**Section 1650.1125 Lump-Sum Death Benefit Allocation to Alternate Payee**

The alternate payee share of any lump-sum death benefit will be satisfied as follows:

a) First, from any refund of accumulated or excess contributions, prior to any distribution to the designated beneficiaries.

b) Second, from any survivor benefit payable as a lump sum, prior to any distribution to the designated beneficiaries, subject to the following:

1) All eligible dependent beneficiaries will first elect whether to receive the survivor benefit in monthly payments or in a lump-sum payment.

2) If monthly payments are elected, no amount is payable to the alternate payee from those monthly survivor benefit payments.

3) If any portion of the survivor benefit is payable as a lump sum, the balance of any alternate payee share not paid from the refund of accumulated or excess contributions will be paid from the lump-sum survivor benefit, prior to any distribution to the designated beneficiaries.

c) If the refund of accumulated or excess contributions and the lump-sum survivor benefit are insufficient to satisfy the alternate payee share, no further amount is payable to the alternate payee.

d) The aggregate amount distributed to the alternate payee from any refund of accumulated or excess contributions and any lump-sum survivor benefit shall not exceed the alternate payee share.

e) All benefit overpayments will be deducted from any refund of accumulated or excess contributions and any lump-sum survivor benefit prior to paying the alternate payee share.

(Source: Added at 32 Ill. Reg. 4073, effective February 28, 2008)