



Teachers' Retirement System (TRS) Accelerated Pension Benefit

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

All virtual attendees are muted throughout the presentation

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

Presentation Link

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

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.





What will be covered . . .

TRS Basics

What is APB?

Your Retirement Benefit Options

Process & Timeline

*Questions

Death Benefits

Health Insurance

Social Security/Medicare

*Questions

TRS Basics

Contributions

- All ACTIVE members (Tiers 1 and 2) contribute 9% of gross earnings to TRS
- Contributions are invested by TRS to pay retirement, disability and death benefits
- Members that have not made contributions in the most recent 18 months are referred to as INACTIVE members

TRS is a Defined Benefit (DB) Plan

- Benefits are determined by a formula set out in the Illinois Pension Code
- Benefits are paid through the month of death

Reciprocal Service Credit

The information in this webinar focuses on Members with INACTIVE TRS SERVICE only

If you are currently working in a Reciprocal system (one of the other 12 pension systems in Illinois) or have worked for one in the past, you may be planning to retire reciprocally, adding all service credit together and receiving a separate pension check from each.

This information does not incorporate reciprocal retirements.

Contact TRS (877-927-5877) to discuss that option.

What is APB?

During the fiscal year 2019 budget process, the voluntary APB Program was signed into law. The law requires TRS to allow eligible inactive members to irrevocably elect to opt out of their anticipated TRS pension benefits in exchange for a one-time lump-sum payment. The payment is equal to 60% of the present value of a member's anticipated pension benefits. This option is currently available until June 30, 2026

Thus you may **Accelerate** your **Pension Benefit** by taking it in a lump sum.

Your Options

You received a letter in October 2023 saying you can choose between two options:

The APB calculation was completed and you can opt to take that lump sum. You will then forfeit the opportunity to collect a monthly pension when you are eligible (meaning you meet the age and service credit requirements). THE DEADLINE TO RETURN THE APPLICATION FOR APB THIS YEAR IS APRIL 7, 2024*

OR

You can wait until you meet the age and service credit requirements and begin collecting a monthly pension. If you opt to collect a monthly pension, the minimum monthly amount will be the pension calculated using the retirement formula. It *could* be more if, at the time you are eligible to collect, the actuarial calculation is more than the regular formula.

*If you do not elect APB this year, you have the option to take it in future years. The window is typically mid-Sept through early April each year until the program discontinues in June, 2026

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**

JANUARY 2011						
SUN	MON	TUES	WED	THURS	FRI	SAT
30	31					1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29

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

Regular Retirement Formula

Service Credit

x Formula Factor

= Percentage

Percentage

x Final Average Salary (FAS)

= Annual Pension Benefit

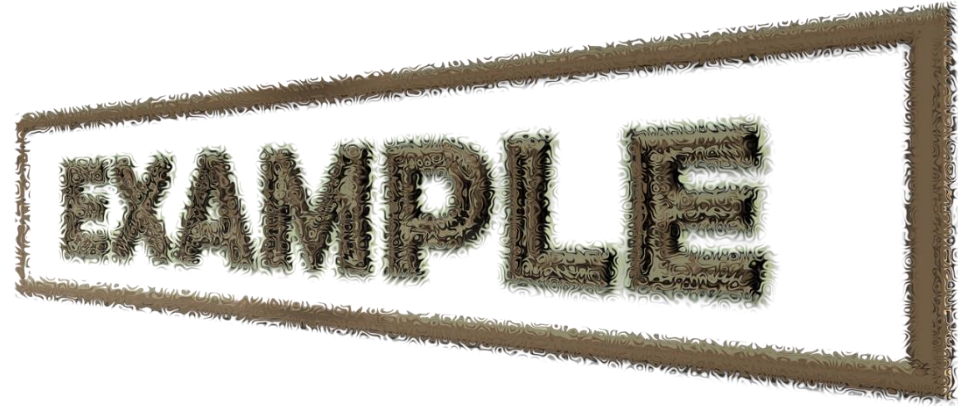


Regular Retirement Example

Service Credit = 20.000 years

Formula Factor = 2.2%

Average Salary = \$80,000



$20.000 \times .022 \times 80,000 = \$35,000/\text{year}$ or $\$2933/\text{month}$

*Retiring at full retirement age (60 for Tier 1 or 67 for Tier 2), this calculation is the minimum starting pension **for this example**

The Exception: Actuarial Calculation

For TRS members whose first contribution to TRS was prior to the 2005-2006 fiscal year, an additional calculation called an “actuarial calculation” is also completed.

Not a simple math problem

Takes many factors into consideration, including the rate of return in the market

IF THE ACTUARIAL CALCULATION RESULTS IN A HIGHER PENSION THAN THE REGULAR RETIREMENT FORMULA, THAT IS USED TO BEGIN A PENSION

Cannot be known with certainty until within 3 years of retirement date

To provide an ESTIMATE for this APB program, TRS uses assumed 7% rate of return each year.

At time pension actually begins, all calculations are performed and pension begins using adjusted numbers which could be different than our best estimate at this time.

Refunding Contributions

TRS Members may refund the contributions they have made once they have not actively worked in a TRS-covered position for at least 4 months. People that qualify for the APB Lump Sum can opt to refund contributions instead. If you received an APB packet, it means the refund was LESS than the APB Lump Sum.

There are situations where a Refund of Contributions is more than the APB Lump Sum. In those cases, a packet offering the APB Lump Sum was not distributed.

Key Differences:

1. If you opt to refund contributions, you could later reinstate that service if you work at least 1 year in a TRS covered position or 2 years in a reciprocal system. If you opt for the APB Lump Sum you cannot reinstate your TRS service.
2. If you opt to refund contributions you will not be eligible for TRIP insurance (covered later)

Opting For APB

To choose the APB Lump Sum:

Complete the application that was enclosed with your packet

*If you need to correct your address you can do so on the application because it must be notarized

Choose to take the payment:

1. By check, minus 20% for federal taxes
2. By rollover to a qualified plan by completing and having your financial institution complete & sign Section 3
3. A combination of check and rollover by completing rollover option and indicating the percentage of the lump sum that will be rolled over. The remainder will be a check minus 20% for federal taxes

Note: All options require that your signature be notarized

ONCE THE APPLICATION IS RECEIVED BY TRS, THE DECISION IS IRREVOCABLE

Opting for Regular Age Retirement

To choose a regular Age Retirement:

Do nothing with the APB application

If you do not have a TRS account, set one up and review your address, phone, email, and beneficiaries. Make any corrections on your account.

Notify TRS 6 – 12 weeks prior to your planned date of retirement to receive the regular retirement paperwork

A new benefit estimate can be run to provide a definite monthly benefit amount

The process to retire will be the same as for active educators that retire upon finishing the school year

Retirement Timeline

Finalizing Your Regular Retirement Packet

Retirement Forms: Review and Return to TRS

- Retirement Application
- Direct Deposit Form
- TRIP Participation Election Form (Health Insurance)
 - Step 1: Must return form within 60 days of retirement if you plan to enroll in TRIP/TRAIL at the time of retirement
 - Step 2: Call My Benefits Service Center in the 60 days prior to effective date to choose your insurance carrier

TRS Retirement Processing

Claim Processing: Allow 60-90 Days After All Forms and Payments Received

- Benefits are paid monthly through the month of your death
- Cannot outlive your benefit
 - Current oldest retiree is 106!

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, 2026
- Eligible members must call for an AAI estimate ahead of retirement

QUESTIONS

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
- Death benefit is automatically paid to surviving dependents, or to your estate if you have no dependents
- If this option is selected, DO NOT list beneficiary names. Simply check the box.

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 spouse; 50% to other dependents
- 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** (8% of salary plus interest earned)
- Paid only if you pass away before recovering entire pension contribution (usually within the first five years of retirement)

Important Death Benefit Notes

If a member opts to accept the APB Lump Sum, you will give up any future claim by your beneficiaries to a TRS death benefit.

If a member is inactive with less than 20 years of service credit and is waiting to be eligible to retire using regular Age Retirement, only the Beneficiary Refund lump sum is payable (survivor benefits are not an option). Once a member retires, survivor benefits can be paid (including a monthly benefit to an eligible dependent)

Health Insurance (TRIP/TRAIL)

Health Insurance

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

Teachers' Retirement Insurance Program (TRIP)

- Enrollment opportunities:
 - Upon retirement (can defer up to 4 months)
 - At age 65 (Medicare)
 - Upon termination of other coverage
 - Annual Open Enrollment
- Also available to dependents BUT rates are not subsidized
- Administered by Illinois Department of Central Management Services (CMS)
- TRS' role is limited to basic coverage info, enrollment, and collecting of monthly premiums

TRIP Insurance for APB Program

Members electing the APB Lump Sum are eligible for TRIP insurance if they qualify:

Must have 8 years of service credit with TRS, not including reciprocal credit

Must attain the minimum age to retire

- Tier 1: age 55 with at least 20 years of service credit
- Tier 1: age 60 with at least 10 years of service credit
- Tier 1: age 62 with at least 5 years of service credit (but must have 8 years with TRS for TRIP)
- Tier 2: age 62 with at least 10 years of service credit

Members should contact CMS Group Insurance Division at 800-442-1300 to apply for health insurance.

CMS will bill member directly for premium

TRIP Premiums

Monthly Contributions through June 30, 2024

Type of Plan		Not Medicare Primary Under Age 26	Not Medicare Primary Age 26-64	Not Medicare Primary Age 65 & Older	Medicare Primary* All Ages
Benefit Recipient	Managed Care Plan (OAP & HMO)	\$106.45	\$330.67	\$450.52	\$130.68
	TCHP (PPO) when a managed care plan is available	\$276.27	\$771.71	\$1,172.71	\$309.86
	TCHP (PPO) when a managed care plan is unavailable in your county	\$138.13	\$385.85	\$586.37	\$154.94
Dependent Beneficiary	Managed Care Plan (OAP & HMO)	\$425.96	\$1,322.65	\$1,802.05	\$450.24**
	TCHP (PPO) when a managed care plan is available	\$552.55	\$1,543.41	\$2,345.44	\$619.72
	TCHP (PPO) when a managed care plan is unavailable in your county	\$552.55	\$1,543.41	\$2,345.44	\$464.80**

TRAIL Premiums

Monthly Contributions through December 31, 2024

Aetna MAPD PPO (Effective Jan. 1, 2024)		
Monthly Contributions	Member Rate	\$2.16
	Dependent Rate	\$6.49



Social Security Medicare

Social Security and Medicare

- 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



Contact Information



members@trsillinois.org



<https://trsillinois.org>



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



@ILLTRS



www.youtube.com/c/trsillinois

MyBenefits Service Center (TRIP/TRAIL):
1-844-251-1777

Phone & Hours

Toll free: (877) 927-5877

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

Presentation Handout:

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

Appendix

Fiscal Year 2022 Key TRS Stats

➤ Finances

- Investment Portfolio - \$63 billion (*down 2.1%*)
- Revenue - \$6.3 billion (*earnings & contributions*)
- Benefits Paid - \$7.6 billion (*up 3.9%*)
- Investment Return - (1.2%) *net of fees*

➤ Long-Term Funded Status

- Total Liability - \$143.5 billion (*up 3.3%*)
- Unfunded Liability - \$80.6 billion (*up 0.9%*)
- Funded Ratio - 43.8% (*up 1.3%*)

➤ Membership

- Total – 439,833 (*up 1.7%*)
- Active – 165,566 (*up 4.1%*)
- Inactive – 144,801 (*down 0.7%*)
- Benefit Recipients – 129,466 (*up 1.5%*)
- Average Pension, all retirees – \$63,276 (*up 2.3%*)

➤ Membership Breakdown

- Active Tier 1 – 103,163 (*down 1.8%*)
✓ (*62.3% all active members*)
- Active Tier 2 – 62,403 (*up 15.6%*)
✓ (*37.7% of all active members*)
- Average Age of a Retired Member – 73 years old
- Average Service Credit at Retirement – 27 years

➤ Membership FAQs

- In January, the System's oldest member – 108 years young from Rushville – passed on.
- The mantle of “oldest TRS member” now belongs to a retiree in Flossmoor aged 106. She has been an annuitant since 1976.
- The oldest *active* TRS member is 83 and lives in Olmstead.



Source: Fiscal Year 2022 TRS Annual Report

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
PEABF	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

FY2024 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

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

TIER 2

The annuity will be reduced by 6% for each year under the age of 67*.

Age 67	No reduction
Age 66	6% reduction
Age 65	12% reduction
Age 64	18% reduction
Age 63	24% reduction
Age 62	30% reduction

*Actual age at retirement calculated to three decimal places

Benefit Comparison

Major Differences	Tier 1	Tier 2
Normal Retirement Age	Age 60	Age 67
Vesting Period	5 years	10 years
Pensionable Salary	Unlimited	\$119,892.41
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

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)

Retirement Process Timeline

Elected “NO” for AAI



Your retirement claim will be processed after TRS receives all necessary forms/payments and audits the supplementary report and sick leave granting certification



First retirement check issued 60-90 days after last required form or payment is received (first payment is retro-active to your retirement date).

Elected “YES” for AAI



TRS will mail the AAI Election form to your home address after TRS receives all necessary forms/payments and audits the supplementary report and sick leave granting certification.



Once TRS receives your completed AAI Election form, TRS will process your monthly retirement benefit.



First retirement check issued after AAI Election form is received (first payment is retro-active to your retirement date).



Once your retirement claim is processed, you will receive a Transfer/Rollover form for your AAI lump-sum.

Once the calculation is complete you will receive a Notification of 1st Payment letter including the retroactive payment as well as your regular monthly payment going forward.

Excess Contribution Refunds

Refunds

- 2.2 Upgrade overpayment
- Early Retirement Option (ERO) – if not already claimed
- 1% Survivor Benefit Refund (if eligible)
 - Forfeits any Survivor Benefit

Refunds are paid after retirement benefit is calculated

- Refund checks are always mailed by the Illinois Comptroller's Office

Taxable refunds over \$200.00 are eligible for rollover

Legislative Update

PA 102-0718 – Extends through June 30, 2026

- Voluntary Tier 1 accelerated annual increase “buyout” (AAI)
- Voluntary Accelerated Pension Benefit (APB) for inactive members

PA 102-0440 – Effective July 1, 2021

- Allows a retiree to return to active service in a subject shortage area without impacting their pension benefit through June 30, 2024

PA 103-0017 – Effective July 1, 2023

- Allows a TRS member to purchase at normal cost optional credit for up to 2 years of previous service as a teacher or administrator employed by a private school. Must apply by June 30, 2028

PA 103-0088 – Effective July 1, 2023

- Allows members to work in a TRS-covered position for 120 days/600 hours without affecting their pension through June 30, 2026

Final Average Salary

PA 102-0016 effective June 17, 2021

- If the 2020/21 salary was lower than normal (most likely due to COVID), new legislation allows the use of the 4 (Tier 1) or 8 (Tier 2) highest years out of the last 10 years worked without the requirement that they be CONSECUTIVE
- The 2020/21 salary must be part of the original average salary calculation
- TRS will automatically provide the highest average salary when calculating the retirement claim
- Retirement date must be on or after June 1, 2021
- Exemption to the 6% cost for salary increases, 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