



## Retirement Preparation



## History

- ✓ Created in 1943 through an Act of the Georgia General Assembly
  - ✓ First monthly benefit paid in 1946
  - ✓ \$48.00
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- ✓ TRSGA is a **defined benefit** plan under 401(a) of IRS code (**mandated and guaranteed** for life under Georgia law).
  - ✓ Examples of **defined contribution** plans: VALIC, TIAA-CREF, Fidelity, Lincoln, etc.
  - ✓ These plans are **voluntary** (or supplemental).



## Our Mission

- ✓ To provide **exceptional** service in the administration of pension benefits and related services to TRSGA members, retirees and employers.



## Our Vision

- ✓ To be **the** model Retirement System providing comprehensive customer service to TRSGA members, retirees and employers.



## TRSGA Highlights

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>✓ <b>Financial</b> <ul style="list-style-type: none"> <li>• <i>3 Sources of Income</i> <ul style="list-style-type: none"> <li>➢ Employee Contributions (5%)</li> <li>➢ Employer Contributions (9.24%)</li> <li>➢ Investment Income (majority of income)</li> </ul> </li> <li>• <i>Total Assets</i> <ul style="list-style-type: none"> <li>➢ Approximately \$39.3 Billion</li> <li>➢ \$1.6 Billion (+) Investment Income For Fiscal Year '03</li> </ul> </li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>✓ <b>Statistical</b> <ul style="list-style-type: none"> <li>• <i>Active Members</i> <ul style="list-style-type: none"> <li>➢ 227,000 +</li> <li>➢ 33% Vested</li> </ul> </li> <li>• <i>Retirees</i> <ul style="list-style-type: none"> <li>➢ 58,000 +</li> <li>➢ Monthly Payroll Over \$129 Million.</li> <li>➢ Annual Payroll Over 1.4 Billion</li> </ul> </li> </ul> </li> </ul> |
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## Creditable Service

- ✓ Membership service
- ✓ Withdrawn service
- ✓ Military service
- ✓ Out-of-state service
- ✓ Study leave service
- ✓ Retroactive Service
- ✓ State of Georgia employment





## Creditable Service

- ✓ Visiting Scholar Service
- ✓ Maternity Leave Service
- ✓ All service purchases may be made by a rollover from another qualified plan.



\*Examples: 401(k), 403(b), 457 Governmental Plan, IRA's (with the exception of Roth IRA's) and 401(a)



## Private School

- ✓ The employment must have been on a permanent not less than half-time basis with a private elementary or secondary school or any private college or university located in the State of Georgia;
- ✓ The private school must have been accredited by the Southern Association of Colleges and Schools, the Georgia Accrediting Association or a nationally recognized accrediting agency by the State Board of Education;
- ✓ The member must have completed at least five consecutive years of membership service in the public schools of Georgia or the University System of Georgia immediately prior to applying for the first year of private school service; and
- ✓ With the completion of each additional year of Georgia service thereafter, a member may establish a year of private school service, to a maximum of ten years.
- ✓ Must pay full actuarial value.



## Air Time

- ✓ Allows up to 3 years of service credit to be purchased by members with at least 25 years of service (specific conditions apply).
- ✓ Must pay full actuarial value.



## Unused Sick Leave Credit

- ✓ Sick leave credit is awarded to members who retire on or after July 1998, and it can only apply to Georgia teaching service.
- ✓ The employer must certify unused sick leave at the time the member applies for retirement
- ✓ Sick leave cannot be used for vesting; member must have 10 years of service with TRS to qualify for any credit for unused sick leave
- ✓ Member cannot be paid for unused sick leave and get credit for the time toward retirement
- ✓ The maximum amount that may be accumulated in one year is 1¼ days per month of actual service.
- ✓ Must have 60 days to qualify for credit. Eight hours equals one day and twenty days equals one month.



## Sick Leave Calculation

1. The number of unused sick leave days reported will be divided by the number of years for which there are records.
2. This will provide an average number of days per year that you did not use.
3. This average is then multiplied by the number of years for which there are no records.
4. The estimated days are added to the reported number of days to determine a final number of unused sick leave days.



## Sick Leave Calculation

- ✓ John worked for 26 years in a position covered by TRSGA. The first 10 years, he worked for County A, where unfortunately, the records were never kept. The last 16 years, he worked in County B, which has kept their records. County B reports that over his 16 years with them, he retained 100 days of sick leave.
  - 100 days/16 years = 6.25 average unused days/year
  - 6.25 days/year X 10 years = 62.5 estimated days
  - 62.5 estimated days + 100 days = 162.5 days
  - 162.5 days = 8 months



## Unused Sick Leave Conversion Chart

Days of unused sick leave	Creditable service
0 - 59	None
60 - 69	3 months
70 - 89	4 months
90 - 109	5 months
110 - 129	6 months
130 - 149	7 months
150 - 169	8 months
170 - 189	9 months
190 - 209	10 months
210 - 229	11 months
230 - 249	12 months
250 - 269	13 months
270 - 289	14 months
290 - 309	15 months
310 - 329	16 months
330 - 349	17 months
350 - 369	18 months



## 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



## Eligibility for Early Retirement

- ✓ 25 years of creditable service
  - Must have an active account
  - 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



## Retirement Plans

- ✓ Plan A- Maximum
- ✓ Plan B Option 1
- ✓ Plan B Option 2
- ✓ Plan B Option 3
- ✓ Plan B Option 2 & 3 pop-ups
- ✓ Plan B Option 4



## Plan A - Maximum

- ✓ Produces the largest possible monthly benefit for the member
- ✓ All benefits stop at the death of the member
- ✓ If the death of the retiree occurs before accumulated contributions and interest have been paid out, the balance will be paid in a lump sum to the beneficiary.
- ✓ In most cases, the total contributions and interest will be depleted within 18 months of retirement
- ✓ Beneficiary designation may be changed after retirement



## Plan B - Option 1

- ✓ Member accepts a small reduction from maximum monthly benefit
- ✓ At member's death, all monthly benefits stop
- ✓ Extends the time period of member's contributions and interest that are used to pay the annuity portion of the monthly benefit, generally 10-14 years
- ✓ Any remaining portion of the member's contributions will be refunded in a lump sum to the beneficiary



### Plan B - Option 2

- ✓ Member receives a reduced monthly benefit based on their age and their beneficiary's age
- ✓ Upon death, the named living beneficiary will receive for life the same monthly benefit as the retiree received at the date of retirement, plus cost-of-living increases



### Plan B - Option 3

- ✓ Member receives a reduced monthly benefit based on their age and the age of their beneficiary
- ✓ Upon death, the named living beneficiary will receive a lifetime benefit of **one-half** the initial monthly benefit for life as the retiree, plus **one-half** the cost-of-living increases



### Plan B - Option 2 & 3 Pop-ups

- ✓ Receive a monthly benefit based on age and beneficiary's age
- ✓ Upon death, the named living beneficiary will receive a monthly benefit for life, plus cost-of-living increases
- ✓ If the beneficiary predeceases member, monthly benefit for retiree will "pop-up" to the Maximum Plan



### Plan B - Option 4

- ✓ Allows the member to specify a monthly amount, other than that provided for in the other options, to be paid to a beneficiary at the member's death
- ✓ May be a dollar amount or a percentage



### Comparison of Retirement Options

Plan	Reduced Benefit	Monthly Benefit to Survivor	Pop-Up	Change Beneficiaries	Guaranteed Member's Contributions <small>in Interest</small>
A-Max	No	No	No	Yes	Yes
B-Option 1	Yes	No	No	Yes	Yes
B-Option 2	Yes	Yes, 100% of Retirees Benefit	Yes	No*	Yes
B-Option 3	Yes	Yes, 50% of Retirees Benefit	Yes	No*	Yes
B-Option 4	Yes	Yes, as Designated	No	No*	Yes

\*exceptions exist



### Changes in Plan of Retirement & Beneficiary

- ✓ If the member selects a survivorship option, and the beneficiary predeceases the member, the member may change their beneficiary.
- ✓ If the member selects a survivorship option, with the spouse as beneficiary and they subsequently divorce, the member may change their beneficiary.
  - If one of these occur and you change your beneficiary, the resulting benefit would be of the same actuarial value as the benefit you were receiving prior to the change.



## Retirement Benefit Formula

- ✓ 2% multiplier
  - 2 times your years of creditable service
  - Maximum of 40
- ✓ Based on highest paid consecutive 24 months of service

$$\boxed{\text{Number of years of creditable service}} \times \boxed{2\%} \times \boxed{\text{Average salary over the highest paid consecutive 24 months of service}}$$



## Example Retirement Date 7/1/2004

### ✓ Plan A - Maximum plan

$$32 \text{ years of service} \times 2\% = 64\%$$

2002-03 Salary	\$33,000
2003-04 Salary	<u>\$34,000</u>
	\$67,000

$$\$67,000 / 24 \text{ months} = \$2,791.67/\text{month}$$

$$\$2,791.67 \times 64\% = \$1,786.67/\text{month}$$



## Example Retirement Date 7/1/2004

### Plan B Option 2: 100%

$$\$1,786.67 \times .8843 = \$1,579.95$$

Member: age 59  
Beneficiary: age 57

### Plan B Option 2 Pop Up: 100%

$$\$1,786.67 \times .8730 = \$1,559.76$$

### Plan B Option 3: 50%

$$\$1,786.67 \times .9386 = \$1,676.97$$

Survivor benefit \$ 838.49

### Plan B Option 3 Pop Up: 50%

$$\$1,786.67 \times .9322 = \$1,665.53$$

Survivor benefit \$ 832.77



## When Should You Apply for Retirement?

- ✓ May apply no earlier than 180 calendar days (6 months) before your anticipated retirement date
- ✓ **Should** apply no later than 2 full months from your effective date of retirement in order to receive your first check in the month in which you retire
- ✓ Call the TRSGA office well in advance of your retirement date and get an estimate of your monthly benefits. **No surprises!**



## Important Tips

- ✓ Even if you have a number of years before retirement, you should pay attention to your Membership Statement from TRS each year. This is a picture of your active account and reflects the following:
  - contributions and interest in your account
  - service credit - years of service
  - beneficiary designation
- ✓ Be sure all your creditable service is established well in advance of your retirement



## Service Enhancements

- ✓ Call Center
- ✓ Improved Website



## Call Center

- ✓ Hours of operation are Monday through Friday 7:30 A.M. to 6:00 P.M.
- ✓ Will be immediately connected with one of 12 highly trained customer service representatives
- ✓ No more recorded menus to navigate through
- ✓ Average of 500-600 daily calls handled by the call center staff with 97% of the calls currently being handled by speaking with only one (1) TRSGA representative
- ✓ (800) 352-0650 (only within Georgia) or (404) 352-6500. Peak call volume at 4:00 P.M.



## Website

- ✓ [www.trsga.com](http://www.trsga.com)
- ✓ Easier to navigate
- ✓ Clearly defined areas for active members, retired members and employers
- ✓ Pension calculator
- ✓ E-mail request capability
- ✓ Future ability for active and retired members to view and change “member specific” information with user ID and password
- ✓ Current ability for retired members to access READ ONLY information



## In Closing...

- ✓ Questions???

