

## Pension Legislation

During the current General Assembly, the following bills that affect SERS members have passed the House and been sent to the Senate for consideration.

Please note the effective date referred to in the descriptions below is the date a bill that has passed both chambers of the General Assembly is signed by the Governor and becomes law.

The following bills *HAVE NOT* passed both chambers of the General Assembly and *HAVE NOT* become law at the time of publication.

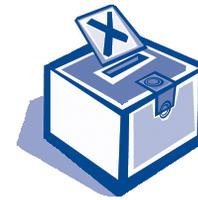
**HB 1154:** For employment after the effective date, establishes a Tier 1 "salary cap" that is the greater of the Social Security Wage Base (\$113,700 in 2013) or the annual salary of the member during the 365 days immediately preceding the effective date. The limitation does not apply to earnings under an employment contract or collective bargaining agreement that is in effect on the effective date.

**HB 1165:** For all current active and retired Tier 1 members, reduces and delays the annual COLA. For members coordinated with Social Security, the annual COLA is capped at 3% or \$600, whichever is less.

For members not coordinated with Social Security, the annual COLA is capped at 3% or \$750, whichever is less. A non-coordinated member receiving an annual benefit of less than \$25,000 and a coordinated member receiving an annual benefit of less than \$20,000 would still receive the compounded COLA until the relevant cap is achieved.

**HB 1166:** For Tier 1 members under age 45, increases the normal retirement age incrementally based on an employee's age on the effective date. The bill increases the retirement age by 1 year (Rule of 87) for members between the ages of 40 and 44, by 3 years for members between the ages of 35 and 39 (Rule of 91), and by 5 years for members under the age 35 (Rule of 95).

## Constitutional Amendment Rejected



A proposed amendment to the Illinois Constitution making it tougher to approve increases in

public pension benefits was legally rejected during the Nov. 6 election and will not take effect.

The proposal fell short in both of the requirements needed to become part of the Constitution. Any proposed addition to the Constitution needs approval from at least 60 percent of all voters but received 58 percent. The second proposal needed at least 51 percent of all voters and received 48 percent of all voters.

The amendment would have governed the actions of the General Assembly, county, township and city governments, school districts and special districts throughout the state. It would have required a three-fifths majority to increase any pension benefit or expand the eligibility for any benefit.

For instance, a SERS benefit increase would have needed 71 votes in the Illinois House and 36 votes in the Illinois Senate to pass, as opposed to a simple majority of 60 votes and 30 votes, respectively.

*In August, you will receive your Annual Benefit Statement. This statement for active members includes personal benefit information about your beneficiary(ies), credited service, contributions, retirement, disability and death benefits. Your Member Handbook should be used in conjunction with your Annual Benefit Statement.*

# New Online Service from Social Security

Social Security is expanding its services with a *my Social Security* account. This personalized information can be used throughout your working years and retirement.

Anyone age 18 or older can sign up for an account at [www.socialsecurity.gov/myaccount](http://www.socialsecurity.gov/myaccount). You must be able to provide information about yourself and answer questions only you will know. After completing the verification process, a *my Social Security* account is created with a unique user name and password in order to access this information.

Once an account is created, eligible workers can retrieve an online Social Security Statement. This statement provides secure and convenient access to Social Security earnings and benefit information.

More than 60 million Social Security beneficiaries can now access a variety of information instantly using their online account. Beneficiaries can also change their address and start or change direct deposit information online.

Social Security beneficiaries and recipients with a *my Social Security* account can go online and get an official benefit verification letter.

This letter serves as proof of income to secure loans and mortgages as well as proves current Medicare health insurance coverage, and retirement or disability status. You can also print or save this customized letter.

This new online service allows you to conduct business with Social Security without having to visit an office or make a phone call, and avoids waiting for a letter to arrive in the mail. It will also reduce the time spent by SSA employees completing these requests and free them to focus on other workloads.

The portal also provides links to applications for retirement, disability and Medicare. For more information go to [www.socialsecurity.gov/myaccount](http://www.socialsecurity.gov/myaccount).



## Where Are They Now?

SERS statistics show that the vast majority of our retirees still reside in Illinois. Of the retirees who call another state home, the largest percentage now live in the Sunshine State of Florida. Other states with a healthy number of SERS retirees include Arizona, Missouri, Texas, Wisconsin and Indiana.



# FY12 Numbers

## OPERATIONS

Member contributions in FY12 increased 1.9% from the FY11 amount. This was due, in part, to a slight increase in wages subject to retirement and an increase in optional service purchases.

Employer contributions in FY12 were \$1,391.4 million, compared to the FY11 employer contribution amount of \$1,127.9 million. This change is primarily due to a moderate increase in wages and a higher employer contribution percentage by the State of Illinois. The employer contribution rate for FY12 and FY11 was 32.3% and 26.2%, respectively (net of the bond principal and interest repayment amounts).

Benefit payments increased 9.1% from FY11 to FY12. This was primarily due to the scheduled 3% increase in most benefit payments, and a large number of employees retiring in FY12.

## INVESTMENTS

By state law, SERS' investment function is managed by the Illinois State Board of Investment (ISBI) along with the Judges' and General Assembly Retirement Systems. All investments are accounted for in a commingled ISBI fund. In FY12, the minimal investment return directly reflected the overall lack of direction of the markets.

## FUNDING

The most recent actuarial valuation shows the total SERS actuarial liability was \$33.1 billion. The actuarial value of assets, using a 5-year smoothed market value, was \$11.5 billion.

The amount of liabilities exceeded net assets by \$21.6 billion on June 30, 2012, and by \$20.2 billion on June 30, 2011 using the smoothed market basis. The funded status of SERS on

## Statements of Plan Net Assets June 30, 2012 and 2011

	2012	2011
<b>ASSETS</b>		
Cash	\$ 133,959,043	\$ 54,940,085
Receivables	160,807,074	41,167,867
Investments (at fair value)	10,675,772,261	10,882,484,004
Securities lending collateral with State Treasurer	72,867,000	26,414,000
Equipment (net of acc. depr.)	2,723,398	2,676,348
<b>Total Assets</b>	<b>\$ 11,046,128,776</b>	<b>\$ 11,007,682,304</b>
<b>Total Liabilities</b>	<b>85,440,952</b>	<b>36,929,618</b>
<b>Net Assets Held in Trust for Pension Benefits</b>	<b>\$ 10,960,687,824</b>	<b>\$ 10,970,752,686</b>

## Statements of Changes in Plan Net Assets June 30, 2012 and 2011

	2012	2011
<b>REVENUES</b>		
Contributions:		
Members	\$ 259,122,881	\$ 254,201,379
Employer	1,391,416,375	1,127,886,796
<b>Total Contributions</b>	<b>1,650,539,256</b>	<b>1,382,088,175</b>
Investment Income	5,975,369	1,930,208,393
<b>TOTAL REVENUES</b>	<b>\$ 1,656,514,625</b>	<b>\$ 3,312,296,568</b>
<b>EXPENSES</b>		
Benefits	\$ 1,627,373,601	\$ 1,492,063,647
Refunds (including transfers)	23,500,325	37,575,929
Administrative	15,705,561	13,734,961
<b>TOTAL EXPENSES</b>	<b>\$ 1,666,579,487</b>	<b>\$ 1,543,374,537</b>
<b>Net Increase/(Decrease)</b>	<b>(10,064,862)</b>	<b>1,768,922,031</b>
<b>Net Assets Held in Trust for Pension Benefits:</b>		
Beginning of Year	10,970,752,686	9,201,830,655
End of Year	<b>\$ 10,960,687,824</b>	<b>\$ 10,970,752,686</b>

June 30, 2012 decreased to 34.7% from 35.6% on June 30, 2011.



## SERS Pre-Retirement Workshops

*The 2013 SERS pre-retirement workshops are filling up fairly quickly. Below are the workshops still open for this year. To register, you must contact your agency's Retirement Coordinator. If you're not sure who your Retirement Coordinator is, check the "At a Glance" section of your annual Benefit Statement. For more information about our pre-retirement workshops, visit our website at [www.srs.illinois.gov](http://www.srs.illinois.gov) or call 217-785-6979.*

### **INVESTING IN YOUR FUTURE** *For employees under age 45*

Jun. 18	Joliet
Jul. 9	Springfield
Sep. 17	Schaumburg
Oct. 1	Chicago
Oct. 8	Collinsville
Oct. 29	East Peoria
Nov. 5	Carbondale
Dec. 3	Springfield

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

Apr. 17 & 18	Schaumburg
Apr. 24 & 25	Collinsville
Jun. 5 & 6	DeKalb
Jun. 5 & 6	Springfield
Jun. 12 & 13	East Peoria
Jun. 19 & 20	Carbondale
Jul. 17 & 18	Springfield
Jul. 17 & 18	Chicago
Aug. 21 & 22	Mt. Vernon
Sep. 4 & 5	Utica
Sep. 25 & 26	Springfield
Oct. 16 & 17	Fairview Heights
Oct. 23 & 24	Springfield
Oct. 23 & 24	Chicago
Nov. 20 & 21	Champaign

### **COUNTDOWN TO RETIREMENT** *For employees within 3 years of retirement*

Apr. 18	Springfield
May 30	Springfield
Jun. 20	East Peoria
Jul. 11	Collinsville
Jul. 25	Springfield
Aug. 1	Springfield
Aug. 8	Effingham
Aug. 15	Chicago
Aug. 15	Springfield
Aug. 22	DeKalb
Sep. 5	Springfield
Sep. 12	Carbondale
Sep. 12	Rockford
Sep. 19	Springfield
Oct. 10	Springfield
Oct. 17	Chicago
Oct. 17	Mt. Vernon
Nov. 7	Chicago
Nov. 7	Fairview Heights
Nov. 14	Springfield
Dec. 5	Springfield