

FORMS

Applying for Retirement under the Portable Benefit Package



State Universities Retirement System of Illinois

If you choose an optional form of annuity, this application is valid for up to 180 days prior to the date of your retirement. Otherwise, it is valid up to one year prior to the date your retirement annuity is to begin.

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APPLICATION FOR RETIREMENT ANNUITY Portable Benefit Package

Pages 1-4 of the application are required. Print or type using blue or black ink. Answer all questions. Failure to do so will cause your application to be returned and delay the process. Information for each section can be found in the instruction packet on the page indicated. Please contact SURS if you have questions when completing this form.

NOTE: If you wish to select the Lump-Sum Retirement Benefit, you do not need to fill out this application. To apply, contact SURS toll free at 800-275-7877 or direct at 217-378-8800.

PART 1 - Personal Information (Instructions Page 7)

Name (Last, First, Middle Initial)	Last four digits of Social Security # or Member ID #	Marital Status: <input type="checkbox"/> Single/Widowed <input type="checkbox"/> Married/Civil Union <input type="checkbox"/> Divorced
Home Address (physical location needed because of HIPAA Act)		
Mailing Address (can be a P.O. Box #)		Contact Number (include area code)
Date of Birth (MM/DD/YY)	Last Day of Work (MM/DD/YY)	Date Retirement is to Begin (MM/DD/YY)
Your Job Title		Email Address After Retirement
Resident Status (check one box) <input type="checkbox"/> U.S. Citizen <input type="checkbox"/> Resident Alien <input type="checkbox"/> Nonresident Alien	If nonresident alien, list name of country or residence	

PART 2 - Authorization of Payment (Instructions Page 7)

I hereby authorize SURS to direct my recurring payments to my account indicated at the financial institution designated below, and to initiate, if necessary, debit entries and adjustments for any credit entries in error to my account. This authorization is not an assignment of my right to receive payment. I understand that the financial institution designated reserves the right to cancel this agreement by notice to me.		
Name of Financial Institution		
Routing #	Account #	
Check ONE box: <input type="checkbox"/> Checking Account <input type="checkbox"/> Savings Account <input type="checkbox"/> Money Manager Account (Not Money Market)		

NOTE: It is required that your name appears on the account of which your benefit payment is to be deposited. Please attach a personalized voided check or deposit slip. If these documents are unavailable, please provide a letter (original copy) from your financial institution stating your name and account number for verification.

PART 3 - Income Tax Withholding (next page, see Page 7 of instruction packet)

Withholding Certificate for Periodic Pension or Annuity Payments

Department of the Treasury
Internal Revenue Service

Give Form W-4P to the payer of your pension or annuity payments.

2024

Step 1:
Enter Personal Information

(a) First name and middle initial	Last name	(b) Social security number
Address		
City or town, state, and ZIP code		
(c) <input type="checkbox"/> Single or Married filing separately		
<input type="checkbox"/> Married filing jointly or Qualifying surviving spouse		
<input type="checkbox"/> Head of household (Check only if you're unmarried and pay more than half the costs of keeping up a home for yourself and a qualifying individual.)		

Complete Steps 2–4 ONLY if they apply to you; otherwise, skip to Step 5. See pages 2 and 3 for more information on each step, when to use the estimator at www.irs.gov/W4App, and how to elect to have no federal income tax withheld (if permitted).

Step 2:
Income From a Job and/or Multiple Pensions/Annuities (Including a Spouse's Job/Pension/Annuity)

Complete this step if you (1) have income from a job or more than one pension/annuity, or (2) are married filing jointly and your spouse receives income from a job or a pension/annuity. **See page 2 for examples on how to complete Step 2.**

Do **only one** of the following.

(a) Use the estimator at www.irs.gov/W4App for most accurate withholding for this step (and Steps 3–4). If you or your spouse have self-employment income, use this option; **or**

(b) Complete the items below.

(i) If you (and/or your spouse) have one or more jobs, then enter the total taxable annual pay from all jobs, plus any income entered on Form W-4, Step 4(a), for the jobs less the deductions entered on Form W-4, Step 4(b), for the jobs. Otherwise, enter “-0-” . . . \$ _____

(ii) If you (and/or your spouse) have any other pensions/annuities that pay less annually than this one, then enter the total annual taxable payments from all lower-paying pensions/annuities. Otherwise, enter “-0-” . . . \$ _____

(iii) Add the amounts from items (i) and (ii) and enter the **total** here . . . \$ _____

TIP: To be accurate, submit a new Form W-4P for all other pensions/annuities if you haven't updated your withholding since 2021 or this is a new pension/annuity that pays less than the other(s). Submit a new Form W-4 for your job(s) if you have not updated your withholding since 2019.

Complete Steps 3–4(b) on this form only if (b)(i) is blank **and** this pension/annuity pays the most annually. Otherwise, do not complete Steps 3–4(b) on this form.

Step 3:	If your total income will be \$200,000 or less (\$400,000 or less if married filing jointly):		
Claim Dependent and Other Credits	Multiply the number of qualifying children under age 17 by \$2,000	\$ _____	
	Multiply the number of other dependents by \$500	\$ _____	
	Add other credits, such as foreign tax credit and education tax credits	\$ _____	
	Add the amounts for qualifying children, other dependents, and other credits and enter the total here		3 \$ _____

Step 4 (optional): Other Adjustments	(a) Other income (not from jobs or pension/annuity payments). If you want tax withheld on other income you expect this year that won't have withholding, enter the amount of other income here. This may include interest, taxable social security, and dividends . . .	4(a) \$ _____
	(b) Deductions. If you expect to claim deductions other than the basic standard deduction and want to reduce your withholding, use the Deductions Worksheet on page 3 and enter the result here	4(b) \$ _____
	(c) Extra withholding. Enter any additional tax you want withheld from each payment . . .	4(c) \$ _____

Step 5:
Sign Here

Your signature (This form is not valid unless you sign it.)	Date
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General Instructions

Section references are to the Internal Revenue Code.

Future developments. For the latest information about any future developments related to Form W-4P, such as legislation enacted after it was published, go to www.irs.gov/FormW4P.

Purpose of form. Complete Form W-4P to have payers withhold the correct amount of federal income tax from your periodic pension, annuity (including commercial annuities), profit-sharing and stock bonus plan, or IRA payments. Federal income tax withholding applies to the taxable part of these payments. Periodic payments are made in installments at regular intervals (for example, annually, quarterly, or monthly) over a period of more than 1 year. Don't use Form W-4P for a nonperiodic payment (note that distributions from an IRA that are payable on demand are treated as nonperiodic payments) or an eligible rollover distribution (including a lump-sum pension payment). Instead, use Form W-4R, Withholding Certificate for Nonperiodic Payments and Eligible Rollover Distributions, for these payments/distributions. For more information on withholding, see Pub. 505, Tax Withholding and Estimated Tax.

Choosing not to have income tax withheld. You can choose not to have federal income tax withheld from your payments by writing "No Withholding" on Form W-4P in the space below Step 4(c). Then, complete Steps 1a, 1b, and 5. Generally, if you are a U.S. citizen or a resident alien, you are not permitted to elect not to have federal income tax withheld on payments to be delivered outside the United States and its territories.

Caution: If you have too little tax withheld, you will generally owe tax when you file your tax return and may owe a penalty unless you make timely payments of estimated tax. If too much tax is withheld, you will generally be due a refund when you file your tax return. If your tax situation changes, or you chose not to have federal income tax withheld and you now want withholding, you should submit a new Form W-4P.

When to use the estimator. Consider using the estimator at www.irs.gov/W4App if you:

1. Have social security, dividend, capital gain, or business income, or are subject to the Additional Medicare Tax or Net Investment Income Tax; or
2. Receive these payments or pension and annuity payments for only part of the year.

Self-employment. Generally, you will owe both income and self-employment taxes on any self-employment income you (or you and your spouse) receive. If you do not have a job and want to pay these taxes through withholding from your payments, use the estimator at www.irs.gov/W4App to figure the amount to have withheld.

Payments to nonresident aliens and foreign estates. Do not use Form W-4P. See Pub. 515, Withholding of Tax on Nonresident Aliens and Foreign Entities, and Pub. 519, U.S. Tax Guide for Aliens, for more information.

Tax relief for victims of terrorist attacks. If your disability payments for injuries incurred as a direct result of a terrorist attack are not taxable, write "No Withholding" in the space below Step 4(c). See Pub. 3920, Tax Relief for Victims of Terrorist Attacks, for more details.

Specific Instructions

Step 1(c). Check your anticipated filing status. This will determine the standard deduction and tax rates used to compute your withholding.

Step 2. Use this step if you have at least one of the following: income from a job, income from more than one pension/annuity, and/or a spouse (if married filing jointly) that receives income from a job/pension/annuity. The following examples will assist you in completing Step 2(b).

Example 1. Bob, a single filer, is completing Form W-4P for a pension that pays \$50,000 a year. Bob also has a job that pays \$25,000 a year. Bob has no other pensions or annuities. Bob will enter \$25,000 in Step 2(b)(i) and in Step 2(b)(iii).

If Bob also has \$1,000 of interest income, which he entered on Form W-4, Step 4(a), then he will instead enter \$26,000 in Step 2(b)(i) and in Step 2(b)(iii). He will make no entries in Step 4(a) on this Form W-4P.

Example 2. Carol, a single filer, is completing Form W-4P for a pension that pays \$50,000 a year. Carol does not have a job, but she also receives another pension for \$25,000 a year (which pays less annually than the \$50,000 pension). Carol will enter \$25,000 in Step 2(b)(ii) and in Step 2(b)(iii).

If Carol also has \$1,000 of interest income, then she will enter \$1,000 in Step 4(a) of this Form W-4P.

Example 3. Don, a single filer, is completing Form W-4P for a pension that pays \$50,000 a year. Don does not have a job, but he receives another pension for \$75,000 a year (which pays more annually than the \$50,000 pension). Don will not enter any amounts in Step 2.

If Don also has \$1,000 of interest income, he won't enter that amount on this Form W-4P because he entered the \$1,000 on the Form W-4P for the higher paying \$75,000 pension.

Example 4. Ann, a single filer, is completing Form W-4P for a pension that pays \$50,000 a year. Ann also has a job that pays \$25,000 a year and another pension that pays \$20,000 a year. Ann will enter \$25,000 in Step 2(b)(i), \$20,000 in Step 2(b)(ii), and \$45,000 in Step 2(b)(iii).

If Ann also has \$1,000 of interest income, which she entered on Form W-4, Step 4(a), she will instead enter \$26,000 in Step 2(b)(i), leave Step 2(b)(ii) unchanged, and enter \$46,000 in Step 2(b)(iii). She will make no entries in Step 4(a) of this Form W-4P.

If you are married filing jointly, the entries described above do not change if your spouse is the one who has the job or the other pension/annuity instead of you.



Multiple sources of pensions/annuities or jobs. If you (or if married filing jointly, you and/or your spouse) have a job(s), do NOT complete Steps 3 through 4(b) on Form W-4P. Instead, complete Steps 3 through 4(b) on the Form W-4 for the job. If you (or if married filing jointly, you and your spouse) do not have a job, complete Steps 3 through 4(b) on Form W-4P for **only** the pension/annuity that pays the most annually. Leave those steps blank for the other pensions/annuities.

Step 3. This step provides instructions for determining the amount of the child tax credit and the credit for other dependents that you may be able to claim when you file your tax return. To qualify for the child tax credit, the child must be under age 17 as of December 31, must be your dependent who generally lives with you for more than half the year, and must have the required social security number. You may be able to claim a credit for other dependents for whom a child tax credit can't be claimed, such as an older child or a qualifying relative. For additional eligibility requirements for these credits, see Pub. 501, Dependents, Standard Deduction, and Filing Information. You can also include **other tax credits** for which you are eligible in this step, such as the foreign tax credit and the education tax credits. Including these credits will increase your payments and reduce the amount of any refund you may receive when you file your tax return.

Step 4 (optional).

Step 4(a). Enter in this step the total of your other estimated income for the year, if any. You shouldn't include amounts from any job(s) or pension/annuity payments. If you complete Step 4(a), you likely won't have to make estimated tax payments for that income. If you prefer to pay estimated tax rather than

Specific Instructions (continued)

having tax on other income withheld from your pension, see Form 1040-ES, Estimated Tax for Individuals.

Step 4(b). Enter in this step the amount from the Deductions Worksheet, line 6, if you expect to claim deductions other than the basic standard deduction on your 2024 tax return and want to reduce your withholding to account for these deductions.

This includes itemized deductions, the additional standard deduction for those 65 and over, and other deductions such as for student loan interest and IRAs.

Step 4(c). Enter in this step any additional tax you want withheld from **each payment**. Entering an amount here will reduce your payments and will either increase your refund or reduce any amount of tax that you owe.

Note: If you don't give Form W-4P to your payer, you don't provide an SSN, or the IRS notifies the payer that you gave an incorrect SSN, then the payer will withhold tax from your payments as if your filing status is single with no adjustments in Steps 2 through 4. For payments that began before 2024, your current withholding election (or your default rate) remains in effect unless you submit a new Form W-4P.

Step 4(b) – Deductions Worksheet (Keep for your records.)



1	Enter an estimate of your 2024 itemized deductions (from Schedule A (Form 1040)). Such deductions may include qualifying home mortgage interest, charitable contributions, state and local taxes (up to \$10,000), and medical expenses in excess of 7.5% of your income	1	\$ _____			
2	Enter: <table border="0" style="display: inline-table; vertical-align: middle;"> <tr> <td style="font-size: 3em; vertical-align: middle;">{</td> <td style="padding: 0 10px;"> <ul style="list-style-type: none"> • \$29,200 if you're married filing jointly or a qualifying surviving spouse • \$21,900 if you're head of household • \$14,600 if you're single or married filing separately </td> <td style="font-size: 3em; vertical-align: middle;">}</td> </tr> </table>	{	<ul style="list-style-type: none"> • \$29,200 if you're married filing jointly or a qualifying surviving spouse • \$21,900 if you're head of household • \$14,600 if you're single or married filing separately 	}	2	\$ _____
{	<ul style="list-style-type: none"> • \$29,200 if you're married filing jointly or a qualifying surviving spouse • \$21,900 if you're head of household • \$14,600 if you're single or married filing separately 	}				
3	If line 1 is greater than line 2, subtract line 2 from line 1 and enter the result here. If line 2 is greater than line 1, enter "-0-"	3	\$ _____			
4	If line 3 equals zero, and you (or your spouse) are 65 or older, enter: <ul style="list-style-type: none"> • \$1,950 if you're single or head of household. • \$1,550 if you're married filing separately. • \$1,550 if you're a qualifying surviving spouse or you're married filing jointly and one of you is under age 65. • \$3,100 if you're married filing jointly and both of you are age 65 or older. Otherwise, enter "-0-". See Pub. 505 for more information	4	\$ _____			
5	Enter an estimate of your student loan interest, deductible IRA contributions, and certain other adjustments (from Part II of Schedule 1 (Form 1040)). See Pub. 505 for more information	5	\$ _____			
6	Add lines 3 through 5. Enter the result here and in Step 4(b) on Form W-4P	6	\$ _____			

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to provide this information only if you want to (a) request federal income tax withholding from pension or annuity payments based on your filing status and adjustments; (b) request additional federal income tax withholding from your pension or annuity payments; (c) choose not to have federal income tax withheld, when permitted; or (d) change a previous Form W-4P. To do any of the aforementioned, you are required by sections 3405(e) and 6109 and their regulations to provide the information requested on this form. Failure to provide this information may result in inaccurate withholding on your payment(s). Failure to provide a properly completed form will result in your being treated as a single person with no other entries on the form; providing fraudulent information may subject you to penalties.

Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation, and to cities, states, the District of Columbia, and U.S. commonwealths and territories for use in administering their tax laws. We may

also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The average time and expenses required to complete and file this form will vary depending on individual circumstances. For estimated averages, see the instructions for your income tax return.

If you have suggestions for making this form simpler, we would be happy to hear from you. See the instructions for your income tax return.

PART 4 – Election of Normal Form or Optional Forms of Annuity (Instructions Page 8)

Note: To elect an optional form of retirement annuity, you must apply within 180 days before your annuity payment period begins. Your election is irrevocable after the date your annuity payment period begins. This must be signed in front of a notary.

Married Section	Normal Form of Annuity <input type="checkbox"/> I certify I am married on the date my annuity payment period begins and elect the Normal Form of Annuity (a 50% Joint and Survivor Annuity). My spouse/civil union partner is: Spouse/Civil Union Partner _____ SSN _____ Birth Date _____
	Optional Form of Annuity (only complete if you are <u>not</u> electing the Normal Form) I certify I am married and elect an Optional Form of Annuity. I elect (check one option): <input type="checkbox"/> Option 1 Single-Life Annuity <input type="checkbox"/> Option 2 Joint and Survivor Annuity of (check one): <input type="checkbox"/> 50% <input type="checkbox"/> 75% <input type="checkbox"/> 100%. My contingent annuitant is: Contingent Annuitant _____ SSN _____ Birth Date _____
	<u>Only complete the notary section below if you select Single-Life Annuity or are naming someone other than your spouse/civil union partner as your contingent annuitant:</u> <i>Spousal Consent:</i> I hereby acknowledge the effect of and consent to the election made by my spouse/civil union partner in regard to the Optional Form of Annuity. I understand that by signing this consent, I will not receive any of my spouse's/civil union partner's benefit under the Plan. I understand that this consent is irrevocable unless my spouse/civil union partner revokes his or her election prior to the date his or her annuity commences, or the lump sum benefit is paid. Signature of Member's Spouse/Civil Union Partner _____ Date _____ To Be Completed By A Notary Public I, a Notary Public, hereby certify that on this date, _____ personally appeared before <i>(printed spouse's/civil union partner's name)</i> me, who being first duly sworn, declared that (s)he is the spouse/civil union partner of _____, and that (s)he signed the above consent as his or her voluntary act and deed. <i>(printed member's name)</i> Signature of Notary Public _____ Date _____ My Commission Expires _____ NOTARIAL SEAL

Unmarried Section	Normal Form of Annuity <input type="checkbox"/> I certify I am unmarried on the date my annuity payment period begins and elect the Normal Form of Annuity (a Single-Life Annuity).
	Optional Form of Annuity (only complete if you are <u>not</u> electing the Normal Form) I certify I am unmarried on the date my annuity payment period begins and elect a Joint and Survivor Annuity of (check one): <input type="checkbox"/> 50% <input type="checkbox"/> 75% <input type="checkbox"/> 100%. My contingent annuitant is: Contingent Annuitant _____ SSN _____ Birth Date _____

PART 5 - Retirement Systems Reciprocal Act (Instructions Page 8)

Service and earnings credits in the Illinois public retirement systems listed below may be considered together at retirement to determine your eligibility for and calculation of retirement benefits. Total benefits payable from all systems cannot exceed the maximum prescribed by any such retirement system(s).

- All of my service is with SURS. Skip to Part 6.
- I participated in the following other systems: **Check ALL boxes that apply and insert participation dates.**

Reciprocal Systems	Dates of Participation
<input type="checkbox"/> Chicago Teachers' Pension Fund	
<input type="checkbox"/> County Employees' Annuity & Benefit Fund of Cook County	
<input type="checkbox"/> Forest Preserve District Employees' Annuity & Benefit Fund of Cook County	
<input type="checkbox"/> General Assembly Retirement System	
<input type="checkbox"/> Illinois Municipal Retirement Fund	
<input type="checkbox"/> Judges' Retirement System	
<input type="checkbox"/> Laborers' Annuity & Benefit Fund	
<input type="checkbox"/> Metropolitan Water Reclamation District Retirement Fund	
<input type="checkbox"/> Municipal Employees' Annuity & Benefit Fund of Chicago	
<input type="checkbox"/> Park Employees' Annuity & Benefit Fund of Chicago	
<input type="checkbox"/> State Employees' Retirement System of Illinois	
<input type="checkbox"/> Teachers' Retirement System	

Check ONE box

- I DO NOT ELECT to have my retirement benefits computed using the Reciprocal Act.
- I ELECT to have my retirement benefit computed using the Reciprocal Act. **Note:** You will need to file an application with the other system(s) - see Page 2 for address and phone.

PART 6 – Required Documentation (Instructions Page 8)

If you have not already sent the following documents to SURS, you must include copies of them with this application.

- Copy of your birth certificate.
- If married, copy of your marriage/civil union certificate.
- Copy of birth certificate for any contingent annuitant listed in Part 4 of this application.
- Copy of your Medicare card or Letter of Ineligibility.
- Copy of your dependent's Medicare card or Letter of Ineligibility.
- State of Illinois Group Insurance Program Participation Election Form. (If applicable)
- Copy of voided check or letter from financial institution.

PART 7 – Member Signature (Instructions Page 8)

I will notify SURS immediately if:

- 1) I return to work for an employer covered by SURS within 60 days after my retirement date. I understand my retirement annuity will be cancelled, and all annuity payments made to me would have to be returned to SURS.
- 2) My citizenship status changes.

I understand that when my retirement annuity is calculated my service credit may be reduced if I was employed at 50 percent time or less for more than three years after Sept. 1, 1959.

I hereby certify that the statements contained in this application are correct to the best of my knowledge and belief. In witness whereof, this Application for Retirement Annuity is voluntarily executed by me.

Signature:	Date
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BENEFICIARY DESIGNATION Portable Benefit Package

Read the Beneficiary Designation Instructions before completing this form. Return the original. Do not fax.

Part 1 - Member Information (print or type)

Name (Last, First, Middle Initial)	Member ID #	Date of Birth
Address (all in this box)		Email Address
Phone (daytime)	Home Phone	Date of Marriage/Civil Union
Spouse/Civil Union Partner Name (If none, check this box <input type="checkbox"/>)	Spouse/Civil Union Partner Social Security #	Spouse/Civil Union Partner Date of Birth

Note: The designations below govern the payment of the Death Benefit only. They do not control the survivor annuity benefits which might become payable in addition to or instead of the Death Benefit.

An agent acting under a Power of Attorney (POA) must be expressly authorized to change the beneficiaries of a retirement plan. The agent cannot name himself or herself as beneficiary unless the POA expressly authorizes the agent to make gifts of the member's property to himself or herself.

Part 2 - Designation of Primary Beneficiary(ies)

I hereby revoke any and all previous designations of beneficiary and direct that any Death Benefit which shall become due and payable from the State Universities Retirement System, be paid to the following named beneficiary(ies) who survives me.

Note: Attach and sign a separate sheet if naming more beneficiaries and indicate whether they are primary or contingent. Also, you must obtain your spouse's/civil union partner's consent in Part 5 if you do not name him or her as sole primary beneficiary.

Name (First, Middle Initial, Last)	Social Security #	Birth Date	Relationship	Address

Part 3 - Designation of Contingent Beneficiary(ies)

If none of the above-named primary beneficiaries survive me, I hereby direct that the Death Benefit be paid to the following named contingent beneficiary(ies).

Name (First, Middle Initial, Last)	Social Security #	Birth Date	Relationship	Address

Part 4 – Signature

Signature of Member	Date
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PART 5 – Notarized Consent of Spouse/Civil Union Partner

(Do not complete if your spouse /civil union partner is the only primary beneficiary named in Part 2.)

I hereby acknowledge the effect of and consent to the primary beneficiary designation made by my spouse/civil union partner. I understand this consent is irrevocable unless my spouse/civil union partner revokes his or her primary beneficiary designation. I have reviewed the Beneficiary Designation Instructions and I understand that by signing this consent I will not receive any portion of my spouse's/civil union partner's lump sum Death Benefit payable under the Plan, unless I am named a co-primary or contingent beneficiary and I outlive the primary beneficiary(ies).

Signature of Member's Spouse/Civil Union Partner _____ Date _____

To Be Completed By A Notary Public

NOTARIAL SEAL

I, a Notary Public, hereby certify that on this date, _____ personally appeared before me,
 (spouse's/civil union partner's name)

who being first duly sworn, declared that (s)he is the spouse/civil union partner of _____,
 and that (s)he signed the above consent as his or her voluntary act and deed. (member's name)

Signature of Notary Public _____ Date _____ My Commission Expires _____

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OPTIONAL FORM

Portable Application for Tier I AAI Buyout

This form is to be used by a retiring SURS Tier I member applying for the Tier I Automatic Annual Increase (AAI) Buyout. Before completing this application, please read the Tier I AAI Buyout Fact Sheet that follows. To be eligible for the Tier I AAI Buyout you must:

- retire with an effective date during the buyout period (July 1, 2019 – June 30, 2026) and **you must submit this form with your application for a retirement annuity from SURS on or before June 30, 2026**
- have not previously retired from SURS
- have not made the election to receive any other buyout option from SURS

I, _____, hereby apply for the Tier I AAI Buyout. I have been provided with the
(print name)

opportunity to receive an estimated amount of my annuity and the Tier I AAI Buyout amount prior to completing this application (either via the SURS Member Website estimator or from a SURS retirement counselor) and I have read the enclosed Tier I AAI Buyout Fact Sheet.

I understand that by applying for this buyout the following applies:

- Upon finalizing the calculation of my retirement benefits, SURS will send me a final offer letter with my monthly benefit and lump-sum buyout amounts. At that time, I will have the opportunity to irrevocably confirm my election to accept the buyout offer, or I may instead choose to decline the buyout offer.
- Any buyout payment must be rolled over to an eligible retirement plan to the extent allowed under federal law.

By checking this box, I understand that, if after receiving my final offer, I finalize my election to take the buyout I will voluntarily give up my 3 percent compounded annual increases in exchange for 1.5 percent non-compounded and delayed annual increases. The buyout payment I will receive in return will be worth less than what my earned automatic annual increases are worth. The buyout payment will be calculated by determining the future value of earned automatic annual increases, it will then be discounted back to the present value and I will receive 70 percent of this calculated present value.

Member ID or last 4 of SSN

Member signature

Date

If you have questions concerning any of the items above, please contact SURS for more information, prior to submitting this form.

Please return completed form along with your required completed Application for Retirement to SURS
at 1901 Fox Drive, Champaign, IL 61820, **on or before June 30, 2026.**

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, the information contained herein states SURS' current understanding of the law which could change over time due to court opinions, statutory changes, or other legal matters or interpretations (e.g., attorney general opinions). SURS is required under law to correct any mistake in benefit amount, even after payments have begun. This document was created for general information only. Any information provided by SURS does not represent personal tax or legal advice, either express or implied. You are encouraged to seek professional legal and/or tax advice for your personal income tax questions and for all other legal purposes.

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Tier I Automatic Annual Increase (AAI) Buyout

The Fiscal Year 2019 budget implementation law (Public Act 100-587), signed June 4, 2018, amended the Illinois Pension Code and created provisions for a Tier I AAI Buyout. The Tier I AAI Buyout, which will be available to retiring SURS members from July 1, 2019, through June 30, 2026, provides a Tier I member with an optional lump-sum buyout payment at retirement in exchange for a permanently reduced and delayed AAI. The final election to retire with the Tier I AAI Buyout and waive the 3% compounded AAI is irrevocable.

Lump-Sum Buyout Payment in Exchange for Reduced and Delayed AAI

The lump-sum buyout payment is equal to 70% of the difference between the present value of a 3% compounded AAI beginning the Jan. 1 after retirement and the present value of a 1.5% non-compounded and delayed AAI. The delayed AAI begins the Jan. 1 following the first anniversary of the retirement date, or the Jan. 1 following age 67, whichever is later. The reduced and delayed AAI will also apply to survivor benefits that may be payable upon the member’s death.

Eligibility Requirements

To be eligible for a Tier I AAI Buyout, a member:

- Must be a Tier I member (originally certified in SURS or a reciprocal system prior to Jan. 1, 2011)
- Must terminate service
- Must meet minimum age and service credit requirements for vesting status and apply for retirement
 - Age 55 with eight years of service credit
 - Age 62 with five years of service credit
 - 30 years of service credit at any age
 - 25 years of police/fire service at age 50 or 20 years of police/fire service at age 55
- Must not have elected to receive the Vested Inactive Buyout (the other buyout created by Public Act 100-587)
- Must not have received a SURS retirement benefit
- Must not be enrolled in the SURS Retirement Savings Plan

Calculation and Payment

SURS will calculate the lump-sum buyout payment using actuarial factors. Payments will be made by SURS and will be funded through the sale of state of Illinois bonds issued for this purpose. Calculations and resulting payments will take several months. Buyout payments must be rolled over to an eligible retirement plan and will be taxable at the time of distribution from the rollover institution. Tier I AAI Buyout payments will be made until the bond proceeds are exhausted. If that occurs, the Tier I AAI Buyout will end prior to the deadline date of June 30, 2026.

It is important to understand the value of a 3% compounded AAI. The table below provides an example of how automatic annual increases will affect a monthly retirement annuity of \$2,830 at 10 years and 20 years post-retirement. As illustrated below, you will receive a higher monthly annuity over time if you do not elect a Tier I AAI Buyout. In the example below, the Tier I AAI Buyout amount is estimated to be \$100,000.

	Monthly Annuity at age 67 May 1, 2024	Monthly Annuity 10 Years Post-retirement	Monthly Annuity 20 Years Post-retirement
Without Tier I AAI Buyout (3% compounded AAI)	\$3,300	\$4,430	\$5,960
With Tier I AAI Buyout (1.5% non-compounded and delayed AAI)	\$3,300	\$3,830	\$4,440

For more information, please refer to the frequently asked questions on the next page.

Frequently Asked Questions

When can I apply for the Tier I AAI Buyout?

The Tier I AAI Buyout is available to retiring members from July 1, 2019, and June 30, 2026. Your selected retirement date must be on or after the date that SURS receives your retirement application.

If I elect to retire with the Tier I AAI Buyout will I still get my monthly annuity?

Yes, if you elect the Tier I AAI Buyout you will still receive your monthly annuity. The calculation of the base monthly annuity is not affected by the buyout. However, you will receive a reduced and delayed AAI for the rest of your life (and your survivor's life, if applicable).

How can I find out what my Tier I AAI Buyout amount would be?

The online benefit estimator has been updated so it can provide estimated buyout amounts. SURS counselors will also provide this information during counseling appointments. You can access the online benefit estimator or request a counseling appointment by logging in to the secure member website at www.surs.org.

Is the Tier I AAI Buyout payment taxable?

You are required to do a direct rollover of your AAI buyout payment into an eligible retirement plan (such as a 401(a), 401(k), 403(b), 457 or IRA) to the extent allowed by federal law. The amounts rolled over will not be taxable until you take a distribution from the plan that received the funds. However, if you roll your funds into a Roth IRA, those funds become taxable at the time of the rollover.

Can I backdate my retirement claim and elect a Tier I AAI Buyout?

No. The date of retirement must be on or after the date SURS receives the Application for a Tier I AAI Buyout.

What is the application process?

Applying for the Vested Inactive Buyout is a two-step process:

- **Step 1) Application Process:** The Application for a Tier I AAI Buyout will be an optional form included in the Application for Retirement Annuity. To apply for the buyout, both forms must be submitted to SURS. SURS will begin paying a Preliminary Estimated Payment (PEP). The PEP is a monthly benefit of approximately 80%-90% of the finalized monthly benefit. While PEPs are being paid to you, SURS will work to finalize the monthly benefit payment and the Tier I AAI Buyout amount. After finalizing these calculations, which can take several months, SURS will provide you a final offer letter that notifies you of these final payment amounts.
- **Step 2) Offer and Election Process:** Once you receive the final offer letter, you will need to make your final irrevocable election to retire without the buyout and retain the 3% compounded AAI or retire with the buyout, electing a reduced and delayed AAI and a lump-sum buyout payment.

Once I receive the final offer how much time do I have to return the election form?

- You have 120 days from the date on the offer letter to make a final election. If you do not make a final election to receive the Tier I AAI Buyout within 120 days, your retirement annuity will be finalized without the Tier I AAI Buyout and you will retain your right to the 3% compounded AAI.
- The Tier I AAI Buyout final election is irrevocable upon SURS' receipt of the final election form.

When can I expect the buyout payment?

Tier I AAI Buyout payments are not made until after SURS receives irrevocable confirmation of your election. This may be six months or more after the date of retirement. Given this time frame and the fact that these payments must be rolled over, the Tier I AAI Buyout should not be considered a short-term solution in times of financial hardship. The buyout payments are also contingent upon the availability of funds from the state of Illinois.

What if I accept a Tier I AAI Buyout at retirement and then return to work?

- Tier I return to work rules apply. Refer to the [Employment After Retirement](#) life event page.
- If you return to work with a SURS-covered employer prior to SURS' receipt of your buyout election form, you will lose your eligibility for the Tier I AAI Buyout.
- If you return to SURS-covered employment within 60 calendar days of the date of retirement you must return the full buyout amount to SURS.
- If you are reemployed by a SURS-covered employer and choose to suspend your retirement annuity, your subsequent retirement annuity which includes your post-retirement service will also be subject to the reduced and delayed AAI.

What if I have a Qualified Illinois Domestic Relations Order (QILDRO)?

If you are subject to a QILDRO and you are interested in taking the Tier I AAI Buyout, your buyout election form must be returned with the QILDRO Calculation Court Order (if required due to division of benefits based on percentage) and a stipulated court order specifying that you are allowed to elect the buyout and further specifying how the Tier I AAI Buyout payment is to be shared between you and the alternate payee(s) on your account.

Disclaimer and Assumptions

"Future value" is an estimated total of future lifetime pension benefits based on your monthly benefit at retirement. For the purpose of these calculations, "future value" includes annual increases and applicable survivor benefits. To determine present value, the stream of future payments is discounted by a specified rate of return (the discount rate.) The discount rate used to calculate the buyout payment is SURS' prescribed rate of interest which is currently set at 6.5%.

All actuarial tables used to calculate the buyout amount are based on the most recent actuarial assumptions adopted by the SURS Board of Trustees. Life expectancies are based on the mortality assumptions used in SURS' 2020 Actuarial Valuation, which indicates an average life expectancy ranging between 87 and 90 years of age.

The buyout payment amount provided in estimates and on final offer letters represents the calculated buyout amount only. It does not include any potential investment returns that may be earned outside of SURS after the payment has been made.

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, the information contained herein states SURS' current understanding of the law which could change over time due to court opinions, statutory changes, or other legal matters or interpretations (e.g., attorney general opinions). SURS is required under law to correct any mistake in benefit amount, even after payments have begun. This document was created for general information only. Any information provided by SURS does not represent personal tax or legal advice, either express or implied. You are encouraged to seek professional legal and/or tax advice for your personal income tax questions and for all other legal purposes.

