Inve$ting in Your Future

State Employees' Retirement System SRS

STATE RETIREMENT SYSTEMS

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

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Thank you for taking time away from your work schedule to attend the ***Investing In Your Future*** (IYF) workshop. The IYF workshop and workbook are designed to help you identify what is missing in the current management of your finances, savings, investments, estate planning and health. We hope you will use this information to establish a firm foundation towards your future.

Ten to fifteen years from now, you should sign up for our second workshop, ***Education for Tomorrow's Choices*** (ETC). The ETC personalizes your pre-retirement planning efforts in finances, Social Security, health & leisure, and housing. Our third workshop, ***Countdown to Retirement***, reviews the retirement process and examines life in retirement.

SERS is here to assist you with any benefit questions, both now and in the future. If questions arise, contact our Field Services Division at 217-785-6979.

INVESTING IN YOUR FUTURE

State Retirement Systems' Workshop

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INTRODUCTION

GOALS

Goal-setting is the first step in the planning process, but many of us fail to comprehend the commitment necessary to achieve goals. Possessing goals and working to attain them is central to our well-being. Achievement is never possible except through specific, clearly defined goals.

When Goals Are Set You:

- Develop a focus which enables you to channel your energies to accomplish more in a shorter amount of time.
- Identify what is important to you. The greatest waste of time is having no idea what you are suppose to accomplish.
- Are positioned to gather data, and make judgements about that data.

When goals are set, they enable you to control the direction of your life.

From the moment of birth, each of us has an undetermined amount of time to accomplish our dreams. So many people reach the end of their life with the vague feeling that they could have accomplished more if they had only tried harder. Usually, the problem was a lack of direction, rather than a failure to try.

Our society does not understand the importance of failure in achievement. We must be willing to risk failure. If we take the time to determine why we failed, we will usually find the answers that eventually bring us success.

PLANNING

Planning is the mental process of thinking through what you want and how you will achieve it. Plans are commitments to a specific course of action in:

- Assessing the future and making provisions for it.
- Seeing opportunities and obstacles and exploiting or combating them.
- Reasoning about how to get where we want to go.
- Examining the causes and effects most likely to result from decisions.

OBSTACLES

Identify the obstacles you might encounter in achieving your goals. Writing down possible obstacles will remove your fear of failure.

Identify the information you need to accomplish your goal. Determine if you'll need professional assistance to help achieve your goal. Finally, list all of the activities you have to do to accomplish your goal.

TEN STRATEGIES FOR GOAL-SETTING

	Nearly Always	*Sometimes*	*Rarely*
1. When I set a goal, I write it down.	☐	☐	☐
2. I describe my goal in specific, measurable terms.	☐	☐	☐
3. I often visualize my goals.	☐	☐	☐
4. My goals are achievable.	☐	☐	☐
5. I set realistic deadlines for completing my goals.	☐	☐	☐
6. I break a large goal into manageable units.	☐	☐	☐
7. I look for the potential problems that may keep me from reaching my goals.	☐	☐	☐
8. I take action to remove or minimize those potential problems.	☐	☐	☐
9. I review progress toward my goals on a regular basis.	☐	☐	☐
10. I know the personal rewards of reaching my goals.	☐	☐	☐

Assess your responses by counting the number of times you responded "Nearly Always" and multiply that number by three. Multiply the number of times you responded "Sometimes" by two, and the number of times you responded "Rarely" by one. Then add the resulting three numbers for a total score.

Nearly Always ______ (number of responses) X 3 = ______

Sometimes ______ (number of responses) X 2 = ______

Rarely ______ (number of responses) X 1 = ______

TOTAL ______

ANALYZING YOUR SCORE

30 - 24 Excellent job of setting effective goals.

23 - 18 You are on your way to achieving effective goal setting. Take another look at the statements where your responses were less than "Nearly Always." These are the areas for additional concentration.

Below 18 There are several areas in which you can improve your goal-setting.

PRIORITIES

Rating our priorities is a great exercise in recognizing who we are and what we want out of life. Our priorities tell us about ourselves in terms of real, everyday, practical matters. Ignore priorities makes for disastrous decisions. List your priorities on a scale of one to ten, with one being the highest. There is no right or wrong way to do the list; but it would be wrong to not know where you stand!

___ Health

___ Sex

___ Money

___ Security

___ Religion

___ Pleasure

___ Relaxation

___ Socializing

___ Integrity

___ Prestige, power & recognition

___ Ownership of material things

___ Roots and tradition

___ Physical activity

___ Intellectual activity

___ Creative activity

___ Excitement and stimulation

___ Freedom from stress

___ Family

___ Work

___ Children

___ Education

___ Appearance

___ Romance

___ Feeling good

___ Solitude

___ Weather

NOTES:

FINANCIAL PLANNING

FINANCIAL PLANNING FOR THE REST OF YOUR LIFE

YOUR FINANCIAL PROFILE IS A COMPOSITE OF:

- *Your Stage of Life*
- *Lifestyle*
- *Tolerance for Risk*
- *Responsibilities*
- *Financial Resources*

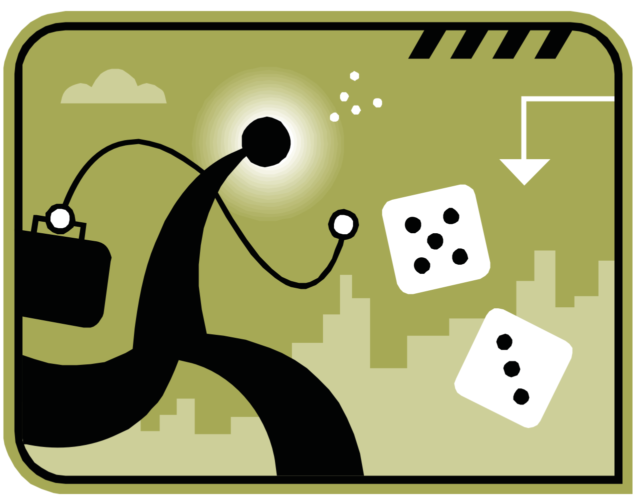
Every decision you make impacts your overall financial picture. That thought should underlie your approach to the financial planning process.

Planning your financial future starts with your first state job. That's when you can begin putting money into a Deferred Compensation or a tax-deferred Individual Retirement Account (IRA).

Even though you'll have lots of short-term reasons not to invest, such as buying a car or home, you should be thinking early on about you and your family's financial security.

Constructing Your Financial Profile

A financial profile should be the cornerstone of your financial plan. The more detailed the information, the better your profile will be. Your age, your children's age(s), other family relationships, and moral obligations influence how you prioritize savings, spending, and investing.



When you develop your financial profile, you must consider your priorities for both short and long-term goals. Typically, you remain in the accumulation stage until retirement, then shift to the disposal stage.

Your Lifestyle

Your lifestyle is specific to you. A significant aspect of your lifestyle is your career choice, which determines your earning potential.

Spending and saving habits also affect your lifestyle which affects your financial planning decisions. Surveys have consistently shown that money is the number one reason why married couples argue because we all differ on how we view finances.

With a limited amount of money, do we save or spend, and what do we spend our money on? There are no absolute right or wrong answers. The important point is to know yourself and not try to fit into someone else's opinion.

Risk Tolerance

To determine your financial responsibilities, you must examine your financial resources. If you can afford to lose all or part of your investments without too much hardship, the odds are that your investments will pay off in the long-run.

Once you analyze your resources and figure out what you can afford to lose, your attitude comes into play. To determine your risk tolerance, refer to the Deferred Compensation section of this workbook.

It really doesn't matter if you're the type to take a gamble or tuck your money under the mattress.

IMPORTANCE OF ORGANIZATION

If you're like most people you seem to get by from year to year without a financial plan. You collect your salary, pay your bills, and keep yourself and your family housed, clothed, and fed.

But what happens if a financial crisis occurs? You may find yourself lacking the funds or insurance to cover mounting bills. And what about those luxuries you've always longed for? Do they always seem to dangle just beyond your financial grasp? How will you pay for your children's education, or support yourself adequately in retirement?

If you talk to people who have achieved true financial security, you'll find they took an *organized* approach to financial management early on.

By consolidating all of your financial and personal information in one place, you can see how each part of the financial picture relates to the others.

Organizing your finances protects you from surprises, and places your current and future finances under a "master program" that gives you a system of checks and balances.

An organized plan will help you establish a pattern of spending, saving, and investing that ensures financial stability now–and growth for the future.

Organizing your finances is critical to sound financial planning, and provides you with an exceptional measure of security.

YOUR PERSONAL FILE SYSTEM

This file system should help you organize your financial matters into one file box. Purchase a set of manila folders and use one for each of the categories listed. Place the required information in each file. Do not be afraid to weed out old information, policies, etc., as you replace them with new ones.

	HEADING CONTENTS	OPERATIONAL CHECKLIST
GENERAL	• Personal Information sheet • Items in safety deposit box • Letter of last instructions • Copy of will	• Update Personal Information sheet to reflect any changes • Update safety deposit box list as new items are added or old ones eliminated.
BUDGETING	• Income Statement • Forecasts of income and expenses • Forecasts for short-term and long-term goals	• Review Budget Planning sheets • Revise goals, if necessary
HOUSING	• Purchase contract and receipt (deed in safety deposit box) • Mortgage papers • Title insurance policy • Home improvement receipts • Property tax receipts • Termite inspection and policy • Copy of lease or rental agreement	• Keep records of permanent home improvements to establish an accurate cost basis if you ever sell your home.
PROPERTY INSURANCE	• Details of policy • Insurance policies should be kept in a safety deposit box away from the house. • Personal property inventory. • Pictures of highly valued items.	• Change insurance limits on personal property holdings and/or changes in replacement costs of all structures. Update personal property inventory once a year. • Shop for rates. Get three quotes before each renewal date.

• Purchase receipts, interest payment records, charitable gift receipts, medical records, etc. • Tax forms, schedules, and other data for past 10 years. • Quarterly estimated tax forms. • All cancelled checks for last seven years.	• File all receipts that are required to substantiate deductions. After your annual tax is filed, place all receipts and other substantiating records in an envelope and file here or in an extra storage box.	*TAXES*
• All warranties & receipts relating to appliances, tires, carpets, etc. • Repair instructions.	• Add items after purchases. Remove all that have expired once per year.	*GUARANTEES & WARRANTIES*
• Employment contract, if any. • Employee handbook. • Annual Statements	• Update file, as necessary	*EMPLOYMENT INFORMATION*
• Details of education, degree(s), major professors and advisors with addresses. • Employment record, job titles, dates, responsibilities, supervisor's names & addresses.	• When you switch jobs, put information from employment in here. • Before you leave a school, update file with needed addresses	*PERSONAL RESUME*
• Papers showing resolution of prior debts. Credit card numbers, names and addresses.	• Update file as necessary.	*CREDIT RECORDS*

KEY PERSONAL PAPERS

Name	*Location*
Certificates: birth adoption baptismal marriage	
Will	
Brokerage Statements	
Income Tax Returns	
Gift Tax Returns	
Military Service Records	
Social Security Number and Cards	
Employment Records	
Educational Records (diplomas, transcripts)	
Medical and Health Records (medication, vaccinations)	
Cemetery Site Deed	
Divorce Decree or Separation Agreement	
Passport	
Citizenship Papers	
Organizations: professional, religious, fraternal, union, other	
Others:	

STOCKS, BONDS, MUTUAL FUNDS AND OTHER INVESTMENTS

Broker______________________________ Address___________________ Telephone ________________

	Issuer	Owner (Indicate whether registered or bearer)	Description	Date of Purchase	Number of Shares	Purchase Price	Location
Stocks							
Bonds							
Other							

FINANCIAL SELF-EXAMINATION

You can't grow financially unless your income exceeds your expenses.

Net Worth

Determining your net worth and recalculating it yearly is the best indicator of your financial progress and the first and vital step in creating a solid financial plan.

You must know what all your resources are before you can manage them properly. For example, you may have invested most of your resources in various types of bank accounts or personal property.

Balance Sheet

The balance sheet is a clear picture of your assets and liabilities, enabling you to analyze your financial position.

It shows you what is owned, what is owed, and your net worth on a a specific date. Your balance sheet determines if your net worth (Assets - Liabilities) is positive or negative. To complete the balance sheet, you need the following:

- Calculator
- Bank statements
- Money market funds, mutual funds and life insurance
- Most recent federal tax return
- Value of stocks, bonds and Deferred Compensation
- Current value of your home

Once you total your assets and liabilities, you're ready for the final calculation: ***your net worth***. Subtract your liabilities from your assets. If you are on the plus side, great.

If you have more liabilities than assets, the next part of this section will show you how to turn your personal finances around.

Analyzing Your Balance Sheet

Are your investments diversified, or are they concentrated in one type of asset or in a single asset?
Diversifying your investment portfolio combines security with some risk in order to achieve maximum returns.

Are you adequately insured?
The primary purpose of life insurance is to protect assets, including your ability to earn money.

The more you work with your balance sheet, the more aware you become of your financial strengths and weaknesses.

Your net worth is what you own (assets) minus what you owe (liabilities).

Total Assets
—
Total Liabilities
=
NET WORTH

PERSONAL BALANCE SHEET

ASSETS

- Cash on Hand ________
- Checking Accounts ________
- Savings Accounts ________
- Money Market Funds ________
- Loans to Others ________
- Rental Property Income ________
- Other ________

PERSONAL PROPERTY

- House ________
- Auto(s) ________
- Art, Antiques & Jewelry ________
- Other ________

LIQUID INVESTMENT

- Stocks, Bonds, Securities ________
- Certificates of Deposit ________
- Cash Value of Insurance & Annuities ________
- Gold, Silver, etc. ________
- Other ________

NON-LIQUID INVESTMENTS

- IRAs ________
- Deferred Compensation ________
- Real Estate ________
- Other ________

TOTAL ASSETS ________

LIABILITIES

- Unpaid Bills ________
- Insurance Premiums ________
- Utilities ________
- Alimony, Child Support ________
- Other ________

LOANS

- Home Improvements ________
- Autos ________
- Education ________
- Other Installment Loans ________
- Loan against Life Insurance ________
- Other ________

MORTGAGES

- Home ________
- Vacation Property ________
- Rental Property ________
- Other ________

TOTAL LIABILITIES ________

Total Assets - Total Liabilities = Net Worth

CASH FLOW

Your cash flow shows if your expenses (outflow) exceeds your income (inflow) or vice-versa.

One way to get a picture of your cash flow is to flip through your monthly bank statement. You may find that you're running on empty just before each paycheck. Or you may discover that the balance is building each month.

Either way, you need to find out where your money is going. A check register can help with big expenditures, but what about the "banking" that you do at the grocery store. You buy $13.15 worth of groceries, but write a check for $50 over that amount for "pocket money."

Instead, identify all of your purchases. If more than 30% of your after-tax income has trickled away in cash purchases, your spending records are insufficient.

Let's examine the different sections of the cash flow worksheet.

Inflow

Your most recent year's tax return is the best source to determine wages and dividends.

Outflow

Outflows are divided into two parts: taxes and living expenses.

Taxes

Enter the amount of income taxes you paid for the year. If you received a refund, include the actual amount paid (taxes withheld minus refund). Enter the amount of property taxes paid. Enter your Social Security contributions (W-2 Form) and figure your after-tax income.

Living Expenses

Checkbook registers and charge card statements are a great source for tracing some types of expenses.

To get your total annual living expenses, add the amounts in each category and multiply by 12. Put this amount on the total annual living expenses line.

For total outflows, add your total taxes to annual living expenses and subtract this amount from your total income to determine whether a surplus exists.

Cash Flow Analysis

Your cash flow worksheet shows you if your expenses exceed your income–or vice versa. If expenses exceed income, you are losing ground financially and corrective action needs to be taken.

Limiting excess spending will help you strenghten your savings and investments instead of paying off debts.

CASH FLOW

INFLOW		*Last Year*
Wages and salaries/overtime	$	______
Dividends and interest		______
Child support/alimony		______
Annuities		______
Rents, royalties		______
Other ______		______
	TOTAL INCOME $	______

OUTFLOW	
Taxes:	
Federal	______
State	______
Local	______
Property	______
Social Security	______
TOTAL TAXES	______
Total Income	______
— Total Taxes	______
TOTAL INCOME AFTER TAXES $	______

LIVING EXPENSES

Fixed Expenses		*Flexible Expenses*	
Rent or mortgage	______	Food	______
Financial legal services	______	Clothing	______
Car payments	______	Furniture durable goods	______
Household maintenance	______	Recreation, entertainment,	
Gasoline	______	vacations	______
Medications	______	Meals out	______
Homeowners or tenants		Utilities	______
insurance premiums	______	Interest on consumer credit	______
Car repairs	______	Life and disability insurance	______
Auto insurance premiums	______	Grooming	______
Health insurance premiums	______	Bank service fees	______
Tuition/day care	______	Cable T.V.	______
Other	______	Doctor bills	______
			______

TOTAL ANNUAL LIVING EXPENSES $ ______

THE BUDGET THAT'S RIGHT FOR YOU

After reviewing your cash flow, the next step in your financial plan is to establish a budget. Staying on a budget makes it easier to achieve financial security.

After itemizing your living expenses, review each line item to see where you could cut costs. Everyone has extra money waiting to be discovered.

When evaluating your expenses, ask yourself the following questions:

- Is this product/service essential?
- Could I get by with a less expensive version?
- Am I getting the best price?
- Could I refinance my (home, boat, car, van) and take advantage of the extra cash to reduce credit card debt?
- Can I learn simple home maintenance to reduce costs?
- Do I still need the same insurance coverage?

It's better to cut a little from each line than to drastically reduce one or two. Try to follow your plan, but most budgets are not 100% successful at first.

Your budget will need attention, review and readjustment until you can make it work for you. Unexpected expenses arise all the time. This is when your budget becomes a money management tool.

BUDGET TIPS

Mortgage: Have you reviewed your present mortgage? Are there lower rates and other programs that can be of benefit to you financially? Refinancing may be an advantage. What seems like small savings can add up to a substantial amount of long-term interest.

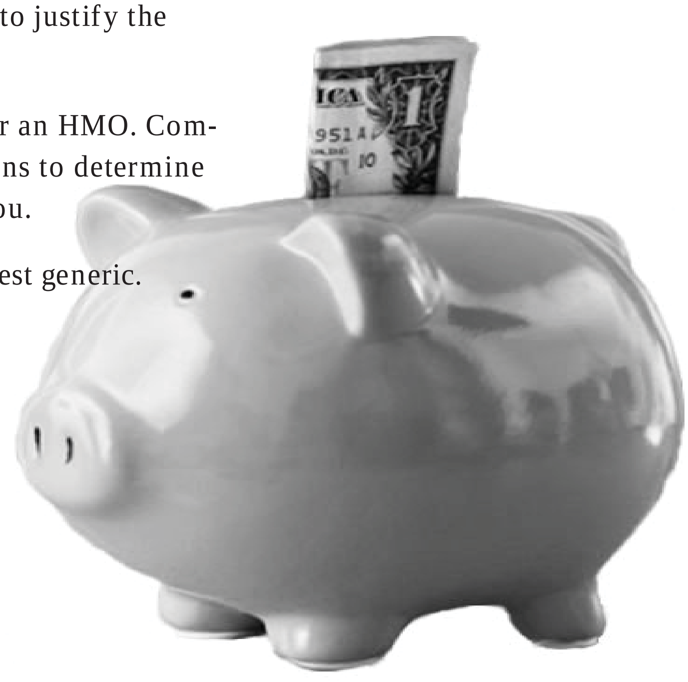
Utilities: Check with your utility company. Many offer information and services to save energy and money.

Gasoline: Warm up your car engine before driving. A cold engine uses about 10% more gas. Keeping your tires inflated properly can reduce your gas costs by 3%.

Car Insurance: If your car is more than five years old, check its value. Once the value falls below $2,000, drop your collision insurance, because the settlement for a totaled car is not enough to justify the cost.

Doctors: Consider an HMO. Compare insurance plans to determine the best one for you.

Medication: Request generic.



GLOSSARY OF COMMONLY USED FINANCIAL TERMS

View your spending in terms of needs, not wants!

Aggressive: This is a term used to describe an investment which, relatively speaking, carries a high degree of risk.

Balanced Fund: A mutual fund which has an investment policy of "balancing" its portfolio, generally by including a combination of bonds, preferred stocks, and common stocks.

Bond: An IOU of a corporation. It is evidence of a debt on which the issuing company promises to pay the bondholders a specified rate of interest, and to repay the loan on a specified maturity date.

"Blue Chip" Stocks: High quality stocks of major, well- managed companies with long- term records of dividend payments.

Capital Gains: Profits earned by a fund from the sale of securities within its portfolio. These gains are reinvested to buy more securities for the fund, or distributed to the fund's shareholders.

For an investor in the Deferred Compensation plan, capital gain distributions are reinvested to purchase more fund shares for his or her account and are not taxed until withdrawn.

Capital Growth: An increase in the market value of a security.

Certificates of Deposits (CD): A negotiable certificate of deposit in a commercial bank earning specified rates of interest over given periods.

Commercial Paper: Short-term promissory notes of large corporations.

Common Stock: Securities that represent an ownership interest in a corporation. Also referred to as "equities".

Common Stock Fund: A mutual fund whose portfolio consists primarily of common stocks. The emphasis of these funds are generally on growth.

Convertible: A term used to describe a bond, debenture, or preferred stock which may be exchanged by the owner for common stock or another security (usually of the same company) in accordance with the terms of the issue.

Current Income: Dividend, interest, or yield which accrues and is paid periodically in a mutual fund. Usually, market fund seeks current income as an investment objective.

Diversification: An investment policy of spreading investments among a number of different securities to reduce risk.

Dividend: A payment of income on a share of common or preferred stock. In the Deferred Compensation plan, these earnings are automatically reinvested and taxes deferred until withdrawal.

Dollar Cost Averaging: An investment strategy that involves investing equal amounts of money in a security at regular intervals regardless of what is happening in the stock market.

This strategy generally reduces the average cost per share to the investor slice more shares are acquired in periods of lower prices and fewer shares in periods of higher prices.

Dow Jones Industrial Average: A popular indicator of stock price levels and changes. The DJIA consists of thirty actively traded "blue chip" stocks primarily industrials that are listed on the New York Stock Exchange.

Equity Fund: A mutual fund that invests primarily in stocks.

Equity: Ownership interest of common and preferred stock-holders in a company. Used at times as a synonym for "stock".

Ex-Dividend Date: The date on which a mutual fund begins trading without the dividend or capital gain distribution. This is the date on which the NAV decreases by the amount of the distribution.

Fixed Income Security: A debt security with a fixed percentage return.

Government Obligation: Debt security issued by the U.S. Treasury or by an agency or instrumentality of the U.S. government and generally guaranteed as to timely payment of principal and interest by the issuer.

Growth Stock: A stock that has shown better-than-average growth in earnings and is expected to continue to show high levels of profit growth through discoveries of additional resources, development of new products, or expanding markets.

Growth Fund: A mutual fund with growth of capital as a primary objective, usually to be obtained principally through investments in common stocks with growth potential.

Growth & Income Fund: A mutual fund with the objective of providing both income and growth through investments in common stocks and bonds. A balanced fund is an example of a growth and income fund.

Income Fund: A mutual fund whose portfolio consists primarily of bonds or high dividend paying stocks. The emphasis is normally on income rather than growth.

Income Stocks: Stocks of companies that pay out a relatively large portion of their earnings in dividends.

Investment Objective: A goal pursued for an investment or an investment program.

Load: A sales charge.

Management Fee: The amount paid by a mutual fund to its investment advisor for portfolio management services. The amount of the management fee for a fund can be found in the fund's prospectus.

Money Market Fund: A mutual fund which is designed to maintain a stable share price by investing in short-term money market instruments which include bank certificates of deposits, bankers' acceptances, commercial paper, and government securities.

Mutual Fund: A registered investment company which combines the money of many people whose investment goals are similar and invests this money in a wide variety of securities.

Net Asset Value (NAV): The value of one mutual fund share, excluding any sales charges or redemption fees. The NAV is calculated daily by subtracting liabilities from the value of a fund's total assets and dividing by the number of fund shares outstanding.

No-Load Fund: A mutual fund sold without a sales charge.

Preferred Stock: A class of stock whose owners have a claim on the company's earnings before common stock. Preferred stock is also usually entitled to dividends at a specified rate.

Portfolio: The securities owned by a mutual fund.

Prospectus: The printed summary of a registration statement filed with the Securities and Exchange Commission in order to publicly offer securities (such as mutual fund shares).

The prospectus is the official selling document outlining the security's characteristics.

Standard & Poor's 500 Composite Stock Price Index: An average of 500 stock prices: 400 industrials, 40 financial, 40 utilities, and 20 transportation stocks. Each stock is weighted according to its capitalization. This is the most widely used general index of stock market activity.

Total Return: The change in a securities value for a specific period. It includes the effect of the reinvestment of any dividend, sales charge, and capital gain distributions during that period.

Turnover Ratio: The extent to which the securities in an investment company's portfolio are bought and sold during the course of the year.

Volatility: The relative rate at which a security or fund share tends to move up or down in price.

MANAGING DEBT

MYTHS THAT KEEP AMERICANS IN THE HOLE

Each year advertisers spend more than $17.2 billion persuading us to malls, car showrooms and supermarkets to spend our way to the good life–even if it means going deeper and deeper into debt.

Their message is clear: buy now, buy more, pay later. Yet surveys have shown that over 80% of us think we buy far more than we really need.

It's no wonder that a larger number of people are worrying about living paycheck to paycheck, barely keeping their heads above water. Many people find it difficult to quit spending since we're constantly bombarded by a powerful set of myths that keep us in the hole:

- ***You are what you wear, spend, own***. We're reminded every day that success is having the most, and the coolest stuff, on the block. You must keep spending to look your best.

- ***If you care...you'll go into debt***. How much should you spend on a diamond to celebrate your engagement? Jewelers will tell you two month's salary. Then there's the wedding itself. Is a "dream wedding" really worth $20,000?

A less expensive wedding might give the newlyweds enough money for a down payment on a house. The same is true for all of life's special events–love is in the heart and mind of the beholder...not in their wallet.

- ***"Don't leave home without it"***. Credit cards are a great convenience if you use them to pay for things you can afford and would have bought anyway. But too many of us use them as a license to spend impulsively, paying a heavy price in interest charges that could roll on for years.

- ***Buying a home is a great investment***. Not for the nearly 1.4 million families whose houses were foreclosed on in 2013, down 26% from 2012. Houses can be very expensive to own, especially when you consider closing costs, mortgage interest, property taxes, insurance, and the maintenance required over the years.

Plus, too many of us suffer from house worship, and end up slaving away to support our castles. Sometimes it's better to rent, especially if you live in an area where home values are depreciating.

If you do own your home, are you paying more than the set amount every month? This will save you thousands of dollars in interest over the life of the mortgage.

Here are a few of the ways credit card companies get us to spend more than we can afford.

- "Use this personal check as you would any other check." If you do, you'll get socked with a very inconvenient interest rate–usually 13% to 20%.
- "Your excellent payment record means you can skip next month's payment." You think you're getting

Outstanding consumer debt in America hovers around 11.3 TRILLION dollars! How did we, heirs to a thrift ethic that dates back centuries, get in so far over our heads?

This section of the Investing in Your Future workshop examines consumer debt, ways to avoid it and ways to get out of it, along with other information to help you get your financial house in order.

a one-month reprieve, while your balance rolls on accruing interest charges. You get further behind, while the bank comes out ahead.

- “We offer low monthly payments.” If you only pay the required amount every month, you will stay in debt indefinitely. The lower the required amount, the greater your debt will be.

If the average credit card balance is $8,000 at 17% interest, you could pay $1,360 in interest per year.

- ***It’s Better to Buy a New Car*** New cars come equipped with staggering depreciation rates of 15-20% the first year; then another 10-30% over the next two years. And auto makers have an even bigger money-loser for you: leasing. Those low monthly payments may look great, but after paying for the car’s heaviest depreciation years, you have to give it back and start all over again.

On the other hand, a well-maintained used car can provide years of reliable transportation, at a price you can probably afford.

- ***Bankruptcy Wipes the Slate Clean***. Years of overspending have a very heavy price. Personal bankruptcy in 2013 was 1.1 million, down 12% from 2012. In 2005, Congress passed more stringent personal bankruptcy regulations, requiring an income test to determine a debtor’s ability to repay financial obligations.

While bankruptcy may get you off the creditors hook, it leaves an indelible mark on your credit report for up to 10 years. It’s tougher to rebuild credit, and when you can get it, you’ll pay a higher interest rate.

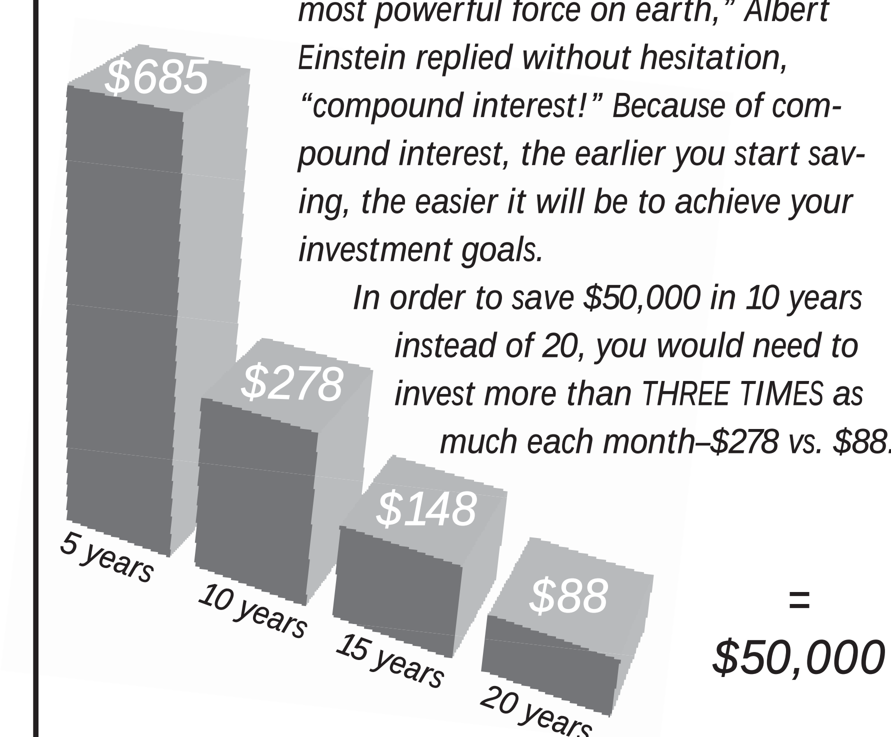
These are the myths that keep us from realizing our financial freedom from debt. Now, let’s look at some of the wise choices you can make to build wealth throughout your lifetime. These rules are straightforward, but it may take some discipline and patience to stick with them.

SENSIBLE STEPS TO BUILDING WEALTH

1. ***Recognize the Power of Compound Interest***. Few people can get rich from their wages alone. By taking advantage of compound interest, you’ll earn interest on top of interest by letting your investments accumulate and build on themselves.

When asked the question “What is the most powerful force on earth,” Albert Einstein replied without hesitation, “compound interest!” Because of compound interest, the earlier you start saving, the easier it will be to achieve your investment goals.

In order to save $50,000 in 10 years instead of 20, you would need to invest more than THREE TIMES as much each month–$278 vs. $88.



2. Resist Small Temptations Today for Big Payoffs Tomorrow. "Don't sweat the small stuff" is a popular saying, but thinking about the financial consequences of at least some of the small stuff, unnecessary expenses and bad habits, have a way of adding up to a sizable fortune lost. Penny-pinching is the fine art of deciding if you really need something.

3. Realize the Fortune of Taking Care of Yourself. Regular exercise and a healthy diet can make you wealthier by lowering your medical bills. You can also expect to live longer, which will allow you to work and save longer and allow your investments to compound for a longer period of time.

4. Get a College Education. It will pay big dividends in higher wages. The average college graduate makes about $30,000 more a year than the average high school graduate.

A good education also opens up the wonders of the world which will enrich your life regardless of how much money you have.

5. Consider the Financial Benefit of Marriage. Married people earn more and have more overall wealth than unmarried people living separately or together. Married couples can also economize on expenses with one household and two incomes. They tend to live longer, giving them more time to work, save and invest.

6. Don't Try and Beat the Market. Small investors often dream of beating the market by finding the right stock at the right time–think Microsoft or Google.

But the risks involved with major stock losses can devastate your assets. Most small investors shouldn't expect to beat the market, since 9 of 10 financial gurus can't beat the market.

Socking money away in any of the mutual funds offered by the State of Illinois' Deferred Compensation plan should give you a significant rate of return over the long haul while minimizing losses.

WELCOME TO THE MILLIONAIRE'S CLUB

Assuming there is no dramatic change in your career, you will earn a fortune over your lifetime. Let's say you and your spouse are age 30, with an Illinois median household income of $55,137. If you both work until age 65– even if you never get a raise–you will bring in around $2,000,000.

If your salary goes up just 3% a year, you'll earn over $4 million. If you get a promotion, you'll make even more. ***Welcome to the Millionaire's Club!***

To make the most of your millions, you should spend less than you earn, avoid debt, and follow these steps.

1. Get Out of Debt. Don't even think about investment strategies if you have credit card debt. Paying off your expensive debts gives you one of the highest-return and safest investments you can make.

If you're in the 28% tax-bracket, paying off a 17% credit card balance is the same as earning 23.5% before

SIMPLE DO'S AND DON'TS

DON'T indulge in wasteful habits. A regular cup of coffee over a latte will save you about $1 a day.

DON'T gamble away your future. You have a better chance of being struck by lightning then winning the lottery.

DO stay healthy. Exercising every day will lower your medical bills and give you a longer career.

DO reconsider that luxury car. If you buy a dependable used car after college instead of a flashy sports car and invest the price difference, you'll have around $500,000 at retirement.

It does not make financial sense to pay 18 - 21% in credit card interest, and save money in a 3 - 5% savings account!

taxes. Start with your high interest credit cards. When they're paid off, start paying extra on your other loans.

2. Decide What You Really Want. Make major lifestyle decisions only after a good deal of soul-searching. Do you want to retire with enough money to travel the world? Send your kids to college? Go back to school yourself? When you've had a chance to really think about your goals, move on to the next step.

3. Focus On What's Important. Decide which goals are serious and admit that some are probably wishful fantasies. Set your priorities, adjust your expectations, and start thinking in ways other than money. Put your family first, because kids grow up fast. What kind of memories do you want them to have?

4. Pay Yourself First. Paying yourself first will put you on the fast track of savings. Choose a comfortable amount to put away each payday, like 5% of your pay, and build it up 1% each year. After a couple of months, you won't even miss the money.

CHECK OUT THESE FINANCIAL ADVISE WEBSITES

- *www.kiplinger.com*
- *www.fool.com*
- *www.moneysavingexpert.com*
- *www.forbes.com/finance/*
- *www.free-financial-advice.net*
- *www.money.com/magazines/moneymag/money101/*

5. Start Now. Whether you're 25 or 45, once you've set your goals and figured out how to financially accomplish them, the sooner compound interest can begin working its magic.

6. Choose the Right Place. There are risks in every kind of investment–except paying off those high interest credit cards. You need to take risks based on your comfort level, time frame and goals.

7. Diversify Your Risks. Don't put all of your money in one place. Spread it out among several different investment options, and stay in it for the long haul. The short-term focuses too much on market dips and economy fluctuations.

9. Protect Yourself and Your Family. Besides saving and investing, the other important part of a financial plan is having life insurance, a will, and an estate plan. They're not fun details, but are essential to the future of your loved ones.

8. Get Smart. A little time spent learning basic financial strategies can go a long way toward making you more confident and richer. This workshop should help get you on the right track financially.

If you need help, a good financial planner will help you with your short and long-term goals. Ask as many questions as needed.

FINDING A GOOD FINANCIAL ADVISOR

So how do you find a financial advisor? The best place to start is asking co-workers for referrals, since they're likely to have similar salaries and be around your age. A planner who does a good job for your co-workers, will probably be a good fit for you, too.

Once you have a few names, arrange a short face-to-face interview with each advisor. Find out if they work with people similar to you financially.

Ask them how they are paid and how much they charge. Request three client references that you can speak with. Other questions that should be answered:

- What is their professional background, education, and experience?
- What is their area of specialization? Does it match your goals and risk tolerance?
- How many years have they been in business?

Financial planners are usually paid three different ways:

1. Fee-Only Planners charge an hourly rate (typically $100 to $250) to assess your needs and put together a comprehensive financial plan.

2. Commission-Only Planners get commissions on the mutual funds, stocks or insurance they sell you, instead of collecting a fee. There can be a conflict of interest in that certain products may pay them more than others, but this one-stop shopping approach is a convenient way of doing business.

3. Fee-Plus-Commission Planners charge a fee for their services and sell products which they receive a commission on.

SERS only employs certified financial planners for all of its workshops

All three types of planners have their pluses and minuses. Your goal should be to find the right planner for your needs.

There are four financial planning groups recognized for their qualifications and membership requirements that you can contact for referrals:

The American Institute of Certified Public Accountants offers referrals to CPAs with specialized experience in financial planning (888-777-7077, or www.aicpa.org).

The Institute of Certified Financial Planners offers referrals to professionals who have achieved the Certified Financial Planner (CFP) designation (800-487-1497, or www.cfp.net).

The International Association for Financial Planning has an extensive program for continuing education (800-532-9060, or www.iarfc.org).

The National Association of Personal Financial Advisors offers referrals to fee-only planners (847-483-5400, or www.napfa.org).

The Investment Advisors Act of 1940-Rule 204-3, otherwise known as the "Brochure Rule," states that all potential clients must be given a brochure listing the services and background of the investment advisor before any contractual agreement can be signed.

If you would like a copy of this brochure to comply with the "Brochure Rule," contact us at 217-785-6979.

INFLATION

The Rule of 72 tells you how fast your money is losing its value. Divide 72 by the current inflation rate to find the number of years before prices double.

Inflation also erodes what money is worth. If the inflation rate stays at a modest 3%, the $100 you have today will only be worth $50 in 12 years. Since many people live at least 20 years after retiring, inflation is a matter of concern.

72 ÷ Current Inflation Rate = number of years until prices double.

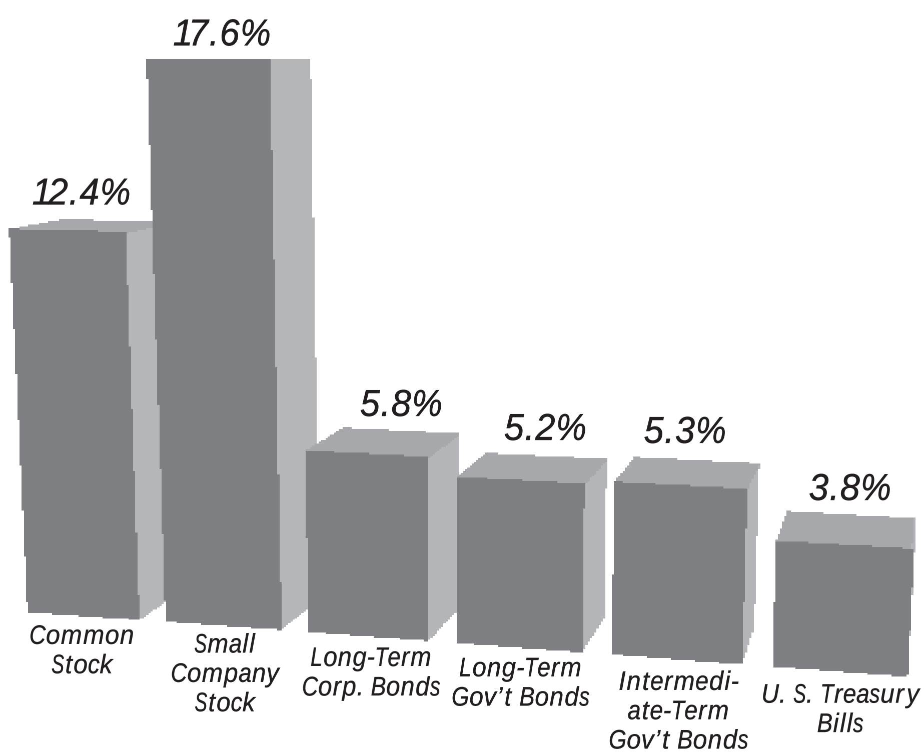
Inflation Projection Worksheet

Years in Retirement	5	10	15	20	25	30
2.5% Inflation Rate	0.64	0.82	1.04	1.33	1.70	2.16

	"Charlie"	**You**
1. How many years will you live in retirement? (85 minus your age at retirement)	***20***	________
2. How much monthly income would you need NOW to live comfortably in retirement?	***$1,500***	________
3. How much monthly income would you need in 10 years to live comfortably? (Multiply line 2 by 0.82)	***$1,722***	________
4. How much monthly income would you need in 20 years to live comfortably? (Multiply line 2 by 1.33)	***$1,995***	________

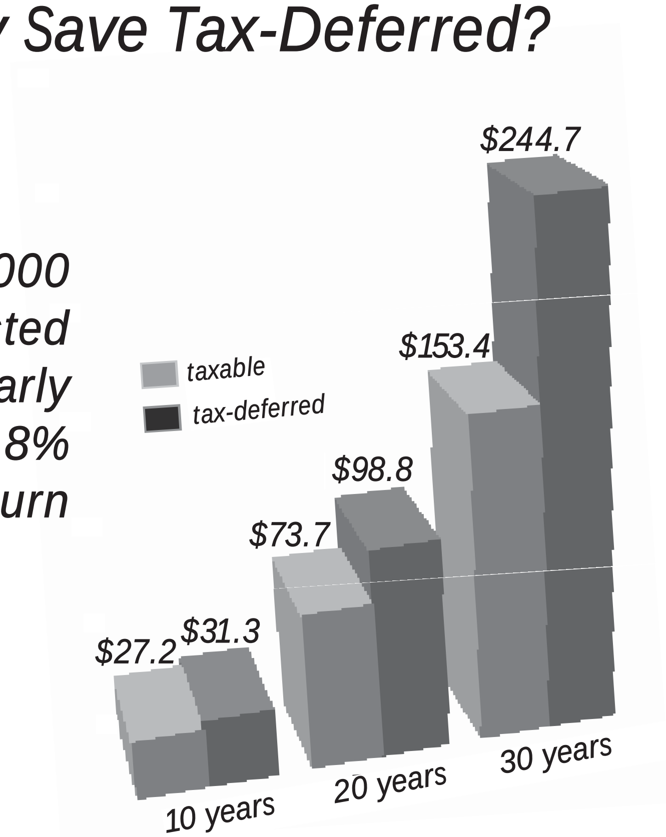
How To Beat Inflation

The only way to beat inflation is to invest in vehicles that outpace the inflation rate.



Why Save Tax-Deferred?

$2,000 Invested Yearly With An 8% Rate of Return



Saving tax-deferred gives you the double advantage of reducing your taxable income while investing for your retirement.

In this example, if you invested tax-deferred for 30 years at an 8% rate of return, you would have $91,300 more dollars than if you had invested with after-tax money.

Dollar Cost Averaging

Dollar cost averaging evens out the cost of your investments by saving the same amount of money at regular intervals over a long period of time. The price per share may fluctuate—sometimes you'll buy at a higher rate, other times at a lower rate—but you're never paying more than the current net worth. This way you don't risk making a big investment just before a major drop in price, which could devastate your account.

	Investment	Price per Share	Shares Purchased
Month 1	$200	$10	20
Month 2	$200	8	25
Month 3	$200	5	40
Month 4	$200	8	25
Month 5	$200	10	20
TOTAL	$1,000		130 Shares

Average Price:	$8.20	Portfolio Value:	$1,300
Average Cost:	$7.69	Total Investment:	$1,000

The Real Rate of Return

The real rate of return is what remains of your investment after subtracting the inflation rate. The higher the real rate of return, the better your defense against the effects of inflation.

For example, if an investment is paying 5% and the inflation rate is 4%, your real rate of return is 1%.

CONSUMER CREDIT

CREDIT CARDS IN THE U.S.

• Total U.S. consumer credit card debt in 2013 was $575 billion, after peaking at $1 trillion in 2008.

• The average family's credit card balance is $15,112 in 2013.

• Approximately 50% of credit card users pay their balance each month.

• The majority of U.S. households have no credit card debt.

• Only one in six families pays the minimum due every month.

From a consumer's perspective, using credit means being able to buy things you want or need now, when you don't have the money for the purchase.

Credit has enabled people to live better by paying off these goods and services as part of their regular living expenses, rather than waiting until they could afford to buy it. But this ease of credit also makes it easy to get over-extended.

Credit Cards

The biggest abuse of consumer debt is credit cards. They're convenient to use, which may be why so many people run into trouble financially. They rob you of your buying power by charging high interest rates if you don't pay off the balance each month.

The credit card industry makes it even easier to rack up those cards. Each year, they mail out a record 6 billion credit card solicitations, luring customers with the promise of low rates and no annual fees.

Everyone needs one or two major cards for travel and emergencies. Select a major card that is accepted in most places, has no annual fee, and a low interest rate.

Although low interest cards usually are limited to a certain time frame, it is better to pay 5.9% for six months rather than the average rate of 18.9%. Read the options available with the reduced percent card offer. In most cases, you can roll over gas, department store and other major cards into the reduced rate card.

The best thing you could do to avoid credit card trouble is to gather up your credit cards and cut up all but one or two of the major cards. If you don't have the extra cards, you won't be able to increase your debt.

Then do whatever it takes to reduce your credit card debt. Pay at least double the minimum monthly payment and start reducing your balance.

Good Debt vs. Bad Debt

Believe it or not, there's a difference between good debt and bad debt. Good debt is something you can afford to repay in a reasonable amount of time, it's something that's important to you, and it lasts much longer than the loan.

Bad debt is items that won't last very long, and you won't be able to repay over a reasonable time. The challenge is knowing the difference between good and bad debt.

Here Are Some Guidelines

Small Purchases (under $200): Charging a $50 pair of shoes is crazy if you can't pay the balance each month! Charge small purchases only if you know you'll pay off your monthly total.

Medium Purchases ($200 - $2,000): If you've been disciplined enough to scrape together an emergency fund, dipping into it for medium-sized purchases (like a refrigerator) is the right thing to do.

Large Purchases ($2,000 - $20,000): Whether you're strapped with medical bills or want to consolidate all of your credit card payments into one lower rate, financing these expenses over a period of time makes sense.

Maintaining Good Credit

Only two in five Americans understand that if they chronically fail to pay bills on time, they will have a major problem getting a home mortgage.

The nation's home ownership rate was 66% in 2011, its lowest level since 1998, which culminated a decade of gains fueled by easier lending standards and rising home purchases by immigrants and younger households.

Along with this good news is the fact that foreclosures totaled 1 million in 2011. Lenders are poised to take back more homes this year than any other since the U.S. housing meltdown began in 2006.

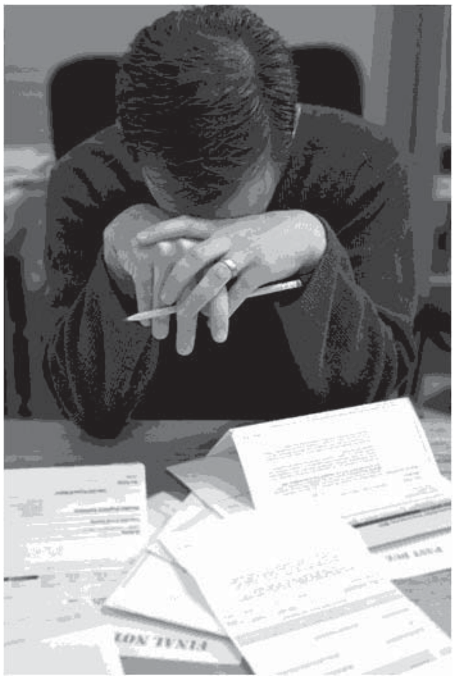
Some experts blame the credit card industry and the easy availability of credit in general for the lack of understanding of the consequences of a bad credit record.

WARNING SIGNS OF A CREDIT CRISIS

- *You are at or near the limit on your credit card(s).*
- *You charge more each month than you make in payments.*
- *You are consistently late with bill payments.*
- *You are using savings for daily expenses.*
- *You are making required monthly payments to your creditors totaling 20% or more of your take-home pay.*
- *You have recently been denied credit.*
- *You do not know how much debt you owe.*
- *You are using cash advances from credit card issuers to pay other creditors.*
- *You pay only the minimum amount due on your credit cards.*
- *You have defaulted on a payment.*
- *You have paid a bill with a post-dated check.*
- *You have had a check returned for insufficient funds.*
- *You have seriously considered taking out a consolidation loan to pay off your credit cards.*
- *You have received a telephone call or letter about your delinquent accounts.*
- *You are facing creditor lawsuits, repossessions and/or garnishment of wages.*

The key to any debt is paying more than the minimum monthly payment. Not only will you pay the debt faster, but you'll save a significant amount of money in interest.

CREDIT REPORTS



Unless you have recently been denied credit, you may think your credit report (that tell-all document about your credit history) is accurate and up-to-date. Think again! Recent studies show about 25% of all credit reports contain some inaccuracy.

The time to know what is on your credit report is BEFORE you need it. Not just when you apply for credit; potential employers, landlords, and insurance agencies may also ask to see it.

The three best-known credit reporting bureaus: Equifax, Experian (formerly TRW), and TransUnion, each offer a credit report containing a host of details about you: where you've lived, worked, your marital status and more.

Most important, the report shows how good you've been about borrowing and repaying money. Most bureaus also provide an index or score of your credit record, but it's each individual lending institution that decides how creditworthy you are.

Ironically, if you pay your bills in full and don't use credit cards, you may have difficulty getting approved because you won't have an established repayment pattern.

Don't assume that only your outstanding balances are used to evaluate your credit-worthiness. If you apply for several loans or credit cards at once, each lending institution will post an inquiry to your credit report.

To learn more about how to order your credit report, or what to do if it is incorrect, contact the credit bureau directly. If you are concerned because your report shows you are not a good credit risk, The Debt Counselors of America can help you manage your debt and get you back on track. Credit repair takes time and effort, but it's well worth the effort.

The Direct Marketing Association (DMA) compiles lists of consumers who prefer not to receive direct-mail solicitations for products and services. DMA members, including Experian, use the DMA list to remove names from their own mailing lists. You can register online at http://www.dmachoice.org/. You can also write to:

Direct Marketing Association
1120 Avenue of the Americas
New York, NY 10036-6700
212-768-7277, ext. 1888

If you write to the DMA, you'll be removed from DMA member lists for five years. You also can have your name removed from telemarketing lists by adding your name to the National Do Not Call Registry. To register your name, visit http://www.donotcall.gov/ or call 1-888 382-1222.

BANKING TIPS

Though most banks offer similar products and services, there may be important differences. For example, some banks don't pay interest on savings accounts of less than a certain amount. Others impose large service charges or monthly fees.

The following tips should help you find the right bank and avoid fees to your account.

Credit Unions can often save you money. They tend to charge lower rates on loans and are easy to get for members in good standing. Their fees are usually lower, and the savings account rates are higher than regular banks because they are non-profit.

Minimum Daily Balance requires you to maintain the minimum balance every single day in order to get free checking. If your balance drops below the minimum, for even one day, you are charged a fee.

Look for a bank that uses average daily balance method. With this method, the bank adds up your daily balances with the total number of days in the billing cycle to get an average amount.

Direct Deposit may be a way to save money. Some banks will waive minimum balance requirements and checking fees if you have direct deposit.

Sign Up for Overdraft Protection. The fee you pay on an overdrawn check is often high. With overdraft protection, you can be sure that every check you write is paid. If you do not abuse it, the service will cost you much less than a bounced check penalty.

Review your Bank Statement Monthly. As banking services expand, monthly statements have become important records. Understand any service fees your bank charges. Discuss optional programs with your bank.

Avoid Loan Late Fees by making payments on-time. Like check bouncing fees, late fees are usually much higher than the expense the bank incurs.

Avoid ATM Machines. The banking industry touted ATM machines as a convenience. But in the last several years, consumers have paid billions in fees for this convenience. Pay particular attention to ATM charges if you use cash machines frequently. Some banks charge a fee for every use, and some whenever you use a machine at a different bank.

PLANNING FOR COLLEGE

Tuition & Fees per Year **Using inflation rate of 2.5%**		
Year Entering College	*Four Year Public*	*Four Year Private*
2014	9,903	40,443
2015	10,151	41,454
2016	10,404	42,490
2017	10,664	43,553
2018	10,931	44,642
2019	11,204	45,758
2020	11,484	46,901
2021	11,772	48,074
2022	12,066	49,276
2023	12,367	50,508
2024	12,677	51,770

Children traditionally enter college at age 18, and obtain an undergraduate degree in four to five years. In this exercise, college costs include tuition, fees, and room & board. To estimate total college expenses, find the year your child will enter college and add the cost of that year with the cost for the next three years. For example, if your child will enter college in the year 2012, add the cost for 2012 through 2015.

Designing Your Plan

If you feel overwhelmed by the total cost you just estimated, remember that the earlier you begin saving toward your child's education, the longer your money can work for you.

If you save about $24 a week for 18 years with an 8% return, you will accumulate about $50,000. While your child grows, your deposits of about $22,500 would "grow" to $27,500 with interest. Using the table below, you can approximate the amount you must save regularly to pay for expected college expenses.

Total Expected Cost

Cost for four years of college
1. ________
2. ________
3. ________
4. ________

Cost for fifth year (optional)
5. ________

Total Estimated Cost ________

Multiply by Factor (in table) ________

Annual savings required ________

÷ by 12 for monthly savings ________

OR

÷ by 52 for weekly savings ________

Years Until Entering College	*Factor*	*Months to Save*	*Weeks to Save*
2	.48	24	104
3	.31	36	156
4	.22	48	208
5	.17	60	260
6	.14	72	312
7	.11	84	364
8	.09	96	416
9	.08	108	468
10	.07	120	520
11	.06	132	572
12	.053	144	624
13	.046	156	676
14	.041	168	728
15	.037	180	780
16	.033	192	832
17	.030	204	884

DEFERRED COMPENSATION

WHY YOU SHOULD INVEST

There are probably a million other things that seem more important right now than planning for retirement.

But the fact is, one day you will retire. Because of advancements in medicine and health care, chances are your retirement will last 20 years or more. You will have to provide for yourself and possibly others. Inflation will keep pushing costs up. Medical bills could climb higher.

And Social Security probably won't be enough to provide all the comforts you'd like. In fact, as you can see from the chart, today's retirees on average, receive only 19% of their income from Social Security.

Social Security and Your Pension May Not be Enough

Your combined Social Security and SERS pension benefits may leave you short of your retirement savings target. Among the reasons for this are:

- Many of us want to retire early.
- Inflation erodes the value of our savings.
- Medical advances are allowing us to live longer.

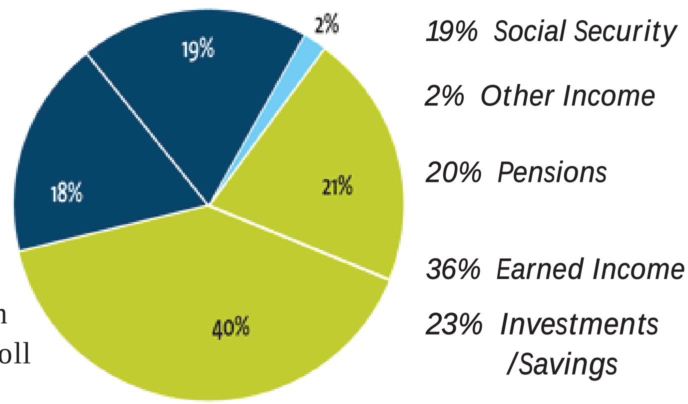
To make up the possible shortfall and assure a comfortable retirement, you need to save on your own. As you can see in the chart at right, personal savings and investments provide a substantial portion of retirees' incomes today. You can also see that many retirees work to supplement their incomes.

Get Started Today

It doesn't matter how old you are or what your financial position is. What does matter is taking the first step. The State of Illinois Deferred Compensation Plan makes it easy to start building a foundation for your future.

While enrollment is completely voluntary, the Plan offers you the chance to:

- Reduce your current income taxes.
- Watch your earnings grow tax-free.
- Save through convenient payroll deductions.



The Plan also offers you a wide variety of investment options and the flexibility to make investment changes. Before you enroll, you should know the Plan is meant to be a long-term savings program for your financial future. The Internal Revenue Code restricts withdrawals from the Plan except in the following cases:

- Termination of service after 30 days.
- Death (Your beneficiary would receive your benefits).
- Unforseeable financial hardship.

If you aren't already enrolled in the Plan, this section gives you all of the details you need.

Enrolling is easy–just complete the forms from Deferred Compensation and send them to your agency liaison or mail them directly to the Deferred Compensation office. Take advantage of this opportunity to build your financial future today!

Make the Most of the Plan

The Plan is one of the best ways to save for your future while enjoying tax benefits. To make the most of the Plan, it's wise to start early and contribute more from your paycheck whenever possible.

It's Easy and Convenient

Contribute whatever amount is comfortable for you. Your contributions are automatically deducted from your paycheck each pay period. This way you don't have to remember to budget for it. You never see the money, so you don't spend it.

The Powerful Effects of Compound Interest

Having your money work for you is one of the sweetest rewards of saving and investing. Compounding occurs when any earnings on your account are reinvested and given the chance to earn more money.

This can have a powerful impact on the value of your savings over time. The longer your money is invested, the more you can earn through compounding.

Consider this Example

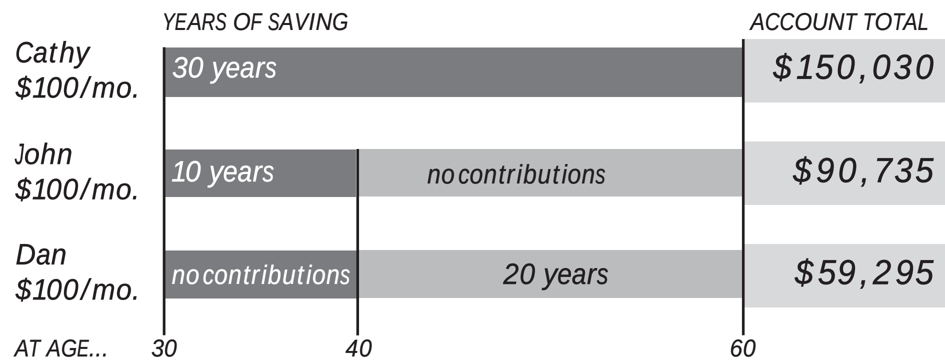
Referring to the chart below, Cathy starts contributing $100 per month at age 30 and doesn't stop until she's 60.

John also starts saving $100 per month when he's age 30, but stops after just 10 years. And Dan doesn't start contributing until he's age 40.

You can see from the chart below that Cathy contributed the most and was the most successful. And even though John contributed less to his account than Dan, he started earlier so his money had more time to compound.

The point of the chart is it doesn't matter whether you're 25 or 55, with a lot to save or just a little. What really matters is to get started contributing to the Plan as soon as you can!

THE ADVANTAGE OF TAX-DEFERRED COMPOUNDING



GENERAL RULES FOR RETIREMENT INVESTING

Market Risk
The chance that you could lose a portion of your investment is known as market risk. The best way to reduce it is to include investments with different levels of risk and return.

Inflation Risk
If the cost of living grows faster than your investments, you'll suffer from inflation risk. This is most common if all of your investments are in low risk/low potential returns.

The best way to protect against it is to choose some investments that usually outpace inflation, such as stocks.

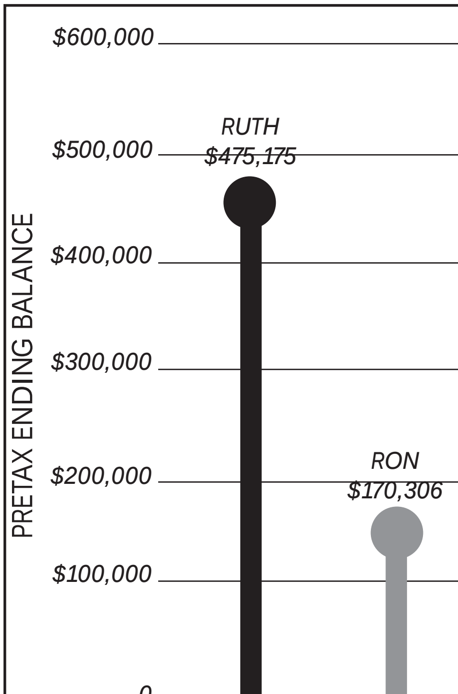
Diversify
Diversity means not putting all of your investment eggs in one basket. By investing in a mix of stocks, bonds and short-term investments, you increase the chance that some of your holdings will do well even if others are not. This reduces the potential impact of a single, poorly performing investment on your overall nest egg.

An Investment Strategy
Once you develop an investment strategy that's right for you, don't make frequent adjustments in an attempt to be in the right investments at the right times. This is called market timing, and it just doesn't work. Here's why:

Ruth invests $10,000 in a mix of stocks and stays invested for 30 years, regardless of the market's performance.

Ron also invests $10,000 in the same stocks, but panics and moves his money out of the market when he thinks the stocks might go down. Because of this, he misses some of the best months for stock market performance.

No one can predict the ups and downs of the markets, and those who try usually end up losing more often than they win. Successful investors build strategies that match their risk tolerance, and then stick with that strategy.



Ruth took the long-term approach. She had many years until she planned to retire and use her savings, so she put her money into stocks–and left it alone for 30 years.

Ron used a market-timing strategy. Since he kept moving his money into and out of the stock market, he ended up missing out on the 10 best-performing months for stocks during that 30-year period.

This chart is for illustrative purposes only and should not be considered representative of an investment in one of the Plan's funds.

How Much Risk are You Comfortable With?

The following quiz will help you determine your risk tolerance level. Total your score, then go to the next page to see the portfolio group best for you.

1. Which one of these best describes your situation?	
A. Age 20 to 35, just beginning career and family, and saving for major purchases.	○ 5 pts.
B. Age 30 to 50, saving for children's college education, paying for home.	○ 3 pts.
C. Age 40 and over, with children grown and on their own, saving as much as possible for retirement.	○ 1 pts.
2. When it comes to investing for retirement, would you consider yourself a knowledgeable investor?	
A. Yes	○ 5 pts.
B. Somewhat	○ 3 pts.
C. No	○ 1 pts.
3. You would feel best if you made an investment that:	
A. Doubled your money in the first year, although it had an equal chance of a 50% loss.	○ 5 pts.
B. Doubled your money in 10 years, with less chance of loss.	○ 3 pts.
C. Grew slowly and steadily.	○ 1 pts.
4. What's your idea of a smart investment strategy?	
A. For the sake of getting the best long-term growth, you accept the risk of ups and downs.	○ 5 pts.
B. To earn returns that will keep you ahead of inflation, you live with moderate risk.	○ 3 pts.
C. You save as much as you can, don't take chances, and hope you'll have enough.	○ 1 pts.

YOUR TOTAL SCORE ☐

WHAT YOUR QUIZ SCORE TELLS YOU

Your score from the previous page suggests your risk level. The amount of risk you're willing to take with your investments depend on your time frame, your goals, your overall financial situation, and your attitude towards risk. You may want to consult with a financial planner regarding your specific situation.

Score: 4-8 = LOW-RISK INVESTOR
You are a conservative investor who wants maximum stability for your money and can accept low returns. But remember–not having enough money when you retire is a big risk too. It may be appropriate to consider higher-risk investments.

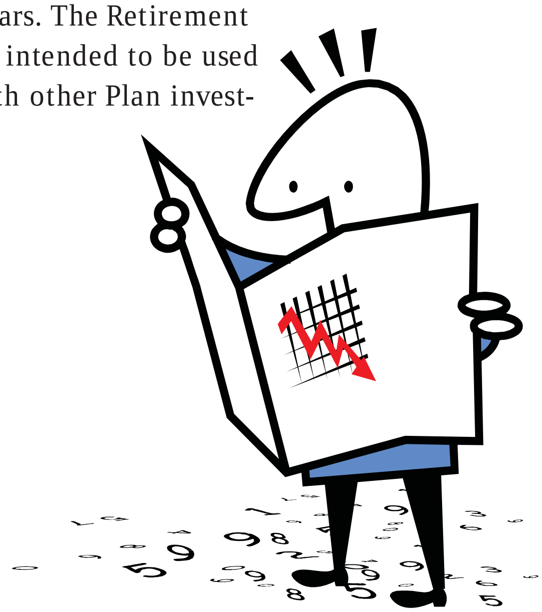
Score: 9-14 = MODERATE-RISK INVESTOR
You are an investor who likes balance between low-risk and higher-risk investments.

Score: 15-20 = HIGH-RISK INVESTOR
You are an investor who is comfortable taking substantial risk in exchange for potentially higher returns. Make sure you keep an eye on your time horizon and modify your investment strategy as your situation changes.

Page 55 lists the various investment options. You'll notice each group has more than one fund. Base your fund choices on the descriptions in this section and on the fund's prospectus, which provides more detailed information about each fund.

If you don't have the time, desire or experience to manage your investment choices, you should consider the T. Rowe Price Retirement Funds.

Each Retirement Fund is invested with a target retirement date and offers a professionally-managed, diversified mix of mutual funds that automatically adjust as the target retirement nears. The Retirement Funds are not intended to be used in tandem with other Plan investment choices.



FOUR INVESTMENT GROUPS

The funds in the Plan are grouped in four categories, depending on the kind and amount of risk they carry, and their potential return.

STABLE RETURN FUND
The Stable Retun Funds objective is to provide a generally steady level of income and to preserve principal. The fund is designed so that its principal value does not fluctuate. It invests in a diversified portfolio of investment contracts with a group of high quality insurance companies, banks, and other financial institutions.

BOND FUNDS
These are primarily investments in debt securities. These investments involve more risk than a money market/stable value investment, in part, because they invest in longer-term loans. However, bonds also have a higher potential return than a money market/stable value investment.

STOCK FUNDS
Stock funds carry the highest risk, while offering the highest potential return. You should consider higher risk funds when you seek a strong return and can tolerate the market's ups and downs and the potential loss of principal.

If you're like most investors, you'll want a mix of all these funds, each with its own goal, to meet your retirement target.

RETIREMENT FUNDS
Each T. Rowe Price Retirement Fund is made up of other T. Rowe Price mutual funds. That means you get a mix of different investments. The performance and risk of each retirement fund corresponds to the performance and risks of mutual funds it invests in.

YOUR INVESTMENT OPTIONS

Share Price Stability ***(less risk)***	*Return Potential* ***(more risk)***

Stable Return Fund

Vanguard Money Market Reserves

Stable Return Fund

Bond Funds

Vanguard Total Bond Index Fund –Institutional Shares

T. Rowe Price New Income Fund

Stock Funds

Ariel Growth Fund

Columbia Acorn Fund

Fidelity Puritan Fund

Invesco International Growth Equity Trust

Janus Overseas Fund

Lord Abbett Large Cap Core Equity

LSV Value Equity Fund

Northern Small Cap Value Fund

Vanguard Institutional Index Fund

Wellington Diversified Growth Portfolio

William Blair International Small Cap Fund

Retirement Funds

T. Rowe Price Retirement 2015, 2020, 2025, 2030, 2035, 2040, 2045, 2050, 2055

T. Rowe Price Retirement Income Fund

This chart shows where each fund in the Plan fits on a scale from least risk to greatest risk. The stock funds have the potential for the highest returns but the least share price stability. The stable return and bond funds are more secure but have a lower potential return than the stock funds.

For more specific information on these funds, go to the Deferred Compensation website at: http://cms.illinois.gov/cms/2_servicese_ben/defcomp.htm

T. ROWE PRICE RETIREMENT FUNDS

RETIREMENT 2015 FUND
(TRRGX)
The fund invests in a diversified portfolio of about 71% stocks and 29% bonds, with an increasing allocation to bonds and an increasing emphasis to short-term bonds over time. This fund is appropriate for individuals who are planning to retire around 2015.

RETIREMENT 2020 FUND
(TRRBX)
The fund invests in a diversified portfolio of about 78% stocks and 22% bonds, with an increasing allocation to bonds over time. This fund is appropriate for individuals who are planning to retire around 2020.

RETIREMENT 2025 FUND
(TRRHX)
The fund invests in a diversified portfolio of about 85% stocks and 15% bonds, with an increasing allocation to bonds over time. This fund is appropriate for individuals who are planning to retire around 2025 and prefer a diversified approach to retirement investing.

RETIREMENT 2030 FUND
(TRRCX)
The fund invests in a diversified portfolio of about 90% stocks and 10% bonds for several years, then increases the allocation to bonds. This fund is appropriate for individuals who are planning to retire around 2030.

RETIREMENT 2035 FUND
(TRRJX)
The fund invests in a diversified portfolio of about 90% stocks and 10% bonds for a substantial number of years, then increases the allocation to bonds over time. This fund is appropriate for individuals who are planning to retire around 2035.

RETIREMENT 2040 FUND
(TRRDX)
The fund invests in a diversified portfolio of about 90% stocks and 10% bonds. The allocation to bonds will increase over time. This fund is appropriate for individuals who are planning to retire around 2040.

RETIREMENT 2045 FUND
(TRRKX)
The Retirement 2045 Fund seeks the highest total return over time consistent with an emphasis on both capital growth and income. This objective is pursued by investing in a diversified portfolio of T. Rowe Price stock and bond funds. The fund's allocation between T. Rowe Price stock and bond funds will change over time. The funds' investment in many underlying funds means that they will be exposed to the risks of different areas of the market.

RETIREMENT 2050 FUND
(TRRMX)
The Retirement 2050 Fund seeks the highest total return over time consistent with an emphasis on both capital growth and income. This objective is pursued by investing in a diversified portfolio of T. Rowe Price stock and bond funds. The fund's allocation between T. Rowe Price stock and bond funds will change over time.

RETIREMENT 2055 FUND
(TRRNX)
The Retirement 2055 Fund seeks the highest total return over time consistent with an emphasis on both capital growth and income. This objective is pursued by investing in a diversified portfolio of T. Rowe Price stock and bond funds. The fund's allocation between T. Rowe Price stock and bond funds will change over time.

RETIREMENT INCOME FUND
(TRRIX)
This fund invests in a diversified portfolio of about 40% stocks and 60% bonds. The is the most conservative of the Retirement Funds, and is intended for retired investors who seek income and stability from bonds and capital appreciation potential from stocks.

MAKE THE DECISION THAT'S RIGHT FOR YOU

Separation from state service is a big step which requires making many decisions. Whether you are retiring, moving to a job outside state government, or pursuing other goals, you must decide how to handle the benefits you're eligible to receive.

Choosing how you want your Deferred Compensation account distributed is one of these decisions. Thanks to new tax laws, you will be allowed to set the distribution date that best fits your needs, and change your distribution election if your needs change.

Things You Need To Consider:

- When you want your account distributed
- How you want it distributed
- Your tax consequences

You have a variety of distribution options to choose from: a single lump sum payment, installments, or a plan-to-plan transfer (if employed with another governmental entity).

In addition, you may choose to begin distribution immediately or delay it until a future date. You may also change or discontinue the distribution method you have chosen.

You may want to ask the advice of a financial planner or tax consultant before making your choice. To ensure that you get the distribution choice you want, notify the Deferred Compensation Office before your time of separation. Also remember to mail your form within the required time frame.

If you have questions, or would like additional information or assistance, call the Deferred Compensation Office at 1-800-442-1300, 217-782-7006, or TDD 217-785-3979.

Who is Eligible For a Distribution

You are eligible for a distribution after you separate from state service and are off any other state payroll for 30 days.

If you are hired as an independent contractor providing services to the State within the 30-day period, you will not be considered terminated, and therefore ineligible for a distribution.

Your Distribution Decision

Current rules allow you more flexibility in selecting your distribution, since there is no longer the 60-day time limit after separation. As long as you are under age 70 1/2, you can wait to make your distribution decision.

This section explains your distribution choices, to help you can make an informed decision that is best for your personal situation. Distribution materials, including the appropriate forms, are available from the Deferred Compensation office.

You can start, change, or stop your distribution decision because the restriction of an 'irrevocable election' has been eliminated. You may change your distribution election once every calendar quarter.

Select How You Want Your Account Distributed

Your distribution can begin immediately, or you may delay distribution until age 70-1/2. Remember that there is no penalty for 'early withdrawal' associated with distributions from this Plan.

- If the value of your account at separation is $5,000 or less, you may wait to make your distribution decision, take a lump-sum distribution, or make the plan-to-plan rollover as discussed on the next page.
- If the value of your account at separation is $5,000 or more, you can choose one of the available distribution methods listed below.

YOUR DISTRIBUTION OPTIONS AT A GLANCE

YOUR DISTRIBUTION CHOICES	*HOW IT WORKS*
Total Lump Sum	A complete one-time distribution of the total value of your account.
Partial Lump Sum	A single payment that can be followed by installments, or you can wait to resume any other payment choices.
Installments	The installment amounts may vary with each payment. Payments can be made monthly, quarterly, semi-annually, or annually. You can choose a definite number of years you want to receive payments, or a recalculation of your life expectancy can be made annually to allow payments beyond your life expectancy when you separate from state service.
Fixed Dollar Installments	You decide the amount of each installment payment, which stays constant. Payments can be made monthly, quarterly, semi-annually, or annually.
Plan-to-Plan Rollovers	You may move your retirement plan assets between retirement plans in the public, private, education, and nonprofit sectors as you move between employment in those sectors. Monies may be moved between (to and from) 401, 403b, and governmental 457 plans, as well as traditional IRAs.

ROLLOVERS: THINGS TO CONSIDER

Rollovers provide an opportunity for the nation's workforce to consolidate their financial holdings into a single plan. This should simplify your retirement savings decisions, such as asset allocation and distribution elections, by having just one account.

However, rollovers also place the burden on the participant to verify the rollover plan's quality of investments and study its expenses.

The participant needs to investigate each option of distribution and review the Plan they intend to roll their money into.

Beware of restrictive rules, and determine all the costs and fees of initiating and maintaining a transfer. After all, you have worked hard to save for retirement and build up your account to its current balance.

There are several quesions that any responsible investor should investigate.

Does you new employer accept a rollover? While plans are mandated to allow for a rollover out of a plan, it's optional to accept a rollover into a new plan.

What kind of investment options does the rollover plan contain? Will the plan's offerings provide for adequate diversification? Who is responsible for analyzing the investments in a new plan? Do they review performance compared to an appropriate benchmark? Assets transferred from a Section 457 government Deferred Compensation plan must assume the charateristics of the new plan.

There is no penalty for distribution before age 59 1/2 in a 457. Does your new rollover plan have any penalties for early distribution?

What kind of access will you have to your account? What services are provided? Indirect rollovers have a mandatory federal withholding of 20%. The state of Illinois Deferred Compensation plan does not accept indirect transfers.

How insistent is your broker/advisor that you move your assets, and why? If an investment opportunity sounds too good to be true, it probably is. Be aware of all costs of a rollover. They can directly reduce your balance, and possibly decrease your rate of return. (See chart below)

COSTS YOU COULD INCUR IN YOUR NEW ACCOUNT

	NEW PLAN	ILL. DEF. COMP.
Transfer Fees	________	$0
Front/Back Loads	________	$0
Redemption Fees	________	$0
Sales Fees	________	$0
Management Fees	________	.15% annually
Fund Expense Ratios	________	.06% to 1.32%

How Installment Payments are Calculated

The amount of your installment payment is calculated by dividing your current account value by the total number of payments remaining.

For example, if you choose five annual installments, the first installment amount will be your account value divided by five. The next year, the installment amount will be your account value at that time divided by four.

You may choose any number of years or amount until you reach age 70 1/2. After that, your payments may have to be adjusted to comply with the minimum distribution requirement. The maximum period for payments can be no longer than your life expectancy, as projected by the IRS at the time of your separation.

If you elect fixed dollar installments, the amount may have to be adjusted periodically to meet federal distribution guidelines.

If you choose installments, each installment may be electronically wired to your checking or savings account.

Once you start distribution, your payments will be made according to the Plan's distribution schedule. Refer to it for specific accounting dates.

Your payment is taken proportionally from each of your investment options. For instance, if 60% of your money in the Deferred Compensation Plan is in Fund A and 40% is in Fund B, a $100 payment would be taken proportionally from each Fund–$60 from Fund A and $40 from Fund B.

Distribution Choices

Total Lump Sum: Your lump sum will be valued for distribution the first accounting date following the election period.

Partial Lump Sum: Your partial lump sum will be valued for distribution the first accounting date, for that type of payment, following the election period. The remainder will be paid as an annuity or in installments.

Installments: Your first installment, whether calculated or fixed dollar amount, will be valued for distribution the first accounting date following the election period.

YOUR INCOME TAX CONSEQUENCES

The State of Illinois Deferred Compensation Plan falls under Section 457 of the Internal Revenue Code. Your deferrals and earnings compound free of current taxes.

However, Deferred Compensation is fully taxable as retirement income when it is distributed to you or your beneficiary. Federal income tax withholding is also mandatory. New rules distinguish between distributions taken over ten or more years, and those that do not.

Distributions Over a Ten Year Period or Greater

If you choose a distribution method that extends for a period of ten years or more, your withholding will be calculated using the federal withholding tables based on the way you complete the W-4P form.

No other income is considered when making this calculation. If you don't complete a W-4P form, the withholding will be calculated at a rate of "married, claiming three dependents."

Less Than Ten Year Distribution

If you choose a lump sum distribution or a method that lasts less than ten years, the IRS requires a minimum of 20% be withheld. You may complete the W-4P to withhold more than 20%. If you do not complete a W-4P, 20% is withheld.

Your Account After You Leave State Service

After you separate from state service, you may no longer defer or make contributions to your account. However, as long as you have an account balance, you will continue to earn interest and/or dividends and receive quarterly statements.

You may also move money in your account from one investment option to another. Call T. Rowe Price toll-free at 800-225-5132 anytime day or night to make transactions.

Social Security Not Affected

Your rights to Social Security will not be affected when your Deferred Compensation account is distributed. Your distribution has already been taxed for Social Security purposes.

The Social Security Administration does not consider your Deferred Compensation distribution as earned income, so it does not affect the maximum a Social Security recipient can earn before payments are reduced.

ENTITLEMENTS

The SERS entitlements information in this workbook applies to Tier 1 members only. Tier 2 members should visit our website for Tier 2 information (www.srs.illinois.gov).

NOTES

SERS ENTITLEMENTS

The State Employees' Retirement System (SERS) is responsible for the administration of pension, death and disability benefits. You must apply for SERS benefits, and there are forms, eligibility requirements, and time frames you must comply with. If you have any questions, contact your Retirement Coordinator or SERS.

The SERS entitlements information in this workbook applies to Tier 1 members only. Tier 2 members should visit our website for Tier 2 information (www.state.il.us/srs).

REGULAR FORMULA PENSION

The regular retirement formula for all active employees is a flat rate formula of 1.67% for employees contributing to Social Security, and a flat rate of 2.2% for members not contributing to Social Security. The maximum pension is 75% of final average compensation.

Age and Service Requirements

- When any combination of age and service credit equals at least 85.
- Age 60 with eight years of service credit.
- Age 55 with a minimum of 25 years of service credit. (Reduced 1/2 of 1% for each month under age 60.)
- At any age with 35 years of service.

Final Average Compensation (FAC)
Average of 48 highest consecutive months of earnings within the last 120 months of service.

BENEFIT FORMULA

Coordinated Member	***Noncoordinated Member***
1.67% for each credit year	2.2% for each credit year

My total years of credited service at retirement ___________.

_____________ X _______ X _______ = _____________
Credited Service X Formula % X FAC = $ Pension Amount
(may not exceed 75%)

REQUESTING FORMS

- *To change or update beneficiaries... request #101*
- *To request service credit information for:*
  - *Qualifying periods*
  - *Short periods of employment*
  - *Repayment of refund*
  - *Leaves of absence*
  - *Military time*
    - *Free*
    - *Purchase*
  - *Leaves of absence ...request #2003*
- *To receive pension estimate or pension application packet...request #3901*

The SERS entitlements information in this workbook applies to Tier 1 members only. Tier 2 members should visit our website for Tier 2 information (www.state.il.us/srs).

REQUESTING FORMS

- *To change or update beneficiaries... request #101*
- *To request service credit information for:*
  - *Qualifying periods*
  - *Short periods of employment*
  - *Repayment of refund*
  - *Leaves of absence*
  - *Military time*
    - *Free*
    - *Purchase*
  - *Leaves of absence ...request #2003*
- *To receive pension estimate or pension application packet...request #3901*

ALTERNATIVE FORMULA PENSION

All SERS members with 20 years of alternative formula service can retire using one of three salary components to give them the highest monthly pension: a monthly formula based on final rate of pay at retirement; an average of the last 48 months of service; or the average of the highest 48 consecutive months over the last 120 months (for members in service prior to January 1, 1998). The maximum pension is 80% of final average compensation.

Age and Service Requirements:

- Age 50 with 25 years of service credit.
- Age 55 with 20 years of service credit.

Highest Dollar Calculation of the Following Three Ways:

- ***Final Average Compensation***: Average of the highest 48 consecutive months over the last 120 months of service *(for members in service prior to January 1, 1998).*
- ***Average of last 48 months of service***.
- ***Final Rate of Pay***: Cannot exceed the average of the last 24 months of pay by 115%.

BENEFIT FORMULA

Coordinated Member	***Noncoordinated Member***
2.5% for each year of service	3.0% for each year of service

***** My Highest Dollar Calculation $ ____________.

My total years of credited service at retirement ___________.

Years ________ X ________ % = ________ Total %
(may not exceed 80%)

______________ X ________ X _______ = ____________
Credited Service X Formula % X FAC = $ Pension Amount
(may not exceed 75%)

**** Highest dollar amount of the three way dollar calculation***

DEATH BENEFITS FOR BENEFICIARIES

My nominated beneficiary would receive a lump sum of $ _________ from SERS.

My nominated beneficiary would receive a lump sum of $ ______________ from Group Insurance.

My nominated beneficiary would receive a lump sum of $ ______________ from Deferred Comp.

Do I have a nominated beneficiary? ___________

Have I checked my statements to verify these nominations? __________

Do I understand the order of designation? __________

Current SERS Beneficiaries	***Order of Designation***
* ______________________________________	_________
* ______________________________________	_________
* ______________________________________	_________
* ______________________________________	_________

* *Verify these nominations with your Benefit Statement.*

DEATH BENEFITS FOR QUALIFIED SURVIVORS

Service Requirements: 18 months of credited service for active member
96 months of credited service for inactive member

ELIGIBLE SURVIVOR BENEFITS

Spouse
- Age 50, married one year prior to death of member.
- Any age, if children under age 18 (22 if full-time student) or disabled and age 18. This annuity will be suspended when the last child reaches age 18 (22 if full-time student), marries, dies, or is no longer disabled.

Children
- Under age 18 if not married (22 if full-time student) or a disabled child over age 18.

Parents
- Age 50 or older and 50% financially dependent on the SERS member.

Do I have Qualified Survivors? YES__________ NO __________

If yes, my Qualified Survivors are: ____
____
____
____

My Qualified Survivors would receive a monthly benefit of *$ __________________

NON-OCCUPATIONAL DISABILITY

The SERS entitlements information in this work-book applies to Tier 1 members only. Tier 2 mem-bers should visit our web-site for Tier 2 information (www.state.il.us/srs).

Requirements:

- Disability resulting from causes not related to your occupation.
- 18 months of credited service
- Absent more than 30 days
- Granted a medical leave of absence.
- Used all of your accumulated sick leave.
- Have submitted the required forms.

My Monthly Salary or Final Average Compensation *(whichever is higher)*

$ ______________ X .50 = *$ ______________ = Disability Benefit

My Total Months of Credited Service, Not Including
Any Service Received From Disability Benefits: ______________

______________ X .50 = ___________ Months of Eligibility

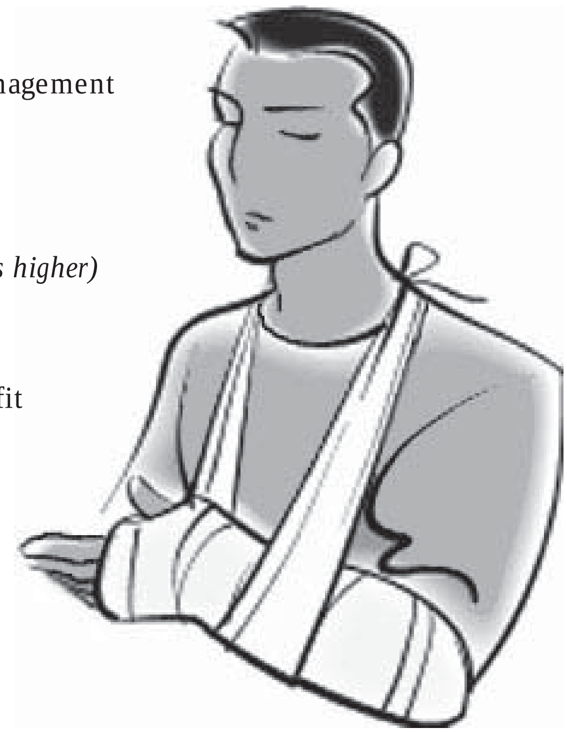
**** Subject to offset with Social Security disability benefits***

OCCUPATIONAL DISABILITY

Requirements:

- Member of SERS
- Filed a claim with Illinois Industrial Commission or Risk Management and receiving benefits under the Worker's Compensation Act
- Filed the required forms with SERS

My Monthly Salary or Final Average Compensation *(whichever is higher)*



$ ______________ X .75 = *$ ______________ Disability Benefit

**** Subject to offset with the Worker's' Compensation Act***

The SERS entitlements information in this workbook applies to Tier 1 members only. Tier 2 members should visit our website for Tier 2 information (www.state.il.us/srs).

IF YOU HAVE QUESTIONS

For questions concerning the establishment of creditable service, call the ***Service & Refunds Division 217-785-7167.***

For questions concerning a lump sum refund upon withdrawal from state employment, call the ***Service & Refunds Division 217-785-7187.***

For questions concerning your current status, are to be directed to the ***Accounting Division 217-785-7202***.

For questions concerning pension/retirement benefits, call the ***Claims Division 217-785-7343***.

For questions concerning disability benefits, call the ***Claims Division 217-785-7318***.

For questions concerning death benefits, call the ***Claims Division 217-785-7366***.

State Retirement Systems
2101 South Veterans Parkway
P. O. Box 19255
Springfield, IL 62794-9255
217-785-7444
Fax: 217-785-7019
TTD #: 217-785-7218
Web: www. state.il.us/srs

State Employees' Retirement System
Michael A. Bilandic Building
160 North LaSalle, Suite N-725
Chicago, IL 60601
312-814-5853
Fax: 312-814-5805
Web: www. state.il.us/srs

CMS Deferred Compensation
801 South 7th Street
P. O. Box 19208
Springfield, IL 62794-9208
800-442-1300, Ext. 3
217-782-7006
Fax: 217-782-7640

INSURANCE

GROUP INSURANCE INFORMATION

GROUP HEALTH COSTS BEFORE Retirement

- Must pay a portion based on annual salary.

For Dependents

- Premiums vary according to different plans (premiums are shown in annual CMS Benefit Choice booklet).
- Deducted from member's paycheck.

AFTER Retirement for SERS Members

- Tier 1 members must have eight years of service with SERS to qualify for group insurance. Tier 2 members must have 10 years.
- Premiums paid by State if you have 20 or more years of State service. Under 20 years of service must pay a member-portion based on years of service–5% credit for each year of State service. *(Example: 10 years X 5% = 50% State-paid)*.

For Dependents

- Premiums vary according to different plans (premiums are shown in annual CMS Benefit Choice booklet).
- Deducted from member's pension check.

GROUP DENTAL INSURANCE COSTS

BEFORE Retirement

- Must pay member and dependent premiums for Quality Care dental plan.

AFTER Retirement for SERS members and Dependents Covered Under Health Plan

- Must pay member and dependent premiums, same as active state employees.

GROUP LIFE INSURANCE COSTS

BEFORE Retirement

- Basic State Life - Free
- Equal to 100% of annual salary

AFTER Retirement

- Basic State Life - Free
- Under age 60, equal to100% of annual salary rounded up to next $100.
- Age 60 or older, reduces to $5,000.

OPTIONAL GROUP LIFE INSURANCE COSTS

BEFORE Retirement & Retired under age 60

- May purchase up to eight times basic life.

- ***Accidental Death and Dismemberment***: Extra cost equal to either member's basic life, or combined basic and optional.

- ***Spouse Life Insurance***: $10,000 coverage at extra cost.

- ***Child Life Insurance***: $10,000 coverage at extra cost.

Do you know who your Group Life beneficiary is?

Check to make sure your designation is current and addresses of beneficiaries are up-to-date.

Life insurance beneficiary information is available through the current life administrator for the State of Illinois.

RETIRED AGE 60 and Above

- May purchase or keep up to four times basic life.
  - If increasing coverage, you must complete a Health Certificate questionnaire which is subject to approval by the life insurance administrator.
- Spouse life insurance: $5,000 coverage at extra cost.
- Child life insurance: $10,000 for each eligible child at extra cost.
- All group life insurance premium rates are shown in the annual CMS Benefit Choice Options booklet.

OTHER NON-GROUP INSURANCE COVERAGES

Unlike State Group Insurance—health, dental, life—other insurance coverages do not automatically continue in retirement. You must complete new payroll deduction authorization cards from the insurance company.

GROUP INSURANCE CONTACTS

State Employees Retirement System
Group Insurance Section
217-785-7150

State Employees Retirement System
Chicago Office
312-814-5853

SOCIAL SECURITY

SOCIAL SECURITY

An Overview of Benefits Under Social Security

The basic purpose of Social Security benefits is to replace part of the income lost due to the disability, death or retirement of a worker.

It was never designed to replace income at a 100% rate. Workers need to know what Social Security will provide and then design other insurance, savings, investments, and pensions around this basic plan.

- You may begin to receive retirement benefits as early as age 62, but any benefits taken before full retirement age will cause a permanent reduction of benefits. If you delay your retirement past full retirement age, you will receive a larger monthly retirement benefit. Your family may also be eligible for benefits from your record when you retire.

- If you become totally disabled, benefits will be paid to you and your family while you remain disabled. If you return to work in spite of your disability, there are work incentives that allow you a chance to try a job before you lose the Social Security monthly benefit.

Workers who receive disability for 24 months become eligible for Medicare. Coordinated members of SERS will be asked to file for Social Security benefits during the first year of receiving SERS benefits.

- In the event of your death, your family will become eligible for benefits. Insurance payments and pensions generally do not affect the amount of survivors' benefits. In some cases the widow or widower's benefit may be reduced (or eliminated) due to the Government Pension Offset.

Social Security Retirement Benefits

Social Security retirement benefits may be paid as early as age 62, as long as you have paid into Social security for at least 40 quarters (10 years).

Benefits are paid based on your salary over a 40-year working period. Social Security uses the 35 highest years, indexed for inflation, and provides a percentage of that salary to the individual.

If you were born after 1937, the age at which you can receive full benefits increases. As an example, a State employee born in 1952 will be eligible to receive full benefits at age 66.

Social Security retirement payments will not affect your retirement benefits from SERS, nor will your SERS benefit affect your Social Security benefit, with one exception:

- As a State employee, if you do not pay into Social Security, you are considered a non-covered member. As a non-covered member, your Social Security benefit may be reduced.

To Get a Social Security Estimate

↓

Send In Form SSA-7004

To Obtain a Social Security Overview

↓

Call 1-800-772-1213
Ask for Pamplet, "Understanding the Benefits"

Social Security's website (www.socialsecurity.gov) is a valuable resource for information about all of Social Security's programs. You can do the following:

- *Apply for certain kinds of benefits*
- *Find the address for their local office*
- *Change your address*
- *Apply for a password to check your benefits or change your direct deposit*
- *Request a replacement Medicare card*
- *Confirm your benefit amount*
- *Find copies of their publications*

If you believe you will be affected in this way, contact the Social Security Administration at 1-800-772-1213, and request the fact sheet: A Pension for Work not Covered by Social Security.

Social Security Disability Benefits

Social Security disability benefits may be paid to a person unable to engage in gainful employment as a result of physical or mental impairment which has lasted, or can be expected to last, for more than one year.

Like Social Security retirement benefits, Social Security disability benefits are determined by average wages earned over a period of time.

If you ***do not*** pay into Social Security as a State employee, your disability benefits from SERS are not affected in any way. If you pay into Social Security as a State employee, Social Security disability payments WILL affect your non-occupational disability benefit.

If you have applied for SERS benefits because of a pregnancy, you will not be asked to apply for Social Security benefits.

Social Security Survivor Benefits

Social Security provides four benefits upon the death of a covered employee:

- ***A lump sum payment*** of $255 is paid to a worker's widow(er) or to a person who is eligible for a child's benefit.
- A survivor's benefit is payable to the surviving spouse, if that spouse is over the age of 60. The amount of that benefit is 71–100% of what the worker would have been paid at retirement, depending on the age of the surviving spouse (100% if the spouse is over full retirement age).
- A survivor's benefit is payable to each unmarried surviving child if they are:
  - Younger than 18
  - Between 18 and 19 years old and still in high school
  - Age 18 or older and severely disabled (the disability must have started before age 22).
- A survivor's benefit is payable to a parent age 62 or older if the parent was receiving one-half of their support from the deceased child.

If you have questions about Social Security benefits, contact the Social Security Administration at 1-800-772-1213.

ESTATE PLANNING

ESTATE PLANNING OUTLINE

I. Estate Planning - Basic Definitions

A. Planning for ownership and transfer of property

1. Contrast with Financial Planning
2. Discussions based on Illinois Law
3. Glossary of Terms

B. What is an Estate?

1. Real Property
2. Personal Property
3. Ways to “Own” Property
   a. Sole Ownership
      i. Creditor’s rights during life
      ii. Exemptions: Homestead, Personal, Retirement Accounts
   b. Co-Ownership
      i. Joint Tenancy: Passes to survivor
      ii. Tenants in Common: Share controlled by will or statute
      iii. If do not use term “joint tenancy with right of survivorship”, then have created tenancy in common (exception – vehicle titles)
      iv. Creditor problems: creditors of co-owners may claim an interest
   c. Transfer on Death
      i. Owner or owners have complete control until death of all owners
      ii. Name beneficiary or beneficiaries
      iii. Direct transfer to beneficiary; will does not control; not subject to claims or probate
      iv. Any type of asset including real estate
   d. Tenancy by the Entirety
      i. Only residence & spouses
      ii. Acts like Joint Tenancy passing sole ownership to surviving spouse
      iii. Protection from creditors of one spouse
      iv. Can’t return to different form of ownership
   e. Trust Ownership (see Part V)

II. Division of Your Estate

A. Property in decedent’s name only

B. Death without will (Intestacy)

1. Married with no descendants: all to spouse
2. Single with children: all to descendants
3. Married with children: half to spouse; half to descendants
4. No spouse or descendants: Siblings & parents
5. No spouse, descendants, parents, siblings, nieces or nephews: Descendants of grand-parents, one-half to cousins on each side of family
6. No relatives: Escheat to county or state, rare

C. Death with Will

D. Renunciation by spouse

1. 1/3 with children
2. 1/2 with no children

III. Why A Will Is Necessary

A. May want spouse to have it all

B. Distribution of property

1. Minor children
2. Charitable donations
3. Changes in shares & gifts

C. Name Executor

D. Name Guardian vs. Court-Appointed

1. Guardian of estate
2. Guardian of person
3. Doesn’t terminate other parent’s parental rights to custody

E. Waive surety on bond

F. Distributes property on death of surviving spouse

G. Wills - formal execution

1. Two witnesses
2. Notarization not required
3. Only filed after death with Circuit Court clerk of county of decedent’s residence

H. Codicil to change portion of will

IV. Selecting executors, trustees, attorneys & accountants

A. Executor

1. Individual or corporate
2. If individual
3. If corporate
4. Bond or surety for executive decision

B. Trustees
C. Fees
D. Accountants

V. Trusts

A. Definition
   1. Trust Fund
   2. Grantor
   3. Trustee
   4. Beneficiary
B. Basics
   1. All three parties may be same person
   2. May use bank as trustee
   3. May use provision only giving all or part of income for periods determined by grantor
   4. Beneficiary may receive interest directly, avoiding probate, upon death of grantor or other beneficiary
   5. May require surety bond of trustee
C. Non-Tax Advantages
   1. Beneficiary cannot legally manage funds
   2. Beneficiary lacks judgement in opinion of grantor
   3. Beneficiary is a "special needs" person who is physically or mentally disabled. Amount in trust does not count toward Medicaid or other means tested governmental programs
   4. Grantor wants beneficiary to have only life-time use of funds
   5. May avoid probate
   6. Insulates trust from claims of non-grantor beneficiaries' creditors through spendthrift clause
   7. Privacy
   8. Flexibility
   9. Use as "Conduit" for IRA's, etc.
D. Tax Effects
   1. Federal and state estate tax if:
      a. Retain income, or
      b. Retain power to change beneficiaries
      c. Retain power to revoke or amend trust
   2. Income Taxes
E. Disadvantages
   1. Cost
   2. Complexity
   3. Restrictions

VI. Revocable Living Trusts - Definitions

A. May change trust anytime during lifetime
B. Payment to yourself at own request
C. Pays debts, etc. at death
D. Added advantage of management
E. Not all assets suitable
F. Best suited for retirement age
G. Saves expenses

VII. Probate

A. Definition: court-supervised process to:
   1. Collect probate assets
   2. Pay debts, expenses, taxes (6 month claim)
   3. Distribute assets
   4. Creates a public record
B. How To avoid
   1. Life insurance
   2. Joint tenancies and transfer on death
      a. Joint tenancy: children, minors & problems
         i. Bank accounts
         ii. Real estate
         iii. Stocks
      b. "Convenience" joint tenancies - dangers
      c. May control no assets
   3. Trusts
   4. Use of small estate affidavit if bank accounts, equities, etc. in decedent's name alone under $100,000
C. Why Avoid
   1. Expense
   2. Lack of privacy
   3. Inconvenience
   4. Delay of claim periods (6 months)
D. Disadvantages of probate avoidance
   1. Short claim period foregone - six months if probate; two years for claims if no probate
   2. Income tax advantages may be lost if estate or trust is not a "taxpayer"
   3. Savings may not be as great
   4. Increased initial expense

VIII. Estate Tax (Illinois & Federal Use Same System)

A. 2011 Estate Tax
   1. Federal Estate Tax: $5 million exemption
   2. Illinois Estate Tax: $2 million exemption
B. Amount to spouse or charity always exempt
C. Taxable Estate - All property in which decedent retained income or could designate beneficiary
   1. Life insurance owned by decedent
   2. Retirement plans
   3. Revocable trusts
   4. Joint tenancy extent of contributions
D. If taxable under U.S. and Illinois at 2011

exemptions, combined rate over $5 million is approximately 43%

E. 2012 Estate Tax
1. Federal Estate Tax: $5 million exemption
2. Illinois Estate Tax: $3.5 million exemption

F. 2013 Estate Tax
1. Controlled by possible federal legislation
2. Could fall back to $1 million exemption

IX. Gift Tax

A. $13,000 per year per person annual exclusion
B. $5 million lifetime exemption over exclusion gifts
C. Use of lifetime exemption reduces estate tax exemption

X. Income Tax

A. Gifts & inheritance are not taxable income
B. Interest, dividends and other post-gift or post-death earnings on gifts or inheritances are taxable income
C. Exception: Inheritance of an asset which includes untaxed income. For example, IRA's, 401k's, deferred compensation, e-bonds or annuities will accrue untaxed income, the untaxed amount will be taxable to the beneficiary
D. Surviving spouse may "rollover" IRA, 401k, deferred compensation, etc.; others may not. Other survivors must withdraw at least a minimum amount each year which is determined by actuarial table

XI. Powers of Attorney/Advance Directives

Forms
1. Power of Attorney for Property and Health Care *www.gac.state.il.us*
2. Living Will, Power of Attorney for Health Care, Do Not Resuscitate Order *www.idph.state.il.us/public/books/advin.htm*

A. Principal – person giving power
B. Agent – person receiving power
C. Power of attorney for property
1. Lifetime document only (not a will)
2. Broad or narrow as wanted
3. Power to make gifts must be added
4. Must be notarized
5. Quick, easy, cheap BUT no surety or guarantee if negilence or malfeasance by agent

D. Power of Attorney for Health Care (POAHC)
1. Broad or narrow as desired
2. Question of life-sustaining treatment
3. Witnessed by one adult citizen of U.S.

F. Living Will
1. Declaration only affecting issue of death delaying procedures
2. Two witnesses
3. Useful if do not want health care agent
4. If have both, should match Power of Attorney for Healthcare

F. Do Not Resuscitate Order
1. P.O.A. for health care or living will do not control ambulance staff
2. Avoids resuscitation by ambulance staff
3. Kept at bedside of patient

G. Declaration for mental health treatment
1. Gives directions for types of treatment
2. Provides for consent or denial for admission to mental health facility
3. Names "attorney-in-fact" (similar to Powers agent) to make decisions regarding mental health treatment
4. Becomes effective when two physicians or judge determine principal is incapable of making decisions
5. Effective for 3 years. If principal becomes incapable during 3 years and declaration is invoked, effective until principal becomes capable

H. Appointment of authorized person under HIPAA, may be contained in POAHC
1. May execute a document authorizing persons to access health information
2. Can be useful for doctor records, hospital records, pharmacy records when person is incompetent or homebound
3. Often used in connection with power of attorney for healthcare which is a state matter; HIPAA is federal legislation and appointment must comply with federal regulations

XII. Antenuptial Agreement

A. Control Distribution
B. Waive Right to Renounce

XIII. Safekeeping Documents

A. Keep in safe place/organization
B. Untitled assets
C. Power of attorney
D. Living will
E. Funeral directions
F. Update your plan

WHY SHOULD I WORRY ABOUT ESTATE PLANNING?

AN ESTATE INVENTORY

If you own a home, have invested money, and are in a pension plan, the value of your estate is likely to be greater than you think. Here's a checklist of what might be included:

- *Real estate*
- *Securities (stocks, bonds, mutual funds)*
- *Interest and dividends you're owed but haven't been paid*
- *Bank accounts*
- *All tangible personal property*
- *Life insurance policies you own*
- *No-fault insurance payments due to you*
- *Annuities paid by contract or agreement*
- *Value of any qualified pension plans, including IRAs*
- *Income tax refunds*
- *Forgiven debts*
- *Closely held businesses*

Many people don't think about estate planning until they have one foot in the grave–if they even get that opportunity. If you have a family depending on you, you should definitely think about it. While it may seem morbid to make plans in case you die unexpectedly, it is very important.

What Is Your Estate?

Your estate is everything you own in your name, and your share of anything you own with other people. Your property can be ***real***–meaning land and buildings–or ***personal***, such as jewelry, a stamp collection, or furniture. Money is property too, as are stocks and bonds, mutual fund accounts, or a life insurance policy.

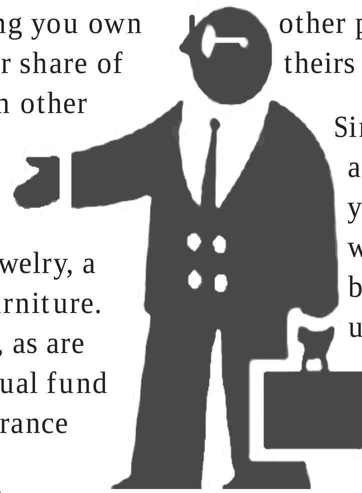
The actual value of your estate is calculated only after you die–when you're not around to figure it out!

IMPORTANT REASONS FOR ESTATE PLANNING

Since you own the property in your estate, it's your right to say what will happen to it. But unless it's written down, there's no assurances your wishes will be respected.

There are several ways to make clear what you want to happen to your estate.

- You can write a will to specify who gets what after you die.
- You can create trusts to pass property, or income from that property, to others.
- You can name beneficiaries on pension funds, insurance policies, and other investments so they will receive the payouts directly.
- You can own property with other people, so it becomes theirs when you die.



Since wills and trusts are legal documents, you should consult with a lawyer. Naming beneficiaries is simpler, usually requiring only your signature. And owning joint property, such as homes and bank accounts–usually with your spouse–is fairly standard.

Other Important Considerations:

- Name an executor for your estate.
- Name a guardian for your dependent children.
- Adjust your estate to reduce or eliminate estate taxes.
- Ease the settlement of your estate for your heirs.
- Protect yourself during a time of incompetency–draw up a living will.

ACTING AS EXECUTOR

Almost anyone can serve as an executor, as long as they're not a minor. Some states require that you be a U.S. citizen. Other states require you to be a state resident to serve as executor, unless you're a close relative.

You're disqualified from serving as an executor if you've ever been convicted of a felony, or if you're a judge. In any case, an executor must be confirmed by the probate court.

As executor you have legal responsibilities that begin as soon as the maker of the will dies. The process can take a few weeks, but can run longer than a year. At each step, you have to report your progress to the court.

WHEN YOU MIGHT WANT TO CONSULT A SPECIALIST

- Estate planning
- Making or revising a will
- Establishing a trust
- Settling an estate
- Setting up joint ownership of a property
- Establishing power of attorney or guardianship
- Caring for yourself if you become disabled

ESTATE VS. INHERITANCE TAX

ESTATE TAX is based on the value of your property, and usually paid by the estate. There's a federal estate tax and some state estate tax.

INHERITANCE TAX is owed by your heirs to pay for the value of the property they receive from your estate. You can specify in your will that your estate will pay any inheritance taxes due to save your heirs from having to sell property they inherit in order to pay the tax. However, Illinois does not have an inheritance tax.

ESTATE-TAX PHASEOUT

The federal estate tax is scheduled to be set at $1,000,000 for the near future. This is the amount each person can pass free of federal estate tax with a 55% tax rate.

How to Figure Estate Tax

1. Determine the value of your estate.
2. Subtract the estate's expenses to find the taxable estate amount.
3. Figure the tax due on the value of the taxable estate.
4. Subtract the tax credit to find the net estate taxes.

On the following pages you will find a number of forms you can fill out to protect your wishes if you should die unexpectedly.

LIVING WILLS

A living will is a legal document that contains your written instructions about what level of medical treatment you want in the event that you are unable to express your wishes verbally. For instance, you may want all possible measures taken to keep you alive, or you could instruct that nothing be done to keep you alive.

The Living Will Act defines "terminal condition" as "an incurable and irreversible condition where death is imminent and the application of death-delaying procedures serves only to prolong the dying process."

What Does a Living Will Do?

A living will directs a physician not to artificially prolong life if death is imminent. The physician is allowed to maintain the care necessary to provide comfort and dignity, while the fatal illness takes its natural course.

How Would a Person Decide Whether or Not to Create a Living Will?

An individual should consider the various implications of the living will: medical, financial, religious or ethical, and personal (especially the effect on family members).

It might be helpful to discuss the living will with persons who have had the experience of caring for a terminally ill relative or friend.

Although signing the living will is a personal decision, that decision will affect others, especially members of the family. Therefore, an individual might want to discuss the living will with one or more of the following individuals: spouse, children, close relatives or friends, physician or other health care professional, attorney or financial advisor.

What Are the Reasons for Creating a Living Will?

The first reason for creating a living will is to help ensure that one's wishes be honored. The other reason is to protect family members, health care professionals, and others from the stress and potential conflict of making critical decisions without sufficient information concerning an incapacitated patient's preferences.

What Are the Requirements and Provisions For Creating a Living Will?

The individual must be of sound mind and at least 18 years old. A living will must be signed in the presence of at least two witnesses. A witness must be at least 18 years old and cannot be a beneficiary under the will, or have financial responsibility for the declarant's medical care.

How Are Living Wills Put Into Effect?

The individual is required to notify their physician and provide him with a copy of the living will. The physician is required to include a copy of the living will in the patient's medical records.

Before the living will may be implemented, the attending physician must certify in writing that the individual has a terminal condition.

How Does One Revoke a Living Will?

The living will can be revoked by destroying the document or by written revocation. The living will can also be cancelled by oral revocation if it is done in the presence of a witness 18 years of age or older, who then creates a written document which is signed and dated by the witness.

If there are copies of the living will in different places, it is advisable to retrieve the copies or send a written revocation.

How Does a Living Will Affect Physicians?

Under Illinois law, health care providers are protected from civil and criminal liability for withholding or withdrawing death-delaying treatment in compliance with living wills.

The attending physician must examine and determine if the individual is terminally ill. Physicians generally honor living wills, and carry out the will's instructions.

Can a Health Care Provider Require a Person to Make a Living Will?

No healthcare provider can force you to sign a living will. The Living Will Act specifically prohibits health care providers from requiring a person to execute a living will as a condition for receiving health care services. If you need further assistance, call either of these toll-free telephone numbers:

Illinois Attorney General
1-877-305-5145
500 South Second St.
Springfield, IL 62706

Illinois Attorney General
1-800-243-5377
100 West Randolph St.
Chicago, IL 60601

LIVING WILL

THIS DECLARATION is made this _____ day of ______________________ 20 ______

I, ________________________________ , being of sound mind, willfully and voluntarily make known my desires that my moment of death shall not be artificially postponed. If at any time I should have an incurable and irreversible injury, disease, or illness judged to be a terminal condition by my attending physician who has personally examined me and has determined that my death is imminent except for death delaying procedures, I direct that such procedures which would only prolong the dying process be withheld or withdrawn, and that I be permitted to die naturally with only the administration of medication, sustenance, or the performance of any medical procedure deemed necessary by my attending physician to provide me with comfort care.

In the absence of my ability to give directions regarding the use of such death delaying procedures, it is my intention that this declaration shall be honored by my family and physician as the final expression of my legal right to refuse medical or surgical treatment and accept the consequences from such refusal.

Signed: ______________________________

City, County and State of Residence: ______________________________

____

The declarant is personally known to me and I believe him or her to be of sound mind. I saw the declarant sign the declaration in my presence (or the declarant acknowledged in my presence that he or she had signed the declaration) and I signed the declaration as a witness in the presence of the declarant. I did not sign the declarant's signature above for or at the direction of the declarant. At the date of this instrument, I am not entitled to any portion of the estate of the declarant according to the laws of intestate succession or, to the best of my knowledge and belief, under any will of declarant or other instrument taking effect at declarant's death, or directly financially responsible for declarant's medical care.

Witness: ______________________________

Witness: ______________________________

DURABLE POWER OF ATTORNEY

A Durable Power of Attorney allows you to delegate a trusted friend or family member to become your agent for any decisions if you become incompetent.

The agent speaks for you and makes decisions according to your wishes during periods of physical or mental incapacity. In Illinois, there are two statutory power of attorney forms: one for health care and the other for property.

What Are the Advantages?

Durable Powers of Attorney are flexible legal arrangements and apply to a number of situations. They permit you to decide who should make decisions on your behalf rather than leaving the decision-making to the courts.

It also saves your relatives from the burden of making decisions without knowing your wishes. Durable Powers of Attorney can be used by anyone who wants life-prolonging treatments continued, as well as those who do not.

For example, you may or may not want to receive life-sustaining measures if you suffer an irreversible coma. You may instruct your agent to withhold food and fluids or to not administer cardio-pulmonary resuscitation (CPR) under certain circumstances.

What Are the Legal Requirements or Provisions?

Illinois law does not require an attorney to prepare your Durable Power of Attorney document, but you may choose to involve your lawyer anyway.

Before executing your document, talk to the person whom you want to be your agent and review your wishes for the types of medical treatment and/or disposition of your property.

Your agent must be over the age of eighteen, cannot be your doctor, or someone who is paid to provide you with health care services.

You must have the Durable Power of Attorney for Health Care witnessed. The Durable Power of Attorney for Property must be signed and notarized. Send the original form to your agent and copies to your lawyer, your doctor, and family members.

It is advisable to have one or more successor agents in case the primary agent is unavailable. The individuals you appoint should be people you have a great deal of trust in and can rely upon to act according to your interests.

How Long Will Your Durable Power of Attorney Last?

You can specify the time which the Durable Powers of Attorney will begin and end. Your document should state all duties, limitations, immunities and other terms applicable to the agent.

The Durable Power of Attorney for Health Care may be revoked by destroying it, written revocation, or oral revocation. The revocation must be made in the presence of a witness 18 years of age or older who then puts the revocation in writing.

The Durable Power of Attorney for Health Care can also be effective after death to authorize your agent to deal with an autopsy, anatomical gifts and burial.

The Durable Power of Attorney for Property may be revised in any matter at any time. Unless you state an earlier termination date, the document will continue until your death.

When Should You Obtain a Durable Power of Attorney?

Anyone over age eighteen can obtain a Durable Power of Attorney. It should be done long before you anticipate anything happening to you. This will ensure that if you are ever in a situation where you need an agent, you will have one.

Will My Durable Power of Attorney Be Recognized in Other States?

Most state statutes do recognize a Durable Power of Attorney. Since there are variations between state laws, all documents should be witnessed and notarized.

If you need further assistance, call either of these toll-free telephone numbers:

Illinois Attorney General
1-877-305-5145
500 South Second St.
Springfield, IL 62706

Illinois Attorney General
1-800-243-5377
100 West Randolph St.
Chicago, IL 60601

NOTICE TO THE INDIVIDUAL SIGNING THE ILLINOIS STATUTORY SHORT FORM POWER OF ATTORNEY FOR HEALTH CARE

PLEASE READ THIS NOTICE CAREFULLY. The form that you will be signing is a legal document. It is governed by the Illinois Power of Attorney Act. If there is anything about this form that you do not understand, you should ask a lawyer to explain it to you.

The purpose of this Power of Attorney is to give your designated “agent” broad powers to make health care decisions for you, including the power to require, consent to, or withdraw treatment for any physical or mental condition, and to admit you or discharge you from any hospital, home, or other institution. You may name successor agents under this form, but you may not name co-agents.

This form does not impose a duty upon your agent to make such health care decisions, so it is important that you select an agent who will agree to do this for you and who will make those decisions as you would wish. It is also important to select an agent whom you trust, since you are giving that agent control over your medical decision-making, including end-of-life decisions. Any agent who does act for you has a duty to act in good faith for your benefit and to use due care, competence, and diligence. He or she must also act in accordance with the law and with the statements in this form. Your agent must keep a record of all significant actions taken as your agent.

Unless you specifically limit the period of time that this Power of Attorney will be in effect, your agent may exercise the powers given to him or her throughout your lifetime, even after you become disabled. A court, however, can take away the powers of your agent if it finds that the agent is not acting properly. You may also revoke this Power of Attorney if you wish.

The Powers you give your agent, your right to revoke those powers, and the penalties for violating the law are explained more fully in Sections 4-5, 4-6, and 4-10(c) of the Illinois Power of Attorney Act. This form is a part of that law. The “NOTE” paragraphs throughout this form are instructions.

You are not required to sign this Power of Attorney, but it will not take effect without your signature. You should not sign it if you do not understand everything in it, and what your agent will be able to do if you do sign it.

Put your initials on the following line indicating that you have read this Notice:

____

(Principal’s initials)

ILLINOIS STATUTORY SHORT FORM POWER OF ATTORNEY FOR HEALTH CARE

1. I, ____,

(insert name and address of principal)

hereby revoke all prior powers of attorney for health care executed by me and appoint:

____

(insert name and address of agent)

(NOTE: You may not name co-agents using this form.) as my attorney-in-fact (my "agent") to act for me and in my name (in any way I could act in person) to make any and all decisions for me concerning my personal care, medical treatment, hospitalization and health care and to require, withhold or withdraw any type of medical treatment or procedure, even though my death may ensue.

A. My agent shall have the same access to my medical records that I have, including the right to disclose the contents to others.

B. Effective upon my death, my agent has the full power to make an anatomical gift of the following:

(NOTE: Initial one. In the event none of the options are initialed, then it shall be concluded that you do not wish to grant your agent any such authority.)

____ Any organs, tissues, or eyes suitable for transplantation or used for research or education.

____ Specific Organs:____

____ I do not grant my agent authority to make any anatomical gifts.

C. My agent shall also have full power to authorize an autopsy and direct the disposition of my remains. I intend for this power of attorney to be in substantial compliance with Section 10 of the Disposition of Remains Act. All decisions made by my agent with respect to the disposition of my remains, including cremation, shall be binding. I hereby direct any cemetery organization, business operating a crematory or columbarium or both, funeral director or embalmer, or funeral establishment who receives a copy of this document to act under it.

D. I intend for the person named as my agent to be treated as I would be with respect to my rights regarding the use and disclosure of my individually identifiable health information or other medical records, including records or communications governed by the Mental Health and Developmental Disabilities Confidentiality Act. This release authority applies to any information governed by the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") and regulations thereunder. I intend for the person named as my agent to serve as my "personal representative" as that term is defined under HIPAA and regulations thereunder.

(i) The person named as my agent shall have the power to authorize the release of information governed by HIPAA to third parties.

(ii) I authorize any physician, health care professional, dentist, health plan, hospital, clinic, laboratory, pharmacy or other covered health care provider, any insurance company and the Medical Informational Bureau, Inc., or any other health care clearinghouse that has provided treatment or services to me, or that has paid for or is seeking payment for me for such services to give, disclose, and release to the person named as my agent, without restriction, all of my individually identifiable health information and medical records, regarding any past, present, or future medical or mental health condition, including all information relating to the diagnosis and treatment of HIV/AIDS, sexually transmitted diseases, drug or alcohol abuse, and mental illness (including records or communications governed by the Mental Health and Developmental Disabilities Confidentiality Act).

(iii) The authority given to the person named as my agent shall supersede any prior agreement that I may have with my health care providers to restrict access to, or disclosure of, my individually identifiable health information. The authority given to the person named as my agent has no expiration date and shall expire only in the event that I revoke the authority in writing and deliver it to my health care provider.

(***NOTE:*** The above grant of power is intended to be as broad as possible so that your agent will have the authority to make any decision you could make to obtain or terminate any type of health care, including withdrawal of food and water and other life-sustaining measures, if your agent believes such action would be consistent with your intent and desires. If you wish to limit the scope of your agent's powers or prescribe special rules or limit the power to make an anatomical gift, authorize autopsy or dispose of remains, you may do so in the following paragraphs.)

2. The powers granted above shall not include the following powers or shall be subject to the following rules or limitations:

(NOTE: Here you may include any specific limitations you deem appropriate, such as: your own definition of when life-sustaining measures should be withheld; a direction to continue food and fluids or life-sustaining treatment in all events; or instructions to refuse any specific types of treatment that are inconsistent with your religious beliefs or unacceptable to you for any other reason, such as blood transfusion, electro-convulsive therapy, amputation, psychosurgery, voluntary admission to a mental institution, etc.)

____

____

____

____

____

(NOTE: The subject of life-sustaining treatment is of particular importance. For your convenience in dealing with that subject, some general statements concerning the withholding or removal of life-sustaining treatment are set forth below. If you agree with one of these statements, you may initial that statement; but do not initial more than one. These statements serve as guidance for your agent, who shall give careful consideration to the statement you initial when engaging in health care decision-making on your behalf.)

I ***do not*** want my life to be prolonged nor do I want life-sustaining treatment to be provided or continued if my agent believes the burdens of the treatment outweigh the expected benefits. I want my agent to consider the relief of suffering, the expense involved and the quality as well as the possible extension of my life in making decisions concerning life-sustaining treatment.

Initialed _________

I want my life to be prolonged and I want life-sustaining treatment to be provided or continued, unless I am, in the opinion of my attending physician, in accordance with reasonable medical standards at the time of reference, in a state of “permanent unconsciousness” or suffer from an “incurable or irreversible condition” or “terminal condition”, as those terms are defined in Section 4-4 of the Illinois Power of Attorney Act. If and when I am in any one of these states or conditions, I want life-sustaining treatment to be withheld or discontinued.

Initialed _________

I want my life to be prolonged to the greatest extent possible in accordance with reasonable medical standards without regard to my condition, the chances I have for recovery or the cost of the procedures.

Initialed _________

(NOTE: This power of attorney may be amended or revoked by you in the manner provided in Section 4-6 of the Illinois Power of Attorney Act.)

3. This power of attorney shall become effective on:________________________________

____

(NOTE: In Line 3 above, insert a future date or event during your lifetime, such as a court determination of your disability or a written determination by your physician that you are incapacitated, when you want this power to first take effect.)

(NOTE: If you do not amend or revoke this power, or if you do not specify a specific ending date in paragraph 4, it will remain in effect until your death; except that your agent will still have the authority to donate your organs, authorize an autopsy, and dispose of your remains after your death, if you grant that authority to your agent.)

4. This power of attorney shall terminate on:____________________________________

____

(NOTE: In Line 4 above, insert a future date or event, such as a court determination that you are not under a legal disability or a written determination by your physician that you are not incapacitated, if you want this power to terminate prior to your death.)

(NOTE: You cannot use this form to name co-agents. If you wish to name successor agents, insert the names and addresses of the successors in paragraph 5.)

5. If any agent named by me shall die, become incompetent, resign, refuse to accept the office of agent or be unavailable, I name the following (each to act alone and successively, in the order named) as successors to such agent:

____

(insert name and address of successor agent)

____

(insert name and address of successor agent)

For purposes of this paragraph 5, a person shall be considered to be incompetent if and while the person is a minor, or an adjudicated incompetent or disabled person, or the person is unable to give prompt and intelligent consideration to health care matters, as certified by a licensed physician.

(NOTE: If you wish to, you may name your agent as guardian of your person if a court decides that one should be appointed. To do this, retain paragraph 6, and the court will appoint your agent if the court finds that this appointment will serve your best interests and welfare. Strike out paragraph 6 if you do not want your agent to act as guardian.)

6. If a guardian of my person is to be appointed, I nominate the agent acting under this power of attorney as such guardian, to serve without bond or security.

7. I am fully informed as to all the contents of this form and understand the full import of this grant of powers to my agent.

Dated:____________________ Signed:____

(principal's signature or mark)

The principal has had an opportunity to review the above form and has signed the form or acknowledged his or her signature or mark on the form in my presence. The undersigned witness certifies that the witness is not: (a) the attending physician or mental health service provider or a relative of the physician or provider; (b) an owner, operator, or relative of an owner or operator of a health care facility in which the principal is a patient or resident; (c) a parent, sibling or descendant, or any spouse of such parent, sibling, or descendant of either the principal or any agent or successor agent under the foregoing power of attorney, whether such relationship is by blood, marriage, or adoption; or (d) an agent or successor agent under the foregoing power of attorney.

____

(Witness Signature)

____

(Print Witness Name)

____

(Street Address)

____

(City, State, ZIP)

(NOTE: You may, but are not required to, request your agent and successor agents to provide specimen signatures below. If you include specimen signatures in this power of attorney, you must complete the certification opposite the signatures of the agents.)

Specimen signatures of agent (and successors). I certify that the signatures of my agent (and successors) are correct.

____________________ (agent)	____________________ (principal)
____________________ (successor agent)	____________________ (principal)
____________________ (successor agent)	____________________ (principal)

(NOTE: The name, address, and phone number of the person preparing this form or who assisted the principal in completing this form is optional.)

____

(name of preparer)

____

(address)

____

(address)

____

(phone)

ILLINOIS STATUTORY SHORT FORM POWER OF ATTORNEY FOR PROPERTY

Notice: **The purpose of this Power of Attorney is to give your designated "agent" broad powers to handle your financial affairs, including power to pledge, sell or otherwise dispose of any real or personal property without advance notice to you or approval by you. This form** *does not* **impose a duty on your agent to handle your financial affairs; but it is important to select an agent who agrees to do this. Select an agent you trust, since you are giving your agent control over your financial affairs and property. Your agent must keep a record of all receipts, disbursement and significant actions taken by your agent. A court can take away the powers of your agent if it finds the agent is not acting properly. You may name successor agents under this form** *but not* **co-agents. Unless you expressly limit the duration of this Power of Attorney your agent may exercise the powers throughout your lifetime, until you revoke this power or a court acting on your behalf terminates it. The powers you give your agent are explained in Section 3-4 of this Act. That law expressly permits the use of any different form of power of attorney you may desire. If there is anything about this form that you do not understand, you should ask a lawyer to explain it to you.**

Power of Attorney **made this _____ day of (month)____________________ (year) ___________**

1. I, (name of principal)____

(insert address of principal) ____ , hereby

appoint (insert name of agent) ____

(insert address of agent) ____

as my attorney-in-fact (my "agent") to act for me and in my name (in any way I could act in person) with respect to the following powers, as defined in Section 3-4 of the "Statutory Short Form Power of Attorney for Property Law" (including all amendments), but subject to any limitations on or additions to the specified powers inserted in paragraph 2 or 3 below:

(You must strike out any one or more of the following categories of powers you ***do not*** *want your agent to have. Failure to strike the title of any category will cause the powers described in that category to be granted to the agent. To strike out a category you must draw a line through the title of that category.)*

(a) Real estate transactions
(b) Financial institution transactions
(c) Stock and bond transactions
(d) Tangible personal property transactions
(e) Safe deposit box transactions
(f) Insurance and annuity transaction
(g) Retirement plan transactions
(h) Social Security, employment & military service benefits
(i) Tax matters
(j) Claims and litigation
(k) Commodity and option transactions
(l) Business operations
(m) Borrowing transactions
(n) Estate transactions
(o) All other property powers and transactions

(Limitations on and additions to the agent's powers may be included in this Power of Attorney if they are specifically described below.)

2. The powers granted above shall not include the following powers or shall be modified or limited in the following particulars (here you may include any specific limitations you deem appropriate, such as a prohibition or conditions on the sale of particular stock or real estate or special rules on borrowing by the agent):

3. In addition to the powers granted above, I grant my agent the following powers (here you may add any other delegable powers including, without limitation, power to make gifts, exercise powers of appointment, name or change beneficiaries or joint tenants or revoke or amend any trust specifically referred to below):

(Your agent will have authority to employ other persons as necessary to enable the agent to properly exercise the powers granted in this form, but your agent will have to make all discretionary decisions. If you want to give your agent the right to delegate discretionary decision-making powers to others, you should keep the next sentence, otherwise it should be struck out.)

4. My agent shall have the right by written instrument to delegate any or all of the foregoing powers involving discretionary decision-making to any person or persons whom my agent may select, but such delegation may be amended or revoked by any agent (including any successor) named by me who is acting under this Power of Attorney at this time of reference.

(Your agent will be entitled to reimbursement for all reasonable expenses incurred in acting under this power of attorney. Strike out the next sentence if you do not want your agent to also be entitled to reasonable compensation for services as agent.)

5. My agent shall be entitled to reasonable compensation for services rendered as agent under this power of attorney.

This power of attorney may be amended or revoked by you in the manner provided in Section 4-6 of the Illinois "Powers of Attorney for Property Law." Absent amendment or revocation, the authority granted in this power of attorney will become effective at the time this power is signed and will continue until your death unless a limitation on the beginning date or duration is made by ***initialing*** *and* ***completing*** *one or both) of paragraphs 6 and 7.*

6. (   ) This power of attorney shall become effective on (insert a future date or event during your lifetime, such as court determination of your disability, or a written determination by your disability, when you want this power to first take effect):

7. (   ) This power of attorney shall terminate on (insert a future date or event during your lifetime, such as court determination of your disability, when you want this power to terminate before your death).

If you wish to name successor agents, insert the names and addresses of such successors in the following paragraph.

8. If any agent named by me shall die, become incompetent, resign or refuse to accept the office of agent, I name the following (each to act alone and successively, in the order named) as successor(s) to such agent:

For purposes of this paragraph 8, a person shall be considered to be incompetent if and while the person is a minor or an adjudicated incompetent or disabled person or the person is unable to give prompt and intelligent consideration to health care matters, as certified by a licensed physician.

If you wish, you may name your agent as guardian of your estate, in the event a court decides that one should be appointed. To do this, retain paragraph 9, and the court will appoint your agent if the court finds that this appointment will serve your best interests and welfare. Strike out paragraph 9 if you ***do not*** *want your agent to act as guardian.*

9. If a guardian of my estate (my property) is to be appointed, I nominate the agent acting under this power of attorney as such guardian, to serve without bond or security.

10. I am fully informed as to all the contents of this form and understand the full import of this grant of powers to my agent.

Signed (Principal) ______________________________

(You may, but are not required to, request your agent and successor agents to provide specimen signatures below. If you include specimen signatures in this power of attorney, you must complete the certification opposite the signatures of the agent and successors.)

Specimen signatures of agents (and successors)	I certify that the signatures of my agent(s) are correct
Agent ______________________	Principal ______________________
Successor ______________________	Principal ______________________
Successor ______________________	Principal ______________________

(This power of attorney will not be effective unless it is notarized and signed by at least one additional witness, using the form below. ***Note: The requirement of the signature of an additional witness applies only to instruments executed on or after June 9, 2000, the effective date of Public Act 91-790.***)

The undersigned witness certifies that ____ , known to me to be the same person whose name is subscribed as principal to the foregoing power of attorney, appeared before me and the notary public and acknowledged signing and delivering the instrument as the free and voluntary act of the principal, for the uses and purposes therein set forth. I believe him or her to be of sound mind and memory.

Dated: ____ (SEAL)
Witness: ______________________________________
State of ______________________________________)
) SS.
County of ____________________________________)

The undersigned, a notary public in and for the above county and state, certifies that ____ , known to me to be the same person whose name is subscribed as principal to the foregoing power of attorney, appeared before me and the additional witness in person and acknowledged signing and delivering the instrument as the free and voluntary act of the principal, for the uses and purposes therein set forth (and certified to the correctness of the signature(s) of the agent(s)).

Dated: ____ (SEAL)

(Notary Public)___________________________________

My commission expires ____________________________ .

(The name and address of the person preparing this form should be inserted if the agent will have power to convey any interest in real estate.)

This document was prepared by:

(Name) ____

(Address) ____

DO-NOT-RESUSCITATE • DNR • DO-NOT-RESUSCITATE • DNR • DO-NOT-RESUSCITATE • DNR

Illinois Department of Public Health

UNIFORM DO-NOT-RESUSCITATE (DNR) ADVANCE DIRECTIVE

Patient Directive

I, ______________________ (print full name), born on ____________ (birth date), hereby direct the following in the event of:

1. **FULL CARDIOPULMONARY ARREST (When both breathing and heartbeat stop):**

☒ **Do Not Attempt Cardiopulmonary Resuscitation (CPR)**
(Measures to promote patient comfort and dignity will be provided.)

2. **PRE-ARREST EMERGENCY (When breathing is labored or stopped, and heart is still beating):**

SELECT ONE

☐ **Do Attempt Cardiopulmonary Resuscitation (CPR) -OR-**

☐ **Do Not Attempt Cardiopulmonary Resuscitation (CPR)**
(Measures to promote patient comfort and dignity will be provided.)

Other Instructions ______________________________________

____

Patient Directive Authorization and Consent to DNR Order (Required to be a valid DNR Order)

I understand and authorize the above Patient Directive, and consent to a physician DNR Order implementing this Patient Directive.

Printed name of individual | Signature of individual | Date

-OR-

Printed name of (circle appropriate title): legal guardian OR agent under health care power of attorney OR healthcare surrogate decision maker | Signature of legal representative | Date

Witness to Consent (Required to have two witnesses to be a valid DNR Order)

I am 18 years of age or older and have witnessed the giving of consent by the above person.

Printed name of witness | Signature of witness | Date

Printed name of witness | Signature of witness | Date

Physician Signature (Required to be a valid DNR Order)

I hereby execute this DNR Order on ______________ (Today's date).

Signature of attending physician | Printed Name of attending physician | Physician's telephone number

◆ *Send this form or a copy of both sides with the individual upon transfer or discharge.* ◆

DNR • DO-NOT-RESUSCITATE • DNR • DO-NOT-RESUSCITATE • DNR • DO-NOT-RESUSCITATE

• DO-NOT-RESUSCITATE • DNR • DO-NOT-RESUSCITATE • DNR • DO-NOT-RESUSCITATE • DNR •

Illinois Department of Public Health

UNIFORM DO-NOT-RESUSCITATE (DNR) ADVANCE DIRECTIVE

Patient's name ____

Summarize medical condition:

When This Form Should Be Reviewed

This DNR order, in effect until revoked, should be reviewed periodically, particularly if –

- The patient/resident is transferred from one care setting or care level to another, or
- There is a substantial change in patient/resident health status, or
- The patient/resident treatment preferences change.

How to Complete the Form Review

1. Review the other side of this form
2. Complete the following section.
   If this form is to be voided, write "VOID" in large letters on the other side of the form. After voiding the form, a new form may be completed.

Date	Reviewer	Location of review	Outcome of Review
			❑ No change ❑ FORM VOIDED: new form completed ❑ FORM VOIDED: no new form completed
Date	Reviewer	Location of review	Outcome of Review
			❑ No change ❑ FORM VOIDED: new form completed ❑ FORM VOIDED: no new form completed
Date	Reviewer	Location of review	Outcome of Review
			❑ No change ❑ FORM VOIDED: new form completed ❑ FORM VOIDED: no new form completed

Advance Directives

I also have the following advance directives:	**Contact person** (name and phone number)
❑ Health Care Power of Attorney	______________________________
❑ Living Will	______________________________
❑ Mental Health Treatment Preference Declaration	______________________________

◆ *Send this form or a copy of both sides with the individual upon transfer or discharge.* ◆

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• DNR • DO-NOT-RESUSCITATE • DNR • DO-NOT-RESUSCITATE • DNR • DO-NOT-RESUSCITATE •

ESTATE PLANNING GLOSSARY

Administrator: The person appointed by the court to do the same work as the Executor when the decedent dies intestate.

Codicil: An amendment to a will which changes, revokes or adds provisions to it.

Federal Estate Tax: A tax imposed by the federal government and administered by the Internal Revenue Service, on the total amount of property owned or controlled by a decedent on his death, net certain deductions and credits.

Federal Gift Tax: A tax imposed by the federal government and administered by the Internal Revenue Service, on the donor for the amount of property given away during the donor's life, net certain exclusions and credits.

State Death Tax: A tax imposed by a state government and administered by that state's tax agency, on property transferred on the death of a decedent. In Illinois, the state death tax is the Illinois Estate Tax which is administered by the Attorney General's Office.

Estate: All of the property owned or controlled by a person.

Executor: A person or institution nominated to carry out the provisions of a will.

Guardian: A "guardian of the person" is the person with whom the minor resides. A "guardian of the estate" of a minor is the person who holds property owned by the minor, as the minor is legally incapable of dealing with his own property until an adult. In Illinois, a person becomes an adult at age 18.

Intestate: A person who dies without a will, thereby leaving the disposition of his or her estate to state inheritance laws under the supervision of the Probate Court.

Joint Tenancy: A form of ownership in which a joint tenant's interest passes, upon his or her death not to the heirs or will beneficiaries, but to the co-owner or co-owners.

Probate: The court procedure for determining the validity of a will, settling claims of creditors, and supervising distribution of an estate to its beneficiaries. The probate court also supervises the property of a minor or incompetent and administers the estate of one who dies intestate.

Probate Estate or Property: Estate which is subject to probate. Probate property is property owned by the decedent which is disposed of by the decedent's will and does not pass by law to a co-owner (such as joint tenancy property which passes to the surviving joint tenant) or to a designated beneficiary under a contract (such as a life insurance policy paid to a named beneficiary).

Residuary Estate: The remainder of an estate after payment of taxes, debts, administration expenses, and specific gifts.

Tenancy in Common: A form of ownership in which an undivided interest in property upon the death of the owner becomes the property of his heirs or will beneficiaries and not his co-owner.

Testator: A person who signs his or her own will. A person who has a will is said to be "testate".

Trust: A legal relationship in which a person (the settler) transfers title to property or funds to another person or institution (the trustee) to be held, used or administered for another party's benefit (the beneficiary) to the extent specified. A trust may be established by the settler in his will or in a separate trust agreement executed during the settler's lifetime.

Will: A legal document executed by an individual with certain formalities which sets forth the distribution of his estate after death, names an executor and names a guardian for minor children.

HEALTH

HOW HEALTHY IS YOUR LIFESTYLE?

Everyone should eliminate unhealthy habits like smoking, excessive drinking, lack of exercise, and a poor diet. Good health is an important part of a successful career, because it's difficult to come to work if you are in poor health.

Even if you have not been health-conscious in the past, you can still reap the benefits of a healthy lifestyle by making changes now, regardless of your age.

To get the optimum benefits from exercise, the type and amount should to be tailored to fit your body type. But you don't have to consult with a fitness expert to gain from exercise. Just 20 minutes of brisk walking three days a week can improve your overall health.

No expert advice is needed to benefit from another important route to longevity–a balanced lifestyle.

Longevity

The importance of social ties and life satisfaction to longevity was highlighted in a study of nearly 5,000 men and women.

It was found that the death rate more than doubled among the men, and nearly tripled among the women with the fewest social contacts, compared with those who had the most social contacts.

A similar increase in mortality was noted among those who expressed the least satisfaction with life.

The psycho-social adjustments throughout life are more important than genetics and other biological factors in determining lifelong health and longevity. The findings suggest that the intensity of stress is less important than how a person handles it in order to survive.

Our hopes for a quality life in retirement seem to be tied to a commitment to our physical and mental health. This information is intended to remove uncertainty about what it will take to live well in old age.

Most 20-year-olds look alike to a physiologist, but at 70, no two people have bodies that are remotely alike.

LIFESTYLES

EXERCISE

More than 60% of U.S. adults are sedentary. As a result, they are squandering away one of the greatest protective measures available in the fight against heart disease.

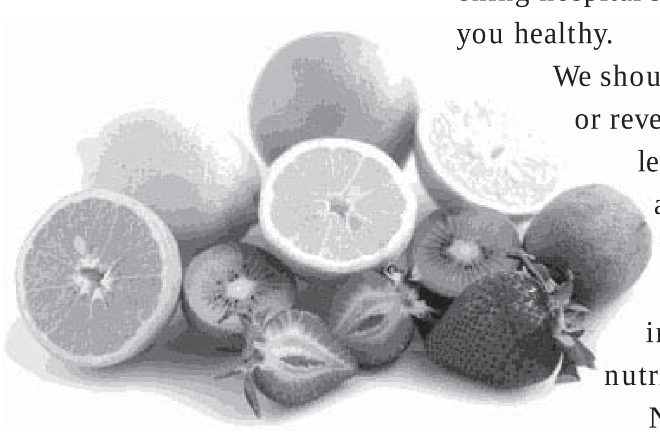
Studies show physical activity decreases the risk of heart disease from 35% to 55%. Good nutrition coupled with a regular program of aerobics and strength-building exercises can have a beneficial effect on the health of almost everyone.

Exercise:

1. Improves functional work capacity
2. Lowers heart rate
3. Lowers blood pressure
4. Helps to reduce weight
5. Improves response to stress
6. Enhances our ability to maintain ideal cholesterol and serum tri-glyceride levels
7. Helps prevent adult-onset diabetes.

NUTRITION

Nutrition is today's new medicine. There is plenty of evidence that what we eat makes a big difference in speeding recovery times, shortening hospital stays, and keeping you healthy.



We should be able to delay or reverse many problems and symptoms associated with the aging process by increasing our intake of protective nutrients.

Numbers posted by the National Center for Health Statistics show that more than 34% of Americans are obese, compared to 33% who are overweight and 6% who are extremely obese. These figures total 73% of our population at risk for health issues.

Obesity is a well-established cause of diabetes, hypertension, and lipid abnormalities—all coronary risk factors. Obesity is largely due to a combination of excessive caloric intake and a sedentary lifestyle. Obesity also increases the risk to the kidneys and gallbladder.

The intake of dietary fats, except olive oil and fish oil, enhances the risk of developing cancers of the breast, ovary, colon, and prostate. Cancers of the pancreas and kidneys may also be related to dietary fat.

It is advisable to cut the total amount of fat in your diet to less than 20% of total calories, and saturated fat to less than 10%.

APPENDIX

WHERE TO GO FOR HELP

STATE AGENCIES

State Employees' Retirement System
2101 South Veterans Parkway
P. O. Box 19255
Springfield, IL 62794-9255
217-785-7444

SERS Chicago Office
Michael Bilandic Building
160 North LaSalle
Suite S-220
Chicago, IL 60601
312-814-5853

Group Insurance Inquiries

Central Management Services
217-782-2548

SERS Group Insurance
217-785-7150 or 312-814-5853

Deferred Compensation
217-782-7006

Department of Human Rights
(Issues of Job Discrimination)
James R. Thompson Center
100 West Randolph St.
Suite 10-100
Chicago, IL 60601
312-814-6200

Department of Public Health
535 W. Jefferson St.
Springfield, IL 62761
217-785-4977

Department of Health Care & Family Services
Prescott Bloom Building
201 South Grand Avenue East
Springfield, IL 62763
800-447-4278

Child Support Action Line
800-447-4278

U.S. GOVERNMENT AGENCIES

Consumer Product Safety Commission
4330 East West Highway
Bethesda, MD 20814
800-638-2772

Social Security Administration
800-772-1213

Consumer Information Center
719-295-2675
email: pueblo@gpo.gov

NOT-FOR-PROFIT AGENCIES
Consumer Credit Counseling Center
800-769-3571

GLOSSARY

Agency Retirement Coordinator: Person appointed by each State agency to interact with SERS and the employees of the agency.

Alternative Formula: The retirement formula that is provided to certain state employees in positions of high risk. Alternative positions can be found in the SERS Member Handbook.

Beneficiary for Lump Sum Death Benefit: This is the beneficiary declared by the member and duly filed with SERS on a prescribed nomination of beneficiary form to receive benefits provided by SERS.

Coordinated/Covered: A member of SERS who participates in the federal Social Security program as a State employee and participates in SERS's retirement plan.

DISABILITY

Non-Occupational: A disability that results from a cause other than an injury or an illness sustained in connection with the member's performance of duties as a state employee.

Occupational: A disability that results from an injury or illness sustained while in the performance of or within the scope of the member's duties as a state employee.

Temporary: This benefit is available in disputed cases in which the agency responsible for determining the liability of the state has formally denied or terminated all benefits under the Workers' Compensation Act or the Workers' Occupational Diseases Act and an appeal of such denial is pending before the Illinois Industrial Commission.

Final Average Compensation: For retirement and survivor benefits, final average compensation is the 48 highest consecutive months of earnings within the last 120 months of service.

For death and disability benefits, final average compensation is the rate of compensation at the date of death or disability or the 48 highest consecutive months of earnings within the last 120 months of service, whichever is greater.

Non-Coordinated/Non-Covered: A member of SERS who does not participate in the federal Social Security program as a State employee. The member may, however, be required to contribute to the federal Medicare program.

Regular Formula: The retirement formula provided for State employees that are in positions generally not designated as high-risk. The regular formula covers coordinated/covered and noncoordinated/noncovered employees.

Pension: Retirement annuity paid for the life of the member.

SERS: State Employees' Retirement System of Illinois is responsible for administering the benefits as stated in the Illinois Compiled Statutes, specifically 40 ILCS 5/14, (previously Chapter 108 1/2 Article 14 of the Illinois Revised Statutes).

"Qualified Survivor" Annuity Beneficiary:
A beneficiary defined by law and not designated by the member, who is entitled to a monthly annuity upon the death of a member.

EVALUATION FORM

INVESTING IN YOUR FUTURE

Date: ____________________________ Location: ______________________________________

To help improve our program, we would appreciate your completing this evaluation form.

Rate each item as follows: A= Excellent B= Good C= Average D= Below Average F= Poor	*Speaker's Knowledge of Topic*	*Clarity of Information Provided*	*Value of Topic to Me*
Orientation/Planning			
System Benefits			
Legal Issues			
Financial Planning			
Deferred Compensation			

Rate the program on each of the following items by circling one response:

Number of Sessions:	too many	just right	too few
Length of Individual Sessions:	too long	just right	too short
Opinion of usable information in program:	good	average	below average
Comfort level of audience group size:	too large	just right	too small

1. Did the program inspire thought for future planning? ☐ yes ☐ no ☐ maybe
2. Did the program raise questions in your mind about what actions you should take to start planning effectively for retirement? ☐ yes ☐ no ☐ maybe
3. Did the program provide a method and resource to answer your questions concerning retirement? ☐ yes ☐ no ☐ maybe
4. Did the program motivate you to undertake concrete planning for retirement? ☐ yes ☐ no ☐ maybe
5. Do you have any suggestions on how the program can be improved?

____

____

6. Comments: ____

____

____