

STATE OF ALASKA

TEACHERS' RETIREMENT SYSTEM

Employer Manual



2014



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I – Overview of the TRS

Welcome to the State of Alaska Teachers' Retirement System Employer Manual. This manual is designed to be your resource guide when you have questions regarding the Teachers' Retirement System (TRS), and to identify who to contact to get answers if you have additional questions.

Reporting Contact – Accounting

Alaska.gov/drb/employer

- Payroll Reporting
- Payroll Payment
- Employer Contribution Rates
- Late Fees
- Employer On-behalf
- eReporting Questions

Benefits Contact – Regional Counselor

Alaska.gov/drb/rebs

- Eligibility and Entitlement
- Member Classification
- Retirement Education

This summary provides a brief overview of the system, including both the Defined Benefit and Defined Contribution Plans. **Throughout this manual, a “member” is one who participates in and is eligible for coverage under the TRS system.**

Defined Benefit Retirement Plan

The original plan established in 1955 is a Defined Benefit (DB) Plan.

Members are those who first entered the TRS:

- Before July 1, 1990, are in Tier I;
- On or after July 1, 1990, but before July 1, 2006, are in Tier II.

The benefits under this plan are defined in Alaska Statute and the pension is based on a formula. Included with the monthly pension are medical benefits also paid by the retirement system. The plan also offers disability and death benefits.

Defined Contribution Retirement Plan

The second plan established on July 1, 2006 is a Defined Contribution Retirement (DCR) Plan.

Members are those who first entered the TRS:

- On or after July 1, 2006, are in Tier III.

The DCR Plan is a hybrid plan that includes benefits for occupational death, occupational disability and retiree health care in addition to the defined contribution retirement income benefit. Members can elect to participate in the State of Alaska's retiree major medical insurance plan. Additional health benefits include a medical expense reimbursement account funded entirely by employer contributions.

Statutes and Regulations

Alaska.gov/drb/trs/employee/resources/statsRegs.html

NOTE: For detailed information regarding the TRS, please refer to Alaska Statute 14.25, 14.20, 14.40, 39.30 and Alaska Administrative Code 2 AAC.36. This manual is only a summary. The TRS statutes and regulations will prevail whenever there is a difference in interpretation between this handbook and the statutes or regulations.

Administration of the TRS

The Chief Pension Officer of the Division of Retirement and Benefits (Division) serves as the Administrator of the TRS by appointment of the Commissioner of Administration. The Administrator oversees the day-to-day operation of the system.

The Alaska Retirement Management Board (ARMB) assumed fiduciary responsibility for the assets of the state's retirement systems as of October 1, 2005.

The Systems and Plans for which the ARMB manages and invests funds are the:

- Teachers' Retirement System
- Public Employees' Retirement System
- Judicial Retirement System
- National Guard/Naval Militia Retirement System
- Alaska Supplemental Annuity Plan
- Alaska Deferred Compensation Plan
- Alaska Defined Contribution Plan – TRS and PERS

The board consists of nine trustees and is staffed by the Department of Revenue - Treasury Division. The board appoints an Investment Advisory Council (IAC) composed of three members who possess experience and expertise in financial investments and management of investment portfolios. The ARMB also contracts with an external consulting firm for assistance with asset allocation, strategy, performance measurement, general consulting purposes and with a consulting firm for assistance with investing the real estate portfolio.

Alaska Retirement Management Board (ARMB)

Treasury.dor.alaska.gov/armb

II – Payment of Contributions

Requirements for Timely Reporting

Employer and member contributions should be transmitted to the plan for deposit in the retirement fund as soon as practicable following the close of each payroll period.

If the contributions are not submitted within 15 days of the close of each payroll period, interest will be assessed on the outstanding contributions at one and one-half times the most recent actuarially determined rate of earnings for the plan, effective the date that the contributions were originally due.

Employers who have not paid their contributions to the plan may be terminated from participation in the plan.

Consequences to the DCR Member and Employer for Late Reporting

The DCR member's account balance is comprised of contributions and investment gains and losses. If the contributions are reported late, the member may suffer substantial financial losses with market fluctuations and the employer may be assessed interest for late payment.

Effect of Enrolling DCR Member in Error

The employer is responsible for administrative fees, investment fees, and investment losses charged to accounts resulting from contribution adjustments because the employer enrolled a member in the DCR plan in error.

Refer to e-Reporting Manual for Other Questions

This web-based application provides employers who participate in the TRS an electronic method for reporting required payroll information. This application allows employers to report required information for both DB and DCR members.

eReporting User's Guide

Alaska.gov/drb/employer/ereporting/user_guide.html Paid for Through Employer Contributions



III – Employer Responsibility for Member Plan Education

Included in the employer contribution rate is funding to provide information and education to members of the TRS. This includes both DB and DCR members.

It is important that members of the TRS receive education and counseling on their retirement benefits as soon as they enter the plan. This education should continue throughout their employment to ensure that they have the tools they need to appropriately prepare for retirement.

Members should be encouraged to take advantage of additional savings plans the employer may offer such as 401 tax sheltered annuity plans, 403(b) plans or 457 deferred compensation plans.

Importance of Initial Seminars for DCR Members

When a DCR member retires, they will pay themselves in retirement based on the money accumulated in their accounts. With this in mind, it is important that they understand the investment options available to them and the suite of services offered through Reality Investing.

These members should be encouraged to attend the various retirement seminars presented by the Division and Great-West Retirement Services (GWRS). These seminars will provide them valuable information on Tier III entitlements and financial education on their retirement accounts.

Importance of Work Release Time for Seminar Attendance – Authority

As an employer, part of the full benefit package that you offer members is a retirement system. The Division strives to educate members on this valuable benefit you provide.

Employers are encouraged to allow members time off work to attend the various educational seminars presented by the Division and GWRS on their retirement accounts. This can be done by implementing a liberal leave policy, or allowing a flexed work week when local seminars are offered.

Importance of Field Visits

Retirement Regional Counselors provide regular on-site visits to areas throughout the State of Alaska. The field visit is a valuable tool to provide accurate and complete information to both the employer and the member. In addition, the Division offers “Benefit Fairs” in various areas of the state on a regular basis.

Regional Counselors provide the following services to the employers:

- Training in the benefits and entitlements of the TRS
- Interpretation of TRS statutes and regulations
- Classification of members

Regional Counselors provide the following services for members:

- Individual counseling appointments
- Seminars for large groups
- Job-site visits and small group meetings

If it is not possible for a retirement representative to physically visit a community, a regional counselor can provide seminars, group meetings, and individual counseling via teleconference, video conference and via the internet.

Assistance for Field Visits – What the Counselor Needs

When a regional counselor is visiting sites in the field, the employer's help is required to make the visit a success. The employer should encourage their members to attend the seminars and individual counseling appointments that are offered and they should allow them time from work to do so.

It is the employer's responsibility to designate an employer contact that will coordinate the visit with the Regional Counselor by securing a meeting space and scheduling the individual counseling appointments for members. It is important that the employer notify all their members of the date and time of the on-site visit. This will ensure that all members have the opportunity to meet with the retirement representative. This can be done by posting flyers in common areas, sending e-mails to all members, and announcing the visit in work site publications.



IV – Beneficiary Designations

The employer is required to provide newly hired members with the appropriate beneficiary forms for their applicable accounts. The most current beneficiary forms can be found on the Division Web site.

Beneficiary Forms Packet

Alaska.gov/drb/forms/beneficiary-forms.html

There are separate TRS beneficiary forms for DB and DCR members.

It is important that beneficiary forms are submitted timely for new members and updated on a regular basis for existing members. In the event of a death, the member's account will be paid based on their most recent valid beneficiary designation that the Division or its designee, Great-West Retirement Service has on file.

All married members who name someone other than their spouse as the primary beneficiary of their accounts must have the spouse's signature on the Spousal Consent section on the form.

If more than one beneficiary is named in the primary or contingent beneficiary category, the surviving beneficiaries in that category will share equally unless otherwise indicated.

If the primary and contingent beneficiaries die before the member does or if no beneficiary is named, the account will be paid based on the terms of the Plan Document or appropriate state law.

Members should use caution when designating a minor child as a beneficiary. When a minor child is designated as the beneficiary, the death benefit will be paid to the child's parent or legal guardian. Members may want to consider establishing a Trust for their minor child and designate the Trust as the beneficiary. They should provide the name and contact information of the Trustee on the form.

Changes to the designated beneficiary can be made by submitting a new beneficiary designation form at any time.

DB Process

The DB member will complete the *Beneficiary Designation Defined Benefit Plan for Active and Deferred Members* (02-822) and submit it directly to the Division address listed at the top of the form.

Alaska.gov/drb/pdf/forms/02-822.pdf

DCR Process

The DCR member will either complete the *Beneficiary Designation 401(a) Plan State of Alaska Teachers' Tier III Defined Contribution Retirement Plan* form (TRS Defined Contribution Retirement Plan Beneficiary Designation) and submit it directly to Great-West Retirement Services (GWRS) at the address listed on the last page of the form, or designate beneficiaries online at Akdrb.gwrs.com. Members can update their beneficiaries any time.

DCprovider.com/PDF/alaska/98214-05/98214-05_Beneficiary.pdf

Employer is Not the Agent or Designee of the Plan Administrator

Only beneficiary designation forms filed with the Division are considered valid. If your members submit forms to you and these forms are not forwarded to either the Division or to GWRS, whichever is appropriate, we cannot use the information provided on them. Only forms that have been received by the Division or GWRS will be used in the event of a member's death.

∞ TRS EMPLOYER MANUAL



V – The Defined Contribution Member (Tier III)

Enrollment

Members who first entered the TRS:

- On or after July 1, 2006, are in Tier III
- Non-vested defined benefit (DB) members who elected to convert to the DCR are in Tier III

Tier status is established when a member first begins making contributions to the TRS. Your new member may have participated in the system prior to their employment with you. Before reporting new members to the system, be sure to confirm the correct tier status for them. This can be done by contacting your Regional Counselor or by using the Tier Look-Up report on the Division Employer Services Web site.

Those Not Covered Under the TRS DCR Plan

- Temporary (substitute);
- Those who work less than 50% contract;
- Those who participate in the University of Alaska’s Optional Retirement Plan (ORP).

Hiring a TRS DCR Retired Member

There are IRC codes that prohibit a retired member from making “In Service” contributions to their retirement account while they are receiving a distribution from that account. Employers should encourage the DCR member to seek the advice of a qualified tax consultant for guidance on the IRC codes. **Failure to inform the member of this could result in significant financial repercussions for the member.**

TRS retired members who come back to TRS eligible employment retain the amount of service that they had accrued prior to retirement. Upon reemployment in TRS the service counts toward vesting in the employer contributions, medical eligibility, the Health Reimbursement Arrangement (HRA) and for retirement eligibility.

Classification

The following members are covered under the TRS and earn membership service in the TRS:

- Full-time members in a position that requires teaching on a regular basis for the normal work period per day or week at a teaching assignment; and
- Part-time members in a position that requires teaching on a regular basis for at least 50 percent of the normal workweek at a teaching assignment.

NOTE: The member earns TRS membership service and is considered certified as long as they hold a valid teaching certificate issued by the Department of Education and Early Development.

A valid teaching certificate must be received within 120 days of the member’s employment otherwise membership in the TRS system will be terminated immediately, the member’s contributions refunded for that period of ineligible employment and the corresponding period of ineligible service removed from the member’s employment history.

The school district will provide a copy of regulation 2 AAC 36.890 to a member hired for a teaching position that does not possess a valid teaching certificate at the time of hire.

No Claimed Additional Service

With the exception of a call to active military duty, DCR members may not claim other types of service for credit in the TRS.

Calls to Active Military Duty While Employed in TRS

Per the 1994 Uniformed Services Employment and Reemployment Rights Act (USERRA) military personnel who are currently working for a TRS employer and called out to a period of active duty may be entitled to claim the period as regular service credit upon their return to the employer. In most cases, the cumulative period(s) of call to active duty cannot exceed five years.

The member is to be granted reasonable time off prior to the beginning of the active duty period to take care of personal affairs and to travel to the reporting site. In addition, the member is to be granted a period of rest before returning to work. The period of time the member has to report back to work varies depending upon the length of the active duty period, not to exceed 90 days after discharge from active military duty.

This time frame may be extended due to medical circumstances. If the member suffers a disability upon their return to employment, the employer is required to make reasonable accommodations to return the member to active employment.

If you have a member who is called to active duty:

- Contact a Regional Counselor
- Inform member of right to claim service upon return to employment
- Report the leave of absence through payroll reporting
- Inform member of the process to claim service upon return to employment

Calls to active duty must be claimed for credit in the TRS by the member once they return to employment. The member is required to write a memo requesting to claim the period of active duty for service credit in TRS. The memo plus documentation verifying the release from active duty with an honorable discharge, typically a DD214, is sent to the division for processing.

Once claimed, the entire period of the military leave of absence (prior days and up to 90 days after discharge) is credited as regular service in the TRS. The service counts toward vesting in the employer contributions, medical eligibility, the Health Reimbursement Arrangement (HRA) and for retirement eligibility.

DCR members may elect to make up all or part of their contributions for the period of military leave of absence once they have returned to the employer.

The employer will make their contributions to the member's account proportionate to what the member makes up. If the member does not elect to make up their contributions, they will not receive the employer contribution to their account.

The allowable time frame for making up the contributions is up to three times the length of the period of the military leave of absence, not to exceed five years. Missed contributions must be made through direct payroll deductions.

Employers and members are encouraged to contact their Regional Counselor for information on calls to active military service.

If you have questions about USERRA you may contact:

USERRA – Federal Register 20 CFR Part 1002

Juneau (907) 465-5881

DOL.gov/vets

ESGR – Employer Support of the Guard and Reserves is a Department of Defense agency established to gain and maintain active support from all public and private employers.

Toll-free (800) 336-4590

ESGR.mil

Service Accrual

A year of service is the equivalent of 52 weeks of permanent full-time employment, which may consist of a combination of permanent full-time or permanent part-time membership service.

Members earn a full year of membership service if they work full-time for at least 172 days during the school year (July 1 – June 30). This service accrual is used for determining eligibility for the medical and HRA coverage at retirement.

Members who perform work on a part-time basis of half time or more are credited proportionally for that service.

Simultaneous TRS and PERS Credit

Members working in both the PERS DCR Plan and the TRS DCR Plan at the same time may receive partial credit under both systems. To be eligible, they must be employed at least half-time in both systems concurrently and making the required contributions.

The total TRS DCR and PERS DCR credit that a member may earn during a school year (July 1 through June 30 of the following year) may not exceed one year.

Vesting

The DCR member is immediately and fully vested in their own contributions and related earnings beginning with their first contribution. They become vested in the employer contributions based on years of service in the TRS.

- After 2 full years of service - 25% vested
- After 3 full years of service - 50% vested
- After 4 full years of service - 75% vested
- After 5 full years of service - 100% vested

Effects of LWOP and Reporting Process

Sabbatical leave, inactive and active periods of leave of absence without pay (LWOP) and continuous periods of LWOP for members should be reported to the TRS with each payroll processing.

Workers Compensation Procedures

If you have a member on a period of Workers Compensation (WKC) leave without pay (LWOP), the LWOP time should be reported through the payroll process.

The period of workers compensation leave without pay cannot be claimed for credit in the Defined Contribution Plan.

Occupational Disability

A member that is injured and becomes totally and presumably permanently disabled because of a physical or mental condition caused by an injury or hazard that happens while performing their job may be eligible to receive a monthly occupational disability benefit from the TRS.

The cost for providing occupational disability benefits to members is borne by the employer and is included in the employer contribution rates. The employer pays both the employer and member contributions.

If the member has already met the requirements for a normal retirement based on age or years of service, they are not eligible to receive occupational disability benefit. Those on disability benefits convert to a regular retirement benefit once they meet the age or years of service requirements.

Receiving an occupational disability benefit is not automatic. There is an application process, medical certification requirements, and the disability must be approved by the administrator of the plan.

The member must file an application for the occupational disability benefit with the Division within 90 days after termination of their employment. Members can file the disability application while they are still working. The member must apply for disability benefits within 90 days of their termination from employment.

The monthly occupational disability benefit will be equal to 40% of their gross monthly compensation immediately before they terminated employment due to the disability. They continue to earn TRS service credit while they are receiving the occupational disability benefits. **No medical insurance is provided until the member is eligible for a normal retirement.**

The member is immediately vested in the employer contributions once they are appointed to occupational disability regardless of the total years of service. The employer continues to make all required contributions as if the member were still working, including the member's required contributions to the Occupational Death and Disability Trust.

Disability benefits cease when the member becomes eligible for normal retirement with 10 years of service and Medicare eligible age, or at any age with 30 years of service. No medical insurance is available until eligible for normal retirement. The member is not entitled to elect distribution from the individual account while receiving disability benefits.

When eligible for normal retirement the member may elect to receive distribution in the form of a:

- Lump-sum payment of the entire balance in the account;
- Periodic lump-sum payment, which is a payment of a portion of the balance in the account, not more than twice each year;
- Period certain annuity payment, equal monthly payments for 60, 120 or 180 months. If the member dies before receiving the full monthly payments, the beneficiary will receive the balance of the benefit payments;
- Life annuity with a period certain payment of 120 or 180 monthly payments for the member's lifetime. If the member dies before receiving 120 or 180 payments have been made, the beneficiary will receive the balance of the 120 or 180 payments;
- Single life annuity payment paid monthly for the member's lifetime; or
- Joint and survivor annuity payment paid monthly at 50% or 100% for the member's lifetime. After the member's death, the survivor will receive 50% or 100% of the monthly amount the member was receiving.

Occupational Death

If a member dies due to an occupational reason, the survivor will receive a monthly benefit of 40% of the member's salary at the time of death. Survivors include spouse or qualified same-sex partner, and dependent children. This benefit converts to a normal retirement when the member would have reached normal retirement eligibility.

The employer continues to make the participant and employer contributions to the Occupational Death and Disability Trust for the survivor, and the Health Reimbursement Arrangement (HRA) account until the member would have reached normal retirement eligibility.

When the member would have converted to normal retirement, the survivor has access to the member account balance and the contributions paid to the Occupational Disability and Death Trust account on their behalf. The survivor elects when and how to take the distributions under several payment options.

No medical insurance is provided until the member would have been eligible for a normal retirement.

Non-Occupational Death

When a member dies from non-occupational causes before retiring, the spouse or qualified same-sex partner, or other eligible beneficiary, is entitled to the member's contributions and the vested portion of the employer contributions plus investment earnings.

Divorce or Dissolution

Retirement accounts are marital assets and if there is a divorce or dissolution during any period of a member's TRS employment, the member is required to submit court certified copies of the divorce or dissolution documents and the property settlement to the Division. These documents will be placed in their permanent record with the Division.

If the documents stipulate or contain an order by the judge entitling the former spouse to a portion of an account, a Qualified Domestic Relations Order (QDRO) must also be submitted.

If the documents indicate there was an agreement about the Division of retirement benefits, but no separate agreement is included in the documents, the member must provide a court certified copy of the separate agreement or the magistrate or judge's notes from the court hearing.

If the documents are silent on the retirement plans, the account will be considered free from attachment.

Terminations

It is the employer's responsibility to report terminations of employment timely to the TRS. The termination action should be reported as soon as possible after the member's last day of work.

Distribution Elections

When a member terminates employment, they elect when and how to take distribution on their DCR account. There are various distribution options available which include lump-sum payments, annuities, and rollovers to other qualified pre-tax plans.

The refundable amount to a terminated member includes:

- Member's mandatory contributions;
- Vested portion of employer contributions
- Investment gains and losses

Members must be terminated from employment for at least 60 days before distribution can occur. They must complete and submit the *Great-West Retirement Services Distribution/Direct Rollover 401(a) Plan* form (*Separation from Employment Withdrawal Request 98214-05* form) to commence distribution.

TRS Defined Contribution Refund Election Form

DCprovider.com/PDF/alaska/98214-05/98214-05_Distribution.pdf

Terminated members who are married may not receive a refund of their member contribution account (if balance is greater than \$5,000) unless their spouse gives written consent. Terminated members who are divorced may not receive a refund of their member contribution account unless they can show that their former spouse was not granted an entitlement to the account.

If a qualified domestic relations order (QDRO) has been filed awarding the former spouse a monthly benefit, the court would have to amend the QDRO to allow for a refund of the member's contribution account as a lump-sum pay out.

All accrued service in the TRS remains in the account and should the member return to work for a TRS employer in the future, the service will be reinstated.

Retirement

Normal retirement is the age set for Medicare eligibility at the time the member retires. A retired member in the DCR plan is a person who has elected to receive medical benefits.

Effects of TRS on Social Security Benefits

TRS employers do not participate in Social Security.

A TRS pension benefit may reduce the amount of benefits that a member is entitled to under Social Security. If the member has at least 30 years of “substantial” earnings during social security covered employment, there will be no reduction to their Social Security benefits.

For members who did not pay Social Security taxes while working for the State of Alaska, University of Alaska or school district, there are two laws that may reduce their Social Security benefits. One of them affects the way their Social Security retirement benefit is calculated and is called the Windfall Elimination Provision. The second affects Social Security benefits they may be eligible to receive as a spouse or widow(er), and is called the Governmental Pension Offset.

For information on these provisions, members and employers are encouraged to contact their local Social Security office, or call Social Security toll-free at (800) 772-1213, or visit the Social Security Web site at SSA.gov.

Retired Member Medical Benefits

DCR members may have access to a retiree medical plan when they retire. In order to access the retired member's medical benefits plan the member must:

- Retire directly from the plan and;
- Have been active at least 12 months prior to separation, and;
- Have at least 30 years of service as a teacher or “all other” member; or
- Have at least 25 years as a peace officer or firefighter; or
- Have at least 10 years of service and be eligible for Medicare.

If the DCR retired member has not yet reached Medicare eligible age, they will pay the full premium for the medical benefits plan if they want the coverage. Once the retired member reaches Medicare age eligibility, they will pay a percentage of the monthly premium based on years of service, as follows:

- 10 percent with 30 or more years of service
- 15 percent with 25 to 29 years of service
- 20 percent with 20 to 24 years of service
- 25 percent with 15 to 19 years of service
- 30 percent with 10 to 14 years of service

The DCR retired member medical benefits plan is currently being developed. The plan will basically include payment of covered expenses at 80% from the plan with a 20% payment from the member. The plan is supplemental to Medicare. Once the plan has been finalized, the plan documents will be available to employers and members online at our Web site.

Health Reimbursement Arrangement

The employer is responsible for making contributions to the Health Reimbursement Arrangement (HRA) account. The contribution amount is based on the average salary of all PERS and TRS members in the DCR plans and it is calculated as a flat monthly dollar amount. This amount is deposited into a separate account for each member of the TRS while they are employed in the TRS.

The balance in the HRA account consists of the employer contributions and any interest that has accrued.

DCR retired members will have access to this account when they meet one of the following requirements:

- 30 years of service as a teacher or all-other employee; or
- 25 years of service as a peace officer or firefighter; or
- at least 10 years of service and are eligible for Medicare.

Members do not have to retire directly from the system to access their HRA.

The money in the HRA can be used to pay for medical expenses for the retired member and their eligible dependents, or it can be used to pay premiums for supplemental medical coverage plans.

If the member terminates employment prior to accruing at least 10 years of service, they will not have access to the HRA. Should they come back to employment with a TRS employer, the HRA is reinstated, with interest added for the period of time they were not contributing to the TRS.

Optional Health Plans

DCR retired members may elect to pay a premium for additional health and life coverage as follows:

- Dental-Vision-Audio (DVA) coverage for self, spouse or same-sex partner, and eligible dependent children;
- Long-Term Care (LTC) coverage for self and spouse or same-sex partner; and
- Optional Life Insurance (state employees only.)

Retired members will pay the monthly premiums for as long as they want the coverage.

Members seeking more information regarding the optional health plans, please contact our insurance benefit section or refer to *State of Alaska Retiree Insurance Information Booklet*.

AlaskaCare Retiree Health Booklet

AlaskaCare.gov/retiree/publications/booklets.html

For more information regarding the optional LTC plans, including enrollment restrictions, refer to the *State of Alaska Long-Term Care Booklet*.

State of Alaska Long-Term Care Booklet

AlaskaCare.gov/retiree/publications/booklets.html

Retiree Health Care Premiums

AlaskaCare.gov/retiree/information/premiums.html

Contact your Regional Counselor for more information on the retiree medical coverage, DVA and LTC, and the requirements to continue the Optional Life Insurance.

Medicare

Members should contact Medicare about three months before their 65th birthday to sign up for Medicare. They can sign up with Medicare even if they do not plan to retire at age 65. Members who are still working and covered by an employer sponsored health insurance plan may be able to defer enrollment in Medicare. Employers should encourage their members to contact Medicare to ensure they comply with the current requirements.

There are several parts to Medicare, and there are time limit requirements for enrolling in order to avoid penalty at a later date.

For more information regarding Medicare benefits, employers and members should contact the local Medicare office, or call the toll-free number (800) 772-1213, or visit the Medicare Web site at Medicare.gov.



VI – The Defined Benefit Member (Tiers I and II)

Enrollment

Members who first entered the TRS:

- Before July 1, 1990, are in Tier I;
- On or after July 1, 1990, are in Tier II.

Tier status is established when a member first begins making contributions to the TRS. Keep in mind that your new employee may have participated in the system prior to their employment with you. Before reporting a new member to the system, be sure to confirm the correct tier status for them. This can be done by using the New Employee Tier Lookup on the Division's Employer Access Web site or by contacting your Regional Counselor.

Employees Not Covered Under the TRS DB Plan

- Temporary (substitute);
- Those who work less than a 50% contract;
- Those who participate in the University of Alaska's Optional Retirement Plan (ORP);
- Members who first entered TRS on or after July 1, 2006;
- Former members; or
- Those who are not required to have a teaching certificate to perform the duties of the job.

Hiring a TRS DB Retired Member

Retired members can come back to work in the TRS under the Standard Option, however, their retirement benefit must be stopped. To avoid an overpayment of benefits it is important to:

- Contact Regional Counselor
- Provide member with appropriate form
- Provide member with COBRA information, if applicable

TRS retired members who come back to TRS eligible employment must complete the *TRS Standard Option-Reemployed Retiree* form. It is the member's responsibility to submit this form to the Division.

Standard Option – Reemployed Retiree Form

Alaska.gov/drb/pdf/forms/trs009.pdf

When a retired member becomes reemployed in a TRS position, their pension check is suspended for the period of reemployment. If medical coverage with the employer is not available, the retired member may continue the AlaskaCare Retiree Health Plan using COBRA coverage. If medical coverage with the employer is available, the AlaskaCare Retiree Health Plan is suspended during the period of reemployment. If the employer medical coverage is not effective immediately upon reemployment, the member may need to be advised of COBRA coverage.

If the retired member was participating in the AlaskaCare Dental-Vision-Audio (DVA) program while retired, they have a choice to suspend the coverage during the period of reemployment, or to self pay the premiums of the plan while they are reemployed.

If the retired member was participating in the Long Term Care (LTC) program, they must self-pay the premiums of the plan during the period of reemployment to continue the coverage. Failure to self-pay the premiums will result in permanent loss of coverage.

Failure to inform the Division of a return to work could result in significant financial repercussions for a retired member.

Classification

The following members are covered under the TRS and earn membership service in the TRS:

- Full-time members in a position that requires teaching on a regular basis for the normal work period per day or week at a teaching assignment; and
- Part-time members in a position that requires teaching on a regular basis for at least 50 percent of the normal workweek at a teaching assignment.

NOTE: The member earns TRS membership service and is considered certified as long as they hold a valid teaching certificate issued by the Department of Education and Early Development.

A valid teaching certificate must be received within 120 days of the member's employment otherwise membership in the TRS system will be terminated immediately retroactive to the date of employment, the member's contributions refunded for that period of ineligible employment, and the corresponding period of ineligible service removed from the members employment history.

The school district will provide a copy of regulation 2 AAC 36.890 to a member hired for a teaching position that does not possess a valid teaching certificate at the time of hire.

Claimed Additional Service

Members of the TRS may be eligible to claim other types of service for credit in the system. Claimed service may serve to increase the amount of the member's pension check upon the final calculation of their retirement benefit.

The process to claim the service and the cost differs depending on the type of service the member is claiming. Typically, the member completes a claim form and submits that form to the employer where the service was performed. The employer will verify the type of service and the specific dates of the service.

The most common types of service claimed for credit include:

- Inactive leave of absence without pay (LWOP);
- Outside service credit (teaching service outside the Alaska TRS);
- Active military service prior to TRS entry;
- Active military duty while an active TRS member; and
- Alaska Bureau of Indian Affairs credit.

Inactive LWOP

Members may be granted an approved leave of absence. This time off can be claimed and an indebtedness established. The cost is the contributions that the member would have made during the leave of absence. This claimed service will not count toward the 20-year eligibility retirement or toward the 25 years of credited service for tier II members under the age of 60.

Active LWOP

Contributions are made for members on active LWOP each pay period. This time does not count toward the 20-year eligibility for retirement, however, it is included in the member's retirement calculation.

Outside Service

Members may claim up to 10 years of full-time, outside service in an out-of-state school or Alaska private school. For members who entered the TRS prior to July 1, 1978, the cost is calculated on the base contract salary when first hired under the TRS and interest at the prescribed rate. Interest begins to accrue on the date of the TRS employment, and continues to accrue until the indebtedness is paid in full or the date of retirement, whichever comes first.

For members who entered the TRS after June 30, 1978 the cost is the full actuarial cost for providing benefits for the service. Seven percent interest will begin accruing on the date that the indebtedness is established.

Prior Active Military Service

Tier I members can claim up to five years of active military service, served prior to TRS entry for credit in the system. The cost is calculated on the base contract salary when first hired under the TRS and interest at the prescribed rate. Interest begins to accrue on the date of the TRS employment and continues to accrue until the indebtedness is paid in full or the date of retirement, whichever comes first. This paid, claimed service will count toward vesting and retirement eligibility.

Tier II members cannot claim prior active military service if they retire from a regular branch of the armed forces and are entitled to receive a military retirement based on that service. There is an exception for members who retire from the National Guard or a Reserve Unit. These members are eligible to claim up to five years of active military service for credit in the system.

Alaska Bureau of Indian Affairs

If the member was employed with a Bureau of Indian Affairs (BIA) school in Alaska they may claim this service. To qualify for this credit, the member must have been a certificated full-time teacher in a position that required a teaching certificate as a condition of employment or employed as a professional educator. The cost for this service is calculated on the base contract salary when first hired under the TRS and interest at the prescribed rate. Interest begins to accrue on the date of the TRS employment and continues to accrue until the indebtedness is paid in full or the date of retirement, whichever comes first. This paid, claimed service will count toward vesting and retirement eligibility.

Workers Compensation and Leave Without Pay

Members may elect to receive credited service for time on leave without pay (LWOP) if the member is receiving Workers Compensation (WKC) benefits during this period. The cost is the contributions that the member would have made during the leave of absence and interest which begins to accrue until the indebtedness is paid in full or the date of retirement, whichever comes first.

If a member is assaulted while on the job and files for WKC benefits and, as a result of the assault, is placed on leave without pay (LWOP), they are entitled to accrue credited service. The employer pays the contributions for victims of assault. This service will count toward vesting and retirement eligibility. Credited service ends when the member is eligible for a disability benefit or a normal retirement benefit.

Contact your Regional Counselor for information on these types of service and for specific instructions on how to claim service for credit in the system.

Calls to Active Military Duty While Employed in TRS

Per the 1994 Uniformed Services Employment and Reemployment Rights Act (USERRA) military personnel who are currently working for a TRS employer and called out to a period of active duty may be entitled to claim the period as regular service credit upon their return to the employer. In most cases, the cumulative period(s) of call to active duty cannot exceed five years.

The member is to be granted reasonable time off prior to the beginning of the active duty period to take care of personal affairs and to travel to the reporting site. In addition, the member is to be granted a period of rest before returning to work. The period of time the member has to report back to work varies depending upon the length of the active duty period, not to exceed up to 90 days after discharge from active duty.

This time frame may be extended due to medical circumstances. If the member suffers a disability upon their return to employment, the employer is required to make reasonable accommodations to return the member to active employment.

If you have a member who is called to active duty you should:

- Contact Regional Counselor
- Inform member of right to claim service upon return to employment
- Report the leave of absence through payroll reporting per e-Reporting instructions
- Inform member of the process to claim service upon return to employment

Calls to active duty must be claimed for credit in the TRS by the member once they return to employment. The member is required to write a memo requesting to claim the period of active duty for service credit in TRS. The memo plus documentation verifying the release from active duty with an honorable discharge, typically a DD214, is sent to the Division for processing.

Once claimed, the entire period of the military leave of absence is credited as regular service in the TRS. There are member contributions required for this period of service. The military leave of absence period will count toward vesting and retirement eligibility once paid. Employer contributions have already been made during this period of military leave of absence.

The allowable time frame for making up the contributions is up to three times the length of the period of the military leave of absence, not to exceed five years.

Employers and members are encouraged to contact their Regional Counselor for information on calls to active duty.

If you have questions about USERRA you may contact:

USERRA – Federal Register 20 CFR Part 1002

Juneau (907) 465-5881

DOL.gov/vets

ESGR – Employer Support of the Guard and Reserves is a Department of Defense agency established to gain and maintain active support from all public and private employers.

Toll-free (800) 336-4590

ESGR.mil

Service Accrual

A TRS permanent full-time member earns service credit based on the number of days worked during the school year (July 1st - June 30th). If members work on a part-time basis, they will be credited proportionally for this time. For example, if the member works 188 days and works 75 percent of the time, they will accrue 0.7 years of service for that school year. (Service percentage is calculated using a maximum of 172 days.)

Service credit will not be given during any period that the member allows their certification to expire.

Sabbatical leave is also membership service and counts toward vesting and retirement eligibility. The member may receive membership credit if they:

- Have been granted an approved sabbatical leave
- Pay the member contributions and the employer pays the employer contributions to the TRS each month based on the contract salary the member would have earned had they worked instead of taking the sabbatical leave; and
- Return to their teaching position for a full year after the sabbatical leave ends. If the member is unable to return because of sickness, injury, or death, this requirement does not apply.

When the member retires, the actual salary that they were paid while on sabbatical leave will be used in the benefit calculation if it is one of the three highest years.

Simultaneous TRS and PERS Credit

Members working in both the TRS DB Plan and the PERS DB Plan at the same time may receive partial credit under both systems. To be eligible, they must be employed concurrently at least half-time in both systems, and making the required contributions.

The total TRS DB and PERS DB credit that a member may earn during a school year (July 1 through June 30 of the following year) may not exceed one year.

If the member is a compensated elected public official with a PERS participating municipality or political subdivision during their full-time TRS employment, they will receive retirement benefits from the PERS under the Alternate Benefit for Elected Officials.

Vesting

To vest in the TRS requires eight years of accrued paid-up service. Once a member is vested, they are entitled to a lifetime defined retirement benefit based on their salary and service in the system. Vesting also expands death and disability benefits.

If there has been a refund of any prior service, and an indebtedness was established prior to July 1, 2010, that service cannot be used in calculating a vesting date until the indebtedness for the refund is paid in full. If a member has over eight years of service, but an indebtedness exists for all or part of that service, the member's vesting date will be the date the refund is paid or the date the member has accumulated additional service equal to eight years, whichever occurs first. Members cannot reinstate refunded service after July 1, 2010.

Members are also vested if they have:

- 5 paid-up years of membership service and three paid-up years of Alaska BIA service; or
- 12 paid-up years of part-time service (teaching in the State of Alaska) or a combination of part-time and full-time TRS membership service (teaching in the State of Alaska).

Effects of Leave Without Pay (LWOP) and Reporting Process

When status events are not submitted to the Division, vesting dates and retirement eligibility dates are miscalculated resulting in serious consequences to the member.

- **Active LWOP:** A status event reported as active LWOP means that the member has been granted a leave of absence without pay, agreeing to return to employment in a public school, and that the employer agrees to continue paying the retirement contributions if the member also agrees to pay the member's contributions and reimburse the district for the district's required retirement contribution.
- **Inactive LWOP:** A status event reported as inactive LWOP means that no employer or member contributions have been paid, but that the member may elect to claim this period of time, and pay both the member and employer contributions, plus interest.

Any time a member questions their service with the Division, they are strongly encouraged to request that their employer verify the service for possible corrections. The Division also encourages the employer to verify service and to not wait until the member is submitting their retirement papers. For those members' retirement that is based on years of service, it is crucial that their service is correct.

Sabbatical Leave

A member who has been approved for sabbatical leave will receive membership service for the period of sabbatical leave, as long as the member returns to teaching with the district for a full year. The district will pay employer contributions and the member will pay member contributions, based on the full salary the member would have earned during the sabbatical period.

Workers Compensation Procedures

If you have a member on a period of Workers Compensation (WKC) leave without pay (LWOP), the LWOP time should be reported through the payroll process.

Should the member elect to claim the period of WKC LWOP, they will submit the *Workers' Compensation and LWOP Claim and Verification* form (trs032) to the employer for completion.

Workers Compensation and LWOP Claim and Verification Form

Alaska.gov/drb/pdf/forms/trs032.pdf

The employer will verify the date the WKC began and ended for each calendar year, the hourly rate of pay, the scheduled hours per week, and the hours the member was on WKC for each segment. The time the employer is verifying for the WKC claim is the period of time the member was paid by the WKC carrier and no contributions were paid to the system.

Disability

If a member who has at least five paid-up years of TRS membership service becomes totally and presumably permanently disabled from performing their duties or the duties of a comparable position for which the employer makes available and for which they are qualified, they may be eligible to receive a monthly disability benefit from the TRS. The member must apply for disability benefits within 90 days of their termination from employment. The member must terminate because of the disability.

The cost for providing disability benefits to members is borne by the employer and is included in the employer contribution rates. Employers should attempt to make accommodations or placement in a comparable position before terminating a member because of disability.

If the member has already met the requirements for a normal retirement based on age or years of service, they are not eligible to receive a disability benefit. Those members receiving disability benefits convert to a regular retirement benefit once they meet the age or service requirement.

Members who are age eligible to retire early may apply simultaneously for early retirement and disability benefits. If the disability is later approved, they will be appointed to a disability benefit retroactive to the first of the month following termination of employment due to the disability and benefits will be adjusted accordingly. If the disability is denied, the member will remain on early retirement.

Receiving a disability benefit is not automatic. Members do not have to terminate employment to apply. There is an application process, medical certification requirements, and the disability must be approved by the administrator of the plan.

Members should contact a Regional Counselor for more information on disability benefit requirements.

Death

When a member dies before they have retired, there may be death benefits payable to their survivors. Survivors include spouses or qualified same-sex partners, and in some cases dependent children.

There are two types of TRS death benefits; Occupational and Non-occupational.

Occupational Death Before Retirement

When a member dies from occupational causes before retirement, or while they are receiving occupational disability benefits, the spouse or qualified same-sex partner, or other eligible beneficiary is entitled to a survivor benefit unless benefits are payable under the 1% Supplemental Contributions provision. If there is no surviving spouse or qualified same-sex partner, and the member has dependent children, the dependent children will receive a monthly child's pension until they are no longer eligible. The member does not have to be vested to qualify for occupational death benefits. Medical benefits are included.

The survivor benefit will change on the date that the member would have reached normal retirement by age or years of service. The new benefit will be based on the average base salary at the time of death and the total TRS service.

Non-Occupational Death Before Retirement

When a member dies from non-occupational causes before retiring, the spouse or qualified same-sex partner, or other eligible beneficiary is entitled to a death benefit.

- Non-vested Inactive Member Death Benefit – For members with less than one year of TRS service the death benefit is the balance of their contribution account.
- Non-vested Active Member Death Benefit – For members with at least one year of TRS service, the death benefit is the balance of their account plus a lump-sum amount based on \$100 times their years of service, \$1,000 and an additional \$500 if the member is survived by at least one dependent child at the time of death not to exceed \$300.
- Vested Member Death Benefit – For a vested member who is not married or has a same-sex partner, the death benefit is the balance of their contribution account plus a lump-sum amount based on \$100 times their years of service and \$1,000 or a monthly 50 percent joint and survivor benefit.

For a vested member with a spouse or qualified same-sex partner, the surviving spouse or qualified same-sex partner may elect a refund of the account balance plus a lump sum based on the years of service, or they may elect a 50% joint and survivor benefit. Medical benefits may be included.

The 50% joint and survivor benefit will be calculated on the member's average based salary and years of TRS credited service at the time of death.

Death Benefits for Retired Members

When a retired member dies, the beneficiary is entitled to receive the final retirement check for the month in which the member dies.

If the member selected a joint and survivor option at the time of retirement, the spouse or qualified same-sex partner at the time of retirement is eligible to receive a continuing lifetime survivor benefit.

If the member did not select a joint and survivor option at the time of retirement, the beneficiary will receive any remaining balance in the member's contribution account.

Members or survivors should contact a Regional Counselor for more information on death benefits.

Divorce or Dissolution

Retirement accounts are marital assets. If the member is married and there is a divorce or dissolution during any period of the member's TRS employment, the member is required to submit court certified copies of the divorce or dissolution documents and the property settlement to the Division. These documents will be placed in their permanent record with the Division.

If the documents stipulate or contain an order by the judge entitling the former spouse to a portion of an account, a Qualified Domestic Relations Order (QDRO) must be filed as well.

If the documents indicate there was an agreement about the equitable Division of retirement benefits, but no separate agreement is included in the documents, the member must provide a court certified copy of the separate agreement or the magistrate or judge's notes from the court hearing.

If the documents are silent on the retirement plans, the account will be considered free from attachment.

Terminations

It is the employer's responsibility to report terminations of employment timely to the TRS. The termination action should be reported as soon as possible after the member's last day of work and include the final year contract salary and verification of days worked during the school year.

Refunds

When a member terminates employment, they may request a refund of their account by completing the *Refund Election* form.

TRS Defined Benefit Refund Election Form

Alaska.gov/drb/pdf/forms/gen008.pdf

If a member refunds their TRS account, they forfeit all retirement benefits, including tier status, future pension, and medical coverage.

The refundable amount to a terminated member includes:

- Member mandatory contributions;
- Any indebtedness principal and interest payments; and
- Interest earned on the contributions.

Members must be terminated from employment for at least 60 days before a refund will be issued.

A refund of contributions does not include the employer contributions that have been made or the investment income earned. Refunds also do not include any 1% supplemental contributions paid by the member.

Terminated members who are married may not receive a refund of their member contribution account (if balance is greater than \$5,000) unless their spouse gives written consent. Terminated members who are divorced may not receive a refund of their member contribution account unless they can show that their former spouse was not granted an entitlement to the account.

If a qualified domestic relations order (QDRO) has been filed awarding the former spouse a monthly benefit, the court would have to amend the QDRO to allow for a refund of the member contribution account as a lump-sum payout.

Retirement

Providing the member is vested in the system, they are first eligible to retire based on either age or years of service requirements. Three things must happen for a member to retire; they must be eligible to retire, they must terminate their employment and they must submit a completed retirement application to the Division, postmarked no later than the last day of the month prior to when benefits are to begin. The Division recommends applications be submitted 60 days in advance of the retirement date to enable timely payment of benefits.

Retirements are always effective the first day of the month. Because the school year ends June 30, unless the member works less than 172 days in the school year, the earliest the member can retire is July 1.

For example, to retire July 1, the Division would like the completed retirement application submitted in May. The last day that a retirement application would be accepted for a July 1 retirement is if it was postmarked or received no later than the last day of June.

Minimum Requirements for Age-Based Retirement

- Vested and age 55 for normal retirement or age 50 for early retirement if employee first entered the TRS before July 1, 1990 (Tier I); or
- Vested and age 60 for normal retirement or age 55 for early retirement if employee first entered the TRS on or after July 1, 1990 (Tier II).

Under early retirement, the monthly pension check is actuarially reduced based on the member's age at the time of retirement. The reduction is approximately 7-8 percent for each full year prior to the normal age requirement. The early retirement reduction is effective for the lifetime of the pension benefit.

Minimum Requirements for Service-Based Retirement

- 20 paid-up years of TRS membership service;
- 20 paid-up years of combined TRS membership and Alaska BIA service, if the last five years are membership years;
- 20 paid-up years of combined part-time and full-time TRS membership service (you must have worked at least 172 days and have one half year of membership service as a part-time member or one full year of membership service as a full-time member in each of 20 school years); or
- 25 paid-up years of credited service, if the last five years are TRS membership service.

Members retiring based on years of service are encouraged to have their service verified by the employer before terminating employment to ensure they have the required amount of service. This is important if they are terminating right on the date of reaching the 20 or 25 years, if they have any school years of less than 172 days during their employment.

To meet the 20-year eligibility period for normal retirement, members may use paid Alaska BIA service in addition to the membership service needed.

Those members needing 25 years to meet eligibility may use paid Alaska BIA, active military and outside service to meet this requirement.

Refunded service that has not been fully repaid will not count towards retirement eligibility.

Members are encouraged to contact a Regional Counselor for more information on retirement eligibility.

Supplemental Contributions for Members Who Entered the TRS Prior to July 1, 1982

The 1% Supplemental Contributions Provision was designed to allow a member to elect a spouse's pension or a survivor's allowance for a minor child. If a member first joined the plan before July 1, 1982, is married or has a minor child and wishes to make a spouse or minor child eligible for a spouse's pension or a survivor's allowance, an additional 1% in contributions is made. The member makes this election on the *Election/Waiver of Supplemental Contributions* form.

Election/Waiver of Supplemental Contributions Form

Alaska.gov/drb/pdf/forms/trs019.pdf

This election can be made within 90 days of the member's entry into the TRS, or within 90 days of marriage, or birth or adoption of a child that is dependent upon the member. Once an election is made under this section, supplemental contributions must be made whenever contributions are required unless the member submits a waiver to the Division.

Members may stop participation of the 1% supplemental contributions by sending the Division the form trs019. The member does not pay the 1% supplemental contribution while receiving TRS disability benefits. Unlike the member's contribution account, the supplemental contributions are not refundable to the member.

If a member retires under the 1% supplemental option and later returns to employment they can waive their participation in the 1% supplemental option. This does not forfeit their benefits earned during the prior period of employment when they are re-appointed to retirement.

Conditional Service Benefit

Members may be eligible for a conditional service benefit from the TRS if they are vested in the Public Employees' Retirement System (PERS) in either the defined benefit plan or the defined contribution plan, are eligible for a PERS retirement benefit, and have at least two paid-up years of TRS membership service.

If members are retired from the PERS, they may receive a conditional service benefit from the TRS with only one year of TRS service.

Conditional service benefits, when both plans are defined benefit plans, are calculated based on the highest salaries that the member earns in either system. For example, if the TRS salary is higher than the PERS salary, the TRS salary will be used to calculate the PERS conditional benefit amount.

Conditional service benefits, when the vested PERS plan is a defined contribution plan, are calculated only using the TRS salaries. For members who elected to have their service reinstated prior to June 30, 2010, conditional service benefits will not be paid unless the reinstatement indebtedness is paid in full.

Members should contact a Regional Counselor for more information on conditional service benefits.

Public Service Benefit

If a member has service in both the PERS and the TRS defined benefit plans and is not vested in either one, they may be able to combine their PERS and TRS service under the public service benefit provision in the PERS. They must have a minimum of two years in the PERS, and when combined with the TRS service, must have a total of five or more years to be eligible. There is a cost that is borne by the member for this benefit.

Members should be encouraged to contact their Regional Counselor or the Division’s Customer Service Center for more information on this provision.

Unused Sick Leave

At retirement, members can receive additional TRS credit by claiming unused sick leave. The claim for unused sick leave must be verified by the last employer and must be received by the TRS no later than one year after the member’s appointment to retirement. Only full days are creditable and contributions are not required for the unused sick leave. In order to receive additional service credit, there must be a minimum of nine unused sick leave days.

If a member worked for both a school district and for the University of Alaska and had unused sick leave with both employers, they must submit two separate claim forms in order to receive credit for all unused sick leave earned. Unused sick leave is not transferable from school district to University or from University to a school district.

NOTE: Unused sick leave earned participating in the University of Alaska Optional Retirement Program (ORP) is not creditable in the TRS.

The member receives service credit based on the number of unused sick leave days claimed. When the member is retired for the number of days equal to the unused sick leave days claimed, their benefit will increase according to the added service credit. The benefit increase will be effective on the first of the month following that date.

Example: If the member retires effective July 1 and the claimed unused sick leave is for 181 days, the recalculated retirement pension benefit becomes effective 181 days after July 1 or on January 1. The member would receive a year of credit for 172 days and an additional 0.1 year of credit for the remaining nine days.

The Department of Education and Early Development (DEED) regulates the transfer of unused sick leave. Members have 90 days from their date of hire to transfer their sick leave to their new district. If they do not meet this deadline, the sick leave is lost. Members should contact DEED if they have questions regarding the unused sick leave transfer.

Sick leave cannot be transferred if there is a break in service. For example: If the member works up to the last day of a school year, terminates employment but does not begin again until after 30 days of the start of the next school year with another employer, they are not allowed to transfer in their unused sick leave to their new district. The Division cannot accept any unused sick leave verifications for any district other than the last employer.

NOTE: When members separate from TRS but are not eligible for a retirement benefit, they should request that the unused sick leave be verified and submitted to the Division. This way a record of the unused sick leave will be available when the member applies for benefits and the Division will not have to request this information from the employer years later.

Effects of TRS on Social Security Benefits

TRS members do not contribute to Social Security.

A TRS pension benefit may reduce the amount of benefits that a member is entitled to under Social Security if the member did not pay Social Security taxes during their TRS employment.

For members who did not pay Social Security taxes while working for the State of Alaska, University of Alaska or school district, there are two laws that may reduce their Social Security benefits. One of them affects the way their Social Security retirement benefit is calculated and is called the Windfall Elimination Provision. The second affects Social Security benefits they may be eligible to receive as a spouse or widow(er), and is called the Governmental Pension Offset.

For information on these provisions, members and employers are encouraged to contact their local Social Security office, or call Social Security toll-free at (800) 772-1213, or visit the Social Security Web site at SSA.gov.

Retired Member Medical Benefits

Along with a monthly pension check, retirement benefits may include a family medical plan for retired members, disabled members, and survivors who are receiving a monthly TRS benefit. The retiree medical plan is a different plan than the coverage that you provide as an employer.

Medical Coverage at Retirement

The following benefit recipients, their spouse or qualified same-sex partner, and eligible dependent children will be covered by the system paid AlaskaCare Retiree Health Plan when they start receiving monthly benefits:

- All members regardless of date of hire if they are receiving TRS disability benefits;
- Members who first entered the TRS before July 1, 1990 (Tier I), and their survivors; and
- Members who first entered the TRS on or after July 1, 1990 (Tier II), and their survivors if they have at least 25 years of paid-up Alaska membership service or are at least age 60.

Retiree medical coverage ends when the retired member or survivor dies, or is no longer eligible to receive monthly benefits.

Members who do not qualify for the system-paid medical coverage may purchase medical coverage for themselves, spouse or qualified same-sex partner, and eligible dependent children. These members will pay the monthly premium for as long as they want the coverage.

The retiree AlaskaCare plan covers major medical services and prescription drugs. There are limited preventative services covered under the plan. For more information regarding the medical plan including a current description of the benefits, please refer to the *AlaskaCare Retiree Health Insurance Information Booklet*.

AlaskaCare Retiree Health Booklet

AlaskaCare.gov/retiree/publications/booklets.html

Optional Health and Life Plans

TRS benefit recipients may elect to pay a premium for additional health and life coverage as follows:

- Dental-Vision-Audio (DVA) coverage for self, spouse or qualified same-sex partner, and eligible dependent children;
- Long-Term Care (LTC) coverage for self and spouse or qualified same-sex partner; and
- Optional Life Insurance (for State of Alaska Department of Education and Early Development employees only)

Benefit recipients will pay the monthly premium for as long as they want the coverage.

For more information regarding the optional health plans, including enrollment restrictions, please refer to the *State of Alaska Retiree Group Insurance Information Booklet*.

AlaskaCare Retiree Health Booklet

AlaskaCare.gov/retiree/publications/booklets.html

Members seeking more information regarding the optional LTC plans, including enrollment restrictions, please refer to the *State of Alaska Long-Term Care Booklet*.

State of Alaska Long-Term Care Booklet

AlaskaCare.gov/retiree/publications/booklets.html

The premium amounts for the retiree medical coverage, DVA and LTC, and the Optional Life Insurance will be deducted from the retired member's monthly pension check. If the amount of the pension check is less than the total of the premiums due, the benefit recipient must pay the premiums directly to the claims administrator.

Contact your Regional Counselor for more information on the retiree medical coverage, DVA and LTC.

Medicare

Members should contact Medicare about three months before their 65th birthday to sign up for Medicare. They can sign up with Medicare even if they do not plan to retire at age 65. Members who are still working and covered by an employer sponsored health insurance plan may be able to defer enrollment in Medicare. Employers should encourage their members to contact Medicare to ensure they comply with the current requirements.

There are several parts to Medicare and there are time limit requirements to enroll timely to avoid penalty at a later date.

For more information regarding Medicare benefits, employers and members should contact the local Medicare office, or call the toll-free number (800) 772-1213, or visit the Medicare Web site at Medicare.gov.

Retired Member AlaskaCare Benefits Supplemental to Medicare

When a retired member turns 65, Medicare becomes the primary health plan and the retiree AlaskaCare becomes a supplemental coordination of benefits plan. For services covered by both plans, the claims are paid first by Medicare and then by AlaskaCare.

AlaskaCare coordination may provide up to 100% of covered expenses, less any deductible that has not been met. For retired members who have not enrolled in Medicare at age 65, the AlaskaCare will estimate what Medicare would have paid and deduct that amount before paying for covered medical expenses.

Medicare and the AlaskaCare Retiree Health Plan

AlaskaCare.gov/retiree/medicare

Members seeking more information on coordination between Medicare and the AlaskaCare Retiree Health Plan, please contact the Division's Member Services Contact Center.

Division of Retirement and Benefits Member Services Contact Center

doa.drb.mscc@alaska.gov

Member compensation includes the full contract salaries and any addendum salaries based on a school calendar year; July 1st through June 30th.

VII – Miscellaneous

Leave Run Outs

To receive TRS service credit, members must be in pay status the regularly scheduled day before and the regularly scheduled day after the period of leave. Members are required to physically return to work after periods of paid leave to receive credit for the leave period in the TRS.

Employers are responsible for correctly reporting member termination dates. If a member is on leave and terminates employment, the employer should correct the termination date to the last day the member actually worked.

Verifications of Service

The employer may receive a request to verify periods of employment in the TRS for their past or current members. The verification request can be made by the Division, the employer, or the member. It is most often requested at the time of retirement or when an anomaly is found with a member's service records. The member most often requests the verification if they are retiring based on years of service in the system. It is important that the employer provide complete accurate information on salary and service for members. The information verified by the employer will be used to determine retirement eligibility and other retirement benefits.

Records Retention

It is the responsibility of the employer to verify service and salaries and to keep accurate records for each member. TRS is a 20-year retirement system and when a member retires, the employer may be asked to verify salary and service dates that occurred up to 20 or more years in the past.

Information that may be requested from the Division includes: hire and termination dates, salaries, member occupational codes, part-time or full-time status, elected official waivers, part-time hours worked, payroll reporting, calendar year salaries, and all periods of leave without pay.

Make-Whole Agreements and Grievance Settlements

- Contact a Regional Counselor.
- Provide tentative copy of agreement to Division for approval of awards to members retirement accounts.
- Submit final agreement for service corrections.

When the employer is entering into a make-whole agreement or a grievance settlement with a current or former member, the Division must approve any terms and conditions that affect the member's retirement accounts. This requirement is to ensure that the award is in compliance with the TRS statutes and regulations.





State of Alaska

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Teachers' Retirement System*

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