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# Introduction to the TRS Defined Benefit Plan

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The purpose of the Alaska Teachers' Retirement System (TRS) is to attract qualified teachers by offering a variety of benefits to members and their survivors. These benefits, when combined with other income, are designed to provide members with the basis for financial security during their retirement years.

The TRS is a defined benefit plan. Both you and your employer make contributions to the retirement system during your employment to cover the cost of your retirement benefit.

This handbook is designed to provide a brief summary of your TRS benefits, which include pension, medical, disability, and death benefits. The TRS provides more detailed information in booklets, brochures, and inserts related to specific topics. A list of these additional resources is found in the Appendix.

For detailed information regarding the TRS, please refer to Alaska Statute 14.25 and Alaska Administrative Code 2 AAC 36.

This handbook 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.



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# General Information

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## Administration of the TRS

The Director of the Division of Retirement and Benefits 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.

## Funding of the TRS DB Plan

The TRS DB Plan fund consists of employee and employer contributions and investment earnings. The Alaska Retirement Management Board (ARMB) is responsible for overseeing the management and investment of the TRS fund.

## Appeals

Appeals of a final decision of the Administrator are heard by the Office of Administrative Hearings.



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# Services for TRS Members

## Retirement and Benefits

To better serve our members, we established a website to provide easy access to information. **[www.doa.alaska.gov/drb](http://www.doa.alaska.gov/drb)**

Members can communicate with TRS staff over the Internet and download TRS forms and publications. Division email addresses are published on our website. From the home page click on the “contact us” link to send an email to the appropriate section. Contact phone numbers are listed at the bottom of the page.

## Member Services Online

Information about your personal TRS DB Plan account is available online. Go to the Division of Retirement and Benefits Web page, [www.doa.alaska.gov/drb](http://www.doa.alaska.gov/drb) and the link, *My Account Information*. Enter your PIN or apply for a new one on the Member Services log on screen. The information available 24 hours a day, seven days a week includes:

- ◆ Tier status
- ◆ Service accrual
- ◆ Benefit information
- ◆ Annual benefit statements
- ◆ Indebtedness balance
- ◆ Pension calculator

## Counseling Services

Regional counselors provide benefit seminars, workshops, on-site visits, and individual retirement counseling on TRS benefits in the different regions of the state of Alaska. Employees or employers interested in a seminar or workshop reviewing the provisions of the TRS or planning for retirement from the TRS should contact the Division of Retirement and Benefits. For more information call (907) 465-4460, or outside of Juneau, call toll-free 1-800-821-2251.

## Services for TRS Members

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### Communicating with the TRS

Members may contact the TRS in writing, by telephone, fax, or email, or make an appointment to visit the TRS. Be sure to address your concerns to the appropriate customer service unit listed below.

#### **Accounting Section**

Phone: (907) 465-1444

*doa.drb.accountingsection@alaska.gov*

- ◆ Address and personal information changes for terminated nonretired members
- ◆ Contributions
- ◆ Indebtedness balance
- ◆ Indebtedness payments
- ◆ Refunds
- ◆ Service corrections
- ◆ Credited service statements
- ◆ Statements of account and account information

#### **Benefit Attachments Unit**

Phone: (907) 465-4460

*doa.drb.qdro@alaska.gov*

- ◆ Divorce and dissolution claims
- ◆ Qualified Domestic Relations Orders
- ◆ Child support attachments
- ◆ IRS levies

#### **Benefits Section**

Phone: (907) 465-8600

*doa.drb.benefits@alaska.gov*

- ◆ Dental-Vision-Audio coverage
- ◆ Life insurance
- ◆ Long-term care coverage
- ◆ Medical coverage

**Disability**

Phone: (907) 465-4460

*doa.drb.disability@alaska.gov*

- ◆ Application for TRS disability benefits
- ◆ Disability benefit appeals

**Pension Adjustments Unit**

Phone: (907) 465-1400

*doa.drb.pensionadjustments@alaska.gov*

- ◆ Alaska Cost-of-Living Allowance (COLA)
- ◆ Post Retirement Pension Adjustments (PRPA)
- ◆ Tax-excludable information

**Pre-Retirement Services Unit**

Phone: (907) 465-5700

*doa.drb.preretirementservices@alaska.gov*

- ◆ Benefit projections for members within 3–5 years of retirement
- ◆ Claiming service
- ◆ Reinstating (paying back) refunded service
- ◆ Retirement application packets
- ◆ Service credit accrual and vesting

**Retiree Payroll Section**

Phone: (907) 465-1447

*doa.drb.retireepayroll@alaska.gov*

- ◆ Address changes for retired members only
- ◆ Start, change, or stop electronic direct deposit of benefits
- ◆ W-4P (Withholding Certificate for Pension Payments) for benefit recipients
- ◆ 1099-R (Distributions from defined benefit plans administered by the Division)

## **Services for TRS Members**

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### **Retirement Processing Unit**

Phone: (907) 465-1477

*doa.drb.retirementprocessing@alaska.gov*

- ◆ Retirement application processing

### **Survivor Benefits Unit**

Phone: (907) 465-4460

*doa.drb.survivorbenefits@alaska.gov*

- ◆ Death and survivor benefit processing
- ◆ Beneficiary designations and changes

### **Writing the TRS**

- 1) Print your full name and address on your letter.
- 2) Include your social security number.
- 3) Sign any requests for information or action.
- 4) Include member's name and social security number when reporting a death.

### **Send correspondence to:**

Division of Retirement and Benefits  
PO Box 110203  
Juneau, AK 99811-0203

### **Visiting the TRS**

If you plan on visiting the Juneau Office, please call for an appointment so we can be prepared for your visit and provide you with the best service.

### **Juneau Office Location:**

State Office Building  
333 Willoughby Avenue, 6th floor  
Juneau, Alaska

Telephone: In Juneau, 465-4460 or toll-free: **1-800-821-2251**

Fax: (907) 465-3086

TDD for the hearing impaired: (907) 465-2805

**Anchorage Office location: (by appointment only)**

Robert B. Atwood Building  
550 West 7th Avenue, Suite 1690  
Anchorage, Alaska

Telephone: 465-1443 or toll-free: **1-800-821-2251**

Fax: (907) 269-0280

The TRS also maintains a field office located in downtown Anchorage. Counselors assist members in the Anchorage and South Central area with retirement counseling and technical services by appointment only. Call 1-800-821-2251 to schedule an appointment in the Anchorage area. Office hours in both locations are 8 a.m. to 5 p.m. Monday through Friday. A limited staff works during the noon hour in the Juneau office.

The Alaska Department of Administration complies with Title II of the Americans with Disabilities Act (ADA) of 1990. This publication is available in alternative communication formats upon request. To make necessary arrangements, contact the ADA Coordinator for the Division of Retirement and Benefits at (907) 465-4460 or outside **Juneau, call 1-800-821-2251**. Contact the TDD for the hearing impaired at (907) 465-2805.

**Confidentiality of Records**

Most information on members of the TRS is considered confidential. The TRS is prohibited by law from releasing any confidential information unless the member consents in writing or we are otherwise required to release the information, such as through a court order.

**Information may be released:**

- ◆ directly to you or
- ◆ to another person designated by you in writing.

## **Services for TRS Members**

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When authorizing information to be released, please include your name, current address, retirement identification number or last four digits of your social security number, information to be released, the name and address of the individual who is to receive the information, and your signature.

Organizations representing retired members of the TRS may obtain membership lists containing names and addresses.

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# Membership

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## 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

## Membership

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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.

## Membership

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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;

## Membership

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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.

## Membership

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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](http://www.doa.alaska.gov/drb), from your human resources, personnel or payroll office, or from the Division.

## Membership

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# Service Credit

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The cornerstone of the TRS DB Plan retirement benefit is a pension calculated using a formula that includes your entry date, years of service, and final average salary. Service can include direct TRS membership service and other forms of service credit that can be claimed by members.

## Membership Service Credit

You receive credit for membership service based on the number of days worked during the school year from July 1 to June 30 of the following year. Membership service is credited as follows:

### Membership Service Chart

*Full-time Service Minimum Requirements*

Days Worked	Service Credit
0 to 8 days	= no credit
9 to 26 days	= 0.1 year
27 to 44 days	= 0.2 year
45 to 62 days	= 0.3 year
63 to 80 days	= 0.4 year
81 to 99 days	= 0.5 year
100 to 117 days	= 0.6 year
118 to 135 days	= 0.7 year
136 to 153 days	= 0.8 year
154 to 171 days	= 0.9 year
172 days or more	= 1.0 year

Service performed on a part-time basis will be credited in proportion to the amount of credit that would have been received for service performed on a full-time basis. For example, if you work 188 days and you work 75 percent of the time, you will accrue 0.7 years of service.

## Service Credit

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You are not eligible for TRS coverage if:

- ◆ You work less than 50 percent of the normal work week or work day on a regular basis; or
- ◆ You are employed as an assistant, graduate assistant, or are teaching on a substitute, temporary, or per diem basis.

### Reinstatement of Refunded Service

If you refunded your TRS contribution account either voluntarily or involuntarily, you may reinstate your refunded service by paying back the full amount of the refund plus interest.

If you elected a voluntary refund, you must be reemployed in the TRS or PERS to reinstate your refunded service.

If your account was refunded involuntarily, you do not have to be reemployed to reinstate your refunded service.

Refunded service is not reinstated unless it is paid in full.

#### **WARNING**

You must request reinstatement of your refunded service prior to July 1, 2010. If you have not requested reinstatement on July 1, 2010, you will forfeit your service and your benefit tier.

### Sabbatical Leave Credit

Sabbatical leave is membership service and counts toward vesting and retirement eligibility. You may receive membership credit if:

- ◆ You have been granted an approved sabbatical leave;
- ◆ You pay the employee contributions and your employer pays the employer contributions to the TRS each month based on the salary you earn while on sabbatical leave; and

## Service Credit

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- ◆ You return to your teaching position for a full year after your sabbatical leave ends. If you are unable to return because of sickness, injury, or death, this requirement does not apply.

When you retire, the actual salary that you were paid while on sabbatical leave will be used in the benefit calculation if it is one of your three highest.

### Claimed Service

You may purchase certain types of service credit in order to increase the number of service years used in the calculation of your retirement benefit. The cost differs depending on the type of service you are eligible to claim.

The following types of service credit can be purchased in the TRS:

- ◆ Leave of absence without pay/inactive credit;
- ◆ Alaska Bureau of Indian Affairs credit;
- ◆ Outside service (teaching service outside the Alaska TRS) credit; and
- ◆ Military service credit.

### Leave Without Pay

Leave without pay (LWOP) is different from sabbatical leave. TRS contributions are required and are based on your normal salary. **(Please note:** LWOP does not count towards vesting or retirement eligibility.) There are two kinds of LWOP. If you wish to claim the service while you were on LWOP see the information for each kind below.

#### Active LWOP

You must pay both the employee and employer contributions to the TRS each month, while you are on active LWOP. Contributions are pretax and are paid through your payroll office.

## Service Credit

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### Inactive LWOP

You are not required to pay TRS contributions while on inactive LWOP. However, when you return to work and wish to claim inactive LWOP, an indebtedness will be established for all unpaid contributions, including interest.

### Bureau of Indian Affairs (BIA ) Service Credit

You may claim service as a full-time certified teacher in a position which requires a teaching certificate as a condition of employment, or a professional educator in an Alaskan BIA school. Alaska BIA service may count toward vesting and retirement eligibility. The cost is based on your entry in the Alaska TRS after the service was performed. If your entry was before July 1, 1970, you will be charged 5 percent of base salary for each year of Alaska BIA. If your entry was after June 30, 1970, you will be charged 7 percent of base salary for each year of Alaska BIA and if your entry was after June 30, 1990, the charge is 8.65 percent of base salary.

If you receive a federal benefit based on the same Alaska BIA service, the TRS will offset their benefits by the amount you receive in federal benefits for that service.

### Outside Service Credit

To receive TRS credit for employment in an out-of-state or Alaska private school, your employment must have been:

- ◆ In a certificate required position, such as full-time elementary or secondary, or working full-time in schools supported with U.S. government funds, or
- ◆ In a full-time position in an out-of-state institution of higher learning, requiring academic standing and accredited by a nationally recognized accrediting agency listed in the Education Directory, Colleges and Universities, by the National Center for Educational Statistics, or
- ◆ In a full-time position in an approved or accredited nonpublic institution in Alaska.

You may claim up to ten years of outside service. Only full years are eligible, however, if you are claiming military service served prior to your TRS employment, the combined total may not exceed ten years.

In some cases, outside service may count toward vesting and retirement eligibility.

The cost to purchase outside experience will vary depending upon your entry date and entry base salary after the service was performed in the Alaska TRS. Please contact the Division of Retirement and Benefits for cost information.

### Call to Active Duty Military Service

If you are called to active duty either voluntarily or involuntarily during your active TRS service and you return to a TRS employer within one year of honorable discharge from active duty, your military service is considered membership service time. You will need to submit a written request, along with a copy of your military discharge papers, to have this service time credited. TRS members must pay the employee contributions that would have been due for the period.

### Claim for Prior Military Service

You can purchase up to five years of active service including active duty National Guard time served prior to your entry into the TRS. If you first entered the TRS after June 30, 1990, and are eligible for a federal benefit based on the same service, you cannot claim the service in the TRS. The cost for eligible service is 7 percent of your base salary for each year claimed, if you were hired prior to July 1, 1990, or 8.65 percent of your base salary for each year claimed, if you vested after June 31, 1990.

## Service Credit

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### Claiming Simultaneous PERS and TRS Service

Members cannot receive duplicate credit in PERS except as an elected official. Benefits are payable under the PERS Alternate Benefit for Elected Officials if you are retired in the TRS and you meet the following:

- ◆ the service occurs while you are a full-time TRS employee;
- ◆ the service is with a municipality or political subdivision that is participating in the PERS at the time the elected service occurs;
- ◆ you are compensated for the elected service; and
- ◆ you pay the mandatory PERS contributions for the elected service (6.75 percent of salary).

### Indebtedness Payments

When you apply to the Division to claim service, an indebtedness will be established for the contributions that would have been paid during that period of time, as well as interest that has accrued. After your indebtedness is established, you may make payments over time or in a lump sum, either pretax or post-tax. Automatic payroll deductions may be arranged through your payroll office or payments may be sent directly to the TRS. Interest, at the prescribed rate, will be added each month to your indebtedness until it is paid in full or you start receiving benefits, whichever occurs first.

You may make payments even if you terminate TRS employment. If you request a refund of your TRS account, payments will not be accepted unless you become reemployed by a TRS employer in a TRS-eligible position or become an active member of the Public Employees' Retirement System (PERS). There are exceptions under the Conditional Service Benefit.

If your indebtedness is not completely paid when you retire, you may elect one of several payment options. If you first entered the TRS:

- ◆ After June 30, 1982, you may elect to have your monthly retirement benefit reduced for life according to the appropriate actuarial factor;

- ◆ After June 30, 1980, and prior to June 30, 1982, you may elect to have your monthly retirement benefits withheld until they equal the indebtedness due or to have them reduced for life according to the appropriate actuarial factor; or
- ◆ Before July 1, 1980, you may elect to have your monthly benefit reduced for life by an amount equal to 0.008333 of the indebtedness due (10 percent annually), to have your monthly retirement benefits withheld until they equal the indebtedness due, or to have them reduced for life according to the appropriate actuarial factor.

**WARNING:** Once you start receiving benefits, the payment option selected may not be changed.

The actuarial indebtedness factors that are used to calculate reductions are subject to change based on the system's experience and anticipated future trends. You are entitled to the best set of factors in effect during your TRS employment. Sample factors are found in the Appendix. If you need specific factor information, contact the Division.

If the reduction for your claimed service causes your benefit to be less than it would be without the service, that service will not be included in the benefit calculation and any indebtedness payments you made will be refunded to you.

**NOTE:**

Indebtedness for refunded service must be paid in full prior to retirement if the service will be used to meet retirement eligibility requirements (see Minimum Requirements for service-based retirement on page \_\_\_\_\_).

## **Service Credit**

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### **Using Pretax Dollars to Pay Your Indebtedness or Purchase Service Credits**

Under certain circumstances, you can pay your indebtedness and purchase service credits (i.e., outside service) in the TRS through the use of a pretax transfer of money from certain plans. Please contact the Division's Accounting Section for more information about pretax payments.

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## Disability Benefits

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If you become totally and presumably permanently disabled while working for a TRS employer, you may be eligible to receive a monthly disability benefit from the TRS.

To qualify for a TRS disability benefit, you must meet the following requirements:

- ◆ Have at least five paid-up years of TRS membership service;
- ◆ Have a total and apparently permanent disability because of a physical or mental condition that presumably prevents you from satisfactorily performing your usual duties for your employer or another position or job that an employer makes available for which you are qualified by training or education;
- ◆ Terminate TRS employment because of the disability; and
- ◆ File a timely application for the disability benefit with the TRS administrator. The application is timely if it is filed by the later of six months after the date that your disability began or 90 days after your termination of employment.

The TRS administrator will review your medical reports and other evidence to determine if you qualify. If you are found to be ineligible, you may appeal the denial to the Office of Administrative Hearings.

Your monthly disability benefit will be equal to 50 percent of your annual base salary immediately before becoming disabled, divided by 12 months. You will receive an additional 10 percent of your base salary immediately before becoming disabled for each of your dependent children, if any, up to a maximum of four (40 percent of salary).

**The 10 percent dependent child benefit terminates on the first of the month following the date that the child is no longer an eligible dependent.**

## Disability Benefits

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Medical coverage will be provided to you, your spouse, and your eligible dependent children as long as you are receiving TRS disability benefits.

You may be required by the TRS administrator to provide medical evidence once a year to show proof of continuing eligibility. Proof may be required once a year during the first five years of disability and once every three years thereafter.

### Converting to a Normal Retirement Benefit

Your disability benefit will be converted to a normal retirement benefit when you reach either age or service eligibility, whichever is first. You continue to earn TRS service credit while receiving disability benefits.

You must apply for your normal retirement benefit. Payment of normal retirement benefits after disability is not automatic.

For more information regarding disability benefits, please see the TRS *Disability Benefits* brochure.

**WARNING:** If you refund your TRS contributions and interest, you will not be eligible for TRS disability benefits.

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# Death Benefits

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Nonoccupational and occupational death benefits are designed to provide some financial security to survivors when members die. Your beneficiary designation may determine who receives your death benefit.

## Nonoccupational Death Before Retirement

When a member dies from nonoccupational causes before retiring, the spouse or other eligible beneficiary is entitled to the death benefit described below, unless benefits are payable under the 1% Supplemental Contributions Provision. (See the chapter on Membership Benefits for more information.)

### **Nonvested Member Death Benefits**

For a member with less than one year of TRS service, or before becoming vested if the member is inactive, the death benefit is:

- ◆ The balance of the employee contribution account, which includes mandatory contributions, indebtedness principal and interest payments, supplemental contributions, and interest credited to the account.

For an active member with at least one year of TRS service, but before becoming vested, the death benefit is the sum of:

- 1) The balance of the employee contribution account, which includes mandatory contributions, indebtedness principal and interest payments, supplemental contributions, and interest credited to the account;
- 2) \$100 times the number of years of TRS membership service;
- 3) \$1,000; and
- 4) \$500 if the member is survived by at least one dependent child at the time of death. This benefit is payable only if the member's dependent child or that child's parent or legal guardian is the designated beneficiary.

## Death Benefits

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The sum of 2) and 3) cannot exceed \$3,000.

### Vested Member Death Benefits

For a member vested in the TRS, the death benefit is:

- ◆ The nonvested member death benefits described in the previous section for members with at least one year of service; or
- ◆ A monthly 50 percent joint and survivor benefit (spouse only).

If someone other than the spouse is the designated beneficiary, that person will receive the nonvested member death benefits described in the previous section for members with at least one year of service.

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

### Occupational Death Before Retirement

When a member dies from occupational causes before retirement, the spouse or other eligible beneficiary is entitled to the monthly survivor's pension as described in this section unless benefits are payable under the 1% Supplemental Contributions Provision. **The member does not have to be vested to qualify for occupational death benefits.**

The spouse will receive a monthly survivor's pension equal to 40 percent of the member's annual base salary immediately before the member's death, divided by 12 months. The pension amount will change on the date the member would have been eligible for normal retirement. The new benefit will be calculated as a normal retirement benefit based on the average base salary as established at the time of death and the total service that would have accrued if the member had lived and worked until eligible for normal retirement.

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## Death Benefits

If there is no surviving spouse or dependent child, and if someone else is the designated beneficiary, that person will receive the following **lump sum amount:**

- 1) The balance of the employee contribution account, which includes the mandatory contributions, any indebtedness principal and interest payments, any supplemental contributions, and interest that has accrued on the account; and
- 2) a lump sum payment of \$1,000; and
- 3) \$100 times the number of years of TRS membership service that the member had at the time of death. (The total of 2) and 3) may not exceed \$3,000.)

### 1% Supplemental Contributions Provision

Under this provision, members who first entered the TRS before July 1, 1982, may participate in the 1% Supplemental Contribution Provision. Either a spouse's pension or a survivor's allowance is payable upon the member's death. When a member dies, benefits are payable if one of the following requirements is met:

- ◆ The member was actively employed or on a sabbatical leave or approved leave without pay (LWOP) and paid mandatory and supplemental contributions for at least one year immediately before his or her death;
- ◆ The member was receiving a TRS disability benefit and paid supplemental contributions for at least one year immediately before being appointed to disability; or
- ◆ The member was retired or deferred vested and paid supplemental contributions for at least five years immediately before terminating TRS employment. (For members who first entered the TRS prior to July 1, 1977, only one year is required.)

The monthly survivor's allowance is payable if a deceased member has eligible dependent children and meets the above eligibility requirements. The monthly spouse's pension is payable to the

## **Death Benefits**

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surviving spouse if there are no eligible dependent children and the deceased member meets the above eligibility requirements.

### **Survivor's Allowance**

The survivor's allowance is based on the member's annual base salary immediately before the member's death, retirement, or disability. The annual allowance is:

- ◆ 10 percent for each dependent child up to a maximum of four children (40 percent). The allowance ceases when no children are eligible;
- ◆ 35 percent for an eligible spouse. The spouse must be legally responsible for the member's dependent children. This allowance is paid in addition to the above dependent child allowance and ceases when no children are eligible. The spouse then becomes eligible for the spouse's pension; and
- ◆ 10 percent for each court-appointed guardian up to a maximum of four guardians (40 percent) if there are four or more children. This allowance is limited to one guardian for each child. When there is no longer a dependent child eligible for an allowance, the guardian's allowance ceases. If a spouse is eligible under the survivor's allowance, a guardian's allowance will not be paid.

### **Spouse's Pension**

A monthly spouse's pension is payable to the surviving spouse if there are no dependent children and the eligibility requirements have been satisfied. The spouse's pension is equal to:

- ◆ 50 percent of the member's retirement benefit including post retirement pension adjustments (PRPAs) at the time of the retired member's death; or
- ◆ 50 percent of the normal retirement benefit, that would have been payable had the member been retired.

### Death Benefit Payments

Benefits accrue from the first day of the month following the member's death and are payable at the end of the month.

- ◆ For a nonoccupational death, monthly death benefits cease when the spouse dies.
- ◆ For an occupational death, benefits stop when there is no longer a surviving spouse or eligible dependent child.
- ◆ For a survivor's allowance, benefits stop when there are no longer any dependent children.
- ◆ For a spouse's pension, benefits stop when the spouse dies.

### Death Benefits for Retired / Deferred Vested Members

When a member dies after they have retired, the beneficiary is entitled to the benefit check for the month in which the member dies. However, a check payable to a deceased member must be returned to the Division and reissued in the beneficiary's name. **It is illegal to cash a deceased member's check.**

If the member was participating in the 1% Supplemental Contributions Provision, death benefits will be paid under those provisions.

If the retired member selected a joint and survivor option at retirement, the beneficiary will start receiving that benefit.

If the retired member did not select a joint and survivor option, the beneficiary will receive the balance remaining in the employee contribution account, if any.

If the member was deferred vested, the beneficiary will be paid under the nonoccupational death provision.

## Death Benefits

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# Pension Benefits

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You will be eligible to retire and receive monthly benefits when you are vested and reach retirement age or when you meet the minimum service requirements.

## Vesting

To be vested you must have at least one of the following:

- ◆ Eight paid-up years of TRS membership service;
- ◆ Five paid-up years of TRS membership and at least three paid-up years of Alaska Bureau of Indian Affairs (BIA) service which when added to the membership service will equal at least eight years;
- ◆ Twelve 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 teacher or one full year of membership service as a full-time teacher in each of 12 school years); or
- ◆ You first entered the TRS before July 1, 1975, have fifteen paid-up years of TRS credited service, and the last five years are membership service.

Once you are vested, you may terminate TRS employment and still receive a monthly retirement benefit when you reach retirement age. You must leave your contributions in the TRS to stay vested.

## Minimum Requirements for Age-Based Retirement

You will be eligible to retire and receive a monthly pension benefit if you are vested and meet the following age requirements:

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

## Pension Benefits

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Under early retirement your monthly benefit is actuarially reduced based on your age. The closer you are to normal retirement age, the smaller the reduction. The early retirement reduction is effective for the lifetime of the benefit. Sample early retirement factors are provided in the Appendix.

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

**WARNING:** If you refund your TRS contributions and interest, you will forfeit your TRS pension benefit.

### Minimum Requirements for Service-Based Retirement

You may be eligible to retire at any age and receive a normal, unreduced monthly pension benefit if you have:

- ◆ 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 teacher or one full year of membership service as a full-time teacher in each of 20 school years); or
- ◆ 25 paid-up years of credited service, if the last five years are TRS membership service.

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

#### **CAUTION**

If you plan to retire under the service based provision, you are strongly advised to have your service verified by your employer to confirm there has been no error in the service reported to the TRS on your behalf. You should not terminate your employment until your eligibility has been confirmed.

### Pension Benefit Calculation

Your normal retirement benefit will be calculated as follows:

- ◆ 2 percent times your average base salary (ABS) times all service years up to 20, including all years earned prior to 1990 divided by 12; plus
- ◆ 2-1/2 percent times your ABS, times all service years over 20 that were earned after 1990, divided by 12.

Your ABS is determined by adding your three highest annual-based contract salaries (including addenda) together and dividing the total by three. You must work and receive compensation during at least two-thirds of a school year (115 days), either full-time or part-time, to include it as one of your three highest.

The base salary for part-time teachers will be figured at the full-time rate for this calculation. Only the actual salary paid during a sabbatical year can be considered for calculation of ABS.

Bonuses received in your last year of employment that are contingent on termination are not included as compensation.

#### EXAMPLE

In this example, if the following salaries are your three highest, your ABS would be \$45,000.

School Year	Base Salary
1999-2000	\$ 40,000
2000-2001	45,000
2001-2002	50,000
	<u>\$ 135,000</u>

*\$135,000 divided by 3 years equals \$45,000*

### Retirement Benefit Options

If you select early retirement or one of the joint and survivor options, the normal retirement benefit amount will be reduced. Sample early retirement and joint and survivor factors are provided in the Appendix.

## **Pension Benefits**

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When you are eligible to retire, you can choose among the following retirement options:

- ◆ Normal or Early Retirement;
- ◆ Joint and Survivor Options (50% or 75%); or
- ◆ Last Survivor Option (66-2/3%).

If you are married, you are required to select a joint and survivor option unless your spouse consents to another form of benefit or is eligible for benefits under the 1% Supplemental Contributions Provision.

Before selecting an option, you should be aware of the advantages and disadvantages of each option. We recommend you contact the Division prior to applying for retirement benefits.

**WARNING:** Once you begin receiving pension benefits, your selection cannot be changed!

### **Normal Retirement**

This option provides an unreduced lifetime monthly benefit for you. It will NOT provide a continuing lifetime monthly benefit to your spouse after you die unless you also select a joint and survivor option. If you select a joint and survivor option, your normal retirement benefit will be reduced. All benefits, including retiree medical benefits, cease at your death.

Your beneficiary would receive the balance of your contribution account, if any, at the time of your death or your last pension check.

### **Early Retirement**

Early retirement allows you to retire up to five years earlier. Your lifetime monthly benefit will be reduced to offset the additional years of benefit you will receive. It will NOT provide a continuing lifetime monthly benefit to your spouse after you die unless you also select a joint and survivor option.

If you don't choose a joint and survivor option, your beneficiary will receive the balance of your contribution account, if any, at the time of your death. If the benefits that you received before your death exceeded the amount in your account, your beneficiary will receive your last month's retirement check.

The younger you are when you retire early, the more your monthly benefits are reduced. You would, however, begin receiving benefits earlier than normal and would receive them for a longer period of time.

If you select a joint and survivor option, your early retirement benefit will be further reduced.

Sample actuarial factors for the early retirement option are in the Appendix.

### Joint and Survivor Options

If you are married, you are required to elect a joint and survivor option unless your spouse consents to another form of benefit or is eligible for benefits under the 1% Supplemental Contributions Provision.

You may also be required to elect a joint and survivor option under the terms of a Qualified Domestic Relations Order (QDRO).

#### **50% Joint and Survivor Option**

Your retirement benefit is actuarially reduced from what it would be normally. After your death your spouse would receive a lifetime monthly benefit equal to 50 percent of your reduced benefit. If your spouse dies first, your benefit does not change.

#### **75% Joint and Survivor Option**

Your retirement benefit is actuarially reduced from what it would be normally. After your death your spouse would receive a lifetime monthly benefit equal to 75 percent of your reduced benefit. If your spouse dies first, your benefit does not change.

## Pension Benefits

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### **66-2/3% Last Survivor Option**

Your retirement benefit is actuarially reduced from what it would be normally.

The last survivor option differs from the joint and survivor options in that whoever is the last survivor between you and your spouse receives the reduced retirement benefit. If your spouse dies first, your benefit reduces to 66-2/3 percent for the rest of your lifetime. If you die first your spouse would receive a lifetime monthly benefit equal to 66-2/3 percent of your reduced benefit.

If you elect a joint and survivor or last survivor option, your spouse and eligible dependents will qualify for continuing retiree medical coverage after your death.

Sample actuarial factors for the joint and survivor and last survivor options are found in the Appendix.

### **Rights of Spouses and Dependents**

The provisions recognizing the rights of spouses and dependents under the TRS:

- ◆ Require the benefit payable to a married member who retires be in the form of a joint and survivor annuity, unless the spouse consents to another form of benefit or benefits are payable under the 1% Supplemental Contributions Provision. A joint and survivor annuity will provide a continuing lifetime monthly benefit to your spouse or other eligible dependent if you die before your spouse;
- ◆ Require a joint and survivor annuity be provided to the surviving spouse of a vested member who dies before retirement if the spouse does not waive the joint and survivor annuity; and
- ◆ Allow a former spouse to be treated as a spouse or surviving spouse of a member to the extent required in a divorce decree and contained in a Qualified Domestic Relations Order (QDRO). Rights under a QDRO do not take effect until the QDRO is filed with and accepted by the TRS administrator.

**WARNING:** If you have been divorced during your TRS employment, you must provide court-certified copies of your divorce decree and property settlement to the TRS. Your retirement benefit cannot commence until it is determined whether your former spouse has any entitlement.

A spouse may provide written consent to the TRS administrator for another type of benefit and forfeit a joint and survivor benefit. If the spouse provides this consent, all benefits, including continuing medical coverage, cease at the member's death.

A spouse may provide written consent to waive rights to a joint and survivor benefit to allow an incapacitated, dependent child to receive the lifetime monthly benefit. Medical documentation establishing incapacity must be provided to the TRS administrator for approval before a waiver can be accepted.

The TRS administrator may waive the required written consent before retirement if documentation is provided supporting that:

- ◆ The member was not married to the spouse during any part of the member's TRS employment;
- ◆ The spouse has no rights to benefits because of the terms of a divorce decree;
- ◆ The spouse cannot be located; or
- ◆ The member and spouse have been married less than two years and are not living together.

### Refund Rights

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 administrator. Terminated members who have divorced at any time during their TRS employment 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.

## Pension Benefits

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If a 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. For detailed information regarding QDROs, please contact the Division for a copy of the *Qualified Domestic Relations Order Divorce and Dissolution Information Package*.

### Establishing Benefit Entitlement

Individuals who are entitled to benefits because of marriage or a QDRO must file evidence of their entitlement in the form of a marriage certificate, divorce or dissolution decree, or QDRO with the TRS administrator to protect their rights.

If evidence of entitlement has not previously been filed, evidence must be filed with the TRS administrator within 10 days of the member's death.

**WARNING:** If notice is not provided within 10 days and benefits are paid to another person before a claim is filed, no benefits will be paid to the individual filing evidence of entitlement. If any benefits remain to be paid at the time evidence is received, they will be paid according to entitlement.

### How to Apply for Benefits

Contact the Pre-Retirement Services Unit at the Division and request an estimate of benefits and a retirement application packet a minimum of 120 days in advance of your prospective retirement date. Once you have received the estimate and the retirement packet, you can arrange to meet with your regional counselor either in person during a field visit to your area, by an appointment in either our Anchorage or Juneau office, or by telephone to discuss any questions you might have about the process.

## Pension Benefits

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You will need to provide copies of your proof of age, proof of spouse's age, and, if you have been divorced at any time during your TRS employment, a court-certified copy of your divorce decree and property settlement if you have not already provided this to the Division. You must also send in a copy of your marriage certificate if you are married.

To allow for processing time, your application should be sent to the Division at least 60 days before you terminate employment.

**WARNING:** If you are meeting retirement eligibility requirements by years of service, be sure to have your service verified prior to terminating employment.

### Pension Benefit Payments

You will be appointed to retirement and be eligible for medical benefits on the first of the month following the date:

- ◆ You meet the minimum service and age requirements for retirement; however, if your birthday falls on the first day of the month, you are eligible to retire that month rather than the following month;
- ◆ You terminate TRS employment; and
- ◆ Your completed *Application for Retirement Benefits* (form trs025) is either postmarked or received by the Division.

**WARNING:** If you have earned a full year of TRS credit (172 days) during your last school year, you are not eligible to retire until the beginning of the following school year (July 1) regardless of when you terminate TRS employment.

### Benefits Start

Pension benefits are paid once per month at the end of the month. The processing of your first benefit check can take up to six weeks. More detailed information about the application for retirement is included in the *TRS Retirement Application Instruction Booklet*.

## Pension Benefits

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### The Final Check

The beneficiary may be entitled to the benefit check for the month in which a benefit recipient dies. However, a check payable to a deceased recipient must be returned to the Division and reissued in the beneficiary's name. **It is illegal to cash a deceased member's check.**

### Conditional Service Benefit

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

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

Conditional service benefits are calculated based on the highest salaries that are earned in either system. For example, PERS salaries (if higher) will be used to calculate TRS conditional benefits and TRS salaries (if higher) will be used to calculate PERS conditional benefits. However, TRS salaries may not be used to calculate regular PERS retirement benefits, unless the member is vested in both systems.

It is not necessary to be reemployed in the TRS to reinstate service credit under the conditional service provision. Conditional service benefits will NOT be paid unless the reinstatement indebtedness is paid in full.

Members who are eligible to receive conditional service benefits are NOT vested unless they satisfy the vesting requirements. You may be eligible for a conditional service benefit from the PERS if you are vested in the TRS, are eligible for a TRS retirement benefit, and you have at least two paid-up years of PERS membership service.

**WARNING:** Your right to reinstate refunded service for conditional service benefits ends on June 30, 2010. If you haven't reinstated your service by that date you forfeit the refunded service and the associated benefits.

### Public Service Benefit

If you are not vested in either the TRS or the PERS, you may be able to combine your TRS and PERS service under the public service benefit provision in the PERS. This allows you to combine your TRS and PERS service to reach the minimum of five years of employment required to receive a benefit under the PERS. You need to have a minimum combined total of five years service in both the TRS and the PERS with a minimum of two years in the PERS. Please contact the Division to find out if this provision applies to you and what the costs will be.

### Duplicate Benefits

The TRS prohibits payment of TRS benefits under more than one provision, such as:

- ◆ Duplicate TRS credit for any segment of service;
- ◆ TRS credit that exceeds more than one year during any school year;
- ◆ Payment of TRS benefits at the same time TRS credit is accruing; or
- ◆ Participation in both the TRS and the PERS at the same time unless a member is eligible under AS 14.25.040(d), AS 39.35.131, or for elected public official credit under AS 39.35.381.

## **Pension Benefits**

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### **TRS and Your Social Security Pension Benefits**

Many factors go into determining your Social Security eligibility and benefits. Alaska teachers do not participate in Social Security. Your Social Security benefits may be affected by your TRS pension. The following information comes from Social Security publications explaining how a retirement benefit received from the TRS can reduce any Social Security benefits.

If you worked for a federal, state, or local government where you did not pay Social Security taxes, the pension you receive from that agency may reduce any Social Security benefit for which you are qualified. TRS members do not contribute to Social Security.

Your Social Security benefit can be reduced in one of two ways. One is called the “governmental pension offset” and applies to persons eligible to receive Social Security benefits as a surviving spouse.

The other is called the “windfall elimination provision” and affects how your retirement or disability benefits from Social Security are calculated if you receive a pension from work not covered by Social Security, such as your TRS benefits.

For more information regarding how your TRS benefits may affect any Social Security benefits you may be entitled to, please contact the Social Security Administration by calling their toll-free number (800) 772-1213. Recorded information is available 24 hours a day including holidays and weekends.

People who are hearing impaired may call the toll-free TDD number (800) 325-0778 between 7 a.m. and 7 p.m. on business days. You can also access Social Security information through the Internet at [www.ssa.gov](http://www.ssa.gov).

## After-Retirement Benefit Increases

### **Cost-of-Living Allowance**

If you reside in Alaska after you retire, you may be eligible to receive the Alaska Cost-of-Living Allowance (COLA) in addition to your regular monthly benefit. COLA is equal to 10% of your base benefit.

The following benefit recipients are eligible for COLA:

- ◆ Members who first entered the TRS before July 1, 1990 (Tier I), and their survivors;
- ◆ Members who first entered the TRS on or after July 1, 1990 (Tier II), and their survivors if they are at least age 65; and
- ◆ All members receiving a disability benefit.

Residing in Alaska means principally domiciled and physically present in Alaska. You may be absent from the state for a continuous period of up to 90 days and still be eligible to receive COLA. You may also be eligible to receive COLA if you are absent from the state for up to six months if you submit a physician's certificate to the division.

For details regarding COLA, please read the brochure *TRS Alaska Cost-of-Living Allowance*.

### **Post Retirement Pension Adjustment (PRPA)**

Eligible TRS benefit recipients will receive an automatic annual PRPA when the cost of living increases, based on the consumer price index for urban wage earners and clerical workers for Anchorage. The amount of the PRPA will depend upon the recipient's age, how long the recipient has been receiving TRS benefits, and whether the recipient is receiving TRS disability benefits.

PRPAs are calculated effective July 1 each year by multiplying the recipient's base pension benefit, including any prior PRPAs, times:

- ◆ 75% of the cost-of-living increase in the preceding calendar year or 9%, whichever is less, if the recipient is at least age 65 or on TRS disability on July 1; or

## **Pension Benefits**

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- ◆ 50% of the cost-of-living increase in the preceding calendar year or 6%, whichever is less, if the recipient is at least age 60 or has been receiving TRS benefits for at least eight years as of July 1.

Eligible recipients who have not received pension benefits during the entire preceding calendar year will receive a prorated PRPA.

### **Ad Hoc PRPA**

Members who were first hired under the TRS before July 1, 1990, are still eligible to receive ad hoc PRPAs. Ad hoc PRPAs may only be granted if the TRS fund balance exceeds 105% of which is necessary for the TRS to meet its obligations. When an ad hoc PRPA is granted, benefit recipients who are eligible for both that PRPA and the automatic PRPA will receive whichever PRPA is larger.

### **Unused Sick Leave**

The TRS does not administer the statute regarding the transfer of unused sick leave from one district to another. While you are actually employed you should contact the Department of Education and Early Development for information about transferring your unused sick leave. When you retire, you may receive additional TRS credit by claiming your unused sick leave. Your claim for unused sick leave must be verified by your last employer and must be received by the TRS no later than one year after you are appointed to retirement benefits. Only full days are creditable and contributions are not required for sick leave.

Unused sick leave earned participating in the University of Alaska retirement program is not creditable in the TRS.

## Pension Benefits

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### Unused Sick Leave Credit Chart

Sick Leave	Service Credit
0 to 8 days	= no credit
9 to 26 days	= 0.1 year
27 to 44 days	= 0.2 year
45 to 62 days	= 0.3 year
63 to 80 days	= 0.4 year
81 to 99 days	= 0.5 year
100 to 117 days	= 0.6 year
118 to 135 days	= 0.7 year
136 to 153 days	= 0.8 year
154 to 171 days	= 0.9 year
172 days	= 1.0 year

For example, If you are claiming 181 days of unused sick leave, you would receive another year of credit for the 172 days. The additional nine days would give you an additional .1 year of credit. When you are on retirement for the number of days equal to the unused sick leave days claimed, your benefit will increase according to the added service credit. The benefit increase will be effective on the first of the month following that date.

## Pension Benefits

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## Retiree Health Benefits

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Along with a monthly pension, retirement benefits may include medical coverage for retirees, disabled members, and survivors who are receiving monthly TRS benefits and their spouse and eligible dependent children. Coverage under the AlaskaCare Retiree Health Plan differs from coverage you have with your current employer.

### Medical Coverage at Retirement

The following benefit recipients, their spouse, and eligible dependent children will be covered automatically by the AlaskaCare Retiree Health Plan when they start receiving monthly benefits:

- ◆ All members regardless of date of entry 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 membership service or are at least age 60.

According to Alaska Statutes 39.35.680(11) and 14.25.220(13), eligible dependents are:

- ◆ Your dependent children age 18 and under.
- ◆ Your dependent children, under 23 years old, registered at and attending on a full-time basis an accredited educational or technical institution recognized by the Department of Education and Early Development.
- ◆ Your dependent children, 19 or older and not a full-time student, only if he or she is totally and permanently disabled. Please contact the Division for additional information about eligibility, and for information about how to provide proof of your dependent's disability.
- ◆ This coverage ends when the member or survivor dies or is no longer eligible to receive monthly benefits.

## Retiree Health Benefits

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Members who do not qualify for system-paid health coverage may purchase medical coverage for themselves, spouse, and eligible dependent children and pay the monthly premium.

These members and their survivors have the option of selecting and paying for medical coverage for:

- ◆ The benefit recipient only;
- ◆ The benefit recipient and spouse;
- ◆ The benefit recipient and eligible dependent children; or
- ◆ The benefit recipient and family, which includes spouse and any eligible dependent children.

Premiums for the medical coverage will be deducted from the monthly benefit payment. If the amount of the benefit is less than the total of the premiums due, the benefit recipient must pay the premiums directly to the claims administrator.

For more information including a current description of the benefits, please refer to the *AlaskaCare Retiree Insurance Information Booklet*.

## Optional Health and Life Plans

TRS benefit recipients may purchase additional coverage for:

- ◆ Dental-Vision-Audio coverage for self, spouse, and eligible dependent children;
- ◆ Long-Term Care coverage for self and/or spouse; and
- ◆ State sponsored Optional Life Insurance  
State of Alaska employees and those political subdivision employees participating in the State of Alaska Optional Life Insurance benefits may elect to continue this coverage while retired.

Premiums for the optional plans on the previous page will be deducted from the monthly benefit payment. If the amount of the benefit is less than the total of the premiums due, the benefit recipient must pay the premiums directly to the claims administrator.

For more information regarding the optional health and life plans, including enrollment restrictions, please refer to the *AlaskaCare Retiree Insurance Information Booklet*.

### **Employer Sponsored Life Insurance**

If you are participating in a group life insurance plan sponsored by your employer you may be able to convert this coverage to a private policy. Please contact your employer's personnel or human resources office for more information.

### **Medicare and Your TRS Medical Coverage**

There are four parts to Medicare health coverage. They are:

- ◆ Part A Hospitalization or "inpatient expenses;"
- ◆ Part B Physician or "outpatient expenses;"
- ◆ Part C Medicare Advantage (health plan approved by Medicare like an HMO but run by a private company. Contact Medicare for more information); and
- ◆ Part D Medicare Prescription Drug Coverage. (We do not address Medicare Part D in our publications because the prescription drug benefits you have through AlaskaCare are **at least as good as** the required benefits offered under Medicare Part D.) If you do not enroll in Part D, AlaskaCare Plan continues to be your primary drug coverage.

### **Medicare Enrollment**

Social Security will send you a letter approximately three months before you turn age 65, telling you whether or not you are eligible for Social Security and premium-free Medicare Part A. Contact Social Security during this time if you think you should have received your letter but have not. If you receive Social Security payments, Medicare Part B premiums can be deducted from your check after you enroll. Even if you aren't eligible for Social Security, you can still enroll in

## **Retiree Health Benefits**

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Medicare Part B during this three month window and arrange to pay the premium directly to Medicare.

### **AlaskaCare Benefits Supplemental to Medicare**

The benefits under AlaskaCare are supplemental to Medicare beginning at age 65. For services covered by both plans, the claims are paid first by Medicare and then by AlaskaCare—with AlaskaCare coordinating to pay up to 100% of covered expenses, less any deductible you have not yet met.

**NOTE:** If you are working and receive health insurance from your employer, Medicare will tell you it is not necessary to enroll until your active employee health insurance terminates. However, the AlaskaCare Retiree Health Plan still recommends that, in certain situations, you enroll at age 65, even if Medicare does not. Please contact the Benefits Section for more information (see page \_\_\_\_ for contact information).

### **Medicare Part A**

#### Who is eligible?

Most people are eligible for premium-free Part A coverage. This includes those who are eligible for a Social Security benefit. It also includes those who paid the Medicare tax while employed.

A few people are not eligible for premium-free Part A because they don't have enough Social Security or Medicare covered employment. If you are not eligible for Part A, Social Security will send you a letter confirming that. You must send a copy of that letter to the claims administrator. AlaskaCare will then continue to pay for Part A services just as it did before you turned age 65.

### **Medicare Part B**

#### Who is eligible?

Everyone is eligible and must pay a premium for Part B coverage, whether or not you are eligible for Part A.

## **Retiree Health Benefits**

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### **Failure to Enroll on Time**

If you do not enroll in Medicare at age 65, AlaskaCare will estimate what Medicare would have paid and deduct that amount before paying medical expenses. You'll have a larger part of the bill to pay. Remember: Everyone is eligible to enroll in Medicare Part B and should do so at age 65 to avoid paying for uncovered expenses.

If you do not enroll in Medicare when you first become eligible you have to wait until the next Medicare General Enrollment Period. If that happens, there may be a period of time when most of your medical expenses are not reimbursed by the AlaskaCare Retiree Health Plan or Medicare.

For more information regarding Medicare benefits, please contact your local Medicare office or visit the Medicare information site on the Internet at [www.medicare.gov](http://www.medicare.gov). For more information on coordination between Medicare and the AlaskaCare Retiree Health Plan, please see our brochure *Medicare Parts A & B and the AlaskaCare Retiree Health Plan* available on the Division of Retirement and Benefits website at [www.doa.alaska.gov/drb](http://www.doa.alaska.gov/drb) or by mail by request.



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## **Working After Retirement**

When you return to work in a TRS-covered position after a normal retirement—not early retirement and not Retirement Incentive Program (RIP)—you have two options available: the Standard Option and the Waiver Option.

This Waiver Option only takes effect if a school district declares it has or anticipates having a shortage of teachers qualified to teach in a particular discipline or specialty. Subject to this declaration, a retired teacher who took normal retirement (not RIP and not early) and has been terminated for at least 30 days may elect the Waiver Option when reemployed. The Waiver Option must be selected within 30 days of reemployment and allows the employee to elect continuation of retirement benefit payments during reemployment.

When you return to work in a permanent full-time or part-time position after an early retirement, you can only choose the Standard Option.

There are special restrictions on returning to employment in the TRS and the Public Employees' Retirement System (PERS) if you retired under a RIP or retired early. If you retired under the 1996–2000 RIP, there are certain conditions on returning to work for the TRS, PERS, Judicial Retirement System (JRS), and the University Optional Retirement Program.

### **Standard Option**

When you go back to work, your retirement benefit will be suspended until you terminate employment. TRS contributions will be deducted from your paycheck and you will accrue TRS service.

If you have reemployed in a TRS-covered position and are once again making TRS contributions, you will earn an additional retirement benefit calculated on the service and salaries earned by your second period of employment.

## Working After Retirement

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**WARNING:** If you receive a contract for 172 days or more (a full year of service) your reemployment date is July 1. Your retirement benefit payments will stop as of June 30. If you work less than 172 days, you will only receive a partial year of credit and your reemployment date is your actual date of hire.

When you retire again, you must notify the Division and apply for any additional retirement benefit you have earned.

### Waiver Option

You will continue to receive your retirement benefit payments during reemployment. You will not pay any TRS contributions and you will not accrue TRS service as long as the waiver program is in effect.

This legislation was enacted during the 2005 legislative session to attract and retain a strong Alaska workforce. The law is effective July 1, 2005, and ends June 30, 2009. If the legislature does not extend this special legislation, as of July 1, 2009, if you continue in TRS-covered employment your retirement benefit will stop and you will begin making contributions to TRS.

### Retirement Incentive Programs

If you retired under a Retirement Incentive Program (RIP) and are considering returning to work in a position covered by either the TRS, PERS, or the JRS, please contact the Division before accepting employment because you will:

- ◆ Forfeit the three years of incentive credit you received; and
- ◆ Owe the TRS 110% of the additional benefits you received as a result of your participation in the RIP, including any costs for health insurance if you were not otherwise eligible to retire.

An indebtedness will be established for what you owe and will be reduced by the amount you paid to participate in the RIP.

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## Working After Retirement

Interest (currently 7%) will accrue on your indebtedness from the date you become reemployed until the indebtedness is either completely paid or you retire again. Any balance remaining when you retire again will result in an actuarial reduction to your future retirement benefits.

If you retired under the 1996–2000 RIP, you are prohibited from entering into professional services contracts within the University of Alaska or a state agency or returning to state employment in a temporary or nonpermanent capacity for three years after you retire.

State of Alaska RIP retirees cannot contract with the state agency from which they were employed at the time of appointment to retirement.

### Exceptions

- ◆ Personal services contracts may be allowed by the University Board of Regents for the University, and the Commissioner of Administration for the State, when there is a compelling reason to hire an employee who has specialized or extensive experience relating to a particular program or project;
- ◆ Personal services contracts with the legislature are allowed during legislative sessions for hourly individuals who are not eligible for retirement, health, or leave benefits;
- ◆ Personal services contracts with the University of Alaska may be allowed for individuals who are employed to teach or perform research duties; or
- ◆ Personal services contracts during the three or five year restrictions with a state agency or the University of Alaska if it is determined that there is a compelling reason to do so because of an individual's specialized or extensive experience that relates to a particular program or project.

For more information please read the TRS brochure *Working After Retirement*.



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# Divorce, Taxes, and Other Legal Issues

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## Divorce

If you divorced or dissolved your marriage at any time after you first entered the TRS, your former spouse may be entitled to a portion of your TRS benefits under federal and Alaska laws.

### **Former Spouse With No Entitlement**

If you divorce and your former spouse has no entitlement to any portion of your TRS benefits or contributions, you must file a court-certified copy of your divorce or dissolution documents with the TRS to establish that your benefit is free from attachment. Documentation will be required before any refunds or applications for monthly retirement benefits can be processed.

### **Former Spouse Awarded an Entitlement**

If your former spouse is awarded an entitlement to a portion of your TRS benefits or contributions, in addition to a court-certified copy of your divorce or dissolution documents, a Qualified Domestic Relations Order (QDRO) must be filed and accepted by the TRS administrator in order to establish those rights. A QDRO is a specialized court order that sets out the portion of your benefit that must be paid to your former spouse. The TRS administrator must accept the order before it is enforceable.

Before a member can elect a benefit other than what is required by a QDRO, the order would have to be amended by the court to allow a different option.

**WARNING:** Do not wait until just before you plan to retire or until just before you request a refund to submit the documentation to the Division. Waiting will delay your request until the appropriate documentation is received and approved.

## **Divorce, Taxes, and Other Legal Issues**

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You are responsible for submitting the required forms to the TRS administrator. The court or your attorneys do not automatically file these forms for you.

The TRS has specialized staff to help you if you have any questions about divorce or dissolution. Please read the *Qualified Domestic Relations Order Divorce and Dissolution Information Packet* for more information regarding the federal and state requirements after a divorce, changes to beneficiary designations, and medical benefits for former spouses.

### **Local, State, and Federal Taxes**

Although Alaska does not currently have a state income tax, TRS benefit recipients who live outside Alaska may be required to pay other state and local income taxes on the benefits they receive. Check with a tax expert in your area for more information.

Monthly pension and survivor benefits are taxable by the federal government upon receipt, however, a portion of each monthly benefit may be tax-excludable depending on the member's circumstances. Detailed information will be provided to members or survivors when they begin receiving monthly benefits.

Monthly TRS disability benefits are taxable by the federal government upon receipt. Because disability benefits are not paid from the employee contribution account, the entire disability benefit is taxable.

Benefit recipients may choose whether or not to have federal income tax withheld from their monthly TRS benefits by submitting a W-4P (Withholding Certificate for Pension or Annuity Payments).

Benefit recipients receive a 1099-R (Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.) each January showing the annual benefit and taxable distributions, the taxable amount, and the gross federal income tax withheld during the previous calendar year.

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## **Divorce, Taxes, and Other Legal Issues**

For more information regarding taxation of your benefits and any tax-excludable portions, please read the brochure *Taxes and Your Benefits*.

### **Other Legal Issues**

Under Alaska Statute 14.25.210 a person who knowingly makes a false statement, falsifies, or permits to be falsified, any record of this system in an attempt to defraud this system, is guilty of a Class A misdemeanor and forfeits all rights under the system.



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# Appendix

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## Early Retirement Factors

The following tables contains sample early retirement factors. The earlier you retire from the regular retirement age of 55 or 60, the more your benefit is reduced. Contact the Division for early retirement factors for age 50 to 55 for those hired before July 1, 1990 (Tier I).

### Early Retirement Factors

*If you first entered the TRS on or after July 1, 1990 (Tier II)  
Effective 1986*

	Member's Age				
	55	56	57	58	59
Month					
0	0.598744	0.661312	0.731510	0.810448	0.899432
1	0.603557	0.666707	0.737570	0.817273	0.907137
2	0.608437	0.672179	0.743719	0.824197	0.914956
3	0.613387	0.677729	0.749956	0.831224	0.922891
4	0.618408	0.683360	0.756285	0.838355	0.930946
5	0.623501	0.689072	0.762707	0.845592	0.939122
6	0.628668	0.694968	0.769224	0.852937	0.947422
7	0.633910	0.700750	0.775839	0.860394	0.955850
8	0.639230	0.706719	0.782552	0.867964	0.964408
9	0.644628	0.712778	0.789368	0.875650	0.973099
10	0.650107	0.718928	0.796287	0.883455	0.981926
11	0.655667	0.725171	0.803313	0.891382	0.990892

## Appendix

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### Joint and Survivor Options

This table contains sample joint and survivor factors. The younger your spouse is at retirement time, the more your benefit is reduced.

#### Joint and Survivor Sample Actuarial Factors

Effective July 1, 1983

##### 50% Joint and Survivor Option

Spouse's Age	Member's Age			
	50	55	60	65
50	0.95428	0.93186	0.90108	0.86022
55	0.96254	0.94303	0.91548	0.87788
60	0.97058	0.95436	0.93074	0.89742
65	0.97797	0.96517	0.94596	0.91787

##### 75% Joint and Survivor Option

Spouse's Age	Member's Age			
	50	55	60	65
50	0.93295	0.90116	0.85862	0.80403
55	0.94485	0.91691	0.87837	0.82736
60	0.95651	0.93306	0.89958	0.85364
65	0.96731	0.94865	0.92107	0.88167

##### 66-2/3% Last Survivor Option

Spouse's Age	Member's Age			
	50	55	60	65
50	0.96905	0.93466	0.89037	0.83500
55	0.99399	0.96129	0.91860	0.86446
60	1.02379	0.99320	0.95273	0.90057
65	1.05865	1.03059	0.99299	0.94371

### Joint and Survivor Option Examples

In the examples a “normal” \$1,000 benefit is reduced to show the joint and survivor benefit under three options for a 60-year-old member and a 55-year-old spouse. The actual reduction to your benefit will be based on your age and the age of your spouse when you retire.

#### **50% Joint and Survivor**

Using the actuarial age factor from the Joint and Survivor Sample Actuarial Factors table, the benefit is reduced from \$1,000 to \$915.48. When the member dies, the spouse will receive a lifetime monthly benefit equal to 50 percent of \$915.48 or \$457.74.

$$\$1,000 \times 0.91548 = \$915.48 \text{ (member's benefit)}$$

$$\$915.48 \times .50 = \$457.74 \text{ (spouse's benefit)}$$

#### **75% Joint and Survivor**

The benefit is reduced from \$1,000 to \$878.37. When the member dies, the spouse will receive a lifetime monthly benefit equal to 75 percent of \$878.37 or \$658.78.

$$\$1,000 \times 0.87837 = \$878.37 \text{ (member's benefit)}$$

$$\$878.37 \times .75 = \$658.78 \text{ (spouse's benefit)}$$

#### **66-2/3% Last Survivor**

This benefit is reduced from \$1,000 to \$918.60. When either the member or the spouse dies, the survivor receives 66-2/3 percent of that benefit, or \$612.40 a month for life.

$$\$1,000 \times 0.91860 = \$918.60 \text{ (member's benefit until spouse dies)}$$

$$\$918.60 \times 0.66667 = \$612.40 \text{ (spouse's benefit or member's benefit if spouse dies first)}$$

## Appendix

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### Indebtedness Factors

These sample factors may be used to estimate your benefit reduction if you have an indebtedness when your benefits begin. To estimate your monthly benefit reduction, multiply the sample factor for your age at retirement times your total indebtedness.

#### Sample Indebtedness Factors

*Effective July 1, 1983*

Age	Factor	Age	Factor
40	.007062	60	.008874
41	.007108	61	.009039
42	.007157	62	.009216
43	.007210	63	.009405
44	.007266	64	.009607
45	.007326	65	.009822
46	.007390	66	.010050
47	.007458	67	.010293
48	.007531	68	.010551
49	.007609	69	.010824
50	.007691	70	.011114
51	.007779	71	.011425
52	.007872	72	.011761
53	.007972	73	.012121
54	.008078	74	.012510
55	.008190	75	.012929
56	.008309	76	.013379
57	.008437	77	.013862
58	.008573	78	.014379
59	.008719	79	.014932

If the reduction for your claimed service causes your benefit to be less than it would be without the service, that service will not be included in the benefit calculation and your indebtedness payments will be refunded to you.

### **Publication Resources**

- Alaska Cost-of-Living Allowance brochure
- AlaskaCare Retiree Insurance Information Booklet
- Claiming Service Credit brochure
- Disability Benefits brochure
- Divorce or Dissolution brochure
- Minimum Requirements for Retirement and Service Credit insert
- Qualified Domestic Relations Order Divorce and Dissolution Information Packet
- Refunding Your Retirement Contributions brochure
- Retiree Health Claim Appeal brochure
- Rights of Spouses and Dependents insert
- Social Security, Medicare and Your TRS Retirement Benefit brochure
- Taxes and Your Benefits brochure
- TRS Information Handbook
- TRS Retirement Application Instruction Booklet
- Understanding TRS Death Benefits brochure
- Working After Retirement brochure
- Your Retirement Benefit Projection brochure

Printing from the Division website is the quickest way to get the most recent versions of our publications and forms. Go to [www.doa.alaska.gov/drb](http://www.doa.alaska.gov/drb) and to the link, Forms/Brochures. To order materials contact the Division by phone, fax, or email.



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# Glossary

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**Active Member**

A member who is working for a TRS employer and receiving compensation on a full-time or part-time basis; on sabbatical leave approved by the employer; or on active leave of absence without pay approved by the employer. A member must be making contributions to the TRS to be active.

**Actuarial Adjustment**

An adjustment to the basic calculation of a pension payment based on age, expected lifetime and interest earnings to provide a pension of equal value under different benefit options.

**Annuitant**

A retired member or a disabled member who is receiving a benefit under this system.

**Alaska State Pension Investment Board (ASPIB)**

The Alaska State Pension Investment Board (ASPIB) was established according to AS 37.10.210 on July 1, 1993. The purpose of the board is to provide prudent and productive management and investment of state pension funds.

**Average Base Salary**

The result obtained by dividing the sum of the member's three highest years' base salary by three, or if a member does not have three years base salary, then by dividing the sum of all base salaries by the number of years of base salary; the base salary in a school year for which the member receives compensation for less than two-thirds of a year may not be used in the computation of the average base salary; if compensation is received for more than two-thirds of a year, the full base salary for that school year shall be used in the computation of the average base salary.

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For members converting from a disability to normal retirement, the base salary for a year in which credit is granted for disability totaling more than one-third of a year may not be used in the computation of the average base salary.

### **Base Salary**

The total remuneration payable under contract for a full year of membership service, including addenda to the contract but, for a member first hired on or after July 1, 1996, does not include remuneration in excess of the limitations set out in 26 U.S.C. 401(a)(17).

Has the same meaning as “compensation” when applied to a state legislator who elects membership.

### **Beneficiary**

The person designated by a member to receive the benefit that may be due from the TRS upon the member’s death. It is important that the beneficiary designation be kept up to date.

### **Bureau of Indian Affairs (BIA) Service**

Service, including partial years, as a teacher, a certificated person employed in a full-time position requiring a teaching certificate as a condition of employment, or a Bureau of Indian Affairs professional educator in a school or school system contracted or operated by the Bureau of Indian Affairs in Alaska.

### **Board**

The Alaska Teachers’ Retirement Board.

### **Compensation**

The total remuneration paid under contract to a member for services rendered during a school year, including cost-of-living differentials, payments for leave that is actually used by the member, the amount by which the member’s wages are reduced under the PERS alternative

service option, and the amount deferred under an employer-sponsored deferred compensation plan or the tax shelter annuity plan approved by the Department of Education and Early Development, but does not include retirement benefits, welfare benefits, per diem, expense allowances, workers' compensation payments, or payments for leave not used by the member, whether those leave payments are scheduled payments, lump-sum payments, donations, or cash-ins; compensation paid includes any payment made after June 30 of a school year for services rendered before the end of the school year.

**Court-Certified Document**

The clerk's act of copying an original document on file with the court and swearing in writing that it is a full, true, and correct copy of the original document which is on file with the court.

**Credited Service**

All membership service, territorial employment, plus outside, military, and Alaska BIA service, with outside and military service limited to 10 years except under certain conditions. For purposes of eligibility for benefits, service for which no indebtedness is owed.

**Deferred Vested Member**

An inactive member who meets the service requirements of a vested member.

**Defined-benefit plans**

Pensions based on years of service and salaries. Retirees receive a defined monthly check, with the employer taking on the investment risk of the retirement funds. Most state, municipal and school employees around the nation belong to such plans.

**Defined-contribution plans**

Retirement savings accounts based on employee and matching employer contributions. If the employee's investment choices perform poorly, or if the employee contributes little to the account, the

## **Glossary**

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employee receives less money at retirement. More private employers are switching to defined contribution plans to reduce their financial risk and to allow their workers to take the money with them when they change jobs.

### **Dependent Child**

An unmarried child of a member, including an adopted child, who is dependent upon the member for support and is less than 19 years old, or less than 23 years old and registered at and attending on a full-time basis an accredited educational or technical institution recognized by the Department of Education and Early Development. There is no age restriction if the child is totally and permanently disabled.

### **Disabled Member**

A member who is terminated, who has not received a refund from the system, and who is receiving a disability benefit from the system.

### **Early Retirement**

A member is eligible for an early retirement benefit upon completing the service requirements for vesting and attaining either age 50 years (Tier I) or age 55 years (Tier II).

### **Employer**

A public school district, the Board of Regents of the University of Alaska, the Department of Education and Early Development, the National Education Association of Alaska, the Regional Resource Centers, or the state legislature with respect to a state legislator who elects membership under AS 14.25.040(b).

### **Entry Date**

The date when a person who is employed by a TRS employer begins receiving compensation on a full-time or part-time basis and is making contributions to the TRS.

**Former Member**

A member who is terminated and who received a total refund of the balance of the mandatory contribution account, or who has requested in writing a refund of the balance of the mandatory contribution account.

**Full-time Teacher**

A teacher occupying a position requiring teaching on a regular basis for the normal work period per day or week at a teaching assignment, excluding teaching as an assistant or graduate assistant or teaching on a substitute, temporary, or per diem basis.

**Inactive Teacher or Member**

A member who is terminated and who has not received a refund from the system or a member who is on leave of absence and who is not making contributions under the provisions of leave of absence without pay. An inactive member does not make contributions to the TRS.

**Member Contribution Account**

The total maintained by the system of the member's mandatory contributions, indebtedness principal, interest payments, interest credited to each of those accounts, and adjustments to the account.

**Membership Service**

- ◆ Full or part-time service as a teacher in a public school in the Territory or State of Alaska, or both, under the supervision and control of the Territorial Board of Education or the Department of Education and Early Development or the school board of a city, regional educational attendance area, or borough school district;
- ◆ Full-time or part-time teaching at the University of Alaska or a full-time administrative position at the University of Alaska that requires academic standing and has been approved for inclusion in the system by the administrator;

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- ◆ Any period during which the teacher receives a disability benefit under this system or is on an approved sabbatical leave;
- ◆ Continuous service as a state legislator when performed by a state legislator who elects membership;
- ◆ Full-time or part-time service as an employee of the Special Education Service Agency; or
- ◆ Full-time or part-time service as an Alaska Native language or culture expert.

### **Military Service**

Active duty in the armed forces of the United States.

### **Nonpublic School**

A school established by an agency other than a state that is primarily supported by other than public funds, and operation of whose program rests with other than publicly elected or appointed officials, and is state approved or accredited.

### **Nonvested Member**

An active or inactive member who does not meet the requirements of a vested member or deferred vested member.

### **Normal Retirement**

A member is eligible for a normal retirement benefit if the member:

- ◆ Was first hired before July 1, 1975, has attained the age of 55 years, and has at least 15 years of credited service, the last five of which have been membership service or is otherwise vested in the system;
- ◆ Has attained the age of 60 years and has at least eight years of membership service;
- ◆ Has attained the age of 60 years, has at least five years of membership service, and has Alaska BIA service which, when added to the membership service, will equal at least eight years;
- ◆ Has at least 25 years of credited service, the last five of which have been membership service;

- ◆ Has at least 20 years of membership service;
- ◆ Has at least 20 years of combined membership service and Alaska BIA service, the last five of which have been membership service; or

Has, for each of 20 school years,

- ◆ At least one-half year of membership service as a part-time teacher;
- ◆ One full year of membership service as a full-time teacher; or
- ◆ Any combination of service.

### **University of Alaska Optional Retirement Program (ORP)**

Through the University of Alaska Optional Retirement Program eligible employees may waive their TRS membership and enroll in the University's optional plan. Those who do not enroll in the ORP are automatically covered under the TRS. University employees should contact the TRS for information about TRS benefits before enrolling in the ORP. When enrollment in ORP is received by the Board of Regents, it may not be changed.

### **Outside Service**

Service for full years;

- ◆ As a certificated full-time elementary or secondary teacher or a certificated person in a full-time position requiring a teaching certificate as a condition of employment in an out-of-state public school within the United States, or in a school outside the United States supported by funds of the United States;
- ◆ As a certificated full-time elementary or secondary teacher or a certificated person in a full-time position requiring a teaching certificate as a condition of employment in an approved or accredited nonpublic school within the United States, or in a school outside the United States supported by funds of the United States;

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- ◆ In a full-time position requiring academic standing in an out-of-state institution of higher learning accredited by a nationally recognized accrediting agency as listed in the Education Directory - Colleges and Universities by the National Center for Education Statistics;
- ◆ As a full-time teacher in an approved or accredited nonpublic institution of higher learning in Alaska.

### **Part-time Teacher**

A teacher occupying a position requiring teaching on a regular basis for at least 50 percent of the normal workweek at a teaching assignment, excluding teaching as an assistant or graduate assistant, or teaching on a substitute, temporary, or per diem basis.

### **Permanent Disability**

A physical or mental condition that, in the judgment of the administrator, based upon medical reports and other evidence satisfactory to the administrator, presumably prevents a member from satisfactorily performing the member's usual duties for the member's employer or the duties of another position or job that an employer makes available for which the member is qualified by training or education.

### **PERS**

Public Employees' Retirement System.

### **Prescribed Rate of Interest**

The rate of interest used for computing employer contributions, for preparing actuarial tables used by the system, for crediting interest to members' contributions, and for charging interest on members' indebtedness accounts.

**Post Retirement Pension Adjustment (PRPA)**

Post Retirement Pension Adjustment, or PRPA, is an increase to benefit payments when the cost of living increases. It is based on the consumer price index (CPI) for urban wage earners and clerical workers for Anchorage.

**Public School**

A school operated by publicly elected or appointed school officials in which the program and activities are under the control of those officials and that is supported by public funds.

**Qualified Domestic Relations Order (QDRO)**

A QDRO is a specialized court order that sets out the portion of a member's benefit that must be paid to their former spouse.

**Retired Teacher or Member**

A member who is terminated, who has not received a refund from the system, and who is receiving a benefit, other than disability, from the system.

**Retirement**

That period of time from the first day of the month following:

- ◆ The date of termination; and
- ◆ Application for retirement in which a person is appointed to receive a retirement benefit, other than a disability benefit.

**Retirement Benefit**

The annuity received by a retired member from the system.

**Retirement Fund**

The fund in which the assets of the system, including income and interest derived from the investment of money, are deposited and held.

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### **School Year**

The 12-month period beginning July 1 of each year and ending June 30 of the following year.

### **Supplemental Contribution Account**

The account maintained by the system to record the supplemental contributions of each member, including interest and adjustments to the account.

### **System**

The Teachers' Retirement System of Alaska.

### **Teacher or Member**

A person eligible to participate in the system and who is covered by the system, limited to:

- ◆ 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 or in the Department of Education and Early Development;
- ◆ A full-time or part-time teacher of the University of Alaska or a person occupying a full-time administrative position at the University of Alaska that requires academic standing; the approval of the administrator must be obtained before an administrative position qualifies for membership in the system; however, a teacher or administrative person at the university who is participating in the optional university retirement program is not a member under this system;
- ◆ A state legislator who elects membership.

### **Territorial Employment**

Nonteaching employment with the Territory of Alaska; territorial employment is not membership service.

**Tier**

A measurement of a time in which you first entered employment with an employer who participates in the TRS.

Members who first entered a TRS position:

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

**TRS Administrator**

The person appointed by the Commissioner of Administration.

**TRS**

Teachers' Retirement System.

**Vested Member or Vested Teacher**

An active member who has completed either:

- ◆ 15 years of service, the last five of which have been membership service, for a member first hired before July 1, 1975;
- ◆ Eight years of membership service;
- ◆ Five years of membership and three years of BIA service; or
- ◆ 12 school years of part-time membership service or 12 school years in each of which the member earned either part-time or full-time membership service.

**Year of Service**

Service, except for military and territorial service, during the dates set for a school year; partial-year service credit is given for membership and BIA service as follows:

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Before July 1, 1969, during any school year,

- ◆ less than 20 days, no credit;
- ◆ 20 days or more but less than 35 days, 0.2 years;
- ◆ 35 days or more but less than 49 days, 0.3 years;
- ◆ 49 days or more but less than 63 days, 0.4 years;
- ◆ 63 days or more but less than 77 days, 0.5 years;
- ◆ 77 days or more but less than 91 days, 0.6 years;
- ◆ 91 days or more but less than 105 days, 0.7 years;
- ◆ 105 days or more but less than 119 days, 0.8 years;
- ◆ 119 days or more but less than 133 days, 0.9 years;
- ◆ 133 days or more, 1.0 years.

On or after July 1, 1969, during any school year,

- ◆ less than nine days, no credit;
- ◆ nine days or more but less than 27 days, 0.1 years;
- ◆ 27 days or more but less than 45 days, 0.2 years;
- ◆ 45 days or more but less than 63 days, 0.3 years;
- ◆ 63 days or more but less than 81 days, 0.4 years;
- ◆ 81 days or more but less than 100 days, 0.5 years;
- ◆ 100 days or more but less than 118 days, 0.6 years;
- ◆ 118 days or more but less than 136 days, 0.7 years;
- ◆ 136 days or more but less than 154 days, 0.8 years;
- ◆ 154 days or more but less than 172 days, 0.9 years;
- ◆ 172 days or more, 1.0 years.

Service performed on a part-time basis will be credited in proportion to the amount of credit that would have been received for service performed on a full-time basis.

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