

Understanding Your SURS Benefits Police/Fire Tier II



Important

This presentation is for SURS members who are in Tier II

- Tier II members are participants with SURS or another eligible Illinois public retirement system who **certified on or after 01/01/11**.
- Participation (Certification) date
 - The date you *first* become a participant with SURS, or another eligible Illinois retirement system covered under the Illinois Retirement Systems Reciprocal Act
 - Determines your eligibility for SURS benefits and vesting requirements (Tier I or Tier II benefits)

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

SURS Members Are



- Public higher education employees
- Employees that have worked for at least 4 months at a SURS-covered employer

Benefits SURS Administrators

- Retirement
- Disability
- Disability Retirement
- Separation Refund
- Monthly Survivor
- Lump Sum Death
- Service Credit Purchases
- Insurance (withholding agent only)



Retirement Eligibility

Vesting Requirements

Traditional/Portable		
Retirement Vesting	10 or more years of service	Age 67
	10 or more years of service	Age 62 with age reduction
Police/Fire	20 years of service*	Age 60
*Must meet Police/Fire eligibility		

Retirement Eligibility

RSP Vesting Requirements

Retirement Savings Plan (RSP)

Age 62 with 5 or more years of service

Age 55 with 8 or more years of service

Any age with 30 or more years of service

Age 50 with 25 years of SURS Police/Fire service

RSP are members not eligible for Police/Fire Formula

Police/Fire Eligibility

- Only actual service credit earned as a police/fire service credit will be calculated under the Police/Fire Formula
 - Sick leave service credit will count as Police/Fire
 - No age reduction applicable
- Other non-Police/Fire service credit will be calculated using General Formula
 - $2.2\% \times \text{years of non-police/fire service credit} \times \text{FAE}$, less age reduction if applicable
 - Any non-Police/Fire service does not count toward pushing the benefit calculation further along the graduated percentage ranges

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

Police/Fire Contribution Rate

Police/Firefighter Contribution		9.50%
Traditional Portable	• “Normal” retirement contributions	8.00%
	• Survivor Benefit (Traditional), or Portability (Portable)	1.00%
	• Automatic Annual Increase (AAI)	0.50%
RSP	• “Normal” Retirement Contributions	8.00%
	• Police/Fire Formula does not apply to RSP benefit amount	

Earnings Limits

	Traditional	Portable	RSP
Maximum Pensionable Earnings Or IRS Limit	<ul style="list-style-type: none"> • Set by state law • Increased each year by half of the Consumer Price Index-Urban (CPI-U) 	<ul style="list-style-type: none"> • Set by state law • Increased each year by half of the Consumer Price Index-Urban (CPI-U) 	<ul style="list-style-type: none"> • Set each year by IRS 401(a)-17 limit

For computing SURS benefits, pensionable earnings includes gross salary, overtime, summer teaching pay, or other eligible pay for work performed. Contributions will not be deducted from earnings that exceed above limits in a fiscal 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 Workdays	Additional Service Credit
20-59 days	0.25 year
60-119 days	0.50 year
120-179 days	0.75 year
180 days or more	1.00 year

- Retirement annuity must begin within 60 days of termination
- Counts as Police/Fire service credit if earned while Police/Fire

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 highest minimum vesting requirement in each system
- Reciprocal service does not count toward the Police/Fire eligibility years of service
- Reciprocal service does count toward pushing the member further along the graduated percentage ranges

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 (FAE), less age reduction if applicable
- Minimum & Guarantee (PA89-616)
- Police & Fire Formula



Police/Firefighter Formula

- $2.25\% \times \text{years } 1-10$
- $2.50\% \times \text{years } 11-20$
- $2.75\% \times \text{years } 21-30 \text{ and over}$
- No age reduction applicable



Note:

- Maximum benefit is 80% of final average salary (FAE)
- Takes 31.819 years of Police/Fire service to reach maximum benefits

Police/Fire FAE

Traditional & Portable

Final Average Earnings (FAE):

High 8 consecutive academic years within last 10 years prior to termination date

High rolling 96 consecutive months within the last 120 months immediately prior to termination date

SURS uses the greater of these calculations

General Formula

Traditional & Portable

1. $2.2\% \times \text{years of service} = \text{percentage}$
2. Percentage \times final average earnings (FAE)
3. Less age reduction, if applicable

Note:

80% maximum benefit = 36.364 years of service

Age Reduction General Formula

Example – Tier II

If less than 67 years of age, annuity calculated under General Formula is reduced by ½ of 1% for each month under age 67.

Age 67	\$3,465	No reduction
Age 66	\$3,257	6% reduction
Age 65	\$3,049	12% reduction
Age 64-1/2	\$2,945	15% reduction
Age 63	\$2,633	24% reduction
Age 62	\$2,425	30% reduction

Member Information Used in Example:

- 23 years of service
- Age 62
- Final Average Earnings*

Final Average Earnings:	<u>Annual</u>	<u>Monthly</u>
High 8 consecutive academic years within last 10 years prior to termination date	\$108,759	\$9,063
High rolling 96 consecutive months within the last 120 months immediately prior to termination date	\$117,425	\$9,785
*SURS uses the greater of these calculations		

Police/Fire Formula

Traditional and Portable

Police/Fire Formula:

First 10 years x 2.25% = 22.50%

Second 10 years x 2.50% = 25.00%

Remaining 3 years x 2.75% = 08.25%

Total Percentage = 55.75%

Final Average Earnings (FAE)* X \$9,785

Monthly Benefit Police/Fire = \$5,455

* Highest FAE calculation is the high rolling 96-Months within the last 120 months immediately preceding the termination date.

General Formula

Traditional and Portable

General Formula*:

23.00 years x 2.20%	=	50.60%
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Final Average Earnings (FAE)	X	\$9,785
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General Formula	=	\$4,951
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Less age reduction	X	70.00%
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Reduced General Formula	\$	3,465
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*If not eligible for Police/Fire formula, first eligible date to retire is age 62, with age reduction

Calculation Recap

Police/Fire Formula

1. Years of service x graduated percentages=total percentage
2. Total percentage x final average earnings (FAE)
3. No age reduction applicable

General Formula (if Police/Fire ineligible or non-Police/Fire service)

1. Years of service x 2.20%=total percentage
2. Total percentage x final average earnings (FAE)
3. Less age reduction, if under age 67

SURS pays the highest of all applicable formula calculations

SURS Deferred Compensation Plan (DCP)

- Public Act 100-769, passed in August of 2018, requires SURS to implement a new Supplemental Plan
- Supplemental savings plays a critical role in retirement readiness
- SURS Deferred Compensation plan:
 - Is a 457 plan
 - Provides a vehicle for all active SURS members (regardless of plan choice) to save additionally via payroll deduction
 - Offers the same investment lineup as the RSP Plan

What is a 457(b) Plan?

- Supplemental savings
- Voluntary
- Employer Sponsored
- Contribute through Payroll Deduction
- Tax Deferred Retirement Savings*
- Pre-tax or Roth Option
- Different than 403(b)

* Distributions from employer sponsored retirement plans are taxed as ordinary income in the year they are withdrawn.

SURS Deferred Compensation Plan (cont.)

- Why save supplementally?
 - SURS members do not contribute to Social Security
 - It takes approximately 70-80% of pre-retirement income to maintain your standard of living
 - SURS DCP can help you reach retirement goals
 - Additional savings is even more important for Tier II members
- Why choose the SURS DCP?
 - You can save as little as \$10 (or 1%) per paycheck
 - Offers 16 best-in-class investment options over multiple asset classes and competitive fees, including the new SURS Lifetime Income Strategy (LIS)
 - SURS LIS is a flexible, hands-off target date fund designed to help members meet retirement income goals
 - SURS DCP is closely monitored by trusted fiduciaries

SURS Deferred Compensation Plan (cont.)

- How to enroll in SURS DCP?
 - Once your employer has adopted the SURS DCP, you are eligible to enroll
 - Go to SURS.org and click on the “Member Website Login” button
 - Click on the “Enroll in the SURS DCP” button
 - Follow instructions to choose your contribution rate and investments
 - You will have the option to name beneficiaries
 - After you confirm your choices and complete your enrollment, you will receive a welcome email
 - You may use the SURS Defined Contribution Contact Center 800.613.9543, at any time during this process
 - Contact a SURS Defined Contribution Account Representative for an individual appointment at sursrsp.timetap.com

SURS DCP Enrollment Online - Member Home Page



Member Website

Home

My SURS

Mailbox

Make Changes

Forms

Security

Member Information | Beneficiaries

Home Page

Home Page

Benefit Estimator

Retirement Counseling

**** ATTENTION ****

- **Beneficiary information is needed. There are none on file at SURS.**
- **Birth Verification is required.**
- **You are eligible to enroll in the SURS Deferred Compensation Plan (DCP) - (Click Enroll in SURS Deferred Compensation Plan (DCP) button below to enroll electronically).**
- **Multi-Factor Authentication (MFA) is available to provide an additional layer of account security. Click here or register via the Security tab > Add/Update MFA Options link.**

----- Personal Information -----

Date of Birth: 03/31/1993 -Birthdate Not Verified-

----- Tier Information -----

Tier Assignment: II
Participation Date: 08/16/2021
System: SURS

[More information](#)

----- Member Information -----

Plan Election: Traditional by Default
Member Status: Active
SURS Service Credit: 1.25 years
Contributions: \$ 612.66
Total Interest: \$ 6.04
Contributions and Interest: \$ 618.70

Estimate what your SURS benefit will be at some future date with the [Benefit Estimator](#)

Enroll in SURS Deferred Compensation Plan (DCP)



Disability Benefits

- **Disability**
 - 50% of base salary, if approved
 - 65% of base salary, if approved as line of duty disability (Public Act 103-0080)
 - Apply through employer
 - Medical documentation required
 - If approved, continue to earn service credit
- **Disability Retirement Annuity (DRA)**
 - 35% of base salary, if approved
 - 65% of base salary, if approved as line of duty disability (Public Act 103-0080)
 - Must first exhaust disability benefits
 - Permanently disabled from any gainful employment
 - DRA not available with RSP

Monthly Survivor Benefits

	Traditional	Portable	RSP
Qualified Survivors	<ul style="list-style-type: none"> Spouse or civil union partner Dependent child up to 18, or 22 if full-time student Disabled child prior to age 18 Financially dependent parent 	<ul style="list-style-type: none"> Spouse or Civil Union partner, or Contingent annuitant 	<ul style="list-style-type: none"> Spouse or Civil Union partner, or Contingent annuitant
Eligibility	<ul style="list-style-type: none"> 1.50 years 	<ul style="list-style-type: none"> 1.50 years 	<ul style="list-style-type: none"> Immediate State match included with 1.50 years
Benefit Amount	<ul style="list-style-type: none"> 66.667% of earned retirement annuity under General Formula <p>Note: Police/Fire formula <u>does not apply</u> to survivor benefit calculation</p>	<ul style="list-style-type: none"> Elective at retirement 50, 75, or 100% of reduced annuity 	<ul style="list-style-type: none"> Elective at retirement
Automatic Annual Increases	<ul style="list-style-type: none"> Yes 	<ul style="list-style-type: none"> Yes 	<ul style="list-style-type: none"> No

Death Benefit

One-Time Lump Sum

	Traditional	Portable	RSP
Beneficiaries	<ul style="list-style-type: none"> Any person or legal entity 	<ul style="list-style-type: none"> Spouse or Civil Union partner, or Alternate beneficiary 	<ul style="list-style-type: none"> Spouse or Civil Union partner, or Alternate beneficiary
Pre-Retirement	<ul style="list-style-type: none"> Account balance (less 1% of 9.5% contributions & interest if survivor benefit payable) 	<ul style="list-style-type: none"> Member and employer contributions and interest (less value of survivor benefit payable, if applicable) 	<ul style="list-style-type: none"> Account investment value
Post-Retirement	<ul style="list-style-type: none"> Without survivor: Greater of \$1,000 or remainder of account balance With survivor: No death benefit 		<ul style="list-style-type: none"> See terms of annuity contract with provider

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 (Tier I & Tier II-RSP)
 - Minimum 10 years of state service (Tier II-Traditional & Portable)
- Not eligible for insurance with lump sum
- Must receive a monthly benefit (all plans)

Insurance Program Rates

College Insurance Program (CIP)

- Rates are determined by the Department of Central Management Services (CMS)
- Member pays health insurance premium
- For more information contact MyBenefits

MyBenefits

MyBenefits.illinois.gov

(844)-251-1777

Service Center: Monday – Friday
8:00 am – 6:00 pm CST

Insurance Program Rates

State Group Health Plan

- State pays 5% of total health insurance premium per full active year of service
- 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

MyBenefits

MyBenefits.illinois.gov

(844)-251-1777

Service Center: Monday – Friday
8:00 am – 6:00 pm CST

Insurance Enrollment Process

- Complete and submit insurance participation election form to SURS
- Member registration will be required
 - Members will need their CMS-issued Employee ID Number
- MyBenefits is responsible for:
 - Initial enrollment online or via telephone
 - Provide insurance coverage and plan information
- SURS is responsible for:
 - Determining insurance eligibility
 - Collecting premiums
 - Explaining and initiating the enrollment process

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
(800)-442-1300
 - Medicare
www.medicare.gov
(800)-633-4227



Medicare Advantage Plans

CIP and State MAPD

- Total Retiree Advantage Illinois (TRAIL)

Medicare Advantage Prescription Drug Plan(MAPD)

- Comprehensive medical and prescription drug plan offered by the State of Illinois for members who are 65 and older AND enrolled in Medicare Part A (hospital) and Part B (medical)
 - Includes health, prescription and vision coverage
 - CIP MAPD: also includes dental
 - State MAPD: dental is available for a premium



- Enrollment

- Member and all covered dependents must be eligible and enrolled in Medicare Parts A & B
- Member will receive information regarding enrollment in a Medicare Advantage Plan and will have 60 days to enroll
- Member continues to pay Medicare premiums

Member's Responsibility

- Anticipate, plan, decide
- Utilize retirement checklist
- Obtain, complete, and submit retirement application to SURS at least 60 days prior to retirement date
 - Submit application to reciprocal system, if applicable
- Notify employer of retirement



Employer's Responsibility

- Process employee's final payments
- Submit Termination Report to SURS
- Verify academic contracts
- Verify part-time service



SURS' Responsibility



- Request and gather information
- Accurately calculate Traditional and Portable claims
- Notify provider(s) for RSP claims
- Ensure member receives every dollar the law allows

Preliminary Estimated Payment (PEP)

Traditional & Portable

- Completed retirement application
 - Verify member eligibility (vested)
 - Member birth verification (required)
 - Spouse birth & marriage verifications, if applicable
- Members receive 80-90% of the estimated benefit amount based on what SURS knows when the PEP is set up
 - Certain instances occur where the PEP payment may be less
- PEP is paid the first of every month until claim is finalized
- Makeup payment sent when claim is finalized
 - Current processing time is at least 7-8 months

Employment After Retirement

Employee Restrictions

- **Non-SURS covered employment**
 - Tier II – full time employment with a reciprocal retirement system may result in suspension of SURS annuity during that employment
- **SURS covered employment**
 - Clear separation from SURS-covered employment
 - No agreement (written or oral) in place at retirement to return to SURS-covered employment
 - 60-day waiting period
 - Applies regardless of whether the employment is paid or unpaid
 - Earnings limitation
 - Annual limitation equal to the difference in the highest annual salary and the annual retirement annuity
 - Does not apply to Retirement Savings Plan (RSP)

Employment After Retirement

Employer Restrictions

- SURS covered employers that employ affected annuitants must make annual contribution to SURS
- Affected annuitant is an annuitant who:
 - Receives compensation during an academic year that is greater than 40% of the highest annual rate of earnings (HAE) prior to retirement, and
 - Receives an annuity of at least \$10,000 per year

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

(800) 772-1213

my Social Security
Check out your *Social Security Statement*, change your address & manage your benefits online today.

Social Security Number
Your Social Security number remains your first and continuous link with Social Security.

Retirement Estimator
Calculate your benefits based on your actual Social Security earnings record.

FAQs
Get answers to frequently asked questions about Social Security.

SURS Counseling Appointments

Counseling Appointment or Written Estimate

- **Eligibility**
 - Member should be eligible to retire within 4 years
 - Limited to 1 counseling appointment or written estimate per 12-month period
- **Process**
 - Member must complete retirement estimate form online, or contact SURS to initiate request
 - Submit completed form to SURS via online, fax, or mail
 - For counseling appointment - schedule online, or call SURS
- **Type of Appointment**
 - Virtual (via Microsoft Teams)
 - Telephone



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
 - Overtime
 - Future annual increases
 - Vacation and sick leave
 - Comments



SURS Website



[Active Members](#) [Retirees](#) [Retirement Plans](#) [Employers](#) [News](#) [Business](#) [Resources](#)

[Member Website](#)



A New Way To Save

SURS Deferred Compensation Plan (DCP)

[Read More](#)



New to SURS

Choosing one of SURS three retirement plans may seem a bit overwhelming at first. You will want to have a solid understanding of your options before you decide.



Ready to Retire

You have fulfilled the vesting requirements for retirement from your SURS-covered employer and would like to apply for retirement.



Educational Events

SURS hosts a number of online and in-person seminars and webinars for members in all plan types.



Resources

Helpful resources for new and existing SURS members including guides, videos and frequently asked questions.



Member Home Page



Member Website

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My SURS

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Member Information | Beneficiaries

Home Page

Home Page

Benefit Estimator

**** ATTENTION ****

Retirement Counseling

- Birth Verification is required.
- You are eligible to enroll in the SURS Deferred Compensation Plan (DCP) - (Click Enroll in SURS Deferred Compensation Plan (DCP) button below to enroll electronically).
- You have unread messages from SURS.

----- Personal Information -----		----- Member Information -----	
Date of Birth:	-Birthdate Not Verified-	Plan Election:	Traditional by Default
----- Tier Information -----		Member Status:	Active
Tier Assignment:	I	SURS Service Credit:	30.75 years
More information		Contributions:	\$ 80,815.70
		Total Interest:	\$ 146,260.01
		Contributions and Interest:	\$ 227,075.71

Estimate what your SURS benefit will be at some future date with the [Benefit Estimator](#)

Enroll in SURS Deferred Compensation Plan (DCP)



How to Apply for Retirement

- Request application from SURS
 - Use the Application Builder on the SURS website, or
 - Call SURS to have one mailed to your address
- Submit completed application to SURS & any reciprocal systems at least 60 days prior to retirement
- Notify employer of last day you plan on working



2024 Trustee Election

On May 1, 2024, SURS members will elect
3 participating employee trustee positions:



6-year term



6-year term



3-year term

1 annuitant trustee position (non-U of I):



6-year term

All Members Strongly Encouraged to Apply
Applications, petitions and detailed information will be available at surs.org beginning Oct. 1, 2023.


How to Contact SURS





SURS

1901 Fox Drive

Champaign, IL 61820

 800-275-7877

 217-378-8800

 217-378-9800

 www.surs.org

Follow SURS on Social Media, Vimeo & LinkedIn



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.