

Teachers' Retirement System (TRS) Benefit Information Meeting

This presentation will begin shortly and is scheduled to last approximately 30 minutes

Please hold questions until the end of the presentation.

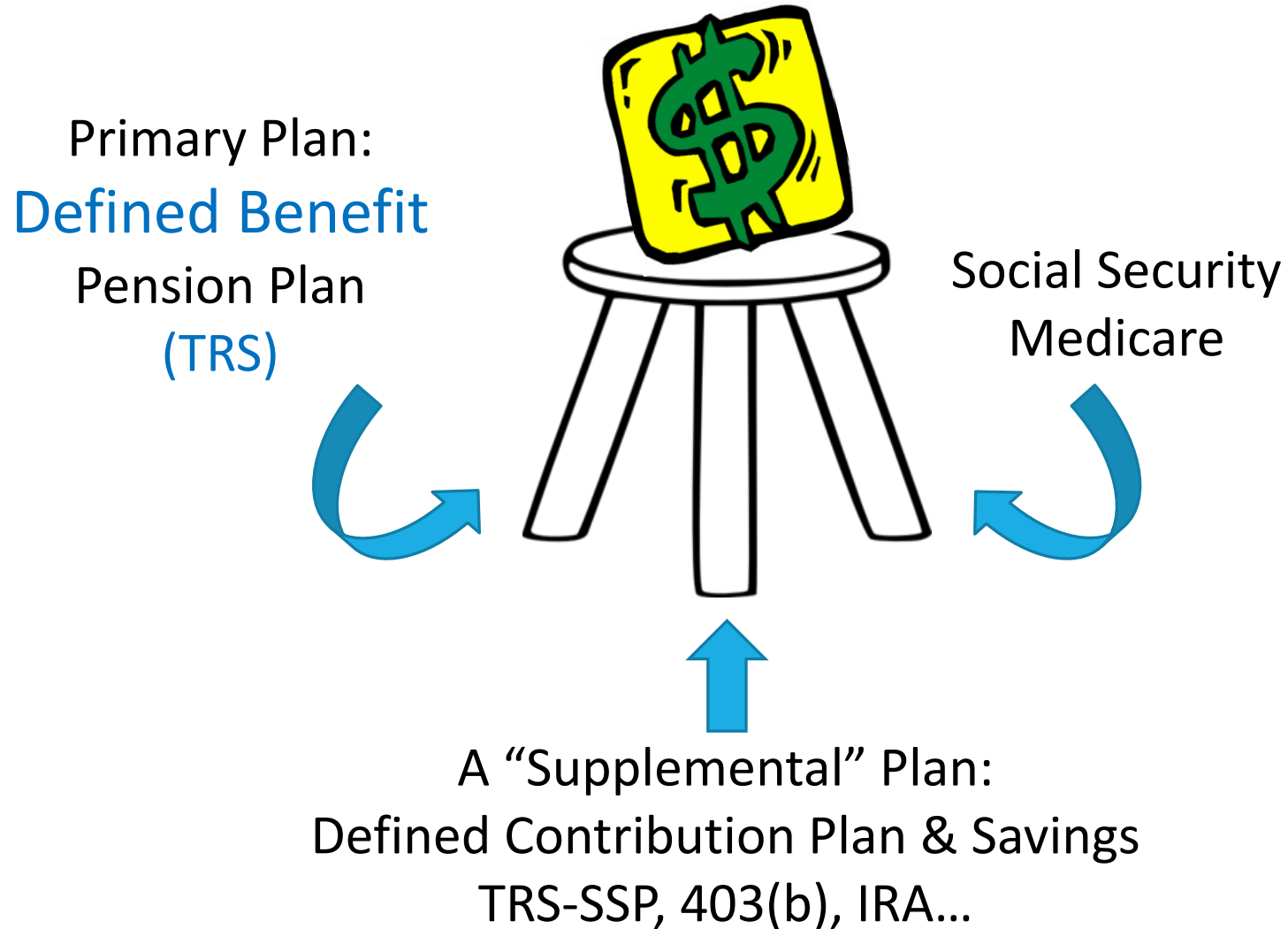
You may download the presentation slides at: www.trsil.org/express





TRS
ILLINOIS **EXPRESS!**

Retirement Basics: A Model Plan



What will be covered . . .

- TRS Basics
- Your Benefits
 - Retirement
 - Disability
 - Death
- TRS Timeline
- Questions

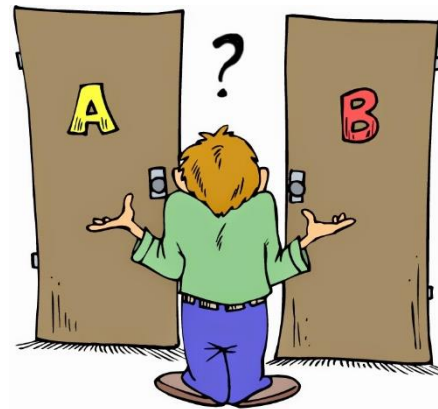
Tier 1 or Tier 2

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 *

* Early retirement – the benefit will be reduced by 6% for each year the member is under age 60 if fewer than 35 years

TIER 2

Age 67 with a minimum of 10 years of service

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

** 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

= Annual Pension Benefit



SERVICE CREDIT

Service Credit x Formula Factor x FAS = Pension

- **Earned service through teaching**
 - 170 paid days = 1 year of service
 - Maximum 1 year of service per school year (July 1-June 30)
 - Fewer than 170 days earns partial year (0.006 per day)
- **Unused, uncompensated sick leave days**
 - Same 170-day standard as earned service
 - Maximum creditable days = 340 (2 years)
 - Sick leave from former employers should be on your record
 - Contact TRS for a Former Employee Sick Leave Certification if you do not see all former employers listed

SERVICE CREDIT

Service Credit x Formula Factor x FAS = Pension

- **Service Purchase** (optional service)
 - Out-of-state teaching (max. 10 years)
 - Leave of Absence/RIF (max 3 years)
 - Military Service (max 2 years)
 - Previously refunded TRS service
 - **NEW!** – Illinois Private School Credit (must apply by 6/30/2023)
- **Reciprocal Service**
 - Service with another public pension system in Illinois (IMRF, SURS, SERS, CTPF, others)
 - Must have at least one year (unless service is as teacher's aide under IMRF)
 - Service must be non-concurrent

FORMULA FACTOR

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

- **Formula Factor** is the percentage of your final average salary you earn for each year of service credit
- Each year of service credit earned after July 1, 1998 earns you **2.2%** of your final average salary.
- Service before 7/1/1998 can be upgraded for a one-time cost

FORMULA FACTOR - 2.2 Upgrade

Service Credit x Formula Factor x FAS = Pension

Maximum Benefit (with 2.2 upgrade):

- 34.000 years of service = 75% (age 60 and over – Tier 1)
- 35.000 years of service = 75% (under the age of 60 – Tier 1)
- Years over 34 continue to build Final Average Salary

Call TRS to ask if you have an upgrade cost.

FINAL AVERAGE SALARY

Service Credit x Formula Factor x FAS = Pension

TIER 1

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

TIER 2

- Average of highest **EIGHT consecutive*** salaries out of last 10 years of service
- Cannot exceed the limit that is tied to the Consumer Price Index
 - 2021-22 salary cap: \$116,740.42

- “Salary” includes regular pay, extra-duty stipends, 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%
- See Appendix for more info about Final Average Salary

Retirement Formula

Service Credit

x Formula Factor

= Percentage

Percentage

x Final Average Salary

= Annual Pension Benefit



“Non-discounted” Retirement Calculation Example

Member:

- Age 60 (Tier 1)
- 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

Discounted “Early” Retirement Calculation Example

Member:

- Age 55 (Tier 1)
- Age 62 (Tier 2)
- Years of Service : 30
- Average Salary: \$85,000

Age reduction: 30%

- 6% for each year under age 67

30 years of service

x 2.2%

= 66.0%

x \$85,000

= \$56,100

- 30% (age reduction)

= \$39,270 Discounted Annual Pension

= \$3,272.50 Discounted Monthly Pension

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>



In Retirement. . .

- Cost-of-living increases
 - Begin the January 1 after turning 61 or 67 (if retired 1 full year)
 - Subsequent increases each January
 - Tier 1 members retiring by June 30, 2024 have multiple COLA options (see appendix)
- Teachers' Retirement Insurance Program (TRIP)
 - Available first of month following retirement
 - Works as a primary coverage before age 65, secondary coverage to Medicare
 - Subsidized by the THIS fund
 - Also available to dependents while you retired and after your death

In Retirement. . .

- Post-retirement Employment
 - Limited to 100 days/500 hours in a TRS-covered position
 - No limit on non-TRS positions
 - No limit on earnings
- Benefits are paid monthly, through the month of your death
 - Doesn't matter how long you've been retired
 - Or how old you are
 - Current oldest retiree is 107 ½ (retired in 1973)

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 teaching (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



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
- 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 teaching (**1%** of annual salary)
- Tier I – 50% of monthly benefit to a dependent beneficiary
- Tier II – 66.67% 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 8% unrecovered **pension** contributions
- Paid only if you pass away before retirement or before recovering entire contribution

RETIREMENT TIMELINE



What to do/When to do it

- **ASAP – Set up your online member account at trsil.org**
 - Confirm service and salaries to date
 - Verify your beneficiary designation
 - Prepare a “baseline” benefit estimate

- **ASAP – Speak to a licensed financial planner**
 - Discuss retirement savings options (pre-tax, post-tax, etc.)
 - Start building your retirement nest egg

What to do/When to do it (cont.)

○ **Regularly – Review your status**

- Review your annual TRS statement online
- Prepare updated benefit estimates (new “AAI” program if retiring by 6/30/2024)
- 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 paperwork**

- Personalized Retirement Interview (PRI) – takes about 10 minutes
- Retirement Forms – Review and Return to TRS
 - Retirement Application
 - Direct Deposit
 - TRIP Participation Election (Health Insurance)
- Employer forms sent to employer – can be submitted AFTER last day of service

Contact TRS

Social Media



members@trsil.org



<https://trsil.org>



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



@ILLTRS

Phone & Hours

Toll free: (877) 927-5877

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

Questions

Appendix

TRS Stats

Active TRS members: 163,115 (31.3% Tier II)

- Tier I: 112,04
- Tier II: 51,111

Inactive TRS members: 138,279

Benefit recipients: 126,855

Average annual active salary: \$76,027

Average annual retirement benefit: \$60,324

Oldest retiree: 107+ years old

Oldest full-time teacher: 82 years old

FY2022 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

Annual Increases

Standard Annual Benefit Increases

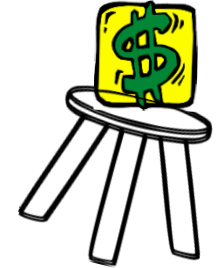
- Available to members who have been retired for one full year AND
 - Are at least age 61 for Tier 1 (3% compounded annually)
 - Are at least age 67 for Tier 2 (½ of the CPI with 3% Cap)
- Increases occur each January 1 (reflected in the February 1 benefit payment)

Accelerated Annual Increase (AAI) option

- Tier 1 member may choose in lieu of Standard Annual Increase
- 1.5% non-compounded increase from age 67 with lump sum payment at retirement
- Available for Tier 1 members retiring by June 30, 2024
- Eligible members must call for an AAI estimate ahead of retirement

TRS Supplemental Savings Plan

- Projected availability – January 2022
- A qualified 457 (b) plan through VOYA
- Can be used in conjunction with your 403(b)
- 2021 maximum contributions up to \$19,500 PER PLAN
- Contributions taken from your payroll on either a pre-tax or post-tax basis
- Investments are selected by TRS
- Account balance and plan performance can be monitored online
- Provides a secondary savings for additional retirement security



Time to Retire Webinars

Is 2022 YOUR year to retire?

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

- Request your benefit estimate including the AAI illustration
- Getting paperwork started
- Information 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

Benefit Comparison

Major Differences	Tier 1	Tier 2
Normal Retirement Age	Age 60	Age 67
Vesting Period	5 years	10 years
Pensionable Salary	Unlimited	\$116,740.42
Final Average Salary	Avg. of the highest 4 consecutive years	Avg. of the highest 8 consecutive years
COLA or Post Retirement Increase	3% compounded annually after age 61	½ of the CPI with 3% Cap

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

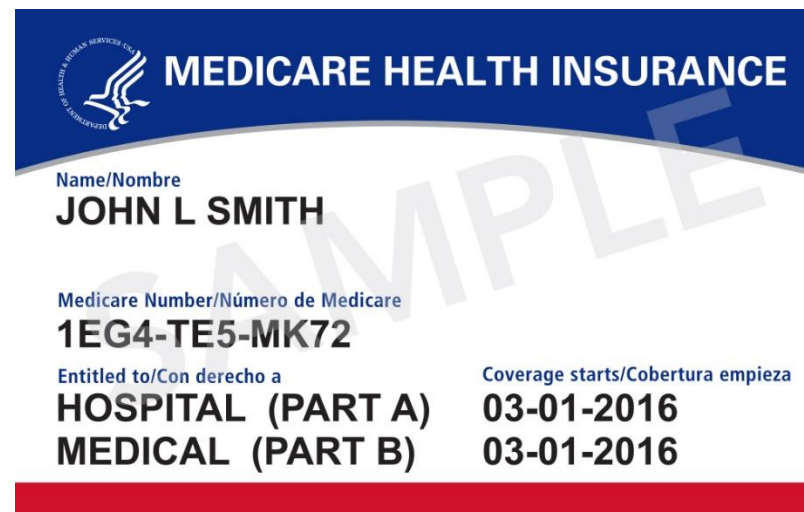
Social Security (800) 772-1213

www.socialsecurity.gov



Medicare

- Teachers DO contribute to Medicare!
- Medicare eligibility at age 65
- Medicare (800) 633-4227
- www.medicare.gov



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