



# IT'S TIME TO RETIRE

Winter 2023





## What will be covered . . .

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- Retirement Paperwork
- Claim Processing
  - Q & A
- Health Insurance
- Post-retirement employment
- Social Security & Medicare
- Contact Info, Phone #'s, & Presentation Materials
  - Q & A

# RETIREMENT PAPERWORK

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## Personalized Retirement Interview (PRI)

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- **6-12 Weeks from retirement**
- **Contact TRS by phone (can also be completed online)**
- **TRS representative will:**
  - Verify demographic information
  - Verify beneficiary information
  - Establish a claim date, typically either:
    - Day after your last day of service, or
    - A later date if you are waiting to attain a particular age
  - Gather information to pre-complete your retirement application



# PRI Questions

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## 1. Are you interested in the Accelerated Annual Increase (AAI) program?

- AAI is an **OPTIONAL** program that replaces the standard 3% compounded annual benefit increase (age 61) with an up-front lump-sum payment and a lower annual increase (1.5% non-compounded at age 67)
- If you have not already requested/received a benefit estimate that includes AAI info, you **MUST** do this before calling for your Personalized Retirement Interview (PRI)
- Only Tier I members retiring by June 30, 2026 are eligible for the AAI Program.



# PRI Questions

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## 2. Do you want a **STANDARD** annuity or a **REVERSIONARY** annuity?

- Standard Annuity – pays you your full earned benefit each month for life, **AND** provides a monthly survivor benefit for a dependent beneficiary equal to 50% of your pension (66.67% for Tier 2).
- Reversionary Annuity – reduces your pension each month while you are living to provide more than the standard survivor benefit



# PRI Questions

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## 3. Verify your last employing school district(s)

- TRS will request current-year salary and sick leave information from current-year employer(s) as part of the claim process
- If you have not notified your employer(s) of your intent to retire, TRS will not request this information until you have submitted your signed retirement application
- If you have service with another public pension fund in Illinois, TRS will ask you if you plan to include this RECIPROCAL service in the calculation of your pension
  - If you are unsure, please request a reciprocal benefit estimate and contact TRS when you know the answer.
- If you will receive a public pension benefit from another state, TRS needs to know this.



# PRI Questions

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## 4. Would you like TRS to withhold income tax from your pension?

- Your TRS pension is taxable by the federal government.
  - TRS is required to withhold federal taxes based on the calculation for a **single** individual with no adjustments until a completed W-4P form indicating a withholding preference has been received
  - The W-4P form is available on the TRS website for those wishing to use an alternate withholding status or to elect to have NO taxes withheld
- The State of Illinois does not assess a tax on retirement income
- TRS can withhold state tax for Illinois, Wisconsin, Iowa, Kentucky, Indiana, and Michigan
- If you will reside in another state, you will need to determine how much to set aside for state tax



# Retirement Packet

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## Retirement Application

- REQUIRED form – this is your written election to begin receiving a pension
- Pre-completed with info provided during the PRI
- Verify information, SIGN, and return to TRS
- If uploaded to TRS account be sure to send front & back

## Depository Agreement (Direct Deposit/EFT form)

- Must be signed by retiree, any joint account holder (if applicable), and the financial institution
- Should be returned to TRS prior to your retirement date



# Retirement Packet

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## TRIP/TRAIL Participation Election Form

- Members with at least 8 years of TRS service are eligible to use TRIP/TRAIL health insurance in retirement
- This form must be completed and returned to TRS to enroll in:
  - TRIP – Teachers' Retirement Insurance Program – for retired members not yet on Medicare
  - TRAIL – Medicare Advantage plan for members over age 65 who qualify for Medicare
- Once you have returned your TRIP/TRAIL Participation Election, you must contact the **MyBenefits Service Center** to select an insurance carrier within 60 days of the effective date of your coverage.
- More info about TRIP/TRAIL is coming up!



# Employer's Responsibility

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## Supplementary Report

- A supplement to the employer's Annual Report
- Provides TRS with essential information:
  - Official last paid day
  - Total number of paid days worked during final year
  - Total compensation paid during final year
  - Total unused, uncompensated sick leave days as of last paid day
- Submitted electronically to TRS by the employer AFTER your last day of service

## Sick Leave Granting Certification

- Reports whether or not any sick leave was granted in excess of the normal annual allotment during the last four years of employment
- Submitted electronically to TRS by the employer AFTER your last day of service



# CLAIM PROCESSING

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# Claim Processing

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- Claim processing begins once all required forms have been received, AND all unpaid balances (2.2 upgrade, optional service, and previous benefit overpayment) have been paid in full.
- If you have elected the AAI program, an official AAI Election form will be mailed to you once your retirement benefit has been calculated. You must complete and return the form before your claim is finalized. Your AAI lump sum is processed as separate claim (Tier I members only).
- TRS takes 60-90 days to process your retirement claim.
- Initial pension payment pays retroactively to retirement claim date.



# Monthly Pension Payments

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- TRS benefit payments are issued on the first day of each month and are paid **through the month of your death**.
- Electronically deposited funds are deposited in your bank account on the first BANKING day of the month.
  - If the first of a month falls on a Sunday or a bank holiday, funds will be deposited the next business day
  - If the first of the month falls on a Saturday, it is up to your bank whether funds are posted to your account on Saturday or Monday.
- Benefits are paid one month in arrears. Your September 1 deposit represents your pension for August.
- TRIP/TRAIL premiums are deducted from your pension payments, also one month in arrears





## Accelerated Annual Increase (AAI)

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- If you elect the AAI option, TRS will send you an AAI Application (Tier I members only)
  - Elect to accept the AAI lump sum as a check payable to you (less 20% tax), or
  - Elect to have AAI lump sum rolled over to another qualified plan, or
  - A combination (%) of taxed distribution and rollover
- AAI payments are issued as a paper check by US Mail
- AAI election is irrevocable
- If AAI has been elected, pension increases will begin January 1 after 67<sup>th</sup> birthday
- More AAI information in the Appendix



## Excess Contribution Refunds

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- At retirement, TRS will determine if you are eligible for a refund of:
  - Excess contributions to the 2.2 Upgrade program
  - Excess contributions to the Early Retirement Options fund
  - Contributions made to your Survivor Benefit account
- If you are eligible for an Excess Contribution Refund (ECR), TRS will mail you a refund/rollover application for each balance.
- Most ECR refunds are taxable, and are therefore eligible for rollover to another qualified plan.
- ECR refunds are paid through paper checks and issued through US Mail to the retiree (after tax) or your other plan's administrator (rollover).



# QUESTIONS

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# TRIP/TRAIL HEALTH INSURANCE

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# Health Insurance

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## 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



# TRIP/TRAIL Health Insurance

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## **Most new retirees enroll when employer coverage terminates**

- Check with employer to determine termination date
- TRIP/TRAIL will take effect the 1<sup>st</sup> of the month following your retirement date
- You may indicate to defer your effective date up to 4 months
- Participation Election Form should be submitted as soon as possible

## **Who administers TRIP/TRAIL?**

- TRS determines eligibility for TRIP/TRAIL
- State of Illinois (Central Management Services – CMS) is the plan administrator
- MyBenefits Service Center (MBSC) handles enrollment (844) 251-1777
- TRS withholds monthly insurance premiums from your pension payments



# TRIP Premiums\*

## Monthly Premiums Through June 30, 2023

Type of Plan		Not Medicare Primary Under Age 26	Not Medicare Primary Age 26-64	Not Medicare Primary Age 65 & Above	Medicare Primary* All Ages
Benefit Recipient	Managed Care Plan (OAP & HMO)	\$101.38	\$314.92	\$429.07	\$124.46
	TCHP (PPO) when a managed care plan is available	\$263.11	\$734.96	\$1,116.87	\$295.10
	TCHP (PPO) when a managed care plan is unavailable in your county	\$131.55	\$367.48	\$558.45	\$147.56
Dependent Beneficiary	Managed Care Plan (OAP & HMO)	\$405.68	\$1,259.67	\$1,716.24	\$428.80**
	TCHP (PPO) when a managed care plan is available	\$526.24	\$1,469.91	\$2,233.75	\$590.21
	TCHP (PPO) when a managed care plan is unavailable in your county	\$526.24	\$1,469.91	\$2,233.75	\$442.67**



# TRAIL Premiums

TRAIL Premiums through December 31, 2023

## Aetna MAPD PPO (Effective Jan. 1, 2023)

Monthly Contributions	Member Rate	\$2.06
	Dependent Rate	\$6.18



## Dental and Vision Coverage

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- Dental and Vision coverage is NOT included in TRIP/TRAIL
- Check with employer to determine if you can stay on their dental/vision plan (COBRA)
- Check with retired teacher organizations to ask about plans they offer
- TRS can withhold premiums for some retired teacher plans as a courtesy



## POST-RETIREMENT EMPLOYMENT

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# Post-Retirement Employment

## TRS-covered employment:

- **Must have received first pension check**
- May not work until July 1 of new school year
- May not return to last employer for 30 days
- May not pre-arrange post-retirement employment
- 100 days/500 hours per school year (July 1-June 30)\*
- Reciprocal limitations, if retiring reciprocally
- No limit on earnings
- Tier II member are prohibited from accepting full-time employment in a position covered by another state of Illinois pension system that has reciprocal rights with TRS
- School districts will track/report post-retirement work

## Non-TRS-covered employment:

- No limit on service or earnings in private sector employment
- Determine post-retirement limits with reciprocal systems if retired reciprocally with IMRF, SURS, SERS, CTPF, etc.
- Public school teaching/administration in other states does not apply to TRS post-retirement limits



# Post-retirement Employment

- 120 paid days or 600 paid hours in each school year (July 1 through June 30)\*
- If you work only full days (five or more hours per day), each day is counted toward the 120 days limitation. If you work all partial days (fewer than five hours) or a combination of full and partial days, the time worked is counted toward the 600 hours limitation
- Each full day (five or more hours) is counted as five hours, even if you actually worked more than five hours on that date. For partial days, the actual number of clock hours worked is counted

\*Future legislation may impact the 120-day/600-hour limit. Watch TRS website and emails for updates!



# SOCIAL SECURITY

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# MEDICARE



## 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)



# 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

## Current Phone & Hours

(877) 927-5877

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

**MyBenefits Service Center  
(TRIP/TRAIL)**

**(844) 251-1777**

## Presentation Link:

<https://www.trsil.org/Time-to-Retire-Meeting>



## Other contact numbers:

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MyBenefits Service Center (TRIP/TRAIL): (844) 251-1777

Illinois Retired Teachers Association: (800) 728-4782

Illinois Education Association (Retired): (800) 264-1887

Illinois State Board of Education (Licensure): (866) 262-6663





# QUESTIONS

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# Appendix

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# 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



# 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

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## **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 annual increase 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

