

Benefit Information Meeting



Tier I





What will be covered...

- New Legislation**
- Member Account Access**
- Early Retirement Option Sunset**
- Preparing for Retirement**
- Retirement Process**
- Post-retirement**



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**

EZ Guide to Tier I and Tier II Retirement Under Public Act 96-0889

Tier I – Members Who First Contributed Prior to Jan. 1, 2011	Tier II – Members Who First Contribute on or after Jan. 1, 2011
Who does this new law affect?	
<p>The new law does not affect teachers and administrators who <i>first contributed</i> to TRS prior to Jan. 1, 2011, or teachers and administrators who had any previous service credit with TRS or a reciprocal pension system prior to 2011, even if they left TRS or a reciprocal pension system at any time and then returned to a TRS-covered position.</p>	<p>The new law affects teachers and administrators <i>who first contribute</i> to TRS on or after Jan. 1, 2011 and without any previous service credit with a pension system that has reciprocal rights with TRS.</p>
What are the changes in retirement eligibility?	
<p>Retirement eligibility for Tier I teachers and administrators is set according to a sliding scale:</p> <ul style="list-style-type: none"> Members can retire at age 55 with full benefits if they have 35 years of service credit accumulated if the member has elected to have his/her pension determined by the 2.2% formula and paid the required fee. Members also can retire at age 55 with at least 20 years of service credit and receive a benefit that is reduced by 6 percent for every year the member is under age 60. Members can retire at age 60 with 10 years of service and receive benefits that the member has earned. For example, 10 years of service multiplied by 2.2% equals 22% of the final average salary. Members can retire at age 62 with five years of service and receive full earned benefits. 	<p>The new law requires Tier II teachers and administrators to be 67 years old and have accumulated 10 years of service credits in order to qualify for full benefits that a member has earned. Tier II members may retire at age 62 with 10 years of service, but will receive retirement benefits reduced 6 percent for every year the member is under age 67.</p> <p>Ten years of service is equal to 22% of the member's average salary before any age reductions.</p>
What are the changes in the benefit formula?	
<p>Retirement benefits are capped once: The maximum benefit a member can receive is 75 percent of his or her final average salary. The benefit for most members is based on a formula: 2.2% multiplied by the member's final average salary multiplied by years of creditable service. A small percentage of TRS members employed before July 1, 1998 have their benefits determined by an older, graduated formula.</p> <p>The final average salary is the member's highest average salary earned during four consecutive years out of the last 10 years of service.</p>	<p>Retirement benefits will be capped in two ways. <i>One:</i> The maximum benefit a member can receive is 75 percent of his or her final average salary. <i>Two:</i> Under the new law, in determining a final average salary, no member's salary will exceed a limit that increases more slowly than the Consumer Price Index. The current limit is \$109,971.43. Benefits will still be determined by the formula of 2.2% multiplied by final average salary multiplied by years of creditable service. Benefits for Tier II will be based on the member's highest average salary earned during eight consecutive years out of the last 10 years of service.</p>
What are the changes to the annual cost-of-living adjustment?	
<p>The annual cost-of-living increase is 3 percent, compounded annually.</p>	<p>Annual cost-of-living increases for members will be calculated using either 3 percent or one-half of the Consumer Price Index, whichever is less. The increase will not be compounded.</p>
What are the changes to survivor benefits?	
<p>Survivor benefits for Tier I members' dependent beneficiaries are no less than 50 percent of the retired member's benefit.</p>	<p>Survivor benefits for Tier II members' dependent beneficiaries will be 66.66 percent of the retired member's benefit.</p>
What are the new rules on post-retirement employment?	
<p>Currently, retired members may be employed in another position covered by TRS and retain their benefits, but their service is limited to 120 days or 600 hours per year. On July 1, 2011, this cap for Tier I members will be reduced to 100 days or 500 hours per year. Members can be employed in a position covered by a pension system that has reciprocal rights with TRS, but the annual length of employment allowed may be capped by that pension system.</p>	<p>The law suspends a Tier II member's retirement benefits if the member accepts full-time employment in a position covered by another pension system that has reciprocal rights with TRS.</p>



New Legislation



http://trs.illinois.gov
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

Member Account Access TRS Business News Room Publications Here Search

Press Releases
Outreach
Legislation & Issues
TRS Speaks (newspaper responses)
Meetings

ABOUT TRS
EMPLOYERS
MEMBERS

Executive Director Dick Ingram recently commented about legislation that would allow retiring TRS members to trade their pensions for a one-time payout. Please read Director Ingram's testimony to the Illinois House Committee on Personnel and Pensions.

2017 State Contribution for TRS Set at \$3.9 Billion
TRS Executive Director Dick Ingram recently testified before legislators on the \$3.9 billion state contribution to TRS for fiscal year 2017. Please read Director Ingram's remarks to the Illinois Senate Appropriations Committee.

TRS Pension Payments Unaffected by State Budget Dispute
The on-going dispute over finalizing the State of Illinois budget for fiscal years 2016 and 2017 also will not affect the payment of pensions by TRS.

In July of 2015, a Cook County Circuit Court ruled that all TRS pensions and benefits must be paid even if Illinois State Government does not have a comprehensive state budget in place. For more information, please read the TRS Statement.

TRSP Health Insurance Payments Unaffected by State Budget Problems
The State of Illinois will continue to pay its share of

Annual Member Meetings
TRS hosts statewide meetings for Tier 1 members from late August to November that are designed to explain the retirement process and to provide you with information about disability, death and insurance benefits.

For meeting dates and locations, please see the Member Meeting Schedule.

Early Retirement Option Sunset
The TRS Early Retirement Option automatically expired on July 1 because the General Assembly did not vote to extend the program. Active and inactive TRS members will be eligible later in 2016 for a refund of payroll contributions they paid to help fund the program.

TRS will notify eligible members when they can apply for a refund. Do not contact TRS at this time. TRS will not be able to calculate refund amounts until school districts' 2015-2016 annual reports are processed this fall.

In addition, the TRS payroll contribution paid by active members was reduced on July 1 from 9.4 percent to 9.0 percent. The ERO sunset does not affect retired TRS members.

Please read more detailed information about the

Member Account Access

Member Account Access TRS Business Publications Contact Us Search here Search

TRs Pension Payments Unaffected by State Budget Dispute
A Cook County Circuit Court ruled on July 7 that all TRS pensions and benefits must be paid even if Illinois State Government does not have a comprehensive state budget in place. For more information, please read the TRS Statement.

2013 Illinois Pension Overhaul Ruled Unconstitutional
The Illinois Supreme Court ruled unanimously on May 8, 2015 that the 2013 state law overhauling Teachers' Retirement System benefits was unconstitutional. The high court decided that changes in the law violated the Pension Protection Clause of the Illinois Constitution.

Annual Member Meetings
TRS hosts state-wide meetings for Tier 1 members from September to November that are designed to explain the retirement process and to provide you with information about disability, death and insurance benefits. For meeting dates and locations, please see the Member Meeting Schedule.

Illinois Pensions Boost Illinois Economy
TRS pensions and benefits paid in Illinois create a \$3.58 billion economic stimulus annually, according to the latest study by Teachers' Retirement System. The study revealed that TRS-paid pensions and benefits support 41,725 Illinois

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Member Account Access

Account Access

TRS Links
TRS Home Page
Member Account Access

Member Account Access > Secure Sign In

Need to create an Account?
New User

The secure session will automatically end after 20 minutes of inactivity.

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Member Account Access

Account Access TRS ILLINOIS TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS trs.illinois.gov Welcome to TRS!

Secure Account Access Area

Member Account Access > New User Setup

New User Setup
*Required information

Page 1 of 5

If you are a TRS member, you may view your personalized information online. Please supply the following information to start an online account.

Social Security Number*:
 Birth Date*:
 Member ID*:

Submit Cancel

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Member Account Access

Member Information	
Sign Out	
My Account	
Contact Information	← Update personal information (change of address, phone numbers & email address)
Beneficiary Information	← View beneficiaries & print beneficiary form (MIBD)
TRS Service Record	
Active Service	
Optional Service	
Refunded Service	
Sick Leave Service	
Reciprocal Service	
2.2 Upgrade Information	
Retirement Contributions	
TRS Benefits Report	← View Benefits Reports
Monthly Benefits	
Earnings Statements	
Member Services	
Retirement Application	
Benefit Estimate	← Complete Benefit Estimates
Forms & Reports	
Document Upload	← Upload Driver's License or Birth Certificate

View monthly & YTD pay stubs once **retired**

Income Verification, W4-P & 1099-R once **retired**



TRS Benefits Report

- Benefit Reports available online in late November
- Email notification when reports are available
- Access your online account to see and print your personal report
- Your member ID number is necessary to set up your online account
 - Contact TRS Member Services to obtain member ID number at (800) 877-7896



Early Retirement Option (ERO) Sunset

- **ERO automatically expired on July 1, 2016**
 - ERO was not extended by the General Assembly
- **ERO Sunset does not impact your retirement eligibility**
- **Member ERO contribution refunds available December 2016**
 - TRS will notify you when refund applications are available
 - You will apply on the TRS website
- **ERO refund options**
 - Cash refund mailed to you
 - Roll over to a qualified retirement plan
 - Leave money with TRS until retirement (no interest accrues)



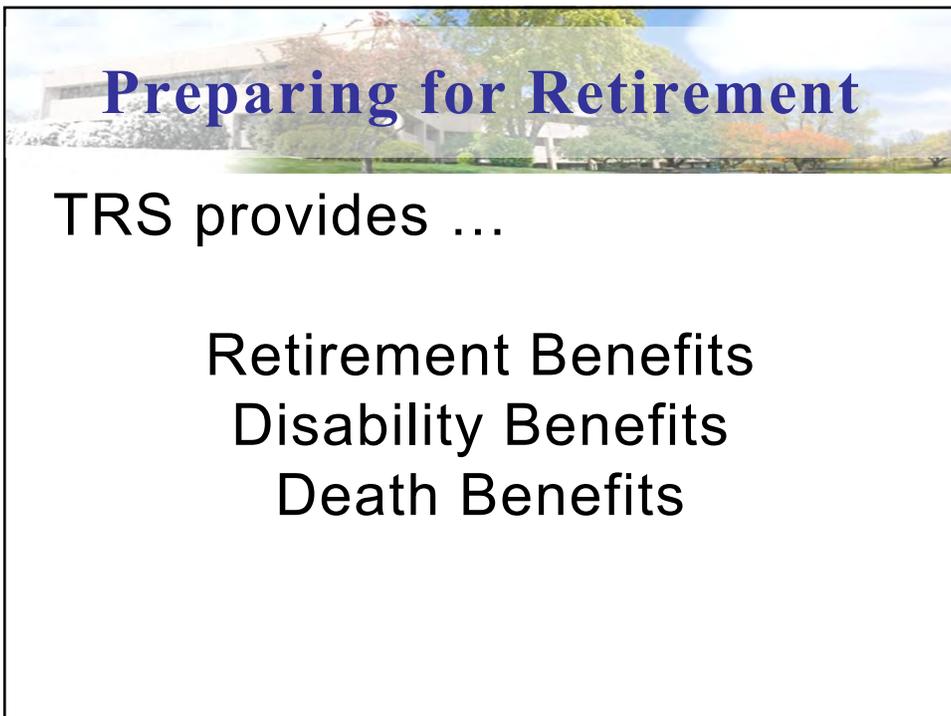
ERO Sunset Refund Options

- **Cash refund to member**
 - Mandatory 20% federal withholding
 - Early withdrawal 10% federal penalty may apply if under 59 1/2
 - Subject to involuntary withholding
 - Delinquent payments including student loans, child support, state and federal taxes and others
- **Rollover to qualified retirement plan**
 - 403(b), 401(k), traditional IRA and other pre-tax plans
 - TRS does not provide financial advice
- **Leave ERO contributions with TRS until retirement**
 - Refund available at any time, but no interest paid
 - ERO Sunset refunds cannot be applied to other TRS balances due or to purchase TRS optional service



ERO Sunset Refund Amount

- **0.4% of TRS earnings from July 1, 2005 to June 30, 2016**
- **TRS staff will not “ballpark” your refund amount**
 - Official amounts will be available in December
- **Annual TRS earnings are listed in Member Account Access**
 - Access your personal earnings record to estimate your refund
- Effective July 1, 2016 TRS employee contribution rate reduced from 9.4% to 9.0%





Tier I Retirement Benefits

- Age 62 – at least 5 years of service
- Age 60 – at least 10 years of service
- Age 55 – at least 20 years of service

“Early” retirement if you are under age 60 with fewer than 35 years

Tier II See Page 2



Regular Retirement Formula

$$\begin{array}{l} \text{Service Credit} \\ \times \text{Formula Factor} \\ \text{Percentage} \\ \\ \text{Percentage} \\ \times \text{Final Average Salary} \\ \text{Annual Benefit} \end{array}$$



Service Credit

- 170 paid days = 1 year of service credit
- Unused, uncompensated sick days up to 340 days (2 years)
- Optional Service Credit
 - Out-of-system teaching
 - Pregnancy or adoption - prior to 1983
 - Leaves of absence
 - Substitute teaching, homebound, part-time - prior to 1990
 - Military service
 - Refunded service
- Reciprocal Service
 - IMRF, SURS, SERS, CTRF
 - Others



Formula Factor

Graduated Formula

Pre July 1, 1998

<u>Years of Service</u>	<u>Rate</u>
1-10	1.67%
11-20	1.9%
21-30	2.1%
31+	2.3%
38 years of service = 75%	

2.2 Formula

All years earn 2.2%

Pre 1998 years can be upgraded to 2.2% by paying upgrade cost.

34 years of service = 75% (age 60)

35 years of service = 75% (under age 60)

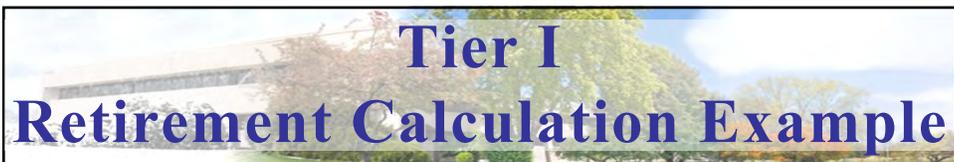
Cost is unique to each member. Call TRS Member Service to find out if upgrading will benefit you.



Tier I Final Average Salary

- Average of FOUR highest consecutive salaries out of last 10 years of service
- “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%.

Tier II See Page 2



Tier I Retirement Calculation Example

Example – Age 60

$$\begin{array}{r}
 30 \text{ years of service} \\
 \times 2.2\% \\
 \hline
 = 66.0\% \\
 \times \$42,000 \text{ (FAS – final average salary)} \\
 \hline
 = \$27,720.00 \text{ Annual Benefit}
 \end{array}$$

Tier II See Page 2

Benefit Estimate Example

Benefit Estimate

Member Example

Age 60

Retirement Benefits

Retirement Type	Annual Benefit	Monthly Benefit	Cost
Actuarial	24,000.00	2,000.00	3,357.24
Non Discounted	25,130.64	2,094.22	
Non Discounted 2.2	27,720.00	2,310.00	

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The actuarial benefit is paid **only** if it provides a greater monthly benefit at the time of retirement. It is based on contributions, interest, and mortality tables. The interest and mortality tables are subject to change.

The 2.2 upgrade cost is calculated as of **08/03/2015**.

Your TRS benefit may impact any Social Security benefits you can receive. Please check with your local Social Security office.

This estimate does not address employer contributions which may be due to TRS under 40ILCS 5/16 - 128 (d-10) or 40ILCS 5/16 - 158(f).



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://trs.illinois.gov>



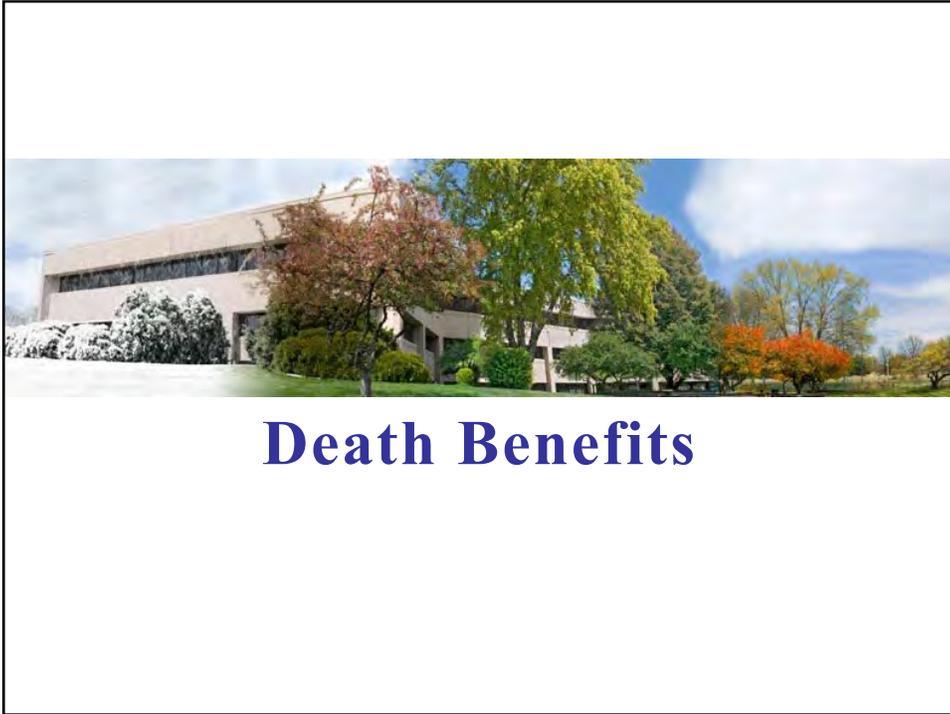
Disability Benefits

- TRS offers occupational and non-occupational (temporary) disability benefits to ill and injured members (prior to retirement).
- You earn service credit while receiving occupational and/or nonoccupational disability.
- Call TRS Member Services for information if you feel you may need this benefit.



Disability Benefits

- Nonoccupational (temporary) disability is most commonly applied for
- **Eligibility**
 - Must have at least 3 years of nonconcurrent service credit (TRS, SURS, SERS, and IMRF)
 - Two state-licensed physicians must certify the disability existed within 90 days of last day of teaching
 - For pregnancy – only one physician is required to certify
- **Benefit**
 - Benefit is equal to 40 percent of member's contract rate or salary rate



Death Benefits

- **Beneficiary Refund**
 - Lump-sum refund of unrecovered pension contributions
 - Paid only if you pass away before retirement or within first few years of retirement (declining balance)
- **Survivor Benefits**
 - Funded through survivor benefit contributions made while teaching (1% of annual salary)
 - Tier I – 50% of monthly benefit to a dependent beneficiary
 - Lump sum to any beneficiary

Tier II See Page 2

Beneficiary Designation Form

Automatic Designation (commonly selected by members with spouses and/or minor children)
 In lieu of designating specific beneficiaries, I elect that my dependent beneficiaries, as determined at my death, receive a beneficiary refund and/or survivor benefits. If no dependent beneficiary survives, benefits will be paid to my estate.

If automatic designation is **not selected**, you must complete the Beneficiary Refund and Survivor Benefits sections.

Beneficiary Refund				Survivor Benefits			
Primary Beneficiaries				Primary Beneficiaries			
First name	Last	Date of birth	Relationship	First name	Last	Date of birth	Relationship
Alternate Beneficiaries				Alternate Beneficiaries			
First name	Last	Date of birth	Relationship	First name	Last	Date of birth	Relationship

Common Mistakes

- Waiting until your last year of service to buy optional service, talk about 2.2 upgrade or verify eligibility
- Assuming that your friend’s retirement situation also applies to you
- Assuming your district will “take care of things”
- Thinking that it’s too early to start talking about your retirement benefits with TRS
- Leaving your district email account and phone number as your contact email and phone number after retiring



TRS Retirement Process

- Call TRS 3 months prior to your retirement date
 - Personalized Retirement Interview
- Annuity/Retirement types
 - Standard life annuity
 - Reversionary annuity
- Forms to return to TRS
 - Retirement application (mandatory)
 - Depository Agreement form (optional)
 - Health Insurance (TRIP) Participation Election form (optional)
- District forms are sent electronically to the districts and cannot be returned until after last day of service
 - Can be kept private until you return your retirement application



Retirement Process (cont.)

- Optional service and 2.2 balances must be paid before TRS will process your retirement claim
 - Personal check
 - Rollovers
 - Pension reduction (2.2 only)
- First retirement check issued 60-90 days after last required form or payment is received
- Monthly benefits will continue for your lifetime



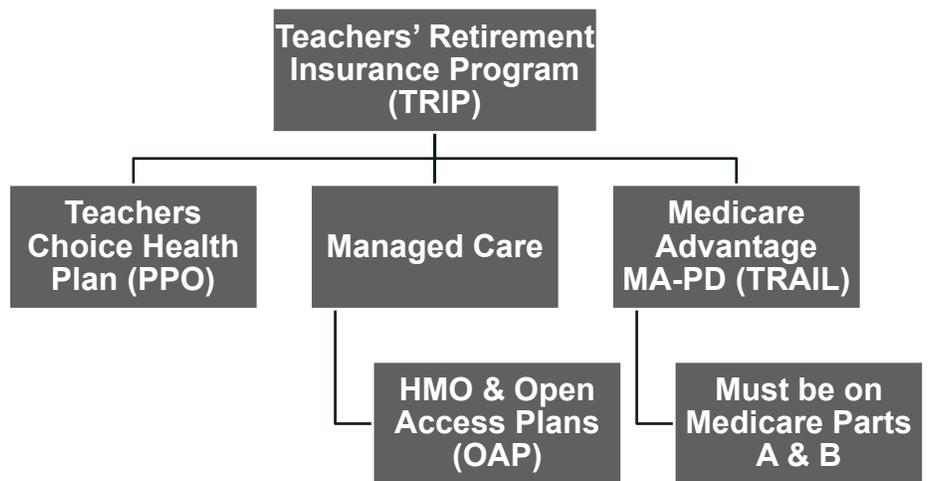
Excess Contribution Refunds

- Refunds
 - 2.2 Upgrade overpayment
 - 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 are eligible for rollover

Teachers' Retirement Insurance Program (TRIP) Enrollment

- Eligible with 8.000 years of TRS service credit
- Must enroll within 30 days of last day
- Benefit Choice Period - Month of May with coverage starting July 1
- Involuntary termination of previous insurance coverage
- Medicare becomes available (age 65 in most cases)
- Dependents may enroll at same opportunities
- Coverage always starts on the first of a month

Teachers' Retirement Insurance Program (TRIP)



Teachers' Retirement Insurance Program (TRIP)

PPO

- Teachers' Choice Health Plan (TCHP)
- In-network and out-of-network benefits
- Available anywhere in US

Managed Care

- HMO or OAP
- HMO (in-network only)
- OAP (in-network and out-of-network benefits)
- HMO available in IL and some states surrounding IL
- OAP available in IL and some states surrounding IL

TRIP Premiums

Monthly Premiums Through June 30, 2017

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	\$75.65	\$235.00	\$320.18	\$92.87
	TCHP (when a managed care plan is available)	\$196.34	\$554.16	\$833.43	\$220.21
	TCHP (when a managed care plan is unavailable in your county)	\$98.17	\$277.09	\$416.72	\$110.11
Dependent Beneficiary	Managed Care Plan	\$302.72	\$939.98	\$1,280.68	\$321.73**
	TCHP (when a managed care plan is available)	\$392.68	\$1,108.33	\$1,666.86	\$440.42
	TCHP (when a managed care plan is unavailable in your county)	\$392.68	\$1,108.33	\$1,666.86	\$330.32**

* You must enroll in both Medicare Parts A and B to qualify for the lower premiums. Send a copy of your Medicare card to TRS. If you or your dependent is actively working and eligible for Medicare, or you have additional questions about this requirement, contact the CMS Group Insurance Division, Medicare Coordination of Benefits (COB) Unit at (800) 442-1300 or (217) 782-7007.

** Medicare Primary dependent beneficiaries enrolled in a managed care plan, or in TCHP when no managed care plan is available, receive a premium subsidy.



Post-retirement Employment

- No restrictions on non-TRS employment
 - If reciprocal, check limitations for other reciprocal retirement system
- TRS covered-employment restricted to 100 days/500 hours per school year
- No work until July 1 of new school year
- Must wait 30 days from the effective date of your resignation with same employer
- Do **NOT** pre-arrange post-retirement employment
 - Strict penalties will apply



Social Security

- IL teachers do not contribute on TRS-covered employment
- Earned SSA benefits may be reduced under Windfall Elimination Provision and/or Governmental Pension Offset
- Social Security (800) 772-1213
- www.socialsecurity.gov



Medicare

- Qualify through non-TRS employment
- TRS employment after March 1, 1986
- Qualify through spouse
- Medicare election in 2004
- Medicare (800) 633-4227
- www.medicare.gov

Contact TRS



members@trs.illinois.gov



<http://trs.illinois.gov>



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M/W/F: 7:30 a.m. to 4:30 p.m.

T/TH: 7:30 a.m. to 5 p.m.