



TRS Highlights

- Sources of Income
 - Employee contributions (5%); Employer contributions (9.24%)
 - Investment income (majority of income)
- Assets
 - \$39.3 billion in FY03; \$15 billion in FY94
 - + \$1.6 billion FY03 investment income
- Membership
 - 234,000 active members; 1/3 active members vested
 - 59,000 retirees
 - Average age for service retirees: 59
 - Average years of service for service retirees: 27.3
- Benefits
 - \$2,603 per month for service retirees (= \$31,236 per year)
 - \$1,223 per month for surviving beneficiaries (= \$14,676 per year)

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Creditable Service

- **Definition:** Time accumulated toward retirement through TRS-covered employment or through the purchase of other service as permitted under law
- All service purchases may be made by a rollover from another qualified plan
 - 401(k), 403(b), 457 Governmental Plan, 401(a), and IRAs
 - Roth IRAs may not be rolled over
 - Rollovers avoid immediate taxation and applicable penalties; however, fees from custodian of funds may apply
- Must purchase service prior to retirement
- Beneficiaries cannot purchase service

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Creditable Service

- Membership Service
 - For service as an active TRS member in Georgia
 - Permanent position
 - Must work or be on paid leave at least ½ of working days in month
 - Awarded in one-month increments
 - 9 months equals 1 year; 8 months equals 1 year for academic faculty in University System
 - Only one year may be established in a fiscal year

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Creditable Service

- Withdrawn Service
 - To reestablish Georgia teaching service if you left teaching and took out your contributions
 - May purchase by repaying withdrawn amount plus interest, based on amount of withdrawn service in each fiscal year.
 - Number of refunded accounts determines re-employment requirement
 - 1 -3 refunds = 3 years; 4 refunds = 5 years; 5+ refunds = 10 years
 - Cost includes extra 2% interest rate penalty for each withdrawal exceeding three

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Creditable Service

- Out-of-State Service
 - For service at out-of-state public school, college or university
 - Counts only if out-of-state employment, had it been in Georgia, would have made you eligible for TRS membership
 - Cannot purchase if you are or will receive retirement benefits from that out-of-state system
 - Must work 6 years in Georgia to purchase 1 out-of-state year
 - For each year over 6, can purchase 1 more out-of-state year
 - 10 year maximum
 - Cost is employee and employer contributions plus interest based on salary earned at out-of-state school
 - Complete OS4 form, then mail to former employer(s)

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Creditable Service



- **Military Service**
 - If membership is on or after March 28, 1974, you cannot buy military service if you are or will be receiving military benefits for that service
 - 5-year purchase maximum; limited exceptions
 - Submit a copy of your separation papers (DD-214)
 - For service during national emergency
 - World War II; Korean Conflict; Vietnam Era (8/5/64-5/7/75)
 - If you started teaching after military service, cost is employee contributions and interest based on first-year GA teaching salary
 - If you started GA teaching immediately before military service, cost is employee contributions and interest based on last annual GA teaching salary before military service

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Creditable Service



- **Military Service (continued)**
 - For service during draft periods
 - 9/16/40 – 3/31/47 and 6/24/48 – 7/1/73
 - If teaching not interrupted, cost is employee and employer contributions plus interest based on first GA teaching salary after military service separation
 - If GA teaching interrupted, cost is employee contributions plus interest
 - For service during ordered military duty
 - Enduring Freedom; Desert Storm; Afghanistan and Iraqi conflicts
 - Credit available only if GA teaching interrupted
 - Cost is employee contributions; no interest
 - Must purchase within 5 years of military service separation

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Creditable Service



- **Maternity Leave**
- **Visiting Scholar**
- **Full-time Graduate Study Leave**
- **Public School Employees Retirement System (PSERS) Credit**
- **Employees Retirement System (ERS) Credit**
- **Retroactive Georgia Service**
- **Retroactive Local Service**

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Creditable Service



- **Private School Service**
 - For qualifying employment with a private elementary or secondary school or any private college or university located in Georgia
 - School must have been accredited by approved accrediting agency while member was employed
 - Five consecutive years of TRS-covered employment prior to purchase
 - After completion of sixth year, can purchase one year of private school
 - With each subsequent year, can purchase one additional year
 - 10-year maximum
 - Cost is full actuarial amount to fund additional retirement benefit
 - Complete "Certification of Georgia Private School Employment"

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Creditable Service



- **Air Time**
 - For service that was not actually rendered
 - 25-year service minimum
 - Can purchase up to 3 years service
 - May purchase in one-month increments
 - Can be used to avoid penalty for early retirement
 - Cost is full actuarial amount to fund additional benefit
 - Consider unused sick leave credit prior to purchase

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Unused Sick Leave Credit



- Only applies to Georgia teaching service.
- Each TRS-covered employer must certify sick leave as part of retirement application
- Forfeited sick leave also eligible for service credit
- Cannot be used for vesting or reaching age 60 requirement
- Cannot be paid for unused sick leave and get service credit
- Maximum annual accumulation is 1¼ days per month of actual service
- 60-day minimum for credit
- 8 hours equals 1 day credit; 20 days equals 1 month credit

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Sick Leave Calculation - No Records



1. Unused sick days on record are divided by the number of years for which there are records
2. Yields an average number of days per year not used
3. Average for recorded days is multiplied by the number of years for which there are no records
4. Yields an estimated number of unused sick days
5. Estimated days are added to the recorded days to determine total days of unused sick leave

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Sick Leave Calculation - Example



- John worked 26 years for two TRS-covered employers
 - Employer 1 was for 10 years and records were not kept
 - Employer 2 was for 16 years and records were kept
 - Employer 2 reports that over his 16 years with them, he retained 100 days of sick leave
 1. 100 days on record / 16 years
 2. = 6.25 avg. unused days / year for recorded leave
 3. 6.25 days / year X 10 years without records
 4. = 62.5 estimated days
 5. 62.5 estimated days + 100 recorded days = 162.5 days

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Unused Sick Leave Conversion Chart



Days of Unused Sick Leave	Months of Creditable Service	Days of Unused Sick Leave	Months of Creditable Service
0 – 59	None	210 – 229	11
60 – 69	3	230 – 249	12
70 – 89	4	250 – 269	13
90 – 109	5	270 – 289	14
110 – 129	6	290 – 309	15
130 – 149	7	310 – 329	16
150 – 169	8	330 – 349	17
170 – 189	9	350 – 369	18
190 – 209	10	1) No maximum placed on creditable service 2) Credit based on 9-month yr for all contracts	

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Eligibility for Retirement



- Service retirement
 - 30 years of creditable service regardless of age
 - 10 years of creditable service and age 60
- Disability retirement
 - 9½ years of service and permanently disabled
 - Disability status determined by panel of three physicians



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Eligibility for Early Retirement



- 25 year service minimum
 - Active account required
 - Penalties apply - lesser of:
 - Benefit reduced by 1/12 of 7% for each month below age 60, or
 - Benefit reduced by 7% for each year or fraction of year below 30 years of service
- Note: not eligible for COLA until member reaches age 60 or would have attained 30 years of service

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Retirement Plans



- Plan A - Maximum
- Plan B - Option 1
- Plan B - Option 2
- Plan B - Option 3
- Plan B - Option 2 Pop-up
- Plan B - Option 3 Pop-up
- Plan B - Option 4



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Plan A - Maximum



- Largest monthly benefit available
- Benefits stop at retiree's death
- If death occurs before contributions and interest have been paid, the balance is paid in a lump sum to beneficiary
- Contributions and interest typically depleted within 18 months of retirement
- Beneficiary may be changed after retirement
- If retiree has State Health Benefit Plan (SHBP) coverage and predeceases spouse, spouse and dependents, if any, lose health coverage if spouse remarries

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Plan B - Option 1



- Small reduction from maximum benefit
- Benefits stop at retiree's death
- Extends time that retiree's contributions and interest are available to pay part of the monthly benefit
- Funds generally last 10 -14 years
- At death, any remaining contributions and interest are refunded in a lump sum to the beneficiary

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Plan B - Option 2



- Receive reduced monthly benefit based on member's age and beneficiary's age at the time of retirement
- Upon death, beneficiary receives **same monthly benefit** as the retiree received at the date of retirement, plus cost-of-living adjustments (COLAs)

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Plan B - Option 3



- Receive reduced monthly benefit based on member's age and beneficiary's age at the time of retirement
- Reduction in benefit is less than reduction in Option 2
- Upon death, beneficiary receives **one-half** the monthly benefit received by the retiree at the time of retirement, plus **one-half** the COLAs

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Plan B - Option 2 & 3 Pop-ups



- Receive slightly smaller monthly benefit than in regular version of respective option
- Can designate only one beneficiary
- If retiree predeceases beneficiary, then beneficiary receives lifetime monthly benefit, plus COLAs, as described in regular version of respective option
- If beneficiary predeceases retiree, monthly benefit for retiree will "pop-up" to the Maximum Plan, plus COLAs as if you had retired under the Maximum Plan

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Plan B - Option 4



- Can specify any amount payable to a beneficiary at the member's death
 - Retiree's benefit must be at least 50% of the Maximum Plan
 - Benefit may be specified as a dollar amount or a percentage of the retiree's monthly amount
- COLAs correspond to dollar amount or percentage the beneficiary receives
- May consider as alternative to Maximum Plan so that spouse can keep SHBP coverage if he/she remarries after retiree's death

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Death In Active Service



- If member is vested and dies in service, beneficiary receives one of two settlements
 - Lump sum distribution of your contributions and interest,
 - Monthly annuity for life, or
 - Choice of either of the above
- Active member indicates how TRS is to pay beneficiary
- If annuity selected, beneficiary receives payments only under Plan B, Option 2 (100% survivorship option)
- If member is not vested, beneficiary receives lump sum distribution of member's contributions and interest

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Changes in Plan & Beneficiary



- If survivorship option selected with only one beneficiary:
 - If sole beneficiary predeceases retiree, then retiree can change beneficiary and/or plan, but not to Maximum Plan unless a pop-up option was selected
 - If spouse is sole beneficiary and divorce occurs, retiree can change beneficiary and/or plan, including a change to Maximum Plan
 - If retiree selects a new beneficiary or new survivorship plan, resulting benefit is always lower than original benefit
 - Recalculation of benefit based on benefit amount retiree was receiving when the change was made
 - Retiree not required to specify new plan or beneficiary

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Changes in Plan & Beneficiary



- If survivorship option selected with multiple beneficiaries:
 - If spouse predeceases retiree, retiree cannot change plan or remaining beneficiaries
 - If spouse and retiree divorce, retiree cannot delete former spouse
 - Benefit percentages are not adjusted for remaining beneficiaries

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Retirement Benefit Formula



- 2% multiplier
 - 2% is multiplied by your years of creditable service
 - Maximum of 40
- Based on highest paid consecutive 24 months of creditable service
- Formula:

$$\boxed{\text{Number of years of creditable service, including partial years}} \times \boxed{2\%} \times \boxed{\text{Average monthly salary over the highest paid consecutive 24 months of service}} = \boxed{\text{Initial monthly benefit under the Maximum Plan*}}$$

*Special 3% COLA is added to initial benefit on first \$37,500

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Example - 7/1/2004 Retirement



Maximum Plan			
Step 1:	32 years service	X 2%	= 64%
Step 2:	\$33,000 (2002 salary)	+ \$34,000 (2003 salary)	= \$67,000 (24-month high)
Step 3:	\$67,000 salary for high 24 months	\$67,000 / 24 months	= \$2,791.67 avg. monthly salary
Step 4:	\$2,791.67	X 64%	= \$1,786.67 initial benefit*

* Add 3% COLA on first \$37,500 of initial benefit

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Example - 7/1/2004 Retirement



Option 2 (100%)	\$1,786.67	X .8843	=	\$1,579.95
Option 2 Pop-up	\$1,786.67	X .8730	=	\$1,559.76
Option 3 (50%)	\$1,786.67	X .9386	=	\$1,676.97
	Survivor's Benefit		=	\$ 838.49
Option 3 Pop-up	\$1,786.67	X .9322	=	\$1,665.53
	Survivor's Benefit		=	\$ 832.77

Ages
Member: 59
Beneficiary: 57

Initial 3% COLA not used in example

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Plans Selected – FY2003



Percentage of Retirees	Plan Selected
73%	Maximum
11%	Option 2 (100%)
6%	Option 3 (50%)
4%	Option 1
2%	Option 4
2%	Option 3 Pop-up
2%	Option 2 Pop-up

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Retirement Checklist



- Consult with certified financial planners (CFPs)
- Purchase service, if desired
 - Some service purchases may take years to finalize, particularly out-of-state service purchases
 - Consider credit you may receive for unused sick leave
- Attend TRS seminar within 5 years of retirement
- Request benefit estimate
 - Within 5 years of retirement; most accurate closer to retirement
 - Use pension calculator on web site anytime desired
- Call or visit TRS counselor
 - Recommended time is 1 to 2 years from retirement date
 - For visits, allow up to 3 months lead time to reserve date

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Retirement Checklist



- Complete forms to apply for retirement
 - Sick Leave Certification (Form SKL)
 - From each TRS-covered employer during career; for previous employers, complete and submit as early as possible
 - Credit for unused sick is awarded after retirement
 - Federal Withholding Certificate for Pension or Annuities (W-4P)
 - Law requires automatic tax withholding, unless you elect no withholding
 - If form not received, withholding is married with three exemptions
 - State of Georgia Employee's Withholding Allowance Cert. (G-4)
 - Withholding is not required, but retiree will still have tax liability
 - If living outside Georgia, retiree does not have to pay Georgia tax; check with state of residency for its state tax liability
 - Retirement Certification Report (Form TRS8)
 - Application for Service Retirement (Form SRA)

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Retirement Checklist



- Apply for retirement
 - May apply no earlier than 180 calendar days (6 months) before your anticipated retirement date
 - Apply no later than 2 full months from your retirement date to receive your first check in the month you retire
 - Apply by last day of month in which you retire to receive benefits retroactively to effective retirement date; benefits are **not** retroactive if application is received later
- Receive benefits!
 - First check is mailed to home, subsequent checks by direct deposit
 - Benefit is available 1st business day of month for the current month
- Keep TRS in the loop
 - Let us know if your address changes
 - Advise your beneficiaries on how your selected plan works

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Employment After Retirement



- If you are considering reemployment with a participating TRS employer, either as a teacher or independent contractor, contact TRS immediately for complete details.
- Minimum one-month break before returning
- To avoid affecting your TRS benefit, you must comply with time-worked and salary restrictions
 - TRS-covered work must be less than ½ time for position and less than ½ of the normal full-time salary
 - Also ok: substitutes on regular daily pay; under FT classroom aides; night school; any position not covered under TRS
- There are more provisions, contact TRS for details.

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Resources



- Web site: www.trsga.com
 - Inquiry via email; form downloads; pension calculator
 - Retirees can check account information; actives can soon
- Call Center: 800-352-0650; 404-352-6500 (Atlanta)
 - No automated phone attendants
 - Most questions answered without a transfer
 - Open 7:30 am to 6:00 pm, Monday - Friday, EST
- Publications
 - TRS Member's Guide; Brochures; Annual Reports
 - Annual Membership Statements
 - Review each year for accuracy
 - Report concerns to TRS immediately
- Your Benefit Coordinator in HR Department

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