



Teachers' Retirement System (TRS) 2023 Benefit Information Meeting: Tier 2

This presentation will begin shortly
and is scheduled to last approximately
60 minutes

All virtual attendees are muted
throughout the presentation

Questions will be addressed after
each section and at the end of the
presentation as time permits



<https://www.trsil.org/handout>

This presentation is intended to provide basic information summarizing TRS benefits and services and your responsibilities as a TRS member. TRS must comply with all applicable federal and state laws, rules, and regulations. If there is any conflict between the information contained in this presentation and the applicable law, rule, or regulation, the law, rule, or regulation takes precedence. No TRS employee has authority to bind the System to any statement or action contrary to law. Laws are subject to change. TRS must correct errors upon discovery even if payment has begun. Any information is for the specific purpose provided and does not represent tax, legal, or other professional advice. Seek personal professional advice as needed.



What will be covered . . .



Part 1:

- TRS Basics
- Your Pension Benefits

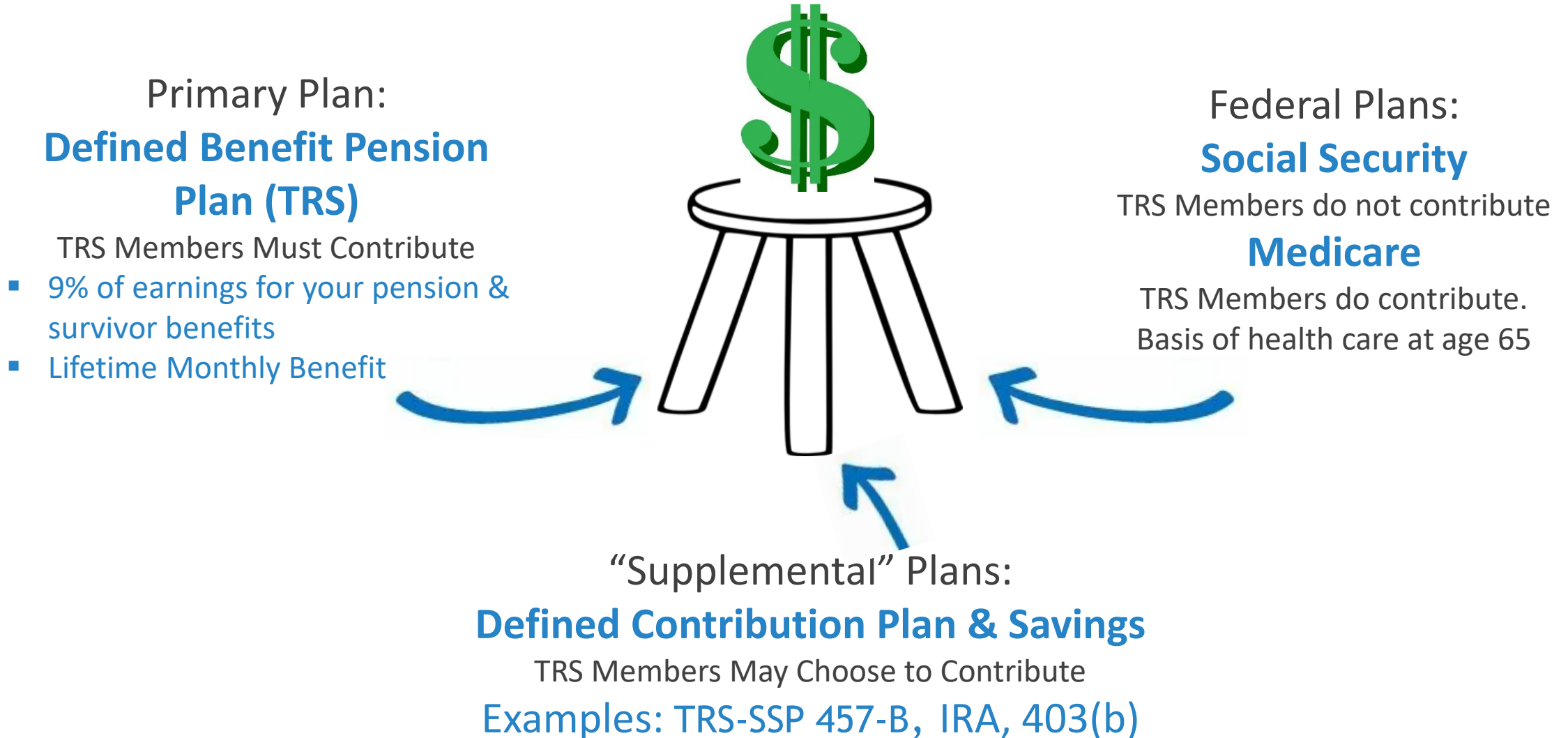
Q&A

Part 2:

- Disability & Death Benefits
- Health Insurance (TRIP/TRAIL)
- Retirement Process
- Post Retirement Increases & Work Limits

Q&A

Retirement Basics: A Model Plan



Tier 1 or Tier 2

TIER 1

First contributed to TRS or reciprocal retirement system **prior to January 1, 2011**

TIER 2

First contributed to TRS or reciprocal retirement system **on or after January 1, 2011**

JANUARY 2011						
SUN	MON	TUES	WED	THURS	FRI	SAT
30	31					1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29

TRS Basics

Contributions

- All members (Tiers 1 and 2) contribute 9% of gross earnings to TRS
- Contributions are invested by TRS to pay retirement, disability and death benefits

TRS is a Defined Benefit (DB) Plan

- Benefits are determined by a formula set out in the Illinois Pension Code
- Benefits are paid through the month of death
- Optional Defined Contribution (DC) component available (SSP)

Retirement Benefits

Retirement Eligibility

TIER 2

Age 67 with a minimum of 10 years of service

Age 62 with a minimum of 10 years of service **

“Retirement” = Collect a Pension

** Early retirement – the benefit will be reduced by 6% for each year the member is under age 67

Retirement Formula

Service Credit

x Formula Factor

= Percentage

Percentage

x Final Average Salary (FAS)

= Annual Pension Benefit



Service Credit

$$\text{Service Credit} \times \text{Formula Factor} \times \text{FAS} = \text{Pension}$$

170 paid days equal 1 year of service credit

- Full-time, part time, and substitute teaching

Only 1 year of service can be earned per school year

School year runs July 1 through June 30

Days Worked	Service Earned
94 days	0.553
170 days	1.000
185 days	1.000
260 days	1.000

Service Credit from Sick Leave Days

Unused, uncompensated sick days reported to TRS by a school district upon termination or retirement

- Maximum of 340 sick leave days or 2.000 years of service
- Every sick day earns service credit
- Current district sick leave is not reported to TRS until ceasing employment
- Request Former Employer Sick Leave Certification (if not reported by the former district) **Call TRS for the form**

Unused, uncompensated sick days	Service credit
1	0.006
67	0.394
170	1.000
213	1.253
340 +	2.000

Service Credit Purchase (Optional Service)

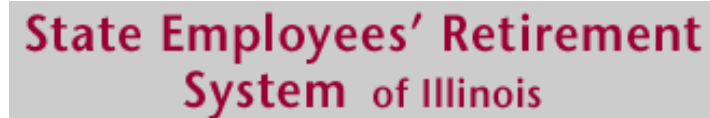


Types of optional service credit

- Out-of-system teaching (K-12 public schools)
- Leaves of absence
- RIF (reduction in force)
- Military service
- Previously refunded TRS service
- 2 years of private school (must apply by June 30, 2028)
- **Call TRS for the form(s) to verify service and get cost to purchase**

Reciprocal Service Credit

- IMRF, SURS, SERS, CTPF, others
- Must have at least 1 year of non-concurrent service credit
- Teacher's aide under IMRF may use less than one year if aide work was followed by teaching
- Combined service credits must meet the minimum vesting requirements in each system



Formula Factor - 2.2 %

$$\text{Service Credit} \times \text{Formula Factor} \times \text{FAS} = \text{Pension}$$

The Formula Factor is the percentage of your final average salary you earn for each year of service credit

FINAL AVERAGE SALARY

Service Credit x Formula Factor x FAS = Pension

TIER 2

Average of highest EIGHT (8)
***consecutive** salaries out of last 10
years of service

Cannot exceed the limit that is tied to
the Consumer Price Index

- FY 2025 salary cap: \$125,773.73

“Salary” includes regular pay, extra duty stipends, 9% contribution to TRS.
Increases up to 20% with same employer can be included

*See Appendix for additional information on Final Average Salary

Maximize Your Pension With 2.2

Service Credit x **Formula Factor** x **FAS** = Pension

Maximum Benefit is 75% of the Final Average Salary

- 34.000 years of service = 75% (age 67 and over)

Years over 34 may continue to build Final Average Salary

Retirement Formula

Service Credit

x Formula Factor

= Percentage

Percentage

x Final Average Salary

= Annual Pension Benefit



Unreduced Retirement Calculation Example

Member:

- Age 67 (Tier 2)
- Years of Service :
30
- Average Salary:
\$85,000

30 years of service

x 2.2%

= 66.0%

x \$85,000

= \$56,100 Annual Pension Benefit

= \$4,675 Monthly Pension Benefit

30 years of service

x 2.2%

= 66.0%

x \$85,000

= \$56,100

- 30% (age reduction)

= \$39,270 Reduced Annual Pension

= \$3,272.50 Reduced Monthly Pension

- A reduced pension remains permanently reduced
- Stop working at any age and defer retirement (age 67 for Tier 2) and pension will be unreduced.

Reduced Retirement Calculation Example

Member:

- Age 62
- Years of Service : 30
- Average Salary: \$85,000

Age reduction: 30%

- 6% for each year under age 67

Benefit Estimates

TRS can prepare a benefit estimate if **YOU** can provide us with:

- Anticipated date of retirement
- Total reportable salary for current and future years
- Total sick leave that will be reported at retirement
- Information about district retirement incentives
- Reciprocal service (if applicable)

YOU can also prepare your own TRS estimate using your online account access at <http://trsil.org>

(Note: Must contact TRS to include reciprocal service in estimate)



QUESTIONS

Disability Benefits

Disability Benefits

TRS offers temporary disability benefits to ill/injured ACTIVE members prior to retirement

- Eligibility
 - Must have at least **3 years** of non-concurrent service credit (TRS, SURS, SERS, and IMRF)
 - **Two** state-licensed physicians must certify the disability existed within 90 days of last day of work (only one physician is required for pregnancy)
 - Must use up all sick leave days
- Benefit is equal to 40% of member's contract rate
- You earn service credit while receiving the disability benefit

Call TRS Member Services for information if you feel you may need this benefit.

Death Benefits



What is Automatic Designation?

Section 1: Personal Information Member First Middle Last Name: Member Address 1: Member Address 2: City State Zip:	Member ID: Home telephone number: Work telephone number: Cell phone number: Email address:
Section 2: Marital Status <input type="checkbox"/> Single <input type="checkbox"/> Married/civil union <input type="checkbox"/> Divorced <input type="checkbox"/> Widowed Spouse's name:	
Section 3: Automatic Designation <i>(commonly selected by members with a spouse or civil union partner and/or minor children)</i> <input type="checkbox"/> I elect that my dependent beneficiaries, as determined at my death, receive a survivor benefit and/or a beneficiary refund. If no dependent beneficiary survives, benefits will be paid to my estate. If the automatic designation is selected, do not complete the Survivor Benefit or Beneficiary Refund sections.	

- Commonly selected by members who have a spouse and/or minor children
- Death benefit is automatically paid to surviving dependents, or to your estate if you have no dependents
- If this option is selected, DO NOT list beneficiary names. Simply check the box.

Survivor Benefits

Section 4: Survivor Benefit*				
Primary Beneficiary(ies) - receive survivor benefits first				
1	Name:			SSN: _____
	Address:			Birth date: _____
	City:	State:	Zip:	Relationship: _____
2	Name:			SSN: _____
	Address:			Birth date: _____
	City:	State:	Zip:	Relationship: _____
3	Name:			SSN: _____
	Address:			Birth date: _____
	City:	State:	Zip:	Relationship: _____
Alternate Beneficiary(ies) - receive survivor benefits if no primary beneficiary survives				
1	Name:		Birth date:	SSN: _____
2	Name:		Birth date:	SSN: _____
3	Name:		Birth date:	SSN: _____



- Funded through survivor benefit contributions made while teaching (**1%** of annual salary)
- Tier 2 – 67% of monthly benefit to a spouse; 50% to other dependent beneficiaries
- Lump sum to any beneficiary
- Refundable in retirement if no dependent beneficiary

Beneficiary Refund



Section 5: Beneficiary Refund*			
Primary Beneficiary(ies) - receive beneficiary refund benefits first			
1	Name:		SSN: _____
	Address:		Birth date: _____
	City:	State:	Zip: Relationship:
2	Name:		SSN: _____
	Address:		Birth date: _____
	City:	State:	Zip: Relationship:
3	Name:		SSN: _____
	Address:		Birth date: _____
	City:	State:	Zip: Relationship:
Alternate Beneficiary(ies) - receive beneficiary refund benefits if no primary beneficiary survives			
1	Name:	Birth date:	SSN: _____
2	Name:	Birth date:	SSN: _____
3	Name:	Birth date:	SSN: _____

- Lump-sum refund of unrecovered **pension contributions** (8% of salary plus interest earned)
- Paid only if you pass away before recovering entire pension contribution (usually within the first few years of retirement)

Retirement Timeline

Throughout Your Career

Regularly: Review your status

- Review your annual TRS statement online
- Verify beneficiaries
- Upload Proof of Birth
- Prepare updated benefit estimates
- Meet with a TRS Counselor
- Check in with your financial planner
 - Monitor DC plan performance
 - Make changes as needed (plan limits change as you age)

6-12 Weeks from Retirement

Contact TRS for Personalized Retirement Interview (PRI)

- Takes about 10 minutes and does not require an appointment

Questions

1. Do you want a Standard or Reversionary Retirement?
2. Would you like federal taxes withheld?
3. Are you receiving or are you eligible to receive a public pension from another state?
4. Does your district know you are retiring this year?

*** If you retire reciprocally, you must contact each system and start retirement process with them as well. See Appendix for phone #'s**

Finalizing Your Retirement Packet

Retirement Forms: Review and Return to TRS

- Retirement Application
 - If district is aware of retirement, return application by last day of employment
 - If district not aware, return immediately upon notification to the district
- Direct Deposit Form
- TRIP Participation Election Form (Health Insurance)
 - Step 1: Must return form within 60 days of retirement if you plan to enroll in TRIP/TRAIL at the time of retirement
 - Step 2: Call My Benefits Service Center within the 60 days prior to effective date to choose your insurance carrier

TRS Retirement Processing

Claim Processing: Allow 60-90 Business Days After All Forms and Payments Received and Reviewed

- AFTER last day of service, Employer will submit relevant information for final year of service
- Benefits are paid monthly through the month of your death
- Cannot outlive your benefit
 - Current oldest retiree is 106!

***More Retirement Timeline information available in the Appendix**

Annual Increases

Standard Annual Benefit Increases

- Available to members who have been retired for one full year AND
 - Are at least age 67 (the lesser of 1/2 CPI or 3%, not compounded)
- Increases occur each January 1 (reflected in the February 1 benefit payment)

In Retirement. . .

Post-retirement Employment

- Must have received first pension check
- TRS-covered work limited to 120 days/600 hours per school year thru 6/30/26
- May not work in TRS-covered position until July 1
- May not return to last employer for 30 days
- May not pre-arrange post-retirement employment with last employer
- May not work FULL TIME in a reciprocal system
- No limit on private sector or out-of-state public school work
- No limit on earnings

Health Insurance (TRIP/TRAIL)

Health Insurance

Teachers' Retirement Insurance Program (TRIP)

- Must have at least 8 years of service credit with TRS to be eligible
- Insurance carriers determined by county of residence (HMO, OAP, PPO)
- Works as primary coverage before age 65
- Medicare Advantage Program (TRAIL) for Medicare-primary members
- Includes prescription drug coverage
- Does NOT include dental or vision

Teachers' Retirement Insurance Program (TRIP)

- Enrollment opportunities:
 - Upon retirement (can defer up to 4 months)
 - At age 65 (Medicare)
 - Upon termination of other coverage
 - Annual Open Enrollment
- Also available to dependents BUT rates are not subsidized
- Administered by Illinois Department of Central Management Services (CMS)
- TRS's role is limited to basic coverage info, enrollment, and collecting of monthly premiums

TRIP Premiums

Monthly Contributions through June 30, 2024

Type of Plan		Not Medicare Primary Under Age 26	Not Medicare Primary Age 26-64	Not Medicare Primary Age 65 & Older	Medicare Primary* All Ages
Benefit Recipient	Managed Care Plan (OAP & HMO)	\$106.45	\$330.67	\$450.52	\$130.68
	TCHP (PPO) when a managed care plan is available	\$276.27	\$771.71	\$1,172.71	\$309.86
	TCHP (PPO) when a managed care plan is unavailable in your county	\$138.13	\$385.85	\$586.37	\$154.94
Dependent Beneficiary	Managed Care Plan (OAP & HMO)	\$425.96	\$1,322.65	\$1,802.05	\$450.24**
	TCHP (PPO) when a managed care plan is available	\$552.55	\$1,543.41	\$2,345.44	\$619.72
	TCHP (PPO) when a managed care plan is unavailable in your county	\$552.55	\$1,543.41	\$2,345.44	\$464.80**

TRAIL Premiums

Monthly Contributions through December 31, 2024

Aetna MAPD PPO (Effective Jan. 1, 2024)		
Monthly Contributions	Member Rate	\$2.16
	Dependent Rate	\$6.49



Social Security Medicare

Social Security and Medicare

- Illinois teachers do not contribute on TRS-covered employment
- Earned SSA benefits may be reduced under Windfall Elimination Provision (WEP) and/or Government Pension Offset (GPO)
- Check for FICA deduction on your paycheck or contact Social Security to confirm eligibility for Medicare (typically at age 65)
- Medicare ID cards are sent by the Social Security Administration
- Social Security (800) 772-1213

www.ssa.gov





Supplemental Savings Plan (SSP)

SUPPLEMENTAL SAVINGS PLAN

TRS Supplemental Savings Plan



- The SSP is a 457(b) retirement savings plan that:
 - *Is optional for full-time and part-time contractual employees*
 - *Is designed to supplement a member's TRS pension – not replace it*
 - *Offers both pre-tax and Roth (post-tax) savings options*
 - *Was designed by TRS to offer a competitive, cost-effective plan with a diverse investment array*
 - *TRS partners with Voya Financial to administer*
- The SSP is *not* a 403(b) plan. Contributions to a 403(b) plan offered by your district do not limit how much you can contribute to the SSP.
- Contributions to the SSP and any other 457(b) plans you participate in cannot exceed \$23,000 in 2024. If you are age 50+ in 2024, you may elect to contribute an additional \$7,500, for a total of \$30,500.

TRS Supplemental Savings Plan



- The SSP is a retirement account that may:
 - *Provide an additional income source in retirement*
 - *Provide an income bridge if retiring early*
- SSP offers:
 - Self-directed funds for those who want more control over investment strategy
 - Target date funds that balance risk based on proximity to retirement
- New TRS members are automatically enrolled at 3% of pre-tax compensation, but can opt out or change contribution amount and type at any time.
- Existing TRS members can enroll any time!

Learn More or Enroll

For more details on all of the Plan's benefits, investment education resources, and features including videos, articles, newsletters and savings calculators, visit the participant website at trsilssp.voya.com or 844-877-4572 (844-TRS-457B).

“It’s Time to Retire” Webinars

Is 2024 YOUR year to retire?

TRS will offer 1-hour webinars in February to review specifics right when you need them!

- Reminder to request your benefit estimate including the AAI illustration
- How to get your paperwork started
- What information is needed from you and your district
- How and when to sign up for health insurance

Be sure TRS has your correct email address & watch for an invitation to sign up through the TRS website

Contact Information

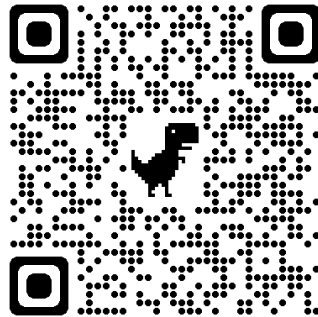
TRS Phone & Hours

Toll free: (877) 927-5877

M-F: 8:30 am to 4:30 pm



members@trsillinois.org



Presentation Handout:

<https://www.trsil.org/handout>



<https://trsillinois.org>



[Facebook.com/TRSillinois](https://www.facebook.com/TRSillinois)



[@ILLTRS](https://twitter.com/ILLTRS)



www.youtube.com/c/trsillinois



Supplemental Savings Plan:

trsillsp.voya.com

1-844-877-4572 (1-844-TRS-457B)

MyBenefits Service Center (TRIP/TRAIL):

1-844-251-1777

Appendix

Fiscal Year 2022 Key TRS Stats

➤ Finances

- Investment Portfolio - \$63 billion (*down 2.1%*)
- Revenue - \$6.3 billion (*earnings & contributions*)
- Benefits Paid - \$7.6 billion (*up 3.9%*)
- Investment Return - (1.2%) *net of fees*

➤ Long-Term Funded Status

- Total Liability - \$143.5 billion (*up 3.3%*)
- Unfunded Liability - \$80.6 billion (*up 0.9%*)
- Funded Ratio - 43.8% (*up 1.3%*)

➤ Membership

- Total – 439,833 (*up 1.7%*)
- Active – 165,566 (*up 4.1%*)
- Inactive – 144,801 (*down 0.7%*)
- Benefit Recipients – 129,466 (*up 1.5%*)
- Average Pension, all retirees – \$63,276 (*up 2.3%*)

➤ Membership Breakdown

- Active Tier 1 – 103,163 (*down 1.8%*)
✓ (*62.3% all active members*)
- Active Tier 2 – 62,403 (*up 15.6%*)
✓ (*37.7% of all active members*)
- Average Age of a Retired Member – 73 years old
- Average Service Credit at Retirement – 27 years

➤ Membership FAQs

- In January, the System's oldest member – 108 years young from Rushville – passed on.
- The mantle of “oldest TRS member” now belongs to a retiree in Flossmoor aged 106. She has been an annuitant since 1976.
- The oldest *active* TRS member is 83 and lives in Olmstead.



Source: Fiscal Year 2022 TRS Annual Report

Reciprocal Retirement Systems

CEABF	County Employees' Annuity & Benefit Fund of Cook County	www.CookCountyPension.com	(312) 603-1200
CTPF	Chicago Teachers' Pension Fund	www.CTPF.org	(312) 641-4464
PEABF	Forest Preserve District Employee's Annuity Benefit Fund of Cook County	www.CookCountyPension.com	(312) 603-1200
IMRF	Illinois Municipal Retirement Fund	www.IMRF.org	(630) 368-1010
JRS/GARS	Judges' & General Assembly Retirement System	www.srs.Illinois.gov	(217) 782-8500
LABF	Laborers' Annuity & Benefit Fund	www.labfChicago.org	(312) 236-2065
MEABF	Municipal Employees' Annuity & Benefit Fund	www.MEABF.org	(312) 236-4700
MWRD	Metropolitan Water Reclamation District	www.MWRDRF.org	(312) 751-3222
PEABF	Park Employees' Annuity & Benefit Fund of Chicago	www.ChicagoParkPension.org	(312) 553-9265
SRS	State Employees' Retirement System	www.srs.Illinois.gov	(217) 785-7444
SURS	State Universities Retirement System	www.SURS.org	(800) 275-7877
TRS	Teachers' Retirement System (of Illinois)	www.trsil.org	(877) 927-5877

FY2024 TRS Contributions

Members, employers and the state of Illinois make contributions to TRS to provide for your retirement, disability and death benefits.

Members Contributions	9.0% of gross creditable earnings <ul style="list-style-type: none">• 7.5% for retirement benefits• 0.5% for automatic annual increases in retirement• 1.0% for death benefits
Member THIS Fund Contributions	0.90% for subsidized premiums for retiree insurance
Employer Contributions	0.58% for retirement benefits
Employer THIS Fund Contributions	0.67% for subsidized rates for retiree insurance

Age Reduction

TIER 1

If less than 35.000 years of service credit, the annuity will be reduced by 6% for each year* under the age of 60.

Age 60	No reduction
Age 59	6% reduction
Age 58	12% reduction
Age 57	18% reduction
Age 56	24% reduction
Age 55	30% reduction

*Actual age at retirement calculated to three decimal places

TIER 2

The annuity will be reduced by 6% for each year under the age of 67*.

Age 67	No reduction
Age 66	6% reduction
Age 65	12% reduction
Age 64	18% reduction
Age 63	24% reduction
Age 62	30% reduction

*Actual age at retirement calculated to three decimal places

Benefit Comparison

Major Differences	Tier 1	Tier 2
Normal Retirement Age	Age 60	Age 67
Vesting Period	5 years	10 years
Pensionable Salary	Unlimited	\$123,489.18
Final Average Salary	Avg. of the highest 4 consecutive years	Avg. of the highest 8 consecutive years
Post Retirement Annual Increases	3% compounded annually after age 61	½ of the CPI with 3% Cap

Retirement Process Responsibilities

TRS MEMBER

- Contact TRS 6-12 weeks prior to your last day of work (by phone or online)
- Complete and submit all necessary retirement forms
- Contact each reciprocal system for retirement application, if applicable
- Submit retirement application to reciprocal system(s), if applicable
- Pay off or waive all optional service and 2.2 balances

EMPLOYER

- Submit the supplementary report on or after the last day of work (electronically)
- Submit the sick leave certification on or after the last day of work (electronically)

Retirement Process Timeline

Elected “NO” for AAI



Your retirement claim will be processed after TRS receives all necessary forms/payments and audits the supplementary report and sick leave granting certification



First retirement check issued 60-90 days after last required form or payment is received & reviewed (first payment is retro-active to your retirement date).

Elected “YES” for AAI



TRS will mail the AAI Election form to your home address after TRS receives all necessary forms/payments and audits the supplementary report and sick leave granting certification.



Once TRS receives your completed AAI Election form, TRS will process your monthly retirement benefit.



First retirement check issued after AAI Election form is received (first payment is retro-active to your retirement date).



Once your retirement claim is processed, you will receive a Transfer/Rollover form for your AAI lump-sum.

Once the calculation is complete you will receive a Notification of 1st Payment letter including the retroactive payment as well as your regular monthly payment going forward.

Excess Contribution Refunds

Refunds

- 2.2 Upgrade overpayment
- Early Retirement Option (ERO) – if not already claimed
- 1% Survivor Benefit Refund (if eligible)
 - Forfeits any Survivor Benefit

Refunds are paid after retirement benefit is calculated

- Refund checks are always mailed by the Illinois Comptroller's Office

Taxable refunds over \$200.00 are eligible for rollover

Legislative Update

PA 102-0718 – Extends through June 30, 2026

- Voluntary Tier 1 accelerated annual increase “buyout” (AAI)
- Voluntary Accelerated Pension Benefit (APB) for inactive members

PA 102-0440 – Effective July 1, 2021

- Allows a retiree to return to active service in a subject shortage area without impacting their pension benefit through June 30, 2024

PA 103-0017 – Effective July 1, 2023

- Allows a TRS member to purchase at normal cost optional credit for up to 2 years of previous service as a teacher or administrator employed by a private school. Must apply by June 30, 2028

PA 103-0088 – Effective July 1, 2023

- Allows members to work in a TRS-covered position for 120 days/600 hours without affecting their pension through June 30, 2026

Final Average Salary

PA 102-0016 effective June 17, 2021

- If the 2020/21 salary is part of the original average salary calculation, new legislation allows the use of the 4 (Tier 1) or 8 (Tier 2) highest years out of the last 10 years worked without the requirement that they be CONSECUTIVE
- TRS will automatically provide the highest average salary when calculating the retirement claim
- Retirement date must be on or after June 1, 2021
- Exemption to the 6% cost for salary increases, if:
 1. In 20-21 the district was unable to offer or allow overload stipend work due to an emergency declaration limiting such service, OR
 2. If the increase was due to summer school service during the 21-22 year
Exemption runs from May 2021 to September 15, 2022

Accelerated Pension Benefit (APB)

- Available to INACTIVE Tier I and Tier II members
 - Tier I: must have at least 5 years of TRS service
 - Tier II: must have at least 10 years of TRS service
- Eligible inactive members will be notified via mail when available
- “Buyout” amount will equal 60% of the present value of the member’s anticipated lifetime pension benefit
- TRIP insurance coverage will be available to eligible APB participants when the normal retirement age is reached
 - Member must have at least 8 years of TRS service credit to qualify for TRIP