



IT'S TIME TO UNDO TIER 2

Whether you are higher ed, support staff or certified staff – Tier One and Tier Two apply to you.

If your first employment at a school district or higher education institution was after Jan. 1, 2011, you are in tier two of the state's pension systems. What does this mean? It means that you pay the same amount toward your retirement as those hired before Jan. 1, 2011, but your retirement benefits are diminished.

The IEA is working to change tier two so all educators can have an equitable retirement. Tier two has undermined retirement security for our members and is a major contributor to the support staff and teacher shortage, causing many educators to leave the profession or choose a different career.

TIER ONE

Hired before Jan. 1, 2011

When can you retire?

60

(Reduced benefit: 55)

How many years of service will get me vested?

8
years

How does retiring early reduce my pension benefit?

If you retire between 55 and 60 with less than 30 years' service credit, your pension is reduced by **0.25% for each month under age 60.**

How is my retirement benefit calculated?

The average of the highest wages over **four years** in your last 10 years of service.

What is the amount of my annual pension increase?

3%, compounded annually.

TIER TWO

Hired after Jan. 1, 2011

67

(Reduced benefit: 60)

10
years

If you retire between 62 and 67 with less than 30 years of service credit, your pension is reduced by **0.50% for each month under age 67.**

The average of the highest wages over **eight years** in your last 10 years of service.

The lower of 3% or one-half of the increase in the Consumer Price Index for the preceding year and if CPI decreases or is zero, in increase is paid.

Source

IMRF and SURS, see https://www.imrf.org/AAmanual/Online_AA_Manual/Exhibits/Exhibit_5q.pdf or https://surs.org/wp-content/uploads/SURS_In_Brief.pdf for more.

MORE FACTS ON REVERSE SIDE

TIER TWO FACTS:

- Tier two recipients do the **same work** as those in tier one, but you have to work longer in order to get full benefits when you retire.
- Tier two retirees also will receive **lower pension payments** than tier one retirees.
- You pay 4.5% of your salary into the pension system – the same as tier one recipients pay – but **get less money back**.
- Unlike tier one, there is **no option** for educators with 35 years of service to retire early and receive the maximum benefit.
- Illinois has an **teacher shortage** in part because of the divide between the two tiers, negatively impacting all students' learning conditions and school/campus employees' working conditions.
- Retirement income for tier two educators does not keep up with inflation, with a maximum of 3%, while **inflation recently hit 8%**. We should guarantee retirement keeps up with the cost of living, so people who worked hard their whole lives can keep up with the rising costs of medications, groceries and other essentials during retirement.

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UndoTier2.org

Scan the QR code and join the fight for equitable retirement for all educators.

