



JRS Tier 1 Benefit Presentation



Judges Retirement System Tier 1 Benefit Presentation September 2024

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Judges Retirement System of IL

A 401(a) defined benefit plan



Membership Statistics As of August 30, 2024

JRS Membership Statistics	
Active judges	957
Active judges at maximum benefit	128
Membership date prior to 8/10/09	213
Membership date 8/10/09 – 12/31/10	59
Tier 2 active judges	685
Retirees	1040
Survivors	326
QILDRO Payees	31



Active Judge Information

Call Administrative Office of IL Courts to:

- Update your address
- Change in marital status
- Change federal withholding

Call JRS to:

- Change marital status (survivor annuity participation)
- Request benefit estimates
- Schedule an individual telephone conference
- Request a retirement packet
- Learn more about your retirement benefits



JRS Retirement Benefits



JRS Contributions

JRS Contributions	
Retirement Annuity	7.5%
Automatic Increase	1.0%
Survivor's Annuity*	2.5%
Total	11.0%



*If you elected NOT to participate in survivor's annuity, 8.5% is contribution rate.

Survivor Annuity Participation

Participation Options:

Married: If you are married and elect not to participate in the survivor annuity provision, the **election is irrevocable**.

- No survivor benefits will be payable to current or future spouse
- Eligible children still receive child annuity benefits

Unmarried: If you are unmarried, you can elect not to participate in survivor annuity provision until you become married.

- If you elected to participate in the survivor annuity provision as a married judge and later divorce, you can elect to stop the survivor contribution and receive a refund of survivor contributions previously credited to your account.



Survivor Annuity Participation

An unmarried judge who elects not to participate and later marries will have two options regarding survivor annuity participation:

Option 1 – Prorated Survivor Benefit: Begin contributing the month you are married. This will provide a prorated survivor benefit based on the number of months you contributed while a married judge.

Option 2 – Full Survivor Benefit: Pay contributions from date of membership plus interest to provide a full survivor benefit.

*Retired judges who marry and wish to participate can only establish a full survivor benefit (option 2).



Retirement Eligibility – Tier 1

- Vested – minimum 6 years of service
- Age 55 < 60 with 10 years*
- Age 60 with at least 10 years
- Age 62 with at least 6 years

*Early retirement – benefit reduced by 0.5% for each month member is under age 60.



Service Credit

- Earn service in monthly increments as an active judge (one paid day = one month)
- Reciprocal service with another Illinois public retirement system
- Service purchase (optional service)
- While receiving JRS temporary disability through end of current term



JRS Optional Service Credit

Types of optional service credit:

- Active-duty military
- Transfer of certain public service
- Assistant Corporation Counsel
- Judge or Commissioner of Court of Claims
- Holdover Magistrate or Master in Chancery of Circuit Court
- Full-time attorney for Chicago Transit Authority
- Former General Assembly member
- Previously refunded JRS service

The following positions may be eligible if no service was earned in another public retirement system:

- State's attorney or public defender



JRS Service Credit Purchase

- Cost varies depending on the type of service
- Includes employee contributions plus interest and employer's normal cost in some cases
- **Methods of payment:**
 - Tax-sheltered rollovers
 - Installment payment option
 - After-tax lump sum payment
 - Transferred funds from other retirement system
- **Contact JRS for more information**



Pension Calculation

Service Credit
x Formula Factor
= Percentage

Percentage
x Final Average Salary
= Annual Pension Benefit



Retirement Formula – Tier 1

First 10 years x 3.5%	35%
Next 10 years x 5.0%	<u>50%</u>
20 years	85%

- Years of service determines percentage of benefit
- **Maximum benefit:** 85% of final average salary
- Possible age reduction if you retire under age 60



Final Average Salary – Tier 1

If your JRS membership date is:

Prior to 8/10/09:

final rate of pay used to calculate benefit

8/10/09 through 12/31/10:

4 highest consecutive years within last 10 years



Tier 1 Age Reduction

Early Retirement prior to age 60:

- 0.5% for each month under age 60
- Permanent benefit reduction

5/12% credit offsets age reduction:

- Credit of 5/12 of 1% for each month over 20 years of JRS service
- Age 55 and 26 years of JRS service can receive maximum benefit without age reduction due to 5/12 credit



Age Reduction Example – Tier 1

Retire with 20 years in JRS

Retire at age 60:

\$ 246,099.00

X 85%

\$209,184.15 / 12 =

\$17,432.01 monthly

Retire at age 55:

60-55 = 60 months

60 x ½% = 30%

age reduction

100% - 30% = 70%

\$17,432.01 x 70% =

\$12,202.41 monthly



Reciprocal Service Credit

13 systems covered under the Reciprocal Act:

CEABF, CTPF, FPEABF, GARS, IMRF, JRS, LABF, MEABF, MWRDF, PEABF, SERS, SURS and TRS

- You must earn at least 1 year of nonconcurrent service credit to be included in a reciprocal pension calculation
- Combined service credit must meet the minimum vesting requirements of each system.



Reciprocal Calculations

Final Average Salary:

- JRS: final salary OR 48-month average based on membership date
- Tier 1: IMRF, CEABF, MEABF, SERS use 4 highest consecutive years within last 10 years

Each retirement system pays a monthly benefit

Compare independent vs. reciprocal estimate



Reciprocal Calculation Example

IMRF

10 years x 1.667% = 16.67%

+

JRS

13 years x 5.0% = 65.00%

23 years 81.67%

More than 20 years of service but not at maximum
85% benefit with reciprocal service



Reciprocal Calculation Example

IMRF

$$\begin{aligned} \$229,998.72 \times 16.67\% / 12 &= \$ 3,195.07 \\ \text{(4-year average)} & \end{aligned}$$

JRS

$$\begin{aligned} \$246,099.00 \times 65\% / 12 &= \underline{\$ 13,330.36} \\ \text{(final rate of pay)} & \quad \quad \quad \mathbf{\$ 16,525.43} \end{aligned}$$

Highest Maximum in JRS

$$\$246,099.00 \times 85\% / 12 = \$17,432.01$$

No proportional reduction since combined benefit is less than highest maximum benefit.



Tier 1 Limiting Contributions

Age 60 and eligible for 85% benefit

- Only contribute on future salary increases
- Reciprocal service can be used to reach maximum benefit
- Cannot retire from reciprocal fund if the service is used to reach maximum benefit, until the service is no longer needed to reach maximum benefit
- Irrevocable election



Tier 1 Automatic Increases

- 3% on January 1 following one full year in retirement
- Compounded annually
- Reflected on January 19th payment
- Check with each reciprocal system regarding automatic increase eligibility



Disability and Survivor Benefits



Tier 1 Temporary Disability

- Must have at least 2 years of JRS service credit
- Two physician certifications
- 50% of judicial salary
- Continued eligibility requires periodic medical reviews
- Payable to the end of term
- Earn service credit
- Cannot be gainfully employed



Tier 1 Permanent Disability

- Must have 10 years of service = 35% of salary (FAS)
- May use reciprocal service to meet 10 years
- No minimum age to qualify
- Two physician certifications
- No service credit earned
- Benefits are calculated using the same formula as retirement benefits without age reduction.



Tier 1 Spouse Benefits

- You must participate in the survivor annuity provision for a spouse to receive benefits.
- Married 1 full year immediately preceding death
- Active judge must have **18 months** of service
- Inactive judge must have **10 years** of service
- Eligible at any age if dependent children are:
 - unmarried
 - under age 18
 - full-time student (ages 18-22)
 - disabled adult over age 18
- Spouse must be age 50 if there are no eligible child survivors under their care.



Tier 1 Spouse Benefits

Death in service:

- Monthly benefit is greater of 66 2/3% of member's earned benefit or 7.5% of final salary

Death after retirement:

- 66 2/3% of member's retirement benefit at death

Annual 3% survivor increases:

- January 1 following retired member's death or
- January 1 following first full year of survivor's annuity if member was active

Survivor is eligible for State health insurance if member had at least 6 years of JRS service credit



Tier 1 Child's Annuity Benefit

Eligible if dependent children are:

- unmarried
 - under age 18
 - full-time student (ages 18-22)
 - disabled dependent son or daughter over age 18
-
- Active judge must have **18 months** of JRS service
 - Inactive judge must have **10 years** of JRS service
 - 2.5% Survivor Annuity contribution not required for child's annuity



Tier 1 Child's Annuity Benefit

Monthly child's annuity benefit:

- 5% of final salary for each eligible child
- Combined benefits for all eligible children limited to 20% of final salary or 66 2/3% of earned retirement annuity, whichever is greater.
- Child's annuity payable until child reaches age 18 or age 22 (if full-time student), marries, dies or is no longer disabled.
- Child is eligible for State health insurance if member has 6 years of JRS service credit.



Lump Sum Death Benefits

- **Lump sum death benefits payable when:** no qualified survivors or minimum service eligibility requirements not met (active - 18 months, inactive – 10 years)
- **Active judge with no qualified survivors:**
Contributions payable to named beneficiary or estate
- **Retired judge with no qualified survivors:**
unrecovered contributions payable to named beneficiary or estate



Ex-Spouse of a Judge

Former spouses and QILDRO alternate payees:

- Upon divorce, former spouse of judge is ineligible for any survivor benefits.
- When member dies, QILDRO alternate payee may be eligible for a lump sum death benefit, if payable.
- QILDRO monthly benefits begin when a judge retires and stop upon the member or alternate payee's death

What happens to health insurance upon divorce?

- Dependent coverage for spouse terminated on date of divorce
- Notify MyBenefits Service Center if any change in marital status through death or divorce to avoid overpaying premiums.
- Former spouse can continue coverage under COBRA.



Retirement and Beyond



Leaving JRS

- If not immediately eligible to retire, can take a refund of contributions without interest.
- Can repay refund with interest if return to a reciprocal system for a minimum of 2 years or return to service as a judge.
- If at least 1 year of JRS service, can use it reciprocally with other reciprocal systems.
- If vested with at least 6 years of JRS service, can leave contributions on file until eligible to begin pension benefits.
- Inactive judges who aren't collecting pension benefits have no employment restrictions.



Retirement Process

- Access your retirement packet by logging into your SRS Member Services online account or contact JRS 90 days prior to your retirement date to request retirement packet.
- Complete and return:
 - Retirement Application
 - Retiree Insurance form
 - W-4P federal withholding form
 - Initial Direct Deposit Agreement for Benefit Payments (signed by your bank)
- Contact reciprocal systems for a retirement packet.
- If Medicare-eligible, enroll in Medicare A and B effective the first of the month in which you retire. Provide JRS or CMS a copy of your Medicare card.



Retirement Process

Retirement processing begins once your final payroll is posted to JRS, all forms are received, and account balances, if any, are paid.

- Amounts owed for optional service balances
- Amounts owed to reciprocal systems for service purchases

First retirement check issued 6-8 weeks after retirement date

- First payment includes benefits accrued since retirement date
- If you retire using reciprocal service in another retirement system, processing time can be 8-10 weeks.

Retirement benefits are paid for life.



Insurance in Retirement

Eligibility:

To be eligible to receive State-paid health, drug and vision insurance in retirement:

- 6 years of JRS service – Tier 1

Covered dependents:

- Retiree pays premiums based on option and dependent age(s)
- Includes spouse, children to age 26, disabled adult child

Dental:

- Can continue dental coverage with monthly premiums
- Dental Only option for those who opt out of health insurance

Life Insurance:

- Active judges can continue optional life, up to 8 times salary
- **Retirees under age 60:** Basic life and Optional units based on last judicial salary
- **Retirees age 60+:** \$5,000 Basic life insurance, maximum of 4x optional (\$20,000), up to \$25,000 total



TRAIL – Medicare Advantage

When can I enroll?

- Only for those who are retired and Medicare-eligible.
- Must have Medicare Parts A and B to enroll.
- Enroll when all covered dependents are Medicare-eligible.

60-day enrollment window:

- At retirement if you are already Medicare age.
- During retirement, when you become Medicare-eligible.

Do I have to enroll?

- If you and all dependents are Medicare eligible, you must enroll in TRAIL MAPD within 60-day enrollment period.
- You can waive TRAIL MAPD but can't keep current State health coverage.
- If you do not enroll, your State health, drug and vision coverage will terminate for you and your dependents.
- Re-enrollment option during open enrollment (mid-Oct. – mid-Nov.)



Medicare Checklist

Active judges ages 65 and older planning to retire:

3 months before your retirement date:

- Enroll in Medicare Parts A and B

1-2 months before your retirement date:

- Send JRS or CMS copies of Medicare cards for you and eligible spouse

Within 30 days following your retirement date:

- Review TRAIL MAPD enrollment materials and enroll by calling MyBenefits Service Center at 844-251-1777

Note: If all covered dependents are not Medicare eligible, you do NOT need to enroll in TRAIL MAPD until all dependents reach Medicare eligibility.



Medicare Premiums

- Rates are determined by federal government.
- Medicare premiums have never been paid by the State of Illinois for retirees.
- Premiums cannot be deducted from pension checks.
- Late enrollment penalty may apply if you don't enroll during initial enrollment period at age 65 or special enrollment period when current employment ends.
- More information at [Medicare.gov](https://www.Medicare.gov)



Income-Related Monthly Adjustment Amount

- Applies to annual income above a certain amount
- IRMAA was created in 2003 through the Medicare Modernization Act to address the fiscal challenges facing the Medicare program.
- Implementation started in 2007 for Part B
- Expanded to apply to Part D enrollees in 2011
- Part B and Part D premiums based on modified adjusted gross income as reported on IRS tax return from 2 years ago



2024 IRMAA Medicare Part B Premiums

Premiums based on modified adjusted gross income in 2022 & filing status			Part B each month (in 2024)
2022 MAGI Single	2022 MAGI Joint	2022 Married Filing Separately	
\$103,000 or less	\$206,000 or less	\$103,000 or less	\$174.70
\$103,001 - \$129,000	\$206,001 - \$258,000	N/A	\$244.60
\$129,001 - \$161,000	\$258,001 - \$322,000	N/A	\$349.40
\$161,001 - \$193,000	\$322,001 - \$386,000	N/A	\$454.20
\$193,001 - \$499,999	\$386,001 - \$749,999	\$103,001 - \$396,999	\$559.00
\$500,000 or above	\$750,000 or above	\$397,000 or above	\$594.00



2024 IRMAA Medicare Part D Premiums

Premiums based on modified adjusted gross income in 2022 & filing status			You pay each month (in 2024)
2022 MAGI Single	2022 MAGI Joint	2022 Married Filing Separately	
\$103,000 or less	\$206,000 or less	\$103,000 or less	\$0.00
\$103,001 - \$129,000	\$206,001 - \$258,000	N/A	\$12.90
\$129,001 - \$161,000	\$258,001 - \$322,000	N/A	\$33.30
\$161,001 - \$193,000	\$322,001 - \$386,000	N/A	\$53.80
\$193,001 - \$499,999	\$386,001 - \$749,999	\$103,001 - \$396,999	\$74.20
\$500,000 or more	\$750,000 or more	\$397,000 or more	\$81.00



Tier 1 Post-Retirement Employment

Benefit is suspended if:

- Return to work as a judge
- Return to active service in a reciprocal system used in your JRS benefit
- Accept permanent state employment

Benefit continues if:

- Temporary state employment (75 days)
- Work for a county unless used in reciprocal retirement benefit calculation
- Work in an Illinois public university or secondary school system unless position contributes to SERS
- Employment with Supreme Court Arbitration Service Program or Supreme Court Commission or Committee that receives no State appropriations
- Independent State contractor if payments for services are not on a regular payroll



Recalled to Service

- JRS retirement benefit and any reciprocal benefits are suspended
- Optional life insurance reinstated based on 100% of annual salary
- Life insurance premiums are age-based and may be expensive during recall
- Earn additional service credit
- Must reapply for retirement
- Benefit is reinstated and additional service credit earned is added, subject to maximum
- JRS membership date determines salary used in calculating additional benefit earned



Social Security





SSA – WEP and GPO

Windfall Elimination Provision

- Passed by Congress in 1983
- Applies when you have 40 credits of covered earnings plus a non-covered pension and you're filing for retirement or disability benefits
- Judges do not participate in the Social Security retirement and disability program
- SSA reduces benefit based on years of substantial earnings
- No WEP reduction if 30 or more years of SSA substantial earnings
- WEP never reduces a SSA benefit to zero

Government Pension Offset

- 2/3 of amount of JRS pension benefit used to reduce the Social Security spouse's or widow(er)'s benefits
- GPO can reduce SSA spouse's or widow(er)'s benefit to zero
- SSA.gov online GPO/WEP calculators
- Create *My Social Security* account online





SSA and Retirement

What do I need to do?

- Notify your local Social Security office or call the national customer service number, 800-772-1213.
- SSA will need a copy of your first payment letter from JRS which is mailed to you once your claim is processed.
- SSA will evaluate your work history and determine the amount your SSA benefit will be reduced due to the Windfall Elimination Provision.
- JRS cannot provide any estimate of this reduction.

What forms do I need to enroll in Medicare?

- You will complete a CMS-40B form found here: <https://www.cms.gov>.
- You may need an additional form (CMS L564) completed by the AOIC Payroll Dept if you are already past age 65 when you retire.
- Request coverage to begin the first of the month of your retirement date.



Contact JRS

Web Address:

www.srs.illinois.gov

Email Address:

jrs@srs.illinois.gov

(217) 782-8500

Office hours: 8 am – 4:30 pm
Monday - Friday



DISCLAIMER: This presentation provides a general overview of your JRS benefits in nontechnical language. If there is any discrepancy between the information presented in this presentation and the Plan document as described in 40 ILCS 5/Arts. 1, 18 and 20, including the Board's administrative rules set out at 80 Ill. Adm. Code 1750, the Plan document controls.