



JRS Tier 2 Benefit Presentation



Judges Retirement System Tier 2 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.
- Contributions deducted until annual salary maximum is reached.
- 2024 maximum for Tier 2: \$138,093.50



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 would 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 2

- Vested – minimum 8 years of service
- Age 62 with a minimum of 8 years of service*
- Age 67 with a minimum of 8 years of service

*Early retirement – benefit reduced by 0.5% for each month member is under age 67.



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 the Circuit Court
- Chicago Transit Authority attorney
- Former General Assembly member
- Previously refunded 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

$$\begin{aligned} & \text{Service Credit} \\ \times & \text{ Formula Factor} \\ = & \text{Percentage} \end{aligned}$$

$$\begin{aligned} & \text{Percentage} \\ \times & \text{ Final Average Salary } \\ = & \text{Annual Pension Benefit} \end{aligned}$$



Retirement Formula - Tier 2

- 8-year final average salary uses Annual Salary Maximum (IL Dept. of Insurance)
- 3% formula factor for each year of service
- **Maximum benefit:** 60% of Final Average Salary is earned with 20 years of JRS service if age 67
- Age reduction if under 67



Tier 2 Judges

IL Dept of Insurance Annual Salary Maximum

CY 2011	\$106,800.00	CY 2018	\$119,791.79
CY 2012	\$110,004.00	CY 2019	\$122,547.00
CY 2013	\$112,204.08	CY 2020	\$124,630.30
CY 2014	\$113,550.53	CY 2021	\$126,375.12
CY 2015	\$115,480.89	CY 2022	\$130,166.37
CY 2016	\$115,480.89	CY 2023	\$134,071.36
CY 2017	\$117,213.10	CY 2024	\$138,093.50



Final Average Salary – Tier 2

- Average of highest 96 consecutive months of earnings out of the last 10 years
- Cannot exceed the annual salary maximum Tier 2 limit

CY 2017	\$117,213.10
CY 2018	\$119,791.79
CY 2019	\$122,547.00
CY 2020	\$124,630.30
CY 2021	\$126,375.12
CY 2022	\$130,166.37
CY 2023	\$134,071.36
CY 2024	<u>\$138,093.50</u>
Total	\$1,012,888.54/ 8 =
Final Average Salary*	\$126,611.07

**Example assumes December 2024 retirement*



Tier 2 Age Reduction

- Early retirement before age 67 is subject to permanent reduction in benefits.
- 0.5% for each month under age 67
- Maximum 30% reduction of earned benefit for age 62 retiree



Age Reduction Example

Retire with 20 years in JRS

Retire at age 67 (non-discounted)

\$126,611.07 (FAS)

X 60%

\$ 75,966.64/12 =

\$6,330.55 monthly

Retire at age 62 (discounted)

67-62 = 60 months

60 x 0.5% = 30%

100% - 30% = 70%

Age reduction

\$6,330.55 x 70% =

\$4,431.39 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 credits must meet the minimum vesting requirements in each system



Reciprocal Calculations

Final Average Salary:

- JRS: highest consecutive 96 months within last 120 months
- Tier 1 reciprocal service: most use 4 highest consecutive years within last 10 years
- JRS provides reciprocal systems with annual salary maximum earnings

Each retirement system pays a monthly benefit

Compare independent vs. reciprocal estimate



Reciprocal Calculation Example 1

CEABF (Tier 1 service)

10 years x 2.4% 24.00%

+

JRS (Tier 2)

11 years x 3.0% 33.00%

21 years 57.00%

Member is age 67 at retirement

More than 20 years of service but not at maximum 60% benefit with reciprocal service

Tier 1 service earned in another Illinois retirement system covered under Reciprocal Act



Reciprocal Calculation Example 1

JRS - Highest Max

CEABF

$\$132,176.59 \times 24\% / 12 = \$ 2,643.53$
(Tier 1 - 4-year average of annual salary maximums)

JRS

$\$126,611.07 \times 33\% / 12 = \$ \underline{3,481.80}$
(8-year average) **$\$ 6,125.33$**

Highest Max in JRS

20+ years in JRS = 60% maximum

$\$126,611.07 \times 60\% / 12 = \$ 6,330.55$

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



Reciprocal Calculation Example 2

CEABF (Tier 1)

25.000 years * 2.4% = 60.00%

+

JRS (Tier 2)

3.000 years * 3% = 9.00%

28 years 69.00%

Judge retires at age 64

JRS benefit subject to 18% age reduction



Reciprocal Calculation Example 2

CEABF – Highest Max

CEABF

$\$124,332.80 \times 60\% / 12 = \$ 6,216.64$
(Tier 1 - 4-year average)

JRS

$\$97,791.40 \times 9\% / 12 =$
(8-year average includes CEABF earnings)
 $\$733.44 * 82\% \text{ (age reduction)} = \underline{\$ 601.42}$
 $\$ 6,818.06$

Highest Max in CEABF if all service earned in CEABF

28 years * 2.4% = 67.2%
 $\$124,332.80 \times 67.2\% / 12 = \$ 6,962.64$



Tier 2 Limiting Contributions

Age 67 and eligible for 60% benefit

- Only contribute on future salary increases to the Tier 2 annual salary maximum
- 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 2 Annual Increases

Retire age 67 or older:

Begin January 1 following one full year in retirement

CY 2011

3.00%

CY 2012

3.00%

Retire prior to age 67:

Begin January 1 following 67th birthday and one full year in retirement

CY 2013

2.00%

CY 2014

1.20%

CY 2015

1.70%

Compounded annually:

3% or annual unadjusted percentage CPI-U increase

CY 2016

0.00%

CY 2017

1.50%

CY 2018

2.20%

IL Dept of Insurance – Public Pension Division determines annual increases

CY 2019

2.30%

CY 2020

1.70%

CY 2021

1.40%

Retirement COLAs

CY 2022

3.00%

CY 2023

3.00%

CY 2024

3.00%



Disability and Survivor Benefits



Tier 2 Temporary Disability

- Must have at least 2 years of JRS service credit
- Two physician certifications
- 50% of capped Annual Salary Maximum
- Payable to the end of term if eligible
- Earn service credit while receiving disability
- Cannot be gainfully employed
- No permanent disability benefits



Tier 2 Spouse Benefits

- You must participate in the survivor annuity provision for a spouse to receive benefits.
- Married 1 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 2 Spouse Benefits

Survivor Benefits:

- Eligible spouse receives 66 2/3% of member's earned retirement benefit plus any awarded annual increases
- Survivor is eligible for State health insurance if member had at least 8 years of JRS service credit

Annual Survivor Increases:

- Spouse must be at least age 67
- 3% or annual unadjusted increase in CPI-U, whichever is less
- January 1 following retiree's death if retired at least one year OR
- January 1 following first full year of survivor's annuity if member was active AND spouse is at least age 67



Tier 2 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 2 Child's Annuity Benefit

Monthly child's annuity benefit:

- 5% of Tier 2 annual salary maximum for each eligible child
- Combined benefits for all eligible children limited to 20% of last annual salary maximum 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 had at least 8 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 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 passes, 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 8 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:

- 8 years of JRS service – Tier 2

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. to 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 2 Post-Retirement Employment

Benefit is suspended if:

- Return to work as a judge
- Become a full-time participant in JRS or any Illinois reciprocal system

Benefit continues if:

- Temporary state employment (75 days per calendar year)
- Accept private sector employment



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
- 96-month final average 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.