are not limited by the 85% maximum.

INCREASES FOR SURVIVORS

Survivors receiving a JRS monthly annuity due to the death of an ***active*** judge, will receive a 3% increase on January 1 following one full year of annuity payments.

If you are receiving a monthly annuity due to the death of a ***retired judge***, you will receive a 3% increase on January 1 following the effective date of your benefit.

Future increases of 3% of your current annuity are compounded and will be granted each January 1 thereafter.

RETIREMENT ANNUITY PAYMENTS

First Retirement Annuity Payment

After JRS receives your pension application with the required information, we make every effort to process your first annuity payment within 30 days or less.

The first annuity payment is mailed from the Office of the Comptroller directly to your home. A Notice of Pension Approval, containing important information about your retirement annuity, and a tax brochure explaining the taxation of your annuity is mailed to you about the same time.

Attached to the check is a payment stub showing the payment amount, and all payments made in a calendar year. ***(Please see page 11 for a sample of this stub.)***

Future Retirement Annuity Payments

Future annuity payments are mailed on the 19th of each month unless the 19th is on a weekend or holiday. In this case, they are mailed on the last working day before the 19th. If your payment is mailed directly to your home, allow up to 10 days.

If you do not receive your payment within this allotted time, contact our office.

***Failure to advise
JRS of an address
change could result
in a payment delay.***

If you don't choose Direct Deposit, all annuity payments are mailed to your home.

Direct Deposit

When you apply for benefits with JRS, you will receive a Depository Agreement form, along with an explanation of this program. If you choose Direct Deposit, have the form completed by your financial institution and return it along with your application for benefits.

With this Depository Agreement, your first two payments are mailed to your home. All future payments are deposited into your bank account on the 19th of each month, but a payment stub is not generated for each payment.

Instead, the Office of the Comptroller periodically issues earning statements providing you with the information that would appear on the payment stub.

Taxation of Your Retirement Annuity

Illinois law exempts all Judges' Retirement System benefits from state income tax, but federal tax is due. When you initially apply for benefits, JRS will send you IRS Form W-4P, "Withholding Certificate for Pension or Annuity Payments" as part of your benefit application.

The W-4P lets you elect not to have taxes withheld, or to designate the amount of taxes withheld from your annuity. If the W-4P is not completed, we withhold taxes at the rate for a married individual claiming three exemptions. ***(A sample W-4P is on page 13.)***

The Office of the Comptroller is required to issue a 1099-R by January 31 of each year. This form shows annuity amount you received for the past year, the portion that is taxable, and any federal or state income tax withheld. This form is used to prepare your income tax return and should be attached to IRS Form 1040 when you file. ***(A sample 1099-R is on page 12.)***

Taxation of Survivor Refund

Any survivor contributions refund is subject to a 20% automatic federal income tax withholding, unless the refunded amount is rolled-over to another qualified plan.

The Office of the Comptroller is required to issue a 1099-R by January 31 of the year following your refund. This form shows the amount of the lump sum distribution, the portion that is taxable and any federal tax withheld.

SURVIVOR ANNUITY PAYMENTS

First Survivor Annuity Payment

After JRS receives your survivor application along with the other required information, process your first annuity payment within 45 days.

The first annuity payment is mailed by the Office of the Comptroller directly to your home. A Notice of Benefit Approval containing information about your annuity, and a tax brochure explaining the taxation of your annuity is mailed at the same time.

Attached to the annuity check is a payment stub that shows the amount and all payments made in a calendar year. ***(A sample stub is on page 11.)***

Future Survivor Annuity Payments

Future annuity payments are mailed on the 19th of each month, unless the 19th is on a weekend or holiday. Then they are mailed on the last working day before the 19th.

Allow up to 10 days to receive your payment. If you don't receive it in the allotted time, contact our office. Failure to advise JRS of an address change can result in a delay of payment.

Marriage/Remarriage

Remarriage of a surviving spouse does not disqualify the spouse from JRS benefits. Survivor benefits payable to children are terminated when the child marries.

Direct Deposit

When you apply for benefits with JRS, you will receive a Depository Agreement form, along with an explanation of this program. If you choose Direct Deposit, have the form completed by your financial institution and return it along with your application for benefits.

With this Depository Agreement, your first two payments are mailed to your home. All future payments are deposited into your bank account on the 19th of each month, but a payment stub is not generated for each payment.

Instead, the Office of the Comptroller periodically issues earning statements providing you with the information that would appear on the payment stub.

Taxation of Survivor Annuity Payments

Illinois law exempts all Judges Retirement System benefits from state income tax, but federal tax is due. When you initially apply for benefits, JRS will send you IRS Form W-4P, "Withholding Certificate for Pension or Annuity Payments" as part of your benefit application.

The W-4P lets you elect not to have taxes withheld, or to designate the amount of taxes withheld from your annuity. If the W-4P form is not completed, we withhold taxes at the rate for a married individual claiming three exemptions. ***(A sample W-4P on page 13.)***

If you don't choose Direct Deposit, all annuity payments are mailed to your home.

The Office of the Comptroller is also required to issue an IRS Form 1099-R by January 31 of each year. This form shows the annuity amount you received for the past year, the portion that is taxable, and any federal or state income tax withheld.

This form is used to prepare your income tax return, and should be attached to the IRS Form 1040 when you file. ***(See the sample 1099-R form on page 12.)***

LUMP SUM DEATH BENEFITS AFTER RETIREMENT

When an annuitant dies and no survivor annuity is payable, the nominated beneficiary on file with JRS will receive any lump sum death benefit. This payment would consist of the contributions left in the annuitant's account, minus the total amount of pension payments received.

The Office of the Comptroller is required to issue a 1099-R to the beneficiary by January 31 of the year following the receipt of this payment.

The 1099-R will show the taxable portion of the lump sum, the portion attributable to capital gains and ordinary income, and any tax withheld. ***(Please see the sample form 1099-R on page 12.)*** Refer to our Tax Information brochure if needed.

Group Insurance

Retiree and survivor benefit recipients qualify for participation in the State of Illinois Employees Group Insurance Program. You may also cover your eligible dependents and have appropriate premiums deducted from your monthly benefit.

Several group health plans are available, including the traditional State Group Plan. Benefits vary among the plans, but all coordinate their benefits with Medicare.

In addition to the group health insurance, dental, vision, and drug, coverage is also available. Most members also receive a basic state-paid life insurance coverage and can purchase optional and dependent life coverages.

For additional information, contact JRS or refer to your State Group Insurance Booklet(s).

Medicare

Members who qualify for Social Security are also eligible for Medicare which is made up of two parts: Part A is free hospital insurance for those 65 or older, and Part B is optional medical insurance which requires a member-paid premium.

If members are enrolled for the free Medicare Part A, they are required to enroll in Part B. In certain situations, disabled members under age 65 may qualify for Medicare.

Contact the Social Security Administration if you have questions about Medicare.

The State of Illinois Employees' Group Health Insurance Program coordinate with Medicare to provide overall comprehensive coverage between the two plans.

For JRS annuitants and survivors, the State group health plan pays a majority of the expenses left unpaid by Medicare.

GENERAL INFORMATION

Administration of the System

The Judges' Retirement System is administered by a Board of Trustees. The Board consists of employees and representatives of the state. The current members are:

Justice ***Thomas Hoffman***, Chairman

Chief Judge ***Donald O'Connell***,

Vice-Chairman

Justice ***John Bowman***

Judge ***Henry Budzinski***

State Treasurer ***Judy Barr Topinka***

Administrator

The JRS is administered by the board-appointed Executive Secretary, Michael L. Mory

Employer Identification Number

The employer identification number for the Judges Retirement System is 37-1254630.

Service of Legal Process

Legal process may be served on Michael L. Mory, Executive Secretary.

JRS Addresses and Phone Numbers

2101 South Veterans Parkway
P. O. Box 19255
Springfield, IL 62794-9255
217-782-8500

State of Illinois Center
160 North LaSalle, Suite N-725
Chicago, IL 60601
312-814-5853

Office hours are 8:00 a.m. to 4:30 p.m.,
Monday thru Friday.

Authority

The official document describing JRS benefits is the Illinois Compiled Statutes, Chapter 40, Article 18 which legally governs JRS. If there is any variance between this booklet and the document, the document will rule.

Annuitant Newsletter

All retiree and survivor annuity recipients will receive at least two newsletters per year from JRS called ***The Panel***. This informative newsletter is normally mailed in March and August. Any additional information will be mailed to your home.

Annuitant Address Information

JRS is required to maintain a permanent home address for each annuitant. This is necessary to comply with Internal Revenue Service mailings, as well as assisting JRS in the administration of the Group Insurance Program.

It is imperative that you report and maintain your permanent address with JRS. You may report a change of address by calling or writing the Springfield or Chicago offices.

TDD Service

A Telecommunications Device for the Deaf (TDD) is available for members and annuitants who are hearing or speech-impaired. You may access this service at 217-785-7218.

Internet

JRS is on the Internet. We maintain a home page with a bulletin board to inform members of legislation and other information affecting you.

The JRS web site also contains a summary of our annual financial report, and a summary of the Illinois State Board of Investment annual financial report.

SAMPLE ANNUITY PAYMENT STUB

- A. Indicates the month paid.
- B. The law under which the annuity is paid; the fund from which it is drawn.
- C. The gross amount paid during the year to date- January 1 through December 31.
- D. Year-to-date federal income tax withheld.
- E. Year-to-date state tax withheld. JRS benefits are not subject to Illinois income taxes. However, annuitants can request state tax to be withheld if they have other taxable income which is reportable.
- F. Year-to-date nontaxable portion of the annuity. If the cost of annuity has been recovered, this section will be blank.
- G. The gross amount of this annuity payment.
- H. Federal income tax withheld from this payment.
- I. State tax withheld from this payment.
- J. The net amount of this payment. (It should be identical to the amount on your warrant).
- K. Nontaxable portion of this payment. This is blank if the cost of annuity has been recovered.
- L. State health insurance premium for dependent coverage deducted from this payment.
- M. Insurance premium for optional life insurance.
- N. Other insurance carrier premiums.
- O. Authorized credit union deductions.
- P. Other authorized deductions, such as savings bonds.
- Q. Life insurance premium paid by the state.
- R. Health insurance premium paid by the state.

RB 4287752

Dawn Clark Netsch

COMPTROLLER
STATE OF ILLINOIS

NAME				MONTH ENDING		
SOCIAL SECURITY NO.	LAW	FUND	YEAR TO DATE GROSS	YTD FED. TAX	YTD STATE TAX	YTD NON TAX
	B		C	D	E	F
GROSS AMOUNT		FEDERAL TAX	STATE TAX	NET PAY	NON TAXABLE	HEALTH INS.
G	H	I	J	K	L	
LIFE INS.	ASSOC. DUES	OTHER INS.	UNION DUES	CREDIT UNION	OTHER DED.	
M		N		O	P	

NOT NEGOTIABLE

STATE PAID:

LIFE INS.	HEALTH INS.	CONTRIB. CREDIT
Q	R	

SAMPLE FORM 1099-R

- A. Gross amount received.
- B. Member's taxable portion of the distribution.
- C. Amount determined for service before 1-1-1974 and qualified for capital gain treatment (Lump sum death benefit only).
- D. Amount contributed by member prior to 1-1-82.
- E. See codes on back of this form.
- F. Percentage of the total distribution which was received by the payee.
- G. State tax withheld at recipient's request.
- H. Federal tax withheld.

PAYER'S name, street address, city, state, and ZIP code		1 GROSS DISTRIBUTION \$ A	2001 Form 1099-R	Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.
2a Taxable amount \$ B		2b Taxable amount not determined <input type="checkbox"/>	Total distribution <input type="checkbox"/>	
PAYER'S Federal identification number	RECIPIENT'S identification number	3 Capital gain (included in box 2a) \$ C	4 Federal income tax withheld \$ H	Copy C For Recipient's Records
RECIPIENT'S name		5 Employee contributions or insurance premiums \$ D	6 Net unrealized appreciation in employer's securities \$	
Street address (including apt. no.)		7 Distribution code E <input type="checkbox"/> IRA/SER/SIMPLE	8 Other \$ %	
City, state, and ZIP code		9a Your percentage of total distribution % F	9b Total employee contributions \$	
Account number (optional)		10 State tax withheld \$ G	11 State/Payer's state no.	12 State distribution \$
		13 Local tax withheld \$	14 Name of locality	15 Local distribution \$

This information is being furnished to the Internal Revenue Service.

SAMPLE FORM W-4P

1. Exemption from Withholding. Check this box if you do not want any tax withheld from your payment. You do not have to give a reason for claiming the exemption from withholding. If you receive non-periodic payments, this is the only item you can use on this form.

2. Withholding Based on Specified Withholding Allowances. For periodic payments, withholding is automatically based on rates for a married person claiming three allowances. If you want withholding to be based on a specified number of allowances, write the number on this line and check the appropriate filing status box.

3. Additional amount you want deducted from each payment.

If you are not having enough tax withheld, you may ask the payor to withhold more tax by entering an additional amount on line 3.

You may need to have additional tax withheld because you have other income such as interest, dividends, capital gains, rents, alimony, taxable Social Security benefits, etc.

Estimate the amount you want withheld, then divide that amount by the number of payments you will receive this year. Enter the additional amount you want withheld from each payment on line 3 of Form W-4P.

..... Cut here and give the certificate to the payer of your pension or annuity. Keep the top part for your records.

Form W-4P Department of the Treasury Internal Revenue Service	Withholding Certificate for Pension or Annuity Payments <small>► For Privacy Act and Paperwork Reduction Act Notice, see page 4.</small>	OMB No. 1545-0415 <div style="font-size: 2em; font-weight: bold; text-align: center;">2001</div>
Type or print your full name		Your social security number
Home address (number and street or rural route)		Claim or identification number (if any) of your pension or annuity contract
City or town, state, and ZIP code		
Complete the following applicable lines: ① Check here if you do not want any Federal income tax withheld from your pension or annuity. (Do not complete line 2 or 3.) ► <input type="checkbox"/> ② Total number of allowances and marital status you are claiming for withholding from each periodic pension or annuity payment. (You may also designate an additional dollar amount on line 3.) ► <input style="width: 50px;" type="text"/> Marital status: <input type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Married, but withhold at higher Single rate (Enter number of allowances.) ③ Additional amount, if any, you want withheld from each pension or annuity payment. Note: For periodic payments, you cannot enter an amount here without entering the number (including zero) of allowances on line 2 ► \$ <input style="width: 50px;" type="text"/>		
Your signature ► _____		Date ► _____

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