

FORMS

Applying for Retirement under the Traditional Benefit Package



State Universities Retirement System of Illinois

This application is valid up to one year prior to the date your retirement annuity is to begin.

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APPLICATION FOR RETIREMENT ANNUITY Traditional Benefit Package

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.

PART 1 - Personal Information (Page 3)

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 #)				Home Phone (include area code)	
Date of Birth (MM/DD/YY)	Termination Date (MM/DD/YY)	Date Annuity is to Begin (MM/DD/YY)		Daytime Phone (include area code)	
Your SURS-Covered Employer		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 (Page 3)

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	Phone (include area code)
Complete Street Address	
City, State, Zip Code	Routing #
Check ONE box: <input type="checkbox"/> Checking Account <input type="checkbox"/> Savings Account <input type="checkbox"/> Money Manager Account	Account Number

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 3 of instruction packet)

**Withholding Certificate for
 Pension or Annuity Payments**

2020

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. Form W-4P is for U.S. citizens, resident aliens, or their estates who are recipients of pensions, annuities (including commercial annuities), and certain other deferred compensation. Use Form W-4P to tell payers the correct amount of federal income tax to withhold from your payment(s). You may also use Form W-4P to choose (a) not to have any federal income tax withheld from the payment (except for eligible rollover distributions or for payments to U.S. citizens to be delivered outside the United States or its possessions), or (b) to have an additional amount of tax withheld.

Your options depend on whether the payment is periodic, nonperiodic, or an eligible rollover distribution, as explained at www.irs.gov/FormW4P. Your previously filed Form W-4P will remain in effect if you don't file a Form W-4P for 2020.

General Instructions

Section references are to the Internal Revenue Code.

Follow these instructions to determine the number of withholding allowances you should claim for pension or annuity payment withholding for 2020 and any additional amount of tax to have withheld. Complete the worksheet(s) using the taxable amount of the payments.

If you don't want any federal income tax withheld (see *Purpose of form*, earlier), you can skip the worksheets and go directly to the Form W-4P below.

Sign this form. Form W-4P is not valid unless you sign it.

You can also use the estimator at www.irs.gov/W4App to determine your tax withholding more accurately. Consider using this estimator if you have a more complicated tax situation, such as if you have more than one pension or annuity, a working spouse, or a large amount of income outside of your pensions. After your Form W-4P takes effect, you can also use this estimator to see how the amount of tax you're having withheld compares to your projected total tax for 2020. If you use the estimator, you don't need to complete any of the worksheets for Form W-4P.

Note that 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.

Filers with multiple pensions or more than one income. If you have more than one source of income subject to withholding (such as more than one pension or a pension and a job, or you're married filing jointly and your spouse is working), read all of the instructions, including the instructions for the Multiple Pensions/More-Than-One-Income Worksheet, before beginning.

Other income. If you have a large amount of income from other sources not subject to withholding (such as interest, dividends, or capital gains), consider making estimated tax payments using Form 1040-ES, Estimated Tax for Individuals. Otherwise, you might owe additional tax. See Pub. 505, Tax Withholding and Estimated Tax, for more information. Get Form 1040-ES and Pub. 505 at www.irs.gov/FormsPubs. Or, you can use the Deductions, Adjustments, and Additional Income Worksheet at www.irs.gov/FormW4P or the estimator at www.irs.gov/W4App to make sure you have enough tax withheld from your payments. If you have income from wages, see Pub. 505 or use the estimator at www.irs.gov/W4App to find out if you should adjust your withholding on Form W-4 or Form W-4P.

Note: Social security and railroad retirement payments may be includible in income. See Form W-4V, Voluntary Withholding Request, for information on voluntary withholding from these payments.

Withholding From Pensions and Annuities

Generally, federal income tax withholding applies to the taxable part of payments made from pension, profit-sharing, stock bonus, annuity, and certain deferred compensation plans; from individual retirement arrangements (IRAs); and from commercial annuities. The method and rate of withholding depend on (a) the kind of payment you receive; (b) whether the payments are to be delivered outside the United States or its possessions; and (c) whether the recipient is a nonresident alien individual, a nonresident alien beneficiary, or a foreign estate. Qualified distributions from a designated Roth account or Roth IRA are nontaxable and, therefore, not subject to withholding. Go to www.irs.gov/FormW4P for special withholding rules that apply to payments to be delivered outside the United States and payments to foreign persons.

**Withholding Certificate for
 Pension or Annuity Payments**

2020

► For Privacy Act and Paperwork Reduction Act Notice, go to www.irs.gov/FormW4P.

Your first name and middle initial	Last name	Your social security number
Home address (number and street or rural route)		Claim or identification number (if any) of your pension or annuity contract
City or town, state, and ZIP code		

Complete the following applicable lines.

- Check here if you **do not want any** federal income tax withheld from your pension or annuity. (Don't complete line 2 or 3.) ►
- Total number of allowances and marital status you're claiming for withholding from each **periodic** pension or annuity payment. (You may also designate an additional dollar amount on line 3.) ► _____
Marital status: Single Married Married, but withhold at higher Single rate. (Enter number of allowances.)
- Additional amount, if any, you want withheld from each pension or annuity payment. (**Note:** For periodic payments, you can't enter an amount here without entering the number (including zero) of allowances on line 2.) ► \$ _____

Your signature ► _____

Date ► _____

PART 4 - Retirement Systems Reciprocal Act (Page 4)

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 5.
- 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 5 – Required Documentation (Page 4)

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 survivor listed in Part 6 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)

PART 6 – Survivor Information (Page 4)

Upon your death, SURS will pay a survivor annuity to each eligible survivor. A qualified survivor is a spouse/civil union partner; unmarried child under 18 (or under 22 if full-time student); disabled child over 18 if disabled prior to age 18; or dependent parent age 55 or older.

Check ONE box

- I certify that I DO NOT have a qualified survivor and **WAIVE THE REFUND** of my survivor contributions. I understand that this refund is available only at the date of my retirement and that by waiving this refund I retain the right of a future survivor or future spouse/civil union partner (if we have been married for at least one year prior to the date of my death) to qualify for survivor benefits. **Go to Part 7.**
- I certify that I DO NOT have a survivor and **APPLY FOR THE REFUND DUE TO ME.** I hereby release SURS from any obligation for survivor benefits on account of any service rendered by me to any employer under SURS prior to the date that my status as an employee terminated. *Note: Additional information will be mailed to you prior to finalizing your claim. This refund is available only at retirement and will be paid upon finalization of your retirement claim.* **Go to Part 7.**
- I DO have a qualified survivor. **Check ALL boxes that apply below and complete corresponding information.**

Survivor	Name	Last 4 of Soc. Sec.	Birth Date
<input type="checkbox"/> Spouse/civil union partner			
<input type="checkbox"/> Unmarried child under 18			
<input type="checkbox"/> Unmarried child under 18			
<input type="checkbox"/> Unmarried child under 22, full-time student			
<input type="checkbox"/> Unmarried child under 22, full-time student			
<input type="checkbox"/> Disabled child over 18, if disabled prior to age 18			
<input type="checkbox"/> Dependent parent age 55 or older			

PART 7 – Member Signature (Page 4)

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.

Member Signature	Date
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RTAPP/F004/031218

OPTIONAL FORM

ELECTION OF REVERSIONARY ANNUITY

Complete **ONLY** if you wish to purchase a Reversionary Annuity for an **eligible dependent beneficiary**. (Page 4)

Note: This election must be on file with SURS 30 days prior to the date your retirement annuity begins.

PART 1 – Member Information (print or type)

Name (Last, First, Middle Initial)	Last 4 Social Security or Member ID #	Date of Birth
Street	Name of Beneficiary	Relationship
City, State, Zip Code	Beneficiary Social Security #	Beneficiary Date of Birth

PART 2 – Option Selection (check one box)

I elect a reversionary annuity under OPTION 1. I understand that if my beneficiary dies after my retirement annuity begins, I will **continue to receive the reduced retirement annuity** during my lifetime.

I elect a reversionary annuity under OPTION 2. I understand that if my beneficiary dies after my retirement annuity begins, **my full retirement annuity will be resumed**.

PART 3 – Election of Amount of Reversionary Annuity my Beneficiary will Receive (check one box)

I elect that the reversionary annuity payable to my beneficiary after my death shall be the maximum amount, which when added to the monthly survivor benefit, shall equal the reduced retirement annuity payable during my lifetime. The retirement annuity otherwise payable will be reduced by the actuarial equivalent of the amount required to provide the reversionary annuity.

I elect that the reversionary annuity payable to my beneficiary after my death shall be \$ _____ per month. (This is the amount you wish your beneficiary to receive, not the amount to be deducted from your check.) The combined reversionary annuity and the monthly survivors benefit shall not be more than the reduced retirement annuity payable during my lifetime. The retirement annuity otherwise payable will be reduced by the actuarial equivalent of the amount required to provide the reversionary annuity.

PART 4 – Notification and Signature

This election will not be effective unless your death occurs *after* your retirement annuity begins. The reversionary annuity will be in addition to the survivor benefit that may be payable under Sections 15-145, 15-146, and 15-146.1 of the Retirement Law, but the combined reversionary annuity and monthly survivor benefit shall not exceed your reduced retirement annuity. Under Option 2, if the beneficiary named above should die after your retirement annuity begins and prior to your death, this election will become inoperative and you will resume your full retirement annuity. This election will become operative only if the beneficiary named above is dependent upon you at the time your retirement annuity begins. (A spouse is automatically considered dependent under the Retirement Board Rules. Any other beneficiary is considered dependent only if he or she is receiving at least one-half support from you). You cannot revoke this election unless you notify SURS in writing before the retirement annuity payment period begins.

I certify that the information on this form is true and correct to the best of my knowledge and belief.

Member Signature _____ **Date** _____

Your election must be on file with SURS at least 30 days before the date your retirement annuity begins.

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**BENEFICIARY DESIGNATION
Traditional 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.

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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OPTIONAL FORM

Traditional 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, 2024) and **you must submit this form with your application for a retirement annuity from SURS on or before June 30, 2024**
- 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.

If you have a permanent disabled child that is under age 18, please indicate the name here (if there are multiple disabled children, please only list the youngest disabled child) _____. Please see the following page for further details on why this information is needed.

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 substantially 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 only 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, 2024.**

Permanent Disabled Child

For the calculation of the Tier I AAI Buyout, SURS will be using the youngest permanent survivor's age to project how long SURS will be paying a survivor annuity after your death. If you have multiple permanently disabled children under the age of 18, please only list the youngest disabled child on this form. SURS will send you a Physician's Statement to be completed on this youngest permanent disabled child upon receipt of your completed Tier I AAI Buyout application. Please refer to the section below on what SURS defines as a disabled child.

Pursuant to 80 Ill. Adm. Code §§ 1600.460 and 1600.461, a child's permanent disability is determined as follows:

- **If the child is age 18 or older**, the child will be deemed to be disabled if the child is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months, determined in accordance with applicable regulations of the Social Security Administration (20 C.F.R. §§ 416.905 to 416.911).
- **If the child is under age 18**, the child will be deemed to be disabled if the child has a medically determinable physical or mental impairment or combination of impairments that causes marked and severe functional limitations, and that can be expected to cause death or that has lasted or can be expected to last for a continuous period of not less than 12 months, determined in accordance with applicable regulations of the Social Security Administration (20 C.F.R. §§ 416.905 to 416.911).

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.



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, 2024, 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 percent compounded AAI is irrevocable.

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

The lump-sum buyout payment is equal to 70 percent of the difference between the present value of a 3 percent compounded AAI beginning the Jan. 1 after retirement and the present value of a 1.5 percent 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 Self-Managed 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, 2024.

It is important to understand the value of a 3 percent compounded AAI. The table below provides an example of how automatic annual increases will affect a monthly retirement annuity of \$2,800 at 10 years and 20 years post-retirement. As illustrated below, you will receive a significantly higher monthly annuity over time if you do not elect a Tier I AAI Buyout.

	Monthly Annuity at age 57 May 1, 2021	Monthly Annuity 10 Years Post-retirement	Monthly Annuity 20 Years Post-retirement
Without Tier I AAI Buyout (3% compounded AAI)	\$2,800	\$3,760	\$5,050
With Tier I AAI Buyout (1.5% non-compounded and delayed AAI)	\$2,800	\$2,800	\$3,220

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, 2024. 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).

Can I retire under the Reciprocal Act and get a Tier I AAI Buyout?

Yes, if you have service with another Illinois retirement system and plan to retire under the Reciprocal Act, the joint calculation of the retirement annuity is not affected by the election to take a Tier I AAI Buyout. You can elect to retire reciprocally and take a Tier I AAI Buyout from one or more systems. Any buyout payable will be based on each system's portion of the reciprocal retirement benefit.

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

SURS is in the process of updating the online benefit estimator so it can provide estimated buyout amounts. The estimator will be available by June 1, 2019. 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 Tier I AAI 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 percent 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 percent 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 percent 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 6 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 Fact Sheet at www.surs.org.
- 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 6.75 percent.

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' 2018 Actuarial Valuation, which indicates an average life expectancy ranging between 86 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.

