

Teachers' Retirement System (TRS) HR Managers

This presentation will begin shortly and is scheduled to last approximately 1 hour

2023-2024



What will be covered



TRS Basics

- What we do and do not do
- Benefits for TRS Members

Employer/District Responsibilities

TRS Responsibilities

Questions?

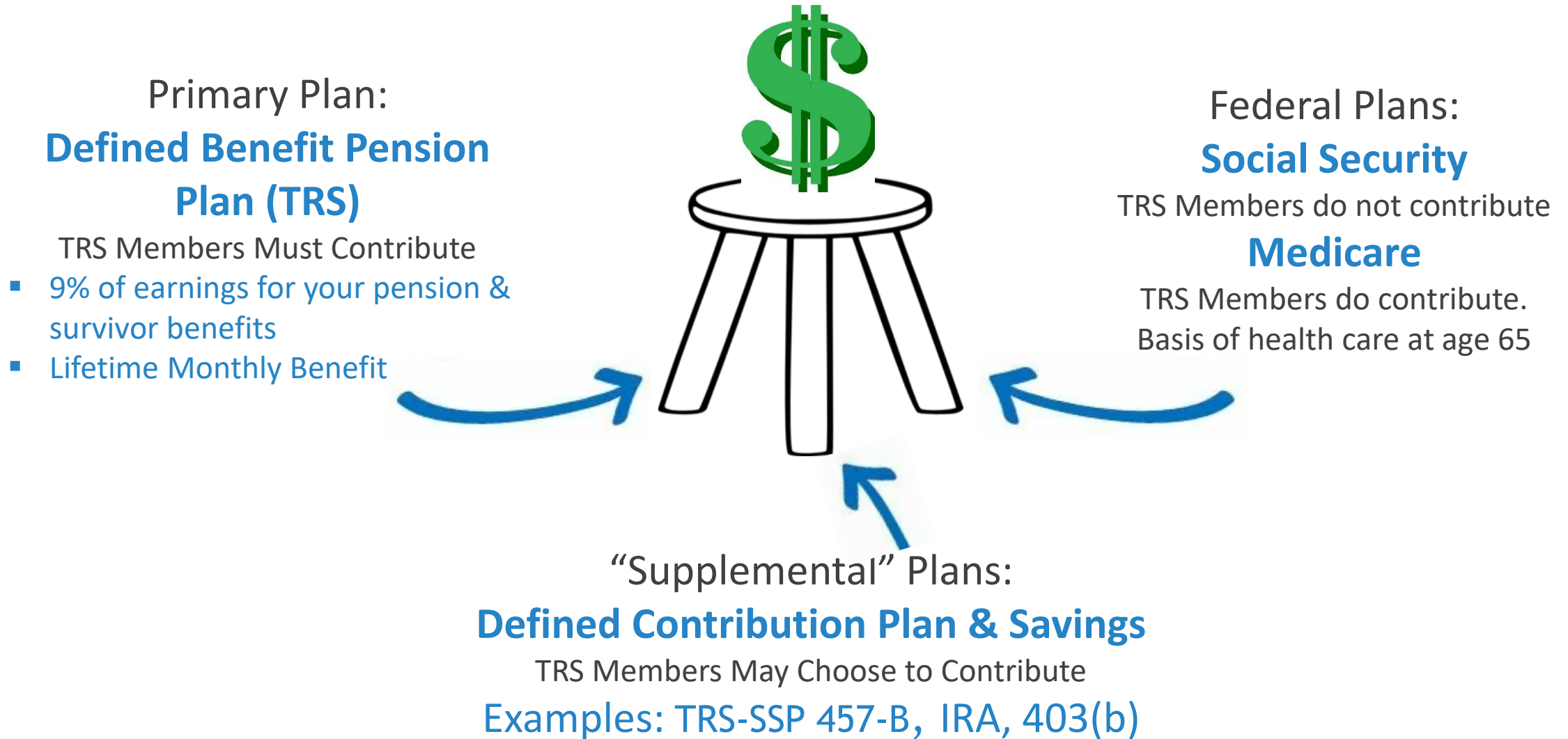
Teachers' Retirement System

- What we do:
 - Prepare Benefits Estimates:
 - Current & future anticipated salaries
 - Number of sick days at current employer
 - If member has reciprocal service, TRS needs to research
 - Provide instruction on how to obtain and use Optional Service, Reciprocal Service, and Unused Sick Days
 - Explain cost and enrollment for TRIP
 - Walk member through Disability and Death Benefits

Teachers' Retirement System

- What We Do NOT Do:
 - Provide financial advice. Specifically we do not advise members with regard to:
 - Taking/not taking the AAI Lump Sum
 - Deciding whether or not to enroll in the TRS SSP
 - Choosing the “best” option for the TRS SSP
 - Interpret district contracts & incentives
 - Explain or compare TRIP/TRAIL health insurance coverages

Retirement Basics: A Model Plan



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

FY 2024 TRS Contributions

Members, employers and the state of Illinois make contributions to TRS to provide for your retirement, disability and death benefits.

Members Contributions (Both Tier 1 & Tier 2)	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	.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

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

Retirement Formula

Service Credit

x Formula Factor

= Percentage

x Final Average Salary (FAS)

= Annual Pension Benefit

Max is 75% of FAS: $34.000 \times 2.2\% \times \text{FAS}$

(Tier 1 <60 years old: 35.000 to avoid age reduction)



Earning Service Credit

Service Credit x Formula Factor x FAS = Pension

- 170 paid days = 1 year of service credit
 - Every day worked in a TRS covered position counts towards service credit
 - Teachers, Administrators, School Nurses, Social Workers, Psychologists, Part Time, **AND SUBS**
 - Cannot earn more than 1 year of credit in a year
 - Less than 170 days worked will be a partial year

- Unused, uncompensated sick days up to 340 days (2 years)
 - **Unused sick days reported to TRS upon retirement or termination from the district**

- Optional Service Credit
 - Leaves of absence, Out of state public school, Military service
 - 2 years of Private School service (until 2028)

- Reciprocal Service
 - IMRF, SURS, SERS, CTRF, others
 - Must have at least 1 year of service to use reciprocal service unless you were a teacher's aide/assistant under IMRF

Formula Factor - 2.2 Upgrade

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

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 if your years have all been upgraded:

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

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
 - 2023-24 pensionable salary cap: \$119,892
 - 2024-25 pensionable salary cap: \$123,775

*2021 legislation allows for the use of non-consecutive salaries if a salary “dip” occurred in the 2020-2021 school year

Final Average Salary

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

- “Salary” includes regular pay, extra-duty stipends, and the 9% TRS contribution
- Salary increases up to 20% with same employer will count towards average
- Employer bears a cost for year-to-year increases over 6%*
 - TRS allows an exemption to the additional fee if:
 1. In 20-21 the district was unable to offer or allow overload or 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

SUPPLEMENTAL SAVINGS PLAN

(SSP)

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*
 - *New TRS members are auto-enrolled at 3% of gross with an opt-out provision*
- 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 \$23,000 in 2023.
- For complete information about the TRS SSP, go to:
www.trsil.org/Supplemental-Savings-Plan

DISABILITY BENEFITS

Disability Benefits

TRS offers temporary disability benefits to ill/injured ACTIVE members prior to retirement. Part of the 9% TRS contribution. Unrelated to any district STD.

- 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 work (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
- This is part of the 9% members pay to TRS and is independent of coverage the district may provide

Call TRS Member Services for information if you feel you may need this benefit



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

No need to list any names

Death benefit is automatically paid to a surviving spouse and/or minor children

Remind employees to adjust Beneficiaries with you AND TRS (and DC Plan)

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 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

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)

In Retirement. . .

Post-retirement 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 employment before all of above is complete
- TRS-covered positions up to 120 days/600 hours per school year (July 1 – June 30) **extended through 6/30/2026**
- Reciprocal limitations apply, if retiring reciprocally
- No limit on non-TRS positions for Tier 1 retirees
 - Tier 2 retirees may not accept full time employment in other Illinois pension systems
- No limit on earnings
- **Return to work in Subject Shortage position extended to 6/30/2024**

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

Health Insurance

Teachers' Retirement Insurance Program (TRIP)

- Enrollment opportunities:
 - Upon retirement (can defer up to 4 months)
 - At age 65 (Medicare)
 - Upon termination of other coverage
 - Open Enrollment every May, benefits effective July 1
- Also available to dependents BUT rates are not subsidized

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**

Help is on the way ...



WEBINARS FOR MEMBERS

Watch for Webinar Wednesdays!

- The Outreach Team will offer webinars on two Wednesdays (or maybe other days!) each month. These will cover a variety of topics of interest to TRS Members. The schedule and topics (examples below) will be posted on the TRS website
 - TRS Express (separate Tier 1/Tier 2)
 - Eligible for APB
 - Financial Wellness (with Voya)
 - Substitute Teachers
 - New to TRS?
 - TRS Retirees

Time to Retire

- Specifics for TRS Members retiring in 2024

Mid-January – February

Email invitations to members that qualify to retire & have valid email with TRS

What's Next?

- Specifics for TRS Members that retired in 2024 and need to review TRIP/TRAIL enrollment, taxes & 1099's, making changes after retirement

Subs Are Teachers Too!

- Your substitute teachers are worth gold! And those that are not post retirement are earning a pension. They will learn how it works.

Contact Information



members@trsillinois.org



<https://trsillinois.org>



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



@ILLTRS



www.youtube.com/c/trsillinois



Supplemental Savings Plan:

trsillsssp.voya.com

1-844-877-4572 (1-844-TRS-457B)

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

Employer Services

(888)678-3675

employers@trsillinois.org

Appendix

Fiscal Year 2023 Key TRS Stats

➤ Finances

- Investments - \$66.5 billion
- Revenue - \$11.6 billion (*earnings & contributions*)
- Benefits Paid - \$7.9 billion (*up 3.9%*)
- Investment Return – 7.2% *net of fees*

➤ Long-Term Funded Status

- Total Liability - \$143.5 billion (*up 3.4%*)
- Unfunded Liability - \$81.9 billion (*up 1.6%*)
- Funded Ratio – 44.8% (*up 1.0%*)

➤ Membership

- Total – 448,235
- Active – 169,889
- Inactive – 147,329
- Benefit Recipients – 131,017
- Average Salary, all Actives - \$81,274
- Average Pension, all retirees - \$64,884

➤ Membership Breakdown

- Active Tier 1 – 101,097
✓ (*59.5% all active members*)
- Active Tier 2 – 68,792
✓ (*40.5% of all active members*)
- Average Age of a Retired Member – 73 years old
- Average Service Credit at Retirement – 26 years

Source: FY23 TRS Annual Comprehensive Financial 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
FPEABF	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

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	\$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

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, 2026

PS 103-0088 – Effective July 1, 2023

- Allows retired TRS members to work in a TRS-covered position for 120 days or 600 hours through June 30, 2026

Legislative Update (cont.)

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

Pending Legislation

➤ Tier 2 Bills

- HB 4098, HB 4099, HB 4873, HB 5488
- ILGA.gov

➤ Post-Retirement Employment

- HB 4662, HB 4068, HB 4580
- All propose extension beyond current expiration (6/30/2023), some with changes to definitions of “subject shortage area”

Source: Pensionomics 2023 - National Institute on Retirement Security

AAI Program

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 pension benefit 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

Accelerated Pension Benefit (APB)

- Available to INACTIVE Tier I and Tier II members
 - Tier I: must have at least 5 years of TRS service
 - Tier II: must have at least 10 years of TRS service
- Eligible Inactive Members will be notified via email when available
- “Buyout” amount will equal 60% of the present value of the member’s anticipated lifetime pension benefit
- TRIP insurance coverage will be available to eligible APB participants when the normal retirement age is reached
 - Member must have at least 8 years of TRS service credit to qualify for TRIP

Salary Increases Affecting Final Average Salary

- The 6 percent salary threshold applies to year-to-year raises in salaries paid to TRS members by the SAME employer in the years used to calculate the member's final average salary
- Members should contact his/her school district or union representative for questions regarding his/her Collective Bargain Agreement, individual contract, or retirement incentive
- Exceptions: an educator leaves one district and receives an increase when he/she starts with another district or educators whose jobs and salaries are affected by school district consolidations or annexations

Post-retirement limitations

- 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.