



## SERS Benefits & the Financial Markets

The State Employees' Retirement System of Illinois (SERS) is a defined benefit plan, which guarantees retirement benefits based on a retirement formula defined by State statute.

SERS benefits will not be delayed, reduced or eliminated because of the current under-performance of the financial markets, or for any other reason.

The Illinois Constitution provides additional protection, specifying that SERS benefits may not be "diminished or impaired." This constitutional protection applies regardless of the condition of the financial markets or the State budget.

The SERS investment portfolio, which is managed by the Illinois

State Board of Investment, is highly diversified and allocated among many different types of investments. This strategy maximizes returns and minimizes risk in all types of market conditions.

Like other institutional investors, SERS' investment portfolio has declined in value in recent months due to volatility and uncertainty in the financial markets.

Our long-term investment performance is solid and is expected to continue in the future through all types of market conditions. Through September 30, 2008, the 10-year rate of return was 5.70% annually, while the 20 and 30-year returns were 8.39% and 9.06% annually, respectively.



## Have You Changed your Address?

If you change your address, please notify us as soon as possible. Failure to do so could result in insurance claim problems and not receiving important notices from SERS.

If your check is mailed directly to your old address and returned to us due to your relocation, your benefit will be suspended until we are notified of your new address.

Address changes can only be made by written request to SERS

with your signature and the effective date of the change.

You can download the Change of Address form from our website ([www.state.il.us/srs](http://www.state.il.us/srs)), complete it with your signature and mail to our office:

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

### Check Out Our Website For:

- Legislation
- Taxes
- New Information
- Retiree Information

[www.state.il.us/srs](http://www.state.il.us/srs)

## Form 1099R

You will receive an IRS Form 1099R for your 2008 SERS benefit payments in January. These payments are subject to federal income tax and must be reported on IRS Form 1040.

- The gross distribution in Box 1 of your 1099R is the total amount you received from SERS during calendar year 2008.
- The taxable amount of your SERS benefit is shown in Box 2A. This is the benefit amount subject to federal income tax.
- The amount of federal income tax withheld is in Box 4. This is the amount of federal withholding deducted from your benefit based on your W4-P on file with SERS.
- Employee contributions are shown in Box 5. This is the non-taxable portion of your benefit for the calendar year.
- Total employee contributions are shown in Box 9B, and are only displayed in your first year of retirement.

# Tale of the Tape

## OPERATIONS

Member contributions in FY08 rose 11.2% from the FY07 amount. This was due, in part, to a general increase in wages subject to retirement, and a significant increase in optional service purchases.

Employer contributions in FY08 were \$587.7 million, compared to the FY07 employer contribution amount of \$358.8 million. This increase is primarily due to a change in state law regarding the employer financing of SERS for FY07 & 08. The employer contribution rate for FY08 and FY07 was 14.5% and 9.8%, respectively (net of the bond principal and interest repayment amounts).

Benefit payments increased 4.5% from FY07 to FY08. This was primarily due to the scheduled 3% increase in most benefit payments.

## INVESTMENTS

By state law, SERS' investment function is managed by the Illinois State Board of Investment (ISBI) along with the Judges' and General Assembly Retirement Systems. All investments are accounted for in a commingled ISBI fund. In FY08, investment losses directly reflected the negative direction of the markets.

## FUNDING

The most recent actuarial valuation shows the total SERS actuarial liability was \$23.8 billion. The amount of liabilities exceeded net assets by \$12.8 billion on June 30, 2008, compared to an excess of \$10.2 billion on June 30, 2007. The funded status of SERS on June 30, 2008 decreased to 46.1% from 54.2% on June 30, 2007.

### Statements of Plan Net Assets June 30, 2008 and 2007 (Unaudited)

	2008	2007
<b>ASSETS</b>		
Cash	\$ 306,528,043	\$ 249,858,696
Receivables	48,461,473	30,897,571
Investments (at fair value)	10,653,973,521	11,810,137,495
Equipment (net of acc. depr.)	2,720,676	2,670,416
<b>Total Assets</b>	<b>11,011,683,713</b>	<b>\$ 12,093,564,178</b>
<b>Total Liabilities</b>	<b>(16,317,228)</b>	<b>\$ (14,655,224)</b>
<b>Net Assets Held in Trust for Pension Benefits</b>		
	<b>\$ 10,995,366,485</b>	<b>\$12,078,908,954</b>

### Statements of Changes in Plan Net Assets June 30, 2008 and 2007 (Unaudited)

	2008	2007
<b>REVENUES</b>		
Contributions:		
Members	\$ 249,955,208	\$ 224,722,599
Employer	587,732,407	358,786,650
<b>Total Contributions</b>	<b>837,687,615</b>	<b>\$ 583,509,249</b>
Investment Income (Loss)	\$ (680,759,719)	\$ 1,779,907,177
<b>TOTAL REVENUES</b>	<b>\$ 156,927,896</b>	<b>\$ 2,363,416,426</b>
<b>EXPENSES</b>		
Benefits	\$ 1,214,115,627	\$ 1,161,291,038
Refunds (including transfers)	16,817,433	14,261,872
Administrative	9,537,305	8,807,627
<b>TOTAL EXPENSES</b>	<b>\$ 1,240,470,365</b>	<b>\$ 1,184,360,537</b>
<b>Net Increase/(Decrease)</b>	<b>\$ (1,083,542,469)</b>	<b>\$ 1,179,055,889</b>
<b>Net Assets Held in Trust for Pension Benefits:</b>		
Beginning of Year	12,078,908,954	10,899,853,065
<b>End of Year</b>	<b>\$ 10,995,366,485</b>	<b>\$12,078,908,954</b>

# Working After Retirement

## Returning to State Employment?

Now that you are retired, you may be considering going back to work, or have already done so. Many retirees return to work after retirement to help pay for the rising cost of energy and food. Others return to work to enjoy the social and mentally stimulating environment.

Whatever the reason, if you return to state employment on a contractual basis after retiring, your SERS benefit will not be affected unless you participated in the 2002 Early Retirement Incentive.

However, if you return to state employment on either a non-permanent or permanent basis after retirement, you should notify

SERS immediately.

If your employment with the state will last for 75 or less working days during a calendar year (any part of a day is counted as a full day), you will continue to receive your pension payment.

If you work more than 75 working days, your pension benefit will end on the 76th day, and you will resume contributing to SERS.

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

## Retire to a New Career

With the Boomer generation retiring in record numbers, many of these people are choosing to accelerate their retirement by returning to work as consultants, business owners and part-time employees.

According to AARP, business owners 50 and older now make up more than half of all small-business owners.

Employers who hire older workers say they are happy with the results. Company managers said that older workers are usually more productive than younger workers, plus older workers are better with people and customers.

Experienced job seekers can go to [www.retirementjobs.com](http://www.retirementjobs.com) to search for and apply for thousands of full-time, part-time, seasonal and contract jobs, with employers representing a wide array of industries.

To search for jobs with nonprofit groups, try [www.philanthropy.com](http://www.philanthropy.com). For teaching positions, go to [www.teaching-jobs.org](http://www.teaching-jobs.org). And if you're interested in starting a business, the U.S. Small Business Administration offers a start-up guide at [www.sba.gov](http://www.sba.gov).

For many people, flexibility is a crucial element in an ideal retirement job. A growing number of larger companies allow employees to transfer back and forth between locations since many retirees spend the winter in the South and summer up North.

By remaining open to new options, you may find an interesting job when and where you least expect it.

## Working for Financial Security

Lingering market turmoil has wiped out nearly \$3 trillion from Americans' retirement accounts over the last 14 months, causing many older people to remain in the workforce—or return to work after retirement, experts say. But rising unemployment may limit their prospects.

Older people are not immune from the decline in the workforce. Ageism is an issue and a concern, and during a tight labor market it'll be that much more difficult for older people to get jobs.

In the past, when older people lost their jobs, they just stopped looking. Now people are looking because they need the money.

On the issue of retirement savings, Americans took a 34 percent loss on average in their retirement accounts from September of last year through November 2008. Older Americans were the hardest hit because 75% of the wealth in the nation's retirement accounts are held by people age 50 and older.



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## Circle the 2009 MRR Workshop That You Would Like to Attend

Please disregard the numbers in parentheses. They are for internal office use.

SERS offers the Myths and Realities of Retirement (MRR) workshop to retirees, survivors, disability benefit recipients and their guests. Registration for the MRR began September 1, 2008.

The MRR is a free, one-day workshop examining financial scams, the effects of inflation, estate planning, group insurance, and health & leisure. Participants will find this workshop worthwhile and informative.

If you would like to attend an MRR workshop, complete and return the application to us. You can also call our office to register. After you are registered, we will confirm your enrollment by letting you know the exact workshop location.

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|---------------------------------|-------------------------------|
| Jan. 13 Rock Falls (66)         | Jul. 14 Bloomington (04)      |
| Jan. 27 Springfield (01)        | Jul. 21 Moline (46)           |
| Feb. 3 Glen Ellyn (71)          | Jul. 28 Springfield (01)      |
| Feb. 24 South Jacksonville (39) | Aug. 4 Carbondale (50)        |
| Mar. 3 East Peoria (82)         | Aug. 11 Chicago (02)          |
| Mar. 10 Springfield (01)        | Aug. 19 Utica (43)            |
| Mar. 17 Rockford (90)           | Aug. 25 Fairview Heights (18) |
| Mar. 24 Orland Park (09)        | Sep. 8 Utica (43)             |
| Mar. 31 Chicago (02)            | Sep. 15 Bourbonnais (25)      |
| Apr. 14 Schaumburg (77)         | Sep. 22 Rockford (90)         |
| Apr. 21 Quincy (36)             | Sep. 29 Springfield (01)      |
| Apr. 28 Springfield (01)        | Oct. 6 Effingham (67)         |
| Jun. 2 Mt. Vernon (32)          | Oct. 14 Springfield (01)      |
| Jun. 9 Springfield (01)         | Oct. 20 Orland Park (09)      |
| Jun. 16 Rockford (90)           | Oct. 28 Chicago (02)          |
| Jun. 30 Champaign (37)          | Nov. 17 Marion (07)           |
| Jul. 7 Chicago (02)             | Nov. 24 Joliet (47)           |

Name \_\_\_\_\_

Social Security Number \_\_\_\_\_

Are You Bringing a Guest? \_\_\_\_\_

### Return This Form To:

State Retirement Systems, Field Services Division  
2101 S. Veterans Parkway, P. O. Box 19255  
Springfield, IL 62794-9255  
217-785-6979 Fax: 217-557-5154

