Countdown to Retirement

State Employees' Retirement System
Thank you for taking time away from your busy work schedule to attend the Countdown to Retirement (CDR) workshop. This is the third and final workshop in our series of preretirement workshops. Our workbook should be a useful tool for your questions about retirement. The staff of SERS is also available to answer any of your questions.

The Countdown to Retirement focuses on the shift into retirement. The main emphasis in this workbook is the transition from work to retirement, and financial planning for the rest of your life.

The CDR also addresses SERS entitlements, Social Security, and estate planning. Use this workshop and the corresponding workbook to further establish a firm foundation towards retirement.

SERS also offers a post-retirement workshop entitled Myths & Realities of Retirement (MRR) which reviews your life situation as a retiree. We encourage you to participate in this workshop a few years after retirement. If you have retirement questions, contact our Field Services Division at 217-785-6979.
Retirement should provide you with the time to pursue a variety of opportunities and activities: a second career, community involvement, travel, leisure activities and more time for family & friends. The prospect of retirement may also cause a certain amount of anxiety about the challenges you might face in the years ahead.

The **Countdown to Retirement** workshop provides you with basic retirement information, asks you important questions, and identifies sources for information and assistance. Think about what kind of lifestyle you want in retirement, then begin taking the steps needed to achieve it. To help determine your retirement lifestyle, complete as many of the worksheets in this workbook as possible.

Achieving happiness in retirement depends largely upon your outlook on life and your planning efforts during your working years!
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INTRODUCTION
INTRODUCTION

GOALS
Goal-setting is the first step in the planning process, but many of us fail to comprehend the commitment necessary to achieve goals. Possessing goals and working to attain them is central to our well-being. Achievement is never possible except through specific, clearly defined goals.

When Goals Are Set You:
• Develop a focus which enables you to channel your energies to accomplish more in a shorter amount of time.
• Identify what is important to you. The greatest waste of time is having no idea what you are suppose to accomplish.
• Are positioned to gather data, and make judgements about that data.

When goals are set, they enable you to control the direction of your life. From the moment of birth, each of us has an undetermined amount of time to accomplish our dreams. So many people reach the end of their life with the vague feeling that they could have accomplished more if they had only tried harder. Usually, the problem was a lack of direction, rather than a failure to try.

Our society does not understand the importance of failure in achievement. We must be willing to risk failure. If we take the time to determine why we failed, we will usually find the answers that eventually bring us success.

PLANNING
Planning is the mental process of thinking through what you want and how you will achieve it. Plans are commitments to a specific course of action in:
• Assessing the future and making provisions for it.
• Seeing opportunities and obstacles and exploiting or combating them.
• Reasoning about how to get where we want to go.
• Examining the causes and effects most likely to result from decisions.

OBSTACLES
Identify the obstacles you might encounter in achieving your goals. Writing down possible obstacles will remove your fear of failure. Identify the information you need to accomplish your goal. Determine if you’ll need professional assistance to help achieve your goal. Finally, list all of the activities you have to do to accomplish your goal.
GOAL-SETTING ANALYSIS

1. When I set a goal, I write it down.  
2. I describe my goal in specific, measurable terms.  
3. I often visualize my goals.  
4. My goals are achievable.  
5. I set realistic deadlines for completing my goals.  
6. I break a large goal into manageable units.  
7. I look for the potential problems that may keep me from reaching my goals.  
8. I take action to remove or minimize those potential problems.  
9. I review progress toward my goals on a regular basis.  
10. I know the personal rewards of reaching my goals.

Assess your responses by counting the number of times you responded “Nearly Always” and multiply that number by three. Multiply the number of times you responded “Sometimes” by two, and the number of times you responded “Rarely” by one. Then add the resulting three numbers for a total score.

Nearly Always  \( \text{(# of responses)} \times 3 = \text{_______} \)
Sometimes  \( \text{(# of responses)} \times 2 = \text{_______} \)
Rarely  \( \text{(# of responses)} \times 1 = \text{_______} \)
\[ \text{TOTAL} \quad \text{_______} \]

ANALYZING YOUR SCORE

30 - 24  Excellent job of setting effective goals.
23 - 18  You are on your way to achieving effective goal setting. Take another look at the statements where your responses were less than “Nearly Always.” These are the areas for additional concentration.
>18     There are several areas where you can improve your goal setting.
TEN STRATEGIES FOR GOAL-SETTING

1. I know what resources I need to reach my goals. [ ] [ ] [ ]
2. I work towards compatible goals. [ ] [ ] [ ]
3. I am comfortable asking for help to reach my goals. [ ] [ ] [ ]
4. I am responsible at working toward my goals. [ ] [ ] [ ]
5. I minimize interruptions towards reaching my goals. [ ] [ ] [ ]
6. I am flexible to changes that affect my goals. [ ] [ ] [ ]
7. I know the benefits of reaching my goals. [ ] [ ] [ ]
8. I am persistent about working toward my goals. [ ] [ ] [ ]
9. I balance the effort between my important goals. [ ] [ ] [ ]
10. I only pursue those activities that are goal-related. [ ] [ ] [ ]

Count the number of times you responded “Often” and multiply that number by three. Multiply the number of times you responded “Sometimes” by two, and the number of times you responded “Rarely/Never” by one. Then add the resulting three numbers for a total score.

Often ________ (#of responses) X 3 = _________

Sometimes _______ (#of responses) X 2 = _________

Rarely/Never _____ (#of responses) X 1 = _________

TOTAL _________

Strategies for Staying Power
How you responded to each statement relates to strategies that will encourage your “staying power” towards your goals. Most of us benefit from strategies that strengthen our resolve.

ANALYZING YOUR SCORE

39 - 33 You have a healthy understanding of what it takes to reach your goals.

32 - 26 You are on your way to developing the personal discipline for reaching your goals.

25 - 19 You can use the information in this Introduction to sharpen your goal reaching skills.
**MODIFIED PRERETIREMENT IDEAL-SELF ATTITUDE SCALE**

Check the appropriate column with regard to how you feel about yourself.

<table>
<thead>
<tr>
<th></th>
<th>Like Me</th>
<th>Don’t Know</th>
<th>Not Me</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. I am looking forward to retiring.</td>
<td>☐</td>
<td>☐</td>
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<tr>
<td>2. My financial status is not adequate to retire.</td>
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<tr>
<td>3. I am aware of how money can work for me after I retire.</td>
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<tr>
<td>4. I am protecting my retirement years by maintaining a healthy lifestyle.</td>
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<tr>
<td>5. I will continue to learn new things and get new ideas in retirement.</td>
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<tr>
<td>6. My choice of retirement living arrangements should be made only after serious thought.</td>
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<td>☐</td>
<td>☐</td>
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<tr>
<td>7. I am looking forward to doing whatever I want when I retire.</td>
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<tr>
<td>8. After retirement, I must keep occupied to remain happy.</td>
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<tr>
<td>9. I believe that retirement is the best years of one’s life.</td>
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<tr>
<td>10. I practice good money management in order to have enough.</td>
<td>☐</td>
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<tr>
<td>11. I seriously neglect my health because it does not matter in the years ahead.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
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<tr>
<td>12. I haven’t thought much about retirement.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
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<tr>
<td>13. I do not worry about health problems spoiling my retirement.</td>
<td>☐</td>
<td>☐</td>
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<tr>
<td>14. I want something useful and constructive to do to occupy my time when I retire.</td>
<td>☐</td>
<td>☐</td>
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<tr>
<td>15. I have close friends to keep me company when I retire.</td>
<td>☐</td>
<td>☐</td>
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<tr>
<td>16. Since I’ve spent my lifetime working, I’m going to sit back and loaf when I retire.</td>
<td>☐</td>
<td>☐</td>
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<tr>
<td>17. I will grow tired of doing what I’ve always wanted to when I retire.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>18. It is not necessary to get too concerned over my choice of retirement living arrangements.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
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<tr>
<td>19. I believe that one cannot learn after they reach 60 or 70 years of age.</td>
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<td>☐</td>
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<tr>
<td>20. I will put off making any plans for retirement until I retire.</td>
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</table>
PREPARING FOR RETIREMENT
PREPARING FOR RETIREMENT

The best time to retire is the end of the year for federal tax purposes. When you retire you may receive:

✔ A lump sum payment for vacation, sick and personal time.
✔ Qualified survivor refunds.
✔ Alternative formula excess payments.

The best time to retire is the end month (after the 16th) for insurance reasons.

The effective date of your retirement is the first of the month following your resignation. (Example: If you resign on 12-31-14, your effective date is 1-1-15.)

ANNUAL 3% PENSION INCREASE

✔ If you retire under the Rule of 85, you will receive a 3% pension increase on January 1 following your first full year of retirement.

✔ If you retire at age 60 or older, you will receive a 3% pension increase on January 1, following your first full year of retirement.

✔ If you retire before age 60, you will receive a 3% pension increase on January 1 after you reach age 60 if you have been retired one full year.

✔ Alternative formula members will receive their first 3% pension increase on January 1 following their first full year of retirement at age 55.

✔ The 3% increase is not limited by the 75% maximum.

TO BEGIN THE RETIREMENT PROCESS

✔ You must resign in writing from your agency.

✔ You must request a pension application packet. You should contact SERS directly about 30-90 days before the day you wish to retire. You may also contact your agency Retirement Coordinator (RC), but the RC does not have Retirement Packets.

The Retirement Packet includes:

- A retirement application.
- A retirement checklist.
- Information on group insurance, Direct Deposit, and taxes.
- A Direct Deposit form.
- A Retiree & Survivor Handbook.

The retirement packet may also include information on rolling over lump sum payments.
You must have a copy of your birth certificate on file with SERS prior to retirement. You may obtain a certified copy of your birth certificate from the Department of Public Health, Division of Vital Records at 217-782-6554.

If you want your pension directly deposited into your bank account, fill out the Direct Deposit form in the Retirement Packet. Your first two checks are mailed to you. Direct Deposit usually begins with the third check.

RECEIVING YOUR PAYMENT
Your pension benefit takes six to eight weeks to process, but is retroactive to your effective date of retirement.

Any lump sum payment that you qualify for is mailed with your first payment. You will receive two separate checks. After the first payment, all checks are mailed out on the 19th of the month. With Direct Deposit, your check is deposited into your account on the 19th.

CHANGE OF ADDRESS
If you change your mailing address BEFORE you retire, notify your agency of the change. If your mailing address changes AFTER you retire, notify SERS of the change.

RETIREE INFORMATION
Your annual Benefit Statement is mailed to you during March each year. You will also receive the retiree newsletter “The Informer” in March, April, September and December of each year.
Application Process

☐ Complete and return the Application for Retirement Annuity Pension form #3004 to SERS within 90 days of your pension becoming effective. Other documents which should be returned with your retirement application are:

☐ The Depository Agreement for SERS Benefit Payments form #3967, if you want your annuity electronically deposited with your bank.

☐ A photocopy of your birth certificate.

☐ Tax information is included in the pension packet. For questions regarding federal income taxes, contact the IRS.

☐ To change your SERS beneficiary, contact SERS for a Nomination of Beneficiary form #101 or go online to: www.srs.illinois.gov/sers/forms_sers.htm

Coordinate with Agency

☐ Notify your agency of your intent to retire and the date you want to retire. Contact your Retirement Coordinator for assistance with agency forms.

☐ Claim and purchase all allowable credited service before your effective date of retirement. (Request form #2003 from your Retirement Coordinator or go online to www.srs.illinois.gov/sers/forms_sers.htm.)

☐ Qualifying/Short Periods
☐ Free or Purchased Military Service
☐ Refunded Contributions
☐ Leaves of Absence after 1-1-82 (less than one year)

☐ Prior to retirement, you should resign from your agency by signing the appropriate documents. If you are on disability, you must resign from your leave of absence in order to retire. Layoff is considered a final personnel action for retirement purposes and resignation is not required.

☐ If you want to acquire additional service credit by purchasing your sick and vacation days, complete Form #1404 with your agency Payroll Officer before you terminate service.

Insurance

☐ Please review and complete the enclosed “Insurance Participation Election” form, this is a required form and must be completed.

☐ Participants who become eligible for premium-free Medicare Part A due to age (upon turning age 65) or due to disability (under age 65) are required to enroll in Part B of Medicare. Send a photocopy of your Medicare Card, and/or your dependent’s Medicare card to SERS for coordination of benefits. Failure to enroll and maintain enrollment in Parts A & B (when Medicare is the primary insurance payer) results in a reduction of benefits and additional out-of-pocket expenses for medical services.

☐ After retirement, questions about the group insurance program should be directed to the SERS Insurance Section. For optional health and life insurance deductions (i.e. American Family, golden Rule, etc.), make a photocopy of the authorization cards from the insurance carrier and mail to SERS.
# Checklist of Financial Planning

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<th>YES</th>
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| ![ ] | ![ ] | **SERS Benefits**
| ![ ] | ![ ] | Do you know what your monthly SERS pension benefit will be?  
| ![ ] | ![ ] | Are you aware of your survivor annuity benefits, and how these benefits may affect your spouse’s income?  
| ![ ] | ![ ] | Do you have an updated pension benefit estimate?  

| ![ ] | ![ ] | **Social Security**
| ![ ] | ![ ] | Do you know about the Social Security benefits package?  
| ![ ] | ![ ] | Are you knowledgeable about the Social Security benefits that you and your spouse are eligible for?  

| ![ ] | ![ ] | **Insurance**
| ![ ] | ![ ] | Are you familiar with all of your insurance policies?  
| ![ ] | ![ ] | Can you convert any part of your insurance to sources of new money?  
| ![ ] | ![ ] | Will your survivors need life insurance protection?  
| ![ ] | ![ ] | Do you understand your state-paid retirement health care package?  
| ![ ] | ![ ] | Are you aware of how the state-paid insurance and Medicare interact?  

| ![ ] | ![ ] | **Retirement Planning**
| ![ ] | ![ ] | Have you worked out a budget of probable retirement income and expenses for you and your survivors?  
| ![ ] | ![ ] | If a financial shortfall exists, do you have a plan to deal with it?  
| ![ ] | ![ ] | Do you have a plan to deal with inflation over time?  

| ![ ] | ![ ] | **Savings & Investments**
| ![ ] | ![ ] | Do you keep track of your monthly income and expenses?  
| ![ ] | ![ ] | Do you put money in savings each month?  
| ![ ] | ![ ] | Do you have a record of your savings and investments accounts?  
| ![ ] | ![ ] | Do your survivors know where you keep them?  
| ![ ] | ![ ] | Are you investing in the Deferred Compensation program?  
| ![ ] | ![ ] | Have you looked into other investment possibilities?
I know what my monthly household expenses are.
I am trying to cut down on living expenses before I retire.
I know what my monthly household expenses will be after I retire.
I know what my monthly income will be in retirement.
I know which living expenses should be less and what might cost more in retirement.
I have paid off big loans, or almost paid them off, so they are out of the way by the time I retire.
I have tried living on the income I’ll receive in retirement to see how things will work out.
I have reviewed insurance policies to see if they meet present and future needs.
I know what type of health insurance I’ll receive after retiring.
I talked to Social Security about what I need to do to receive my benefit after retirement.
HEALTH CHECKLIST

I have a physical each year. □ Yes □ No

I have a dental exam each year. □ Yes □ No

I have an eye exam once every two years. □ Yes □ No

For my height, build and sex, my weight is:
□ About Normal
□ Overweight
□ Underweight
□ Don’t Know

Overall, my general health is:
□ Good, with no specific diseases.
□ I have a physical condition, but I follow my doctor’s advice and lead as active and satisfying a life as possible.

If I have any unusual physical symptoms that worry or distress you, you report them to your doctor. □ Yes □ No

Overall, my general understanding of nutrition is:
□ I know the four basic food groups, and how each contributes to a healthy diet.
□ I have some idea of my daily caloric needs.
□ I am aware of the risks associated with a high cholesterol diet.

My overall eyesight and hearing is:
□ I have no trouble with seeing or hearing.
□ I wear corrective lenses to see clearly.
□ I have had some hearing problems and saw my doctor for advice.

I worry about my health:
□ Frequently
□ Occasionally
□ Seldom

I know enough about my overall health to make an informed decision about my physical well-being. □ Yes □ No

I realize that the decisions I make concerning my health will have a direct bearing on my quality of life. □ Yes □ No
# REDUCING ACCIDENTS CHECKLIST

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<thead>
<tr>
<th>Question</th>
<th>YES</th>
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<tr>
<td>Are you alert for tripping hazards (brooms, throw rugs, etc.)?</td>
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<td></td>
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<tr>
<td>Do you light the way ahead of you in hallways, rooms and stairs?</td>
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<tr>
<td>Do you carry small enough loads up and down stairs so you can see?</td>
<td></td>
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<tr>
<td>Do all stairways have handrails, and are they secure?</td>
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<tr>
<td>Have you considered using a different color for the top and bottom stair?</td>
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<tr>
<td>Are non-carpeted stairs covered with a non-slip material?</td>
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<tr>
<td>Is there a grab bar in showers and bathtubs?</td>
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<td></td>
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<tr>
<td>Is there non-slip materials in tubs and showers?</td>
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<tr>
<td>Are stairways, halls and exit ways free of clutter?</td>
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<td>Are rugs anchored down and worn carpet and tile replaced?</td>
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<td></td>
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<tr>
<td>Is furniture blocking normal walking areas?</td>
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<td></td>
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<tr>
<td>Are electric cords in good repair?</td>
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<tr>
<td>Do you avoid plugging more than two things into each double outlet?</td>
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<td>Are pot and pan handles always turned to the back of the stove?</td>
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<td>Is a light located over the stove and sink?</td>
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<tr>
<td>Are matches lit before the gas is turned on?</td>
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<tr>
<td>Are you aware of the type of clothing you’re wearing when cooking?</td>
<td></td>
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<tr>
<td>Do you have an escape plan in case of a fire?</td>
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<tr>
<td>Do you smoke in bed?</td>
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LIVING ARRANGEMENTS IN RETIREMENT

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Answer the following questions if you plan on moving after retirement

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<th>YES</th>
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ADJUSTING TO RETIREMENT

A major change in retirement is adjusting to your new role and identity. Before retirement, much of your identity came from your job, since our society is very work-oriented.

After retirement, you might consider yourself a senior citizen unless you can find a more satisfactory identity. You are not changing WHO you are in retirement, only the WAY you use your time.

Adjustment is easier if you are retiring TO something, rather than FROM something.

The most neglected aspect of retirement planning is the emotional adjustment. Research among recent retirees shows that the sudden adjustment from active employment to retirement, and the leisure time it brings, is their biggest immediate challenge.

CAREER ADJUSTMENTS

At this point in your career, you have probably reached the senior level of your job or area of expertise.

As an experienced employee, your skills are considered important to your employer. You assist and direct the efforts of other employees. The respect from your peers gives you a feeling of importance and self-worth.

Then you retire and the workplace goes on without you. Your decisions are no longer needed. The daily contact with coworkers, and the many challenges you faced, comes to a halt. You discover that work was more than just a job. It was a source of social and recreational satisfaction.

When you retire, your attitude towards aging, your personal identity and your future goals change. This will impact the quality and satisfaction of your life in retirement.

Many people fear retiring. This fear usually stems from the adjustments you must make. Ask yourself the question, “What can I do in retirement that will give me the dignity and self-respect that I had during active employment”?

If your response focuses on recreational activities, you may be disappointed. The recreational aspects of retirement may seem appealing because most people only vacation two to three weeks a year during their working years.

But you may be surprised that the work structure you developed throughout your career is difficult to alter. As a result, many retirees start a second career, take a part-time job, or do volunteer work.
MARRIAGE ADJUSTMENTS
If you’re married, how much time do you spend with your spouse each week? If you deduct the time spent working, maintaining your home and sleeping, there are surprisingly few hours spent together.

In a nationwide survey, the average couple spends less than ten hours a week doing things together. When you retire you’re suddenly spending 50-60 hours a week together. Even in the best of marriages, this poses some challenges.

Over the years, you may have developed separate interests and now have little in common. You think you know your spouse’s thoughts and feelings, but you have little to say and may not listen to what is said. The result can be increased loneliness and lack of intimacy.

One spouse may be used to giving orders at work. At home, this can cause resentment for one spouse and a loss of power and identity for the other.

If activities are not pursued during retirement, the result could be boredom and an escape into alcohol, drugs or television.

THE SINGLE RETIREE
According to the latest U.S. Census, approximately 11 million Americans between the ages of 45 and 64 are single by choice, death, or divorce. Most single people seek social outlets that bring friends and family together with complementing interests.

For many people, being single is a satisfying lifestyle, giving them the independence to come and go as they please. Close friends are important, since few individuals are happy living alone with little or no social interaction.

If being a single retiree is new to you, good sources for finding friends are social & recreational clubs, associations, church and adult education.

Divorce
If all efforts fail to revive a dying marriage, you and your spouse may decide that divorce is the only alternative. Even ‘amicable’ divorces bring trauma to everyone involved.

EASING INTO THE TRANSITION TOGETHER

- Develop mutual support and discuss each others goals before retirement.
- Before retiring, review all aspects of your lives together, from finances to leisure time.
- Develop a group of friends outside of work.
- Replace your working routine with a retirement routine.
- Respect your spouse’s privacy.
- Share household chores.
- Take care of your appearance.
To minimize this trauma, continue talking to each other to get your thoughts and feelings out in the open. Don’t blame your spouse entirely for the failure of your marriage.

**Widowhood**

There are times when all of us feel lonely, but never more so than after the loss of a spouse. Give yourself time to adjust.

Don’t make hasty decisions (especially about money or moving). Take care of yourself physically and mentally, and seek counseling if necessary.

To bring love and attention back in your life, you may have to initiate the first moves. Check out community organizations. Find a ‘cause’ to help get your mind off of yourself and provide a way to connect with others.

---

**SELF-ASSESSMENT**

What are your interests? ________________________________

What do you get excited about? __________________________

What do you like to read and talk about? __________________

What motivates you? _________________________________

What are your skills? _________________________________

What skills do you enjoy most? __________________________

What skills would you like to develop? __________________

What’s important to you? ______________________________

What are your life goals/priorities? _____________________

What values are important to you? ______________________
In the space below, list your fears and expectations of retirement. List as many as you can think of, no matter how trivial it may seem. Every one of your fears and expectations are real and must be considered.

<table>
<thead>
<tr>
<th>Fears</th>
<th>Expectations</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>1.</td>
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<td>2.</td>
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<td>3.</td>
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<td>6.</td>
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<td>7.</td>
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</tbody>
</table>

Now go back and examine each fear and expectation to determine how realistic each one is. Many can be eliminated during this process. Look at the ones remaining to see what can be done to eliminate or reduce your fear, and change or accomplish each expectation.

<table>
<thead>
<tr>
<th>Fear</th>
<th>Action to be Taken</th>
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</thead>
<tbody>
<tr>
<td>1.</td>
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<td>2.</td>
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<td>3.</td>
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<td>4.</td>
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</tbody>
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<table>
<thead>
<tr>
<th>Expectation</th>
<th>Action to be Taken</th>
</tr>
</thead>
<tbody>
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<td>1.</td>
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<td>3.</td>
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<td>4.</td>
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</table>

This exercise should give a positive outlook towards retirement and reduce your fears and expectations about retirement.
EXPLORING SECOND CAREER POSSIBILITIES

If you are thinking of a second career after retiring from the State, have you considered the following?

What field or specific job are you interested in? ________________
_________________________________________________________________________________

What do you know about that field? Do you need to get some training? ____________________________
_________________________________________________________________________________

Do you have any contacts in this field? ____________________________
_________________________________________________________________________________

What special circumstances or constraints do you have? Are there certain hours or days you want to work, or distances you would be willing to travel? ____________________________
_________________________________________________________________________________

Do you know what jobs are available in your area? ____________________________
_________________________________________________________________________________
Free time and how to use it has become a problem in our society. The good life, as it is portrayed in America, conjures up someone with an ample amount of time and money participating in a wide variety of leisure activities.

The reality is only a small percentage of Americans possess the requirements for a truly leisure lifestyle. There is overwhelming evidence that a lack of free time is a central problem for most Americans.

This phenomena permeates working Americans life until retirement or when a similar departure from the workplace takes place. It is only then that a leisure lifestyle deficiency becomes a problem of too much, too soon.

Based on the 2010 Census report, the age 85 and older population grew from just over 100,000 in 1900 to 6.0 million in 2010 compared with the population aged 65 to 84 which grew from 3 million in 1900 to 39 million in 2010. The average life expectancy at birth rose from 47.3 in 1900 to 78.1 in 2010.

As life expectancy rates continue to rise, the task facing us is to develop a leisure lifestyle early enough in life to use in our retirement years.

A leisure lifestyle will help us use our free time in a useful and enjoyable manner. Leisure is time being used constructively through participation, learning, and developing values related to the use of time.

Retirement gives us many new ways of using time, but we must decide how to use it wisely. If we haven't already developed some kind of leisure lifestyle, we might drift into a wide variety of leisure pursuits that may not be in our own best interest.

More than two thousand years ago, a Greek philosopher said, “Time is the most valuable thing a man can spend.” Everyone is given exactly the same amount of time each day. It is a limited amount, and it is impossible for anyone to be so rich in time as to enjoy everything which time brings.

How you use your free time determines how you value time. Your work day schedule probably became habit, but now that you close to retirement, how are you going to spend your free time?

When you share your free time with others, is it stimulating and enjoyable, or habit and obligation? There is often an upside-down relationship between what people enjoy doing in their free time and what they actually do.
Compare Your Free Time and Your Work Time

How you spend your working hours determines to some extent how your free time should be spent, because leisure activities can compensate for, or complement, your work environment.

Ask yourself what needs are not being met by your job? If your work duties are tedious, your leisure time should compensate for the shortcomings of your job and working conditions.

How often do you come home, plop in a chair, and escape into television? How often do you use your free time to advance your work interests?

There are no right or wrong answers to these questions. Their purpose is to clarify what is best for you—what are your values and goals at this time in your life? That should help you decide what you need to be doing.

There may be certain things you haven’t done in years that you really enjoy doing. You should learn how you use, not misuse, your free time!

<table>
<thead>
<tr>
<th>PERSONAL NEEDS</th>
<th>My Work Provides</th>
<th>My Leisure Provides</th>
<th>Degree of Importance to Me</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mental Challenge</td>
<td>______</td>
<td>______</td>
<td>______</td>
</tr>
<tr>
<td>Self-Expression</td>
<td>______</td>
<td>______</td>
<td>______</td>
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<tr>
<td>Recognition</td>
<td>______</td>
<td>______</td>
<td>______</td>
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<tr>
<td>Personal Development</td>
<td>______</td>
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<tr>
<td>Relaxation</td>
<td>______</td>
<td>______</td>
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<tr>
<td>Creativity</td>
<td>______</td>
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<td>______</td>
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<tr>
<td>Good Communication</td>
<td>______</td>
<td>______</td>
<td>______</td>
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<tr>
<td>Prestige</td>
<td>______</td>
<td>______</td>
<td>______</td>
</tr>
<tr>
<td>Self-Esteem</td>
<td>______</td>
<td>______</td>
<td>______</td>
</tr>
<tr>
<td>Physical Well-Being</td>
<td>______</td>
<td>______</td>
<td>______</td>
</tr>
<tr>
<td>Enjoyment</td>
<td>______</td>
<td>______</td>
<td>______</td>
</tr>
</tbody>
</table>

Rate your job on how well it meets the personal needs listed above, using the following key:

1. Almost never
2. Rarely
3. Occasionally
4. Fairly often
5. Almost always

Then go through your personal needs and assess how your leisure rates on each. Also rate how important each need is to you (10 is high, 1 is low).
EXAMINATION OF FREE TIME

Below is a list of motivations for participating in various leisure activities you enjoy...if you had more time. Estimate how much leisure time you now spend on each category below, then consider how much time you would like to spend on them in retirement. Your total percentage of time may add up to over 100%, since many activities serve several functions.

<table>
<thead>
<tr>
<th>Motivation</th>
<th>Estimated Amount of Time</th>
<th>Amount of Time Preferred</th>
</tr>
</thead>
<tbody>
<tr>
<td>Physical Fitness</td>
<td></td>
<td></td>
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<tr>
<td>Mental Stimulation</td>
<td></td>
<td></td>
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<tr>
<td>Fun</td>
<td></td>
<td></td>
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<tr>
<td>Relaxation</td>
<td></td>
<td></td>
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<tr>
<td>Being Creative</td>
<td></td>
<td></td>
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<tr>
<td>Out of Social Concern</td>
<td></td>
<td></td>
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<tr>
<td>Affiliation</td>
<td></td>
<td></td>
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<tr>
<td>Pressure from Others</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Just Something To Do</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entertainment</td>
<td></td>
<td></td>
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<tr>
<td>Escape from Boredom</td>
<td></td>
<td></td>
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<tr>
<td>Social Contacts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal Growth</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Variety</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Self-Esteem</td>
<td></td>
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<tr>
<td>Recognition</td>
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<tr>
<td>Curiosity</td>
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</tbody>
</table>

Remember, there is no typical motivation. Since each person is unique, there are no right or wrong answers. The only criterion should be what is right for you.
Using the pie above, estimate how many hours are spent at work, free time, sleep and other activities.

1. What have you discovered about yourself and your use of time?

2. Are you satisfied with how you are spending your time?

3. What changes would you like to make in how you spend your time after retirement?

4. Is there anything you can do to make sure your time is filled productively in retirement?

5. How much of your time is obligated?
Meaningful use of time is the most underrated problem facing retirees today. A full and busy week during the working years (upper chart) must be abruptly restructured after retirement. How will you fill the hours of your retirement week? Complete this exercise (bottom chart) by allocating time for your future activities.

### WORKING YEARS

- Sleeping & Eating: 70 hours
- Working: 40 hours
- Family Activities: 12 hours
- Commuting: 10 hours
- Shopping, Home Repairs: 10 hours
- TV, Reading, Radio: 10 hours
- Recreation, Socializing: 8 hours
- Outdoor Activities: 5 hours
- Religious Activities: 3 hours
- **TOTAL**: 168 HOURS

### RETIREMENT YEARS

- Sleeping & Eating: 70 hours
- Hours to Fill: 98 hours
- **TOTAL**: 168 HOURS
ENTITLEMENTS
The State Employees’ Retirement System (SERS) is responsible for the administration of pension, death and disability benefits. You must apply for SERS benefits, since there are forms, eligibility requirements, and time frames you must comply with. If you have any questions, contact your Retirement Coordinator or SERS.

**SERS ENTITLEMENTS**

**PENSION REGULAR FORMULA**

The regular retirement formula for all active employees is a flat rate formula of 1.67% for employees contributing to Social Security, and a flat rate of 2.2% for members not contributing to Social Security. The maximum pension is 75% of final average compensation.

**Final Average Compensation (FAC)**
Average of 48 highest consecutive months of earnings within the last 120 months of service.

**Age and Service Requirements**

- When any combination of age and service credit equals at least 85.
- Age 60 with eight years of service credit.
- Age 55 with a minimum of 25 years of service credit. (Reduced 1/2 of 1% for each month under age 60.)
- At any age with 35 years of service.

**BENEFIT FORMULA**

<table>
<thead>
<tr>
<th>Coordinated Member</th>
<th>Noncoordinated Member</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.67% for each year of credit</td>
<td>2.2% for each year of credit</td>
</tr>
</tbody>
</table>

My total years of credited service at retirement ____________.

\[
\text{Service Credit} \times \frac{\text{Formula \%}}{\text{Total \%}} = \text{Total \% (may not exceed 75\%)}
\]

**REQUESTING FORMS**

- To change or update beneficiaries...request #101
- To request service credit information for:
  - Qualifying Periods
  - Short Periods of Employment
  - Repayment of refund
  - Leaves of Absence
  - Military time
    - Free
    - Purchase...request #2003
- To receive pension estimate or pension application packet...request #3901
PENSION
ALTERNATIVE FORMULA

All SERS members with 20 years of alternative formula service can retire using one of three salary components to give them the highest monthly pension: a monthly formula based on final rate of pay at retirement; an average of the last 48 months of service; or the average of the highest 48 consecutive months over the last 120 months (for members in service prior to January 1, 1998). The maximum pension is 80% of final average compensation.

Age and Service Requirements:
• Age 50 with 25 years of service credit.
• Age 55 with 20 years of service credit.

Final Average Compensation is Figured one of Three Ways:
• Average of the highest 48 consecutive months over the last 120 months of service (for members in service prior to January 1, 1998).
• Average of last 48 months of service.
• Final Rate of Pay: Cannot exceed the average of the last 24 months of pay by 115%.

BENEFIT FORMULA

Coordinated Member  Noncoordinated Member
2.5% for each year of service  3.0% for each year of service

My Highest Dollar Calculation $ ____________.

My total years of credited service at retirement ____________.

Years _________  X  _________ %  =  _________  Total %
(may not exceed 80%)

TOTAL % _______  X  $ ____________  *  =  ___________ MY PENSION
* Highest dollar amount of the three-way calculation.

REQUESTING FORMS

• To change or update beneficiaries ...request #101
• To request service credit information for:
  • Qualifying Periods
  • Short Periods of Employment
  • Repayment of refund
  • Leaves of Absence
  • Military time
    • Free
    • Purchase ...request #2003
• To receive pension estimate or pension application packet ...request #3901
DEATH QUALIFIED SURVIVORS

Service Requirements:
18 months of credited service for active SERS members.
96 months of credited service for inactive SERS members.

Who is eligible for a survivor annuity?

Spouse or Civil Union Partner
Age 50 or older, married for one year prior to termination of state service or death

Any age, if you have a child under age 18. This annuity ends when the last child reaches age 18 (22 if full-time student) if you are not age 50.

Children
Under age 18 if not married (22 if full-time student).

Over age 18 if mentally or physically handicapped and financially dependent.

Parents
If your spouse or children do not survive you, your dependent parents may be eligible for benefits.

Do I have qualified survivors?
If yes, they are: ____________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

My qualified survivors would receive a monthly benefit of:
* $ __________________________

If you die while actively employed, your nominated beneficiaries will receive the retirement portion of your SERS contribution.
If you die while actively employed with no qualified survivors, your beneficiaries will receive your entire contribution, plus interest.

Beginning June 1, 2011, Illinois recognizes legal civil unions between two people. They are entitled to the same SERS benefits as spouses if they have been legal partners for one year. Throughout this workbook, the terms ‘civil union partner’ and ‘spouse’ are used interchangeably.
Questions concerning the establishment of creditable service: Service & Refunds Division 217-785-7167.

Questions concerning the application for a lump sum refund, upon withdrawal from state employment: Service & Refunds Division 217-785-7187.

Questions concerning your current status: Accounting Division 217-785-7202.

Questions concerning pension/retirement benefits: Claims Division 217-785-7343.

Questions concerning disability benefits: Claims Division 217-785-7318.

Questions concerning death benefits: Claims Division 217-785-7366.

**ADDRESSES & TELEPHONE NUMBERS**

**State Retirement Systems**
2101 South Veterans Parkway
P. O. Box 19255
Springfield, IL  62794-9255
217-785-7444
Fax: 217-785-7019
TTD #: 217-785-7218

**State Employees’ Retirement System**
Michael Bilandic Building
160 North LaSalle
Suite N-725
Chicago, IL  60601
312-814-5853
Fax: 312-814-5805
GROUP INSURANCE INFORMATION

GROUP HEALTH COSTS
BEFORE Retirement for SERS members
• Must pay a member-portion based on annual salary.

For Dependents
• Premiums vary according to different plans (premiums are shown in annual CMS Benefit Choice brochure).
• Deducted from member’s paycheck.

AFTER Retirement for SERS members
• Tier 1 members must have eight years of service with SERS to qualify for group insurance. Tier 2 members must have 10 years.
• Premiums paid by State if you have 20 or more years of State service. Under 20 years of service must pay a member-portion based on years of service—5% credit for each year of State service. (Example: 10 years x 5% = 50% State-paid).

For Dependents
• Same premiums as an active member.

GROUP DENTAL INSURANCE COSTS
BEFORE and AFTER Retirement for SERS members and Dependents Covered Under Dental Plan
• Must pay a premium for Quality Care dental plan.

GROUP LIFE INSURANCE COSTS
BEFORE Retirement
• Basic State Life - Free
  Equal to 100% of annual salary rounded up to next $100.

AFTER Retirement
• Basic State Life - Free
  Under age 60, equal to 100% of annual salary rounded up to next $100.
• Age 60 or older, reduces to $5,000.

OPTIONAL GROUP LIFE INSURANCE COSTS
BEFORE Retirement and Retired under age 60
• May purchase up to eight times basic life.
  • Accidental Death & Dismemberment: Extra cost equal to either member’s basic life, or combined basic and optional.
  • Spouse Life Insurance: $10,000 coverage at extra cost.
  • Child Life Insurance: $10,000 for each child at extra cost.

Remember: Your Group Life beneficiary and your SERS beneficiary are separate.
Retired Age 60 & Above
• May purchase up to four times basic life.
• If increasing coverage, you must complete a Health Certificate questionnaire which is subject to approval by the life insurance carrier.
• Spouse Life Insurance: $5,000 coverage at extra cost.
• Child Life Insurance: $10,000 for each child at extra cost.
• All group life insurance premium rates are shown in the annual CMS Benefit Choice Options brochure.

OTHER NON-GROUP INSURANCE COVERAGES

Unlike State Group Insurance—health, dental, life—other insurance coverages do not automatically continue in retirement.

You must complete new payroll deduction authorization cards from the insurance company.

Life insurance beneficiary information is available through the current Life Insurance Administrator for the State of Illinois.

GROUP INSURANCE CONTACTS

State Retirement Systems
Group Insurance Section
217-785-7150

State Retirement System
Chicago Office
312-814-5853

Central Management Services
Group Insurance Division
217-782-2548 or 800-442-1300
SOCIAL SECURITY

The basic purpose of Social Security benefits is to replace part of your income lost because of disability, death or retirement. It was never designed to replace income at a 100% rate. Workers need to know what Social Security will provide and then design their pensions, insurance, savings, and investments around this basic plan.

- You may begin receiving retirement benefits as early as age 62, but any benefits taken before your full retirement age will cause a permanent reduction of benefits. If you delay your retirement past full retirement age, you will receive a larger monthly retirement benefit. Your family may also be eligible for benefits from your record when you retire.

- If you become totally disabled, benefits will be paid to you and your family while you remain disabled. If you return to work in spite of your disability, there are work incentives that allow you a chance to try a job before you lose the Social Security monthly benefit.

Workers who receive disability for 24 months become eligible for Medicare. Coordinated members of SERS will be asked to file for Social Security benefits during the first year of receiving SERS benefits.

- In the event of your death, your family will become eligible for benefits. Insurance payments and pensions generally do not affect the amount of survivors’ benefits. In some cases the widow or widower’s benefit may be reduced (or eliminated) due to the Government Pension Offset.

Social Security Retirement Benefits
Social Security retirement benefits may be paid as early as age 62 if you have paid into Social Security for at least 40 quarters (10 years).

Benefits are paid based on your average salary over a 40-year working period. Social Security uses the 35 highest years, indexed for inflation, and provides a percentage of that salary to the individual.

If you were born after 1937, the age at which you can receive full benefits increases. As an example, a State employee born in 1952 will be eligible to receive full benefits at age 66.

Social Security retirement payments will not affect your retirement benefits from SERS, nor will your SERS benefit affect your Social Security benefit, with one exception:

To Get a Social Security Estimate

Go to www.ssa.gov. Locate the search box and type “WEP Calculator”. On the next page, scroll down and click on Social Security Online: WEP Calculator. Enter your information, including your Social Security earnings as shown on your Social Security Statement. You will also need an estimate of your SERS benefit. The calculator will provide an estimate of your Social Security benefit after the WEP is considered.
As a State employee, if you do not pay into Social Security, you are considered a non-covered member. As a non-covered member, your Social Security benefit may be reduced or eliminated. If you believe you will be affected in this way, visit the Social Security website at www.ssa.gov, and download the fact sheet: A Pension for Work not Covered by Social Security.

Social Security Disability Benefits
Social Security disability benefits may be paid to a person unable to engage in gainful employment as a result of physical or mental impairment which has lasted, or can be expected to last, for more than one year. Like Social Security retirement benefits, Social Security disability benefits are determined by average wages earned over a period of time.

If you do not pay into Social Security as a State employee, your disability benefits from SERS are not affected in any way. If you pay into Social Security as a State employee, Social Security disability payments WILL affect your non-occupational disability benefit.

If you have applied for SERS benefits because of a pregnancy, you will not be asked to apply for Social Security benefits.

Social Security Survivor Benefits
Social Security provides four benefits upon death of a covered employee:

- A lump sum payment of $255 is paid to a worker’s widow(er) or to a person who is eligible for a child’s benefit.
- A survivor’s benefit is payable to the surviving spouse, if that spouse is over the age of 60. The amount of that benefit is between 71–94 percent of what the worker would have been paid at retirement (100% if the spouse is over 65).
- A survivor’s benefit is payable to each surviving child under age 18 (age 22 if the child is in school). The amount of the child’s benefit is 75% of what the worker would have been paid at retirement.
- A survivor’s benefit is payable to a parent age 62 or older if the parent was receiving one-half of their support from the deceased child.

If you have questions about Social Security benefits, contact the Social Security Administration at 1-800-772-1213 or visit their website at www.ssa.gov.

Social Security’s website (www.ssa.gov) is a valuable resource for information about all Social Security’s programs. You can do the following:

- Apply for certain kinds of benefits
- Find the address for their local office
- Change your address
- Apply for a password to check your benefits or change your direct deposit
- Request a replacement Medicare card
- Confirm your benefit amount
- Find copies of their publications
I. Estate Planning - Basic Definitions
   A. Planning for ownership and transfer of property
      1. Contrast with Financial Planning
      2. Discussions based on Illinois Law
      3. Glossary of Terms
   B. What is an Estate?
      1. Real Property
      2. Personal Property
      3. Ways to “Own” Property
         a. Sole Ownership
            i. Creditor’s rights during life
            ii. Exemptions: Homestead, Personal, Retirement Accounts
         b. Co-Ownership
            i. Joint Tenancy: Passes to survivor
            ii. Tenants in Common: Share controlled by will or statute
            iii. If do not use term “joint tenancy with right of survivorship”, then have created tenancy in common (exception – vehicle titles)
            iv. Creditor problems: creditors of co-owners may claim an interest
         c. Transfer on Death
            i. Owner or owners have complete control until death of all owners
            ii. Name beneficiary or beneficiaries
            iii. Direct transfer to beneficiary; will does not control; not subject to claims or probate
            iv. Any type of asset including real estate
         d. Tenancy by the Entirety
            i. Only residence & spouses
            ii. Acts like Joint Tenancy passing sole ownership to surviving spouse
            iii. Protection from creditors of one spouse
            iv. Can’t return to different form of ownership
         e. Trust Ownership (see Part V)

II. Division of Your Estate
   A. Property in decedent’s name only
   B. Death without will (Intestacy)
      1. Married with no descendants: all to spouse
      2. Single with children: all to descendants
      3. Married with children: half to spouse; half to descendants
      4. No spouse or descendants: Siblings & parents
      5. No spouse, descendants, parents, siblings, nieces or nephews: Descendants of grandparents, one-half to cousins on each side of family
      6. No relatives: Escheat to county or state, rare
   C. Death with Will
      D. Renunciation by spouse
         1. 1/3 with children
         2. 1/2 with no children

III. Why A Will Is Necessary
   A. May want spouse to have it all
   B. Distribution of property
      1. Minor children
      2. Charitable donations
      3. Changes in shares & gifts
   C. Name Executor
   D. Name Guardian vs. Court-Appointed
      1. Guardian of estate
      2. Guardian of person
      3. Doesn’t terminate other parent’s parental rights to custody
   E. Waive surety on bond
   F. Distributes property on death of surviving spouse
   G. Wills - formal execution
      1. Two witnesses
      2. Notarization not required
      3. Only filed after death with Circuit Court clerk of county of decedent’s residence
   H. Codicil to change portion of will

IV. Selecting executors, trustees, attorneys & accountants
   A. Executor
      1. Individual or corporate
      2. If individual
      3. If corporate
      4. Bond or surety for executive decision
   B. Trustees
   C. Fees
   D. Accountants
V. Trusts
A. Definition
   1. Trust Fund
   2. Grantor
   3. Trustee
   4. Beneficiary
B. Basics
   1. All three parties may be same person
   2. May use bank as trustee
   3. May use provision only giving all or part of income for periods determined by grantor
   4. Beneficiary may receive interest directly, avoiding probate, upon death of grantor or other beneficiary
   5. May require surety bond of trustee
C. Non-Tax Advantages
   1. Beneficiary cannot legally manage funds
   2. Beneficiary lacks judgement in opinion of grantor
   3. Beneficiary is a “special needs” person who is physically or mentally disabled. Amount in trust does not count toward Medicaid or other means tested governmental programs
   4. Grantor wants beneficiary to have only lifetime use of funds
   5. May avoid probate
   6. Insulates trust from claims of non-grantor beneficiaries’ creditors through spendthrift clause
   7. Privacy
   8. Flexibility
   9. Use as “Conduit” for IRA’s, etc.
D. Tax Effects
   1. Federal and state estate tax if:
      a. Retain income, or
      b. Retain power to change beneficiaries
      c. Retain power to revoke or amend trust
   2. Income Taxes
E. Disadvantages
   1. Cost
   2. Complexity
   3. Restrictions

VI. Revocable Living Trusts - Definitions
A. May change trust anytime during lifetime
B. Payment to yourself at own request
C. Pays debts, etc. at death
D. Added advantage of management
E. Not all assets suitable
F. Best suited for retirement age
G. Saves expenses

VII. Probate
A. Definition: court-supervised process to:
   1. Collect probate assets
   2. Pay debts, expenses, taxes (6 month claim)
   3. Distribute assets
   4. Creates a public record
B. How To avoid
   1. Life insurance
   2. Joint tenancies and transfer on death
      a. Joint tenancy: children, minors & problems
         i. Bank accounts
         ii. Real estate
         iii. Stocks
      b. “Convenience” joint tenancies - dangers
      c. May control no assets
   3. Trusts
   4. Use of small estate affidavit if bank accounts, equities, etc. in decedent’s name alone under $100,000
C. Why Avoid
   1. Expense
   2. Lack of privacy
   3. Inconvenience
   4. Delay of claim periods (6 months)
D. Disadvantages of probate avoidance
   1. Short claim period foregone - six months if probate; two years for claims if no probate
   2. Income tax advantages may be lost if estate or trust is not a “taxpayer”
   3. Savings may not be as great
   4. Increased initial expense

VIII. Estate Tax (Illinois & Federal Use Same System)
A. 2011 Estate Tax
   1. Federal Estate Tax: $5 million exemption
   2. Illinois Estate Tax: $2 million exemption
B. Amount to spouse or charity always exempt
C. Taxable Estate - All property in which decedent retained income or could designate beneficiary
   1. Life insurance owned by decedent
   2. Retirement plans
   3. Revocable trusts
   4. Joint tenancy extent of contributions
D. If taxable under U.S. and Illinois at 2011 exemptions, combined rate over $5 million is approximately 43%
E. 2012 Estate Tax
1. Federal Estate Tax: $5 million exemption
2. Illinois Estate Tax: $3.5 million exemption
F. 2013 Estate Tax
1. Controlled by possible federal legislation
2. Could fall back to $1 million exemption

IX. Gift Tax
A. $13,000 per year per person annual exclusion
B. $5 million lifetime exemption over exclusion gifts
C. Use of lifetime exemption reduces estate tax exemption

X. Income Tax
A. Gifts & inheritance are not taxable income
B. Interest, dividends and other post-gift or post-death earnings on gifts or inheritances are taxable income
C. Exception: Inheritance of an asset which includes untaxed income. For example, IRA's, 401k's, deferred compensation, e-bonds or annuities will accrue untaxed income, the untaxed amount will be taxable to the beneficiary
D. Surviving spouse may “rollover” IRA, 401k, deferred compensation, etc.; others may not. Other survivors must withdraw at least a minimum amount each year which is determined by actuarial table

XI. Powers of Attorney/Advance Directives
Forms
1. Power of Attorney for Property and Health Care www.gac.state.il.us
2. Living Will, Power of Attorney for Health Care, Do Not Resuscitate Order www.idph.state.il.us/public/books/advin.htm

A. Principal – person giving power
B. Agent – person receiving power
C. Power of attorney for property
1. Lifetime document only (not a will)
2. Broad or narrow as wanted
3. Power to make gifts must be added
4. Must be notarized
5. Quick, easy, cheap BUT no surety or guarantee if negligence or malfeasance by agent
D. Power of Attorney for Health Care (POAHC)
1. Broad or narrow as desired
2. Question of life-sustaining treatment
3. Witnessed by one adult citizen of U.S.

F. Living Will
1. Declaration only affecting issue of death delaying procedures
2. Two witnesses
3. Useful if do not want health care agent
4. If have both, should match Power of Attorney for Healthcare
F. Do Not Resuscitate Order
1. P.O.A. for health care or living will do not control ambulance staff
2. Avoids resuscitation by ambulance staff
3. Kept at bedside of patient
G. Declaration for mental health treatment
1. Gives directions for types of treatment
2. Provides for consent or denial for admission to mental health facility
3. Names “attorney-in-fact” (similar to Powers agent) to make decisions regarding mental health treatment
4. Becomes effective when two physicians or judge determine principal is incapable of making decisions
5. Effective for 3 years. If principal becomes incapable during 3 years and declaration is invoked, effective until principal becomes capable
H. Appointment of authorized person under HIPAA, may be contained in POAHC
1. May execute a document authorizing persons to access health information
2. Can be useful for doctor records, hospital records, pharmacy records when person is incompetent or homebound
3. Often used in connection with power of attorney for healthcare which is a state matter; HIPAA is federal legislation and appointment must comply with federal regulations

XII. Antenuptial Agreement
A. Control Distribution
B. Waive Right to Renounce

XIII. Safekeeping Documents
A. Keep in safe place/organization
B. Untitled assets
C. Power of attorney
D. Living will
E. Funeral directions
F. Update your plan
WHY SHOULD I WORRY ABOUT ESTATE PLANNING?

AN ESTATE INVENTORY

If you own a home, have invested money, and are in a pension plan, the value of your estate is likely to be greater than you think. Here’s a checklist of what might be included:

• Real estate
• Securities (stocks, bonds, mutual funds)
• Interest and dividends you’re owed but haven’t been paid
• Bank accounts
• All tangible personal property
• Life insurance policies you own
• No-fault insurance payments due to you
• Annuities paid by contract or agreement
• Value of any qualified pension plans, including IRAs
• Income tax refunds
• Forgiven debts
• Closely held businesses

Many people don’t think about estate planning until they have one foot in the grave—if they even get that opportunity.

If you have a family depending on you, you should definitely think about it. While it may seem morbid to make plans in case you die unexpectedly, it is very important.

What is Your Estate?
Your estate is everything you own in your name, and your share of anything you own with other people. Your property can be real (land and buildings) or personal (jewelry, a stamp collection, furniture, etc.) Money is property too, as are stocks and bonds, mutual fund accounts, or a life insurance policy.

The actual value of your estate is figured only after you die—when you’re not around!

Important Reasons for Estate Planning
Since you own the property in your estate, it’s your right to say what will happen to it. But unless it’s written down, there’s no assurances your wishes will be respected.

There are several ways to make clear what you want to happen to your estate.

• You can write a will to specify who gets what after you die.
• You can create trusts to pass property, or income from that property, to others.
• You can name beneficiaries on pension funds, insurance policies, and other investments so they will receive the payouts directly.
• You can own property with other people, so it becomes theirs when you die.

Since wills and trusts are legal documents, you should consult a lawyer about them. Naming beneficiaries is simpler, usually requiring only your signature. And owning joint property, such as homes and bank accounts—usually with your spouse—is fairly standard.

Other Important Considerations:

• Name an executor for your estate.
• Name a guardian for your dependent children.
• Adjust your estate to reduce or eliminate estate taxes.
• Ease the settlement of your estate for your heirs.
• Protect yourself during a time of incompetency. Draw up a living will.
Acting as Executor
Almost anyone can serve as an executor, as long as they’re not a minor. Some states require that you also be a U.S. citizen. Other states require you to be a state resident to serve as an executor unless you’re a close relative.
You’re disqualified from serving as an executor if you’ve ever been convicted of a serious crime or if you’re a judge. In any case, an executor must be confirmed by the probate court.
As executor, you have legal responsibilities that begin as soon as the maker of the will dies. The process can take a few weeks, but can run longer than a year. At each step, you have to report your progress to the court.

When You Might Want to Consult a Specialist for:
- Estate planning.
- Making or revising a will.
- Establishing a trust.
- Settling an estate.
- Setting up joint ownership of a property.
- Establishing power of attorney or guardianship.
- Caring for yourself if you become disabled.

ESTATE VS. INHERITANCE TAX

ESTATE TAX is based on the value of your property, and usually paid by the estate. There’s a federal estate tax and some state estate tax.

INHERITANCE TAX is owed by your heirs to pay for the value of the property they receive from your estate. You can specify in your will that your estate will pay any inheritance taxes due to save your heirs from having to sell property they inherit in order to pay the tax. However, Illinois does not have an inheritance tax.

ESTATE-TAX PHASEOUT

The federal estate tax is scheduled to be set at $1,000,000 for the near future. This is the amount each person can pass free of federal estate tax with a 55% tax rate.

How to Figure Estate Tax
1. Determine the value of your estate.
2. Subtract the estate’s expenses to find the taxable estate amount.
3. Figure the tax due on the value of the taxable estate.
4. Subtract the tax credit to find the net estate taxes.

On the following pages there are a number of forms you can fill out to protect your wishes if you should die unexpectedly.
A living will is a legal document that lets an attending physician withdraw or withhold medical treatment that would only serve to postpone death, when you suffer from a terminal condition and are unable to provide further instructions.

The Living Will Act defines “terminal condition” as “an incurable and irreversible condition where death is imminent and the application of death-delaying procedures serves only to prolong the dying process.”

What Does a Living Will Do?
A living will directs a physician not to artificially prolong life if death is imminent. The physician is allowed to maintain the care necessary to provide comfort and dignity, while the fatal illness takes its natural course.

How Would a Person Decide Whether or Not to Create a Living Will?
An individual should consider the various implications of the living will: medical, financial, religious or ethical, and personal (especially the effect on family members).

It might be helpful to discuss the living will with persons who have had the experience of caring for a terminally ill relative or friend.

Although signing the living will is a personal decision, that decision will affect others, especially members of the family.

Therefore, an individual might want to discuss the living will with one or more of the following individuals: spouse, children, close relatives or friends, physician or other health care professional, attorney or financial advisor.

What Are the Reasons for Creating a Living Will?
The first reason for creating a living will is to help ensure that one’s wishes be honored.

The other reason is to protect family members, health care professionals, and others from the stress and potential conflict of making critical decisions without sufficient information concerning an incapacitated patient’s preferences.

What Are the Requirements and Provisions For Creating a Living Will?
The individual must be of sound mind and at least 18 years old. A living will must be signed in the presence of at least two witnesses.

A witness must be at least 18 years old and cannot be a beneficiary under the will, or have financial responsibility for the declarant’s medical care.

How Are Living Wills Put Into Effect?
The individual is required to notify their physician and provide him with a copy of the living will. The physician is required to include a copy of the living will in the patient’s medical records.
Before the living will may be implemented, the attending physician must certify in writing that the individual has a terminal condition.

**How Does One Revoke a Living Will?**
The living will can be revoked by destroying the document or by written revocation. The living will can also be cancelled by oral revocation if it is done in the presence of a witness 18 years of age or older, who then creates a written document which is signed and dated by the witness.

If there are copies of the living will in different places, it is advisable to retrieve the copies or send a written revocation.

**How Does a Living Will Affect Physicians?**
Under Illinois law, health care providers are protected from civil and criminal liability for withholding or withdrawing death-delaying treatment in compliance with living wills.

The attending physician must examine and determine if the individual is terminally ill. Physicians generally honor living wills, and carry out the will's instructions.

**Can a Health Care Provider Require a Person to Make a Living Will?**
No health care provider can force you to sign a living will. The Living Will Act specifically prohibits health care providers from requiring a person to execute a living will as a condition for receiving health care services.

If you need further assistance, call either of these toll-free telephone numbers:

- Illinois Attorney General
  1-877-305-5145
  500 South Second St.
  Springfield, IL  62706

- Illinois Attorney General
  1-800-243-5377
  100 West Randolph St.
  Chicago, IL  60601
LIVING WILL

THIS DECLARATION is made this ____ day of ____________ 20 ____ .

I, ________________________, being of sound mind, willfully and voluntarily make known my desires that my moment of death shall not be artificially postponed. If at any time I should have an incurable and irreversible injury, disease, or illness judged to be a terminal condition by my attending physician who has personally examined me and has determined that my death is imminent except for death delaying procedures, I direct that such procedures which would only prolong the dying process be withheld or withdrawn, and that I be permitted to die naturally with only the administration of medication, sustenance, or the performance of any medical procedure deemed necessary by my attending physician to provide me with comfort care.

In the absence of my ability to give directions regarding the use of such death delaying procedures, it is my intention that this declaration shall be honored by my family and physician as the final expression of my legal right to refuse medical or surgical treatment and accept the consequences from such refusal.

Signed: ______________________

City, County and State of Residence: ______________________

The declarant is personally known to me and I believe him or her to be of sound mind. I saw the declarant sign the declaration in my presence (or the declarant acknowledged in my presence that he or she had signed the declaration) and I signed the declaration as a witness in the presence of the declarant. I did not sign the declarant’s signature above for or at the direction of the declarant. At the date of this instrument, I am not entitled to any portion of the estate of the declarant according to the laws of intestate succession or, to the best of my knowledge and belief, under any will of declarant or other instrument taking effect at declarant’s death, or directly financially responsible for declarant’s medical care.

Witness: ______________________

Witness: ______________________

Distributed by the Office of the Attorney General, Senior Citizen Advocacy Division.
DURABLE POWER OF ATTORNEY

What Are the Advantages?
Durable Powers of Attorney are flexible legal arrangements and apply to a number of situations. They permit you to decide who should make decisions on your behalf rather than leaving the decision-making to the courts. It also saves your relatives from the burden of making decisions without knowing your wishes. Durable Powers of Attorney can be used by anyone who wants life-prolonging treatments continued, as well as those who do not.

For example, you may or may not want to receive life-sustaining measures if you suffer an irreversible coma. You may instruct your agent to withhold food and fluids or to not administer cardio-pulmonary resuscitation (CPR) under certain circumstances.

What Are the Legal Requirements or Provisions?
Illinois law does not require an attorney to prepare your Durable Power of Attorney document, but you may choose to involve your lawyer anyway.

Before executing your document, talk to the person whom you want to be your agent and review your wishes for the types of medical treatment and/or disposition of your property.

Your agent must be over the age of eighteen, cannot be your doctor, or someone who is paid to provide you with health care services.

A Durable Power of Attorney allows you to delegate a trusted friend or family member to become your agent for any decisions if you become incompetent.

The agent speaks for you and makes decisions according to your wishes during periods of physical or mental incapacity. In Illinois, there are two statutory power of attorney forms—one for health care and the other for property.

You must have the Durable Power of Attorney for Health Care witnessed. The Durable Power of Attorney for Property must be signed and notarized. Send the original form to your agent and copies to your lawyer, your doctor, and family members.

It is advisable to have one or more successor agents in case the primary agent is unavailable. The individuals you appoint should be people you have a great deal of trust in and can rely upon to act according to your interests.

How Long Will Your Durable Power of Attorney Last?
You can specify the time which the Durable Powers of Attorney will begin and end. Your document should state all duties, limitations, immunities and other terms applicable to the agent.

The Durable Power of Attorney for Health Care may be revoked by destroying it, written revocation, or oral revocation. The revocation must be made in the presence of a witness 18 years of age or older who then puts the revocation in writing.
The Durable Power of Attorney for Health Care can also be effective after death to authorize your agent to deal with an autopsy, anatomical gifts and burial. The Durable Power of Attorney for Property may be revised in any matter at any time. Unless you state an earlier termination date, the document will continue until your death.

When Should You Obtain a Durable Power of Attorney?
Anyone over age eighteen can obtain a Durable Power of Attorney. It should be done long before you anticipate anything happening to you. This will ensure that if you are ever in a situation where you need an agent, you will have one.

Will My Durable Power of Attorney Be Recognized in Other States?
Most state statutes do recognize a Durable Power of Attorney. Since there are variations between state laws, all documents should be witnessed and notarized.

If you need further assistance, call either of these toll-free telephone numbers:

Illinois Attorney General
1-877-305-5145
500 South Second St.
Springfield, IL  62706

Illinois Attorney General
1-800-243-5377
100 West Randolph St.
Chicago, IL  60601
NOTICE TO THE INDIVIDUAL SIGNING THE ILLINOIS STATUTORY SHORT FORM POWER OF ATTORNEY FOR HEALTH CARE

PLEASE READ THIS NOTICE CAREFULLY. The form that you will be signing is a legal document. It is governed by the Illinois Power of Attorney Act. If there is anything about this form that you do not understand, you should ask a lawyer to explain it to you.

The purpose of this Power of Attorney is to give your designated “agent” broad powers to make health care decisions for you, including the power to require, consent to, or withdraw treatment for any physical or mental condition, and to admit you or discharge you from any hospital, home, or other institution. You may name successor agents under this form, but you may not name co-agents.

This form does not impose a duty upon your agent to make such health care decisions, so it is important that you select an agent who will agree to do this for you and who will make those decisions as you would wish. It is also important to select an agent whom you trust, since you are giving that agent control over your medical decision-making, including end-of-life decisions. Any agent who does act for you has a duty to act in good faith for your benefit and to use due care, competence, and diligence. He or she must also act in accordance with the law and with the statements in this form. Your agent must keep a record of all significant actions taken as your agent.

Unless you specifically limit the period of time that this Power of Attorney will be in effect, your agent may exercise the powers given to him or her throughout your lifetime, even after you become disabled. A court, however, can take away the powers of your agent if it finds that the agent is not acting properly. You may also revoke this Power of Attorney if you wish.

The Powers you give your agent, your right to revoke those powers, and the penalties for violating the law are explained more fully in Sections 4-5, 4-6, and 4-10(c) of the Illinois Power of Attorney Act. This form is a part of that law. The “NOTE” paragraphs throughout this form are instructions.

You are not required to sign this Power of Attorney, but it will not take effect without your signature. You should not sign it if you do not understand everything in it, and what your agent will be able to do if you do sign it.

Please put your initials on the following line indicating that you have read this Notice:

___________________
(Principal’s initials)
1. I, ____________________________________________________________,  
(insert name and address of principal)  

hereby revoke all prior powers of attorney for health care executed by me and appoint:  

____________________________________________________________________________________  
(insert name and address of agent)  

(NOTE: You may not name co-agents using this form.) as my attorney-in-fact (my  
“agent”) to act for me and in my name (in any way I could act in person) to make any  
and all decisions for me concerning my personal care, medical treatment, hospitalization  
and health care and to require, withhold or withdraw any type of medical treatment or  
procedure, even though my death may ensue.  

A. My agent shall have the same access to my medical records that I have, including the  
right to disclose the contents to others.  

B. Effective upon my death, my agent has the full power to make an anatomical gift of  
the following:  

(NOTE: Initial one. In the event none of the options are initialed, then it shall be  
concluded that you do not wish to grant your agent any such authority.)  

___ Any organs, tissues, or eyes suitable for transplantation or used for research or education.  
___ Specific Organs:____________________________________________________  
___ I do not grant my agent authority to make any anatomical gifts.  

C. My agent shall also have full power to authorize an autopsy and direct the disposi-  
tion of my remains. I intend for this power of attorney to be in substantial compliance  
with Section 10 of the Disposition of Remains Act. All decisions made by my agent with  
respect to the disposition of my remains, including cremation, shall be binding. I hereby  
direct any cemetery organization, business operating a crematory or columbarium or  
both, funeral director or embalmer, or funeral establishment who receives a copy of this  
document to act under it.
D. I intend for the person named as my agent to be treated as I would be with respect to my rights regarding the use and disclosure of my individually identifiable health information or other medical records, including records or communications governed by the Mental Health and Developmental Disabilities Confidentiality Act. This release authority applies to any information governed by the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") and regulations thereunder. I intend for the person named as my agent to serve as my “personal representative” as that term is defined under HIPAA and regulations thereunder.

(i) The person named as my agent shall have the power to authorize the release of information governed by HIPAA to third parties.

(ii) I authorize any physician, health care professional, dentist, health plan, hospital, clinic, laboratory, pharmacy or other covered health care provider, any insurance company and the Medical Informational Bureau, Inc., or any other health care clearinghouse that has provided treatment or services to me, or that has paid for or is seeking payment for me for such services to give, disclose, and release to the person named as my agent, without restriction, all of my individually identifiable health information and medical records, regarding any past, present, or future medical or mental health condition, including all information relating to the diagnosis and treatment of HIV/AIDS, sexually transmitted diseases, drug or alcohol abuse, and mental illness (including records or communications governed by the Mental Health and Developmental Disabilities Confidentiality Act).

(iii) The authority given to the person named as my agent shall supersede any prior agreement that I may have with my health care providers to restrict access to, or disclosure of, my individually identifiable health information. The authority given to the person named as my agent has no expiration date and shall expire only in the event that I revoke the authority in writing and deliver it to my health care provider.

NOTE: The above grant of power is intended to be as broad as possible so that your agent will have the authority to make any decision you could make to obtain or terminate any type of health care, including withdrawal of food and water and other life-sustaining measures, if your agent believes such action would be consistent with your intent and desires. If you wish to limit the scope of your agent’s powers or prescribe special rules or limit the power to make an anatomical gift, authorize autopsy or dispose of remains, you may do so in the following paragraphs.)
2. The powers granted above shall not include the following powers or shall be subject to the following rules or limitations:

(NOTE: Here you may include any specific limitations you deem appropriate, such as: your own definition of when life-sustaining measures should be withheld; a direction to continue food and fluids or life-sustaining treatment in all events; or instructions to refuse any specific types of treatment that are inconsistent with your religious beliefs or unacceptable to you for any other reason, such as blood transfusion, electro-convulsive therapy, amputation, psychosurgery, voluntary admission to a mental institution, etc.)

____________________________________________________________________________________
____________________________________________________________________________________
____________________________________________________________________________________
____________________________________________________________________________________
____________________________________________________________________________________

(NOTE: The subject of life-sustaining treatment is of particular importance. For your convenience in dealing with that subject, some general statements concerning the withholding or removal of life-sustaining treatment are set forth below. If you agree with one of these statements, you may initial that statement; but do not initial more than one. These statements serve as guidance for your agent, who shall give careful consideration to the statement you initial when engaging in health care decision-making on your behalf.)

I do not want my life to be prolonged nor do I want life-sustaining treatment to be provided or continued if my agent believes the burdens of the treatment outweigh the expected benefits. I want my agent to consider the relief of suffering, the expense involved and the quality as well as the possible extension of my life in making decisions concerning life-sustaining treatment.

Initialed __________

I want my life to be prolonged and I want life-sustaining treatment to be provided or continued, unless I am, in the opinion of my attending physician, in accordance with reasonable medical standards at the time of reference, in a state of “permanent unconsciousness” or suffer from an “incurable or irreversible condition” or “terminal condition”, as those terms are defined in Section 4-4 of the Illinois Power of Attorney Act. If and when I am in any one of these states or conditions, I want life-sustaining treatment to be withheld or discontinued.

Initialed __________

I want my life to be prolonged to the greatest extent possible in accordance with reasonable medical standards without regard to my condition, the chances I have for recovery or the cost of the procedures.

Initialed __________
(NOTE: This power of attorney may be amended or revoked by you in the manner provided in Section 4-6 of the Illinois Power of Attorney Act.)

3. This power of attorney shall become effective on: ______________________________________
   __________________________________________________________________________________
   (NOTE: In Line 3 above, insert a future date or event during your lifetime, such as a court
determination of your disability or a written determination by your physician that you
are incapacitated, when you want this power to first take effect.)

   (NOTE: If you do not amend or revoke this power, or if you do not specify a specific end-
ing date in paragraph 4, it will remain in effect until your death; except that your agent
will still have the authority to donate your organs, authorize an autopsy, and dispose of
your remains after your death, if you grant that authority to your agent.)

4. This power of attorney shall terminate on: ___________________________________________
   __________________________________________________________________________________
   (NOTE: In Line 4 above, insert a future date or event, such as a court determination that
you are not under a legal disability or a written determination by your physician that you
are not incapacitated, if you want this power to terminate prior to your death.)

   (NOTE: You cannot use this form to name co-agents. If you wish to name successor
agents, insert the names and addresses of the successors in paragraph 5.)

5. If any agent named by me shall die, become incompetent, resign, refuse to accept the
office of agent or be unavailable, I name the following (each to act alone and successively,
in the order named) as successors to such agent:
   __________________________________________________________________________________
   (insert name and address of successor agent)
   __________________________________________________________________________________
   (insert name and address of successor agent)

   For purposes of this paragraph 5, a person shall be considered to be incompetent if and
while the person is a minor, or an adjudicated incompetent or disabled person, or the
person is unable to give prompt and intelligent consideration to health care matters, as
certified by a licensed physician.

   (NOTE: If you wish to, you may name your agent as guardian of your person if a court
decides that one should be appointed. To do this, retain paragraph 6, and the court will
appoint your agent if the court finds that this appointment will serve your best interests
and welfare. Strike out paragraph 6 if you do not want your agent to act as guardian.)

6. If a guardian of my person is to be appointed, I nominate the agent acting under this
power of attorney as such guardian, to serve without bond or security.

7. I am fully informed as to all the contents of this form and understand the full import
of this grant of powers to my agent.

Dated: ___________________ Signed: ______________________________________________________
   (principal’s signature or mark)
The principal has had an opportunity to review the above form and has signed the form or acknowledged his or her signature or mark on the form in my presence. The undersigned witness certifies that the witness is not: (a) the attending physician or mental health service provider or a relative of the physician or provider; (b) an owner, operator, or relative of an owner or operator of a health care facility in which the principal is a patient or resident; (c) a parent, sibling or descendant, or any spouse of such parent, sibling, or descendant of either the principal or any agent or successor agent under the foregoing power of attorney, whether such relationship is by blood, marriage, or adoption; or (d) an agent or successor agent under the foregoing power of attorney.

______________________________________
(Witness Signature)

______________________________________
(Print Witness Name)

______________________________________
(Street Address)

______________________________________
(City, State, ZIP)

(NOTE: You may, but are not required to, request your agent and successor agents to provide specimen signatures below. If you include specimen signatures in this power of attorney, you must complete the certification opposite the signatures of the agents.)

Specimen signatures of agent (and successors). I certify that the signatures of my agent (and successors) are correct.

________________________________________     ________________________________________
(agent)                 (principal)

________________________________________     ________________________________________
(successor agent)               (principal)

________________________________________     ________________________________________
(successor agent)               (principal)

(NOTE: The name, address, and phone number of the person preparing this form or who assisted the principal in completing this form is optional.)

___________________________________
(name of preparer)

___________________________________
(address)

___________________________________
(address)

___________________________________
(phone)
Notice: The purpose of this Power of Attorney is to give your designated “agent” broad powers to handle your financial affairs, including power to pledge, sell or otherwise dispose of any real or personal property without advance notice to you or approval by you. This form does not impose a duty on your agent to handle your financial affairs; but it is important to select an agent who agrees to do this. Select an agent you trust, since you are giving your agent control over your financial affairs and property. Your agent must keep a record of all receipts, disbursement and significant actions taken by your agent. A court can take away the powers of your agent if it finds the agent is not acting properly. You may name successor agents under this form but not co-agents. Unless you expressly limit the duration of this Power of Attorney your agent may exercise the powers throughout your lifetime, until you revoke this power or a court acting on your behalf terminates it. The powers you give your agent are explained in Section 3-4 of this Act. That law expressly permits the use of any different form of power of attorney you may desire. If there is anything about this form that you do not understand, you should ask a lawyer to explain it to you.

Power of Attorney made this _____ day of (month) __________________ (year) _________

1. I, (name of principal) ______________________________________________________________ , hereby
   appoint (insert name of agent) ______________________________________________________________________
   (insert address of agent) ____________________________________________________________________________

   as my attorney-in-fact (my “agent”) to act for me and in my name (in any way I could act in person)
   with respect to the following powers, as defined in Section 3-4 of the "Statutory Short Form Power of At-
   torney for Property Law" (including all amendments), but subject to any limitations on or additions to
   the specified powers inserted in paragraph 2 or 3 below:

   (You must strike out any one or more of the following categories of powers you do not want your agent to have.
   Failure to strike the title of any category will cause the powers described in that category to be granted to the
   agent. To strike out a category you must draw a line through the title of that category.)

   (a) Real estate transactions
   (b) Financial institution transactions
   (c) Stock and bond transactions
   (d) Tangible personal property transactions
   (e) Safe deposit box transactions
   (f) Insurance and annuity transaction
   (g) Retirement plan transactions
   (h) Social Security, employment & military service benefits
   (i) Tax matters
   (j) Claims and litigation
   (k) Commodity and option transactions
   (l) Business operations
   (m) Borrowing transactions
   (n) Estate transactions
   (o) All other property powers and transactions
2. The powers granted above shall not include the following powers or shall be modified or limited in
the following particulars (here you may include any specific limitations you deem appropriate, such as
a prohibition or conditions on the sale of particular stock or real estate or special rules on borrowing
by the agent):

3. In addition to the powers granted above, I grant my agent the following powers (here you may add
any other delegable powers including, without limitation, power to make gifts, exercise powers of ap-
pointment, name or change beneficiaries or joint tenants or revoke or amend any trust specifically
referred to below):

4. My agent shall have the right by written instrument to delegate any or all of the foregoing powers
involving discretionary decision-making to any person or persons whom my agent may select, but such
delegation may be amended or revoked by any agent (including any successor) named by me who is act-
ing under this Power of Attorney at this time of reference.

5. My agent shall be entitled to reasonable compensation for services rendered as agent under this
power of attorney.

This power of attorney may be amended or revoked by you in the manner provided in Section 4-6 of the Illinois
“Powers of Attorney for Property Law.” Absent amendment or revocation, the authority granted in this power
of attorney will become effective at the time this power is signed and will continue until your death unless a
limitation on the beginning date or duration is made by initialing and completing one or both) of paragraphs
6 and 7.
6. ( ) This power of attorney shall become effective on (insert a future date or event during your lifetime, such as court determination of your disability, or a written determination by your disability, when you want this power to first take effect):

7. ( ) This power of attorney shall terminate on (insert a future date or event during your lifetime, such as court determination of your disability, when you want this power to terminate before your death).

If you wish to name successor agents, insert the names and addresses of such successors in the following paragraph.

8. If any agent named by me shall die, become incompetent, resign or refuse to accept the office of agent, I name the following (each to act alone and successively, in the order named) as successor(s) to such agent:

For purposes of this paragraph 8, a person shall be considered to be incompetent if and while the person is a minor or an adjudicated incompetent or disabled person or the person is unable to give prompt and intelligent consideration to health care matters, as certified by a licensed physician.

If you wish, you may name your agent as guardian of your estate, in the event a court decides that one should be appointed. To do this, retain paragraph 9, and the court will appoint your agent if the court finds that this appointment will serve your best interests and welfare. Strike out paragraph 9 if you do not want your agent to act as guardian.

9. If a guardian of my estate (my property) is to be appointed, I nominate the agent acting under this power of attorney as such guardian, to serve without bond or security.

10. I am fully informed as to all the contents of this form and understand the full import of this grant of powers to my agent.

Signed (Principal) __________________________________________________________________________

(You may, but are not required to, request your agent and successor agents to provide specimen signatures below. If you include specimen signatures in this power of attorney, you must complete the certification opposite the signatures of the agent and successors.)

Specimen signatures of agents (and successors) I certify that the signatures of my agent(s) are correct

Agent ______________________________________ Principal ____________________________

Successor ___________________________________ Principal ____________________________

Successor ___________________________________ Principal ____________________________
(This power of attorney will not be effective unless it is notarized and signed by at least one additional witness, using the form below. **Note: The requirement of the signature of an additional witness applies only to instruments executed on or after June 9, 2000, the effective date of Public Act 91-790.**)

The undersigned witness certifies that ___________________________________________ , known to me to be the same person whose name is subscribed as principal to the foregoing power of attorney, appeared before me and the notary public and acknowledged signing and delivering the instrument as the free and voluntary act of the principal, for the uses and purposes therein set forth. I believe him or her to be of sound mind and memory.

Dated: _______________________________ (SEAL)
Witness: __________________________________________
State of ____________________________________________ )
 ) SS.
County of __________________________________________

The undersigned, a notary public in and for the above county and state, certifies that ___________________________________________ , known to me to be the same person whose name is subscribed as principal to the foregoing power of attorney, appeared before me and the additional witness in person and acknowledged signing and delivering the instrument as the free and voluntary act of the principal, for the uses and purposes therein set forth (and certified to the correctness of the signature(s) of the agent(s)).

Dated: _______________________________ (SEAL)
(Notary Public) __________________________________________
My commission expires ____________________________ .

(The name and address of the person preparing this form should be inserted if the agent will have power to convey any interest in real estate.)

This document was prepared by:

(Name) ______________________________________________________________________
(Address) ____________________________________________________________________
Administrator: The person appointed by the court to do the same work as the Executor when the decedent dies intestate.

Codicil: An amendment to a will which changes, revokes or adds provisions to it.

Federal Estate Tax: A tax imposed by the federal government and administered by the Internal Revenue Service, on the total amount of property owned or controlled by a decedent on his death, net certain deductions and credits.

Federal Gift Tax: A tax imposed by the federal government and administered by the Internal Revenue Service, on the donor for the amount of property given away during the donor’s life, net of certain exclusions and credits.

State Death Tax: A tax imposed by a state government and administered by that state’s tax agency, on property transferred on the death of a decedent. In Illinois, the state death tax is the Illinois Estate Tax which is administered by the Attorney General’s Office.

Estate: All of the property owned or controlled by a person.

Executor: A person or institution nominated to carry out the provisions of a will.

Guardian: A “guardian of the person” is the person with whom the minor resides. A “guardian of the estate” of a minor is the person who holds property owned by the minor, as the minor is legally incapable of dealing with his own property until an adult. In Illinois, a person becomes an adult at age 18.

Intestate: Having no will; also, a person who dies without a will, thereby leaving the disposition of his or her estate to state inheritance laws under the supervision of the Probate Court.

Joint Tenancy: A form of ownership in which a joint tenant’s interest passes, upon his or her death not to the heirs or will beneficiaries but to the co-owner or co-owners.

Probate: The court procedure for determining the validity of a will, settling claims of creditors, and supervising distribution of an estate to its beneficiaries. The probate court also supervises the property of a minor or incompetent and administers the estate of one who dies intestate.

Probate Estate or Property: Probate property is property owned by the decedent which is disposed of by the decedent’s will and does not pass by law to a co-owner (such as joint tenancy property which passes to the surviving joint tenant) or to a designated beneficiary under a contract (such as a life insurance policy paid to a named beneficiary).

Residuary Estate: The remainder of an estate after payment of taxes, debts, administration expenses and specific gifts.

Tenancy in Common: A form of ownership in which an undivided interest in property upon the death of the owner becomes the property of his heirs or will beneficiaries and not his co-owner.

Testator: A person who signs his or her own will. A person who has a will is said to be “testate”.

Trust: A legal relationship in which a person (the settler) transfers title to property or funds to a person or institution (the trustee) to be held, used or administered for another party’s benefit (the beneficiary) to the extent specified. A trust may be established by the settler in his will or in a separate trust agreement executed during the settler’s lifetime.

Will: A legal document executed by an individual with certain formalities which sets forth the distribution of his estate after death, names an executor and names a guardian for minor children.
FINANCES
The best time to start financial planning is today. People who have achieved true financial security took an organized approach to financial management. Some did the work themselves, others hired competent advisors to help them. Either way, they made sure the job got done.

Before you retire, it’s important to know where your retirement income will come from and how this income will change throughout retirement.

State employees’ retirement income rests on the three-legged stool of pension, Social Security, and investments & savings. The average income of a retired couple breaks down like this: Social Security 33.2%; pensions 50.3%; investments, savings and other assets 17.5%.

Stage of Life
Evaluating your stage of life is the first step in building your financial profile. “Stage of life” is your age, plus your circumstances.

Knowing where you stand helps set your financial priorities. For instance, a single 30 year old will have far different goals and needs than a retired person of 70.

Are you accumulating assets or disposing of them? Typically, you are in the accumulation stage until retirement, then shift to the disposal stage.

Since the circumstances of people’s lives are infinitely varied, each person requires a different approach to financial planning.

Your Lifestyle
Your spending and saving habits are aspects of your lifestyle that significantly affect your financial planning decisions.

We all differ on how we view finances. Surveys have consistently shown that money is number one reason married couples argue.

With a limited amount of resources, do we save or spend? And what do we spend our money on? These decisions also involve confidence, or lack of confidence in the future.

Can you spend more than you earn today because you know that at some later point you will earn more than you spend? Lifestyle decisions are personal. There are no absolute right or wrong answers. The important point is to know yourself and not try to fit into someone else’s mold.

Your “Stage of Life” is your age, plus your circumstances.
Risk Tolerance
To some extent, it really doesn’t matter if you’re the type to stake it all on a spin of the roulette wheel or to tuck your money under the mattress. What is important is accurately assessing how much you can gamble.

To best meet your responsibilities, you must examine your financial resources. If you can afford to lose all or part of the amount you invest without undue hardship, the odds that your investments will pay off in the long-run is excellent.

Once you analyze your resources and figure out what you can afford to lose, your attitude comes into play. To determine your risk tolerance, refer to the Deferred Compensation section and complete the self-assessment test.

The Importance of Organization
If you’re like most people you get by from year-to-year without a financial plan. You collect your salary, pay your bills, keep yourself and your family housed, clothed, and fed.

But what happens if a financial crisis occurs and you don’t have enough money or insurance to cover mounting bills? How will you pay for your children’s education, or support yourself adequately in retirement?

Organization is critical to sound financial planning. By consolidating all of your financial and personal information into one place, you can see how each part of the financial picture relates to the others.

Organizing your finances provides you with an excellent measure of security. It protects you from surprises, and places your current and future finances under a “master program.”

An organized plan helps you establish a pattern of spending, saving, and investing that ensures financial stability now—and growth for the future. Use the following worksheets to begin organizing your financial affairs.
YOUR PERSONAL FILING SYSTEM

This filing system should help you organize your financial matters into one place. Purchase a set of manila folders and place the required information in each file. Don’t be afraid to weed out old information, policies, etc., as you replace them with new ones.

As a general rule of thumb, documents pertaining to assets, investments, pensions and property should be kept at least seven years before you dispose of them. The safest place for originals of property and legal records is a safe-deposit box at a bank.

## CONTENTS
- Personal Information sheet.
- List of items in safety deposit box.
- Letter of last instructions.
- Copy of will.
- List of goals.
- Income Statement.
- Forecasts of income and expenses.
- Forecasts for short-term and long-term goals.
- Old Budget Control sheets.
- Purchase contract and receipt (deed in safety deposit box)
- Mortgage papers.
- Title insurance policy.
- Home improvement receipts (including landscaping expenses).
- Property tax receipts.
- Termite inspection and policy.
- Copy of lease or rental agreement.
- Details of property insurance coverage (Insurance policies should be kept in a safety deposit box away from the house).
- Personal property inventory.
- Pictures of highly valued items.

## OPERATIONAL CHECKLIST
- Update Personal Information sheet to reflect any changes.
- Update safety deposit box list as new items are added or old ones eliminated.
- Review budget planning sheets.
- Revise goals, if necessary.
- Keep records of permanent home improvements to establish an accurate cost basis if you ever sell your home.
- Change insurance limits or policy annually to reflect changes in personal property holdings and/or changes in replacement costs of all structures. Update personal property inventory once a year, add new items, revalue old items, eliminate items sold or lost.
- Shop for rates. Get a minimum of three quotes before each renewal date.

## GENERAL

## BUDGETING

## HOUSING

## PROPERTY INSURANCE
<table>
<thead>
<tr>
<th>HEADING CONTENTS</th>
<th>OPERATIONAL CHECKLIST</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TAXES</strong></td>
<td>• File all receipts that are required to substantiate deductions. After your annual tax is filed, place all receipts and other substantiating records in an envelope and file either here or in an extra storage box.</td>
</tr>
<tr>
<td>• Purchase receipts, interest payment records, charitable gift receipts, medical expense records, etc.</td>
<td></td>
</tr>
<tr>
<td>• Tax forms, schedules, and supporting data for past ten years.</td>
<td></td>
</tr>
<tr>
<td>• Quarterly estimated tax forms, W-2 forms, 1099 forms, etc.</td>
<td></td>
</tr>
<tr>
<td>• All cancelled checks for last seven years.</td>
<td></td>
</tr>
<tr>
<td><strong>GUARANTEES &amp; WARRANTIES</strong></td>
<td>• Add items to file after purchased. Remove all that have expired once per year.</td>
</tr>
<tr>
<td>• All warranties relating to appliances, tires, carpets, etc.</td>
<td></td>
</tr>
<tr>
<td>• Receipts.</td>
<td></td>
</tr>
<tr>
<td>• Repair instructions.</td>
<td></td>
</tr>
<tr>
<td><strong>EMPLOYMENT INFORMATION</strong></td>
<td>• Update file as necessary.</td>
</tr>
<tr>
<td>• Employment contract, if any.</td>
<td></td>
</tr>
<tr>
<td>• Employee handbook.</td>
<td></td>
</tr>
<tr>
<td>• Fringe benefits information.</td>
<td></td>
</tr>
<tr>
<td>• Annual Statements</td>
<td></td>
</tr>
<tr>
<td><strong>PERSONAL RESUME</strong></td>
<td>• When you switch jobs, put information from employment file in here.</td>
</tr>
<tr>
<td>• Details of previous education, years, major, degree(s), major professors and advisors with addresses.</td>
<td></td>
</tr>
<tr>
<td>• Employment record, job titles, dates, responsibilities, supervisors’ names and addresses.</td>
<td></td>
</tr>
<tr>
<td>• Residence record, dates and addresses.</td>
<td></td>
</tr>
<tr>
<td><strong>CREDIT RECORDS</strong></td>
<td>• Update file as necessary.</td>
</tr>
<tr>
<td>• Papers showing resolution of prior debts. Credit card numbers, names and addresses.</td>
<td></td>
</tr>
</tbody>
</table>
### KEY PERSONAL PAPERS

<table>
<thead>
<tr>
<th>Location</th>
</tr>
</thead>
</table>
| Certificates: Birth  
Adoption  
Baptismal  
Marriage |  
| Will |  
| Brokerage Statements |  
| Income Tax Returns |  
| Gift Tax Returns |  
| Military Service Records |  
| Social Security Number and Cards |  
| Employment Records |  
| Educational Records (diplomas, transcripts) |  
| Medical and Health Records (medication, vaccinations) |  
| Cemetery Site Deed |  
| Divorce Decree or Separation Agreement |  
| Passport |  
| Citizenship Papers |  
| Organizations: professional, religious  
fraternal, union, other |  
| Others: |  

### STOCKS, BONDS, MUTUAL FUNDS & OTHER INVESTMENTS

<table>
<thead>
<tr>
<th>Broker</th>
<th>Address</th>
<th>Telephone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owner</td>
<td>Date Number</td>
<td></td>
</tr>
<tr>
<td>Description</td>
<td>Purchase Location</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issuer</td>
</tr>
<tr>
<td>Owner (Indicate whether registered or bearer)</td>
</tr>
<tr>
<td>Description</td>
</tr>
<tr>
<td>Date of Purchase</td>
</tr>
<tr>
<td>Number of Shares</td>
</tr>
<tr>
<td>Purchase Price</td>
</tr>
<tr>
<td>Location</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stocks</td>
</tr>
<tr>
<td>Bonds</td>
</tr>
<tr>
<td>Other</td>
</tr>
</tbody>
</table>

| Location |
THE BUDGET THAT’S RIGHT FOR YOU

MAKING YOUR BUDGET WORK

Communicate: Discuss needs and wants with all family members involved to ensure success.

Cooperate: Be prepared to compromise.

Control: Do not allow unnecessary spending.

You must be able to control your spending or it will control you. The choice is yours!

BUDGET TIPS

Utilities: Check with your utility company. Many offer information and services to save energy and money.

Gasoline: Keep your tires inflated properly. You can increase your performance by at least 3% and reduce your gas costs by as much.

Car Insurance: Once the value falls to around $2,000, drop the collision insurance, because the settlement for a totaled car is not enough to justify the cost.

Doctors: Consider an HMO. Compare insurance plans to determine the best one for you.

Medication: Request generic.

Examine your spending habits, paying special attention to flexible living expenses:

Food: Do you take advantage of coupons, stock up on sales, buy bulk?

Clothing: Do you buy at the end of the season, on-sale, consignment shops (childrens and adults)?

Furniture: Do you shop around in second hand shops, garage sales, comparison shop?

Cable TV: Do you really watch all of those extra channels enough to merit the additional charges?

Recreation, Entertainment, Vacation: Do you take advantage of freebies offered in your community? Watch for airline sales, travel off-season, and save for your vacation instead of charging it. Rent movies instead of going to the multiplex.

Meals Out: Do you take advantage of coupon specials?

Utilities: Do you keep your home temperature comfortable, but conserve on heat or air conditioning, lights, water? Keeping your house 2° cooler (or warmer in the summer) can make a difference. Is your home as energy efficient as it can be?

Insurance: Do you review your policies on a regular basis to determine if your needs have changed? Have you adjusted your various insurances to reflect these changes?

Interest: Do you take time to investigate the reduced interest rate cards and how they can reduce your payments?

Bank Fees: Do you review your statements on a regular basis to determine if any of the fees can be reduced by switching banks or services? Have you switched to a bank that does not have a yearly fee on your credit card? Have you eliminated the use of ATM machines?

View your spending in terms of needs not wants!
INFLATION

72 ÷ Current Inflation Rate = Number of Years Until Prices Double

The rule of 72 tells you how fast your money is losing its value. Divide 72 by the current inflation rate to find the number of years before prices double.

Inflation also erodes what money is worth. If the inflation rate stays at a modest 3%, the $100 you have today will only be worth $50 in 24 years. Since many people live at least 20 years after retiring, inflation can be a matter of concern.

<table>
<thead>
<tr>
<th>Years in Retirement</th>
<th>5</th>
<th>10</th>
<th>15</th>
<th>20</th>
<th>25</th>
<th>30</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.5% Inflation Rate</td>
<td>0.64</td>
<td>0.82</td>
<td>1.04</td>
<td>1.33</td>
<td>1.70</td>
<td>2.16</td>
</tr>
</tbody>
</table>

1. How many years will you live in retirement? (85 minus your age at retirement) 20
2. How much monthly income would you need NOW to live comfortably in retirement? $1,500
3. How much monthly income would you need in 10 years to live comfortably? (Multiply line 2 by 0.82) $1,722
4. How much monthly income would you need in 20 years to live comfortably? (Multiply line 2 by 1.33) $1,995

WHY SAVE TAX-DEFERRED?

$2,000 Invested Yearly With an 8% Rate of Return

Saving tax-deferred gives you the double advantage of reducing your taxable income while investing for your retirement.

In this example, if you invested tax-deferred for 30 years at an 8% rate of return, you would have $91,300 more dollars than if you had invested with after-tax money.
It does not make financial sense to pay 18-21% in credit card charges and save money in a 3-5% savings account.

**Emergency Fund**
Financial planners agree that one of the biggest reasons that budgets fail is the lack of an adequate emergency fund.

A sufficient amount in an emergency fund is usually three-month’s salary. Yet 75% of working people have less than $1,000 in a savings account!

The emergency fund is used to deal with unplanned expenses that can destroy your budget attempts. Deposit the money where it will earn a large enough yield to keep pace with inflation.

A good way to start an emergency fund is to enroll in an automatic savings plan. Start with as much as you can afford, even $5 a week is $20 per month which adds up to $240 in one year with no consideration of interest.

Also, consider enrolling in money market funds which tend to pay higher interest rates than conventional savings accounts.

**Consumer Debt Reduction**
Planners recommend the reduction and eventual elimination of consumer debts such as credit cards, auto loans, and similar installment loans.

Gather up your credit cards, cut up all but one or two major cards and throw them away. If you do not have the extra cards you will not be able to increase your debt.

Review your budget to see how much you can allocate to reduce your credit card debt. Double the amount of your minimum payment and start your balance reduction.

When the first credit card is paid off, take the amount you were paying on the first account and add it to the second card’s payment and increase your payments to the second card.

Keep doing this until you have eliminated your expensive credit card debt. But you will always need a couple of major credit cards for travel and emergencies.

In selecting a major card, look for the following:

- A bank with no annual fee on its credit card.
- A card that will offer cash back at the end of the year.
- The lowest interest rate.
- Extra incentives; such as credits for frequent flyer miles or long-distance calls.
- Long grace periods.

Take advantage of credit cards offering a reduced interest rate. Although the reduced interest cards usually are limited to a certain time frame, it is better to pay 5.9% for six months rather than 18-21%.

Read the options available with the reduced percent card offer. In most cases, you can rollover gas, department store, and other major cards into the reduced rate card.

For a list of low-rate credit card issuers, go to the CardTrak website at www.cardweb.com/cardtrak.
You can “earn” more by paying off a loan than you can by saving and investing. Paying off a credit card that has a 17% interest rate is equivalent to earning 17% on an investment—an extremely attractive rate of return. (Actually, it’s even better than that; it’s the equivalent of earning 17% after taxes.

• Suppose you save $2,000 and put it in a savings account earning 3% interest. You will earn $60 per year on your savings.

• Suppose, on the other hand, you put aside $2,000 and paid off the $2,000 balance on your credit cards. You would save—in effect earn—17% on the transaction, or $360. That’s $300 more than the $60 you would earn on $2,000 in a 3% savings account.

The key to any debt is paying more than the set monthly payment. Not only will you pay the debt off faster, but you’ll save a significant amount of money on interest.

**WARNING SIGNS OF A CREDIT CRISIS**

• You are at or near the limit on your credit card(s).

• You charge more each month than you make in payments.

• You are consistently late with bill payments.

• You are using savings for daily expenses.

• You are making required monthly payments to your creditors totaling 20% or more of your take-home pay.

• You have recently been denied credit.

• You do not know how much debt you owe.

• You are using cash advances from credit card issuers to pay other creditors.

• You pay only the minimum amount due on your credit cards.

• You have defaulted on a payment.

• You have paid a bill with a post-dated check.

• You have had a check returned for insufficient funds.

• You have seriously considered taking out a consolidation loan to pay off your credit cards.

• You have received a telephone call or letter about your delinquent accounts.

• You are facing creditor lawsuits, repossessions and/or garnishment of wages.
Separation from state service is a big step which requires making many decisions. Whether you are retiring, moving to a job outside state government, or pursuing family or education goals, you need to decide how to handle the benefits you’re eligible to receive.

Choosing how you want your Deferred Compensation account distributed is one of these decisions. Thanks to new tax laws, you will be allowed to set the distribution date that best fits your needs, and change your distribution election if your needs change.

Things You Need To Consider:

- When you want your account distributed.
- How you want it distributed.
- Your tax consequences.

You have a variety of distribution options from which to choose: a single lump sum, installments, or a plan-to-plan rollover (if you’re employed by another government entity).

In addition, you may begin distribution immediately, or delay it until a future date. You may also change or discontinue the distribution method you have chosen.

You may want to ask the advice of a financial planner or tax consultant before making your choice. To ensure that you get the distribution choice you want, notify the Deferred Compensation Office before your time of separation. Also remember to mail your form within the required timeframe.

If you have any questions, or would like additional information or assistance, call the Deferred Compensation Office at 1-800-442-1300, 217-782-7006, or TDD 217-785-3979.

Who is Eligible to Take a Distribution?

You are eligible for a distribution after you separate from state service and are off any other state payroll for 30 days.

If you are hired as an independent contractor providing personal services to the State within the 30-day period, you will not be considered terminated, and therefore ineligible for a distribution.

Your Distribution Decision

Current rules allow you more flexibility in selecting your distribution, since there is no longer the 60-day time limit after separation.

As long as you are under age 70 1/2, you can wait to make your distribution decision.
You can start, change, or stop your distribution decision because the restriction of an ‘irrevocable election’ has been eliminated. You may change your distribution election once every calendar quarter.

Select How You Want Your Account Distributed
Your distribution can begin immediately, or you may delay distribution until age 70-1/2.

- If the value of your account at separation is $5,000 or less, you may wait to make your distribution decision, take a lump-sum distribution, or make the plan-to-plan rollover as discussed on the next page.
- If the value of your account at separation is $5,000 or more, you can choose one of the available distribution methods listed below.

## YOUR DISTRIBUTION OPTIONS AT A GLANCE

<table>
<thead>
<tr>
<th>YOUR DISTRIBUTION CHOICES</th>
<th>HOW IT WORKS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Lump Sum</td>
<td>A complete one-time distribution of the total value of your account.</td>
</tr>
<tr>
<td>Partial Lump Sum</td>
<td>A single payment that can be followed by installments, or you can wait to resume any other payment choices.</td>
</tr>
<tr>
<td>Installments</td>
<td>The installment amounts may vary with each payment. Payments can be made monthly, quarterly, semi-annually, or annually. You can choose a definite number of years you want to receive payments, or a recalculation of your life expectancy can be made annually to allow payments beyond your life expectancy when you separate from state service.</td>
</tr>
<tr>
<td>Fixed Dollar Installments</td>
<td>You decide the amount of each installment payment, which stays constant. Payments can be made monthly, quarterly, semi-annually, or annually.</td>
</tr>
<tr>
<td>Plan-to-Plan Rollovers</td>
<td>You may move your retirement plan assets between retirement plans in the public, private, education, and nonprofit sectors as you move between employment in those sectors. Money may be moved between (to and from) 401, 403(b), and governmental 457 plans, as well as traditional IRAs.</td>
</tr>
</tbody>
</table>
ROLLOVERS: THINGS TO CONSIDER

Rollovers provide an opportunity for the nation’s workforce to consolidate their financial holdings into a single plan. This should simplify your retirement savings decisions, such as asset allocation and distribution elections, by having just one account.

However, rollovers also place the burden on the participant to verify the rollover plan’s quality of investments and study its expenses.

The participant needs to investigate each option of distribution and review the Plan they intend to roll their money into.

Beware of trading costs, restrictive rules, and determine all the costs and fees of initiating and maintaining a transfer. After all, you have worked hard to save for retirement and build up your account to its current balance.

There are several questions that any responsible investor should investigate.

Does your new employer accept a rollover? While plans are mandated to allow for a rollover out of a plan, it’s optional to accept a rollover into a new plan.

What kind of investment options does the rollover plan contain? Will the plan’s offerings provide for adequate diversification?

Who is responsible for analyzing the investments in a new plan? Do they review performance compared to an appropriate benchmark? Assets transferred from a Section 457 government Deferred Compensation plan must assume the characteristics of the new plan. There is no penalty for distribution before age 59 1/2 in a 457.

Does your new rollover plan have any penalties for early distribution? What kind of access will you have to your account? What services are provided? Indirect rollovers have a mandatory federal withholding of 20%. The state of Illinois Deferred Compensation plan does not accept indirect transfers.

How insistent is your broker/advisor that you move your assets, and why? If an investment opportunity sounds too good to be true, it probably is.

Be aware of all costs of a rollover. They can directly reduce your balance, and possibly decrease your rate of return. (See chart at left.)

<table>
<thead>
<tr>
<th>COSTS YOU COULD INCUR IN YOUR NEW ACCOUNT</th>
<th>New Plan</th>
<th>Ill. Def. Comp.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfer Fees</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Front/Back Loads</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Commissions/Trading Costs</td>
<td>1 free per qtr.</td>
<td></td>
</tr>
<tr>
<td>Redemption Fees</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Sales Fees</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Management Fees</td>
<td>.15% annually</td>
<td></td>
</tr>
<tr>
<td>Fund Expense Ratios</td>
<td>.06% to 1.32%</td>
<td></td>
</tr>
</tbody>
</table>
WHEN DISTRIBUTIONS BEGIN

How Installment Payments are Calculated
The amount of your installment payment is calculated by dividing your current account value by the total number of payments remaining.

For example, if you choose five annual installments, the first installment amount will be your account value divided by five. The next year, the installment amount will be your account value at that time divided by four.

You may choose any number of years or amount until you reach age 70 1/2. After that, your payments may have to be adjusted to comply with the minimum distribution requirement. The maximum period for payments can be no longer than your life expectancy, as projected by the IRS at the time of your separation.

If you elect fixed dollar installments, the amount may have to be adjusted periodically to meet federal distribution guidelines.

If you choose installments, each installment may be electronically wired to your checking or savings account.

Once you start distribution, your payments will be made according to the Plan’s distribution schedule. Refer to it for specific accounting dates.

Your payment is taken proportionally from each of your investment options. For instance, if 60% of your money in the Deferred Compensation Plan is in Fund A and 40% is in Fund B, a $100 payment would be taken proportionally from each Fund—$60 from Fund A and $40 from Fund B.

Distribution Choices
Total Lump Sum: Your lump sum will be valued for distribution the first accounting date following the election period.

Partial Lump Sum: Your partial lump sum will be valued for distribution the first accounting date—for that type of payment—following the election period. The remainder will be paid as an annuity or in installments.

Installments: Your first installment—which calculated or fixed dollar amount—will be valued for distribution the first accounting date following the election period.

However, Deferred Compensation is fully taxable as retirement income when it is distributed to you or your beneficiary. Federal income tax withholding is also mandatory. New rules distinguish between distributions taken over ten or more years, and those that do not.

**Distributions Over a Ten Year Period or Greater**

If you choose a distribution method that extends for a period of ten years or more, your withholding will be calculated using the federal withholding tables based on the way you complete the W-4P form. No other income is considered when making this calculation. If you don’t complete a W-4P form, the withholding will be calculated at a rate of “married, claiming three dependents.”

**Less Than Ten Year Distribution**

If you choose a lump sum distribution or a method that extends for less than ten years, the IRS requires a minimum of 20% be withheld. You may complete the W-4P to withhold more than 20%. If you do not complete a W-4P, 20% is withheld.

**Your Account After You Leave State Service**

After you separate from state service, you may no longer defer or make contributions to your account. However, as long as you have an account balance, you will continue to earn interest and/or dividends and receive quarterly statements.

You may also move money in your account from one investment option to another. Call T. Rowe Price toll-free at 888-457-5770 anytime day or night to make transactions.

**Social Security Not Affected**

Your rights to Social Security will not be affected when your Deferred Compensation account is distributed. Your distribution has already been taxed for Social Security purposes.

The Social Security Administration does not consider your Deferred Compensation distribution as earned income, so it does not affect the maximum a Social Security recipient can earn before payments are reduced.
HEALTH
Preparing for retirement should include an emphasis on wellness: eliminating unhealthy habits like smoking, excessive drinking, lack of exercise, and a poor diet.

Good health is an important part of a successful retirement, because it's difficult to enjoy retirement if you are in poor health.

Muscle weakness, loss of energy, greater susceptibility to illness, and difficulty in getting around are not due to the aging process, but to inactivity and poor nutrition. The physical disease and mental breakdown we fear in old age is largely a result of our lifestyle.

Even if you have not been health-conscious in the past, you can still reap the benefits of a healthy lifestyle by making changes now, regardless of your age.

To get the optimum benefits from exercise, the type and amount should be tailored to fit your body type. But you don’t have to consult with a fitness expert to gain from exercise. Just 20 minutes of brisk walking three days a week can improve your overall health.

No expert advice is needed to benefit from another important route to longevity—a balanced lifestyle.

Social Life in Retirement
The importance of social ties and life satisfaction to longevity was highlighted in a study of nearly 5,000 men and women.

It found that the death rate among men more than doubled and nearly tripled among women with the fewest social contacts, compared with those who had many social contacts. A similar increase in mortality was found among those who expressed the least satisfaction with life.

The psycho-social adjustments throughout life are more important than genetics and other biological factors in determining lifelong health and longevity. The findings suggest that the intensity of stress is less important than how a person handles it in order to survive.

Our hopes for a quality life in retirement seems to be tied to a commitment to physical and mental health. The information in this section should remove any uncertainty about what it will take to live well in old age.

A study of 7,000 Southern California seniors found that the oldest follow seven simple rules:

1. Sleep 7 - 8 hours a night.
2. Eat breakfast.
3. Don’t eat between meals.
4. Don’t be significantly over or underweight.
5. Engage in regular physical activity, such as climbing stairs, gardening/lawn mowing, and/or long, brisk walks.
6. Drink alcohol moderately; no more than two drinks a day.
7. Don’t smoke.
LIFESTYLES

EXERCISE
More than 60% of U.S. adults are sedentary. As a result, they are squandering away one of the greatest protective measures available in the fight against heart disease.

Studies show physical activity decreases the risk of heart disease from 35% to 55%. Good nutrition coupled with a regular program of aerobics and strength-building exercises can have a beneficial effect on the health of almost everyone.

Exercise:
1. Improves functional work capacity
2. Lowers heart rate
3. Lowers blood pressure
4. Helps to reduce weight
5. Improves response to stress
6. Enhances our ability to maintain ideal cholesterol and serum triglyceride levels
7. Helps prevent adult-onset diabetes

NUTRITION
Nutrition is today’s new medicine. There is plenty of evidence that what we eat makes a big difference in speeding recovery times, shortening hospital stays, and keeping you out of a nursing home. We should be able to delay or reverse many problems and symptoms associated with the aging process by increasing our intake of protective nutrients.

Approximately 127 million adults in the U.S. are overweight, 60 million obese, and 9 million severely obese. Obesity is a well-established cause of diabetes, hypertension, and other coronary risk factors.

Obesity is largely due to a combination of excessive calories and a sedentary lifestyle. The intake of dietary fats, except olive oil and fish oil, enhances the risk of developing cancers of the breast, ovary, colon, and prostate.

It is advisable to cut the total amount of fat in your diet to less than 20% of total calories, and saturated fat to less than 10%.
APPENDIX
# EVALUATION FORM

## COUNTDOWN TO RETIREMENT

Date: __________________________ Location & Speaker: __________________________

To help improve our program, we would appreciate your completing this evaluation form.

<table>
<thead>
<tr>
<th>Rate each item as follows:</th>
<th>Speaker’s Knowledge of Topic</th>
<th>Clarity of Information Provided</th>
<th>Value of Topic to Me</th>
</tr>
</thead>
<tbody>
<tr>
<td>A=Excellent</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B=Good</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C=Average</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>D=Below Average</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E=Poor</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Overall Program           |                             |                                |                      |
| SERS Benefits             |                             |                                |                      |
| Estate Planning           |                             |                                |                      |
| Social Security Benefits  |                             |                                |                      |

Rate the program on each of the following items by circling one response:

<table>
<thead>
<tr>
<th>Were the workshop objectives made clear?</th>
<th>Completely</th>
<th>Somewhat</th>
<th>Not At All</th>
</tr>
</thead>
<tbody>
<tr>
<td>Were these objectives achieved?</td>
<td>Completely</td>
<td>Somewhat</td>
<td>Not At All</td>
</tr>
<tr>
<td>Comfort level of audience group size?</td>
<td>Too Large</td>
<td>Just Right</td>
<td>Too Small</td>
</tr>
<tr>
<td>Did the program inspire planning for your future?</td>
<td>Yes</td>
<td>No</td>
<td>Maybe</td>
</tr>
<tr>
<td>The amount of material covered was?</td>
<td>Excessive</td>
<td>Sufficient</td>
<td>Insufficient</td>
</tr>
<tr>
<td>Opinion of worksheets in program?</td>
<td>Good</td>
<td>Average</td>
<td>Below Average</td>
</tr>
<tr>
<td>Length of each session?</td>
<td>Too Long</td>
<td>Just Right</td>
<td>Too Short</td>
</tr>
<tr>
<td>The opportunity to exchange ideas was?</td>
<td>Excellent</td>
<td>Good</td>
<td>Poor</td>
</tr>
<tr>
<td>The CDR workbook is?</td>
<td>Excellent</td>
<td>Good</td>
<td>Fair</td>
</tr>
</tbody>
</table>

How could the workshop or workbook be improved? ____________________________________________

Other Comments ________________________________________________________________

________________________________________

________________________________________

________________________________________

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WHERE TO GO FOR HELP

STATE AGENCIES

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

SERS Chicago Office
Michael Bilandic Building
160 North LaSalle
Suite S-220
Chicago, IL  60601
312-814-5853

Group Insurance Inquiries
Central Management Services
217-782-2548

SERS Group Insurance
217-785-7150 or 312-814-5853

Deferred Compensation
217-782-7006

Department of Human Rights
(Issues of Job Discrimination)
James R. Thompson Center
100 West Randolph St.
Suite 10-100
Chicago, IL  60601
312-814-6200

Department of Public Health
535 W. Jefferson St.
Springfield, IL  62761
217-785-4977

Department of Health Care & Family Services
Prescott Bloom Building
201 South Grand Avenue East
Springfield, IL 62763
800-447-4278

Child Support Action Line
800-447-4278

U.S. GOVERNMENT AGENCIES

Consumer Product Safety Commission
4330 East West Highway
Bethesda, MD 20814
800-638-2772

Social Security Administration
800-772-1213

Consumer Information Center
719-295-2675
email: pueblo@gpo.gov

NOT-FOR-PROFIT AGENCIES

Consumer Credit Counseling Center
800-769-3571
WHICH STATE’S TAX LAWS ARE BEST IF YOU ARE RETIRED?

If you plan to move to another state when you retire, you should examine the tax burden you’ll face when you arrive. State taxes are important to everyone, but retirees have extra cause for concern since their income may be fixed. Many people planning to retire use the presence or absence of a state income tax as a litmus test for a retirement destination. This is a serious miscalculation, since higher sales and property taxes can more than offset the lack of a state income tax.

The following information pertains to the taxation of a SERS retirement pension in each of the 50 states and D.C. For definitive tax laws, you should consult a tax professional. For more information on the Web, go to www.retirementliving.com

<table>
<thead>
<tr>
<th>States with little or no personal income tax and therefore no state tax on SERS pensions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alaska</td>
</tr>
<tr>
<td>Florida</td>
</tr>
<tr>
<td>Nevada</td>
</tr>
<tr>
<td>New Hampshire</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SERS pensions are exempt from state income taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama</td>
</tr>
<tr>
<td>Hawaii</td>
</tr>
<tr>
<td>Illinois</td>
</tr>
<tr>
<td>Massachusetts</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SERS pensions are fully taxed for state income tax purposes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arizona</td>
</tr>
<tr>
<td>California</td>
</tr>
<tr>
<td>Connecticut</td>
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<tr>
<td>D. of C.</td>
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<tr>
<td>Indiana</td>
</tr>
<tr>
<td>Kansas</td>
</tr>
<tr>
<td>Maryland</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>States that tax SERS pensions, if the pension amount exceeds certain limits. Consult with a tax professional for particulars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arkansas</td>
</tr>
<tr>
<td>Colorado</td>
</tr>
<tr>
<td>Delaware</td>
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<tr>
<td>Georgia</td>
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<td>Idaho</td>
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<td>Iowa</td>
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<tr>
<td>Kentucky</td>
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<tr>
<td>Louisiana</td>
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<tr>
<td>Maine</td>
</tr>
<tr>
<td>Minnesota</td>
</tr>
<tr>
<td>Missouri</td>
</tr>
<tr>
<td>New Jersey</td>
</tr>
</tbody>
</table>
Agency Retirement Coordinator:  Person appointed by each State agency to interact with SERS and the employees of the agency.

Alternative Formula:  The retirement formula for certain state employees in positions of high risk. Alternative positions can be found in the SERS Member Handbook.

Beneficiary for Lump Sum Death Benefit:  The beneficiary chosen by the member to receive SERS benefits.

Coordinated/Covered:  A SERS member who contributes to the Social Security program.

Credited Service:  The total service certified to a SERS' member records.

Defined Benefit Plan:  Provides a predetermined benefit amount using a formula combining service credit and salary.

DISABILITY

Nonoccupational:  A disability that results from an injury or an illness sustained outside the member's state duties.

Occupational:  A disability that results from an injury or illness sustained while performing duties as a state employee.

Temporary:  This benefit is during a period when an injury or illness is being contested. A temporary benefit eventually becomes a non-occupational or occupational disability.

Final Average Compensation:  For retirement and survivor benefits – final average compensation is the 48 highest consecutive months of earnings within the last 120 months of service.

For death and disability benefits – final average compensation is the rate of compensation at the date of death or disability, or the 48 highest consecutive months of earnings within the last 120 months of service, whichever is greater.

Level Income Option:  An option for coordinated/covered members when their SERS benefits is increased for the period before receiving Social Security benefits. Their SERS benefit is reduced when Social Security benefits begin.

Non-Coordinated/Non-Covered:  A SERS member who does not participate in the federal Social Security program.

Regular Formula:  The retirement formula for state employees that are not designated as high-risk.

Pension:  Retirement annuity paid for the life of the member.

SERS:  State Employees' Retirement System of Illinois is responsible for administering the benefits as stated in the Illinois Compiled Statutes, specifically 40 ILCS 5/14, (previously Chapter 108 1/2 Article 14 of the Illinois Revised Statutes).

Survivor Annuity Beneficiary:  A beneficiary (spouse, child or dependent parent) designated by the member to receive a monthly annuity upon the death of a member.