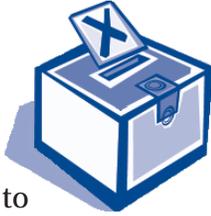


2006 Election Result



Lori Gaston has been elected by the SERS contributing members to serve a five-year term as the member trustee on the SERS Board of Trustees beginning July 17, 2006.

A total of 10,613 ballots were returned to the State Board of Elections, where 10,494 ballots were declared valid and certified on June 2.

Lori is a 22-year Corrections employee and has been president of her local union since 1996. She also serves as executive vice-president of AFSCME Illinois Council 31. *Visit our website for additional election information at www.state.il.us/srs.*

Your Annual Benefit Statement is Enclosed

Enclosed with this edition of the SERS-O-GRAM is your Annual Benefit Statement. This statement only displays the last four numbers of your Social Security number to help protect you from identity theft. Keep your Benefit Statement and Social Security card in a safe, secure place.



Besides giving you specific information about your SERS account, your benefit statement also lists any service you may have with a reciprocal system, any service you may be eligible to purchase or repay, and shows your service credit in months as well as years.

Included with this SERS-O-GRAM is a Nomination of Beneficiaries form (on the back page). You may change your beneficiaries at any time by completing and filing this form with SERS. If you have questions about beneficiaries, call us at 217-785-6973.

SERS Legislation

2006 Alternative Retirement Cancellation Payment

Again this year, the State is offering an Alternative Retirement Cancellation Payment (ARCP). The ARCP is for members within specific state agencies and job titles. Although quite similar to prior ARCP's, this bill adds and deletes certain job titles.

SERS members who participate in the ARCP will receive a one-time lump sum payment equal to their retirement contributions with regular interest, times two. The taxable portion of the lump sum amount may be rolled over into a qualified employer plan that accepts rollovers, or to a traditional Individual Retirement Account (IRA).

To participate in the 2006 ARCP, Group 1 members must meet the following eligibility requirements:

- Be among the first 500 employees to file on or before August 31, 2006.
- Be on active payroll as of June 1, 2006.
- Have continuous employment on and after January 1, 2006.
- File a written application by August 31, 2006.
- If the member has a Qualified Illinois Domestic Relations Order (QILDRO) in effect, the member must have a consent to participate from all alternate payees.
- Terminate employment within one month after approval of their applica-

SERS STATISTICS (as of June 30, 2006)

Survivor benefit recipients:
10,036

Retirement benefit recipients:
42,676

Disability benefit recipients:
2,156

Click on the "Just the Facts" link on our website to view more SERS statistics (www.state.il.us/srs).

tion or no later than September 30, 2006 whichever comes first.

We estimate that approximately 20,000 Group 1 members are eligible (employees under the Governor).

The ARCP also allows any job title under the other constitutional and legislative agencies (Group 2) to participate, if approved by their agency head.

To participate in the 2006 ARCP, Group 2 members must meet the same eligibility requirements as Group 1, except there is no limit to the number of employees who can participate. These employees must file and terminate employment by September 30, 2006.

During July, 2006, all members eligible to participate should have received an estimate of the dollar amount they can receive and an enrollment application.

Visit our website for additional ARCP information at www.state.il.us/srs.

Inactive Member Search

A new feature is located on our website that will allow you to search our missing members database alphabetically.

We are attempting to locate over 3,700 missing, inactive members who left their contributions in our system and we have no way of contacting them.



If you see your name in this list, call 217-785-7164. If you see the name of someone you know, encourage that person to call our office. If you see the name of someone who is deceased, have their family contact us at 217-785-7366.

Changes to QILDRO

A revised Qualified Illinois Domestic Relations Order (QILDRO) law was passed by the General Assembly with an effective date of July 1, 2006.

The new law allows for the division of a retirement benefit, lump sum death benefit, or a refund of contributions due to divorce. These benefits may be divided on a dollar amount or in percentages.

Generally, the QILDRO orders the payment of a benefit to the spouse as the alternate payee, but a QILDRO could also be payable to a child or other dependent. A member may not

choose a benefit type that would diminish the alternate payee's benefit without the written consent of the alternate payee.

The new QILDRO law does not change the law that determines an appropriate division of marital assets.

A member should consult with his/her lawyer about what assets are included in the couple's

marital property and the division of those assets, because SERS cannot give legal advice about the proper division of retirement benefits in any given case.



T. Rowe Price: All About Retirement



Retirement savings are big business, which puts T. Rowe Price, the company that manages the state's Deferred Compensation Plan, in a powerful position. Managing money for individual investors using a disciplined approach is their main business.

This Baltimore firm, started in 1937 and named for its founder, Thomas Rowe Price, believes that "our point of view should be entirely that of the investor's."

The average Price fund receives a four-star rating from Morningstar, and Price markets itself and its funds as being focused on the long-term—an attractive quality for investors looking toward retirement.

In 2002, Price launched a series of targeted-retirement funds, which divides money across many funds and caters to people who aren't interested in actively managing their retirement savings. These funds have been a big hit, with assets totaling \$10.4 billion at the end of March, 2006.

Overall, Price boasts a whopping \$293 billion in assets under management, with more than 2.8 million people entrusting them with their assets. Price also has one of the strongest balance sheets in its industry, partly because they don't pay big prices for acquisitions.

Price believes their independence, approach to asset management, and commitment to service gives their investors the advantage of confidence.

2007 SERS Preretirement Workshops

Registration for all of the SERS 2007 workshops begins September 1, 2006. In order to register, you must contact your agency's Retirement Coordinator. If you're not sure who your Retirement Coordinator is, check the "At a Glance" section of your enclosed Benefit Statement.

For more information on our preretirement workshops or to find out if a workshop you want to attend is filled, visit our website at www.state.il.us/srs or call 217-785-6979.

INVESTING IN YOUR FUTURE For employees under age 45

Jan. 23	Aurora
Feb. 27	Orland Park
Feb. 28	Springfield
Apr. 17	Joliet
Apr. 24	Springfield
Jun. 6	Rockford
Jun. 26	Urbana
Jul. 31	Springfield
Aug. 21	East Peoria
Sep. 11	Rock Falls
Sep. 18	Springfield
Oct. 2	Schaumburg
Oct. 30	Springfield
Nov. 6	Marion
Nov. 13	Chicago
Nov. 27	Fairview Heights

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

Jan. 10 & 11	Springfield
Jan. 17 & 18	Chicago
Jan. 24 & 25	Springfield
Feb. 7 & 8	Springfield
Feb. 7 & 8	Chicago
Feb. 14 & 15	Fairview Heights
Feb. 21 & 22	Springfield
Feb. 21 & 22	Joliet
Mar. 7 & 8	Urbana
Mar. 7 & 8	Chicago
Mar. 14 & 15	Springfield
Mar. 21 & 22	Springfield
Mar. 21 & 22	Rock Falls
Apr. 4 & 5	Chicago
Apr. 4 & 5	Marion
Apr. 18 & 19	Schaumburg
Apr. 18 & 19	Springfield
Jun. 5 & 6	Mt. Vernon
Jun. 13 & 14	Rockford
Jun. 13 & 14	Quincy
Jun. 20 & 21	Peoria
Jul. 11 & 12	Springfield
Jul. 17 & 18	East Peoria
Jul. 25 & 26	Springfield
Aug. 1 & 2	Carbondale
Aug. 7 & 8	Bloomington
Aug. 15 & 16	Fairview Heights
Aug. 22 & 23	Chicago
Sep. 12 & 13	Tinley Park
Sep. 19 & 20	Utica
Sep. 26 & 27	Chicago
Sep. 26 & 27	Springfield
Oct. 2 & 3	Effingham
Oct. 17 & 18	Carbondale
Oct. 24 & 25	Springfield
Nov. 7 & 8	Chicago
Nov. 7 & 8	Springfield
Nov. 28 & 29	Glen Ellyn
Dec. 5 & 6	Springfield

COUNTDOWN TO RETIREMENT For employees within 3 years of retirement

Jan. 4	Springfield
Feb. 1	Springfield
Feb. 6	Joliet
Mar. 1	Springfield
Mar. 1	Chicago
Mar. 15	Rockford
Mar. 29	Fairview Heights
Apr. 12	East Peoria
Apr. 12	Schaumburg
Apr. 26	Chicago
Apr. 26	Springfield
Jun. 7	Springfield
Jun. 28	Carbondale
Jul. 12	Gurnee
Jul. 19	Springfield
Aug. 9	Champaign
Aug. 16	Orland Park
Aug. 23	Springfield
Sep. 6	Springfield
Sep. 6	DeKalb
Sep. 13	Mt. Vernon
Sep. 20	Rock Falls
Oct. 4	Peoria
Oct. 4	Tinley Park
Oct. 25	Chicago
Oct. 25	Marion
Nov. 1	Springfield



State Employees' Retirement System of Illinois

2101 South Veterans Parkway, P. O. Box 19255, Springfield, Illinois 62794-9255, Phone 217-785-6963

MEMBER'S NOMINATION OF BENEFICIARY(IES) FOR DEATH BENEFITS

This form is to be used to nominate the person or persons to receive any death benefit payable by the State Employees' Retirement System of Illinois (SERS). This is a legal document which, after preparation, may not be altered in any way by any person. A member wishing to change beneficiaries at a later date must complete a new Nomination Beneficiary form. The form on file with SERS that has the most recent date, located next to the member's signature, will take precedence.

sheet of paper. Benefits will be paid on a survivor basis in the numerical order you indicate. Two or more persons with the same order number will receive equal shares. When this beneficiary nomination is accepted by SERS, an acknowledgment will be mailed to the current address on file with SERS. If your address is not current, please contact your payroll department to complete a new W-4 form.

INSTRUCTIONS: Complete this form using ink or typewriter. You may nominate one person, as many as you wish, or your estate. If additional space is required, use an extra

NOTE! Persons nominated as beneficiaries without order numbers will be considered after persons nominated with order numbers.

EXAMPLE

Order Number	Name	Address	Relationship
1	John A. Doe	123 West Main, Chicago, IL 60601	Father
2	Jane B. Doe	123 West Main, Chicago, IL 60601	Mother
3	David C. Doe	123 West Main, Chicago, IL 60601	Brother
3	Nancy D. Doe	44 South End, Springfield, IL 62708	Sister
3	Mary E. Doe	123 West Main, Chicago, IL 60601	Sister
4	Frank F. Smith	9876 E. 99th St., Peoria, IL 61605	None

In the event the member dies while in state service, the benefit will be paid as follows:

1. All the money will be paid to John Doe.
2. If John Doe is not living when the member dies, all the money will be paid to Jane Doe.
3. If John and Jane, Doe are not living when the member dies, the money will be divided equally among David, Nancy, and Mary Doe. (If only two of these three persons are living when the member dies, each will receive one half of the money and if only one of these three persons is living when the member dies, he/she will receive all of the money.)
4. If John, Jane, David, Nancy, and Mary Doe are not living when the member dies, all the money will be paid to Frank Smith.
5. If none of the nominated beneficiaries are living when the member dies, all of the money will be paid to the member's estate.

NOMINATED BENEFICIARIES

Order Number	Name	Address	Relationship
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

This form must be witnessed by two people who are not named as beneficiaries.

Member's Signature _____ **Date** _____

Member's Social Security Number _____ Witness _____

Member's Address _____ Address _____

Witness _____

Address _____