



TRS Benefits for New Members:

Teachers' Retirement System
Nicholas Stabler, Outreach Coordinator

trsil.org/NewMembers

TRS Demographics ...

Where do you fit in?

Teachers' Retirement System - A State of Illinois Agency

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

FY 2022 Membership

- Total - 448,235
- **Active - 169,889 (40.5% Tier 2)**
- Inactive - 147,329
- Benefit Recipients - 131,017
- Average Pension, all retirees - \$63,276
- Oldest Retiree - ??? yrs old: retired since ???
- Oldest Active Full-time Teacher - 84 years old

Why Care about TRS and Retirement NOW?



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

*Remember this!

Retirement Basics:

“DB” vs. “DC”

Defined Benefit (TRS Pension)

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

Defined Contribution (Optional)

- ▶ IRA, 403(b), or **TRS-SSP 457(b)** plan
- ▶ Supplements your pension
- ▶ Participants choose how much they contribute and how it is invested
- ▶ Benefit is based on the member's account balance at retirement and life expectancy.
- ▶ The **risk** is borne by the **individual**

TRS Contributions

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

Question:

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

Tier 2 Retirement Eligibility

“RETIRE” = Collect a Pension

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

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

Service Credit is more than just years worked:

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

Final Average Salary can be “manipulated”:

- Extra duty stipends
- Salary “lane changes”

Maximizing Your Pension

Maximum is 75% of your Final Average Salary

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

Annual Increases

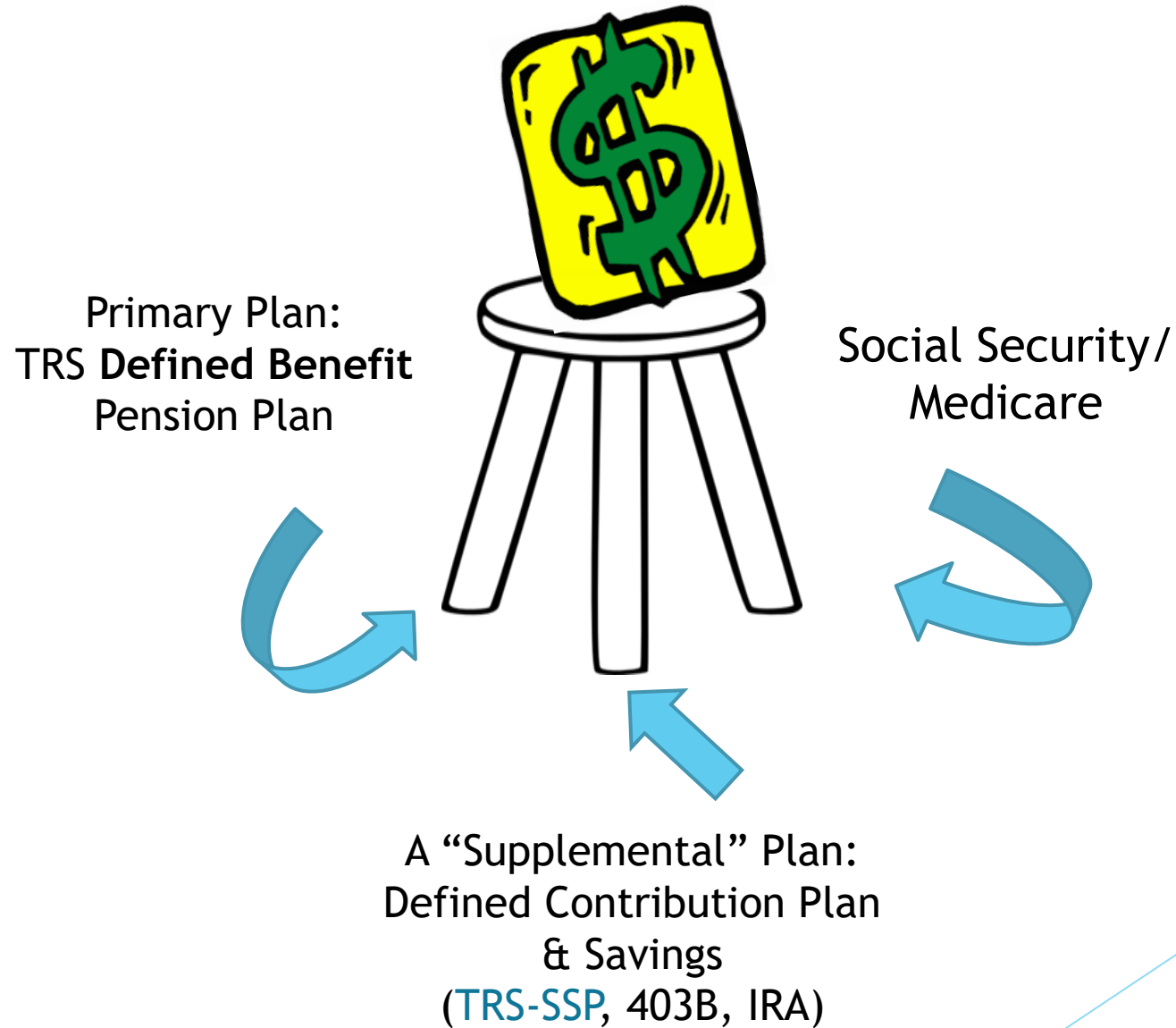
Tier II

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

Teachers' Retirement System

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

Retirement Basics: A Model Plan



“Early investment gives you greater flexibility later.” – Nick Stabler, 15 minutes ago

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

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

- ▶ 457(b) plan administered by VOYA Financial
- ▶ Pre-tax and Roth (post-tax) savings options
- ▶ **New TRS members will be auto-enrolled at 3% of gross pay starting January 1, 2023**





SUPPLEMENTAL SAVINGS PLAN

TRS SSP Overview

TRS Supplemental Savings Plan 457(b)

Traditional 457(b)

- Pay Tax upon Withdrawal
- Pre-tax Contribution
- Tax-deferred Earnings
- \$23,000 Contribution Limit (2024)
- Age 50+ Catch-Up: \$7,500
- Rollovers (must be from qualified account)

Roth 457(b)

- After-tax Contribution
- Tax-free withdrawals (as long as certain qualifying conditions are met)
- \$23,000 Contribution Limit (2024)
- Age 50+ Catch-Up: \$7,500
- Rollovers (must be from a qualified account)

SSP Investments

Do it myself

If you like:

- To be in control
- To select your own individual investment mix
- To actively manage your account

Consider Core Funds

You pick the funds and create a strategy that you think will best fit your time horizon and risk tolerance, and then manage your portfolio of funds over time. These funds include stock, bond and cash investment options. Tools and resources will be available online to help you manage your portfolio.

Core Funds	Ticker/CUSIP Symbol	Investment Category	Expense Ratio
Mission Square Plus Fund, R10	92208J709	Stability of Principal	0.52%
Vanguard Federal Money Market	VMFXX	Stability of Principal	0.11%
PIMCO Income Fund, Instl	PIMIX	Bonds	0.51%
BlackRock U.S. Debt Index Fund, F	06739V544	Bonds	0.04%
PGIM High Yield Fund, R6	PHYQX	Bonds	0.38%
Garcia Hamilton ESG Core Bond Fund	364845107	Bonds	0.36%
BlackRock Equity Index Fund, F	06739T663	Large Blend	0.03%
BlackRock Mid Capitalization Equity Index Fund, F	06739Q412	Small/Mid/Specialty	0.03%
BlackRock Russell 2000® Index Fund, F	06739Q271	Small/Mid/Specialty	0.03%
Vanguard Real Estate Index Fund, Admiral	VGSLX	Small/Mid/Specialty	0.12%
BlackRock MSCI ACWI ex-U.S. Index Fund, F	06739T788	Global/International	0.32%
BlackRock MSCI ACWI ESG Focus Index Fund, F	09259D712	Global/International	0.32%

As of September 30, 2023

SSP Investments

Do it for me

If you like:

- To be hands-off
- To have your investment mix selected for you
- To have your investments automatically become more conservative the closer you get to retirement

Birth Year	Target Date Retirement Fund	Ticker	Expense Ratio
Before 1958	BlackRock Life Path® Index Retirement	LIRKX	0.09%
1/1/1958 – 12/31/1962	BlackRock Life Path® Index 2025	LIBKX	0.09%
1/1/1963 – 12/31/1967	BlackRock Life Path® Index 2030	LINKX	0.09%
1/1/1968 -- 12/31/1972	BlackRock Life Path® Index 2035	LIJKX	0.09%
1/1/1973 – 12/31/1977	BlackRock Life Path® Index 2040	LIKXK	0.09%
1/1/1978 – 12/31/1982	BlackRock Life Path® Index 2045	LIHKX	0.09%
1/1/1983 – 12/31/1987	BlackRock Life Path® Index 2050	LIPKX	0.09%
1/1/1988 – 12/31/1992	BlackRock Life Path® Index 2055	LIVKX	0.09%
1/1/1993 – 12/31/1997	BlackRock Life Path® Index 2060	LIZKX	0.09%
After 12/31/1997	BlackRock Life Path® Index 2065	LIWKX	0.09%

As of September 30, 2023

Consider Target Date Funds*

These “one-stop-shopping” funds are a pre-diversified mix of investments managed by a professional fund manager who automatically adjusts the risk/ return exposure of the fund as you get closer to retirement.

*There is no guarantee that any investment option will achieve its stated objective. Principal value fluctuates and there is no guarantee of value at any time, including the target date. Investments in Target Retirement Funds are subject to the risks of their underlying funds. The year in the Fund name refers to the approximate year (the target date) when an investor in the Fund would retire and leave the work force. The Fund will gradually shift its emphasis from more aggressive investments to more conservative ones based on its target date. An investment in the Target Retirement Fund is not guaranteed at any time, including on or after the target date.

Distribution Options

How to access your funds

- ✓ Funds are accessible after separation from service.
- ✓ You can turn the funds into income and receive a set monthly amount.
- ✓ You can take a lump sum distribution.
- ✓ You can pull from it as needed.
- ✓ You can set up systematic withdrawals for a specific period of time.
- ✓ Required Minimum Distributions (RMD's) are required at 73.

Compare Your Savings Opportunities

TRS 457(b)

- Eligibility (TRS active member)
- Distribution (no 10% penalty)
- Three-year special catch up
- Unforeseen emergency

403(b)

- Eligibility (Check with district)
- Distribution (10% penalty)
- 15-year catch-up
- Hardship/loan

Automatic Enrollment



TRS members hired or rehired on or after 1/1/2023



Approximately 30-60 days after employment begin date



3% pre-tax payroll contribution



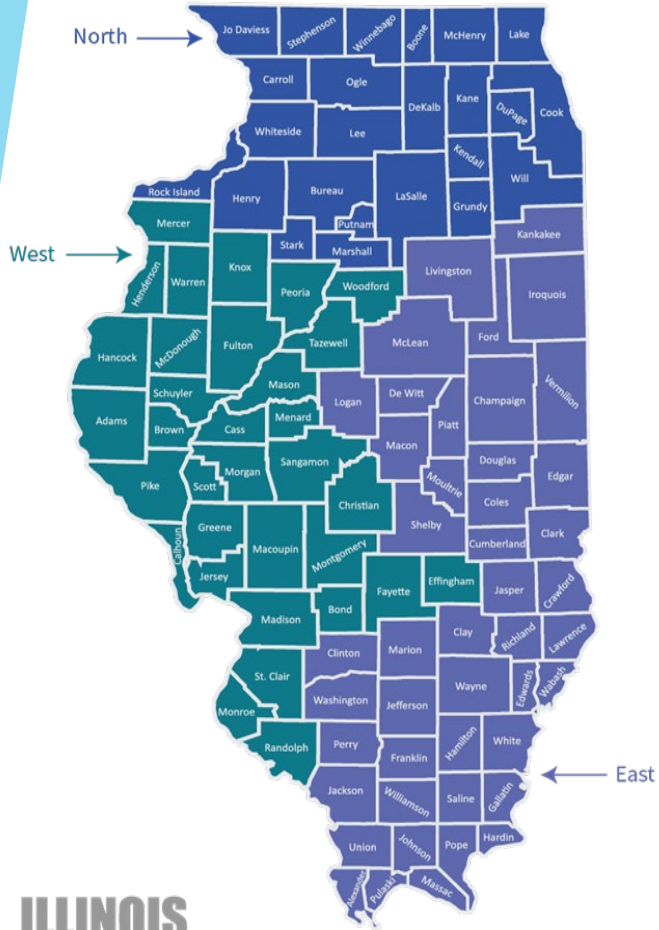
Contributions will be invested in Target Date Retirement Fund (closest to expected retirement date at age 65)

Automatic Enrollment

What to do next!

- Register your account at www.trsilssp.voya.com
- Make your enrollment decision :
 - Personalize your enrollment
 - Confirm automatic enrollment
 - I don't want to save
- TRS SSP Customer Service : **844-877-4572 (844-TRS-457B)**

TRS SSP Retirement Education Specialists



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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

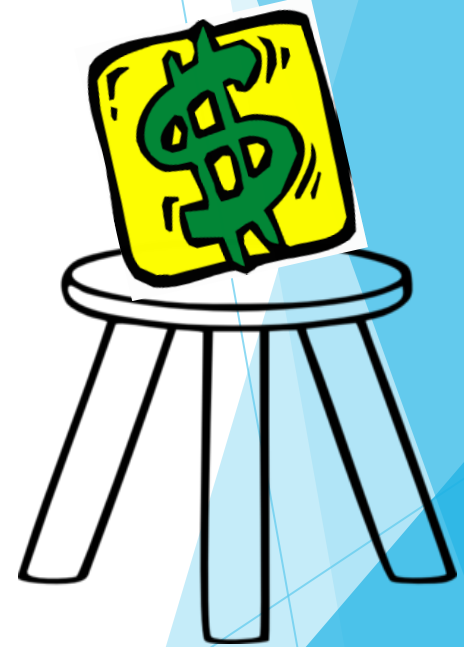
<https://trsssp457b.timetap.com>



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A few words about Social Security

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



BONUS INFO!

You can reduce your Illinois State Tax liability by \$500 if you purchased materials for your classroom that were not reimbursed by your school.

Contact Information

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