

## UNION AGREEMENT INCLUDES PENSION IMPROVEMENTS

The new four-year contract between AFSCME and the State of Illinois includes two pension improvements: introduction of the "Rule of 85" affecting retirement eligibility; and an increase in the alternative retirement formula.

Both of these changes should be effective January 1, 2001, subject to legislative action in the fall veto session. The exact extent of coverage of the new pension provisions beyond employees covered by the AFSCME agreement is unclear at this time as negotiations with some employee organizations have not been completed.

### Rule of 85

The normal SERS retirement age is 60 with 8 years of service. Currently employees must have a full 35 years of service to retire before age 60 without penalty.

Employees with 30 or more years of service may retire at age 55, but are subject to a reduction of  $\frac{1}{2}\%$  for each month prior to age 60. For example, an employee who retired at age 55 with 30 years of service would have his/her pension reduced by 30%.

The Rule of 85 allows employees with any combination of age and years of service that totals 85 to retire early without reduction. In addition, the 3% COLA will be

applied on January 1 following the first full year of retirement.

In determining if the Rule of 85 is met, years and full months may be utilized including sick leave and vacation credit. The benefit level is

### PENSION

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*Enclosed with this SERS-O-GRAM is your annual Benefit Statement which gives you specific information about your SERS account.*

## CHANGES TO THE SERS SURVIVOR BENEFIT

The Senate has passed and Governor Ryan signed Public Act 91-0887 (House Bill 1583), effective July 6. This piece of legislation alters the SERS survivor benefit in the following ways:

- **Married at Retirement:** If a member is married at the time of retirement, and their spouse dies at a later date, the retired member can qualify a new spouse for the survivor benefit if they have been married for one full year prior to the member's death.
- **No Qualified Survivors at Retirement:** If a member has no qualified survivors at retirement, (s)he will receive a refund of their widow/survivor contribution with the first pension check.

If a member marries after retirement, and the marriage is in effect for one full year, (s)he can then repay the widow/survivor contributions plus interest, to qualify his/her spouse for survivor benefits. These contributions and interest must be repaid before the death of the member.

Once the contributions are repaid, if the spouse dies before the member, no refund is payable. Instead the widow/survivor contributions become part of the member's total contributions.

- **Remarriage of a Survivor:** Currently if a SERS survivor remarries prior to age 55 their SERS benefit is terminated. With this new legislation, the survivor can remarry at any age without affecting their SERS benefit.

# Understanding Your Statement

*This article highlights areas of the statement where members have the most questions.*

*If you do not agree with the service shown on your statement, contact the SERS Accounting Division at 217-785-7191.*

*If you are currently establishing service credit, it will not be shown on your statement until it is paid in full. This area shows the amount you have paid and the outstanding balance.*

*To file for benefits or register for a preretirement workshop, contact your Retirement Coordinator.*

*Retirement benefits are presented two different ways:*

- *The PROJECTED benefit assumes continuous service to your normal retirement age, or 35 years of service, your current retirement formula, and final average compensation.*
- *If you have at least 8 years of service with SERS, your ACCRUED benefit as of June 30 is based on your years of service, retirement formula, and final average compensation from the Member Information section.*

*If you have questions about the benefits shown on your statement, call the Claims Division at 217-785-*

# State Employees' Retirement System of Illinois

100 South Veterans Parkway, P. O. Box 19255, Springfield, IL 62794-0255

Your Annual Benefit Statement has been prepared as of June 30, 2001 using the following information:

5555 A 50431  
JOHN M DOE  
14 ANY STREET  
ANY CITY, IL 11111

Social Security # 223-44-1555 Date of Birth November 20, 1950

## MEMBER INFORMATION

You have 179.50 months of contributing membership service. This does not include service forfeited by taking a refund, unused sick or vacation time, or any service credit in a reciprocal retirement system listed on the reverse side. You have chosen to establish optional service not yet shown on this statement. To date, we have received \$6,596.86. The balance due by June 30, 2002, is \$6,882.93.

Your total contributions are \$26,950.58. Contributions applicable to your year 2001 (July 1-June 30) were \$2,380.51. Your monthly rate of pay as of June 30, 2001 is \$5,207.00. Your final average compensation is \$4,738.45, which is the average of your highest consecutive 4 years (48 months) of your last 10 years (120 months) of state employment.

For assistance in filing a claim for benefits or participating in a preretirement workshop, contact your retirement coordinator for your agency: RETIREMENT COORD at 217-222-3333

## RETIREMENT BENEFITS

Retirement benefits are based on service, final average compensation and age. Normal retirement is age 60 with 5 years (36 months) of service. If your age plus years of service equals or exceeds 85 years (Rule of 85), you may retire at any age. If you continue working to normal retirement age, or Rule of 85, whichever comes first, your estimated monthly retirement benefit will be \$7,115.00 on December 01, 2010.

Your monthly benefit earned and accrued as of June 30, 2001 is \$1,180.00, payable on December 01, 2010.

For each month (21 days) of sick and vacation time you accumulate by your normal date of retirement, your retirement annuity will increase by \$7.20 per month. See the sick leave and vacation service credit section on the reverse side.

As a contributing member in social security, you may wish to read the social security and the level income optimal form of payment information sections on the reverse side.

## DISABILITY BENEFITS

If you become disabled, cannot perform your job duties, and remain unemployed, disability benefits will be paid based on your rate of pay. The benefit amount is determined by the cause of your disability: occupational or nonoccupational.

Occupational benefits of \$3,905.25 per month may be paid until your retirement. This will be reduced by any workers' compensation benefits paid.

Nonoccupational benefits of \$2,603.50 per month will be paid to you for up to 90 months. This benefit will be reduced by any social security disability benefits.

In addition to your disability benefit, annual retirement contributions of \$208.28 will be made on your behalf while you are disabled.

## DEATH BENEFITS

Death benefits are payable to your spouse, children and named beneficiaries, as applicable. The benefit amount is determined by the cause of your death: occupational or nonoccupational. Lump sum death benefits are payable to your named beneficiaries.

If you wish to change your SERS beneficiaries, a change of beneficiary form is enclosed. SERS BENEFICIARIES ARE SEPARATE FROM YOUR GROUP LIFE INSURANCE COVERAGE. Group life beneficiaries are not included in this statement.

Your named SERS beneficiaries are:

- 1 - FIRST BEN
- 2 - SECOND BEN
- 3 - THIRD BEN
- 4 - FOURTH BEN
- 5 - FIFTH BEN
- 6 - SIXTH BEN
- 7 - SEVENTH BEN
- 8 - EIGHTH BEN
- 9 - NINTH BEN
- 10 - TENTH BEN
- 11 - ELEVENTH BEN
- 12 - TWELFTH BEN
- 13 - THIRTEENTH BEN
- 14 - FOURTEENTH BEN
- 15 - FIFTEENTH BEN
- 16 - SIXTEENTH BEN

If your death results from job duties, occupational death benefits of \$2,603.50 per month are payable to your spouse. This will be reduced by any workers' compensation benefits paid. Additional amounts are payable if you have one dependent age 18 or under age 22 and a full-time student. Your beneficiary named above will receive all of your contributions and interest totaling \$40,889.20.

If your death results from a nonoccupational cause, survivor benefits of \$290.00 per month are payable to your spouse at age 50. This benefit will be payable to your spouse at any age if you have children under age 18 or under age 22 and a full-time student up to a family maximum of \$600.00. These benefits will be reduced by one-half of any social security survivor benefits. Your named beneficiary will receive \$37,531.79, which are your contributions and interest less widow/survivor contributions retained by SERS to pay the monthly death benefit.

If you die with no spouse or children under age 18 or under age 22 and a full-time student, your named beneficiary will receive all contributions and interest, plus a state's portion equal to one month's salary for each full year of service up to a maximum of six months, for a total lump sum benefit of \$72,141.20.

## At a Glance

as of June 30, 2001

Member Information	
Total Months of Service	179.50 mo.
Total Contributions	\$26,950.58
Your Retirement Coordinator:	
RETIREMENT COORD	217-222-3333
Retirement	
Estimated Retirement Benefit	\$7,115.00/mo.
Payable on	December 01, 2010
Death	
Occupational Death Benefits	\$2,603.50/mo.
Survivor Benefits	\$290.00/mo.
Survivor Family Maximum	\$600.00/mo.
Disability	
Occupational Benefits	\$3,905.25/mo.
Nonoccupational Benefits	\$2,603.50/mo.

***The beneficiary section provides you with the names of the people you have nominated to receive your SERS lump sum death benefits. This section has been expanded to show up to 16 of your beneficiaries. (See article below.)***

## **Keeping Your Beneficiaries Current**

Your named beneficiaries are located in the Death Benefits section of your Benefit Statement. It is your responsibility to keep your designations up-to-date.

Your SERS beneficiaries are separate from your Group Life Insurance beneficiaries. The people listed on your Benefit Statement are designated to receive your SERS benefits only.

You may change your beneficiaries at any time by completing and filing a Nomination of Beneficiaries form with SERS (enclosed with this publication).

If you have questions about your nominated beneficiaries, call us at 217-785-6963.

## **PENSION**

*(continued from page 1)*

based on an employee's final average salary, and the current benefit formula of 1.67% for years of service covered by Social Security and 2.2% for non Social Security service.

For example, an employee age 55 with 30 years of service under Social Security, would retire at 50.1% of average final compensation.

### **Change in Alternative Formula**

The alternative formula currently applies to certain police positions, air pilots, and Department of Corrections & Chester Mental Health employees. Effective January 1, 2001, the union agreement also allows certain employees in the forensic units of the Department of Human Services to qualify for the alternative formula. To receive this higher benefit, an employee must have at least 20 years of service in an alternative formula position.

The current alternative step rate formula will be changed to a flat rate of 2.5% of final rate of pay per year for service coordinated with Social Security, and a flat 3% per year for years not coordinated with Social Security.

The maximum benefit under the alternative formula will be raised from the current 75% to 80% of final rate of pay.

Employees will subsidize the cost of this increase by contributing an additional 1% of their salary beginning on January 1, 2002. Another increase of 1% in each of the following two years will also be required, for a total increase of 3%.

Corrections and certain DHS forensic employees can also qualify for this new formula for their years of alternative formula credit if their **total** SERS credit, including non-alternative service, equals 20 years.

As an example, an employee has 10 years of service as a security employee in the Department of Corrections and 10 years as a case worker in the Department of Public Aid with all years under Social Security. The retirement benefit would be computed:  $(10 \times 2.5\%) + (10 \times 1.67\%) \times \text{Average Final Compensation} = \text{Retirement Benefit}$ .

These changes require action by the General Assembly, which should occur during the fall veto session beginning in mid-November. We will keep you advised regarding the status of these changes.

# 2001 PRERETIREMENT WORKSHOPS

*To register for a workshop, contact your Retirement Coordinator, whose name is located on your Benefit Statement. Reservations CANNOT be made until Sept. 1, 2000.*

## **INVESTING IN YOUR FUTURE** *For employees under age 45.*

Jan. 23	Chicago
Feb. 13	Schaumburg
Feb. 27	Alton
Mar. 6	Springfield
Mar. 13	Chicago
Apr. 10	Dixon
Apr. 17	Springfield
Apr. 24	Chicago
May 8	Collinsville
May 15	Springfield
May 22	Chicago
Jun. 5	Tinley Park
Jun. 12	Champaign
Jun. 19	Rockford
Jun. 26	Carbondale
Jul. 17	Springfield
Aug. 7	Galesburg
Aug. 14	Springfield
Aug. 21	Peoria
Aug. 28	Deerfield ISAC
Sep. 11	Mt. Vernon
Sep. 18	Joliet
Oct. 2	Springfield
Oct. 16	Chicago
Oct. 23	Carbondale
Dec. 4	Springfield

## **EDUCATION FOR TOMORROW'S CHOICES** *For employees 5-15 years from retirement.*

Jan. 10 & 11	Chicago & Springfield
Jan. 17 & 18	Springfield
Jan. 24 & 25	Springfield
Jan. 31 & Feb. 1	Springfield & Glen Ellyn
Feb. 7 & 8	Springfield
Feb. 14 & 15	Springfield
Feb. 21 & 22	Carbondale
Feb. 28 & Mar. 1	Chicago
Mar. 14 & 15	Collinsville & Schaumburg
Mar. 28 & 29	Peoria
Apr. 4 & 5	Chicago
Apr. 11 & 12	Quincy
Apr. 18 & 19	Joliet
Apr. 25 & 26	Champaign
May 2 & 3	Chicago
May 16 & 17	DeKalb
May 23 & 24	Mt. Vernon
Jun. 6 & 7	Springfield
Jun. 13 & 14	Rockford
Jul. 11 & 12	Springfield
Jul. 25 & 26	Peoria
Aug. 1 & 2	Carbondale
Aug. 22 & 23	Chicago
Sep. 12 & 13	Springfield
Sep. 19 & 20	Schaumburg
Sep. 26 & 27	Collinsville
Oct 3 & 4	Chicago
Oct 17 & 18	Springfield & Tinley Park
Oct. 31 & Nov. 1	Effingham
Nov. 7 & 8	Springfield
Nov. 28 & 29	Chicago

## **COUNTDOWN TO RETIREMENT** *For employees 3 years from retirement.*

Jan. 18	Chicago
Feb. 8	Joliet
Feb. 22	Springfield & Chicago
Mar. 8	Carbondale
Mar. 22	Springfield & Chicago
Mar. 29	Collinsville
Apr. 12	Moline
Apr. 19	Springfield
Apr. 26	Tinley Park
May 10	Schaumburg
May 17	Carbondale
May 31	Rockford
Jun. 14	Springfield
Jun. 21	Effingham
Jul. 19	Springfield
Aug. 9	Champaign
Aug. 23	Springfield
Aug. 30	Collinsville
Sep. 6	Chicago
Sep. 20	Springfield
Oct. 4	Peoria
Oct. 25	Chicago
Nov. 1	Mt. Vernon
Nov. 15	Springfield & Chicago