



## State Employees' Retirement System

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### *ESTABLISHING OPTIONAL SERVICE CREDIT*

IRS rules and regulations allow changes to be made under this option when certain events occur, one being termination of employment.

Anyone terminating employment due to the ERI will have the option of paying the adjusted balance due by making a post-tax direct payment, or by a rollover, or transfer from Deferred Compensation, or to a tax-sheltered account. The balance cannot be paid from a lump sum sick and vacation check.

Due to the third party involvement and the time needed to process the rollover or transfer, the direct payment would probably be the most efficient and timely.

We are not in the position to make the adjustment until the terminating event occurs, in this case the termination of employment to take advantage of the ERI.

All requests will be processed within the established guidelines in order to assist any members participating in the ERI. If you have questions concerning this please call 217-785-7167 or 217-557-2058.

### *ERI STATEMENTS MAILED FRIDAY JULY 12, 2002*

Benefit Statements were mailed on Friday, July 12, 2002, to members immediately eligible to participate in the Early Retirement Incentive program. SERS is asking that one week be allowed for the Postal Service to deliver these statements before a "statement request" is made for a member who thinks they should have received a statement but have not received one.

Some members who do not receive a statement will be eligible to participate in the ERI when such service as vacation, sick leave, personal days and reciprocal

service is taken into consideration. We have no way of identifying these members. They must request a benefit statement while furnishing their additional creditable service.

Also, those members who are not eligible for the ERI under Option 1, but wish to utilize Option 2, will not have received a statement and may request a statement after July 20, 2002.

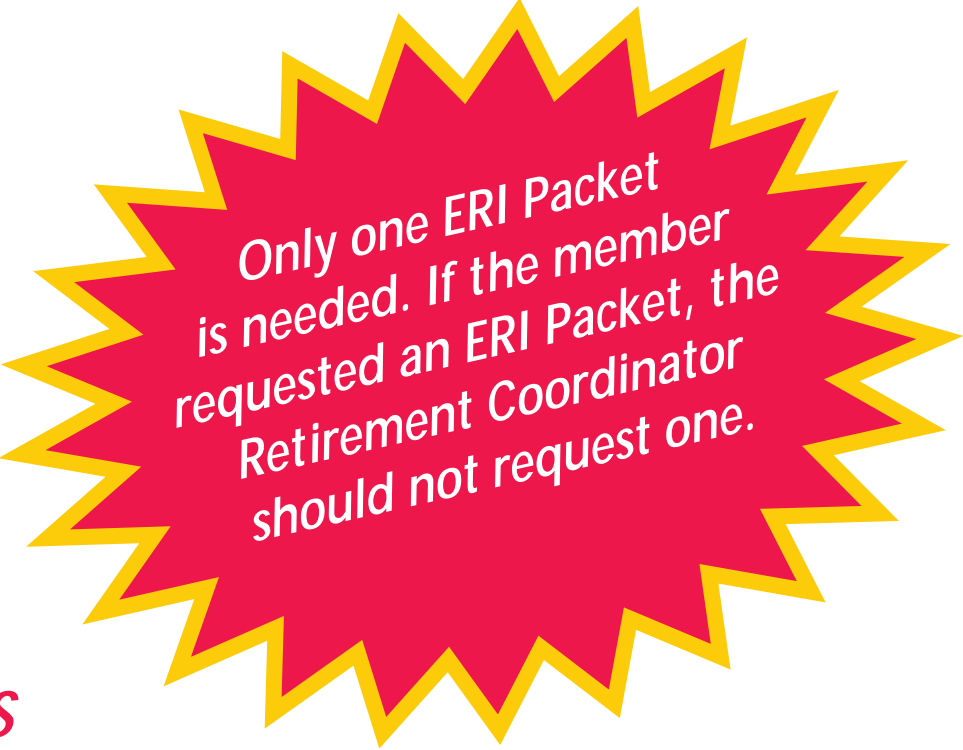
Individuals on disability, who are eligible for the ERI, will receive a statement by August 1, 2002.

### *Social Security Administration to Mail Benefit Statements to ERI Eligible Members*

The State Employees' Retirement System has been working with the Social Security Administration to provide coordinated members eligible for the ERI with a Personal Earnings and Benefit Estimate (PEBES).

The SSA has advised that a special mailing will occur in the next two weeks. Coordinated

members will receive the PEBES and will not have to go to the Social Security Office, request the PEBES by mail, or on the internet. The PEBES will provide a full explanation of the benefits calculated. SERS will use the PEBES to provide level Income Estimates and information.



Only one ERI Packet is needed. If the member requested an ERI Packet, the Retirement Coordinator should not request one.

## ***OPTION 2 MEMBERS***

Purchase up to 5 years of service and terminate employment under the ERI, and receive retirement benefits at a later date.

***To participate in the ERI service purchase and terminate state employment program, you must:***

- Have eight years of SERS service (five years must be contributing service) by your date of termination.
- Have never retired from SERS.
- Be a member of SERS who is either:
  - In active payroll status during June 2002; or
  - On layoff status with a right of re-employment or recall; or
  - Receiving a disability benefit for less than two continuous years at termination.
- Have never established service credit under an ERI from the Teacher's Retirement System.
- Terminate employment and file an ERI election by December 31, 2002.

***Receiving Retirement Benefits At A Later Date:***

After you purchase ERI service and terminate state employment, you may apply for retirement benefits when you become eligible. To be eligible, you must:

- File an application for retirement benefits.
- Members retiring under the alternative formula must be age 50 without the addition of the ERI enhancement to receive benefits;
- Meet the following retirement eligibility requirements:
  - 13 years of service (including five years of ERI service) at age 60;
  - 25 years of service at age 55 (under the ERI, the reduction in benefits between age 55 and 60 is waived)
  - Rule of 85;
  - Alternative formula employees: 20 years at age 55 or 25 years at age 50.