

Who qualifies for
the alternative formula?

When do pension
payments begin?

What does "final average
compensation" mean?

Do I receive benefit
increases in retirement?

What are the eligibility
requirements for
receiving a benefit?

***This brochure will
answer all of these
questions and more!***

Retirement Checklist

- ✓ Acquire additional service credit by purchasing your sick, vacation and personal days! Complete form #1404 with your agency Payroll Officer before you terminate employment.
- ✓ 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, you must resign from your agency by signing the required documents. If you are on disability, you must resign from your leave of absence in order to retire.
- ✓ Visit our website at www.state.il.us/srs

Retirement Benefits:



**Alternative
Formula
Employees**

TIER 2

for members hired
after December 31, 2010

State Employees' Retirement System of Illinois
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The alternative retirement formula applies to SERS members in certain positions (see below) who have 20 years of alternative service. The alternative formula is 2.5% for each year of service for employees contributing to Social Security (covered) and 3.0% for each year of service for employees not contributing to Social Security (non-covered). The maximum alternative retirement benefit is 80% of final average compensation.

ALTERNATIVE FORMULA POSITIONS

- State Policeman
- Fire Fighter
- Security Employee with the Department of Corrections or Juvenile Justice

ELIGIBILITY

Members eligible to receive an alternative formula pension benefit may retire at age 60 with 20 years of credited service in an alternative formula position. Any service not under the alternative formula is calculated using the 1.67% retirement formula.

FINAL AVERAGE COMPENSATION

For an alternative formula employee, final average compensation is the average monthly salary during the 96 highest consecutive months of service within the last 120 months. The retirement benefit is calculated on a maximum

salary of \$106,800. This amount increases annually by 3% or one-half of the Consumer Price Index, whichever is less.

ANNUAL PENSION INCREASES

Alternative formula retirees receive their first pension increase of 3% or one-half of the Consumer Price Index for the preceding calendar year, whichever is less, following the first full year of retirement after age 60. These increases are not limited by the 80% maximum.

LUMP SUM SALARY PAYMENTS

Unused vacation days can be used to meet service eligibility requirements and increase your retirement benefit (21 days of vacation time equals one month of service credit). This additional service credit does not affect your final average compensation.

BENEFIT PAYMENTS



You must apply for benefits in order to receive them. Contact your agency's Retirement Coordinator approximately 30-90 days before retiring so they can begin the separation process. We will mail you a retirement packet which includes a retirement application, forms and brochures about insurance, taxes, and electronic funds transfer. This retirement packet may also be downloaded from our website.

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

If you elect Direct Deposit, the first two checks are mailed to you. After that, all future checks are electronically deposited into your bank account on the 19th of every month. You are required to notify SERS of any changes to your mailing address after retirement.

Alternative Formula Example #1: The employee is not covered by Social Security, is 60 years old, has 26 years, 8 months (320 months) of credited service, and a final average compensation of \$5,000 per month.

$26 \text{ Years, } 8 \text{ months} \times 3\% = 80\% \cdot 80\% \times \$5,000 = \$4,000 \text{ per month, or } \$48,000 \text{ annually.}$

Alternative Formula Example #2: The employee is covered by Social Security, is 60 years old, has 32 years (384 months) of credited service, and a final average compensation of \$4,000 per month.

$32 \text{ Years} \times 2.5\% = 80\% \cdot 80\% \times \$4,000 = \$3,200 \text{ per month, or } \$38,400 \text{ annually.}$