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To:
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Subject: NewsFlash

NewsFlash



An electronic newsletter for SERS Retirement Coordinators

SERS Pension Changes for Tier 2 Employees

Governor Quinn recently signed into law a second tier of benefits for all employees hired after January 1, 2011. Tier 2 changes include increasing the minimum retirement age, reducing the COLA for Tier 2 employees, and increasing the surviving spouse annuity. The chart below explains the difference between Tier 1 and Tier 2 benefits.

	Tier 1 Employees (hired before January 1, 2011)	Tier 2 Employees (hired after January 1, 2011)
<i>Who's affected by this change ?</i>	All SERS members hired before January 1, 2011 are not affected by this legislation.	All employees hired after January 1, 2011 who have never been a member of SERS will be a Tier 2 member.
<i>What's the retirement age ?</i>	Regular Formula: Age 60 with 8 years of service; any age when age and service equal 85 (Rule of 85); between ages 55-60 with 25-30 years of service (reduced 1/2 of 1% for each month under age 60). Alternative Formula: Age 50 with 25 years of service or age 55 with 20 years of service.	Regular Formula: Age 67 with 10 years of service; age 62 with 10 years (reduced 6% for each year under age 67). Alternative Formula: Age 60 with 20 years of service.
<i>How are benefits determined ?</i>	Benefits are based on final average compensation (FAC) and years of service. FAC is the 48 highest consecutive months of service over the last 120 months of service.	Benefits are based on the highest average salary during eight consecutive years over the last 10 years of service.
<i>What's the cost of living (COLA) increase each year ?</i>	After one full year of retirement, Rule of 85 members get 3% on January 1 and age 60+ get 3% on January 1; before age 60 don't receive a 3% COLA until age 60 with one full year of retirement.	COLA is 3% or one-half of the Consumer Price Index. COLAs no longer compound annually.
<i>Who's eligible for the alternative formula ?</i>	SERS member in certain job titles with 20 years of alternative service.	The alternative formula is limited to state police, correctional officers and state firefighters
	Retirees can return to state	Prohibits SERS retirees from a

Can a retiree return to state employment?	employment for 75 days or less per calendar year and still receive their SERS pension.	full-time position covered by a pension system with reciprocal rights. Pension payments are suspended during this period.
<i>What are the changes to the survivor benefit?</i>	Survivors of current members receive 50% of the deceased member's benefit.	Survivors of members hired after 1-1-11 receive 66 2/3% of the deceased member's benefit.

The change to a Tier 2 benefit system affects all five state-funded retirement systems (SERS, TRS, SURS, JRS and GARS) as well as the other Illinois Reciprocal Systems (see legislation).

We will be offering training materials to all Retirement Coordinators in the near future. If there is particular issues you would like to see covered, please let us know.

CDR Add-In

We have added a CDR workshop in Springfield on Thursday, September 30 for all members who received a rejection notice for a Springfield CDR this year.