

# EMPLOYER BULLETIN

## TRS EARLY RETIREMENT OPTION (ERO) EXPIRATION AND MEMBER ERO SUNSET REFUNDS

July 2016

The TRS Early Retirement Option expired automatically on July 1, 2016 because the General Assembly did not extend the law. The last day a member could retire using the ERO was June 30, 2016.

### **Contribution reduced to 9.0 percent for all members**

**With the expiration of the ERO, the member retirement contribution for both Tier I and Tier II members was reduced from 9.4 percent to 9.0 percent for all creditable earnings earned on or after July 1, 2016.**

Active TRS members have contributed 0.4 percent of their creditable earnings to help fund the ERO since 2005.

Please review all procedures necessary to eliminate the 0.4 percent ERO contribution from your district's payroll system on all salaries earned beginning July 1, 2016.

When an employer pays any portion of a member's retirement contribution, in addition to salary, the employer-paid retirement contributions are reportable as creditable earnings for the member. When the employer agrees to pay the entire 9 percent TRS contribution, creditable earnings are computed by multiplying the salary paid to the member by 1.098901 or by dividing the member's gross salary by 0.910. For additional information regarding employer-paid retirement contribution, refer to pages 15 through 17 in the TRS *Employer Guide*.

### **ERO Sunset Refunds to members**

Most active and inactive members will be eligible to receive a refund of their 0.4 percent ERO contributions accumulated between 2005 and 2016 because ERO was not extended. This refund is called an ERO Sunset Refund. TRS will not be able to estimate each member's potential ERO Sunset Refund until fall of 2016 after all employer Annual Reports are processed. TRS will notify eligible members about their ERO Sunset Refunds in December 2016.

Retired TRS members who did not participate in the ERO program had their accumulated ERO contributions refunded at retirement. All members who retired *before* the ERO law expired will be able to apply for an ERO Sunset Refund at retirement, unless they are participating in the ERO program.

### **Retirement eligibility without ERO**

Employers may receive questions about what age a member can retire now that ERO has expired. The earliest a member can receive a retirement benefit is at age 55 with 20 years of service. The maximum benefit is 75 percent of the average salary with at least 34 years of service credit if the member is eligible for a non-discounted annuity. If the member retires between the ages of 55 and 60 with at least 20 but fewer than 35 years of service, his/her retirement annuity is reduced by 6 percent for every year that he/she is under age 60.