



SERS Tax Information

In January, the Office of the Comptroller will mail IRS Form 1099R for 2009 SERS benefit payments to all annuitants. SERS benefits are subject to federal income tax, but not state income tax. These payments must be reported on IRS Form 1040 under "Pensions and Annuities."

1099R Reporting

- Gross distribution in Box 1 is the total benefit amount you received from SERS during the last calendar year.
- 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 shown in Box 4. This is the amount of federal withholding deducted from your benefit based on your W4-P on file with SERS.
- Employee contribution is shown in Box 5. This is the nontaxable portion of your benefit for the calendar year.
- Total employee contributions is shown in Box 9B. This is only provided in your first year of retirement. It represents the contributions paid by you, or for you, during your employment. As these contributions are recovered by you through your annual SERS benefits, they are shown in Box 5.

IRS Form W2-GI

W-2 GI+: Group Term Life

The Office of the Comptroller also mails IRS Form W2-GI + to any SERS annuitant with group term life insur-

ance valued over \$50,000. The value of the group term life insurance is subject to federal income tax, and must be reported on your Federal Income Tax Return. This is not subject to state income tax.

If you carried basic and optional group term life insurance in excess of \$50,000 while receiving SERS benefits, Box 1 (Wages, Tips, and other Compensation) represents the taxable cost of this insurance.

The amount shown on your W2-GI+ is based on a formula provided by the IRS. Questions about this formula should be directed to the IRS or your tax preparer.

W-2 GI+: Domestic Partners

Under federal tax law, if a same-sex domestic partner does not qualify as the member's tax dependent as defined by the IRS, the portion of the premium paid by the State of Illinois for the domestic partner's coverage will be added to the member's annual gross income, subject to federal income tax withholding.

This is referred to as imputed income and will be reported on a W2-GI+ and mailed to members who carry same-sex domestic partners as non-IRS tax dependents on their State of Illinois Group Insurance Plan.

Refer to the "Notice to Employee" section of the W2-GI+ for a detailed explanation of the various codes. If you have questions regarding your W2-GI+, contact the IRS, your tax preparer, or call SERS at 217-785-7047

If you have questions regarding your 1099R, contact the IRS, your tax preparer or SERS. When contacting SERS, you will need to refer to the code to the right of your name on your 1099R. This list of codes below show the phone numbers for the section handling your code.

For Code Numbers:

479 1	479 2
479 3	479 4
479 5	479 6
479 7	479 D
479 F	479 H
479 M	479 N
479 T	479 W
479 X	

Call 217-557-6268, 217-558-0275, 217-785-7039 or 217-785-7034.

For Code Numbers:

479 A	479 C
479 I	479 P
479 R	

call 217-785-7187.

FY09 Numbers

OPERATIONS

Member contributions in FY09 dropped 3.1% from the FY08 amount. This was due, in part, to a slight increase in wages subject to retirement, offset by a decrease in optional service purchases.

Employer contributions in FY09 were \$774.9 million, compared to the FY08 employer contribution amount of \$587.7 million. This change is primarily due to the statutory increase in the actuarially determined contribution rate. The employer contribution rate for FY09 and FY08 was 19.1% and 14.5%, respectively (net of the bond principal and interest repayment amounts).

Benefit payments increased 7.1% from FY08 to FY09. This was primarily due to the scheduled 3% increase in most benefit payments, and a larger number of employees eligible to receive 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 FY09, investment losses directly reflected the continued negative direction of the markets.

FUNDING

The most recent actuarial valuation shows the total SERS actuarial liability was \$25.3 billion. The actuarial value of assets, using a 5-year smoothed market value, was \$11.0 billion.

Statements of Plan Net Assets June 30, 2009 and 2008 (Unaudited)

	2009	2008
ASSETS		
Cash	\$ 232,679,069	\$ 306,528,043
Receivables	57,435,470	48,461,473
Investments (at fair value)	8,200,755,918	10,653,973,521
Equipment (net of acc. depr.)	2,574,759	2,720,676
Total Assets	8,493,445,216	11,011,683,713
Total Liabilities	(15,593,128)	(16,317,228)
Net Assets Held in Trust for Pension Benefits	\$ 8,477,852,088	\$ 10,995,366,485

Statements of Changes in Plan Net Assets June 30, 2009 and 2008 (Unaudited)

	2009	2008
REVENUES		
Contributions:		
Members	\$ 242,227,432	\$ 249,955,208
Employer	774,910,344	587,732,407
Total Contributions	1,017,137,776	837,687,615
Investment Income (Loss)	\$ (2,208,897,635)	\$ (680,759,719)
TOTAL REVENUES	\$ (1,191,759,859)	\$ 156,927,896
EXPENSES		
Benefits	\$ 1,300,213,675	\$ 1,214,115,627
Refunds (including transfers)	14,859,487	16,817,433
Administrative	10,681,376	9,537,305
TOTAL EXPENSES	\$ 1,325,754,538	\$ 1,240,470,365
Net Increase/(Decrease)	\$ (2,517,514,397)	\$ (1,083,542,469)
Net Assets Held in Trust for Pension Benefits:		
Beginning of Year	10,995,366,485	12,078,908,954
End of Year	\$ 8,477,852,088	\$ 10,995,366,485

The amount of liabilities exceeded net assets by \$14.3 billion on June 30, 2009, compared to an excess of \$12.8 billion on June 30,

2008. The funded status of SERS on June 30, 2009 decreased to 43.5% from 46.1% on June 30, 2008.

The Benefit Statements for SERS annuitants will be mailed in late March.

MRR Open Dates

We still have a number of the Myths & Realities of Retirement (MRR) workshops available in early 2010. Please call 217-785-6979 to register for this free, one-day workshop.

Jan. 26	Lincoln
Feb. 9	Rock Falls
Feb. 17	S. Jacksonville
Feb. 24	Glen Ellyn
Mar. 2	Springfield
Mar. 9	Rockford
Mar. 23	Tinley Park

A complete listing of the 2010 MRRs is on the back page.

Credit Card Rates Are Going Up

Beginning February 22, a new law will bar banks from practices that consumer advocates have long blasted as unfair.

No more rate hikes based on a late payment. No more increases on existing balances. And consumers will know how long it takes to pay off their balance when they make minimum payments.

But the new law won't prevent interest rates from going up for the majority of customers.

Even after February 22, holders of variable-rate cards can expect to see increases. Variable rates are based on the prime rate and meant to follow the rise and fall of that index.

Industrywide, variable-credit cards accounted for 94% of all new credit cards offered between July and

September, up from 67% of the same period in 2007.

The problem for consumers is that the prime rate is 3.25%, an historic low. It will almost certainly go up, experts say. And so will credit card rates, which currently average 14.9%

The credit card reforms outlawed some seriously abusive practices, but cards will still be loaded with other tricks and traps.

The expectation that interest rates will tick higher exemplifies the difficulty lawmakers faced when crafting the new rules: They wanted to protect consumers without killing credit availability.

Along with switching customers into variable-rate credit cards, some banks are setting floors to prevent rates from sinking below a certain level.

A recent study found that more than one-third of the largest card issuers instituted minimum interest rates. In December 2008, only 10% of banks had such a floor.

The industry considers minimum interest rates a way of offsetting the inherent risk in credit card lending. But consumer groups say minimum interest rates undermine the law's intention.

Several consumer groups and at least one key lawmaker that have taken their case to the Federal Reserve. The Fed is in charge of interpreting the new credit card laws and issuing rules that determine how the laws should be implemented.

Consumer advocates argue that banks should lose the law's provision allowing them to tie variable-card rates to prime.

The Fed has received the comments but hasn't given any indication of which way its leaning, advocates say.

Source: Money Magazine

Know the Difference Between a Cold and H1N1 Flu Symptoms

<i>SYMPTOM</i>	<i>COLD</i>	<i>H1N1 FLU</i>
Fever	Fever is rare.	Usually present.
Coughing	A hacking, mucus-producing cough is often present.	A dry cough is usually present.
Aches	Slight body aches & pains can be common.	Severe aches & pains are common.
Stuffy Nose	Commonly present but typically resolves in a week.	Not common.
Chills	Uncommon	Most people have chills.
Tiredness	Fairly mild.	Moderate to severe.
Sneezing	Usually present.	Not common.
Illness Onset	Develops over a few days.	Rapid onset. Hits hard with sudden symptoms.
Headache	Fairly uncommon.	Very common.
Sore Throat	Common	Uncommon
Chest Pain	Mild to moderate.	Often severe.

Circle the 2010 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, and their guests.

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.

We have two workshops in new locations, Moline and Utica, and different venues in Lincoln, Collinsville, Gurnee and Kankakee.

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.

Jan. 26 Lincoln (19)

Feb. 9 Rock Falls (66)

Feb. 17 S. Jacksonville (39)

Feb. 24 Glen Ellyn (71)

Mar. 2 Springfield (01)

Mar. 9 Rockford (90)

Mar. 23 Tinley Park (95)

Mar. 30 East Peoria (82)

Apr. 8 Springfield (01)

Apr. 13 Schaumburg (77)

Apr. 20 Quincy (36)

Apr. 27 Chicago (02)

Jun. 2 Collinsville (24)

Jun. 15 Champaign (37)

Jun. 22 Mt. Vernon (32)

Jun. 29 Rockford (90)

Jul. 1 Marion (07)

Jul. 7 Springfield (01)

Jul. 20 Bloomington (04)

Jul. 28 Chicago (02)

Aug. 17 Carbondale (50)

Aug. 24 Gurnee (48)

Aug. 31 Utica (30)

Sep. 14 Rockford (90)

Sep. 21 Springfield (01)

Sep. 28 Kankakee (12)

Oct. 5 Springfield (01)

Oct. 7 Moline (46)

Oct. 19 Effingham (67)

Oct. 26 Collinsville (24)

Nov. 16 Springfield (01)

Nov. 23 Tinley Park (95)

Nov. 30 Chicago (02)

Dec. 14 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

