

BEFORE WE BEGIN

Slideshow download:

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



- 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



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.

Teachers' Retirement System of the State of Illinois

TRS Information
for ISBE Employees



Illinois State Board of Education
February 3, 2025

TRS OVERVIEW

Contents

- TRS Basics
- Your TRS Pension Benefits
- SEGIP State Health Insurance
- Social Security and Medicare

Q/A



Tier 1 or Tier 2?

1

Tier 1

First contributed to TRS or reciprocal retirement system prior to January 1, 2011

2

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

TRS Basics



Contributions

- All members (Tiers 1 & 2) contribute 9% of gross earnings to TRS
- Contributions are invested by TRS to pay retirement, disability, and death benefits
- You do NOT contribute to Social Security for TRS-covered work



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
- Optional Defined Contribution (DC) component available through TRS- TRS Supplement Savings Plan (SSP)

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 the age of 60 if fewer than 35 years **or meet Rule of 85 (Tier 1 only)**

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 the age of 67

Rule of 85 (Tier 1)

- Must be Tier I
- Age + Service must equal to 85
- Must last contribute in a TRS-covered State agency position prior to retirement for one year
- Must have a minimum of 5 years of service in a TRS state-covered position



Retirement Formula

$$\begin{aligned} & \text{Service Credit} \\ & \times \text{Formula Factor} \\ & = \text{Percentage} \\ & \\ & \text{Percentage} \\ & \times \text{Final Average Salary (FAS)} \\ & = \text{Annual Pension Benefit} \end{aligned}$$



Service Credit



Service Credit x Formula Factor x **FAS** = Pension

- 170 paid days equal 1 year of service credit
 - Full-time, part time, and substitute teaching
- Only 1 year of service can be earned per school year
- School year runs July 1 through June 30

Days Worked	Service Earned
94 days	0.553
170 days	1.000
185 days	1.000
260 days	1.000

Service Credit from Sick Days



Unused, uncompensated sick days reported to TRS by a school district upon termination or retirement

- Maximum of 340 sick leave days or 2.000 years of service
- Every sick day earns service credit
- Current district sick leave is not reported to TRS until ceasing employment
- Request “Former Employer Sick Leave Certification” (if not reported by the former district)

Unused, uncompensated sick days	Service credit
1	0.006
67	0.394
170	1.000
213	1.253
340 +	2.000

Reciprocal Service Credit

- IMRF, SURS, SERS, CTPF, others
- Must have at least 1 year of non-concurrent service credit
- Teacher's aide under IMRF may use less than one year if aide work was followed by teaching
- Combined service credits must meet the minimum vesting requirements in each system



Formula Factor

2.2 Upgrade

Service Credit x Formula Factor x FAS = 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 your years have been upgraded:
 - Call TRS to ask if you have a cost.
 - Your 2.2 upgrade cost is specific to YOU.



Final Average Salary

Service Credit x Formula Factor x FAS =
Pension

Tier 1

- Average of highest FOUR (4)
*consecutive salaries out of last 10
years of service

Tier 2

- Average of highest EIGHT (8)
*consecutive salaries out of last 10
years of service
- Cannot exceed the limit that is tied to
the Consumer Price Index
 - FY25 Salary Cap: \$125,773

“Salary” includes regular pay, extra duty stipends, 9% contribution to TRS. Increases up to 20% with same employer can be included

*See Appendix for additional information on Final Average Salary



Retirement Formula

$$\begin{aligned} & \text{Service Credit} \\ & \times \text{Formula Factor} \\ & = \text{Percentage} \\ & \\ & \text{Percentage} \\ & \times \text{Final Average Salary (FAS)} \\ & = \text{Annual Pension Benefit} \end{aligned}$$



Unreduced Retirement Example

30 years of service

x 2.2%

= 66.0%

x \$85,000



= \$56,100 Annual Pension Benefit

= \$4,675 Monthly Pension Benefit

Example

Member:

- Age 60 (Tier 1)
- Age 67 (Tier 2)
- Years of Service: 30
- Average Salary:
\$85,000



Reduced Retirement

Example

30 years of service

x 2.2%

= 66.0%

x \$85,000

= \$56,100 Annual Pension Benefit

-30% Age Reduction

= \$39,270 Annual Pension Benefit

= \$3,272 Monthly Pension Benefit

- A reduced pension is permanently reduced.
- If you stop working at any age and defer retirement until age 60 for Tier I and age 67 for Tier II, your pension will be unreduced.



Example

Member:

- Age 55 (Tier 1)
- Age 62 (Tier 2)
- Years of Service: 30
- Average Salary: \$85,000

Maximum Pension Benefit

Service Credit x Formula Factor x FAS =
Pension

Maximum Benefit is
75% of the Final Average Salary

Tier 1

- 34 years of service = 75% (age 60 and over)
- 35 years of service = 75% (under the age of 60)

Tier 2

- 34 years of service = 75% (age 67 and over)

Years over 34 may continue to build Final Average Salary

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



State Health Insurance (SEGIP)



Enrollment

- Eligible with 5.000 years of state service credit
- Enrollment opportunities
 - Within 30 days of retirement date if enrolling at retirement
 - Medicare becomes available (age 65 in most cases)
 - Involuntary termination of previous insurance coverage
 - Benefit Choice Period – Typically May with coverage starting July 1
 - Dependents may enroll at same opportunities
- Coverage always starts on the first of a month



SEGIP MEMBER PREMIUMS

There are THREE premium considerations for SEGIP:

- 1) Premium-FREE insurance for retiree with TWENTY years of service
- 2) With FIVE years in a State position, 5% premium subsidy for each year of TRS service (including district service)

Years of service	Premium reduction/subsidy
5 years	25%
10 years	50%
15 years	75%
20+ years	100% (FREE)

- 3) If less than five years in a State position, but at least EIGHT with a school district, regular TRIP enrollment is available at 75% subsidy.

Dependent premiums are the same as those for active members



SEGIP Dental and Vision Insurance

Member Monthly Quality Care Dental Plan (QCDP) Contributions**		
Member Only	Member + 1 Dependent	Member + 2 or More Dependents
\$14.00	\$23.00	\$25.50

Vision coverage is provided at no cost to all members enrolled in a State health plan. The plan is administered by EyeMed.



Social Security and Medicare

- Illinois teachers do NOT contribute on TRS -covered employment
- You CAN receive earned SSA benefits based on other employment
- Windfall Elimination Provision (WEP) and/or Government Pension Offset (GPO) REPEALED effective December 2023
- Check for FICA deduction on your paycheck or contact Social Security to confirm eligibility for SSA and Medicare benefits



Social Security
(800) 772-1213



www.ssa.gov



Contact Information

TRS Phone & Hours



Toll-free:
(877) 927-5877
M-F: 8:30 am to 4:30 pm



Email Address
members@trsil.org



Visit us
<https://trsil.org>

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www.youtube.com/c/trsillinois

Presentation Slides:

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

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Questions?



Appendix

TRS 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 <https://trsil.org>

- You must contact TRS to include reciprocal service in estimate



Disability Benefits



Disability Benefits

TRS offers temporary disability benefits to ill/injured **active** members prior to retirement



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
- You earn service credit while receiving the disability benefit

Death Benefits



Death Benefits



1%

Survivor Benefits



8%

Retirement

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: _____



1%

Survivor Benefits

- Funded through survivor benefit contributions made while teaching (1% of annual salary)
- Tier 1 -- 50% of monthly benefit to a dependent beneficiary
- Tier 2 -- 66.7% 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



8%

Retirement

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 few years of retirement)

Social Security Medicare



Health Insurance

Teachers' Retirement Insurance Program (TRIP)



Eligibility

- Must have at least 8 years of service credit with TRS to be eligible
- Available for your lifetime with multiple enrollment opportunities
- 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
- Will now include dental or vision (details to follow)

TRIP Premiums

Monthly Contributions through June 30, 2025

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)	\$111.77	\$347.20	\$473.05	\$137.21
	TCHP (PPO) when a managed care plan is available	\$290.08	\$810.30	\$1,231.35	\$325.35
	TCHP (PPO) when a managed care plan is unavailable in your county	\$145.04	\$405.14	\$615.69	\$162.69
Dependent Beneficiary	Managed Care Plan (OAP & HMO)	\$447.26	\$1,388.78	\$1,892.15	\$472.75**
	TCHP (PPO) when a managed care plan is available	\$580.18	\$1,620.58	\$2,462.71	\$650.71
	TCHP (PPO) when a managed care plan is unavailable in your county	\$580.18	\$1,620.58	\$2,462.71	\$488.04**

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



TRAIL Premiums

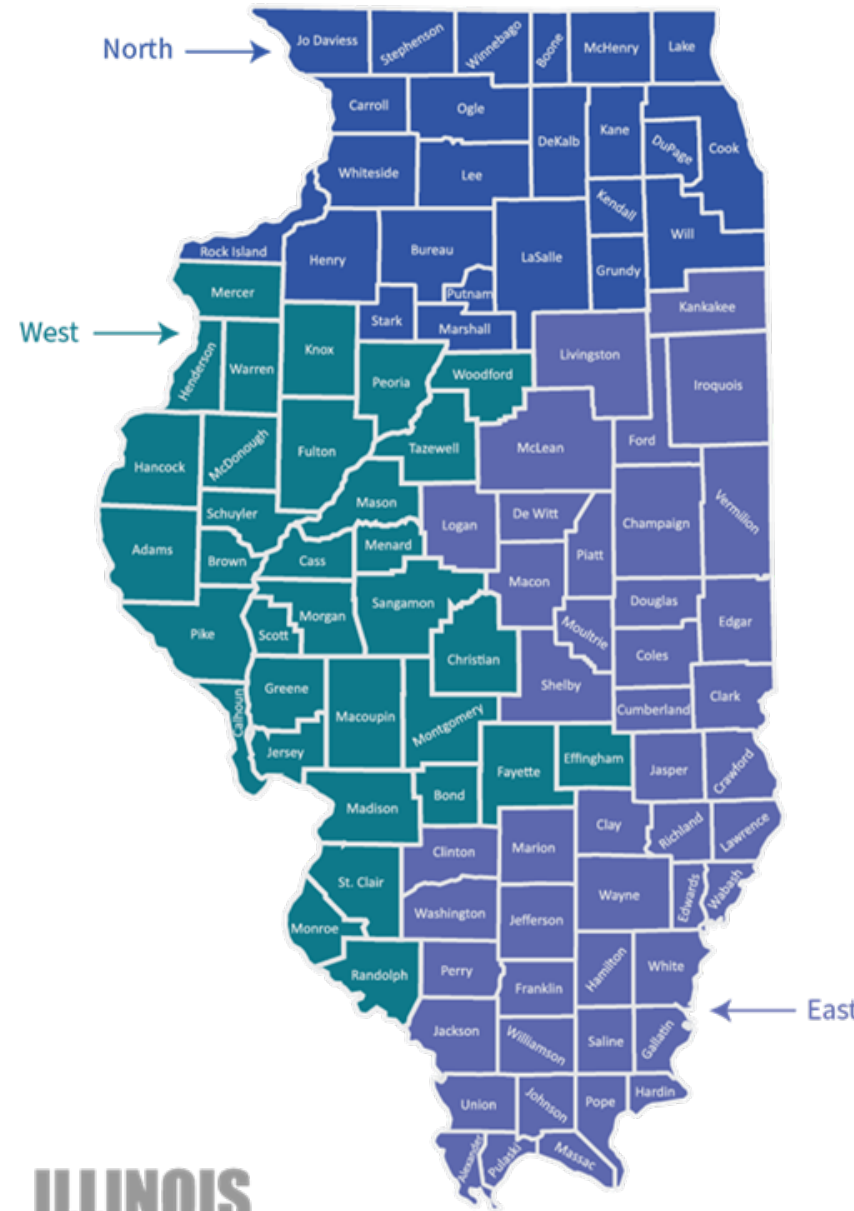


Aetna MAPD PPO (Effective Jan. 1, 2024)		
Monthly Contributions	Member Rate	\$2.16
	Dependent Rate	\$6.49

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



TRS SSP Retirement Education Specialists



Northern Illinois
Tonya Coleman
(312) 342-5408
Tonya.Coleman@voya.com



Western/Metro East Illinois
Stacey Russell
(217) 502-9711
Stacey.Russell@voya.com



Eastern/Southern Illinois
Terri Bailey
(217) 306-2455
Terri.Bailey@voya.com

SERVICES

- TRS SSP plan information and education
- 1-on-1 appointments
- Financial wellness education
- Investment education
- Retirement planning
- Webinars and seminars

To schedule an appointment, go to <https://trssp457b.timetap.com>



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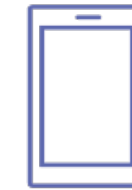
TRS SSP Account Resources

Account Resources



Web

Access your account and retirement planning information online at trsilssp.voya.com.



Mobile

Access and manage your account on-the-go. Search “**Voya Retire**” in your favorite app store.



Chat

Use the chat functionality on the website to contact a TRS SSP Service Associate. To access, log in to your account at trsilssp.voya.com and click the chat icon at the right of your screen.



Phone

Call the TRS SSP Service Center at **844-877-4572 (844-TRS-457B)** to speak with a Service Associate, Monday through Friday, 7 a.m. to 7 p.m. CT, excluding stock market holidays.



TRS Pension Information

Toll free: (877) 927-5877 Monday through Friday, 8:30 a.m. to 4:30 p.m. (except for holidays) or via www.trsil.org.



TRS SSP Retirement Education Specialists

To schedule an appointment, go to <https://trsssp457b.timetap.com>.



TRS Retirement Timeline

6-12 Weeks from Retirement

- Contact TRS for Personalized Retirement Interview (PRI)

QUESTIONS

1. Are you interested in AAI lump sum, if retiring by 6/30/2026?
2. Do you want a Standard or Reversionary Retirement?
3. Would you like federal taxes withheld?
4. Are you receiving or are you eligible to receive a public pension from another state?
5. Does your district know you are retiring this year?

* If you retire reciprocally, you must contact each system and start retirement process with them as well.





TRS Retirement Process

Claim Processing:

Allow 60 -90 Business Days After All Forms and Payments Received and Reviewed

- **AFTER** last day of service, Employer will submit relevant information for final year of service
- Benefits are paid monthly through the month of your death
- You cannot outlive your benefit



Teachers' Retirement Insurance Program

Administered by Illinois Department of Central Management Services (CMS)

TRS's role is limited to basic coverage info, enrollment, and collecting of monthly premiums

- Enrollment opportunities
 - Upon retirement (can defer up to 4 months)
 - At age 65 (Medicare)
 - Upon termination of other coverage
 - Annual Open Enrollment
 - Available to dependents BUT rates are not subsidized





Fiscal Year Stats

for the fiscal year ending June 30,
2023

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

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%)





Reciprocal Retirement Systems

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

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





TRS Contributions

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

Member 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

Tier 2



If less than 35.000 years of service credit, the annuity will be reduced by 6% for each year* under the age of 60.

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

Age 60	No reduction
Age 59	6% reduction
Age 58	12% reduction
Age 57	18% reduction
Age 56	24% reduction
Age 55	30% reduction

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

*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	\$125,773
Final Average Salary	Avg. of the highest 4 consecutive years	Avg. of the highest 8 consecutive years
Post Retirement Annual Increases	3% compounded annually after age 61	1/2 of the CPI with the 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 or waive 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 & reviewed (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

AAI/ APB – Extends through June 30, 2026

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

Subject Shortage Area – 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, 2027

Optional Credit Purchase – 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

Return to Work – 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 is part of the original average salary calculation, 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
 - 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



Teachers' Retirement System of the State of Illinois

