Who qualifies for the alternative formula?

When do pension payments begin?

What does “final average compensation” mean?

Do I receive benefit increases in retirement?

What are the eligibility requirements for receiving a benefit?

This brochure will answer all of these questions and more!

Retirement Checklist

✓ Acquire additional service credit by purchasing your sick, vacation and personal days! Complete form #1404 with your agency Payroll Officer before you terminate employment.

✓ Notify your agency of your intent to retire and the date you wish to do so.

✓ If you need to change your SERS beneficiary, contact SERS for a Nomination of Beneficiary form #101.

✓ On your last day of employment, you must resign from your agency by signing the required documents. If you are on disability, you must resign from your leave of absence in order to retire.

✓ Visit our website at www.state.il.us/srs
The alternative retirement formula applies to SERS members in certain positions who have 20 years of alternative service. The alternative formula is 2.5% for each year of service for employees contributing to Social Security (covered) and 3.0% for each year of service for employees not contributing to Social Security (non-covered).

ALTERNATIVE FORMULA POSITIONS
- State Policeman
- Fire Fighter
- Air Pilot
- Special Agent
- Secretary of State Investigator
- Conservation Police Officer
- Revenue Investigator
- Department of Human Services Security Employee (includes Mental Health police)
- Central Management Services Police Officer
- Security Employee with Department of Corrections or Juvenile Justice (includes Prisoner Review Board)
- Dangerous Drug Investigator
- State Police Investigator
- Attorney General Investigator
- Controlled Substance Inspector
- State’s Attorneys Appellate Prosecutor Investigator
- Commerce Commission Police Officer
- State Fire Marshal Arson Investigator
- State Highway Maintenance Worker

ELIGIBILITY
If you are eligible to receive an alternative formula pension benefit, you may retire at age 50 with 25 years of credited service in an alternative formula position, or at age 55 with 20 years of credited service in an alternative formula position.

Any coordinated service not under the alternative formula is calculated using the 1.67% retirement formula.

A security employee with either the Department of Corrections or the Department of Human Services with 20 years of total membership service will be eligible for the security formula on their service in the alternative formula. The security formula is identical to the alternative formula except that it does not allow for the earlier retirement ages provided by the alternative formula.

FINAL AVERAGE COMPENSATION
For an alternative formula employee, final average compensation is figured one of three ways: the average of the highest 48 consecutive months over the last 120 months of service (for members in service prior to January 1, 1998); the average of last 48 months of service or the final rate of pay (cannot exceed the average of the last 24 months of pay by 115%).

ANNUAL PENSION INCREASES
Alternative formula retirees receive their first 3% pension increase on January 1 following the first full year of retirement after age 55. These increases are not limited by the 80% maximum.

LUMP SUM SALARY PAYMENTS
Most employees will receive a lump sum payment at retirement for unused vacation and sick days earned between January 1, 1984 and December 31, 1997. This payment may be used to establish service credit for unused days to meet service eligibility requirements and increase your retirement benefit (21 days of sick & vacation time equals one month of service credit). After your agency notifies SERS, we convert any uncompensated benefit time into service credit at no charge to you.

BENEFIT PAYMENTS
You must apply for benefits in order to receive them. Contact your agency’s Retirement Coordinator approximately 30-90 days before retiring so they can begin the separation process. We will mail you a retirement packet which includes a retirement application, forms and brochures about insurance, taxes, and electronic funds transfer. This retirement packet may also be downloaded from our website.

Your retirement benefit is paid monthly for your lifetime. Your pension starts on the first day of the month following your withdrawal from service. You will receive your first pension check approximately six weeks after your retirement date.

If you elect Direct Deposit, the first two checks are mailed to you. After that, all future checks are electronically deposited into your bank account on the 19th of every month. You are required to notify SERS of any changes to your mailing address after retirement.

Alternative Formula Example #1: The employee is not covered by Social Security, is 50 years old, has 26 years, 8 months (320 months) of credited service in the alternative formula, and a final average compensation of $5,000 per month.

26 Years, 8 months x 3% = 80%
80% x $5,000 = $4,000 per month, or $48,000 annually.

Alternative Formula Example #2: The employee is covered by Social Security, is 50 years old, has 32 years (384 months) of credited service in the alternative formula, and a final average compensation of $5,000 per month.

32 Years x 2.5% = 80%
80% x $5,000 = $4,000 per month, or $48,000 annually.