STATE EMPLOYEES
RETIREMENT SYSTEM
OF ILLINOIS

BENEFIT APPLICATION PACKET

If you intend on retiring within the next 90 days, contact your Retirement Coordinator for agency assistance and proceed with this retirement packet.

We recommend you return your pension application within 30-90 days prior to your retirement. Applications received more than 90 days prior to your retirement date will be returned to you. If you are purchasing additional service time to qualify please call the SERS Pension Section at (217) 785-7444.

It is your responsibility to determine your eligibility for retiring. If you have any questions regarding your eligibility please contact the Pension Section.

When SERS receives your completed pension application, your employer will be notified and asked to provide certain payroll information needed to process your pension.

This packet contains all the information you need to get started with your retirement process.

If you need special forms please refer to the “forms” section of this website.

The retirement application, a copy of your birth certificate and the other applicable forms must be sent to the following address:

State Retirement Systems
2101 South Veterans Parkway
P. O. Box 19255
Springfield, Illinois 62794-9255

All forms found on the SERS website should be filled out online, then printed and mailed to the address above.

State Employees Retirement System

RETIREMENT CHECKLIST

Application Process

- [ ] Complete and return the Application for Retirement Annuity Pension form #3004 to SERS within 90 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, so your annuity can be deposited directly with your bank.
  - [ ] A photocopy of your birth certificate.
- [ ] Tax information is included in the pension packet. For questions regarding federal income taxes, contact the IRS.
- [ ] The beneficiary(ies) you nominated before retirement is still in effect after retirement. Your nominated beneficiary is the person who will receive any lump sum death benefit payable by the State Employees' Retirement System (SERS). If you wish to change the beneficiary information on file with the System, you must complete a new Nomination of Beneficiary form. You may contact SERS for a Nomination of Beneficiary form #101 or on-line at the Members Services Website, www.srs.illinois.gov/sers/forms_sers.htm. In Feburary of each year, you will receive a retiree statement of account which will list the beneficiaries you have on file.

Coordinate with Agency

- [ ] Notify your agency of your intent to retire and the date you wish to retire and contact your Retirement Coordinator for agency assistance.
- [ ] Claim and purchase all allowable credited service before your effective date of retirement. (Request form #2003 from your Retirement Coordinator or on-line at www.srs.illinois.gov/sers/forms_sers.htm.)
  - [ ] Qualifying/Short Periods
  - [ ] Free or Purchased Military Service
  - [ ] Refunded Contributions
  - [ ] Leaves of Absence after 1–1–82 (less than one year)
- [ ] Prior to retirement, you should 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. Layoff, discharge or dismissal is considered a final personnel action for retirement purposes and resignation is not required.
- [ ] If you want to acquire additional service credit on your paid sick and paid vacation days, complete Form #1404 with your agency payroll officer before you terminate service.

Insurance

- [ ] Please review and complete the enclosed "**Insurance Participation Election**" form, this is a **required** form and must be completed.
- [ ] Participants who become eligible for premium-free Medicare Part A due to age (upon turning age 65) or due to disability (under age 65) are required to enroll in Part B of Medicare. Send a photocopy of your Medicare Card, and /or your dependent's Medicare card to SERS for coordination of benefits. Failure to enroll and maintain enrollment in Parts A & B (when Medicare is the primary insurance payer) results in a reduction of benefits and additional out-of-pocket expenses for medical services. For additional information about Medicare, please refer to the current Benefit Choice booklet located on our website at www.state.il.us/srs
- [ ] After retirement, questions about the State Group Insurance Program should be directed to the SERS Insurance Section. For outside health and life insurance deductions (r.e. American Family, Purdential, etc.), make a photocopy of the authorization cards from the insurance carrier and mail to SERS.

STATE RETIREMENT SYSTEMS

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

Internet: *http://www.srs.illinois.gov* E-Mail: *sers@srs.illinois.gov*

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

APPLICATION FOR RETIREMENT ANNUITY (PENSION)

(Please Print or Type)

Please return the completed application to the above address. The first pension payment will be paid as soon as possible but may require longer than one month to process (8 weeks). Future pension payments are mailed on the 19th of the month in which they are earned.

Birth Certificate Required ☐ **Yes** ☐ **No**

Complete the following if there is no label or the label is incorrect!

Date of Birth _____ Social Security Number _____

First Name _____ Middle _____ Last _____

Street Address (Permanent Mailing Address) _____

City _____ State _____ Zip Code _____

1. Telephone Number _____ Email Address _____

2. Effective Date of Your Pension

   Effective - Month: _____ Day: _____ Year: _____

3. Marital Status (check one box)

   ☐ Single, Divorced, Widowed ☐ Married - Date of Marriage or Civil Union: Month _____ Day_____ Year _____

4. List all minor children, even if not living with you (including natural, adopted or step children) **under age 18 or under age 22 if a full-time student and/or over age 18 who are physically or mentally disabled** and/or dependent parents.

   Name _____ Relationship _____ Date of Birth_____ Disabled ☐ Yes ☐ No

   Name _____ Relationship _____ Date of Birth _____ Disabled ☐ Yes ☐ No

   Name _____ Relationship _____ Date of Birth _____ Disabled ☐ Yes ☐ No

Note: **Social Security Offset Removal.** As part of your SERS benefits, your qualified survivor(s) will be eligible for a survivor annuity after your death. If you contributed to Social Security as a state employee, an offset of 50% is usually applied to the survivor benefit when the survivor becomes eligible for Social Security benefits. ***You may elect to reduce your retirement annuity by 3.825% to avoid the offset that may be applied to your future survivor annuity.***

5. **Social Security Offset Removal** (See enclosed Brochure)

   Please check one: ☐ I elect to participate and authorize SERS to reduce my monthly benefit by 3.825%.

   ☐ I do not elect to participate

Federal Income Tax Withholding for Pension Payments

6. Complete the following applicable lines:

1) I elect **not** to have income tax withheld from my pension. (Do not complete line 2 or 3.).....➤ ☐

2) I want my withholding from each periodic pension payment to be figured using the number of allowances and marital status shown. (You may also designate an additional dollar amount on line 3.) .....➤ _____ (Enter number of allowances.)

Marital Status: ☐ Single ☐ Married ☐ Married, but withhold at higher Single rate

3) I want the following additional amount withheld from each pension payment. Note: For periodic payments, you cannot enter an amount here without entering the number (including zero) of allowances on line 2.....➤ $_____

Note: Only members who contribute to Social Security are eligible for the Level Income Option.

7. **Level Income Option** (See enclosed Brochure)

A retiring member, who has a QILDRO on file with SERS, may not choose the level income option without obtaining a signed and notarized consent from the alternate payee. A pension that includes a QILDRO and level income requires additional processing time.

I fully understand the Level Income Retirement Option and that my pension will be reduced at the age of my election. I will submit a **Social Security Estimate dated within six months** of my planned retirement date which will be used to calculate the level income option.

Please check one: ☐ I elect the Level Income Option for age 62 years and 1 month.

☐ I elect the Level Income Option for the age at which I will receive unreduced social security benefits.

☐ I do not elect the Level Income Option, or it does not apply to me.

Special note for those electing the Level Income Option: SERS benefits are paid for the current month (July's payment is paid in July) and Social Security Benefits are paid one month behind (July's payment is paid in August); therefore, there will be one month that you will receive reduced benefits from SERS and receive no Social Security Benefits.

8. List dates of service with other Illinois Public Retirement System(s), if any.

Name of System_____ From _____ To_____

Name of System_____ From _____ To_____

☐ Yes, I do want my pension computed under the Retirement Systems' Reciprocal Act. (You must make application with all Systems.)

☐ No, I do not want my pension computed under the Retirement Systems' Reciprocal Act.

I certify this information is correct. I am aware that pursuant to the 40 ILCS 5/1-135 any person who knowingly makes a false statement or falsifies a record in an attempt to defraud the State Employees' Retirement System is guilty of a class 3 felony. If the SERS Board of Trustees has a reasonable suspicion that an attempt has been made to defraud SERS, it is required to report the matter to the appropriate state's attorney for investigation.

Signature _____ Date _____

NOTICE

Members of the State Employees' Retirement System (SERS), who are paid a lump sum for sick leave, vacation and/or personal days when resigning for the purpose of retirement, may make contributions (on either a pre-tax or post-tax basis) and establish service credit for the days for which payment is made. You may authorize your agency to deduct these contributions on the payroll when the lump sum payment is made if the effective date of the retirement and receipt of the contributions are within 90 days from date of withdrawal from service. Contact your Payroll or Personnel Division and, upon the proper completion of SERS Form 1404, arrange for deductions from your lump sum check.

SERS SURVIVOR BENEFITS

If an SERS member contributed to SERS and Social Security, a benefit offset could be applied to the SERS widow or survivor benefit when the survivor becomes eligible for Social Security benefits.

Social Security Election at Retirement

Effective July 1, 2009, retiring SERS members will have the *OPTION* to remove the Social Security offset when completing their retirement application. SERS will reduce the member's retirement annuity by 3.825% monthly in retirement.

Death Before Retirement

If you die while actively employed and have at least 18 months of service credit, your qualified survivors will be eligible for survivor benefits. In addition to survivor benefits, your pension contributions and interest, will also be paid to your named beneficiary(ies).

If you die with no qualified survivors while actively employed, your named beneficiary(ies) will receive your contributions, plus interest, and one month's salary for each year of service, up to a maximum of six months' salary.

Death After Retirement

If you die after retiring, survivor benefits are subject to the same maximums as those payable during active employment, or 80% of the pension you were receiving when you died, whichever is less.

If 50% of your pension provides a greater monthlybenefit than the amounts stated above, it is payableto your survivors. If you have no survivors, your beneficiary(ies) will receive any remaining contributions and interest, or $500, whichever is greater. The Social Security offset applies to coordinated members.

Survivor Payments

SERS will process your first annuity payment after we receive your application and other required information. The normal processing time is 30 days. The Comptroller's Office will mail the first annuity payment directly to your home.

Future annuity payments are mailed on the 19th of each month, unless the 19th is on a weekend or holiday, when they are mailed on the last working day before the 19th. If your payment is mailed directly to your home, allow ten working days for delivery.

If you receive a monthly survivor annuity, you will receive a 3% increase on January 1 following one full year of payments. Future increases of 3% will be made each January 1 thereafter.

Taxation of Survivor Benefits

All SERS benefits are exempt from state income tax under Illinois law. If your federal tax withholding information is not on file with SERS, taxes are withheld using the rate for a married person with three exemptions.

Survivor Employment

The only employment restriction for individuals receiving a survivor, widow, or occupational death benefit from SERS is for disabled, unmarried children over age 18. This benefit is payable if the disabled child is not gainfully employed and earning more than $2490 per quarter.

Lump Sum Death Benefits After Retirement

If a retired SERS member dies with no payable survivor annuity, the nominated beneficiary (ies) receive any contributions and interest remaining in the retiree's account, or $500, whichever is greater.

Survivor Questions & Answers

Are my surviving children and dependent parents subject to the Social Security offset?
The Social Security offset applies to ***any*** survivor benefits being paid to your qualified survivors. If you participate in the Social Security election, your qualified survivors will receive the full SERS survivor benefit as well as the full Social Security survivor benefit.

Should I participate in the offset provision?
If your survivor has done very little work in a position covered by Social Security, this option gives you a chance to provide a better monthly income for your survivor because the Social Security offset will no longer apply to the SERS survivor benefits.

At the time of my death, how long will my eligible survivor receive monthly benefits?
A survivor remains eligible to receive benefits until death. A child remains eligible until age 18 (22 if attending school full-time), or the child marries. Disabled adults may continue to receive benefits as long as their disability continues and they aren't gainfully employed or married.

If my spouse is my qualified survivor and is employed when I die, could (s)he receive survivor benefits and continue working?
Yes, your spouse may work and qualify for survivor benefits.

Eligible Survivors Benefits

For All Survivor Benefits: If 50% of your earned pension provides a greater monthly benefit than the amounts stated below, the higher amount is payable to your spouse.

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, your spouse will receive $1,000, plus a monthly annuity until their death.

Your Spouse and Children: If your spouse supports your children under age 18 (22 if full-time student), or a disabled child over 18, your spouse can receive benefits before age 50. They will receive $1,000, plus a monthly annuity. This benefit is payable until 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 18 and disabled, they can receive $1,000, plus a monthly annuity. 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.

STATE RETIREMENT SYSTEMS

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Internet: *http://www.srs.illinois.gov* E-Mail: *sers@srs.illinois.gov*

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

BIRTH CERTIFICATE

DEAR MEMBER:

WE NEED A COPY OF YOUR BIRTH CERTIFICATE TO COMPLETE YOUR MEMBERSHIP RECORD. **PLEASE WRITE THE LAST FOUR DIGITS (XXX-XX-1234) OF YOUR SOCIAL SECURITY NUMBER ON YOUR BIRTH CERTIFICATE.**

Any person making application for a retirement annuity, survivor's annuity, temporary disability, non-occupational or occupational disability benefit must submit as proof of birth date, a legal copy of their birth certificate or birth record issued by state/county of birth.

If you ***DO NOT*** have a copy of your birth certificate, it will be necessary that you obtain a copy from the state in which you were born.

If ***NO RECORD EXISTS,*** you must submit a signed affidavit certifying that no birth record exists. Upon submission by the signed affidavit, the following documents may be submitted for consideration of proof of birth date:

1) Military Records;
2) Marriage record showing date of birth;
3) Evidence of social Security payments that require attainment of specific age;
4) Church record of birth or baptism;
5) Valid Passport;
6) Valid driver's license; or
7) Two or more documents showing birth dates, such as, Naturalization papers, insurance policies, school records or medical records.

If none of the above documents are available, an affidavit from parents, older sibling, or relative having knowledge of the date of birth may be considered. If you need information on where to write for your birth record, please contact our office at (217)785-7444.

I am aware that pursuant to the 40 ILCS 5/1-135 any person who knowingly makes a false statement or falsifies a record in an attempt to defraud the State Employees' Retirement System is guilty of a class 3 felony. If the SERS Board of Trustees has a reasonable suspicion that an attempt has been made to defraud SERS, it is required to report the matter to the appropriate state's attorney for investigation.

THE EASE OF DIRECT DEPOSIT

The Direct Deposit program is reliable, safe and convenient!

- Your money is electronically deposited to your account and available for your use on the morning of the transfer date.
- No need to worry about lost, stolen or misplaced checks.
- You avoid receiving your benefit payment late.
- If you choose Direct Deposit, your first two payments are mailed to your home. All future payments are electronically deposited into your bank account on the 19th of each month.
- If you receive more than one type of benefit from SERS, these funds may only go to one designated bank account.

Your monthly benefit payment from SERS is eligible for processing as an electronic direct deposit. Instead of waiting for your check to arrive by mail, you can enjoy the benefit of having your funds available on the scheduled payment date.

You may download and complete the SERS depository agreement form on our website at www.srs.illinois.gov under the forms tab.

To enroll in Direct Deposit, fill out the top

take it to your financial institution to complete their information. This form should then be sent to our office to start the Direct Deposit process. Once your bank information is updated in the SERS system, you will receive notification that your next check will be processed electronically.

For assistance with this safe and reliable method of payment, contact a Direct Deposit specialist at 217-524-8806.

Once your benefit is processed through Direct Deposit, you can securely view your monthly earnings statement through the SRS Member Services website. To view your account information, you may register through our website at www.srs.illinois.gov and navigate to the link “View PDF version on how to secure an ID”. You will find the instructions

must be completed to access your account information online.

The Comptroller and SERS encourage you to take advantage of Direct Deposit.

INSTRUCTIONS

IMPORTANT NOTICE: This form is to be used only for the deposit of recurring payments from the State Employees' Retirement System of Illinois (SERS).

THE TERMS OF THIS DEPOSITORY AGREEMENT MAY NOT BE AMENDED BY ANY PARTY.

SERS through the Office of the Comptroller has the ability to electronically deposit a payee's monthly benefit to an authorized participating Automated Clearing House (ACH) Network financial institution. The financial institution may be any bank, savings bank, savings and loan association or similar institution, or federal or state chartered credit union in which the payee has a checking or savings account participating in the ACH Network. In order for SERS to deposit the payee's monthly benefit into a financial institution, ***the payee, any joint account holder, and the financial institution must complete this form.***

PART I - PAYEE INFORMATION

The payee's name, social security number, address, home/cell telephone number, and alternate telephone number, if any, should be typed or printed in the appropriate boxes.

PART II - ACCOUNT HOLDER AGREEMENT

After reading the conditions of the depository agreement, ***the payee, power of attorney, or guardian must sign and date the form***. If a power of attorney signs the form on behalf of the payee, the power of attorney document must be attached to the form. If a guardian signs the form on behalf of the payee, letters of office or other similar court document must be attached if the guardian is not the natural parent of the payee. ***If there are one or more joint account holders, all joint account holders must sign and date the form.***

PART III - FINANCIAL INSTITUTION AGREEMENT

The selected financial institution should complete all of the information requested in Part III. ***The monthly benefit may only be deposited in an account in which the payee has an interest.*** The routing number should reflect the number for electronic transfers which may be different from the routing number for the branch bank at which the account is held. The payee, by signing this form, authorizes the financial institution to communicate to SERS concerning the parties who have an interest in the account and to recover erroneous payments from the account holders. By an authorized individual signing this form, the financial institution agrees to accept the electronic transfer from SERS on behalf of the payee and verifies the signatures of all persons having an interest in the payee's account.

UPON COMPLETION OF THE FORM BY ACCOUNT HOLDERS AND FINANCIAL INSTITUTION

- The depository form should be returned to SERS for processing.

TERMINATION OF DEPOSITORY AGREEMENT

This depository agreement shall remain in effect until terminated by:

- the death of the payee or the end of payee's eligibility period;
- cancellation by the payee, power of attorney, or guardian by written notice to SERS in such time and manner as to afford SERS a reasonable opportunity to act upon such notice;
- a ten (10) day advance written notice from SERS to the Payee indicating SERS' termination of the agreement; or
- the closing of the account by the payee or the financial institution.

The amount of any payments received after termination should be returned to SERS by the financial institution or an account holder, along with a statement including the name of the payee, the payees's social security number and the date of the erroneous deposit.

STATE EMPLOYEES' RETIREMENT OF ILLINOIS
2101 South Veterans Parkway, P.O. Box 19255
Springfield, IL 62794-9255, **Phone:** 217/524-8806

DEPOSITORY AGREEMENT FOR SERS BENEFIT PAYMENTS

Part I - General Information (Please Type or Print)

Name of Payee	Social Security Number of Payee
Address of Payee / Apt. or P.O. Box	City / State / Zip
Home/Cell Telephone Number	Email Address

Part II - Acknowledgment of Responsibilities (to be completed by Payee)

I, the above-designated Payee, am receiving a monthly benefit from the State Employees' Retirement of Illinois (SERS). I hereby authorize SERS to forward such payments by electronic fund transfer to the financial institution indicated below and the financial institution to credit the amounts thereof to the account listed below.

I hereby acknowledge that my monthly benefits terminate at the end of the month of my death or my eligibility period. Accordingly, I agree that if any benefit payments to which I am not entitled shall have been received and collected by my financial institution, I or we (if my account is a joint account) hereby authorize and direct my financial institution to refund the same to SERS and charge such refund payments to the account listed below or any other account of mine, or to the extent money has been withdrawn from the account listed below by any other of the undersigned, to charge such refund payments to any other account which we, individually or jointly, may have in such financial institution.

I further direct my financial institution to immediately notify SERS of the names and addresses of any and all joint account holders that may be added to my account at a future date. I or we (if my account is a joint account) further agree to hold harmless my financial institution for any action taken pursuant to or in compliance with this depository agreement.

This authority is to remain in full effect until my death or the end of my eligibility period, or until SERS has received notification from me of its termination in such time and manner as to afford a reasonable opportunity to act on it, or until SERS has sent me a ten (10) day advance written notice of SERS termination of this arrangement.

Certification: By signing, I certify that this information is correct. I am aware that pursuant to the Illinois Pension Code, 40 ILCS 5/-135, any person who knowingly makes any false statement or falsifies or permits to be falsified any record in an attempt to defraud SERS is guilty of a Class 3 felony. I am aware that the SERS Board has reasonable suspicion that a false record has been filed with SERS it is required to report the matter to the state's attorney for investigation.

Signature of payee, power of attorney (attach document), or guardian (attach court order)	*Date*
Signature of joint account holder, if any	*Date*
Signature of joint account holder, if any	*Date*

Note: All persons having an interest in the above account must sign. Original signatures required. DO NOT FAX FORM!

FINANCIAL INSTITUTION INFORMATION

Part III - Acceptance of financial institution (to be completed by financial institution). The Illinois Pension Code 40ILCS does not allow SERS benefits to be paid to a living trust.

The undersigned, on behalf of the financial institution below, hereby accepts the depository agreement as set forth above and verifies the signatures of all persons having an interest in the account.

Name of Financial Institution	Account Holder Name(s)
Address	Branch Designation, if Applicable
City/State/Zip	☐ Check box if this account currently receives Direct Deposit from State of Illinois.
Telephone Number	☐ Checking Account ☐ Savings Account
Signature of Authorized Official / Date	Account Number Information
Title	A.C.H.Routing Number — The last number of the routing number is the check digit

GROUP INSURANCE BENEFITS

Now that you are retiring, the Group Insurance Section of SERS will be assisting you with your group insurance needs. In order to properly maintain your insurance records, please keep your address and phone number current with the State Employees' Retirement System.

For up-to-date information, rates, publications, contact information and the latest news about what is going on with the Group Insurance Program, visit our website at www.srs.illinois.gov. Click on "State Employees' Retirement System" then click on "Insurance" located on the right side of the screen.

INSURANCE INFORMATION AT RETIREMENT

To qualify for the State of Illinois Group Insurance Program, a member must be receiving a monthly check from the State Employees' Retirement System (SERS).

Eligible members must be vested in SERS (Tier 1 employee: 8 Years; Tier 2 employee: 10 years) for eligibility into the Group Insurance Program. Members must also complete and submit the required Insurance Participation Election Form, found in the pension packet.

Insurance coverage becomes effective on the date of commencement of the monthly benefit, the first of the month that the application for retirement was received, or the first day of the month that the group insurance enrollment form was received, whichever is later.

The member health insurance premium is state-paid for members with 20 or more years of service. For members with less than 20 years of service, the state will pay 5% of the state cost for health insurance for each full year of service. The member will pay the balance.

Premiums for dependent health coverage, as well as member and dependent dental coverage are available in the most current Benefit Choice Booklet which is available on our website at www.srs.illinois.gov

MEDICARE IN RETIREMENT

Medicare is a federal health insurance program for individuals 65 and older, individuals under age 65 with certain disabilities and individuals of any age with End Stage Renal Disease.

The State of Illinois Group Insurance Program requires retired or disabled plan participants who become eligible for premium-free Medicare Part A (hospitalization) to enroll in Medicare Part B (outpatient services including physician office visits, labs, x-rays and some medical supplies).

If you are not sure if you qualify for premium-free Medicare Part A, contact your local Social Security Office. If a retiring or disabled plan participant fails to purchase Part B of Medicare once they become eligible for premium-free Part A, the State will reduce its benefits by what Part B would have paid. This reduction will result in additional out-of-pocket expenses to the member.

If a member and/or the member's dependent(s) are not eligible for premium-free Part A of Medicare, the State will pay your health insurance claims at the normal benefit level with no reduction.

State health insurance premiums are lower for Medicare-prime (enrolled in both Part A and Part B of Medicare) dependents. The SERS Insurance Section requires a letter from the Social Security Administration verifying ineligibility for premium-free Medicare Part A.

If you and/or your dependents receive or have Medicare cards from the Social Security Administration, please send a copy of the card(s) to the SERS Insurance Section to ensure your insurance is coded to avoid claim and/or premium errors.

Deductibles for retirees and other insurance information can be found at the SERS website (www.srs.illinois.gov); simply click on the Insurance Information Link.

GROUP LIFE INSURANCE AT THE TIME OF RETIREMENT

If you are age 60 or older at retirement, the basic life insurance amount reduces to $5,000. When the basic life amount is reduced to $5,000 and you had elected "optional" life coverage, the optional life coverage will also reduce to increments of $5,000, up to a maximum of four times the Basic amount.

GROUP LIFE INSURANCE BENEFICIARY

State life insurance beneficiary designations are maintained by Minnesota Life Insurance Company, the current life insurance administrator for the State of Illinois. If you have not designated a beneficiary or wish to change a beneficiary designation, contact Minnesota Life at 1-888-202-5525.

TRAIL

Total Retiree Advantage
Illinois Medicare Advantage Program

The TRAIL Enrollment Period is held each fall with an effective date of January 1st of the following year. For more information regarding the Medicare Advantage "Trail" Program, go to *www.cms.illinois.gov/thetrail*.

To be included in the TRAIL Medicare Advantage program, all dependents covered by the member's State insurance must also be enrolled in Medicare Part A and B. In order to be included in the fall TRAIL Enrollment Period, the member and all dependents must have acquired Medicare Part A and B on or prior to September 30th of that year. CMS will determine who will participate in the Medicare Advantage Enrollment.

NOTE: Your Group Life Insurance beneficiary is separate from your SERS Death Benefit beneficiary.

MEDICARE INSURANCE

for Retired SERS Members & Eligible Dependents

Plan participants who are eligible for Medicare or who become eligible for Medicare benefits are required to submit a copy of their Medicare identification card to SERS or the State of Illinois Medicare COB Unit.

WHAT IS MEDICARE?

Medicare is a federal health insurance program for the following:

- People age 65 or older
- People under age 65 with certain disabilities
- People of any age with End-Stage Renal Disease (ESRD)

Medicare consists of the following parts to help cover specific services:

Part A (Hospital Insurance): a premium-free benefit for participants with enough earned credits based on their own work history or that of a spouse (when applicable).

Part B (Outpatient/Medical Insurance): a premium-driven benefit and ***a requirement*** for participants in the State Plan who are eligible for premium-free Part A.

Part D (Prescription Drug Insurance): a premium-driven benefit (unless the participant qualifies for extra help assistance) and is ***not required*** for participants in the State Plan.

In order to apply for Medicare benefits, participants are instructed to contact their local Social Security Administration (SSA) office or call 1-800-772-1213. Participants may also contact the SSA via the internet at www.socialsecurity.gov to enroll in Medicare Part A.

RETIRED STATE PARTICIPANTS (AND APPLICABLE DEPENDENTS)

The State of Illinois ***requires*** plan participants who become eligible for premium-free Medicare Part A due to age (upon turning age 65) or due to disability (under age 65) to enroll in the Medicare Program.

Medicare is the primary payer for health insurance claims for retired participants enrolled in both Medicare (due to age or a disability) and the State Group Insurance Program. Medicare may not be the primary insurer if a third insurance carrier is involved. When Medicare is deemed the primary payer, enrollment in both Medicare Parts A & B is required.

Failure to enroll and maintain enrollment in Parts A & B when Medicare is determined to be the primary insurance payer, results in a reduction of benefits under the State of Illinois Group Insurance Plan. ***This will result in additional out-of-pocket expenses for medical-related services!***

EMPLOYMENT OUTSIDE STATE GOVERNMENT

Retirees, survivors and applicable dependents who have current employment elsewhere (with insurance through the current employer or through a spouses's current employer) or participants enrolled in Medicare on the ***basis of ESRD*** should contact the State of Illinois Medicare Coordination of Benefits (COB) Unit for the appropriate benefit coordination.

QUESTIONS?

If you have questions about Medicare or how it coordinates with the State of Illinois Group Insurance Program:

Central Management Services
Medicare Coordination of Benefits Unit
P. O. Box 19208
Springfield, IL 62794-9208
217-782-7007 OR
1-800-442-1300 ext. 7007

STATE RETIREMENT SYSTEMS

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Internet: http://www.srs.illinois.gov E-Mail: sers@srs.illinois.gov

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

State of Illinois Group Insurance Program

Please note that this is a required informational form. Instructions to enroll, elect or make changes to your insurance are enclosed in this packet. Failure to submit this form could result in termination of insurance coverage or the inability to enroll.

Name: _____

Residential Street Address: _____

City: _____ State: _____ Zip: _____

Mailing Address: _____
(if different than Street address)

City: _____ State: _____ Zip: _____

Member ID# or last 4 of SSN: _____ Email Address: _____

Telephone number: _____ Alternate telephone number: _____

Last date worked: _____ Date of retirement: _____
ATTACH COPY OF RESIGNATION LETTER

Opt Out Financial Incentive (20 years/$500 per month, Less than 20 years/$150 per month): If you are Non-Medicare and elect to opt out of the insurance program to receive a monthly incentive check, mark the following box.

☐ I elect to opt out for the incentive and request an incentive packet be mailed.

Member currently enrolled as a dependent

☐ I am currently enrolled as a dependent on my state-covered spouse's or civil union partner's health, dental and vision insurance coverage for at least one year, and therefore, qualify to remain on my spouse's or civil union partner's state insurance as a dependent. I understand that waiving my coverage as an annuitant to remain a dependent of my spouse/civil union partner will mean that the only coverage I will have as an annuitant (member) will be life insurance coverage.

Insurance Eligibility Information

Eligible members who have completed 8 years of qualifying service under SERS (Tier 1 employees) or 10 years of qualifying service under SERS (Tier 2 employees) can participate in the State of Illinois Group Insurance Program at the time of their retirement.

Members retiring with 20 or more years of service will receive premium free member health insurance. Premiums for dental and dependent coverage are additional.

Members retiring on or after January 1, 1998, who are vested and have less than 20 years of qualified service, will be required to share the cost of their health insurance coverage. For each full year of qualified service, the State will contribute 5% toward the cost of the member's insurance. Premiums for dental and dependent coverage are additional.

Signature: _____ Date: _____

STATE RETIREMENT SYSTEMS

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

Internet: *http://www.srs.illinois.gov* E-Mail: *sers@srs.illinois.gov*

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

Additional Retirement Information

Life Insurance: If you are retiring within one year of terminating state employment and you are under age 60, your life insurance will remain as it was as an active employee. Once you turn age 60 (retired) your basic life insurance will reduce to $5,000 and any optional life insurance you carry will reduce by increments of $5,000. Spouse Life Insurance will reduce to $5,000. Child Life will remain at $10,000. Members retiring at age 60 or above who will experience a reduction in life insurance coverage at the time of their retirement can contact Minnesota Life at 888-202-5525 to discuss conversion or portability options.

If you are retiring after one year of terminating state employment, you are eligible for basic life insurance only.

Payroll Deductions: If you are currently authorizing deductions from your paycheck for other life insurance, credit union, various dues, etc. and you wish to continue those deductions from your monthly retirement annuity, **you must submit new payroll deduction cards to State Employees' Retirement System (SERS)**. If you are currently enrolled in the **NCPERS** Voluntary Life Program ($8.00 per pay) and wish to continue this policy and deduction into retirement **you must re-enroll.** Contact SERS at 217-785-7444 and you will be directed to the Benefits Support Section.

Address Changes: If you relocate please remember to keep your address updated with SERS to avoid communication problems, suspension of pension, and/or problems with insurance coverage. Contact SERS at 217-785-7444

Power of Attorney or Guardianship: Contact SERS at 217-785-7444 and you will be directed to the Benefits Support Section.

CAREFULLY REVIEW YOUR PENSION CHECK TO ENSURE DEDUCTIONS ARE CORRECT

STATE RETIREMENT SYSTEMS

• State Employees' Retirement System of Illinois
• General Assembly Retirement System
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Dear Member:

Welcome to the State Employees' Retirement System (SERS). SERS is committed to assisting you through the retirement process for an easy transition to a new and exciting chapter of your life.

MyBenefits will assist state members with insurance questions, choices and changes through a customized website and call center. If you do not have access to a computer, the MyBenefits call center staff will assist you by telephone.

INSTRUCTIONS:

STEP ONE: Complete the Group Insurance Informational Form (3991) from the pension packet. **This is a required form that you must complete and return to SERS.**

STEP TWO: Once the 3991 is received at SERS, we will process the form and notify Morneau Shepell of your retirement.

STEP THREE: Morneau Shepell will send you an email (if provided on the 3991) or will mail you a letter to verify they have received notification of your retirement.

Log on to *www.mybenefits.illinois.gov* to:

- Enroll in the state group insurance program;
- Waive or opt out of current coverage if you are currently enrolled; or
- Make changes to your existing coverage.
- If you are satisfied with your current coverage, you don't need to do anything.

If you choose the opt-out incentive you must go through SERS for this benefit. See Form 3991 for more information.

The website (www.mybenefits.illinois.gov) will allow you to:

1) Register.
2) Make changes to your insurance at retirement, during open enrollment periods, or changes due to qualifying events (such as adding or terminating dependents, enrollment or termination of plans, etc.).
3) View plans, premium costs, and other information.
4) Use tools to determine the best plan for you and your family.
5) Download forms and upload forms that are required to make your desired changes.

If you do not have access to a computer, contact MyBenefits at:

1) 1-844-251-1777 (1-844-251-1778 (TDD/TTY)

You will continue to:

1) Contact SERS for address changes.
2) Contact SERS about Power of Attorney/Guardian documents.
3) Contact SERS with questions about your retirement information, retirement check and other deductions.
4) Contact SERS about opt-out with financial incentive.

TAX INFORMATION

In this brochure, employee contributions generally refer to:

- *Contributions made to SERS before January 1, 1982.*
- *Interest on the repayment of contributions.*
- *Contributions made for optional service purchases.*

FEDERAL & STATE INCOME TAX WITHHOLDING

State Income Tax Withholding

All benefits paid by SERS are exempt from Illinois income tax withholding.

Federal Income Tax Withholding Monthly Payments

Other than occupational disability benefits, all monthly payments (periodic distributions) made by SERS are subject to federal income tax withholding in accordance with Federal Withholding Tables. When you apply for a benefit, you will be asked to complete a W-4P for income tax withholding.

You may elect not to have withholding taken, or to have withholding taken at any level. If you do not indicate a preference for withholding, SERS must withhold at the rate for a married person with three exemptions. You may change your withholding or discontinue withholding at any time.

Lump Sum Payments

Other than occupational disability benefits, all lump sum payments (nonperiodic distributions) are subject to federal income tax withholding. Withholding may be avoided in certain cases by rolling-over the payment. (see the Rollovers section.)

If you or your spouse are receiving a payment that is eligible for direct transfer to another qualified employer plan [401(a), 403(b)or 457] or an IRA or Roth IRA (Individual Retirement Account or Annuity), and you do not ask SERS to do a direct transfer, the lump sum payment is subject to a 20% federal withholding rate. You or your spouse may not rollover the non-taxable portion of the lump sum payment to a 457 plan (Deferred Compensation). You may rollover the non-taxable portion of a lump sum payment to a qualified employer plan or to a 403(b) plan.

Any rollover of the non-taxable portion of a lump sum payment to a qualified plan or 403(b) plan must be a direct transfer, and the plan where the rollover is made must separately account for after-tax contributions (and earnings thereon).

FEDERAL & STATE INCOME TAXES

Taxation of a Retirement Annuity

Retirement annuities (pensions) paid by SERS are exempt from Illinois income tax. Pension payments are subject to federal income tax under the Simplified Method. This method states that a portion of each benefit payment is taxable, and a portion is nontaxable based on the recovery of employee contributions and the age of the individual. Following the recovery of the employee contributions, the entire benefit payment and any increase to the benefit is taxable.

The amount of the monthly benefit that is nontaxable will be provided when the benefit begins. A form 1099-R will be issued each January. If you die with no eligible survivor or nominated beneficiary to receive any death benefits that may be payable, any remaining employee contributions may be claimed as a miscellaneous itemized deduction (not subject to the 2% floor) on your final tax return.

Tax Credit for the Elderly

A tax credit based on retirement income is available for eligible state retirees under age 65 who are permanently and totally disabled. The tax credit may be applied to reduce the tax liability, if any, on the retired person. Consult your local IRS office for assistance in computing this credit.

Tax Credit for Public Safety Officers

The Pension Protection Act of 2006 allows retired public safety officers to deduct up to $3,000 in premiums for health insurance coverage from their gross annual income. For more information, refer to IRS Publication #575 and the instructions for completing your IRS Form 1040.

Taxation of Disability Benefits

Occupational disability benefits paid by SERS are exempt from federal and Illinois income tax. Although exempt, these benefits are reportable and a form 1099-R will be issued each January. Nonoccupational disability and temporary disability benefits are exempt from Illinois income tax. However, these benefits are subject to federal income tax, so a form 1099-R will be issued each January.

Taxation of Widow's/Survivor's Benefits

Both lump sum and monthly widow's/survivor's benefits paid by SERS are exempt from Illinois income tax, but these benefits are subject to federal income tax. Employee contributions paid by SERS as a death benefit before retirement are excluded from taxable income.

Contributions made after December 31, 1981 and interest on all contributions are included in taxable income and are eligible for a rollover when paid to a surviving spouse (see Rollovers section). These amounts are also eligible for rollover when paid to a beneficiary other than a spouse. When the benefit begins, SERS furnishes the beneficiary with the nontaxable amount, if any.

The monthly benefit paid to a survivor or widow, as well as the $1,000 lump sum survivor benefit and the $500 lump sum widow's benefit, are subject to federal income tax under the Simplified Method. This method states that a portion of each payment is taxable, and a portion is nontaxable based on the recovery of employee contributions and the annuitant's age.

Following the recovery of the employee contributions, the entire benefit is taxable. Any increase to the benefit is also taxable. Following the death of the survivor or widow, if there is not an eligible nominated beneficiary to receive any death benefits that may be payable, any remaining employee contributions may be used as a deduction on the final tax return of the survivor or widow. The portion of the monthly benefit that is nontaxable will be provided when the benefit begins. A form 1099-R will be issued each January.

Taxation of Occupational Death Benefits

Occupational death benefits, excluding the lump sum portion, are exempt from both federal and Illinois income tax. The occupational death lump sum payment consists of all contributions and interest in the member's account. Contributions and interest are subject to federal income tax and are eligible for rollover (see the Rollovers section).

Taxation of Lump Sum Payments

Lump sum (nonperiodic) payments include:

- Nonoccupational death benefit
- Nonoccupational death benefit after retirement
- Widow's/survivor's contribution refund
- Refund of contributions
- Alternative formula contribution refund.

All lump sum payments from SERS are exempt from Illinois income tax, but are subject to federal income tax. The amount of the lump sum payment subject to income tax includes a member's contributions made after December 31, 1981, and interest on all contributions (see the Rollovers section). A form 1099-R will be issued in January following the year in which payment is made.

Rollovers

The Internal Revenue Code permits you to avoid taxation and federal income tax withholding on a lump sum payment by "rolling-over" the payment. The payments eligible for rollover are:

- Nonoccupational death benefit before or after retirement when paid to a spouse.
- Nonoccupational death benefit before or after retirement when paid to a beneficiary other than a spouse (for distributions after 12-31-06).

- Widow's/survivor's contribution refund.
- Alternative formula contribution refund.
- Refund of contributions.

The lump sum payment may be rolled over to another qualified employer plan that accepts rollovers, or to an IRA or Roth IRA. The non-taxable portion may be rolled over if you ask SERS to do a direct transfer. If the non-taxable portion of the lump sum is rolled over to another qualified plan or 403(b) plan, the plan must also agree to separately account for the non-taxable portion of the rollover.

If you ask SERS to do a direct transfer rollover to a qualified employer plan, traditional IRA or 403(b), you may defer taxation on the taxable portion and avoid federal income tax withholding (special IRS rules apply). If you roll over to a Roth IRA, you will be taxed on the amount rolled over. If you are 59 1/2 at the time of the rollover, the 10% additional income tax will not apply.

If you do not ask SERS to transfer the payment directly to another qualified employer plan, IRA or 403(b), 20% of the taxable payment will be withheld as federal income tax and the balance will be mailed to you (see the Federal Income Tax Withholding section). You may also be eligible to use the capital gains treatment, or the ten-year averaging method to determine your taxes.

If you do not ask SERS to do a direct transfer, you can still do a rollover of the payment to another qualified employer plan or IRA within 60 days of receiving the payment. You are permitted to rollover the entire payment, including the 20% that was withheld, but you will have to find other money to contribute to the IRA to replace the 20% withheld. You can also rollover the 80% you received, and be taxed on the 20% withheld from your payment. You or your spouse may not rollover the non-taxable portion of a lump sum payment to a 457 plan (Deferred Compensation).

If you apply for a lump sum payment that is eligible for rollover, additional information regarding the IRS rollover rules is provided with your payment application.

Capital Gains & Ten-Year Averaging

The ten-year averaging method and the capital gains provisions for lump sum payments has been repealed. However, a transition rule applies to you, your spouse, trust, or estate if you were age 50 before January 1, 1986. This rule allows ten-year averaging at 1986 tax rates, and capital gains treatment at a 20% tax rate. The averaging method may not be chosen unless you participated in SERS for at least five years. The five-year participation rule does not apply to death benefit distributions. If you were not age 50 before January 1, 1986, the capital gains treatment may not be used.

10% Excise Tax on Distributions Before Age 55

A refund of contributions after termination of employment before age 55, is subject to a 10% excise tax. This tax does not apply to a refund of contributions following termination of employment after age 55, or to death or disability. Effective August 17, 2006, this tax does not apply to distributions to employees who provide police protection, firefighter services, or emergency medical services following termination after age 50. The portion of the refund of contributions subject to the 10% excise tax is the refund paid in excess of the employee's contributions that are not rolled-over (see the Rollovers section).

FEDERAL ESTATE TAX AND ILLINOIS INHERITANCE TAX

Federal Estate Tax

SERS death benefits may be subject to federal estate tax. See IRS form 706.

Illinois Inheritance Tax

Illinois Inheritance Tax will not apply to benefits paid by SERS. An estate tax will be imposed if your taxable estate exceeds the permitted filing requirement. This tax will be equal to the amount of the credit allowable under federal estate tax laws for state death taxes.

butions to employees who provide police protection, firefighter services, or emergency medical services following termination after age 50. The portion of the refund of contributions subject to the 10% excise tax is the refund paid in excess of the employee's contributions that are not rolled-over (see the Rollovers section).

FEDERAL ESTATE TAX AND ILLINOIS INHERITANCE TAX

Federal Estate Tax

Death benefits paid by SERS may be subject to Federal Estate Tax. A United States Estate Tax Return must be filed if the gross estate as defined by statute, exceeds $2,000,000.

Illinois Inheritance Tax

Illinois Inheritance Tax will not apply to benefits paid by SERS. An estate tax will be imposed if your taxable estate exceeds the permitted filing requirement. This tax will be equal to the amount of the credit allowable under federal estate tax laws for state death taxes.