

State of Alaska
Division of Retirement & Benefits
TRS Retirement Process

Presented by Division of Retirement & Benefits



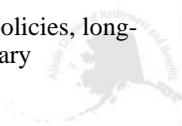
Planning for Retirement

- Determine your needs
- Learn what options are available
- Determine the tax consequences of various options
- Explore techniques to turn your investments into income



Determine Your Financial Needs

- Determine income you will need
 - Review personal records
 - List all income and expenses
 - You may need 85% to 100% of your pre-retirement income
- Review
 - Insurance policies, health policies, long-term care policies, beneficiary designations, wills, etc...



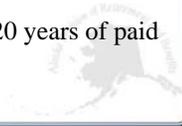
TRS – Three Tiered System

- Tier I – first enrolled in TRS prior to July 1, 1990
- Tier II – first enrolled in TRS on or after July 1, 1990
- Tier III – first enrolled in TRS on or after July 1, 2006 (DCR Plan)



Reaching Retirement Eligibility

- Tier I Early – age 50
 Normal – age 55 (must be vested)
- Tier II Early – age 55
 Normal – age 60 (must be vested)
- Tier I & II
 - Can retire at any age with 20 years of paid TRS membership service



Vesting Requirements

- Eight paid-up years of membership service; or
- Five paid-up years of membership service and three paid-up years of Alaska BIA service; or
- 12 paid-up years of part-time or a combination of part-time and full-time TRS membership service

If you entered TRS prior to July 1, 1975, contact your representative for more information



Retirement Service Eligibility

- Can retire at any age and receive a normal benefit if you have:
 - 20 paid-up years of TRS service
 - 20 paid-up years of combined TRS service and Alaska BIA service, if last five are TRS service
 - 20 paid-up years of combined full-time and part-time service (at least 172 days worked)
 - 25 paid-up years of credited service if last five are TRS years

How Service is Credited

- Based on number of contract days worked during school year
- Part-time teachers
 - Must work at least 50% of the normal workweek on a regular basis
 - Service is credited in proportion to full-time credit

Membership Service Chart

0-8 days = no credit
9 to 26 days = .1
27 to 44 days = .2
45 to 62 days = .3
63 to 80 days = .4
81 to 99 days = .5
100 to 117 days = .6
118 to 135 days = .7
136 to 153 days = .8
154 to 171 days = .9
172 days or more = 1.0

Benefit Alert!

- Vested members who have terminated TRS employment and reached normal retirement age will not receive larger monthly benefits by waiting until they are older to retire



Average Base Salary (ABS)

- ABS is determined by
 - Adding together your three highest annual base contract salaries
 - Dividing the total by three
- To include a base salary as one of three highest
 - Must work and receive compensation during at least 2/3 of the school year



Benefit Calculation

- $2\% \times \text{ABS} \times \text{all service up to 20 years;}$
plus
- $2.5\% \times \text{ABS} \times \text{all service over 20 years}$
served after June 30, 1990



Applying the Formula

Example: 22 years of service, assuming ABS is \$85,000

2% x \$85,000 x 20 years = \$34,000; plus
2.5% x \$85,000 x 2 years = \$4,250
\$38,250 divided by 12 = \$3,187.50 monthly

Note: If eligible for early retirement, choose joint and survivor option, or have an indebtedness owing at retirement, normal benefit amount is reduced

Early Retirement Reduction

Example: 19 years of service

Age: 55 years, 5 months

Tier II ABS = \$85,000

2% x \$85,000 x 19 years = \$32,300

Multiply early age factor $\times .623501$
\$20,139.08/12

Monthly benefit = \$1,678.25

Increasing Service Credit

- Claiming Outside teaching service or active military service
- Claiming unused sick leave
 - Claim at retirement
 - Contributions not required
 - Credited according to current Membership Service Charge
 - Added to your TRS service and increases your retirement benefit after retirement
 - Cannot be used as eligibility credit

Indebtedness Payment Options

- Pay indebtedness in full prior to retirement date
 - Pay with pre-tax transfer from a qualified plan
 - Pay by pre-tax or post tax payroll deductions
 - Pay with post-tax dollars
- Take a lifetime actuarial reduction to retirement benefit



Pension Decisions

Retirement Pension Options

- Regular Retirement
- 1% Supplemental
- 50% or 75% Joint & Survivor (J&S)
- 66 2/3% Last Survivor (LS)



Regular Retirement Option

- No reduction to benefit except for early retirement or indebtedness, if applicable
- All benefits cease at your death, including medical insurance
- Beneficiary receives balance of contribution account, if any, and last pension check



1% Supplemental Option

- Must have been enrolled in TRS prior to July 1, 1982
- Must have paid supplemental contributions for minimum of five years prior to retirement
 - Unless first enrolled prior to July 1, 1977
 - Then must have made contributions for minimum of one year prior to retirement

1% Supplemental Option - continued

- **Survivor's Benefit** = 35% of last contract salary
 - Plus 10% for each dependent child up to four children
 - Converts to a spouse's pension when last dependent is ineligible
- **Spouse's Pension** = 50% of retirement benefit

Survivor Options

- Election of a survivor option
 - Reduces regular retirement benefit by an actuarial factor
 - Based on age of member and member's spouse or qualified same-sex partner at time of retirement
- Health insurance eligibility continues for spouse or same-sex partner **only** if survivor option is chosen

Survivor Options - continued

- Under 75% or 50% Joint & Survivor options, if spouse dies there is no change to member's benefit
- Under 66 2/3% Last Survivor Option, remaining survivor receives 66 2/3% benefit. If spouse dies, member's benefit reduces



Joint & Survivor Example

Early retirement benefit of \$1,184.65/month
 Member age: 55 years 5 months
 Spouse age: 54 years

	<u>Member</u>	<u>Survivor</u>
75% J&S	\$1,082.43	\$811.82
50% J&S	\$1,114.48	\$557.24
66 2/3 LS	\$1,132.00	\$754.67



TRS Pension Benefit Elections

II. PENSION BENEFIT ELECTION
 I hereby apply for Early Normal retirement benefits to become effective the 1st day of _____ (month), _____ (year).
*If you have worked 172 days in this period since your retirement effective date is July 1.

Retirement Options. Choose from either A or B below.

A. Survivor Options (Married members or members with same-sex partners)
 I have contributed to the 1% supplemental contribution program and I am entitled to continuing survivor benefits.
 I have not participated in the 1% supplemental contribution program and elect the survivor benefit I have checked below.

Survivor Information
 Name (First, MI, Last) _____ Date of birth _____
 Social Security Number _____ Relationship Spouse Same-Sex Partner

If selecting a same-sex partner relationship, both you and your partner must complete and sign the Same-Sex Partner Affidavit and the Declaration of Sex Status forms and submit them with this application. Documentation supporting the affidavit need not be filed with the application but is required before benefits can be paid. (See page 22 for information about designating an incapacitated child as your survivor.)

If you are married, you must choose one of the following options to receive a survivor benefit:

I elect: 75% Joint Survivor Option 50% Joint Survivor Option
 66-2/3% Last Survivor Option

In selecting the 66-2/3% Last Survivor Option, I understand if my spouse or qualified same-sex partner dies first, my benefit will be reduced to 66-2/3% for the rest of my life. If I die first, my spouse or qualified same-sex partner will receive the 66-2/3% survivor benefit for the rest of her/his life.

B. No Survivor Option (Single members. If you are married you may only choose this option if your spouse signs the waiver below. All benefits including medical coverage will cease upon the death of the applicant.)
 Normal or Early Benefit: I do not elect a Survivor Option.

SPOUSE'S WAIVER OF SURVIVOR OPTION
(Complete only if married and NOT selecting a survivor option.)
 I acknowledge and approve the benefit selected. I understand the terms of the selection and that by signing this waiver I freely waive entitlement to continuing survivor benefits, including health coverage, which may otherwise be payable to me, upon the death of the named applicant.

SPOUSE'S SIGNATURE _____ PRINTED NAME _____ DATE _____

Insurance Decisions

Health Insurance Elections

- Medical (Tier II)
- Dental/Vision/Audio (DVA)
- Long-Term Care (LTC)



Medical Benefits

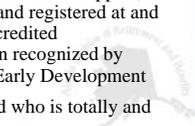
- Tier I: System-paid family medical coverage at retirement
- Tier II: System-paid family medical coverage at age 60 or 25 years of TRS membership service

If retired prior to age 60, member pays full premium until age 60. Open enrollment period each year



Medical Benefits - continued

- Retiree medical plan covers member and eligible dependents
 - Eligible dependents; spouse and dependent children
 - Dependent child means:
 - Unmarried, dependent upon member for support, and under age 19 or; under age 23 and registered at and attending on full-time basis accredited educational/technical institution recognized by Department of Education and Early Development
 - Age limits do not apply to child who is totally and permanently disabled



Medical Benefit Summary

- \$150 deductible per person, maximum 3 per family
- Pays 80% of first \$4,000 in covered claims for each person, then 100% of all covered claims for rest of benefit year
- Prescription drug coverage - \$8 Brand, \$4 Generic, \$0 Mail-order
- Lifetime maximum benefit - \$2,000,000 per person
- Secondary to Medicare at age 65

Insurance Elections - Medical

Name _____ Social Security Number or RIN _____
 Retirement Effective Date _____

VII. HEALTH BENEFIT ENROLLMENT

MEDICAL BENEFITS (must mark a box) Premium Payment Required - See Premium Rate Card

I elect the following medical coverage: No medical coverage

Retiree only Retiree and spouse or same-sex partner Retiree and child(ren)

Retiree, spouse or same-sex partner, and child(ren) System-paid AlaskaCare medical (see pages 9-12 for eligibility requirements)

DENTAL-VISION-AUDIO BENEFITS (must mark a box) Premium Payment Required - See Premium Rate Card

I elect the following Dental-Vision-Audio (DVA) coverage: No Dental-Vision-Audio coverage

Retiree only Retiree and spouse or same-sex partner Retiree and child(ren)

Retiree, spouse or same-sex partner, and child(ren)

LONG-TERM CARE BENEFITS (must mark a box) Premium Payment Required - See Premium Rate Card

I elect the following Long-Term Care (LTC) option:

Retiree coverage:

No Long-Term Care coverage Silver Gold Platinum

I am covered under my spouse's LTC plan. Spouse's SSN _____

Spouse or same-sex partner coverage (may only elect if member is electing coverage):

No Long-Term Care coverage Silver Gold Platinum Spouse's date of birth _____

Optional Plan Enrollment

- Dental-Vision-Audio (DVA)
 - Tier I: Must elect at retirement
 - Tier II & III: May elect at open enrollment if medical coverage of same or higher level is also elected for first time
- Long-Term Care (LTC)
 - One enrollment at time of retirement only (all tiers)
- All tiers pay DVA and LTC premiums for as long as coverage is desired

Dental/Vision/Audio Coverage

- Dental
 - 100% - Preventative services
 - 80% - Restorative/Basic services
 - 50% Prosthetic/Major services
 - \$50 Annual deductible for restorative and prosthetic services
 - Maximum \$2,000 benefit per year



Dental/Vision/Audio Coverage

- Vision
 - No deductible
 - 80% of covered services
- Audio
 - No deductible
 - 80% of covered services
 - Maximum benefit \$2,000 in 3-year period



Insurance Elections - DVA

Name _____ Social Security Number or RIN _____
 Retirement Effective Date _____

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MEDICAL BENEFITS (must mark a box) Premium Payment Required - See Premium Rate Card

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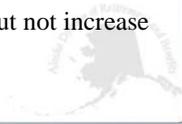
I am covered under my spouse's LTC plan. Spouse's SSN _____

Spouse or same-sex partner coverage (may only elect if member is electing coverage):

No Long-Term Care coverage Silver Gold Platinum Spouse's date of birth _____

Long-Term Care

- One time opportunity to elect at retirement
- Three plans available
 - Silver, Gold and Platinum
- Can elect plan for self or self and spouse
- Premium based on age at retirement; separate premium for each person covered
- Can decrease plan coverage but not increase



Insurance Elections - LTC

Name _____ Social Security Number or RIN _____
Retirement Effective Date _____

VII. HEALTH BENEFIT ENROLLMENT

MEDICAL BENEFITS (must mark a box) Premium Payment Required - See Premium Rate Card

I elect the following medical coverage: No medical coverage
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LONG-TERM CARE BENEFITS (must mark a box) Premium Payment Required - See Premium Rate Card

I elect the following Long-Term Care (LTC) option:
Retiree coverage:
 No Long-Term Care coverage Silver Gold Platinum
 I am covered under my spouse's LTC plan. Spouse's SSN _____
Spouse or same-sex partner coverage (may only elect if member is electing coverage):
 No Long-Term Care coverage Silver Gold Platinum Spouse's date of birth _____

The Process

- Request a retirement application
- Request retirement projection
- Submit application 6-8 weeks prior to retirement effective date - **receive a confirmation letter from the division**
- Appointment letter is issued when first retirement check is mailed confirming elections – **you have 15 days from date of letter to request corrections**



After Retirement Increases

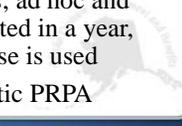
Alaska Cost-of-Living Allowance (COLA)

- 10% of base retirement benefit
- Must be domiciled and physically present in Alaska
 - Tier I eligible at retirement
 - Tiers II eligible at age 65
 - All disabled members are eligible



After Retirement Increases - continued

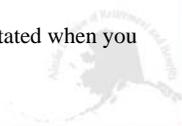
- Post Retirement Pension Adjustment (PRPA)
 - Based on change in consumer price index (CPI) from year to year in Anchorage area
 - Must be age 60 or have been receiving benefits for 8 years
 - Members receiving disability benefits
 - Tier I eligible for two types; ad hoc and automatic. If both are granted in a year, one yielding highest increase is used
 - Tiers II eligible for automatic PRPA



Working After Retirement

Standard Option

- Alaska Statute 14.25.043 prohibits members from working while receiving TRS retirement benefits and service at the same time
- Benefit is suspended until you terminate employment
- Earn additional service toward additional pension benefit
- First retirement automatically reinstated when you terminate employment
- **Must apply for your second benefit**



Working After Retirement - continued

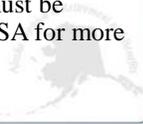
Types of employment allowed:

- Temporary or nonpermanent position for a TRS employer
- Private sector
- PERS covered position
- Less than 50% contract



Social Security Offset

- If you work in a position that does not pay into Social Security (SSA) and have less than 30 years of qualifying Social Security earnings, you may be subject to Windfall Elimination Provision which will reduce your social Security benefit
- Benefit estimates received from Social Security do not include offset – must be specifically requested. Contact SSA for more information
- 1-800-772-1213 / www.ssa.gov



Contacts

Division Regional Counselors

- Anchorage Office
 - Debbie Bialka-Benedict
 - Mark Rosier
- Benefit Attachments
 - Kathryn Setzer



Contacts

Division Regional Counselors

- Dawn Bonnett
- Aleutians, Western Alaska, Kenai Peninsula
- Mark Rosier
 - Mat-Su
- Natasha Golovatiuk & Stan Love
 - Fairbanks and Railbelt, Tok, Glennallen, Valdez
- Mike Doss
 - Southeast and AMH System



Contacts

DRB Customer Service Center
(800) 821-2251 or (907) 465-4460
10:00 a.m. to 3:30 p.m.



Thank you for attending!

Please complete the seminar evaluation
located in each of your folders.