



**Your  
Rights & Responsibilities**

**E M P L O Y E E  
H A N D B O O K**

**TIER 1**

*For Members Hired  
Before January 1, 2011*

**JANURARY 1, 2022**

# TABLE OF CONTENTS

<b>General Information .....</b>	<b>1</b>
<i>Addresses &amp; Phone Numbers .....</i>	<i>2</i>
<i>Reciprocal Retirement Systems .....</i>	<i>3</i>
<i>General Benefit Information.....</i>	<i>5</i>
<i>Group Insurance.....</i>	<i>5</i>
<i>Seminars &amp; Workshops .....</i>	<i>6</i>
<b>SERS Membership.....</b>	<b>7</b>
<i>Eligibility &amp; Contributions .....</i>	<i>8</i>
<i>Service.....</i>	<i>10</i>
<i>Lump Sums Salary Payments .....</i>	<i>14</i>
<i>Reciprocal Service.....</i>	<i>15</i>
<b>SERS Benefits.....</b>	<b>16</b>
<i>Regular Retirement Benefits .....</i>	<i>17</i>
<i>Alternative Retirement Benefits .....</i>	<i>19</i>
<i>Benefit Payments .....</i>	<i>22</i>
<i>Returning to Employment After Retiring .....</i>	<i>25</i>
<i>Disability Benefits .....</i>	<i>27</i>
<i>Death Benefits .....</i>	<i>35</i>
<i>Leaving SERS .....</i>	<i>38</i>
<i>Taxes.....</i>	<i>39</i>
<b>Appendix .....</b>	<b>41</b>
<i>Plan Document.....</i>	<i>42</i>
<i>Board of Trustees .....</i>	<i>42</i>
<i>SERS Funding.....</i>	<i>43</i>
<i>Glossary of Terms .....</i>	<i>44</i>
<i>Retirement Timeline .....</i>	<i>49</i>

# 1. GENERAL INFORMATION

*This handbook, which is provided by the State Employees' Retirement System (SERS), presents you with a general overview of your benefits under the Illinois Pension Code. It explains SERS eligibility requirements, pension contributions, optional service credit, and other benefits of participation in SERS. These benefits, when combined with your other sources of retirement income, are designed to provide you with financial security in retirement.*

*This handbook describes SERS benefits in nontechnical language. SERS is primarily governed by (40 ILCS 5/14), which along with other provisions in Articles 1 and 20 of the Illinois Pension Code, comprise the SERS Plan Document. If there is any conflict or inconsistency between this handbook and the Plan Document, the Plan Document rules.*

*The information in this handbook applies to all active State employees that became a member of a reciprocal retirement system except JRS and GARS before January 1, 2011. Read this handbook carefully and keep it for reference. Make sure your loved ones are also familiar with this handbook and know where your important papers are located.*

*The Handbook is intended to serve as a supplement to your "Annual Benefit Statement," which includes personal benefit information pertaining specifically to you. This handbook is being provided for general information purposes only and is not intended to and does not implement, apply, interpret, or prescribe any law or policy. If you have questions about the information in this handbook, please contact us by e-mail at [sers@srs.illinois.gov](mailto:sers@srs.illinois.gov) or by phone at one of the phone numbers listed on page 2 of this handbook.*

# CONTACT INFORMATION

## EMAIL

The quickest and easiest way to obtain answers to your questions is to contact SERS by email at: [sers@srs.illinois.gov](mailto:sers@srs.illinois.gov).

## SPRINGFIELD

2101 S. Veterans Parkway  
P. O. Box 19255  
Springfield, IL 62794-9255  
General: 217-785-7444  
Fax: 217-785-7019

## CHICAGO

Michael A. Bilandic Building  
160 North LaSalle Street, Suite S200  
Chicago, Illinois 60601  
Fax: 312-814-5805

## TDD/TTY

A Telecommunications Device for the Deaf (TDD/TTY) is available for members and annuitants who are hearing or speech-impaired. You may access this service at 866-321-7625.

## INTERNET

SERS is on the Internet at [srs.illinois.gov](http://srs.illinois.gov). Our goal is to educate you about the retirement, disability and death benefits provided under SERS.

The website provides an overview of benefits, and gives you easy access to a variety of information, such as updates on current retirement issues, information about how to contact us, and answers to frequently asked questions.

You may also sign up for access to your account information through the member services section of the website. The member services section allows members to view key account information including an unofficial estimation of your pension benefit. This section of the website also allows you to access annual statements and update certain types of information associated with your account.

In addition, the website contains our annual financial report, a summary of the Illinois State Board of Investment annual financial report, and links to other State agencies and resources.

***You can contact us Monday thru Friday  
from 8 a.m. until 4:30 p.m.***

## **RECIPROCAL SYSTEMS**

In addition to SERS, the following systems participate in the Retirement Systems' Reciprocal Act established under Article 20 of the Illinois Pension code. For more information on the Reciprocal Act, see page 15.

### **Chicago Teachers' Pension Fund**

425 S. Financial Place, Suite 1400  
Chicago, IL 60605-1000  
Phone: 312-641-4464  
Fax: 312-641-7185  
[www.ctpf.org](http://www.ctpf.org)

### **County Employees' Annuity & Benefit Fund of Cook County Forest Preserve District Employees' Annuity & Benefit Fund of Cook County**

70 W. Madison Street, Suite 1925  
Chicago, IL 60602-3103  
Phone: 312-603-1200  
Fax: 312-603-9760  
[www.cookcountypension.com](http://www.cookcountypension.com)

### **Illinois Municipal Retirement Fund**

2211 York Road, Suite 500  
Oak Brook, IL 60523-2337  
Phone: 800-275-4673  
Fax: 630-368-5399  
[www.imrf.org](http://www.imrf.org)

### **General Assembly Retirement System**

2101 South Veterans Parkway  
P. O. Box 19255  
Springfield, IL 62794-9255  
Phone: 217-782-8500  
Fax: 217-524-9039  
<https://www2.illinois.gov/sites/SRS/GARS/Pages/default.aspx>

### **Judges' Retirement System**

2101 South Veterans Parkway  
P. O. Box 19255  
Springfield, IL 62794-9255  
Phone: 217-782-8500  
Fax: 217-524-9039  
<https://www2.illinois.gov/sites/SRS/JRS/Pages/default.aspx>

### **Laborers' Annuity & Benefit Fund of Chicago**

321 North Clark Street, Suite 1300  
Chicago, IL 60654-4739  
Phone: 312-236-2065  
Fax: 312-236-0574  
[www.labfchicago.org](http://www.labfchicago.org)

### **Metropolitan Water Reclamation District Retirement Fund**

111 East Erie, Suite 330  
Chicago, IL 60611-2898  
Phone: 312-751-3222  
Fax: 312-751-5699  
[www.mwr.org](http://www.mwr.org)

### **Municipal Employees' Annuity & Benefit Fund of Chicago**

321 North Clark Street, Suite 700  
Chicago, IL 60654-4767  
Phone: 312-236-4700  
Fax: 312-527-0192  
[www.meabf.org](http://www.meabf.org)

### **Park Employees' Annuity & Benefit Fund of Chicago**

55 East Monroe, Suite 2720  
Chicago, IL 60603  
Phone: 312-553-9265  
Fax: 312-553-9114  
[www.chicagoparkpension.org](http://www.chicagoparkpension.org)

### **State Employees' Retirement System**

2101 South Veterans Parkway  
P. O. Box 19255  
Springfield, IL 62794-9255  
Phone: 217-785-7444  
Fax: 217-524-2293  
<https://www2.illinois.gov/sites/SRS/SERS/Pages/default.aspx>

### **State Teachers' Retirement System**

2815 West Washington Street  
P. O. Box 19253  
Springfield, IL 62794-9253  
Phone: 877-927-5877  
Fax: 217-753-0369  
[www.trsil.org](http://www.trsil.org)

### **State Universities Retirement System**

1901 Fox Drive  
Champaign, IL 61820-7333  
Phone: 800-275-7877  
Fax: 217-378-9800  
[www.surs.org](http://www.surs.org)

# GENERAL BENEFIT INFORMATION

## ANNUAL BENEFIT STATEMENT

In August of each year, you will be notified that your Annual Benefit Statement is available on the member services website. This statement includes information regarding your beneficiary(ies), creditable service, contributions, retirement, disability, and death benefits. Please review this information carefully.

## BENEFIT CLAIMS

To receive any SERS benefit, you must apply for it with the SERS Claims Division and provide proof of age and any other information requested by the Claims division. Your agency's Retirement Coordinator can assist you in filing a benefit claim.

After you begin receiving benefits, you should notify SERS if you change your name, address, or wish to change your beneficiary (ies) for the lump sum death benefit.

All SERS records are maintained according to your SERS Member ID and your Social Security number. Therefore, make sure those numbers are correct when filing a claim.

## SOCIAL SECURITY

All Social Security benefit claims must be made directly to the Social Security Administration. You will need to provide your Social Security number and proof of age.

## GROUP INSURANCE

Upon approval of a SERS benefit claim, participation in the Group Insurance Program continues as described in your CMS group insurance handbook. Failure to pay your insurance premiums will result in termination of group coverage.

*All benefit claims and appeals are reviewed by the SERS Executive Committee of the Board of Trustees.*

*If your claim is denied or you question the payment of any benefit, you or your representative may file a written appeal or request a hearing before the Executive Committee.*

*Refer to the CMS Group Insurance Handbook for detailed information on insurance benefits and premiums while on a leave of absence.*

# SEMINARS & WORKSHOPS

## PRE-RETIREMENT WORKSHOPS

Pre-retirement workshops are offered throughout the state for all state employees and their spouses.

### **Investing in Your Future (IYF)**

Investing in Your Future is primarily directed at employees under the age of 45. This workshop is designed to encourage members to start planning for retirement early in their careers and learn a great deal about the retirement system plan and benefits such as disability offered by SERS.

### **Education for Tomorrow's Choices (ETC)**

Education for Tomorrow's Choices is designed for employees between 5 to 15 years from retirement. This workshop is designed for medium range retirement planning. The workshop focuses on retirement, disability, and insurance benefits offered by SERS.

### **Countdown to Retirement (CDR)**

The Countdown to Retirement is a training workshop designed for employees within three years of retirement. This helps provide participants with a final assessment of their retirement plans and directs them on how to take the necessary steps to make the transition between employment and retirement as smooth as possible. This workshop reviews SERS, Social Security, and insurance benefits.

### **Sworn Officers (SWORN)**

The workshop for Sworn Officers is a training workshop designed for Sworn Officers within three years of retirement. This helps provide participants with a final assessment of their retirement plans and directs them on how to take the necessary steps to make the transition between employment and retirement as smooth as possible. This workshop reviews SERS and insurance benefits.

# 2. SERS MEMBERSHIP

# ELIGIBILITY & CONTRIBUTIONS

## **COORDINATION WITH SOCIAL SECURITY**

***With certain exceptions, all members who join SERS will also contribute to Social Security.***

## **ELIGIBILITY**

Some Tier 1 members were required to complete a qualifying period before becoming eligible to participate in SERS. For persons entering service before 1972, the qualifying period was one year. For persons entering service between January 1, 1984 and November 30, 2010, the qualifying period was 6 months. However, if a person entering service in this later period was in his or her qualifying period on December 1, 2010 then the member became eligible to participate in SERS on that date. Persons who enter service between January 1, 1972 and January 1, 1984 on or after December 1, 2010 are not required to serve a qualifying period before becoming eligible to participate in SERS. Likewise, persons entering service on or after July 1, 1991 in a position not covered by Social Security and persons previously granted service credit through SURS, TRS, GARS, or JRS, which has not been forfeited are eligible to participate in SERS without serving a qualifying period.

## **CONTRIBUTIONS**

Contributions on behalf of members are based on a percentage of the employee's total compensation as defined in section 14-103.10 of the Illinois Pension Code, including overtime pay but may not exceed the earnings limitation prescribed by the U.S. Internal Revenue Service. All contributions are credited to your account, regardless of the source.

## EMPLOYEE CONTRIBUTIONS

### REGULAR RETIREMENT FORMULA CONTRIBUTIONS

	<b>Pension</b>		<b>Survivors' Benefit*</b>		<b>Total</b>
Members with Social Security	3.5%	+	.5%	=	4.0%
Members without Social Security	7.0%	+	1.0%	=	8.0%

*\* If you are unmarried and have no eligible survivor annuity beneficiaries when you retire, you are entitled to a refund of the survivors' portion of your contributions without interest.*

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### ALTERNATIVE RETIREMENT FORMULA CONTRIBUTIONS\*\*

					<b>Total</b>
With Social Security	8.0%	+	.5%	=	8.5%
Without Social Security	11.5%	+	1.0%	=	12.5%

*\*\* If you have made contributions toward an alternative retirement annuity under Section 14-110 of the Code and you do not qualify for the alternative formula when you retire, you will receive a refund of the alternative formula contributions in excess of the regular formula contributions without interest.*

# SERVICE

## MEMBERSHIP SERVICE

This includes full and partial months of State employment on or after January 1, 1944, when contributions were credited to your account.

## CREDITABLE SERVICE

Creditable service is the total amount of service for which credit is allowed under Article 14 of the Illinois Pension Code, including any optional credit that may have been purchased.

You earn creditable service for each month you make the required contributions (*\*see below*). The amount of creditable service affects the amount of your retirement; the more months of service, the greater the benefit.

## OPTIONAL SERVICE CREDIT

Optional service credit is service credit that may be purchased to increase your benefits under Article 14 of the Illinois Pension Code. It may be established for: qualifying periods, short periods of employment, leaves of absence, periods of military service (paid), and by the repayment of a refund (refer to page 13). All optional service credit must be paid in full and established before it may be used for benefit purposes under Article 14 of the Illinois Pension Code.

### HOW CREDITABLE SERVICE IS COMPUTED\*

Monthly Employees	Hourly Employees	Daily (per diem) Employees	Monthly Credit
15 or more days	75 or more hours	10 or more workdays	1
8 - 14 days	38 - 74 hours	5-9 workdays	½
< 8 days	< 38 hours	< 5 workdays	¼

## **MAKING PAYMENTS FOR PERIODS WHEN YOU DID NOT CONTRIBUTE**

If you wish to establish service credit for periods of State employment when you did not contribute to the System, you may make a payment of the missing contributions and regular interest, either in a lump sum or installment payments.

### **Qualifying Periods**

A qualifying period is the time a State employee may have been required to serve with the State before becoming eligible to be a SERS contributing member. Please see the “eligibility” section on page 8 for a description of the applicable qualifying periods for Tier 1 members.

### **Short Periods**

A short period is intermittent service not exceeding the qualifying period time when no retirement deductions were taken.

### **Leaves of Absence**

You may establish service credit for periods of less than one year spent on an authorized leave of absence, provided the period of leave began on or after January 1, 1982 and any credit established by the member for the period of leave in any other public employee retirement system has been terminated.

You may also establish service credit for more than one authorized leave of absence, provided that each leave is less than 1 year.

### **Military Service**

Military service includes service in the United States Army, Navy, Air Force, Marines, or Coast Guard, or any of the women’s auxiliaries.



SERS grants two types of military service credit:

### **1. Free Military Service Credit**

Up to 5 years of service credit for military service may be obtained without contributions provided:

- You were a state employee within 6 months immediately before entering military service.
- You returned to state employment within 15 months after-being unconditionally discharged and were not dishonorably discharged.
- You establish creditable service for State employment immediately before and after the military service.

### **2. Other Military Service Credit**

If you cannot obtain service credit under item 1 for periods of military service, you may be eligible to purchase up to 4 years of that time by paying the required employee and employer contributions, plus interest, provided:

- You were not dishonorably discharged.
- The service credit purchased does not exceed five years, when added to the military service credit granted under Item 1.

This service credit must be purchased while you are a State employee.

Interest is calculated from the date you last became a member of SERS, or November 19, 1991, whichever is later. The total military service credit established may not exceed five years.

***Before any military credit can be granted, or any cost determined, SERS must receive a copy of form DD-214, or the appropriate separation or discharge papers verifying active duty***

## IF YOUR CONTRIBUTIONS WERE REFUNDED

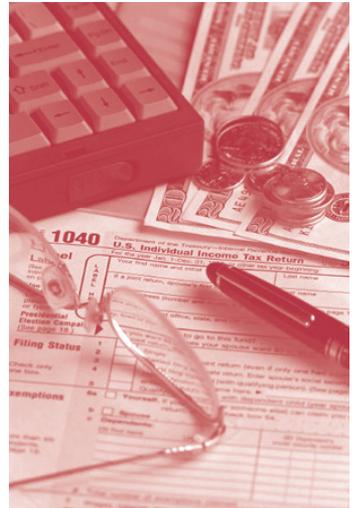
If you terminated State employment, received a refund of your contributions and were later rehired, you may reestablish your forfeited service credits by repaying the refund with interest after completing at least two additional years of creditable service with SERS (or any of the Illinois Public Retirement Systems that participate in the Retirement Systems' Reciprocal Act).

## TAX-DEFERRING OPTIONAL SERVICE PURCHASES

SERS allows you to tax-defer optional service credit purchases through payroll deduction. This lets you defer taxation until retirement. The tax-deferred withholding is made through an irrevocable payroll agreement for the total amount of service credit purchased.

You may also transfer funds from your Deferred Compensation account to purchase permissive service credit or repay a refund. Service credit is granted only after a refund or service purchase is paid in full. If you die before you have made all of the payments required under the payroll agreement, a partial service credit may be granted based on contributions and interest paid on the date of your death.

In the case of retirement, termination, or absences of more than one year, you can choose to make an after-tax lump sum payment for the balance due, or the contributed amount can be refunded with taxes withheld and reported as income in that calendar year. Any after-tax lump sum payment must be made no later than 30 days after SERS notifies you of the amount due.



If you are off the payroll for less than one year, the missed payroll deductions must be paid according to IRS rules and regulations. This may be done by either doubling your normal payroll deduction, or by a transfer from a qualified rollover account. No optional service purchase deductions can be made from a disability benefit payment.

## **LUMP SUM SALARY PAYMENTS**

Most employees will receive a lump sum payment at retirement for unused vacation and sick days earned between January 1, 1984 and December 31, 1997. This lump sum payment can be used to purchase any tax-deferred optional service credit. This election to use the lump sum payment for that purpose must be completed before you leave State service.

### **Unused Sick Leave**

Unused and unpaid sick leave can be used to meet service eligibility requirements and increase your retirement benefit. This additional service credit does not affect final average compensation.

### **Paid Sick & Vacation Time**

If you receive a lump-sum payment for sick leave, vacation, or personal days when you retire, you may establish credit for this time to meet service eligibility requirements and increase your retirement benefit (21

days of sick, personal, & vacation leave equals one month of service credit).

This additional service credit does not affect final average compensation. You can make the required contributions on a pre or post-tax basis. To be eligible for this option, your retirement date must be effective within 90 days of withdrawal from State service.



## **ROLLOVERS**

You may rollover money from another qualified pension plan, an Individual Retirement Account or Roth IRA, a 403(b) plan or 457(b) plan to purchase optional service credit.

To do so, you must obtain and complete a Transfer/Rollover Certification form from SERS.

## **SERVICE UNDER OTHER ILLINOIS PUBLIC RETIREMENT SYSTEMS**

If you have at least one year of creditable service under an Illinois Public Retirement System covered by the Reciprocal Act, your service under that system may be used to determine your eligibility for a benefit from SERS. This amount is based on the benefit formula and service credit in each system, and is paid to you by each system. Annual pension benefit increases are made in accordance with each system's statutes.

Under the Reciprocal Act, the highest final average compensation is used for computing benefits under all systems. However, total benefits cannot be higher than it would have been if all service were in one system. If benefits are being paid under reciprocity, and you are granted service credit by more than one system for the same period of time, each system will reduce its credit proportionately.

***In general, the rules of each retirement system apply in determining eligibility for a benefit. For reciprocal system's addresses and phone numbers, refer to pages 3 & 4.***

# 3. S E R S B E N E F I T S

# REGULAR RETIREMENT BENEFITS

## RETIREMENT FORMULA

The regular retirement formula applies to most SERS members.

Covered by Social Security: 1.67% for each year of service

Not Covered by Social Security: 2.2% for each year of service

## ELIGIBILITY

To receive a pension benefit, you must have a minimum of eight years of service credit.

You may retire at:

- Age 60, with 8 years of service credit.
- Any age, when your age (years & whole months) plus years of service credit (years & whole months) equal 85 years (1020 months) (Rule of 85) with eight years of creditable service.
- Between ages 55-60 with 25-30 years of service credit (reduced by 1/2 of 1% for each month under age 60).

Covered Example: The member is covered under Social Security, is 60 years old, has 30 years of creditable service, and a final average compensation of \$3,600 per month.

30 years x 1.67% = **50.1%** • 50.1% x \$3,600 FAC = **\$1,803.60** per month, or **\$21,643.20** annually.

Non-Covered Example: The employee is not covered by Social Security, is 60 years old, has 30 years of creditable service, and a final average compensation of \$3,800 per month.

30 years x 2.2% = **66%** • 66% x \$3,800 FAC = **\$2,508.00** per month, or **\$30,096.00** annually

## FINAL AVERAGE COMPENSATION

Your retirement benefit is based on final average compensation and creditable service. For regular formula Tier 1 employees, final average compensation is the 48 highest consecutive months of compensation within the last 120 months of service. However, the compensation received in the last 12 months of the 48-month period cannot exceed FAC by more than 25%.

## REDUCED RETIREMENT BENEFIT

A regular formula member can retire between the ages of 55-60 with 25-30 years of service credit with a pension reduced by 1/2 of 1% for each month under age 60 at the time of retirement.

## ANNUAL PENSION INCREASES

If you are at least 60 years old when you retire, or if you are under age 60 when you retire but have accrued 35 years of creditable service, or if you retire under the Rule of 85, then your first 3% automatic annual increase in retirement annuity is payable on the January 1 following your first full year of retirement. If you are under age 60 at retirement and do not meet the conditions described above, then your first 3% automatic annual increase in retirement annuity is payable on the January 1 on or next following your attainment of age 60 or your first anniversary of retirement, whichever occurs later. On each January following the date of your first automatic annual increase, your retirement annuity will be increased by an additional 3% of the total annuity payable at the time of the increase, including previous automatic annual increases. Finally, although the base retirement annuity of a regular formula member is prohibited from exceeding 75% of the member's final average compensation, a retirement annuity may grow beyond that limit as a consequence of these automatic annual increases.

***The maximum regular formula base retirement benefit is 75% of final average compensation.***



# ALTERNATIVE RETIREMENT BENEFITS

***The maximum base alternative retirement benefit is 80% of final average compensation***

***If the final average compensation is calculated under the first two methods, compensation received in the last 12 months of the 48-month period that exceeds the FAC be more than 25% will be excluded.***

## RETIREMENT FORMULA

The Alternative Formula applies to members in certain public safety and high-risk positions who have either attained the age of 55 and have at least 20 years of alternative formula service, or have attained the age of 50 with 25 years of alternative formula service.

For each year of alternative formula service, an employee not covered by Social Security obtains 3% of final average compensation per year of service, and an employee covered by Social Security obtains 2.5% of final average compensation per year of service.

## ELIGIBILITY

Members eligible for the alternative formula may retire at age 50 with 25 years of alternative formula service.

## FINAL AVERAGE COMPENSATION

For an alternative formula employee, final average compensation is calculated in one of three ways:

- **The average monthly compensation obtained in the highest 48 consecutive months of compensation over the last 120 months of service**  
*(only for members in service prior to January 1, 1998).*
- **Average monthly compensation during the last 48 months of service before retirement.**
- **Final rate of compensation on the last day of eligible creditable service:** Cannot exceed the average of the last 24 months of pay by 115%.

Positions eligible for benefits under the alternative formula:

- State Policeman
- Fire Fighter for a State Department
- Air Pilot
- Special Agent
- Secretary of State Investigator
- Conservation Police Officer
- Revenue or Gaming Board Investigator
- Department of Human Services Security Employee (includes Mental Health police)
- Central Management Services Police Officer
- Security Employee with the Department of Corrections or Juvenile Justice (includes the Prisoner Review Board)
- Dangerous Drug Investigator
- State Police Investigator
- Attorney General Investigator
- Controlled Substance Inspector
- State's Attorneys Appellate Prosecutor Investigator
- Commerce Commission Police Officer
- State Fire Marshal Arson Investigator
- State Highway Maintenance Worker
- Security Employees of the Department of Innovation and Technology
- Certain Employees transferred to CMS by Executive Order 2003-10 or 2004-2 or transferred to DOIT by Executive Order 2016-1.

## ANNUAL PENSION INCREASES

Alternative formula retirees receive their first 3% pension increase on January 1 following the first full year of retirement, or attainment of after age 55, whichever occurs later. These increases are not limited by the 80% maximum. Although a base alternative retirement annuity is prohibited from exceeding 80% of the member's final average compensation, an alternative retirement annuity may grow beyond that limit as a consequence of these automatic annual increases.

Alternative Formula Example #1: The employee is not covered by Social Security, is 50 years old, has 26 years, 8 months (320 months) of eligible creditable service, and a final average compensation of \$5,000 per month.

26 Years, 8 months x 3% = **80% of FAC** • 80% x \$5,000 = **\$4,000** per month, or **\$48,000** annually.

Alternative Formula Example #2: The employee is covered by Social Security, is 50 years old, has 32 years (384 months) of eligible creditable service, and a final average compensation of \$4,000 per month.

32 Years x 2.5% = **80% of FAC** • 80% x \$4,000 = **\$3,200** per month, or **\$38,400** annually.

## **SECURITY EMPLOYEES WHO MAY BE ELIGIBLE FOR THE ALTERNATIVE FORMULA**

***A security employee will receive the security formula for alternative formula service only.***

***Tier 1 Security employees are eligible for a 3% cost of living adjustment (see page 19).***

A security employee with either the Department of Corrections or the Department of Human Services who has not accrued 20 years of alternative formula service but has accrued at least 20 years of membership service may be able to have eligibility for a retirement annuity calculated in a manner that is very similar to the alternative formula described in the previous section.

However, for these employees, final average compensation must be calculated using only the average monthly compensation obtained in the highest 48 of the last 120 months, and the base retirement annuity may not exceed 75% of final average compensation. In addition automatic annual increases are calculated in the manner described on page 19 for these employees.

In order to begin receiving alternative formula retirement benefits, a member needs to attain the age and service conditions as provided below:

Members eligible for the alternative formula may retire at age 50 with 25 years of eligible creditable service, or at age 55 with 20 years of eligible creditable service.

A member that fails to attain these age and service requirements may retire in accordance with the age and service requirements of the regular formula plan. Additionally, that member will receive a benefit calculated under the regular formula unless that member was a DOC or DHS security employee with at least 20 years of combined alternative and regular formula service. Such benefit will be calculated as described in the previous section.

# BENEFIT PAYMENTS

You must apply for benefits in order to receive them. Contact your agency's Retirement Coordinator and SERS approximately 30-90 days before retiring so we can begin the separation process.

We will mail you a retirement packet which includes a retirement application, forms and information regarding insurance, taxes, and electronic funds transfer.

Your retirement benefit is paid monthly for your lifetime. Your pension will start on the first day of the month following withdrawal from service. You will receive your first pension check approximately ten weeks after your retirement date.

If you elect Direct Deposit, your initial payment will be mailed to you. After that, all future benefit payments will be electronically deposited into your bank account on the 19th of every month. Please notify SERS of any changes that could impact the payment of your benefit, such as changes of address, or changes to your bank account.

## OPTIONAL FORMS OF PAYMENT

SERS allows you to choose several optional forms of payment.

### Level Income

This option allows members who have paid into SERS and Social Security to receive their benefits at a level amount throughout their retirement years by combining their Social Security and SERS benefit. The Level Income option can be helpful when a member retires

*The Level Income Option is an irrevocable election.*

## LEVEL INCOME OPTION EXAMPLE

A member retires at age 60 with a monthly pension of \$1,800 from SERS. The member is also eligible for a monthly Social Security benefit of \$1,000 at age 66.

**At Age 60:** The member's \$1,000 monthly Social Security benefit is discounted to \$523.50. Therefore, the SERS benefit would be \$2,323.50, increasing 3% each year to \$2,774.38 per month by age 66.

**At Age 66:** The member's monthly SERS benefit would be reduced to \$1,774.38, because the Social Security benefit of \$1,000 per month would begin. The member's combined monthly benefit would still total \$2,774.38.

before the age when he or she qualifies for a Social Security benefit. Under the Level Income Option, SERS pays an amount (based on your estimated Social Security benefit) in addition to your regular retirement benefit until you qualify for Social Security benefits. At this time, your pension is reduced regardless of when you actually begin receiving Social Security and regardless

***Certain restrictions apply for members choosing Level Income when a QILDRO is on file with SERS prior to retirement.***

***Any person that is dependent upon the member at the time of the member's death is eligible for a reversionary annuity.***

of how much this benefit actually is. This reduced amount will be paid for your lifetime. If you choose the Level Income Option, it is your responsibility to apply for Social Security benefits.

### **Reversionary Annuity**

This option reduces your monthly retirement benefit to provide a lifetime income for your designated dependent after your death. The monthly amount paid to your dependent after your death may not be less than \$10, and may not exceed the amount of your reduced benefit. This benefit is in addition to the survivors' annuity benefit.

The reversionary annuity is useful for providing income to a surviving spouse or other dependent who does not work, or worked very little, and will not receive much retirement or Social Security income. If you choose the reversionary annuity, it cannot be rescinded. If the designated dependent dies before you, the reversionary annuity is void and your retirement benefit is not recalculated. The reversionary annuity does not have an annual automatic increase.

### **Reversionary Annuity Example #1**

A member is planning on retiring at age 60 with a monthly retirement benefit of \$4,000. The member's dependent spouse, age 58, is eligible for the reversionary annuity. The member decides to provide the spouse with 100% of the member's retirement benefit after the member's death.

In order to provide their spouse with 100% of the member's retirement benefit, the member chooses the reversionary annuity. The member will receive a reduced retirement benefit of \$3,566.40 per month, plus the member will receive the yearly 3% automatic increase in that benefit until his or her death.

After the member dies, the spouse will receive 100% of the retirement benefit being paid at the member's death for the spouses lifetime, and may be eligible for a survivor benefit. If the spouse dies before the member, the reversionary annuity is void, and the member's retirement benefit cannot be recalculated.

### **Reversionary Annuity Example #2**

A member is planning on retiring at age 60 with a monthly retirement benefit of \$4,000, decides to provide the dependent spouse, age 58, with 50% of the retirement benefit after death. In order for the spouse to receive 50% of the retirement benefit, the member chooses the reversionary annuity. The member's retirement benefit is reduced to \$3,770.80 per month, plus the member will receive the yearly 3% automatic increase, until his or her death.

After the member dies, the spouse will receive 50% of the retirement benefit being paid at the member's death for the spouse's life, and may also be eligible for a survivor benefit. If the spouse dies before the member, the reversionary annuity is void, and the member's retirement benefit cannot be recalculated.

## **Qualified Illinois Domestic Relations Order (QILDRO)**

A QILDRO allows for the division of retirement benefits, contributions, refunds, and death benefits due to divorce. It does not establish a new benefit, nor does it create a new member or beneficiary.

Generally, the QILDRO orders the payment of all or a portion of a retirement annuity benefit, contribution refund, or death benefit to the member's ex-spouse, as the alternate payee. However, a QILDRO may also order the payment of all or a portion of a retirement benefit, contribution refund, or death benefit to a child or other dependent as the alternate payee.

A member may not elect a form of benefit payment that would diminish the alternate payee's benefit without written consent from the alternate payee. The QILDRO is usually issued at the time of divorce and sent to the member's retirement system. It is recorded and retained until the member applies for a refund or a retirement benefit or dies.

Any member employed with a reciprocal retirement system before July 1, 1999 must sign a consent form for the QILDRO to go into effect. A member who begins employment with an Illinois public retirement system after July 1, 1999 accepts the QILDRO as a condition of employment. A copy of the QILDRO process may be obtained from SERS.

***The QILDRO provisions do not apply to survivor annuities, disability benefits or group insurance benefits.***

For more information about QILDRO-related issues, See the SERS QILDRO Handbook, which is available online at the following address: <https://www2.illinois.gov/sites/SRS/SERS/Publications/Documents/Handbooks/QILDRO.pdf>

## **RETURNING TO EMPLOYMENT AFTER RETIRING**

If you return to State employment and are paid on a contractual payroll, or to the private sector, your SERS retirement benefit is not affected. However, if you return to State employment after retirement and are paid on the regular payroll, you should immediately notify the SERS Claims Division. If you retired from SERS utilizing the Reciprocal Systems Act and

become reemployed under the other reciprocal system in a manner that causes your other reciprocal pension to be suspended, your SERS benefit will be suspended for the duration of that reemployment.

### **Temporary Reemployment**

If your employment with the State lasts 75 working days or less during a calendar year (any part of a day is counted as a full day), you will continue to receive your pension payment. During your employment, you make no contributions to SERS, but you must contribute to Social Security. If you work more than 75 working days, your pension benefit will end on the 76th day, and you will resume contributing to SERS.

### **Permanent Reemployment**

If you are reemployed by the State on a permanent basis, you will not be eligible for pension benefits while working. You will make contributions to both SERS and Social Security during your employment, and earn additional service credit.

After you again retire from State employment, you must reapply for a pension. Your new pension amount will be equal to the amount at the date it was suspended, plus an amount based on the service and earnings credit earned during reemployment.

If you reenter state service within three years after retiring, you may qualify to have your new retirement benefit computed as though you never retired. To qualify, you must repay all of the pension benefits you received, plus interest. This repayment may be made in a lump sum, or by installments and must be paid either within five years after your reemployment, or before your next retirement date, whichever is first.

If you choose not to complete installment payments before retirement or the end of the five-year period, your installment payments will be refunded and your pension will not be recomputed.

***75-day employment must be certified by the member and the employing agency and must be submitted to SERS for verification.***

***If you receive a pension from more than one reciprocal system, you must notify every system (see pages 3 & 4). Each system will determine if you can receive pension benefits during reemployment.***

# DISABILITY BENEFITS

***While you receive disability benefits, your SERS account will continue to be credited with service and contributions as if you were working.***

If you become disabled and are unable to perform the duties of your position while actively employed, you may be eligible to receive disability benefits which partially replace your working income. SERS disability benefits are generally calculated as a specified percentage of final average compensation at the time of disability. For disability benefits, final average compensation is the rate of pay on the date of the disability, or the 48 highest consecutive months of service within the last 10 years, whichever is greater.

## **NON-OCCUPATIONAL DISABILITY BENEFITS**

If you become ill or injured from causes not work-related, you could be eligible for non-occupational disability benefits if:

- Medical evidence you provide to SERS supports that your disabling condition prevents you from performing your job duties.
- You have at least 18 months of creditable service with SERS (Teachers' or State Universities Retirement Systems service can be used to establish 18 months with SERS).
- You have used all your accumulated sick leave.
- You are granted a medical leave of absence by your agency.
- You and your agency have submitted the required forms to SERS.

## **APPLYING FOR BENEFITS**

You must apply in order to receive disability benefits. It is important to file an application for a disability benefit with SERS when it appears your disability will continue beyond 30 days after you stop working.

The application process requires you to obtain a medical report certifying you are unable to perform your assigned duties. You must also sign a release form giving SERS access to your medical records.

If you are eligible for either Social Security disability benefits or have attained the full retirement age for Social Security purposes, SERS will reduce your non-occupational disability benefit by the amount of the applicable Social Security benefit. A SERS representative may assist you with the Social Security disability application process.

### **WHEN PAYMENTS BEGIN & END**

Once SERS determines your eligibility, benefits begin to accrue on the latest of:

- The 31st day of absence from work because of disability (including periods when sick pay was received) as a State employee.
- The last day you received wages (including periods when sick pay was received).

Non-Occupational Disability Benefits end when:

- You reach the half-time ceasing date (i.e., the date at which you have been on the benefit for a period of time equal to 1/2 of your accrued service credit at the time of disability).
- Your disability ends, (your Doctor releases you).
- You become gainfully employed as defined in the System's administrative rules.
- You reach age 65 (If your disability begins at age 60 or older, benefits are payable for up to five years, subject to the one-half service credit limitation).

If your disability ends and you become disabled from the same cause within 60 days after you

***If you receive or are eligible for any type of Social Security benefit while you are disabled, you must contact SERS. This may affect your SERS disability benefit.***



resume state employment, the 30-day waiting period is waived. The benefit amount for the second period of disability is the same as the first.

## **BENEFIT AMOUNT**

Your non-occupational disability benefit equals 50% of your final average compensation or your monthly rate of pay on the date you were removed from the payroll, whichever is greater. Your SERS benefit will be reduced by any Social Security disability or retirement benefit you are eligible to receive.

When a retroactive award of Social Security benefits is obtained for a period during which you were paid an SERS non-occupational disability benefit, there will be an overpayment of the SERS non-occupational benefit, which you will be required to repay to SERS.

***If it is expected that you will receive non-occupational for 12 months or more and your position is coordinated with Social Security coverage, you must apply for Social Security Disability benefits.***

## **TERMINATION OF DISABILITY**

If your SERS non-occupational disability benefit is terminated because you received disability benefits for one-half of your creditable service, but you are still disabled, you become eligible for a retirement annuity if:

- You are at least age 55 and have at least 15 years of creditable service.
- You are at least age 50 and have at least 20 years of creditable service.
- You meet the other retirement eligibility conditions summarized in this handbook.

## **SERVICE CREDIT**

While you receive SERS non-occupational disability benefits, your SERS account will continue to be credited with service and contributions as if you remained in active employment in the same position and at the same rate of compensation at the time of disability.

## **BENEFIT INCREASE**

Each non-occupational disability benefit paid by SERS is increased 7% on the January 1 the fourth anniversary of being granted the benefit. On each January 1 following the date of the 7% increase, there is a 3% benefit increase.

## **OCCUPATIONAL DISABILITY BENEFITS**

Occupational disability benefits are paid if you are unable to work due to a work-related illness or injury and satisfy all of the statutory requirements-for payment of the benefit.

### **Applying for Benefits**

- File a claim with the Illinois Workers' Compensation Commission (WCC), the Risk Management Division of your agency, or the Risk Management Division of Department of Central Management Services to determine if your disability is work-related.
- File the required forms with the Claims Division of SERS.

## WHEN PAYMENTS BEGIN & END

Occupational Disability Benefits Begin When:

- Medical evidence you provide to SERS supports that your disabling condition prevents you from performing your job duties.
- You receive benefits under the Workers' Compensation or Occupational Diseases Act.
- You are removed from your agency's payroll.

Occupational Disability Benefits End When:

- Your disability ends, or if your doctor releases you.
- You become gainfully employed.
- When Workers' Compensation stops paying total temporary disability benefits.
- You reach age 65. (If your disability begins at age 60 or older, benefits are payable for 5 years). If your disability benefit is terminated because of age or the five-year limit, you may be eligible for a retirement benefit.

***If your injury was caused by a third party (i.e. motorist, contractor, etc.) and you collect money from that party, SERS is entitled to a reimbursement for sums paid to you in occupational disability benefits and service contributions.***

## BENEFIT AMOUNT

Your disability benefit equals 75% of your final average compensation or your monthly rate of pay on the date you were removed from the payroll, whichever is greater. This amount is reduced by any payments made under the Workers' Compensation Act, or the Workers' Occupational Diseases Act.

## SERVICE CREDIT

While you receive disability benefits, your SERS account will continue to be credited with service and contributions as if you were working.

## BENEFIT INCREASE

Your occupational disability benefit paid by SERS is increased 7% on January 1 following the fourth anniversary of granting the benefit. On each January 1 following the date of the 7% increase, there is a 3% benefit increase including prior increases.

## TEMPORARY DISABILITY BENEFITS

This benefit is available in disputed Workers' Compensation cases when your agency has formally denied all benefits, and an appeal has been filed with the Illinois WCC.

You may be eligible for the Temporary Disability Benefit if:

- Medical evidence you provide to SERS supports that your disabling condition prevents you from performing your job duties.
- You have at least 18 months of creditable service with SERS (Teachers' or State Universities Retirement Systems service can also be used to establish 18 months with SERS, provided they have not already been forfeited by acceptance of a refund, or to start a retirement benefit).
- Your claim for total temporary disability benefits under the Illinois WCC has been denied.
- You filed an appeal of a denial of total temporary disability benefits with the Illinois WCC.
- You submitted the required forms to SERS.
- You have not received, or had a right to receive, any compensation for at least 30 days.

If the Workers' Compensation benefit you are receiving is terminated, you may be eligible for temporary disability benefits if:

- Medical evidence you provide to SERS supports that your disabling condition prevents you from performing your job duties.
- You have at least 18 months of creditable service with SERS (Teachers' or State Universities Retirement Systems service can also be used to establish 18 months with SERS).
- You submitted the required forms to SERS.

- You have filed either a 19b or 19b-1 appeal with the Illinois WCC.
- You have served a 30-day waiting period, or received a decision from the Illinois WCC.

## **APPLYING FOR BENEFITS**

You must apply in order to receive benefits. It is important to file an application for a temporary disability benefit with SERS after it appears your disability will continue beyond 30 days after your removal from the payroll, or when your Workers' Compensation benefit is terminated.

The application process requires you to obtain a medical report certifying you are unable to perform the duties of your position. You must also sign a release form giving SERS access to your medical records.

***If you contribute to Social Security, SERS takes the amount of your Social Security benefit into account when determining your disability payment.***

## **WHEN PAYMENTS BEGIN & END**

Temporary Disability Benefits Begin to accrue:

- On the 31st day from the date you last received, or had a right to receive, any compensation if your claim was denied by the Workers' Compensation Commission.
- Disability benefits for all periods of disability are payable for a total period of time equal to one-half of creditable service not earned while on disability.

### Temporary Disability Benefits End When:

- You exhaust one-half of your creditable service.
- Your disability ends.
- You become gainfully employed.
- You reach age 65. (If your disability began at age 60 or older, benefits are payable for up to five years, subject to the one-half service credit limitation).
- A payment is made after determining the state's liability under the Workers' Compensation Act or the Workers' Occupational Diseases Act.
- A final determination is made on the member's claim by the Illinois WCC.

### **SERVICE CREDIT**

While you receive disability benefits, your SERS account will continue to be credited with service and contributions as if you were working.

### **BENEFIT AMOUNT**

Your disability benefit equals 50% of your final average compensation or your monthly rate of pay on the date you were removed from the payroll, whichever is greater. Your SERS benefit will be reduced by any Social Security disability or retirement benefit you are eligible to receive.

***Once the Illinois Workers' Compensation Commission makes its final determination on a disputed claim, SERS will calculate your benefit to determine if temporary benefits must be repaid.***

***Any member who accepts a temporary benefit acknowledges and authorizes the recovery rights of SERS.***

# DEATH BENEFITS

***Illinois recognizes legal civil unions between two people. They are entitled to the same SERS benefits as spouses if they have been legal partners for one year. Throughout this booklet, the terms ‘civil union partner’ and ‘spouse’ are used interchangeably.***

***For survivor’s of active and inactive members, the survivor benefit is increased 3% on each January 1, following the first anniversary of the benefit.***

## NON-OCCUPATIONAL DEATH

If your death results from a non-work related cause, your eligible survivors and beneficiaries may qualify for benefits.

### ELIGIBILITY

A SERS survivor’s annuity is payable to an eligible surviving spouse or eligible child:

1. Upon the death in service of a member with at least 1 1/2 years of service credit;
2. Upon the death of an annuitant in receipt of a retirement annuity; or
3. Upon the death of a member who terminated service with at least 8 years of creditable service.

To be eligible for a SERS survivor’s annuity, the requirements above must have been met and the surviving spouse must have been married to the SERS member for a continuous period of at least one year preceding the date of death of the member.

### WIDOW’S ANNUITY

If you were a member of SERS before July 19, 1961, and die leaving a surviving widow, she may have the option of taking a widow’s annuity rather than a survivors’ benefit.

***For survivor’s of retired members, the survivor benefit is increased 3% on each January 1, after the benefit begins.***

## ELIGIBLE SURVIVOR BENEFITS

**Your Spouse:** If you are survived by your spouse age 50 or over, and you were married at least one year prior to your death, (s)he will receive \$1,000 lump sum payment, plus a monthly survivor's annuity that is 50% of your earned retirement annuity, however that base amount may be subject to the Social Security survivor's benefit offset. (S)he will receive this benefit until death. If the lesser of 30% of your final average compensation or \$400 provides a greater monthly benefit than 50% of the earned retirement annuity, such amount is payable to your spouse.

**Your Spouse and Children:** If your spouse supports your children under age 18 (22 if full-time student), or a disabled child over 18, (s) he can receive benefits before age 50. That surviving spouse will be eligible for 50% of the earned retirement annuity.

If your surviving spouse remains under age 50 at the time your last child reaches age 18 (22 if full-time student), marries, dies, or is no longer disabled, then the benefit will stop until (s)he attains age 50. The survivor's annuity may exceed 50% of your earned retirement annuity depending on your final average compensation and the amount of surviving eligible children, but if that methodology is used to calculate the monthly survivor's benefit, the monthly amount shall not exceed \$600.

**Your Children:** If you are not survived by a spouse, but have children under age 18 (22 if full-time student), or over 18 and disabled, they can receive \$1,000 plus a monthly annuity shared equally between each child that totals 50% of your earned retirement annuity.

This benefit is payable until the last child reaches age 18 (22 if full-time student), marries, dies, or is no longer disabled. The survivor's annuity may exceed 50% of your earned retirement annuity depending on your final average compensation and the amount of surviving eligible children, but if that methodology is used to calculate the monthly survivor's benefit, the monthly amount shared between all eligible children shall not exceed \$600.

**Your Dependent Parents:** If your spouse or children do not survive you, your dependent parents may be eligible for benefits.

## OCCUPATIONAL DEATH BENEFITS

### Eligibility

If you die before retirement from a work-related injury or illness, as determined by the Illinois Workers' Compensation Commission, your survivors are eligible for an occupational death benefit.

If you have no qualified survivors, your nominated beneficiary(ies) will receive your contributions and interest, and one month's salary for each year of service, up to a maximum of six years (six months' salary).

If you have qualified survivors, your nominated beneficiary(ies) will receive your contributions and interest. Additionally, annuities are paid to qualified survivors as described at right. These amounts are reduced by any payments awarded under the Workers' Compensation Act, or the Workers' Occupational Diseases Act.

### Annual Increase

The occupational death benefit is increased 3% each January 1, following the first anniversary of the annuity.

**Your Spouse:** If you are survived by your spouse, (s)he will receive a monthly annuity equal to 50% of your Final Average Compensation (FAC). This benefit is payable until death.

**Your Spouse and Children:** If your spouse has your children under his/her care who are under age 18 (22 if full-time student), or a disabled child over age 18, they can receive benefits up to a maximum of 75% of your FAC. This benefit is payable until your spouse dies, or your last child reaches age 18 (22 if full-time student), marries, dies, or is no longer disabled.

**Your Children:** If you are not survived by a spouse, but have children under age 18 (22 if full-time student), or over age 18 and disabled, they can receive a monthly annuity, up to 50% of your FAC. This benefit is payable until the last child reaches age 18 (22 if full-time student), marries, dies, or is no longer disabled.

**Your Dependent Parents:** If your spouse or children do not survive you, your dependent parents may be eligible for benefits.

# LEAVING SERS

***When you become eligible, you may restore any previous service by repaying your refunded contributions, plus interest. Payments may be made in a lump sum, or by installments on a pre-tax or post-tax basis.***

If you resign, are discharged, dismissed, or laid-off from state employment, you may choose to withdraw your contributions or leave them in SERS. You must be off the payroll for 14 days to be eligible for a refund of your contributions.

**If you choose to leave your contributions in SERS:**

- You must have eight years of service under SERS to qualify for a pension.
- You may qualify for a reciprocal pension with less than eight years of SERS service; but your combined service credits under other reciprocal retirement systems must meet each system's minimum service credit requirements.

**If you choose to have your contributions refunded:**

- You will receive no interest on your contributions.
- You will forfeit all rights to benefits for yourself and your beneficiaries.

**If you withdraw your contributions and later return to state employment:**

- You will be eligible to repay your refunded contributions and have your previous creditable service restored after you have completed two additional years of creditable service.
- Creditable service under the Retirement Systems' Reciprocal Act (listed on pages 3–4) can be used to meet this requirement.

## WHEN BENEFITS OR REFUNDS ARE PAID TO YOU

- Because SERS is a qualified retirement plan under Section 401(a) of the Internal Revenue Code, you will not be taxed on your contributions until you receive them.
- You pay no Illinois state income tax.
- You will pay federal tax on most benefits. Specific information will be furnished when benefits are payable.
- All benefits and refunds must be declared as income in the year they are received.
- Occupational disability and occupational death benefits are exempt from federal income taxes.
- You may postpone taxation of refunds by rolling-over the taxable portion of the payment to another employer plan that accepts it or to an Individual Retirement Account.

The best tax treatment for you depends on your individual financial situation. Therefore, we advise all members to check with a qualified tax consultant before receiving benefits or refunds.



**Board of Trustees**

# Defined Benefit Plan

**SERS Funding**

# 4. APPENDIX

## **PLAN DOCUMENT**

This handbook attempts to describe SERS benefits in nontechnical language. The official document describing SERS benefits is the Illinois Compiled Statutes, 40 ILCS 5/14, which legally governs the operation of the plan. If there is any variance between this handbook and the plan document, the plan document controls.

## **BOARD OF TRUSTEES**

The Board of Trustees is responsible for the operation of SERS. The Board meets four times a year to review and approve the finances and operations, approve legislative initiatives, approve actuarial assumptions and the State's contribution, and establish policies & procedures.

The Board consists of the State Comptroller who acts as the Chairperson, six trustees who are appointed by the Governor, four elected SERS active members and two elected retirees.

## **ADMINISTRATION**

SERS is administered by the board-appointed Executive Secretary.

## **DEFINED BENEFIT PLAN**

The State Employees' Retirement System is a defined benefit plan governed by Section 401a of the Internal Revenue Code. In a defined benefit plan, the amount of your retirement benefit is based on your final average compensation and years of service credit.

## **SERS FUNDING**

Contributions are made by the State and members of the System. All contributions not required for current operations and monthly benefit payments are invested by the Illinois State Board of Investment for the exclusive benefit of our members and their beneficiaries.

To safeguard the proper operation and funding of this multi-billion dollar pension fund, operations are monitored both internally and externally. SERS' financial and administrative activities are subject to an annual audit by an independent accounting firm under the direction of the state's Auditor General.

Proper funding includes an actuarial review of the fund balances to ensure that funds will be available for current and future benefit payments.

## **EMPLOYER IDENTIFICATION NUMBER**

The Employer Identification Number of SERS is 37-1026227.

## **PLAN YEAR**

For record-keeping purposes, the plan year is July 1 through June 30.

## **LEGAL PROCESS**

Legal process may be served on the SERS Executive Secretary.

## **EMPLOYMENT RIGHTS**

Membership in SERS does not guarantee continued state employment, nor does it guarantee a right or claim to any benefit not accrued under the terms of the plan document.



## GLOSSARY OF TERMS

**Agency Retirement Coordinator:** Person in each state agency who interacts with the employees of their agency and SERS.

**Alternative Retirement Formula:** The retirement formula for state employees in high-risk jobs.

**Annual Benefit Statement:** The Annual Benefit Statement is mailed in August to active members, and to inactive members in February. This statement summarizes the member's account and benefits. It includes information on service credit, projected and accrued pension benefits, and lists the member's beneficiaries.

**Automatic Increase in Retirement Annuity:**

A 3% increase of a member's retirement annuity each January 1 following the first full year of retirement, or age 60, whichever is later. Under the Rule of 85, the increase is paid on January 1 following the first full year of retirement, regardless of age.

*For alternative formula members, the increase is paid on January 1 following the first full year of retirement or age 55, whichever is later.*

*For survivor, widow or occupational death annuity, a 3% increase is paid on January 1 following one full year of benefits.*

**Beneficiary for Lump-Sum Death Benefit:**

The beneficiary chosen by the member to receive SERS benefits. A beneficiary form is kept on file with SERS. This should not be confused with the Group Life Insurance beneficiary, or the Deferred Compensation beneficiary.

**Civil Union Partner:** A legal partner who is entitled to the same legal obligations, responsibilities, protections and benefits as spouses in Illinois.

3%

**Coordinated/Covered:** A SERS member who contributes to Social Security.

**Creditable Service:** The total service certified to a member's record.

**DD214:** A document issued by the U.S. Armed Forces to verify active duty as it pertains to military service credit.

**Defined Benefit Plan:** Provides a predetermined benefit amount using a formula combining service credit and salary.

**Final Average Compensation (FAC):**

*For Retirement and Survivor Benefits* – For Regular Formula Members, Final Average Compensation is the average of the highest 48 consecutive months over the last 120 months of service. For alternative formula members, FAC is the final rate of pay, the average of last 48 months of service, or the average of the highest consecutive 48 months of service over the last 120 months of service (for members in service before January 1, 1998), whichever is greater. For alternative formula members who first join the System on or after January 1, 1998, FAC is the final rate of pay or the average of the last 48 months of service, whichever is greater. A benefit calculated with a FAC that consists of the highest 48 consecutive months over the last 120 months of service will exclude earnings received in the last 12 months that exceed the FAC by 25%. A benefit of an alternative formula member calculated with a FAC that is equal to the monthly rate of compensation will exclude earnings greater than 115% of the averaged monthly compensation received by the person for the last 24 months of service, unless the member was employed as a State Policeman prior to January 1, 1998.

**FAC**

*For Death and Disability Benefits* – Final Average Compensation is the rate of pay at the date of death or disability, or the 48 highest consecutive months of service within the last 120 months, whichever is greater.

**Gainfully Employed:**

Includes any employment with the State, or an amount of compensation received in a quarter that is greater than \$3,660.



**Level Income Option:** An option for coordinated/covered members when their SERS benefit is increased for the period before receiving Social Security benefits. Their SERS benefit is reduced when Social Security benefits begin. This option provides an income leveling effect throughout an individual's retirement years.

**Informer:** The SERS newsletter for retirees and survivors that contains timely and pertinent information.

**Medical Leave of Absence:** An excused absence without pay, granted to an employee for an illness or injury that is not job-related.

**Member:** An active SERS employee, any former employee who has contributions credited to their account but has not received a refund, or is not receiving a retirement annuity.

**Military Service:** Service in the United States Army, Navy, Air Force, Marines, Coast Guard, or any women's auxiliary allowed as credit by SERS.

**Non-Occupational Disability:** A benefit paid to an individual for an injury or illness that is not work-related.

**Non-Coordinated/Non-Covered:** A SERS member who does not contribute to Social Security.

**Occupational Disability:** A benefit paid to a member for an injury or illness sustained while performing their duties as a state employee.

**Optional Service Credit:** Periods of employment that can be purchased for additional service credit. Examples include military time, qualifying periods, repayment of refund, leaves of absence, and short periods of employment.

**Pension:** Retirement annuity paid for a member's lifetime.

**Qualified Plan:** A retirement plan qualified under the Internal Revenue Code allowing the Plan and its members to obtain certain tax advantages. SERS is a qualified plan.

**Qualifying Period:** A period of State employment prior to becoming a SERS member.

**Reciprocal Retirement Systems:** There are thirteen Illinois public retirement systems participating in the Retirement Systems' Reciprocal Act.

**Reciprocity:** A member who has at least one year of creditable service under another eligible Illinois Public Retirement System, may use their service under that system to meet vesting requirements for a SERS benefit.

**Regular Retirement Formula:** The retirement formula for state employees in positions not designated as high-risk.

**Reversionary Annuity:** A member may elect to receive a lesser retirement benefit in order to provide a benefit for a designated beneficiary.

**Retirement Systems' Reciprocal Act:** Provides continuity of pension credits for individuals who have participated in more than one Illinois public employee retirement system. There are currently thirteen retirement systems participating in the Retirement Systems' Reciprocal Act.

**Rollover:** Postponing taxation of distributions by transferring or "rolling-over" the payment to another qualified plan, or to an Individual Retirement Account or Roth IRA.

# 85

***Tier 1: Any member who first enrolled in a reciprocal retirement system other than JRS or GARS before January 1, 2011.***

**Rule of 85:** Allows employees to retire without a penalty when the sum of their age and years of service equals 85 or greater. You must have at least eight years of creditable service to qualify for this benefit.

**SERS-O-GRAM:** This newsletter is for active SERS employees. It contains timely and pertinent information.

**Service:** The total creditable service certified to a member's record.

**Sick Leave:** An absence from work due to illness, or the days that accrue for use in the event of illness. This time may be used to establish additional service credit at retirement.

**State Employee:** Any person who performs services for the State of Illinois.

**Survivor Annuity Beneficiary:** A beneficiary (spouse, civil union partner, child, dependent parent) designated by statute to receive a monthly annuity upon the death of the member.

**Tax-Sheltered/Tax-Deferred:** Contributions made by a member that are not taxed until a benefit is paid.

**Temporary Disability:** A benefit payable during a period when an injury or illness is being contested under the Workers' Compensation Act.  
A temporary benefit eventually becomes a nonoccupational or occupational disability.

# RETIREMENT TIMELINE

## First Year of State Employment

- Carefully review your most recent Annual Benefit Statement to ensure that SERS records match yours.
- Purchase all allowable service credit. Optional service includes:
  - Qualifying Periods
  - Military Service
  - Refunded Contributions
  - Leaves of Absence
- Visit our website and become familiar with its content.

## Early in Your Career

- Carefully review your most recent Annual Benefit Statement to ensure that SERS records match yours.
- Purchase all allowable service credit.
- Attend the preretirement work-shop Investing in Your Future.

## 5-15 Years from Retirement

- Carefully review your most recent Annual Benefit Statement.

- Purchase all allowable service credit.
- Attend the preretirement work-shop Education for Tomorrow's Choices.

## 3 Years from Retirement

- Carefully review your most recent Annual Benefit Statement to ensure that SERS records match yours.
- Purchase all allowable service credit.
- Attend the preretirement work-shop Countdown to Retirement.
- Utilize the estimates in your annual Benefit Statement for planning purposes.
- Contact the local Social Security office for an estimate of your Social Security benefit.

## 12 Months from Retirement

- Carefully review your most recent Annual Benefit Statement to ensure that SERS records match yours.
- Purchase all allowable service credit.
- Discuss benefit options with family members.
- Contact SERS for an official pension estimate.

## 1-2 Months from Retirement

- Carefully review your most recent Annual Benefit Statement to ensure that SERS records match yours.
- Purchase all allowable service credit.
- Request, complete and return the Application for Retirement Annuity Pension form #3004 to SERS within 30 days of your pension becoming effective. Other documents which should be returned with your retirement application are:
  - The Depository Agreement for SERS Benefit Payments (form #3967) if you want your annuity electronically deposited in your bank.
  - A photocopy of your certified birth certificate, if requested on retirement application.
- Check with the Deferred Compensation office about distribution.

## At Retirement

- Acquire additional service credit by purchasing your sick and vacation days by completing Form #1404 with your agency payroll clerk before you terminate service.
- Notify your agency of your intent to retire and the date you wish to do so.
- If you need to change your SERS beneficiary, contact SERS for a Nomination of Beneficiary form #101.
- On your last day of employment, resign from your agency by signing the

appropriate documents. If you are on disability, you must resign from your leave of absence in order to retire.

## After Retirement

- The State of Illinois requires plan participants who become eligible for premium-free Medicare Part A when turning age 65 or due to a disability before age 65, to enroll in Medicare Part B. Failure to enroll and maintain enrollment in Parts A & B results in a reduction of benefits and additional out-of-pocket expenses for medical services.
- After you retire, questions about the group insurance program should be made to SERS.

## **SERS MISSION STATEMENT**

To provide an orderly means whereby aged or disabled employees may be retired from active service, without prejudice or hardship, and to enable the employees to accumulate reserves for themselves and their dependents for old age, disability, death and termination of employment, thus effecting economy and efficiency in the administration of the State Government.