
Membership

Who is a Member of the TRS DB Plan?

Membership begins when you are employed by a TRS employer in a qualified position, are receiving TRS-eligible compensation, and are eligible to make TRS contributions. Individuals who first entered the TRS before July 1, 2006, are members of this plan. Members who first entered on or after July 1, 2006, are members of the Defined Contribution Plan.

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

- ◆ A certificated full-time or part-time elementary or secondary teacher, a certificated school nurse, or a certificated person in a position requiring a teaching certificate as a condition of employment in a public school of the state of Alaska or in the Department of Education and Early Development;
- ◆ A full-time or part-time teacher of the University of Alaska, except a teacher at the University who is participating in the University Optional Retirement Program (ORP). University employees who have questions about TRS benefits are encouraged to contact the TRS before enrolling in the University ORP;
- ◆ A person occupying a full-time administrative position at the University of Alaska that requires academic standing subject to prior approval of the TRS administrator, except an administrator who is participating in the University ORP;
- ◆ An employee who teaches Alaska Native language or culture in a permanent full-time or permanent part-time position with a TRS employer if they have been approved by the Department of Education and Early Development;
- ◆ State legislators who were active TRS members within 12 months before their election to office if they elect to participate within 90 days after taking the oath of office. In addition to

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standard TRS contributions, legislators must contribute an additional percentage equal to the difference, if any, between the TRS and Public Employees' Retirement System (PERS) employer contributions. TRS legislators are required to earn at least 0.3 years of membership service during each five-year period;

- ◆ Special Education Service Agency (SESA) employees if they possess or are eligible to possess a teaching certificate;
- ◆ A member on approved sabbatical leave; and
- ◆ A member on leave without pay or receiving workers' compensation benefits because of being assaulted while on the job.

WARNING: If your teaching certificate becomes invalid, you will be terminated from the TRS until you are again certified by the Department of Education and Early Development. Employment rendered while you are not certified is not creditable in the TRS.

Membership Tiers

Members who first entered the TRS:

- ◆ Before July 1, 1990, are in Tier I;
- ◆ On or after July 1, 1990, are in Tier II.
- ◆ On or after July 1, 2006, are members of the PERS DCR Plans.

Simultaneous TRS and PERS Credit

If you are a member of the TRS DB Plan and the Public Employees' Retirement System (PERS) DB Plan at the same time, you may receive partial credit under both systems. To be eligible, you must be employed at least half-time in both the TRS DB and the PERS DB concurrently and you must make the required contributions.

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

If you are a compensated elected public official with a PERS participating municipality or political subdivision during your full-time TRS employment, you will receive retirement benefits from the PERS under the Alternate Benefit for Elected Officials. Please refer to Alaska Statute 39.35.381 for more information.

Contributions

TRS DB Plan employees contribute 8.65 percent of their salary to the TRS. State legislators who participate in the TRS may be required to contribute an additional amount.

The contributions you make to the TRS DB Plan are deducted from your gross salary and sent to the TRS at the end of each pay period. You earn 4.5% interest a year, compounded annually, on your employee contribution account. This interest is posted to your account on July 31 of each year.

TRS DB Plan employee contributions are pretax deductions from your salary.

Your employer contributes a percentage of your salary each pay period. This percentage may change each fiscal year based on actuarial funding requirements. The employer contributions are different from the employee contribution account.

NOTE: When you retire from the TRS, your pension benefit is not based on your contributions. Your pension is calculated by a formula using your average salary and years of service.

1% Supplemental Contributions Provision

Members who first entered the TRS before July 1, 1982, may participate in the 1% supplemental contributions provision. Members pay an additional 1% of their base salary to provide a survivor's allowance or a spouse's pension upon their death. Active members who do not participate in the supplemental contributions provision are covered under the nonoccupational and occupational death provisions.

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Eligible members were required to elect participation within 90 days of when they initially entered the TRS. They may also elect participation if their completed election forms are received by the TRS or postmarked within 90 days of:

- ◆ Their most recent TRS hire date, if at least 12 months has elapsed since they were active TRS members;
- ◆ Their marriage. A copy of the marriage certificate must be provided to the TRS; or
- ◆ The birth or adoption of a dependent child. A copy of the birth certificate or adoption order must be provided to the TRS.

Unlike regular mandatory contributions, supplemental contributions are post-tax deductions from your salary.

You may discontinue participation by sending the TRS the form *Election/Waiver of Supplemental Contributions* (form TRS019).

Participating members who are receiving TRS disability benefits are not required to pay the 1% supplemental contributions to continue coverage under this provision.

Supplemental contributions are not refundable.

Refunds

Voluntary Refunds

If you terminate employment you may request a refund of your employee contribution account by completing the *Refund Election* (form GEN008).

Terminated members who are married may not receive a refund of their employee contribution account unless their spouse gives written consent or the requirement for spousal consent is waived by the TRS DB Plan administrator. Terminated members who are divorced may not receive a refund of their employee 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 employee contribution account as a lump-sum pay out. See *Rights of Spouses and Dependents* for the special rules affecting refunds in these circumstances.

You may only refund your employee contribution account which includes:

- ◆ Your mandatory contributions;
- ◆ Any indebtedness principal and interest payments; and
- ◆ Interest earned.

TRS DB Plan 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.

WARNING: If you refund, you forfeit all your retirement benefits, including future pension and medical coverage. You will not be eligible for TRS DB Plan benefits unless you return to TRS employment and reinstate the refunded service before July 1, 2010.

Involuntary Refunds

TRS DB Plan employee contribution accounts are not subject to execution, garnishment or other claims by creditors, except under certain circumstances and then only when a member has terminated TRS employment. Contributions cannot be garnished while you are an active member. Employee contribution accounts for terminated members may be garnished to satisfy claims for:

- ◆ Child support;
- ◆ State, local, or federal taxes;

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- ◆ Unpaid earnings of up to one month's compensation or the full-time equivalent for the personal services of an individual who is employed by a TRS member; or
- ◆ Other reasons established under AS 09.38.065.

If a portion of your account is garnished, the balance will be refunded to you. It is important to keep your mailing address current in order to receive refund checks.

If your account is garnished and the balance refunded to you, you may reinstate your refunded service by paying back the total refund plus interest. You do not have to be reemployed in the TRS to reinstate service if your account is involuntarily refunded.

WARNING: Unless the TRS receives a termination of garnishment, any payment you make to reinstate your service will be forwarded to the appropriate agency or person.

Time Limit for Refund or Benefit

Inactive (terminated) TRS DB Plan members forfeit their contributions and rights to TRS benefits if they do not apply for a refund or a benefit by one of the following:

- ◆ Before July 1 following their 75th birthday; or
- ◆ Within 50 years of the last date that they were active members.

Tax Considerations

If you made contributions to the TRS DB Plan prior to December 31, 1990, those contributions have already been taxed and will not be subject to further taxes or early withdrawal penalties. Any indebtedness payments you may have made with after-tax dollars are also not subject to further taxes or penalties upon withdrawal from the TRS. Any taxed contributions are also not eligible to be rolled over into an Individual Retirement Arrangement (IRA).

The federal government may impose a penalty when untaxed TRS contributions and interest are withdrawn in a lump sum before age 59-1/2.

The TRS is required to withhold 20 percent federal income tax on all untaxed, lump-sum TRS accounts directly refunded to the member. The 20% withholding does NOT apply to TRS refunds that are rolled DIRECTLY through a plan-to-plan transfer into an IRA, other qualified plan, or a fixed period certain annuity under qualified conditions.

Division employees do not give tax advice. You are encouraged to obtain advice from the Internal Revenue Service or a tax expert on how a refund of contributions would affect you. You may wish to contact the TRS for other important information that may affect your lump-sum distribution.

Annual Statement

Every year you will receive an Annual Benefit Statement for the prior year shortly after the beginning of the school year. The statement you receive in the fall for example, is for the period beginning the previous July 1 through June 30 of the current year.

Your TRS DB Plan Annual Benefit Statement shows your personal account information. The years of service and account balance reflect what has been reported to the TRS by your employer. Contact your employer if you believe there is a discrepancy on your Annual Benefit Statement. You may also find your annual statement online using Member Services. Your statement also includes general estimates of benefits you may be eligible for in the future. These estimates are designed to provide you with an idea of the value of your TRS DB Plan benefit and are not a promise of benefits to be paid.

WARNING: It is the member's responsibility to check their annual statement for accuracy.

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Beneficiary Designation

Your Beneficiary Designation is IMPORTANT!

Any benefits payable upon your death will be paid to your primary beneficiary or, if that person is deceased, benefits will be paid to your contingent beneficiary.

If you are married at the time of your death and you were married to the same person during part of your TRS employment, your spouse is automatically the primary designated beneficiary. Your spouse must provide written consent on the *Beneficiary Designation for Active and Deferred Members* (form 02-822) or *Retired Beneficiary Designation* (form 02-822a) if you wish to elect another person as your primary beneficiary. Consent is not required if you were married for less than two years at the time of your death and you and your spouse were not living together when the designation was changed.

If a member designates a spouse as a beneficiary and is subsequently divorced or a dissolution or legal annulment of the marriage is granted, the beneficiary designation is void and the former spouse is no longer the beneficiary. If after the divorce, dissolution, or annulment, the member wishes to name the former spouse as a beneficiary, a new beneficiary form must be completed and submitted.

If you have been divorced and a former spouse is entitled to benefits under the terms of a Qualified Domestic Relations Order (QDRO), that person would be eligible to receive whatever portion of the benefit the court has ordered. The QDRO must be filed with the court and accepted by the TRS as a qualified order before it becomes effective. In the event of a QDRO, benefits that would normally be paid to other beneficiaries would be affected.

Please review *Divorce, Taxes, and Other Legal Issues* and *Death Benefits* for information about beneficiary designations.

WARNING: Payment of TRS death benefits is based on the last designation received by the TRS. An up-to-date beneficiary form must be on file with the TRS.

If no beneficiary is designated, or the beneficiary is deceased, the benefits will be paid:

- ◆ To the surviving spouse or, if there is none;
- ◆ In equal parts to the surviving children or, if there are none;
- ◆ In equal parts to the surviving parents or, if there are none;
- ◆ To the member's estate.

Designating a Minor Child

If you are a single parent, there are nonoccupational and occupational death benefits that may be payable to your children if you die before retirement. **However, these benefits are only payable to your children if they are your designated beneficiaries.**

When a minor child is designated as the beneficiary, the death benefit will be paid to the child's parent or legal guardian (the TRS cannot pay benefits directly to a minor). If you do not want the child's benefit to be paid to that person, have your attorney set up a trust and designate the trust as the beneficiary. Be sure to include the name of the trustee on the beneficiary form.

WARNING: You should NOT designate another person as beneficiary to receive your child's benefit.

Changing Your Beneficiary Designation

You should review your beneficiary designation when you marry, divorce, your spouse dies, or your beneficiary's address changes. To change your designation, you must send the TRS a new beneficiary form. Forms are available from the Division website at www.doa.alaska.gov/drb, from your human resources, personnel or payroll office, or from the Division.

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