

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](http://www.state.il.us/srs)

## Retirement Benefits:



# Regular Formula Employees

## TIER 2

for members hired  
after December 31, 2010

State Employees' Retirement System of Illinois  
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Printed by Authority of the State of  
Illinois on Recycled Paper 1500 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

A SERS member may retire and receive a pension benefit:

- At age 67 with a minimum of 10 years of service credit.
- Age 62-67 with a minimum of 10 years of service credit (reduced 1/2 of 1% for each month under age 67).

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 average of the 96 highest consecutive months of service within the last 120 months of service.

Retirement benefits are calculated on a maximum salary of \$106,800. The original retirement benefit increases annually by three



percent or one-half of the Consumer Price Index, whichever is less.

## REDUCED RETIREMENT BENEFIT

An employee could retire at age 62 with 10 years of service, but with a reduction in benefits of one-half of one percent per month for each month the member's age is under 67.

Pension examples for both covered and non-covered members are in the box below.

**Covered Example:** The member is covered under Social Security, is 67 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 67 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

Unused vacation and sick days 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.

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.