

Teachers' Retirement System (TRS) Benefit Information Meeting

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

General questions will be addressed at the end of the presentation

The Benefits Counselor will be available to answer individual questions after the presentation





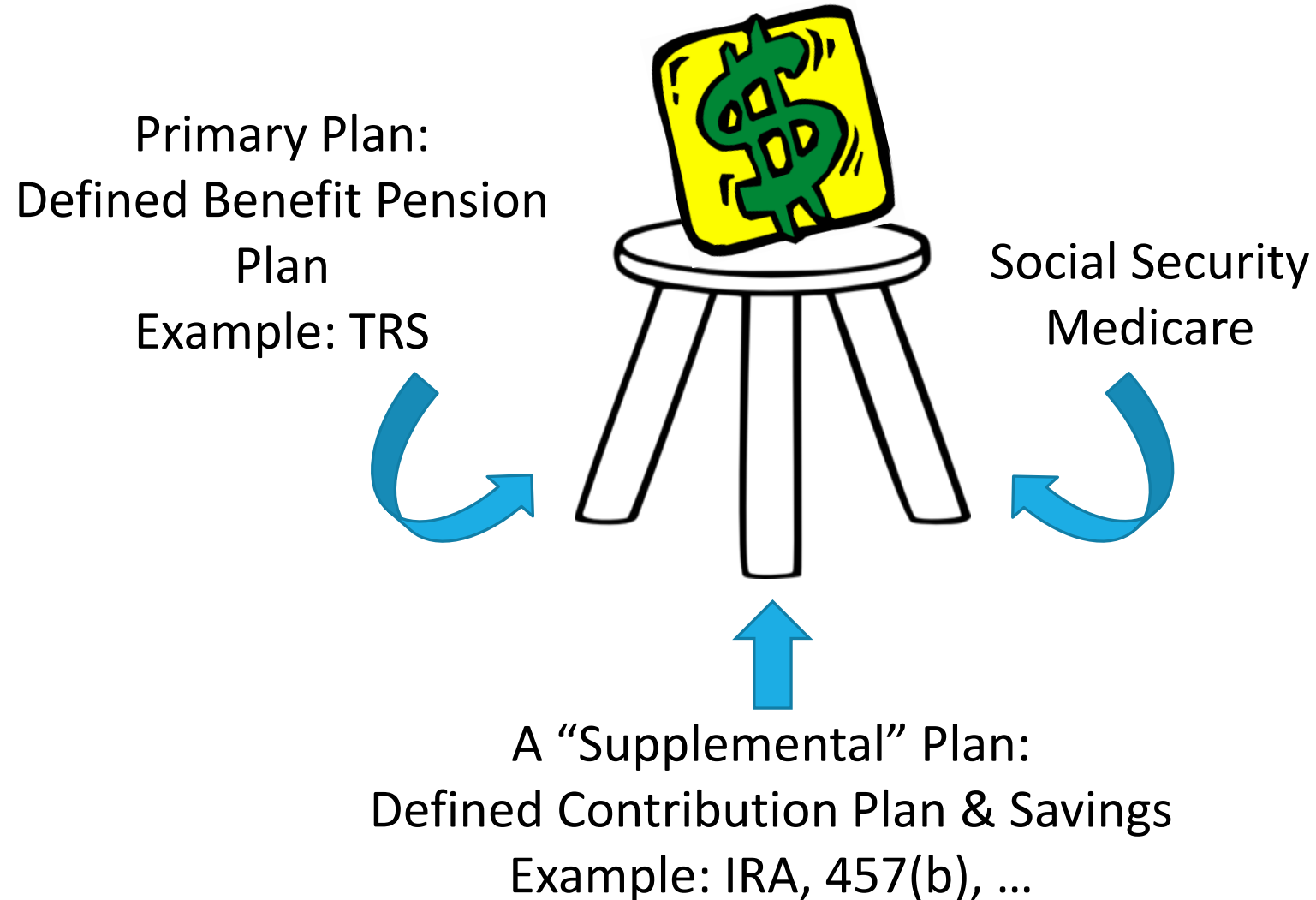
BENEFIT INFORMATION MEETING

What will be covered

Retirement Benefits
Disability Benefits
Death Benefits
Retirement Timeline
Deferred Compensation



Retirement Basics: A Model Plan



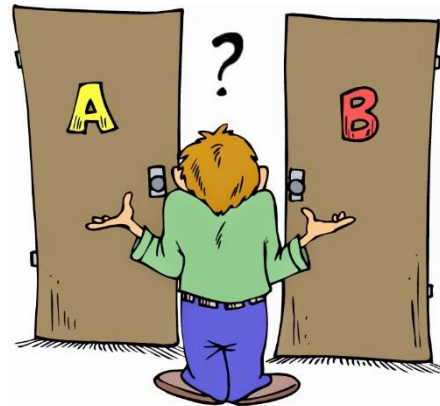
Tier 1 or Tier 2

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**



TRS Basics

Contributions

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

Defined Benefit (DB) Plan

- Account balance and market performance do not determine benefit amount
- Benefit is determined by a formula set out in the Illinois Pension Code
- Benefits are paid through the month of death
- You cannot outlive the benefit

RETIREMENT BENEFITS

Retirement Eligibility

TIER 1

Age 62 with a minimum of 5 years of service

Age 60 with a minimum of 10 years of service

Age 55 with a minimum of 20 years of service *

* Discounted retirement – the benefit will be reduced by 6% for each year, unless the member has 35.000 years of service credit or meets **Rule of 85**

Rule of 85

- Must be Tier I
- Age + Service must equal to 85
- Must last contribute in TRS state-covered position prior to retirement for one year
- Must have a minimum of 5 years of service in a TRS state-covered position

Retirement Formula

$$\begin{aligned} & \text{Service Credit} \\ \times & \text{ Formula Factor } \\ = & \text{Percentage} \\ & \text{Percentage} \\ \times & \text{ Final Average Salary } \\ = & \text{Annual Pension Benefit} \end{aligned}$$



Earned TRS Service Credit

- 170 paid days equal 1 year of service credit
- 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 your employer 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 employer/school district)

| 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)
- Leaves of absence
- Substitute teaching, homebound, part-time - prior to 1990
- Military service
- Previously refunded TRS service
- Illinois Private School (must apply by 6/30/2028)



Service Credit Purchase

Service Verification

- Call TRS for appropriate form(s)
- 8 weeks for verification
- TRS will notify you about cost
- No obligation to purchase verified service



Methods of payment

- After-tax dollars
 - Checks only
 - Must pay a minimum of \$50
- Rollover
 - Tax-deferred dollars from a qualified pre-tax plan (IRA, 403(b), etc.)
 - Request a rollover certification which must be completed by your financial institution

Reciprocal Service Credit

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



Formula Factor - 2.2 Upgrade

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

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

- Since 7/1/1998, 2.2% has been the formula factor
- Prior to 1998, there were multiple factors used, resulting in a lower pension or requiring more years of service to maximize your pension
- Years of service prior to 1998 can be “upgraded” to 2.2% by paying an upgrade cost, through “3 for 1 forgiveness”, or a combination of these

Your 2.2 upgrade cost is specific to YOU. Call TRS to ask if you have a cost.

Final Average Salary (FAS)

Service Credit x Formula Factor x FAS = Pension

TIER 1

- Average of highest FOUR consecutive* salaries out of last 10 years of service

- “Salary” includes regular pay, extra-duty stipends, overtime, and TRS contributions paid by the employer
- Salary increases up to 20% with same employer will count towards average
- Employer bears a cost for year-to-year increases over 6%

*Non-consecutive years can be used in some instances, see Appendix

Retirement Formula

$$\begin{aligned} & \text{Service Credit} \\ & \times \text{ Formula Factor } \\ = & \text{Percentage}^* \\ & \text{Percentage}^* \\ & \times \text{ Final Average Salary } \\ = & \text{Your Yearly Pension Benefit} \end{aligned}$$

*Maximum benefit of 75% of FAS is earned with 34 years of service (35 years if Tier I retiring before age 60 without Rule of 85) if pre-1998 service has been upgraded to 2.2%

Non-discounted Retirement Calculation Example

Member:

- **Age 60 (Tier I) or Rule of 85 (service + age = 85)**

Years of Service : 29

Average Salary: \$85,000

29 years of service

x 2.2%

= 63.8%

x \$85,000.00

= \$54,230 Annual Pension Benefit

= \$4,519 Monthly Pension Benefit

Discounted Retirement Calculation Example

Member:

- **Age 55 (Tier I)**
- **55 + 29 = 84**

Years of Service : 29

Average Salary: \$85,000

Age reduction: 30%

- Tier I (6% for each year under the age of 60)



29 years of service

x 2.2%

= 63.8%

x \$85,000.00

= \$54,230

- 30% (age reduction)

= \$37,961 Annual Pension Benefit

= \$3,163 Monthly Pension Benefit

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 employer retirement incentives
- Reciprocal service (if applicable)

YOU can also prepare your own TRS estimate using your online account access at

<https://trsill.org>



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 service (only one physician is required for pregnancy)
 - Must use up all sick leave days
- Benefit is equal to 40% of member's contract rate or salary rate
- You earn service credit while receiving the disability benefit
- No cost/premium for this benefit
- **Call TRS Member Services for information if you feel you may need this benefit**

DEATH BENEFITS



Beneficiary Designation Form

| | |
|--|--|
| 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
- No need to list any names
- Death benefit is automatically paid to a surviving spouse and/or minor children

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 working (1% of annual salary)
- Tier I – 50% of monthly benefit to a dependent beneficiary
- 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 to any beneficiary
- Paid only if you pass away before retirement or within first few years of retirement (declining balance)

SEGIP Life Insurance

- Basic Life Insurance is provided at no cost to all active members, retirees and annuitants.
- Active employees receive an amount equal to their annual salary.
- Retirees and annuitants **under** age 60 receive an amount equal to their annual salary on their last day of active employment.
- Retirees and annuitants age 60 or older receive a \$5,000 benefit.

| Optional Term Life Rate | |
|-------------------------|--------------------------|
| Member Age | Monthly Rate Per \$1,000 |
| Under 30 | \$0.03 |
| 30-39 | \$0.05 |
| 40-44 | \$0.09 |
| 45-49 | \$0.12 |
| 50-54 | \$0.19 |
| 55-59 | \$0.36 |
| 60-64 | \$0.56 |
| 65-69 | \$1.26 |
| 70 and Over | \$2.06 |

| Spouse Life Monthly Rates | |
|--|--------|
| Spouse Life \$10,000 Coverage (Members, retirees, and annuitants under aged 60) | \$5.70 |
| Spouse Life \$5,000 Coverage (Retirees and annuitants aged 60 and older) | \$2.85 |

Common Mistakes

- Waiting until your last year of service to buy optional service or verify retirement eligibility
- Assuming that your friend's retirement situation also applies to you
- Assuming your employer will “take care of things”
- Thinking that it's too early to start talking about your retirement benefits with TRS
- Leaving your work email account and phone number as your contact information after retiring



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 (includes “AAI” program if retiring by 6/30/2026)
- 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. Are you interested in AAI lump sum, if retiring by 6/30/2026 (yes or no)?
2. Do you want a Standard or Reversionary Retirement?
3. What would you like for your federal tax withholding status?
4. Are you receiving or are you eligible to receive a public pension from another state?
5. 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.**

Annual Increases

Tier 1

- 3% per year, compounded*
- 1st increase:
 - Must be retired at least 1 full year
 - Must be at least 61 years old
 - The following Jan 1 is your first increase, retroactive to the date you retired

*Unless Accelerated Annual Increase (AAI) was elected at retirement

Accelerated Annual Increase (AAI) Program

- Available only for Tier 1 retirees through 6/30/2026
- A new OPTIONAL program allows you to exchange the 3% per year compounded increases for:
 - 1.5% per year non-compounded increases beginning Jan 1 after your 67th birthday, plus
 - A one-time accelerated pension payment equal to a portion of your future annual increases
- Irrevocable election made at retirement
- Survivor Benefit amounts also affected by AAI

FY2024 State Insurance Benefits (SEGIP)



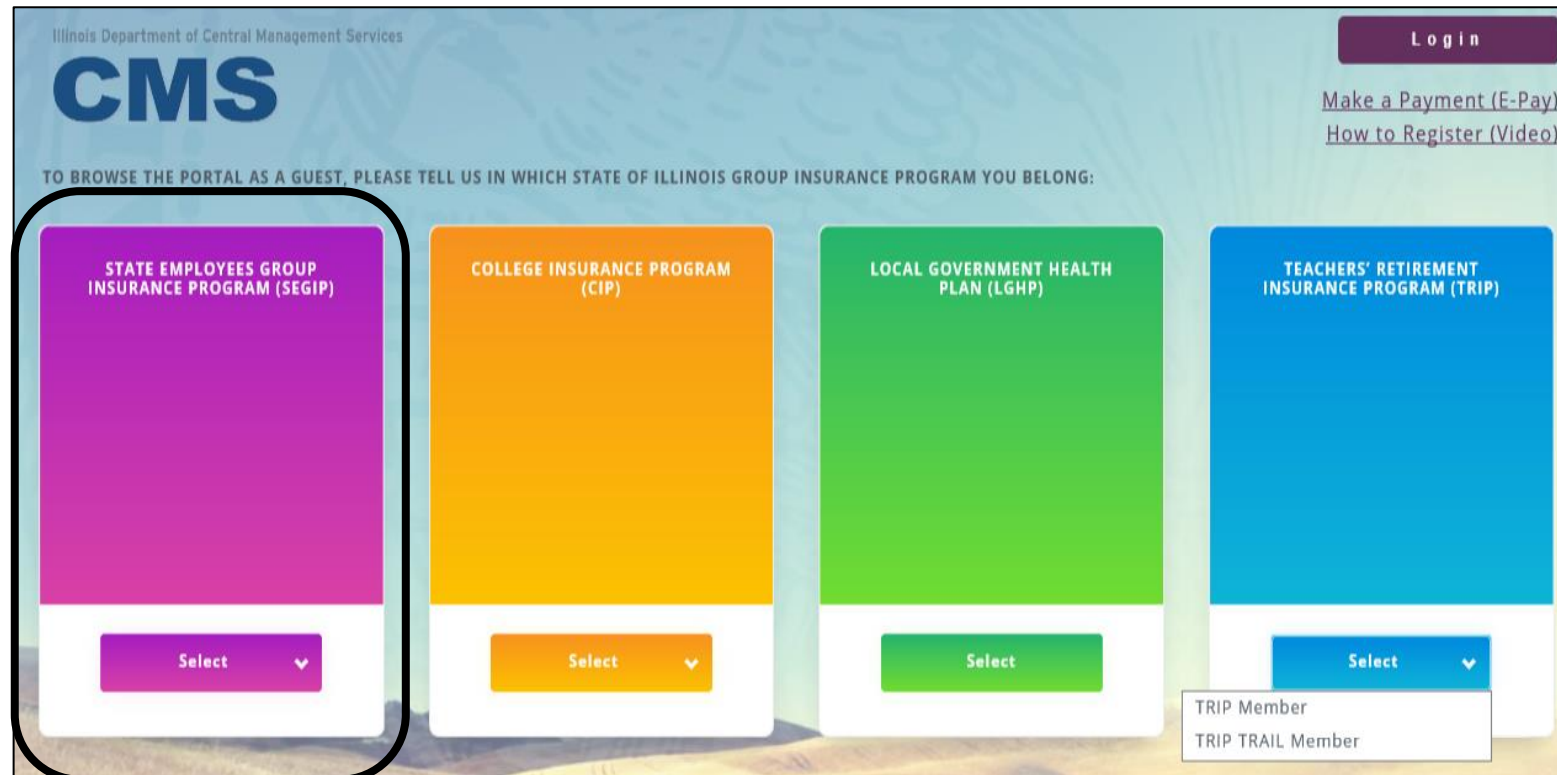
State Insurance Enrollment

- Eligible with 5.000 years of state service credit
- Enrollment opportunities
 - Within 30 days of retirement date if enrolling at retirement
 - Medicare becomes available (age 65 in most cases)
 - Involuntary termination of previous insurance coverage
 - Benefit Choice Period – Typically May with coverage starting July 1
 - Dependents may enroll at same opportunities
- Coverage always starts on the first of a month

My Benefits Service Center

SEGIP health insurance administered through My Benefits Service Center:
<https://mybenefits.illinois.gov> or call (844) 251-1777

Enroll, change coverage, add, terminate and compare insurance coverage



SEGIS Member Premiums through June 30, 2024

| Employee Annual Salary | Aetna HMO | Blue Advantage | Health Alliance Illinois | HMO Illinois | Aetna OAP | BCBSIL* OAP | HealthLink OAP | CDHP** | QCHP*** |
|------------------------|-----------|----------------|--------------------------|--------------|-----------|-------------|----------------|--------|---------|
| \$30,200 & below | \$120 | \$94 | \$120 | \$98 | \$114 | \$114 | \$128 | \$95 | \$134 |
| \$30,201 - \$45,600 | \$139 | \$113 | \$139 | \$117 | \$133 | \$133 | \$147 | \$114 | \$153 |
| \$45,601 - \$60,700 | \$158 | \$132 | \$158 | \$136 | \$152 | \$152 | \$166 | \$133 | \$171 |
| \$60,701 - \$75,900 | \$176 | \$150 | \$176 | \$154 | \$170 | \$170 | \$184 | \$151 | \$190 |
| \$75,901 - \$100,000 | \$195 | \$169 | \$195 | \$173 | \$189 | \$189 | \$203 | \$170 | \$209 |
| \$100,001 - \$125,000 | \$249 | \$223 | \$249 | \$227 | \$243 | \$243 | \$257 | \$224 | \$263 |
| \$125,000 - and over | \$282 | \$256 | \$282 | \$260 | \$276 | \$276 | \$290 | \$257 | \$296 |

Retiree Premiums are reduced/subsidized 5% for each year of service:

| Years of service | Premium reduction/subsidy |
|------------------|---------------------------|
| 5 years | 25% |
| 10 years | 50% |
| 15 years | 75% |
| 20+ years | 100% (FREE) |

SEGIS Dependent Premiums through June 30, 2024

| Number of Dependents | Aetna HMO | Blue Advantage | Health Alliance Illinois | HMO Illinois | Aetna OAP | BCBSIL* OAP | HealthLink OAP | CDHP** | QCHP*** |
|--------------------------------------|-----------|----------------|--------------------------|--------------|-----------|-------------|----------------|--------|---------|
| 1 Dependent | \$195 | \$158 | \$195 | \$162 | \$186 | \$186 | \$204 | \$169 | \$291 |
| 2+ Dependents | \$240 | \$194 | \$241 | \$201 | \$231 | \$231 | \$257 | \$213 | \$329 |
| 1 Medicare A & B Primary Dependent | \$172 | \$137 | \$171 | \$141 | \$163 | \$163 | \$180 | \$146 | \$184 |
| 2+ Medicare A & B Primary Dependents | \$214 | \$172 | \$215 | \$178 | \$205 | \$205 | \$227 | \$187 | \$245 |

SEGIP Dental and Vision Insurance

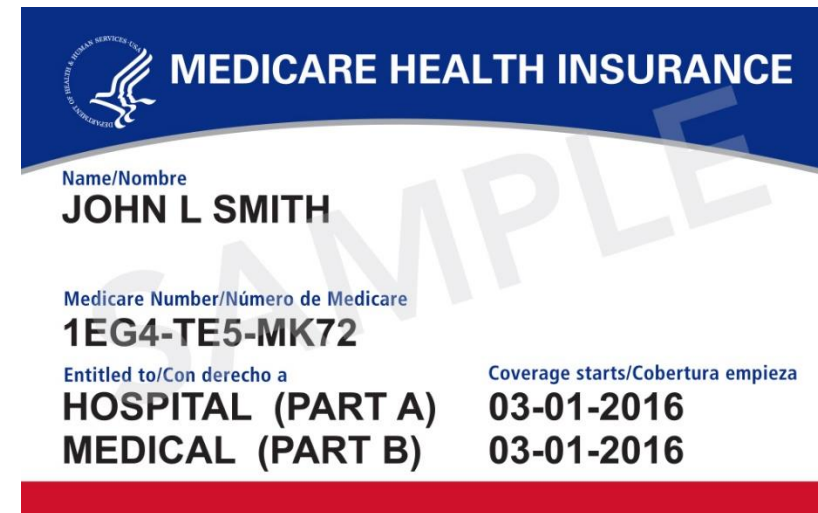
through June 30, 2024

| Member Monthly Quality Care Dental Plan (QCDP) Contributions** | | |
|---|-----------------------------|--------------------------------------|
| Member Only | Member + 1 Dependent | Member + 2 or More Dependents |
| \$14.00 | \$23.00 | \$25.50 |

Vision coverage is provided at no cost to all members enrolled in a State health plan. The plan is administered by EyeMed.

Medicare

- Qualify through non-TRS employment
- TRS-covered employment after March 1, 1986
- Qualify through spouse
- Medicare election in 2004
- Medicare (800) 633-4227
- www.medicare.gov



The image shows a sample Medicare Health Insurance card. At the top, there is a blue banner with the Illinois State Seal logo on the left and the text "MEDICARE HEALTH INSURANCE" in white. Below the banner, the cardholder's name is listed as "JOHN L SMITH". The Medicare Number is "1EG4-TE5-MK72". The card specifies coverage for "HOSPITAL (PART A)" and "MEDICAL (PART B)", both starting on "03-01-2016". A large, light gray "SAMPLE" watermark is overlaid diagonally across the card. The bottom of the card features a red horizontal bar.

| | |
|--|--|
| Name/Nombre JOHN L SMITH | |
| Medicare Number/Número de Medicare 1EG4-TE5-MK72 | |
| Entitled to/Con derecho a HOSPITAL (PART A) | Coverage starts/Cobertura empieza 03-01-2016 |
| MEDICAL (PART B) | 03-01-2016 |

Mind Blown?

It's okay ... TRS is here to help with your individual situation



Contact TRS

Social Media



members@trsil.org



<https://trsil.org>



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



@ILLTRS



trs_illinois

Phone & Hours

Toll free: (877) 927-5877

M-F: 8:30 a.m. to 4:30 p.m.

Thank you for coming!



Appendix

TRS Membership

Active TRS members: 169,889 (40.5% Tier II)

Inactive TRS members: 147,329

Benefit recipient: 131,017 (retirement, survivor, and disability)

Average length of active career: 25 years

Average annual retirement benefit: \$60,324

Oldest retiree: 105+ years old

Oldest full-time teacher: 84 years old

*Data as of June 30, 2023

FY 2024 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 | 0.9% for subsidized premiums for retiree insurance |
| Employer Contributions | 0.58% for retirement benefits |
| Employer THIS Fund Contributions | 0.92% 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

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 |
| FPEABF | 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 |

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 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)

AAI Program

3% COMPOUNDED ANNUAL INCREASE

- 3% increases effective January 1 following age 61, or the January 1 following the first anniversary of the member's retirement, whichever is later
- Monthly survivor benefits would continue to receive 3% increases

1.5% NON-COMPOUNDED ANNUAL INCREASE

- 1.5% increase effective January 1 following age 67, or the first anniversary of the member's retirement, whichever is later
- Receive a lump-sum "accelerated pension benefit payment" that equals 70% of the Present Value difference of the 3% and 1.5% annual increase.
- Lump-sum can be in the form of "roll-over" to a qualified retirement plan and/or cash payout
- Lump sum payment reduces beneficiary refund
- Monthly survivor benefits would continue to receive 1.5% increases

Salary Increases Affecting Final Average Salary

- The 6 percent salary threshold applies to year-to-year raises in salaries paid to TRS members by the SAME employer in the years used to calculate the member's final average salary
- Members should contact his/her school district or union representative for questions regarding his/her Collective Bargain Agreement, individual contract, or retirement incentive
- Exceptions: an educator leaves one district and receives an increase when he/she starts with another district or educators whose jobs and salaries are affected by school district consolidations or annexations

2021 Legislation Affecting FAS

FOR TRS MEMBER

Salaries used in the calculation of Final Average Salary (FAS) do not need to be consecutive if:

1. The 2020-2021 salary is included in the last 10 years of service, AND
2. A higher final average salary results from using non-consecutive years' salaries

FOR TRS EMPLOYERS

Employer bears a cost for year-to-year increases over 6%*

- New legislation allows an exemption to the additional fee 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

Social Security

Illinois teachers do not contribute on TRS-covered employment

Earned SSA benefits may be reduced under Windfall Elimination Provision and/or Government Pension Offset

Social Security (800) 772-1213

www.socialsecurity.gov

