



## You Are Here

Regardless of where you are in your career, now is a good time to consider your goals and evaluate your retirement readiness.

After retirement, an estimated 75-80% of pre-retirement income is needed to *maintain* pre-retirement lifestyle.

Few SURS members will reach this level with their SURS benefit alone.



## **SURS**

Think of your SURS benefit, or any retirement benefit for that matter, as just one destination on your retirement journey

- Retirement
- Disability
- Disability Retirement
- Refund
- Survivor
- Death
- Service Credit Purchases
- Insurance



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## **About SURS**

- State Universities Retirement System
  - Defined Benefit (established 1941)
  - Defined Contribution (added 1998)
  - Tier II (added 2011)
- 401(a) Qualified Plan
- Non-ERISA
  - Employee Retirement Income Securities Act
- Governed by Illinois Compiled Statutes



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## About SURS

- SURS serves over 230,000 members
- 64,000 benefit recipients
- Average monthly retirement annuity is \$3,274
- 61 employer agencies including public universities, community colleges, and some state agencies



## SURS-Covered Employers

Community Colleges	Universities
Black Hawk College	Chicago State University
Carle Sandburg College	Eastern Illinois University
City Colleges of Chicago	Governors State University
Harold Washington	Illinois State University
Harry S. Truman	Northeastern Illinois University
Kennedy-King	Northern Illinois University
Malcolm X	Southern Illinois University - Carbondale
Olive Harvey	Southern Illinois University - Edwardsville
Richard J. Daley	University of Illinois-Chicago
Wilbur Wright	University of Illinois-Springfield
College of DuPage	University of Illinois-Urbana-Champaign
College of Lake County	Western Illinois University
Danville Area Community College	
Elgin Community College	
Heartland Community College	
Highland Community College	
Illinois Central College	
Illinois Eastern Community Colleges	
Illinois Valley Community College	
John A. Logan College	
John Wood Community College	
Kaskaskia College	
Kishwaukee College	
Lake Land College	
Lewis & Clark Community College	
Lincoln Land Community College	
McHenry County College	
Moraine Valley Community College	
Morton College	
Oakton Community College	
Parkland College	
Prairie State College	
Rend Lake College	
Richland Community College	
Rock Valley College	
Sauk Valley College	
Shawnee College	
South Suburban College	
Southeastern Illinois College	
Southwestern Illinois College	
Spoon River College	
Triton College	
Waubonsee Community College	
William Rainey Harper College	
	Other Participating Employers
	ILCS Section 15-107(1) Members-Springfield
	ILCS Section 15-107(c) Members-Springfield
	Illinois Board of Examiners
	Illinois Board of Higher Education
	Illinois Century Network
	Illinois Community College Board
	Illinois Community College Trustee Association
	Northern Illinois University Foundation
	State Universities Civil Service System
	State Universities Retirement System
	University of Illinois Alumni Association
	University of Illinois Foundation



## Benefit Plans

<b>Traditional</b>	<ul style="list-style-type: none"> <li>• Defined benefit plan</li> <li>• Lifetime annuity (monthly retirement benefit)</li> <li>• Built-in survivor benefits</li> <li>• If no survivor at retirement, survivor refund payable</li> </ul>
<b>Portable</b>	<ul style="list-style-type: none"> <li>• Defined benefit plan</li> <li>• Optional forms of annuity</li> <li>• Enhanced lump sum distribution</li> <li>• Survivor benefits optional at a cost</li> </ul>
<b>SMP</b>	<ul style="list-style-type: none"> <li>• Defined contribution plan</li> <li>• Optional forms of annuity based on account value at retirement</li> <li>• You select and manage the funds</li> </ul>



## Maximum Pensionable Earnings

	Tier I	Tier II
<b>Traditional</b>	Subject to IRS limits* FY2018: \$270,000 FY2019: \$275,000	FY2018: \$112,408.42 FY2019: \$113,644.91
<b>Portable</b>		
<b>SMP</b>		Same as Tier I

\*Members who certified prior to 7/1/96 are not subject to IRS limits.



# Retirement Eligibility

## Vested

(Based on participation date)

<b>Tier I</b>	<b>Tier II</b>	
Participant prior to 01/01/11	Participant on or after 01/01/11	
<b>Traditional, Portable &amp; SMP</b>	<b>Traditional and Portable only</b>	<b>SMP</b>
5 years at age 62	10 years at age 67	5 years at age 62
8 years at age 55 (with age reduction, if applicable)	10 years at age 62 (with age reduction)	8 years at age 55
30 years at any age		30 years at any age



## Maximum Benefit Payable

- The maximum monthly benefit payable is 80% of your Final Average Earnings
- Tier I members reach 80% with 36.364 years of service (no age reduction with 30 years)\*
- Tier II members reach 80% with 36.364 years at age 67.

\*members who certify prior to 7/1/05 and are eligible for the Money Purchase calculation may reach 80% sooner



## Automatic Annual Increases

Tier I	Tier II
3% Increase	Lesser of 3% or ½ of the change of CPI
Compounded Annually	Not Compounded
Begins January 1 following Retirement	Begins January 1 following retirement or age 67, whichever is later



## Service Credit

- Earned service
- Unused, unpaid sick leave
- Purchases
- Reciprocal service
  - Service with another Illinois public retirement system



## Earned Service Credit

- Service year is September 1-August 31

Days/Months Worked	Service Earned
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



## Part-time Employee

- Employer verifies all academic contracts at the time of retirement
  - Any changes could affect your eligibility for retirement
    - Service credit and age determines retirement eligibility
- Employer reports the part-time percentage to SURS on payrolls
  - If 50% time or less for more than 3 years, service credit may be adjusted for calculation of the benefit



## Sick Leave Service Credit

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

Full Work Days	Additional Service Credit
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)
  - Does not apply toward vesting
- Military
- Leave of absence



## Purchases

### General Information

- All purchase types must be verified
  - Contact SURS to initiate process
- Not required to make the purchase
- Payments must be made prior to retirement date
- SMP members must be actively employed in the SURS system
  - Except repayment of a refund
- Cost increases each month by interest



## 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



## Reciprocal Service

- SURS has reciprocity with other Illinois public retirement systems in determining your eligibility for and amount of retirement benefits
- Minimum requirements for retirement benefit:
  - At least 1 year of pension credit in more than one of the retirement systems,
  - 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	Chicago Teachers' Pension Fund
FPEABF	Forest Preserve District Employees' Annuity & Benefit Fund of Cook County
IMRF	Illinois Municipal Retirement Fund
JRS/GARS*	Judges' & General Assembly Retirement Systems
LABF	Laborers' Annuity & Benefit Fund
MEABF	Municipal Employees' Annuity & Benefit Fund
MWRD	Metropolitan Water Reclamation District
PEABF	Park Employees' Annuity & Benefit Fund of Chicago
SRS	State Employees' Retirement System
SURS	State Universities Retirement System
TRS	Teachers' Retirement System (of Illinois)



## Retirement Calculations Traditional & Portable

- General Formula
  - Years of service x 2.2% x Final Average Earnings, less age reduction if applicable
- Money Purchase
  - Actuarial calculation based on contributions, interest accumulated, and actuarial age factor.
  - Money Purchase calculation not applicable if certification date is on or after 07/01/05)
- Minimum & Guarantee (PA89-616)
- Police & Firefighter



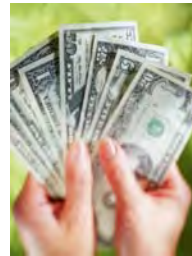
## Self-Managed Plan

**TIAA** 888-219-8310  
[www.tiaa.org/illinois](http://www.tiaa.org/illinois)

**Fidelity** 800-343-0860  
[www.netbenefits.com/surs](http://www.netbenefits.com/surs)

**Principal\*** 877-210-5565, ext. 202  
\*annuity payout only [RRC@exchange.principal.com](mailto:RRC@exchange.principal.com)

3 Lifecycle Fund Series and 25 individual investment options  
<http://www.surs.org/fund-overview>



## SMP Distributions

- Based on value of member's account on retirement date
  - Contact provider(s) for estimate
    - TIAA: 888-219-8310
    - Principal: 877-210-5565, ext. 202
  - Member chooses form of distribution
    - Lump sum\*
    - Rollover\*
    - Annuity (with SMP providers)
- \* If qualified for insurance, not eligible for insurance benefits with this option



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## Insurance Eligibility at Retirement

- **College Insurance Program (CIP)**
  - Full-time employees of Community Colleges, excludes City Colleges
- **State Group Health Plan**
  - Employees of State universities and affiliated State agencies, surveys, etc.
    - Minimum 5 years of state service
- **Not eligible for insurance with lump sum**



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## Insurance Program Rates

- **College Insurance Program (CIP)**
  - Member pays health insurance premium
- **State**
  - State pays 5% of total health insurance premium per full active year of service
  - Premium Free Insurance with 20+ Years
  - Members actively employed on July 7, 1997
    - Special circumstances may apply under P.A. 91-395
- Rates are determined by the Department of Central Management Services (CMS)
- For more information contact MyBenefits



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## Medicare

- SURS cannot provide information regarding Medicare eligibility or the benefits provided
- For information about the CIP or State insurance and Medicare, please contact:
  - Central Management Services (CMS)  
[www.illinois.gov/cms/Employees/benefits](http://www.illinois.gov/cms/Employees/benefits)  
(800)-442-1300
  - Medicare  
[www.medicare.gov](http://www.medicare.gov)  
(800)-633-4227



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## SURS Counseling Appointments

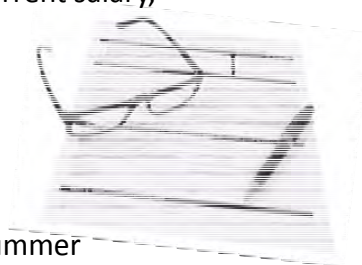
- **Eligibility**
  - Must be eligible to retire within 4 years
  - Limit 1 appointment per 12-month period
- **Type of Appointment**
  - Office
  - Phone
  - Campus
- **Process**
  - Complete retirement estimate form online, or contact SURS to initiate request
  - Submit completed form to SURS via online, fax, or mail
  - Schedule online, or call SURS



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## Retirement Estimate Information

- Estimates calculated are only as good as the information you provide
  - SURS does not have access to current salary, vacation, or sick leave balances
- **Critical information**
  - Employment classification
  - Retirement dates
  - Salary
    - Base, overloads/overtime, summer
  - Vacation and sick leave
  - Comments

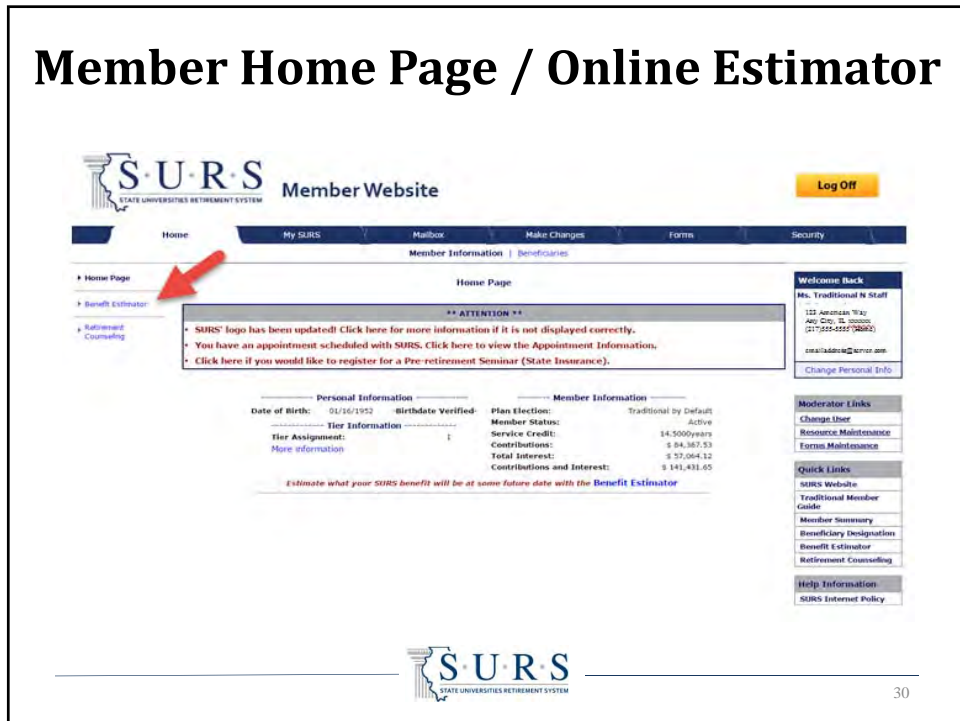


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# SURS Website



# Member Home Page / Online Estimator



## Personal Savings

- Personal savings is a key component to retirement security
- Consider all potential sources of income when planning for retirement
- Online income replacement calculator
  - [www.vanguard.com](http://www.vanguard.com)
  - [www.tiaa.org/tools](http://www.tiaa.org/tools)
  - [www.fidelity.com](http://www.fidelity.com)



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## Importance of Saving Early

- 39% of American workers are not confident that they will have enough money to live comfortably through retirement.<sup>1</sup>
- 44% of workers say they are not currently saving for retirement—up from 31% last year.<sup>1</sup>
- 47% of workers say their savings and investments amount to less than \$25,000.<sup>1</sup>
- For 65-year-olds retiring in 2016, the median amount of savings needed to cover healthcare and prescription drug costs increased as much as 6% over 2015 (A married couple may need as much as \$265,000).<sup>2</sup>

<sup>1</sup>Employee Benefits Research Institute, "2017 Retirement Confidence Survey," March 2017

<sup>2</sup>Employee Benefit Research Institute, "Savings Medicare Beneficiaries Need for Health Expenses: Some Couples Could Need as Much as \$350,000," January 2017



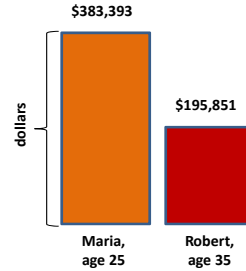
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## Importance of Saving Early

- Take a look at two investors<sup>3</sup>



- Maria starts saving at age 25
- Robert starts saving at age 35
- Each of them contribute \$200/mo. to a retirement savings plan



- Assuming a 6% return until the age of 65, Maria's early start gives her \$187,542 more than Robert
- Illustration is hypothetical and is not intended to predict or project returns. Actual returns will vary.

<sup>3</sup>Teacher's Insurance and Annuity Association (TIAA). March 2017. *Strategies for Staying on Track* [Brochure]



## Benefit of Increasing Retirement Savings

Consider contributing more to a retirement savings plan (i.e. 403b, 457, Traditional IRA) as your paycheck increases and living expenses change.

- Non-Roth options available - contributions deducted from salary before taxes
- Roth IRA options available – contributions are after tax, earnings grow tax-free
- Saving a little now could make a big difference later

Starting Salary: \$40,000	Total Savings After		
	5 years*	15 years*	25 years*
3% Salary Contribution	\$7,389	\$34,624	\$ 90,756
4% Salary Contribution	\$9,852	\$46,165	\$121,008

\*Illustration is not meant to predict or project performance and assumes the following:

- 3% annual increases
- Hypothetical 6% annual return
- Contributions made at the beginning of each month, compounded monthly and reinvested

<sup>4</sup>Teacher's Insurance and Annuity Association (TIAA). February 2017. *Consider Giving Your Future a Raise* [Leaflet].



# Social Security

- Social Security benefits could be affected by the Windfall Elimination Provision or the Government Pension Offset
  - Windfall Elimination Provision  
“How it affects your Social Security retirement or disability benefits”
  - Government Pension Offset  
“A law that affects spouse’s or widower’s benefits”
- Contact Social Security
  - [www.ssa.gov](http://www.ssa.gov)
  - (800) 772-1213



# Map Your Journey

## Now

- Make a budget
- Start saving
- Establish emergency fund

## As retirement gets closer

- Consolidate debt
- Consider downsizing
- Get financially organized



# How to Contact SURS



**SURS**  
1901 Fox Drive  
Champaign, IL 61820

☎ 800-275-7877  
☎ 217-378-8800  
☎ 217-378-9800  
🌐 [www.surs.org](http://www.surs.org)



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## 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.*

