

Who qualifies for
the regular 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

Retirement Benefits:



Regular Formula Employees

The Regular Retirement
Formula Applies to
Most SERS Members

TIER 1

for members hired
before January 1, 2011

State Employees' Retirement System of Illinois
2101 South Veterans Parkway • P. O. Box 19255
Springfield, IL 62794-9255 217-785-7444



Printed by Authority of the State of
Illinois on Recycled Paper 4M 1/11

The regular retirement formula applies to most SERS members. The regular formula is 1.67% for each year of service for employees contributing to Social Security (covered) and 2.2% for each year of service for employees not contributing to Social Security (non-covered). The maximum regular retirement benefit is 75% of final average compensation.

ELIGIBILITY

To receive a pension benefit, you must have a minimum of eight years of service credit. You may retire at:

- Age 60, with 8 years of service credit.
- Any age, when your age (years & whole months) plus years of service credit (years & whole months) equal 85 years (1020 months) (Rule of 85) with eight years of credited service in SERS.
- Between ages 55-60 with 25-30 years of service credit (reduced 1/2 of 1% for each month under age 60).

Pension benefits are based on three factors: final average compensation, years of creditable service, and the retirement formula.

FINAL AVERAGE COMPENSATION

For regular formula employees, final average compensation is the 48 highest consecutive months of service within the last 120 months of service. Examples for both covered and non-covered members are in the box to the right.

REDUCED RETIREMENT BENEFIT

A regular formula member can retire between the ages of 55-60 with 25-30 years of service with a pension reduced 1/2 of 1% for each month under age 60.

ANNUAL PENSION INCREASES

If you retire under the Rule of 85, you are eligible for your first 3% increase on January 1 following your first full year of retirement, even if you are not age 60. If you retire at age 60 or older, you will receive a 3% pension increase every year on January 1, following your first full year of retirement.

If you retire before age 60 with a reduced retirement benefit, you will receive a 3% pension increase every January 1 after you turn age 60 and have been retired at least one full year. These pension increases are not limited by the 75% maximum.

Covered Example: The member is covered under Social Security, is 60 years old, has 30 years of credited service, and a final average compensation of \$3,600 per month.

$30 \text{ years} \times 1.67\% = 50.1\%$ • $50.1\% \times \$3,600 \text{ FAC} = \$1,803.60$ per month, or **\$21,643.20** annually.

Non-Covered Example: The employee is not covered by Social Security, is 60 years old, has 30 years of credited service, and a final average compensation of \$3,800 per month.

$30 \text{ years} \times 2.2\% = 66\%$ • $66\% \times \$3,800 \text{ FAC} = \$2,508.00$ per month, or **\$30,096.00** annually

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 can be used to meet service eligibility requirements and increase your retirement benefit (21 days of sick & vacation time equals one month of service credit). This additional service credit does not affect your final average compensation.

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. The application must be returned to our office before the retirement process begins. The retirement packet may also be downloaded from our website: http://www.state.il.us/srs/PDFILES/Packets/Ret_Packet.pdf.

Your retirement benefit is paid monthly for your lifetime. Your pension will start on the first day of the month following 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.