RETIRING WISELY

Illinois Federation of Teachers
A Union of Professionals

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TABLE OF CONTENTS

Planning for Retirement

Make an informed decision

It's never too early to begin thinking about retirement. Whether you are just entering your career in public service or are nearing the end of that road, there are many important things you should consider right now to be prepared when the time comes.

You should already be asking yourself:

- How much money will I need to live comfortably in retirement?
- How much will my pension be?
- Will I have adequate medical coverage when I retire?
- What things can I do NOW to ensure a secure retirement for myself and my family?

"Retiring Wisely" is designed to help you answer these important questions and many others. In compiling this guide, the Illinois Federation of Teachers (IFT) Retiree Constituency Council, established by the IFT Executive Board, has included a wealth of important information about your retirement options.

Information contained in this document is from the Teachers' Retirement System (TRS), State Universities Retirement System (SURS), the State Employees' Retirement System (SERS), and others and was current as of the date of this publication.

The list of resources at the back of this booklet will help you find answers to additional retirement questions.

DISCLAIMER: Future legislative action in the Illinois General Assembly may impact information contained in this book. Before making any decisions regarding your retirement, check with your retirement system, Social Security, the Senior Health Insurance Program of Illinois (SHIP), your accountant, and/or your attorney to determine what options are best for your situation. Individual situations vary greatly, so examples provided within may not apply in every case.

Whether you plan to retire in three years or 30, the IFT Retirees Constituency Council hopes this guide will serve as a helpful tool.

Acronyms You Should Know

The world of public employee retirement is filled with enough abbreviations to make your head spin. To understand much of the information in this guide, you will need to learn the common acronyms used when referring to retirement in Illinois' public systems.

CIGNA
An insurance company that offers the current PPO plan option for the Teachers' Retirement System (TRS).

CIP-College Insurance Program
A health insurance program for community college professionals outside of Cook County. It is administered by the State of Illinois Central Management Services (CMS).

CMS-Central Management Services
The state agency that manages all Teachers' Retirement System (TRS) medical plans.

CTPF-Chicago Teachers' Pension Fund
A defined benefit retirement system providing retirement, survivor, and disability benefits for certain certified teachers and employees of the Chicago Public Schools.

HMO-Health Maintenance Organization
A medical insurance option. HMOs are managed care plans that offer a limited choice of health care providers.

IMRF-Illinois Municipal Retirement Fund
This agency provides certain employees of local governments and school districts with a sound and efficient system for the payment of retirement, disability, and death benefits.

IRTA-Illinois Retired Teachers Association
An organization for retired teachers. IRTA is not affiliated with the Illinois Federation of Teachers (IFT).

PPO-Preferred Provider Organization
A medical insurance option. A group of physicians and hospitals that provide medical care at discounted rates.

PCP-Primary Care Physician
For participants in an HMO plan, your primary care physician is your main doctor and must provide all referrals to other physicians when necessary.

SERS-State Employees' Retirement System of Illinois
The system established to administer the pension plan for Illinois state employees not covered by the State Universities' Retirement System (SURS) or the Teachers' Retirement System (TRS). The system provides its members with retirement, disability, and survivor benefits.

SHIP-(Illinois Division of) **Senior Health Insurance Program**
A free health insurance counseling service for Medicare, Medicare supplement, Medicare managed care, long-term care insurance, private health insurance, and related health coverage plans.

SURS-State Universities Retirement System of Illinois
The retirement system that benefits employees of universities, colleges, and affiliated state agencies in Illinois.

TRS-Teachers' Retirement System
The system that administers the pension plan for Illinois certified public school personnel outside the city of Chicago. TRS provides its members with retirement, disability, and survivor benefits.

TRAIL-Total Retiree Advantage Illinois
A Medicare Advantage program offered to most annuitants and their survivors who qualify for Medicare.

TRIP-Teachers' Retirement Insurance Program
This program includes all of the medical insurance plans available under the Teachers' Retirement System (TRS).

Early Financial Planning

If you are still a few years away from retiring, there are many options available to you to save for retirement. There are pros and cons to all of them, **so be sure to consult a financial advisor as you consider what is best for you.**

One of the most important things you can do pre-retirement is to tax-shelter a portion of your income. Here are some smart ways to do that.

INDIVIDUAL RETIREMENT ACCOUNTS (IRAS)

Currently, individuals may invest money that is sheltered from taxation in a conventional IRA. There is an additional catch-up contribution limit for individuals age 50 and over. The interest, dividends, and/or capital gains that are accrued are also sheltered. You may invest your IRA in a variety of ways. The allowable amount that you can shelter may vary from year to year, depending on legislation and IRS regulations. IRAs are not subject to debt payment in bankruptcy, nor are pension payments.

Roth IRAs are currently available for individuals to select as an investment. Because contributions to Roth IRAs are made after taxes, only the accruals are sheltered, not the principal. Principal may be withdrawn without penalty. Depending on how long earnings remain in the Roth IRA before they are withdrawn, taxes on the earnings may be avoided completely. There is a phase-out of these amounts for those earning above certain income thresholds that varies depending upon the type of IRA, your filing status, and whether or not you are covered by a workplace retirement plan. It is advisable to consult with a financial/investment specialist to determine which, if any IRA, is beneficial for you.

TAX-DEFERRED ANNUITIES (ALSO CALLED TAX-SHELTERED ANNUITIES OR 403(B)S

Many retirees are unaware that tax-sheltered annuities, or 403(b)s, provide the ability to save for retirement with a higher yearly maximum contribution than an IRA. Unlike the IRA in which contributions must be made annually or before April 15 of the following year ("use it or lose it"), with 403(b)s it is possible to save beyond the annual limit if you have previous years during which full contributions were not made. Investigate this potential.

Currently, there is a maximum contribution for 403(b)s. The maximum amount may change from year to year, depending on legislation and IRS regulations. If you are 50 years or older, you may contribute additional monies above the cap for the current year and each year thereafter. These annual amounts continue to increase automatically based on the increase in the Consumer Price Index (CPI). If you are with one employer for 15 years or more, additional contributions can be made under a "catch-up" provision.

Most retirement accounts have penalties for withdrawals taken before age 59 1/2 unless these withdrawals are for such things as early retirement, disability, certain home purchases, etc. Be sure to check before you withdraw.

IRAs, 403(b)s, and other tax-deferred retirement accounts also specify that **mandatory withdrawals must start before April 1 of the year following the date you turn age 70 1/2.** There is no maximum limit on withdrawals. Failure to withdraw the minimum amount each year can result in a tax penalty of 50 percent of the amount that should have been withdrawn. (This does not apply in the case of Roth IRAs.)

Although a person may delay the first Minimum Required Distribution (MRD) until April 1 of the year following age 70 1/2, the second MRD must be made before December 31 of that same year. To avoid the tax consequences of two MRDs in one calendar year, it may be advisable not to wait until April 1, but rather withdraw this money in the same year in which you turn 70 1/2.

The SECURE ACT was revised in Dec. 2022. It has different effects for different age groups; check to see how it affects you personally.

NOTE: Money deposited in a 403(b) before December 31, 1986, need not be withdrawn until age 75. However, if you roll over the 403(b) into an IRA, this advantage is lost. (Your annuity company has a record of your deposits before December 31, 1986.)

REMEMBER: It is best to roll over any tax-deferred money directly from one shelter into another in order to avoid tax complications. Active school employees should consult their employer for a list of district-approved retiree plan vendors. You should carefully investigate before making any changes to your plan.

Teachers Outside Chicago

RETIRING UNDER TRS (2.2)

RETIREMENT AGE

The age at which Illinois educators are eligible for retirement depends upon whether they are in **Tier 1 or Tier 2** as defined by a 2010 law. Tier 1 includes all those who began paying into the pension system before January 1, 2011. Tier 2 is made up of educators who began working after January 1, 2011.

The Tier 1 age eligibility requirements are:

- With 35 years of service credit, teachers may retire beginning at age 55 and any time thereafterwith full benefits.
- Between ages 55 and 60, teachers may retire with only 20 years of service credit, but their pensions will be reduced by 6% for every year they are under age 60.
- At age 60, educators may retire with no penalty as long as they have at least 10 years of service credit.

The Tier 2 rules are quite different:

- To receive full benefits, teachers must wait until age 67 to retire, even if they have 35 years of service credit. The minimum for full benefits is 10 years of service credit.
- Teachers may also retire beginning at age 62 with a minimum of 10 years of service credit, but their pensions will be reduced by 6% for each year under age 67.

CALCULATING YOUR PENSION

Illinois educators earn a pension based upon a formula that takes into account years of service and end-of-career salary level. The formula is: **Years of Creditable Service x 2.2% x Final Average Salary = Pension Benefit.** So for a teacher who has accumulated 30 years of service with a final average salary of $60,000, their annual pension will be 66% of that final average salary (30 x 2.2%), or $39,600.

Final average salary is calculated as the average of a teacher's highest four consecutive years of salary out of the last 10. For most people, this will be the last four years of service. Years of creditable service may include up to two years of unused sick days. You may also want to check with your school district for any retirement incentives available to boost your final average salary.

The maximum pension currently allowed for TRS under Illinois law is 75% of the final average salary. For Tier 1, there is a cost of living adjustment (COLA) of 3% compounded is added each year to the previous year's pension payment. For a further explanation of these benefits, visit ***trsil.org.***

Pension Plans

RETIRING UNDER SURS

College and university employees retire under the **State University Retirement System (SURS)**. Neither TRS nor SURS participants contribute to Social Security. Under SURS, you must decide which of the three plans – Traditional, Portable, or Self-Managed (SMP) - is the best choice for your retirement. This is a one-time, irrevocable selection made when you are initially employed.

TRADITIONAL PLAN

If you first began participation prior to January 1, 2011, you are eligible to receive a retirement annuity when you satisfy any of the following:

- You are at least 55 and have eight or more years of Illinois service (benefits will be reduced for early retirement if you retire between ages 55 and 60);
- You are at least 62 and have five or more years of service; or
- At any age when you achieve 30 years of service, provided your covered employment terminated on or after August 2, 2002.

If you first began participation on or after January 1, 2011, you are eligible to receive a retirement annuity when you satisfy any of the following:

- You are at least 62 and have 10 or more years of Illinois service (benefits will be reduced for early retirement if you retire between ages 62 and 67); or
- You are at least 67 and have 10 or more years of Illinois service.

CALCULATING YOUR PENSION

There are three formulas that may be used to calculate a SURS pension.

1) 2.2% General Formula
The General Formula annuity is based on your years of service and your final average earnings. The formula is: Years of service x 2.2% x Final Average Earnings = Pension Benefit.

2) Early Retirement Reduction
The law requires a 0.5% reduction to the General Formula benefit for each full month you are under the normal retirement age. Normal retirement age is:

- 60 if your participation began prior to January 1, 2011; or
- 67 if your participation began on or after January 1, 2011.

3) Money Purchase Calculation
This calculation is not available to participants who began SURS-covered employment on or after July 1, 2005. The Money Purchase Formula is based on accumulated normal retirement contributions and interest, an imputed employer (State of Illinois) contribution, and your age at retirement.

MINIMUM ANNUITY FORMULA

If you were employed at least 50% of the time during the years on which your final average earnings are based, you are entitled to a minimum retirement benefit for each of your years of service, up to 30 years. The benefit amount depends on your final average earnings at retirement.

For more specific information on these formulas and the Portable or Self-Managed Plans, visit ***surs.org.***

MEDICAL INSURANCE

The Department of Central Management Services (CMS) administers the health insurance benefits available to retirees under the State of Illinois Insurance Program or the College Insurance Program (CIP). Eligible annuitants may be covered under the TRAIL program (see page 11).

The most current benefits, premiums, and policies are available at ***cms.gov.*** Contact CMS at 800-442-1300 with any questions.

Support Staff (PSRP) Members Employed by School Districts

RETIRING UNDER IMRF

The **Illinois Municipal Retirement Fund (IMRF)** provides a defined benefit pension to workers of municipalities and units of government. IFT members employed by school districts in non-certified positions pay into and receive their retirement benefits from IMRF. IMRF-covered employees also participate into Social Security and Medicare.

IMRF-covered employees hired prior to January 1, 2011, are enrolled in Tier 1, while employees hired after January 1, 2011, are enrolled in Tier 2.

TIER 1 PROVISIONS

- An employee can retire at age 60 with at least eight years of service, or at age 55 if he/she has 35 years of service.
- An employee contributes 4.5% of his or her salary to IMRF to fund their pension.
- The employer also contributes to IMRF on behalf of each employee.
- The retirement benefit is based on the employee's Final Rate of Earnings (FRE) and is calculated using one of two methods:
  1. The **Normal method** calculates FRE by taking the average earnings for the highest 48 consecutive months of earnings within the last 10 years.
  2. The **Lifetime method** is used for employees whose highest earnings were at the beginning of their career. The FRE is calculated by taking the average of the employee's earnings over all their years of service.
- The percentage of the employee's FRE that will be paid as a retirement benefit is calculated using a percentage determined by the following rules:
  1. 1 2/3% (.01667) for each year, up to 15.
  2. 2% (.02) for each year beyond 15.
  3. Total cannot exceed 75%.

TIER 2 PROVISIONS:

- An employee can retire at age 67 with at least 10 years of service, or at age 62 if he/she has 35 years of service.
- An employee contributes 4.5% of their salary to IMRF to fund their pension, up to a set wage cap. (The wage cap in 2015 was $111,571.63.) The wage cap increases annually by 3%, or ½ of CPI (Consumer Price Index) Urban, for the preceding September, whichever is less.
- The employer also contributes to IMRF on behalf of each employee.
- The retirement benefit is based on the employee's final rate of earnings (FRE) and is calculated using one of two methods:
  1. The **Normal method** calculates FRE by taking the average earnings for the highest 96 consecutive months of earnings within the last 10 years.
  2. The **Lifetime method** is used for employees whose highest earnings were at the beginning of their career. The FRE is calculated by taking the average of the employee's earnings over all of his or her years of service.
- The percentage of the employee's FRE that will be paid as a benefit is calculated using a percentage determined by the following rules:
  1. 1 2/3% (.01667) for each year, up to 15.
  2. 2% (.02) for each year beyond 15.
  3. Total benefit cannot exceed 75%.
- Retirees receive annual increases at age 67, or one year after pension payments begin. Increases are equal to 3%, or ½ of CPI Urban for the preceding year, whichever is less. If CPI Urban is 0, there is no increase.

OTHER BENEFITS UNDER IMRF:

- Retirees receive a 3% increase in their annuity each year (non-compounded).
- Once a member is retired for one year, he/she becomes eligible for a 13th check. The amount of the check is determined each year by the Board of Trustees.
- Disability benefits.
- Death benefits.
- Health insurance may be available to IMRF retirees under Public Act 86-1444.
- IMRF participants may also pay into Social Security.
- A member is eligible to receive full benefits of both IMRF and Social Security.

For more information visit *imrf.org.*

State Agency Employees

RETIRING UNDER SERS

Employees of Illinois government agencies are eligible to retire under the **State Employees Retirement System (SERS)**. SERS is administered by the State Retirement System, which also administers the pension systems for Illinois judges and legislators. The majority of SERS covered employees also participate in Social Security and Medicare.

RETIREMENT AGE

The age at which state employees are eligible for retirement depends upon whether they are in Tier 1 or Tier 2, as defined by a 2010 law.

You are eligible for Tier 1 if:

- You began SERS-eligible employment **before** Jan. 1, 2011.
- You are age 60 and have eight years of credited service.
- Are any age, but your age (years and whole months plus years of service credit (years and whole months) equal 85 years (1020 months). The "Rule of 85".
- You are between ages 55 and 60 with 25 to 30 years of credited service, but your pension will be reduced 0.5% of 1% for each month under age 60.

You are eligible for Tier 2 if:

- You began SERS-eligible employment **after** Jan. 1, 2011.
- You are age 67 and have 10 years of credited service.
- You are between ages 62 and 67 with 10 years of credited service, but your pension will be reduced 0.5% of 1% for each month under age 67.

CALCULATING A SERS TIER 1 PENSION

For state employees retiring under Tier 1, the benefit for regular formula employees (those with at least eight years of service) is calculated using your Final Average Compensation (FAC), which is your average salary in the 48 highest consecutive months of service within the last 120 months of creditable service. This benefit increases by 3% annually and is compounded.

For employees covered by Social Security

State employees covered by Social Security should use the following formula to calculate their annual pension benefit: **Years of creditable service x 1.67% x FAC = Pension Benefit.**

NOTE: A Social Security-covered member can retire between the ages of 55 and 60 with 25 to 30 years of service and with a pension reduction of 1/2 of 1% for each month under age 60.

For employees not covered by Social Security

State employees NOT covered by Social Security should use the following formula to calculate their annual pension benefit: **Years of creditable service x 2.2% x FAC = Pension Benefit.**

CALCULATING A SERS TIER 2 PENSION

For state employees retiring under Tier 2, your benefit is calculated using Final Average Compensation (FAC) and years of credited service. For regular formula employees (those with at least 10 years of service), FAC is the average of the 96 highest consecutive months of service within the last 120 months of service. The retirement benefit is calculated on a maximum salary of $106,800. This amount increases annually by 3% or one-half of the Consumer Price Index, whichever is less.

For employees covered by Social Security

State employees covered by Social Security should use the following formula to calculate their annual Tier 2 pension benefit: **Years of creditable service x 1.67% x FAC = Pension Benefit.**

For employees not covered by Social Security

State employees NOT covered by Social Security should use the following formula to calculate their annual Tier 2 pension benefit: **Years of creditable service x 2.2% x FAC = Pension Benefit.**

NOTE: A regular formula member can retire between the ages of 62-67 with 10 years of service with a pension reduced 0.5% of 1% for each month under age 67.

HEALTH INSURANCE FOR SERS RETIREES

To qualify for the State of Illinois Group Insurance Program, a member must be receiving a monthly check from SERS.

Eligible retirees must be vested in SERS to receive benefits. For Tier 1 employees, eight or more years of credited service is required to be vested. For Tier 2 employees, 10 or more years of credited service is needed.

Insurance coverage becomes effective on the date the monthly benefit begins, the first of the month that the application for retirement was received, or the first day of the month that the group insurance enrollment form was received, whichever is later. The member health insurance premium is paid by the sate for members with 20 or more years of service. For members with less than 20 years of service, the state pays 5% of the state cost for health insurance for each full year of service and the member pays the balance.

For more information visit *www2.illinois.gov.*

Social Security and Medicare

WHAT YOU NEED TO KNOW

Although teachers are not covered by Social Security, many retired teachers are eligible for Social Security and Medicare benefits through work outside of the teaching profession or through a spouse. Even if widowed or divorced, a person can claim spousal coverage if the marriage lasted at least 10 years.

To receive Social Security coverage, you must have worked 40 quarters (10 years) under Social Security and reached the eligible age. Many teachers have earned these quarters through part-time work while in school, through military service, or through summer employment. Find out your status.

Be aware that your Social Security benefits will be reduced when you receive your pension; however your pension is not reduced. Generally you will receive about 4/9 of your earned Social Security benefit, unless you have 20 or more years of "substantial earnings" under Social Security. This occurs under the Windfall Elimination Provision (WEP) which is federal law.

If you expect to receive Social Security benefits through a spouse, that benefit will be reduced (or "offset") by the amount of your pension. This typically negates most, if not all of the Social Security benefit. However, there will be no reduction in Medicare benefits, either your own or through a spouse, because of your pension. Learn more about Social Security pension offset rules on ***ssa.gov***.

You must apply for Medicare benefits at least three months before you reach age 65. For more information about Social Security, visit ***ssa.gov***, call 800/772-1213, or visit your local Social Security office.

MEDICARE

Nearly all teacher retirees can qualify for Medicare through their own work history or that of their current or former spouse. TRS retirees who are already collecting a Social Security retirement benefit will automatically be enrolled in Medicare Parts A & B and will receive a Medicare card before the first day of the month they turn 65. Retirees who are not receiving SSA benefits should contact the SSA office three months prior to turning 65 to enroll in Medicare Parts A & B. However, TRS retirees should not enroll in Medicare part D as it would jeopardize the prescription coverage already included in the Teachers' Retirement Insurance Program (TRIP) options. After enrollment, Medicare will be considered the primary insurance coverage and TRIP will be considered the secondary coverage. TRS retirees who do not enroll in a state insurance plan may want to consider purchasing a private supplement.

RETIREE HEALTH INSURANCE

The Teachers' Retirement Insurance Program (TRIP) is a comprehensive program of quality health care coverage for retired teachers and their dependents. It is administered by the Department of Central Management Services (CMS). To be eligible for TRIP insurance, you need at least eight years of service. You can apply for TRIP medical insurance:

- At the time of retirement;
- At the time your (or your spouse's) medical insurance is terminated by the employer;
- At age 65; or
- If you have never been enrolled in a TRS medical plan, you may enroll during the Benefit Choice Period, usually held May 1 to May 31 each year.

TRIP offers three different types of medical plans to choose from:

- The **Teachers' Choice Health Plan (TCHP)**, which is fee-for-service;
- A **Health Maintenance Organization (HMO)**, which is managed care; or
- A **Point of Service (POS)** plan, which combines some aspects of both managed care and fee-for-service.

Central Management Services (CMS) allows you to change your choice of plans every May during the Benefit Choice Period with changes taking effect in July. Typically, you will receive an information booklet about changes to TRIP in April. Members wishing to insure spouses and certain dependents under TRIP may do so at considerable additional cost.

Total Retiree Advantage Illinois (TRAIL)

Most annuitants and survivors are offered a Medicare Advantage Program known as Total Retiree Advantage Illinois (TRAIL). Medicare-eligible annuitants and survivors who want to continue health and prescription coverage are required to enroll in one of the Medicare Advantage options during the first enrollment period after they have enrolled in Medicare Parts A and B. Remaining in your current plan is not an option.

TRAIL provides eligible members and their covered dependents comprehensive medical and prescription drug coverage. TRAIL offers both PPO and HMO Medicare Advantage options. To be eligible for this program you and your eligible dependents MUST ALL:

- Live in the U.S. or a U.S. territory, and
- Be enrolled in Medicare Parts A and B prior to September 30 of the year of application.

Important Issues to Consider

Whether you're just starting your career or may retire soon, there are a number of other issues besides pension and health care that you should consider. Here are some of those issues and how they relate to your future retirement plans.

BENEFICIARIES

Be sure your pension beneficiaries are correct. Often, death, divorce, remarriage, etc. take place without your pension system being informed. When you have a change in beneficiaries, let the pension system know immediately.

NOTE: There is a substantial difference in benefits for dependent and non-dependent beneficiaries.

DURABLE POWER OF ATTORNEY

In advance of retirement, it is wise to grant someone you trust to handle your affairs in the event of your death or incapacitation. A lawyer can assist you with this. Also, be sure to consider granting someone a power of attorney for medical purposes, allowing them to make critical medical decisions on your behalf should the need arise.

ESTATE PLANNING

Illinois has no estate tax, and the federal government does not tax estates that are left to a spouse. When not left to a spouse, the federal government taxes only estates that exceed the exclusionary limit of $3.5 million. The federal tax rate is steep, but there are some things you can do to reduce your estate, if necessary:

- Consider giving the maximum amount of money per year to your heirs. Your spouse may do the same. Gifts of that amount are permitted annually.
- Make payments to your heirs for college tuition and medical expenses. The checks must be made payable to the institution, not to the heir. (College living expenses cannot be included.)
- See your attorney to draw up a will. You may also want to consider setting up a living trust, durable power of attorney, and a living will.

JOINT TENANCY

Be careful with placing names on joint-tenancy deeds, bank accounts, stocks, etc. Creditors can sue the joint tenant for their share of the tenancy, or the joint tenant may withdraw funds for personal use. Also, grandchildren may be left out. Joint tenancy is not probated.

LAND TRUST

If you don't have a living trust, consider seeing a bank to place your home(s) into a land trust. After your death, the trust passes on to your named heirs without probate.

LIFE INSURANCE

When you begin to consider retirement, you should reevaluate your need for life insurance, then investigate your options for obtaining or changing coverage. Check with your employer about the availability of continued coverage. The American Federation of Teachers offers members and retirees term life insurance at good rates.

Call 800/238-1133 Ext. 8643 or visit the ***aft.org*** for more information about AFT+ plans.

LIVING WILL

This document directs doctors and/or hospitals to remove life support treatment in extreme cases. Most hospitals have these forms, as do attorneys.

LONG-TERM CARE INSURANCE

When checking into the possibility of obtaining long-term care coverage, do not rely on a salesperson as your only source of information. Research the topic and shop around for the best plans and rates.

NOTE: Tax deductions may be available.

MOVING OUT OF STATE

Consider these factors before deciding to change your full-time residency from Illinois upon retirement:

- Illinois does not tax income from your pension, Social Security, IRA, 401k, or 403b;
- Although several states have no income tax at all, they have high sales or real estate taxes;
- Illinois has no inheritance tax; and,
- If you move out of state, an HMO option may not be available to you.

QUALIFIED FUNERAL TRUST

If you are considering prepaying your burial expenses, think twice. Such trusts are limited to $8,000, and many consumer advocates have expressed misgivings about this. Do your research or consult an attorney or financial advisor before proceeding.

REAL ESTATE TAXES

When you reach age 65, notify your County or Township supervisor of assessments regarding your eligibility for the Senior Homestead Exemption and the Assessment-Freeze Homestead Exemption. The exemptions provide a reduction in tax rates. You may have to file a form annually to qualify for these exemptions, so learn about the requirements and take advantage of these reductions.

REVERSE MORTGAGE

This type of mortgage allows you to receive monthly payments from a mortgage based upon the equity you have in your home. Check several institutions for the best rates. The mortgage is repaid upon your death, the sale of your home, or when you no longer live in the home. See an attorney before pursuing this option.

REVOCABLE LIVING TRUST

This is a popular way to avoid probate costs, attorney fees, and delays in property distribution.

NOTE OF CAUTION: Most of your assets must be re-titled and placed in the trust. Living trusts are not probated.

WILL

Everyone needs a will, which is a document that states to whom you have chosen to leave your assets. **It must be filed in the probate division of the county in which you reside. Before filing, make a copy (or two) for the executor, lawyer, accountant, and surviving family members.** If there is no will, state law dictates who will receive your assets (e.g., surviving spouse receives one-half, surviving children divide the other half amongst themselves), unless joint tenancy or trusts direct otherwise. An administrator is appointed, usually the surviving spouse or other family member. If your estate is over $100,000, it must be probated in Illinois. Be sure to maintain a list of all your assets and their locations for both the concerned parties and the executor.

Lists Make It Easy

Although it's never an easy thing to think about, you should plan ahead to ensure that the handling of your affairs is not difficult or stressful for your survivors in the event of your death. To ensure that important information is available to those who will need it, use the checklist below to create lists with critical information, such as account numbers, service providers, and more. Then, be sure your family and executor know where to access the lists quickly in the event they are needed.

Accountant
Name, address, and phone number (for final estate filings and estate taxes, if any).

Annuities

Antiques, jewelry, other items of value
Include descriptions, locations, names, and contact information of recipients.

Assets (in-state, out-of-state, etc.)
Include descriptions of the accounts, locations, contact persons, and account numbers, if applicable. Also, include information on where to find supporting documents such as certificates, titles, deeds, passbooks, mortgage loan statements, etc. (Note: Assets in joint tenancy go to named joint tenants; assets in trusts go to beneficiaries named in the trust. Assets held in joint tenancy or trusts are not probated.)

Attorney
Name, address, and phone number

Autos, boats, planes, etc.
Provide registration and title information, plate numbers, etc.

Bank and credit union accounts
Savings, checking, and certificates of deposit.

Bills
Descriptions, addresses, account numbers, due dates.

Death benefits from past and present employers and companies

Homes and other real estate

Insurance policies
Life, auto, real estate, health, accidental death

Leases and/or rental agreements

Legal documents
Provide descriptions and locations of any essential documents.

Pension benefits from employment
Provide employer information, death benefits to spouse and other survivors, as well as rights under the retirement system.

Power of attorney for financial issues

Power of attorney for medical issues

Pre- and post-nuptial agreements

Pre-paid burial arrangements

Retirement accounts (IRAs)

Safe deposit box
Provide location of box, key, and names of persons who have access.

Social Security benefits and related documentation

Stocks, bonds, and investments

Suggestions for person handling the estate

Trusts
Land trusts and other trusts, such as bank and financial.

U.S. military benefits for burial

Will and living will

As you prepare your lists, consult an attorney for advice. There may be other assets or directions for distribution not listed herein.

Stay Connected with Your Union

JOIN AN IFT RETIREE COUNCIL

The IFT and American Federation of Teachers (AFT) recognize that much of the success the union enjoys today is due to the dedication and efforts of its retirees who paved the way. That's why the support you receive from the IFT and AFT does not end when you retire. When you retire, you become a lifetime member in these organizations, and you remain eligible for group insurance rates, legal fee discounts, travel and merchandise discounts, and much more.

Many local unions also maintain active retiree councils or chapters. There may be a nominal annual membership fee (often as little as $20 per year), but remaining a member of your local can have many benefits. Your continued membership gives your local increased member strength when calculating convention delegates and allows you to seek election as a delegate. Your dues contribution to the local and any voluntary contributions you make to COPE (Committee on Political Education) are valuable in helping the local provide service to both working members and retirees. **The IFT Retiree Constituency Council urges you to continue to be an active member after you retire.**

TO LEARN MORE ABOUT LOCAL IFT RETIREE CHAPTERS, CONTACT THE LOCALS AND INDIVIDUALS LISTED HERE.

LOCAL #	NAME	CONTACT PERSON	CONTACT INFORMATION
504	Lake County Federation	Carolyn Scaccia	pcmooo@comcast.net
571	West Suburban Federation	Phylis Meade	phyllisop@aol.com
604	AFT Local 604	Anita Schluter Wilson	a.schluter@olive.com
943	Southwest Suburban Federation	Karen O'Dea	kodea@ift-aft.org
1211	Northwest Suburban Federation	Kevin Palmer	kpalmer@local1211.org
1274	North Suburban Teacher Union	Jacki Naughton	jackinaughton@gmail.com
1600	Cook County College Teachers Union	Don Radtke	dradtke2133@gmail.com
4100	University Professionals of Illinois	Audrey Edwards	atedwards36@gmail.com

The IFT Robert M. Healey Center is the headquarters for the statewide organization.
500 Oakmont Lane | Westmont, Illinois 60559 | p: 630-468-4080

Visit *ift-aft.org/contact* for additional office locations throughout the state.

Helpful Resources

FOR INFORMATION ABOUT TOPICS IN THIS GUIDE AND MORE, CONTACT THESE ORGANIZATIONS FOR ASSISTANCE.

Illinois Federation of Teachers (IFT)
Website: www.ift-aft.org
General office: 800-942-9242

AFT+ Benefits
Website: www.aft.org/about/member-benefits
Toll-free: 800-238-1133

Chicago Public Schools Department of Human Resources
Chicago: 773-553-1000
Toll-free: 800-238-1133 Ext. 8643

Central Management Services (CMS) for TRIP and TRAIL information
TRIP and TRAIL are accessed from the CMS website (www.illinois.gov/cms/Employees/benefits/Pages/Default.aspx) or by clicking the programs below.

TRIP: www.illinois.gov/cms/Employees/benefits/Teachers/Pages/default.aspx

TRAIL: www.illinois.gov/cms/Employees/benefits/trail/Pages/default.aspx

Toll-free: 800-442-1300

CTPF (Chicago Teachers' Pension Fund)
Chicago: 312/641-4464
Website: www.ctpf.org

U.S. Department of Aging (Eldercare)
Toll-free: 800/677-1116
Illinois office: 312-938-9855
Website: www.aoa.gov

Illinois Municipal Retirement Fund (IMRF)
Toll-free: 800-275-4673
Website: www.imrf.org

State Employees' Retirement System of Illinois (SERS)
Springfield Office: 217-785-7444
Chicago Office: 312-814-5853
Website: www.srs.illinois.gov/

Senior Health Insurance Program of Illinois (SHIP)
(Medicare and other health insurance-related questions)
Toll-free: 800-252-8966
Website: www.illinois.gov/aging/ship/Pages/default.aspx

State Universities Retirement System of Illinois (SURS)
Toll-free: 800-275-7877
Website: www.surs.com

Social Security Administration
Toll-free: 800-772-1213
Website: www.ssa.gov

Teachers Retirement System of Illinois (TRS)
Toll-Free: 800-877-7896
Website: trs.illinois.gov

U.S. Veterans Administration
Toll-free: 800-827-1000
Website: www.va.gov