



State Universities Retirement System



RETIRE: Who...Me?

General– 03.07.11



IMPORTANT

This presentation is for SURS members who are in Tier I.

Tier I members are participants with SURS or another eligible Illinois retirement system who certified prior to 01/01/11.



WHO ARE WE?

- State Universities Retirement System
 - Defined Benefit (1941)
 - Defined Contribution (1998)
- 401(a) Qualified Plan
- Non-ERISA
(Employee Retirement Income Securities Act)
- Governed by Illinois Compiled Statutes



SURS MEMBERS ARE:

- Public higher education employees
- Employees that have worked for at least 4 months at a SURS-covered employer





WHAT DO WE DO?

- Retirement
- Disability
- Disability Retirement
- Refund
- Death
- Survivor





BENEFIT PLANS

Traditional Benefit Plan

- Defined Benefit Plan – Monthly annuity with built in survivor benefits

Portable Benefit Plan

- Defined Benefit Plan – Enhanced portability and limited survivorship

Self-Managed Plan (SMP)

- Defined Contribution Plan – You decide how your funds are invested



PLAN OPTIONS AT A GLANCE

	Traditional	Portable	SMP
Participation	Automatic	Elective	Elective
Your Contribution	8% of salary required*		
	6.5% retirement .5% AAI 1.0% survivors	6.5% retirement .5% AAI 1.0% portability	8% retirement
Employer Contribution	Guaranteed Benefit, or "Normal" Cost (MP** factor \$1.40 for each \$1 of normal retirement contribution)		7.1% retirement 0.5% disability

*Full-time community college employees (except City Colleges of Chicago) pay an additional 0.5% of earnings to fund a health insurance plan devised for community college retirees.

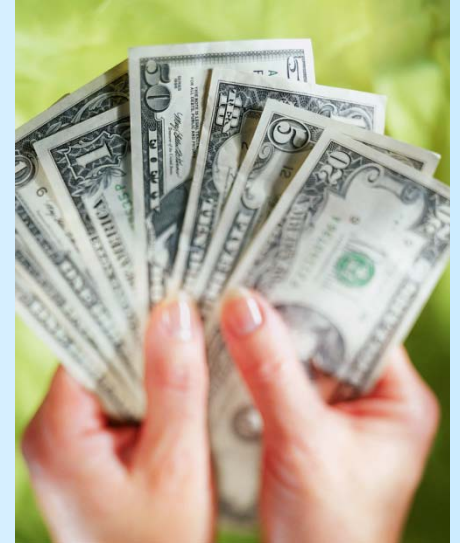
**Money Purchase formula is not applicable if certification date is on or after 7/1/05.



SELF MANAGED PLAN (SMP)

Two Providers:

- Fidelity Investments
www.fidelity.com/atwork
(800) 343-0860
- TIAA-CREF
www.tiaa-cref.org/illinois
(888) 219-8310



50 Investment Choices

www.surs.org/selfmanagedplan/fundoverview



RETIREMENT ELIGIBILITY

- 5 years at age 62
- 8 years at age 55
- 30 years at any age





SERVICE CREDIT

- Years of service earned
- Unused, unpaid sick leave
- Purchases
- Reciprocity (other public Illinois retirement systems)



SERVICE CREDIT EARNED

- Service year is September 1-August 31

<u>Days/Months Worked</u>	<u>Service Earned</u>
15 or more calendar days	1 month
1-2 months	.25 year
3-5 months	.50 year
6-7 months	.75 year
8 months or more	1 full year

- Only 1 year of service is allowed per service year



SICK LEAVE SERVICE CREDIT

- Unused/unpaid sick leave reported by employer upon termination of employment

<u>Full Work Days</u>	<u>Additional Service Credit</u>
20-59 days	.25 year
60-119 days	.50 year
120-179 days	.75 year
180 days or more	1 full year

- Must retire within 60 days of termination



SERVICE CREDIT: PURCHASES

Types of purchases

- Repayment of refund
- Prior service
- Other public employment (OPE)
- Military
- Leave of absence



REPAYMENT OF REFUND

If you previously participated in SURS and accepted a separation refund, you may reinstate that service credit if:

- You become a participating employee of SURS or another reciprocal system for at least 2 years following the date of the refund
- You repay SURS for the refund



PRIOR SERVICE

- Employment with any SURS-covered employer prior to the date you began SURS participation (certification date)
 - Extra Help
 - Graduate Assistantship
 - Student Employment
- Employment must have been at least 50% time



OTHER PUBLIC EMPLOYMENT (OPE)

- Prior employment with a public school, college, or university in the U.S.
- Must contribute to SURS at least 5 years following the employment
- OPE may *not* be used to meet SURS minimum vesting requirements.



MILITARY

- Active duty military service that occurred prior to your certification date can be purchased
 - Copy of DD214 is required
 - Maximum of 2 years allowed



PURCHASES: GENERAL INFORMATION

- All purchase types must be verified
- If you request the cost for any purchase, you are not required to buy it
- Payments to establish service credit must be made prior to your retirement date
- SMP members must be actively employed in the SURS system to make *any* eligible purchases



PURCHASES

METHODS OF PAYMENT

1. Check

- After-tax dollars

2. Rollover

- Tax-deferred dollars
- IRA account or other qualified plan, 403b, or 457 plan

3. Installment Plan

- Payroll deductions for 12, 24, 36, or 48 months
- Before-tax deduction



RECIPROCALITY

- SURS has reciprocity with other Illinois public retirement systems in determining your eligibility for and amount of retirement benefits
- Minimum requirements:
 - At least 1 year of pension credit in more than one of the retirement systems, AND
 - Combined service credits must meet the longest minimum vesting requirement in each system



RECIPROCAL SYSTEMS

- **CEABF** County Employees' Annuity & Benefit Fund of Cook County
- **CTPF** Public School Teachers' Pension & Retirement Fund of Chicago
- **FPEABF** Forest Preserve District Employees' Annuity & Benefit Fund of Cook County
- **GARS** General Assembly Retirement System
- **IMRF** Illinois Municipal Retirement Fund
- **JRS** Judges General Assembly Retirement System





RECIPROCAL SYSTEMS

- **LABF** Laborers' Annuity & Benefit Fund
- **MEABF** Municipal Employees' Annuity & Benefit Fund of Chicago
- **MWRD** Metropolitan Water Reclamation District Retirement Fund
- **PEABF** Park Employees' Annuity & Benefit Fund of Chicago
- **SRS** State Employees' Retirement System of Illinois
- **STRS** State Teachers' Retirement System
- **SURS** State Universities Retirement System



RETIREMENT FORMULAS (TRADITIONAL & PORTABLE)

- General
- Money Purchase
 - not applicable if certification date is on or after 7/1/05
- Minimum & Guarantee (PA89-616)
- Police & Firefighter



GENERAL FORMULA (Traditional & Portable)

1. $2.2\% * x \text{ years of service} = \text{percentage}$
2. Percentage x final average salary
3. Less age reduction, if applicable

Notes:

80% maximum benefit = 36.364 years of service



GENERAL FORMULA (2.2% CALCULATION)

- Age at retirement = 60 years
- 28 years service credit
- Final Average Salary = \$48,350

Calculation of Benefit:

$$28 \text{ yrs} \times 2.2\% = 61.6\%$$

$$\text{Annual Benefit: } 61.6\% \times \$48,350 = \$29,783$$

$$\text{Monthly Benefit: } \$29,783 \div 12 = \$2,481$$



EXAMPLE OF AGE REDUCTION

If less than 30 years of service credit, annuity reduced by $\frac{1}{2}$ of 1% for each month under age 60.

AGE 60	\$2,481	
AGE 59	\$2,332	(94%)
AGE 57 1/2	\$2,108	(85%)
AGE 55	\$1,736	(70%)



MONEY PURCHASE FORMULA

(Traditional & Portable)

- 1. Retirement contributions and interest**
- 2. Plus employer (State of Illinois) share**
- 3. Divided by actuarial factor**

(Money Purchase formula not applicable if certification date is on or after 7/1/05)



EXAMPLE

Money Purchase Formula

(not applicable if certification date is on or after 7/1/05)

Money Purchase Formula Calculation:

Member's Contributions & interest		\$189,478
“Normal” Retirement	$(\$189,478 \times 6.5 \div 8)$	\$153,950
State Employer Match	$(\$153,950 \times 1.4)$	<u>\$215,531</u>
Total “Normal” Contributions & Interest at Retirement	=	\$369,481
Actuarial Age Factor	÷	<u>119.521</u>

Monthly Retirement Benefit = \$ 3,091



CALCULATION RESULTS

- General Formula \$2,481
- Money Purchase \$3,091

Monthly Retirement Annuity=\$3,091



FORMULA RECAP

(Traditional & Portable)

GENERAL FORMULA

1. $2.2\% \times \text{years of service} = \text{percentage}$
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MONEY PURCHASE FORMULA

(not applicable if certification date is on or after 7/1/05)

1. Retirement contributions and interest
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SMP DISTRIBUTION

- Based on member's account value
- Contact provider(s) for amount
- Member chooses form of distribution
 - Lump sum
 - Rollover
 - Annuity (with SMP providers)



SMP

TYPES OF ANNUITY

- Single-Life
- Single-Life with guaranteed period
 - 10 year
 - 15 year
 - 20 year
- Joint & Survivor 50% or 100%
- Joint & Survivor 50% or 100% with guaranteed period
 - 10 year
 - 15 year
 - 20 year



IF YOU LEAVE SURS AND TAKE A REFUND

With **less than 5 years** of service:

	Traditional	Portable	SMP
Your Contribution	Yes	Yes	Yes
Employer Contribution	No	No	No
Return	4.5%	Interest Earned	Investment Return

Note:

Taking a refund will forfeit any/all retirement benefits, including insurance



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WHAT IF I BECOME DISABLED?

- **Disability**
 - 50% of base salary, if approved
 - Apply through employer
- **Disability Retirement Allowance (DRA)***
 - 35% of base salary, if approved
 - Must first exhaust disability benefits
 - Permanently disabled from any gainful employment

***DRA not available with SMP**



MONTHLY SURVIVOR BENEFIT

	Traditional	Portable	SMP
Who Qualifies?	Qualified survivor (spouse, child, parent)	Spouse, or contingent annuitant	Spouse, or contingent annuitant
Eligibility	1.5 years	1.5 years	Immediate
Benefit Amount	At least 50%	50%, 75% or 100% (reduced)	Elective (State match with 1.5 years)
AAI	Yes	Yes	Elective



ONE-TIME LUMP SUM DEATH BENEFIT

	Traditional	Portable	SMP
Beneficiaries	Any person or legal entity	Spouse or alternate beneficiary	Spouse or alternate beneficiary
Pre-Retirement Benefit	Account balance (-1/8 th if survivor benefit payable)	Member and employer contributions + interest (minus value of survivor benefit payable)	Account investment value
Post-Retirement Benefit	<p><u>Without Survivor:</u> Greater of \$1,000 or remainder of account balance</p> <p><u>With Survivor:</u> No death benefit</p>		See terms of annuity contract



INSURANCE ELIGIBILITY AT RETIREMENT

College Insurance Program

- Full-time employees of Community Colleges

State Group Health Plan

- Employees of State universities and affiliated State agencies, surveys, etc.
 - Minimum 5 years
 - Must receive a monthly benefit
- 20 years – Premium free
 - State pays 5% of total health insurance premium per full year of service
- Active member on 7-7-97
 - Special circumstances may apply under P.A. 91-395



MEMBER'S RESPONSIBILITY

- Anticipate, plan, decide
- Utilize retirement checklist
- Obtain, complete, and submit retirement application to SURS at least 60 days prior to retirement date
 - Submit application to reciprocal system, if applicable
- Notify employer of retirement



EMPLOYER'S RESPONSIBILITY

- Process employee's final payments
- Submit Termination Report to SURS
- Verify academic contracts
- Verify part-time service



SURS' RESPONSIBILITY

- Request and gather information
- Accurately calculate Traditional and Portable claims
- Notify provider(s) for SMP claims
- Ensure member receives every dollar the law allows



PRELIMINARY ESTIMATED PAYMENT (PEP) Traditional & Portable Plans

- Completed retirement application
- Member is vested (eligible)
- Birth verification (required)
- Spouse birth verification (if applicable)
- Marriage certificate (if applicable)
- 80-90% based on what we know
- PEP may be for 120-180 days



SOCIAL SECURITY

The Windfall Elimination Provision

“How it Affects your Social Security Retirement or Disability Benefits”

Government Pension Offset

“A Law that Affects Spouse’s or Widow(er)’s Benefits”

Contact Social Security for more information:

www.socialsecurity.gov

(800) 772-1213



MEDICARE

SURS cannot provide information regarding Medicare eligibility or the benefit(s) provided.

For information about the State or CIP insurance and Medicare, please contact:

- Central Management Services (CMS)
(800) 442-1300
- Medicare at (800) 633-4227

www.medicare.gov



SURS COUNSELING APPOINTMENTS

● Eligibility

- Must be eligible to retire within 4 years
- Limit 1 appointment per 12-month period

● Type of Appointment

- Office
- Phone
- Campus

● Process

- Contact SURS to initiate request, *or*
- Complete retirement estimate form online
- Submit completed form to SURS
- Call SURS to schedule



MEMBER ACCESS

- Go to www.surs.org
- Click on “Member Access” located in the middle of the page just below the profile pictures





HOW TO CONTACT US

SURS

1901 Fox Dr

Champaign, IL 61820

(800) ASK-SURS

(800) 275-7877

(217) 378-8800

www.surs.org



QUESTIONS?





DISCLAIMER

All aspects of administration of the State Universities Retirement System (SURS), including but not limited to benefit calculation and payment, must comply with state and federal law. No employee of SURS has the authority to bind the system to take action contrary to law, even in the event of misstatement of fact or law. Furthermore, while this letter states SURS's current understanding of the law, this could change as a result of court opinions, statutory changes, or other matters (e.g., Attorney General opinions). Accordingly, SURS is required under law to correct any mistake in benefit amount, even after payments have begun. Use of any information from this letter, form, or any other document provided by SURS is for general information only and does not represent personal tax or legal advice either express or implied. You must seek professional legal or tax advice for personal income tax questions and other legal assistance.