



TRS Benefits for New Members:

Teachers' Retirement System
Nicholas Stabler, Outreach Coordinator

trsil.org/NewMembers

TRS Demographics ...

Where do you fit in?

Teachers' Retirement System - A State of Illinois Agency

- Created by legislative act in 1939
- THE pension fund for K-12 public school educators (outside of Chicago)
- TRS provides its members with retirement, disability, and death benefits

FY 2022 Membership

- Total - 439,833
- **Active - 165,566 (37% Tier 2)**
- Inactive - 144,801
- Benefit Recipients - 129,466
- Average Pension, all retirees - \$63,276
- Oldest Retiree - ??? yrs old: retired since ???
- Oldest Active Full-time Teacher - 84 years old

Why Care about TRS and Retirement?



- ▶ You have a financial investment from DAY 1
- ▶ Creates a stable foundation of a life-time pension
- ▶ Early investment gives you greater flexibility later

Retirement Basics:

“DB” vs. “DC”

Defined Benefit (TRS Pension)

- ▶ TRS and all other IL public pensions
- ▶ All members contribute 9% of gross earnings
- ▶ All the contributions are pooled
- ▶ The assets are collectively managed
- ▶ Benefits are calculated using a legislated formula
- ▶ Benefits are paid **FOR LIFE**
- ▶ The **risk** is borne by the **employer (State of Illinois)**

Defined Contribution (Savings)

- ▶ 401(k), 403(b), 457(b) plan or IRA
- ▶ Not guaranteed for life
- ▶ Participants choose how much they contribute and how it is invested
- ▶ Benefit is based on the member's account balance at retirement and life expectancy.
- ▶ The **risk** is borne by the **individual**
- ▶ **Recipients can outlive the benefit**

TRS Contributions

- Employee Contribution - 9% of gross earnings (pre-tax)
- 2/3 of School Districts/Employers pay all or a portion of the employee contribution on behalf of the employee
- Salary of \$45,000 with employer-paid contributions results in \$49,450 in TRS Reportable earnings

Interview Question:

“Does this school district pay any portion of the 9% employee TRS contribution?”

Tier 2 Retirement Eligibility

- Age 67 with a minimum of 10 years of service
- Age 62 with a minimum of 10 years of service for “early retirement”
 - Early benefit will be reduced by 6% for each year the member is under age 67

$$\begin{aligned} & \text{Years of Service} \\ & \times 2.2\% \\ & \times \underline{\text{Final Average Salary}} \\ & \text{Annual Pension} \end{aligned}$$

Service Credit is more than just years worked:

- Converted Sick Days (up to TWO YEARS!)
- Purchased Service
- Reciprocal Service

Final Average Salary can be “manipulated”:

- Extra duty stipends
- Salary “lane changes”

Maximizing Your Pension

Maximum is 75% of your Final Average Salary

- ▶ 34.000 Years of Service will allow you to reach the maximum of 75% of your FAS
- ▶ Additional years of work continue to grow Final Average Salary
- ▶ OK to stop working and wait until age 67 to receive non-reduced pension
 - Second career
 - DC investments can provide “bridge income” or supplement reduced pension

Annual Increases

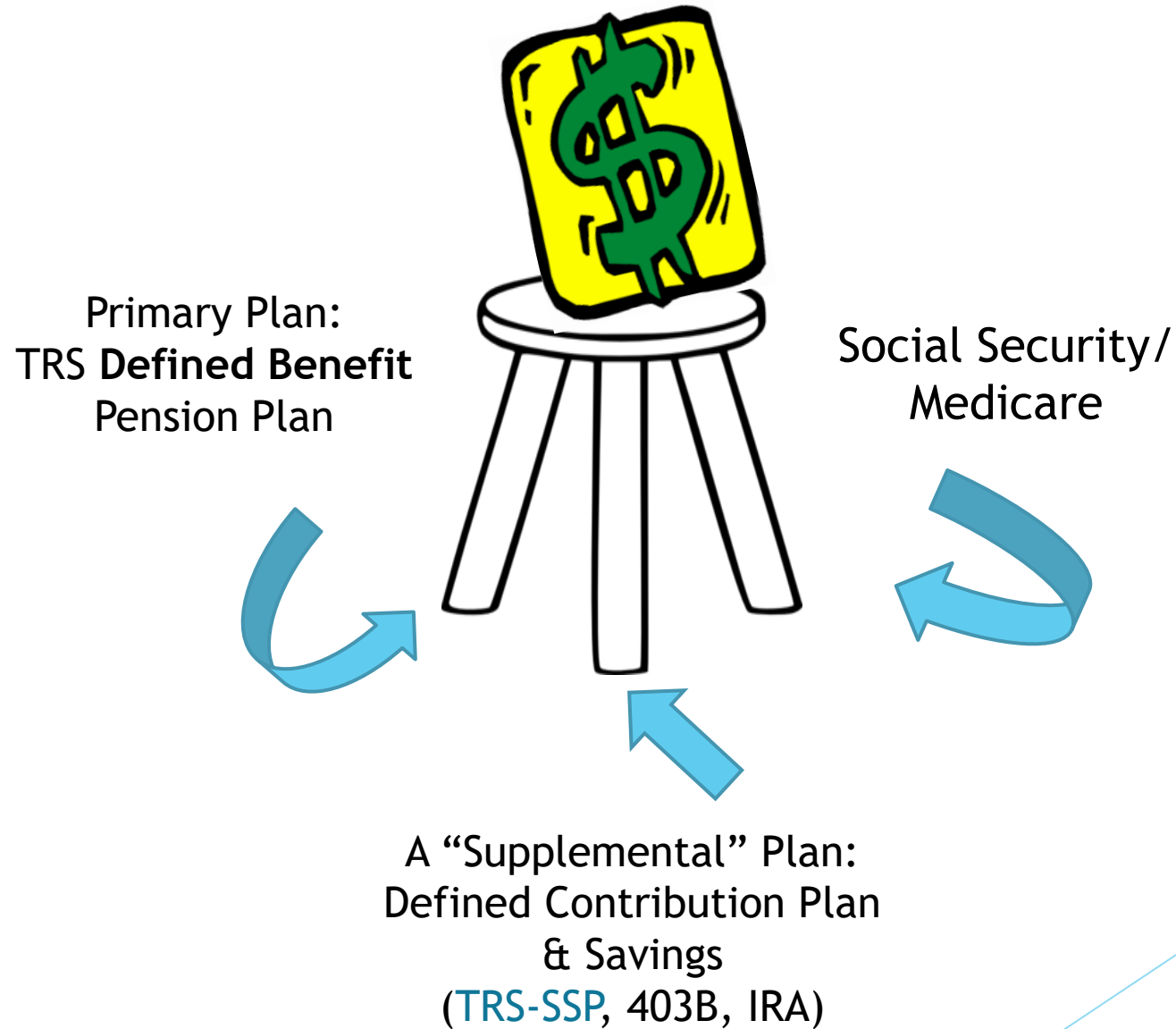
Tier II

- Beginning after age 67
- Must be retired at least one year
- ½ Consumer Price Index, capped at 3%

Teachers' Retirement System

- What we do:
 - Counsel members regarding their retirement
 - Provide Benefits Estimates
 - Instruct members on how to enhance their benefit through added service credit and final average salary
 - Provide health insurance information and resources (TRIP)
 - Counsel members regarding TRS Disability and Death Benefits

Retirement Basics: A Model Plan



“Early investment gives you greater flexibility later.” – Nick Stabler, 20 minutes ago

“Bringing more” with a separate savings plan will supplement your TRS pension and enhance your retirement.

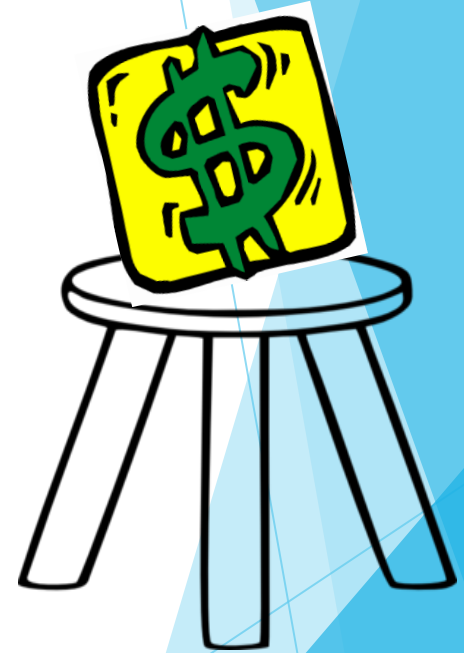
The TRS-Supplemental Savings Plan (SSP) is an optional DC component available to all full-time and part-time contractual members.

- ▶ 457(b) plan administered by VOYA Financial
- ▶ Pre-tax and Roth (post-tax) savings options
- ▶ New TRS members will be auto-enrolled at 3% of gross pay starting January 1, 2023 (opt-out available)
- ▶ For complete information about the TRS SSP, go to:
trsilssp.voya.com



A few words about Social Security

- As a teacher in Illinois, you do not pay Social Security tax on your teaching salary (similar to 15 other states)
- Social Security benefits earned through outside employment may be reduced based on receipt of second government pension (TRS) under federal Windfall Elimination Provision
- Medicare (SSA healthcare component) **IS** available to TRS members



BONUS INFO!

You can reduce your Illinois State Tax liability by \$250 if you purchased materials for your classroom that were not reimbursed by your school.

Contact Information

Nicholas Stabler

Outreach Coordinator
Teachers' Retirement System
2815 W Washington St
Springfield, IL 62702

1-877-927-5877

members@trsil.org

trsil.org/NewMembers