

## **XI. Pensions**

Thirteen different Illinois pension systems cover various public employees, though most IEA members are participants in one of three systems. Teachers employed in primary and secondary schools are covered by the Illinois Teachers' Retirement System ("TRS"). Non-teaching employees in these districts are covered by the Illinois Municipal Retirement Fund ("IMRF"). Employees of public colleges, universities, and community colleges, including both teachers and educational support professionals, are covered by the State Universities Retirement System ("SURS").

The pensions provide for a variety of benefits including retirement, disability and death benefits. The three systems are reciprocal, meaning service credit earned in one system will usually be counted in determining benefits in another system.

### **A. IMRF**

All school districts are IMRF employers. Employees who are *expected* to work at least 600 hours in a year are covered by IMRF. Employees hired before January 1, 2011 are considered Tier 1 employees and those hired on or after January 1, 2011 are Tier 2. Members contribute 4.5% of wages, though Tier 2 employees are capped at contributing on earnings up to \$111,571 in 2015 (with the amount adjusted upwards each year.) The employer's contributions are calculated annually and based upon its employees' salaries, ages, years of service credit and the return on IMRF's investments. Employees may qualify for additional service credit through uncompensated, unused sick leave and may purchase service credit under other special conditions.

Employees are eligible for temporary disability benefits if they have a mental or physical condition that makes them unable to perform the duties of any position reasonably assigned to them. They can then receive disability benefits for a period equal to one-half of their service credit, but for no longer than 30 months. They continue to earn service credit while receiving disability benefits. The benefits amount to 50% of their average monthly salary. Once an employee has exhausted their temporary disability benefits, if they continue to be unable to engage in *any* gainful activity, they may qualify for permanent disability benefits.

Death benefits are available for spouses and designated beneficiaries. Benefits vary on the length of service credit, whether the death was work related and whether the person is a Tier 1 or 2 participant.

Tier 1 employees are eligible after eight years of service credit and for normal retirement at age 60, or early retirement at age 55. Tier 2 participants must have 10 years of service credit with normal retirement at age 67 or early retirement at 62. Early retirement benefits are reduced by a

formula related to age and years of service credit. Benefits are determined by years of service and the “final rate of earnings” which is an average of prior earnings.

## **B. SURS**

Nearly all employees of the 65 state universities, colleges and community colleges are SURS participants. Employees can choose to be in the traditional defined benefit plan, a portable defined benefit plan or a self-managed plan. Employees must make an irrevocable choice within the first six months of employment. Employees contribute 8% of gross earnings, though Tier 2 employees (who started on or after January 1, 2011) are capped at contributing to any salary above about \$109,000, adjusted annually. The state contribution is determined annually, except that employees in the self-managed plan receive an annual 7.6% state contribution. Employees earn service credit while working or on disability and can receive additional credit for unused, unpaid sick leave, and can purchase service credit in some other circumstances.

Employees with two years of service credit are eligible for disability benefits if they become unable to perform their job. They can then receive 50% of their average earnings. The benefits continue while disabled until the member has received an amount equal to half their total earnings while a retirement system participant. The employee continues to earn service credit while getting disability benefits. If the employee continues to be permanently disabled (and they were not in the Self-Managed Plan), they may be eligible for a disability retirement allowance equal to 35% of their basic compensation before disability.

Death benefits are available for spouses and designated beneficiaries. Benefits vary on the length of service credit and whether the person is in the Traditional or Portable or Self-Managed Plan.

Employees under all Plans are eligible to retire at any age with 30 years of service. Under the Self-Managed Plan employees can also retire at age 55 with eight years of service or age 62 with five years of service. Under the Traditional and Portable Plans, Tier 1 employees are eligible for retirement at age 60 with eight years of service or age 62 with five years of service, and Tier 2 employees are eligible at age 67 with ten years of service. Employees may be eligible for reduced benefits at a younger age. Benefits are determined by a formula using years of service credit and average earnings. Alternative formulas may be used if they result in greater benefits.

## **C. TRS**

Teachers and certificated employees employed by public schools and charters outside of Chicago participate in TRS. Employees hired before January 1, 2011 are considered Tier 1 employees and those hired on or after that date are considered Tier 2. Additional legislation affecting benefits was enacted on December 5, 2013. IEA was a member of a coalition challenging the

constitutionality of that law, and was victorious in getting the state Supreme Court to declare the 2013 changes unconstitutional. Further efforts to amend the law are likely.

Members contribute 9.4% of salary on all credible earnings. The employer also makes contributions and the state provides additional funding. Employees earn service credit while working or on disability and can receive additional credit for unused, unpaid sick leave, and can purchase service credit in some other circumstances.

No minimum service requirements are necessary for disability due to a work related injury, but for other conditions which result in the teacher becoming unable to perform the duties of the position, the teacher must have three years of service credit. The employee may then receive 40% of their contract rate of pay (60% if an occupational disability). The employee can receive non-occupational benefits for a period equal to one-fourth of their service credit. The employee continues to earn service credit while getting disability benefits. Thereafter, the teacher may be eligible for a disability retirement annuity equal to 35% of their last contract rate of pay.

Death benefits are available for spouses and designated beneficiaries. Benefits vary on the length of service credit and whether the person is a Tier 1 or 2 participant.

Tier 1 employees are eligible to retire at age 55 with 35 years of service, age 60 with 10 years or age 62 with 5 years. A discounted annuity is available at age 55 with 20 years of service. Tier 2 employees are eligible to retire at age 67 with 10 years of service. A discounted annuity is available at age 62 with 10 years of service. Benefits are determined by a formula using years of service credit and average earnings.

## **D. Felony Convictions**

Each of the systems provides that members who are convicted of any felony relating to or arising out of or in connection with his or her services as an employee forfeits benefits to which they may be entitled.

## **E. Other disability and retirement issues**

Your collective bargaining agreement may provide for supplemental disability benefits or you may qualify for social security disability insurance or supplemental security income. Additionally, your collective bargaining agreement may provide for additional supplemental retirement savings plans such as 403(b), 457(b) and 401(a) Plans. You should consult with your Association Representative to learn more about these options.