



# Teachers' Retirement System (TRS) 2022 Benefit Information Meeting

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

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

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

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.



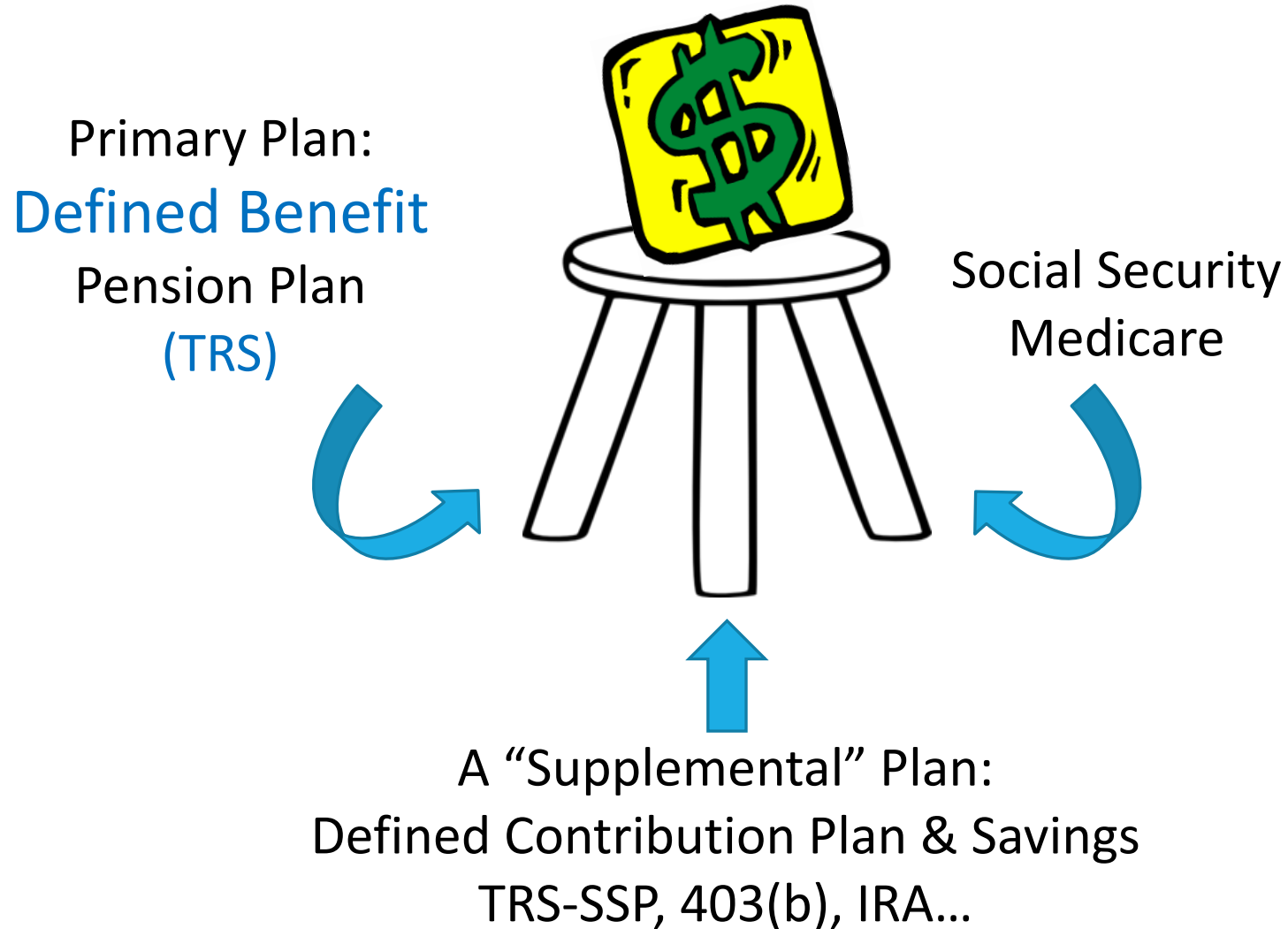


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**TRS**  
ILLINOIS **EXPRESS!**

# Retirement Basics: A Model Plan

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# TRS Supplemental Savings Plan



- The SSP is a 457(b) retirement savings account that:
  - *Is completely voluntary for full-time and part-time contractual employees whose districts have adopted the SSP*
  - *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*
- 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 \$20,500 in 2022.
- For complete information about the TRS SSP, go to:  
[www.trsil.org/Supplemental-Savings-Plan](http://www.trsil.org/Supplemental-Savings-Plan)

# What will be covered . . .

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

# Tier 1 or Tier 2

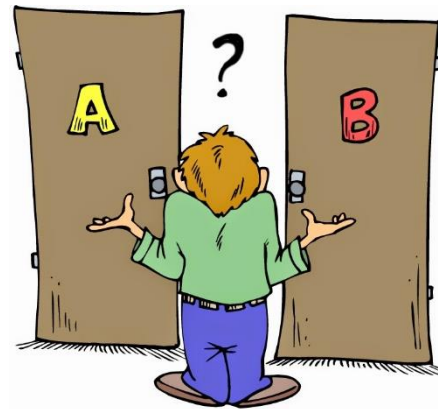
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## TIER 1

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

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## 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

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# Retirement Eligibility

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## 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

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- **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

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- **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
  - 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 - 2.2 Upgrade

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

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**The 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 only formula factor used
- Did you have service before 1998?
- If you are not sure your years have been upgraded:

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

# 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

# Maximize Your Pension With 2.2

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

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**Maximum Benefit (with 2.2 upgrade) is 75% of the Final Average Salary**

## Tier 1

- 34.000 years of service = 75% (age 60 and over)
- 35.000 years of service = 75% (under the age of 60)

## Tier 2

- 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





# “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

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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. . .

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- 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, 2026 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. . .

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- 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
  - You cannot outlive your pension
  - Current oldest retiree is 108 (retired in 1979)

# DISABILITY BENEFITS

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# Disability Benefits

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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

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# What is Automatic Designation?

<b>Section 1: Personal Information</b> 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:
<b>Section 2: Marital Status</b> <input type="checkbox"/> Single <input type="checkbox"/> Married/civil union <input type="checkbox"/> Divorced <input type="checkbox"/> Widowed   Spouse's name:	
<b>Section 3: Automatic Designation</b> <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. <b>If the automatic designation is selected, do not complete the Survivor Benefit or Beneficiary Refund sections.</b>	

- 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

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# Throughout Your Career

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## 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

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## 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.**

# Contact TRS

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## Social Media



[members@trsil.org](mailto:members@trsil.org)



<https://trsil.org>



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



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

## Phone & Hours

Toll free: (877) 927-5877

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

# Questions

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# Appendix

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# TRS Stats

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

- **Tier I: 112,004**
- **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: 108+ years old**

**Oldest full-time teacher: 83 years old**

# FY2022 TRS Contributions

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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"><li>• 7.5% for retirement benefits</li><li>• 0.5% for automatic annual increases in retirement</li><li>• 1.0% for death benefits</li></ul>
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

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## 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
- Taxable lump sum is eligible for rollover to another qualified plan
- Available for Tier 1 members retiring by June 30, 2026
- Eligible members must call for an AAI estimate ahead of retirement

# Time to Retire Webinars

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## Is 2023 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

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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

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## 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 and Medicare

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- 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](http://www.ssa.gov)





# Reciprocal Retirement Systems

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