

# Leaving State Employment

## IMPORTANT!

*Read this brochure and the plan booklets carefully before making decisions that affect your benefits.*

*When leaving State of Alaska employment, you must make several important decisions about your contributions to the retirement system, investments, medical coverage, and life insurance.*

*Although the information in this brochure covers the plans as they exist today, you should always contact your Human Resources office or the Division of Retirement and Benefits for complete and up-to-date information.*

## Teachers' Retirement System (TRS) Defined Benefit Plan (Tiers I and II)

**If you are a Tier III member of the TRS Defined Contribution Retirement (DCR) Plan, skip to page 2.**

When you leave state employment and are participating in the Teachers' Retirement System (TRS), you may choose to retire (if eligible), leave your contributions in the TRS, or refund your contributions.

- If you are retiring, contact the Division's Retirement Customer Service Center at (800) 821-2251 (between 10 a.m. and 3:30 p.m.) at least 90 days in advance of your planned retirement date to obtain the required forms and information. Make sure you are eligible to retire before you terminate employment.
- You may terminate and receive a retirement benefit when you reach retirement age if you are vested. (Vested means having at least eight paid-up years of TRS membership service, 12 paid-up years of a combination of full- and part-time service, or if you have worked at least 172 days in 12 school years of paid-up part-time membership service. **You must leave your contributions in the system to receive a retirement benefit.**)
- You may refund your TRS account after being terminated from employment for at least 60 days.

**Warning:** If you refund your TRS account, you will not be able to reinstate your service and you will forfeit your tier if you return to TRS employment.

### Retirement Eligibility

To receive TRS monthly retirement benefits, you must meet certain age and service requirements. If you first entered TRS employment:

- Before July 1, 1990 (Tier I), you may retire at age 55 for normal or age 50 for early retirement; or
- After June 30, 1990 (Tier II), retire at age 60 for normal or age 55 for early retirement.

You may retire at any age if you have at least:

- 20 paid-up years of TRS membership service, or
- 25 years of paid-up credited service, the last five of which have been membership service, or
- 20 full school years of combined part-time and full-time service, one of which must have been full-time service.

You may retire with two paid-up years of TRS service if you are vested in the Public Employees' Retirement System (PERS) and are eligible for retirement. You may retire with one paid-up year of TRS membership service if you are retired from the PERS.

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. You must have a minimum combined total of five years service 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.

**It does not pay to delay!** Once you are eligible for a normal retirement benefit, you will **not** receive a higher TRS benefit if you have stopped working in a TRS position and delay receiving a retirement benefit until after your normal retirement age. See *Retirement Benefits, Death Benefits, and Insurance* in the *TRS Information Handbook* for details.

**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.

### Retirement Medical Benefits

While you are receiving monthly retirement benefits, you may be eligible for system-paid AlaskaCare medical benefits. If you are not eligible for system-paid benefits, you may choose to purchase coverage.

The State of Alaska retirement systems provide extensive and valuable benefits for you and your family including hospitalization, medical, surgical, maternity care, and other services necessary for the diagnosis and treatment of an injury or disease.



Your health care coverage is good worldwide. These benefits may change from time to time. Contact the Division of Retirement and Benefits for the most current information and to determine your eligibility.

### **Decisions Regarding Your Contribution Account**

If you are not eligible to retire from the TRS, you have choices to make regarding your contribution account. You can:

- leave your contributions in the system and retain your benefit tier in anticipation of future work with the Alaska TRS; or
- refund your contributions.

### **Leaving Your Contributions in TRS**

If you are not retiring, you may choose to leave your contributions in your TRS account. To maintain rights to TRS benefits, inactive (terminated) TRS members must apply for a refund or benefit before July 1 following their 75th birthday or within 50 years of the last active date of TRS membership. It is very important to notify the Division about changes to your address and the address of your beneficiary.

### **TRS Refunds**

You may refund your TRS contribution account at any time after being terminated from employment for at least 60 days. A refund from your TRS Defined Benefit account can be paid as a lump sum payment to the participant or as a direct transfer/rollover to a qualified plan. The refund can be made in combination of the two forms of distribution, but the distribution amount must equal 100%. To request a refund, you must complete a *Refund Election* form (gen008).

Your employee contribution account includes:

- 1) your mandatory contributions;
- 2) any indebtedness principal and interest payments; and
- 3) interest earned.

A refund of contributions does not include the employer contributions that have been made or the investment income earned.

If you are married, a notarized consent from your spouse on the *Refund Election* form (gen008) is required if you are vested and want to receive a refund of your contributions. (*Some exceptions may apply*).

**Warning:** If you refund, you forfeit all your retirement benefits, including tier status and future pension and medical coverage.

**If you are vested and die before retiring, your spouse may receive a monthly survivor benefit if you have not refunded your contributions.**

### **Leaving Employment Because of Disability**

If you are terminating your employment because of disability, your application for disability benefits must be either received by the Division or postmarked within 90 days after termination of employment. For an application packet or for more information, contact the Disability/Appeals Unit.

**Caution:** If you refund your contribution account instead of applying for a disability benefit, you are no longer eligible for that benefit or any future TRS retirement benefit or associated system-paid AlaskaCare medical insurance benefits.

### **Returning to TRS Employment**

If you return to TRS employment in a TRS-covered position with a TRS employer, and have taken a refund, prior service cannot be reestablished and your former tier benefit status will be forfeited.

If you are retiring from employment, you may return to work in any non-TRS participating position without limitations.

You may also work in a temporary, substitute TRS position or on a personal services contract without affecting your retirement benefits.

When you return to work in a permanent position after retirement, you can only choose the Standard Option. Under the Standard Option your retirement benefit will be suspended until you terminate employment. TRS contributions will be deducted and you will accrue TRS service.

**Caution:** There are some restrictions for those who retired under a RIP.

For more information, read your *Information Handbook*, the TRS brochure *Working After Retirement*, or contact the Division.

### **Repaying Refunds or Indebtedness**

Under certain circumstances, you may repay a claimed service indebtedness through pretax transfers from other Pretax qualifying plans. This option is available upon termination or while you are still in service. **It is not available if you are retired.** Contact the Division's Retirement Customer Service Center for specific information.

The option to use **pre-tax** payments to purchase a reinstatement indebtedness (prior refunded service) ended on July 1, 2010.

You may also repay an indebtedness with **post-tax** payments to the TRS.

## **TRS Defined Contribution Retirement Plan (Tier III)**

You are *first eligible* to receive payment of your TRS Defined Contribution Retirement (DCR) Plan account when you have been terminated for at least 60 days, provided that you are not rehired by a participating employer before 60 days have passed.

If you have completed a *Distribution/Direct Rollover Request* to receive payment of your account, Empower Retirement will verify you are eligible to receive payment and set up the final payment instructions **after** 60 days have passed. Partial account payments will be allowed, up to two per year, after the 60-day termination requirement has been met.

You are not required to complete a *Distribution/Direct Rollover Request* unless you are planning to refund your account. After you terminate, you may defer payment of your account for any

length of time until April 1 of the year after you turn 70-1/2; however payments **must** begin no later than April 1 of the year after you turn 70-1/2. The balance of your account will continue to change in value depending on market conditions.

Important information about payments and taxes is included as part of the instructions to the *Distribution/Direct Rollover Request* form. This form is available on the Division Web site. If you have questions, contact Empower Retirement at (800) 232-0859.

## Other Considerations

### Unused Sick Leave Credit

If you change employment from the Department of Education and Early Development to a school district, or from one school district to another and your service is continuous, you may transfer all of the cumulative sick leave to the new employer. It is the responsibility of the employee to notify the new employer, **within 90 days** of commencing work, of the number of days to be transferred.

If you have worked for the University of Alaska, you will need to file a separate claim form with the Division of Retirement and Benefits for that service. The University neither accepts nor transfers unused sick leave.

When you retire, you may receive additional TRS credit by claiming your unused sick leave. Only full days of sick leave are credited towards your retirement. Your claim for unused sick leave must be verified by your last employer and a claim form must be received by the TRS no later than one year after you are appointed to retirement. It is your responsibility to ensure that this form is completed and returned to the Division of Retirement and Benefits.

### Taxes and Your Benefits

Refunds are subject to state and federal taxes or penalties. Please see the *TRS Information Handbook* (Tier I-II/Defined Benefit) the *DCR Plan Information Handbook* (Tier III/Defined Contribution), or the *Distribution/Direct Rollover Request* forms available on the Division Web site for additional information on taxes. Division employees do not give tax advice. You are encouraged to contact a tax expert for advice about how a contribution refund will affect you.

Twenty percent (20%) will be withheld for federal income tax on lump sum payments paid directly to participants. The 20% withholding **does not** apply to lump sum payments **transferred plan-to-plan** into other qualified plans.

The federal government may also impose a tax penalty of 10% of distribution amounts, in addition to regular taxes due, when plan accounts are withdrawn before age 59-1/2.

There may be exceptions allowed by the federal government. Contact the Internal Revenue Service or a tax expert for details before paying the penalty.

## Beneficiary Designations

Please review your beneficiary designations periodically and make any necessary changes. Many people forget to update their designations when they marry, divorce, their spouse dies, or a beneficiary's address changes. Contact the Division of Retirement and Benefits if you need to change your designations for the:

- Teachers' Retirement System (TRS) Tier I/II Defined Benefit Plan

Contact **Empower Retirement** for the:

- TRS Tier III DCR Plan

A separate designation form is required for each benefit.

**Beneficiary designations on file at the time of death determine the payout, not your will.**

Forms are available on the Division's Web site or from your Human Resources office. **It is important to keep your beneficiary designations and beneficiary addresses up to date.**

## Address Changes

Prior to leaving service, contact your Human Resources office to change your address in their payroll system.

After you terminate, if you have money in the TRS Tier III DCR Plan, you must notify Empower Retirement to change your address.

You may change your address by sending written, signed requests with your Retirement Identification number (RIN) or the last four digits of your Social Security number to the Division's Juneau office for the TRS Tier I & II Plans and to Empower Retirement for the Tier III DCR Plan

**Always keep your address current so you will receive important information regarding your benefits.**

## Forms Reminder

You may be required to complete (or provide) the following forms when you leave state employment:

### Refund Election (gen008) (Tier I/II)

To receive a refund of your TRS contributions, you **must** complete and submit this form to the Division. It will take about 70 days to issue the refund check. You must be terminated for at least 60 days and it takes an additional 10 days to complete the refund process.

### TRS Defined Contribution Retirement Plan (Tier III) Distribution/Direct Rollover Request

To receive payment of your TRS DCR account, you **must** complete and return this form to Empower Retirement. You may elect to receive payment of your annuity account now or defer payment until a later date.

### **Claim and Verification of Unused Sick Leave Credit (trs021) (Tier I/II)**

If you are retiring, please have your employer verify the number of unused sick leave days, and submit the completed form to the Division no later than one year from your retirement effective date. If you are transferring to a school district, please contact your new employer within 90 days for information on transferring your unused sick leave.

### **Divorce or Dissolution of Marriage**

If you were married while working in any TRS-covered position and have subsequently divorced, you will need to submit court-certified copies of your decree or property settlement if you are electing a refund of contributions, or if you are or will be retiring.

### **Writing the Division**

Print your full name, address, and telephone number on your letter. Be sure to include your Retirement Identification number (RIN) or the last four digits of your Social Security number and sign and date any request for information or action.

### **Department of Administration**

#### **Division of Retirement and Benefits**

P.O. Box 110203

Juneau, AK 99811-0203

### **Calling the Division**

When calling the Division, please tell the receptionist why you are calling and have your Retirement Identification Number (RIN) or the last four digits of your Social Security number ready. You will be transferred to the appropriate section.

Our Customer Service Center phone hours of operation are 10 a.m. to 3:30 p.m. Alaska time.

**Toll-free:** (800) 821-2251

**In Juneau:** (907) 465-4460

**Fax:** (907) 465-3086

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

### **Visiting the Division**

If you are planning to visit the Division, please call ahead for an appointment. This saves valuable time and allows us to review your records and prepare for your visit.

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

The office is open Monday through Friday between 8 a.m. and 5 p.m., with limited staff working in Juneau during the noon hour and from 4:30 to 5 p.m.

### **Main Office**

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

### **Anchorage Field Office (by Appointment Only)**

550 West 7th, Ste 1690, Anchorage

### **Retirement and Benefits Online**

Our Web site, [alaska.gov/drb](http://alaska.gov/drb), contains information about your retirement benefits, medical coverage, insurance benefits, Alaska Deferred Compensation Plan, retiree check mailing dates, email contacts, forms, and much more.

### **Email Contacts**

#### **Member Services Contact Center**

[doa.drb.mscc@alaska.gov](mailto:doa.drb.mscc@alaska.gov)

#### **Financial Education and Advice Services**

[advisedassetsgroup@retirementpartner.com](mailto:advisedassetsgroup@retirementpartner.com)

#### **Health Insurance Information**

[AlaskaCare.gov](http://AlaskaCare.gov)

### **Checklist Reminder**

Be sure to check the status of your:

- TRS Contributions
- Unused Sick Leave
- Alaska Deferred Compensation Plan
- Tax Sheltered Annuities
- Indebtedness
- Life Insurance
- Medical Insurance
- Beneficiaries
- Address Changes
- Required Forms

## **Alaska Division of Retirement and Benefits**

6th Floor, State Office Building | 333 Willoughby Ave. | P.O. Box 110203 | Juneau, AK 99811-0203

### **Customer Service Center**

Hours: 10 a.m. - 3:30 p.m.

Toll-Free: (800) 821-2251 | In Juneau: (907) 465-4460 | Fax: (907) 465-3086 | TDD: (907) 465-2805

[doa.drb.rcsc@alaska.gov](mailto:doa.drb.rcsc@alaska.gov)

trs012