

# RETIREMENT OVERVIEW

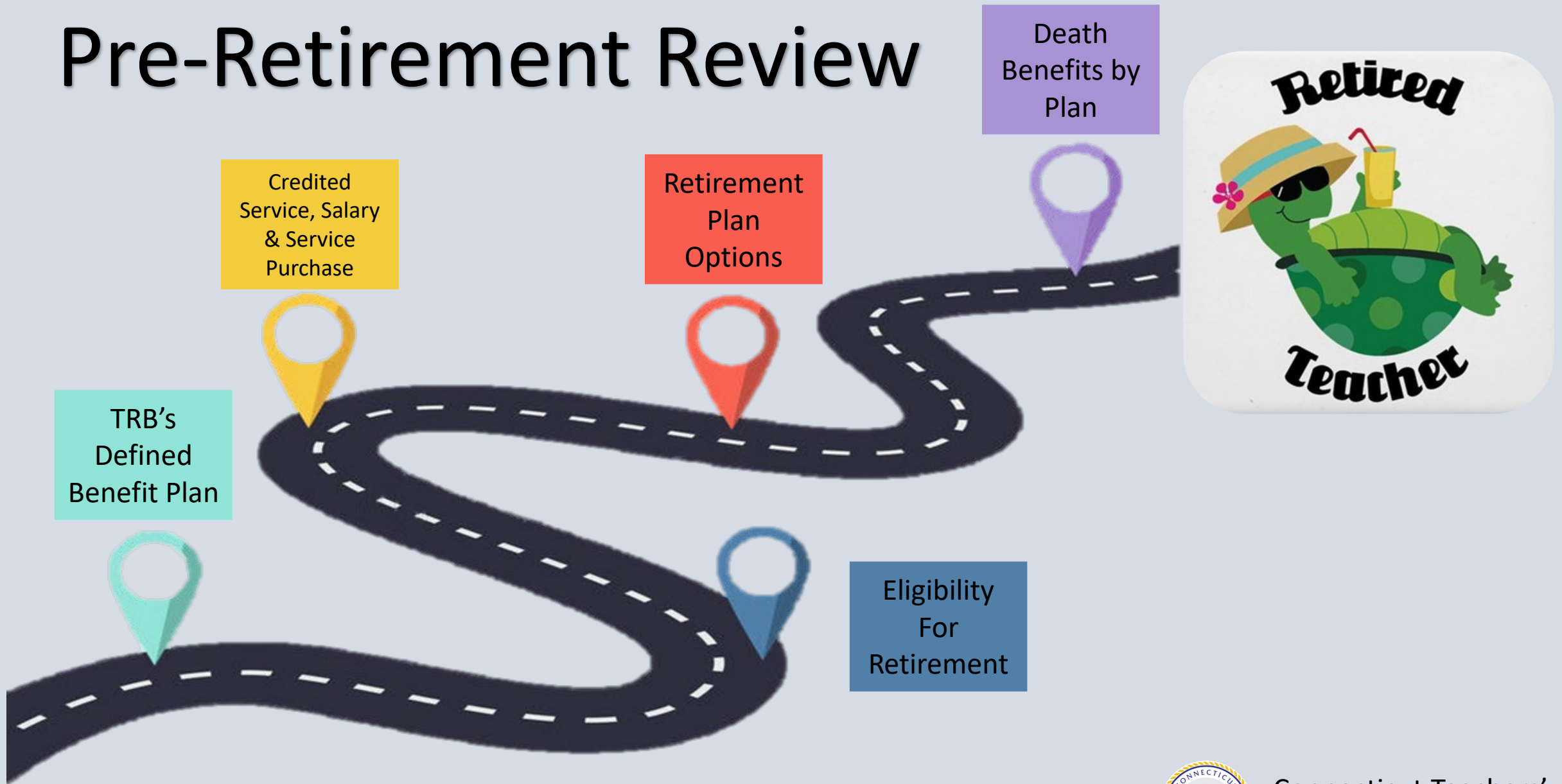
Join us on the road to Retirement!



Connecticut Teachers'  
Retirement Board



# Pre-Retirement Review



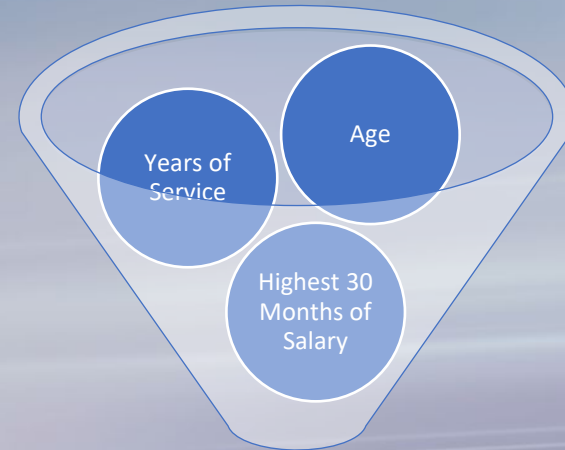
Connecticut Teachers'  
Retirement Board

# TRB'S DEFINED BENEFIT PLAN

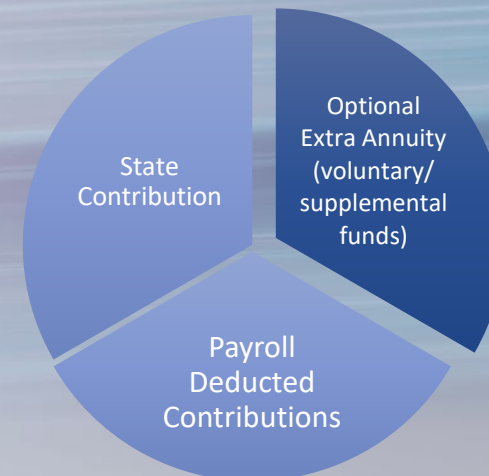
Your pension is a Contributory Defined Benefit Plan.

What that means:

- Your pension is based on your age, years of service, and 3 highest annual salaries.
- It is not based on your contributions.
- Monthly payments are guaranteed for the retiree's lifetime.



Your Pension



# Eligibility Rules for Retirement

## Normal Retirement

- You are at least age 60 with 20 years of eligible CT service or
- You are any age with at least 35 years of service, 25 of those years must be eligible CT service

## Early Retirement

- You are at least age 55 with 20 years of service, 15 years of service must be eligible CT service or
- You are any age with at least 25 years of service, 20 of those years must be eligible CT service

## Pro-ratable Retirement

- You have completed at least 10 years of eligible CT service on or after age 60

## Deferred-Vested Retirement

- You have completed 10 years of eligible CT service before age 60
  - Benefit is payable at or after age 60

# EARLY RETIREMENT - CAUTION



Early retirement factors are different for members with 30 or more years of service. As a result of this fact, there may be a significant difference in the benefits from the 29<sup>th</sup> year of service to the 30<sup>th</sup> year of service if you are under 60 years of age.

## EXAMPLE:

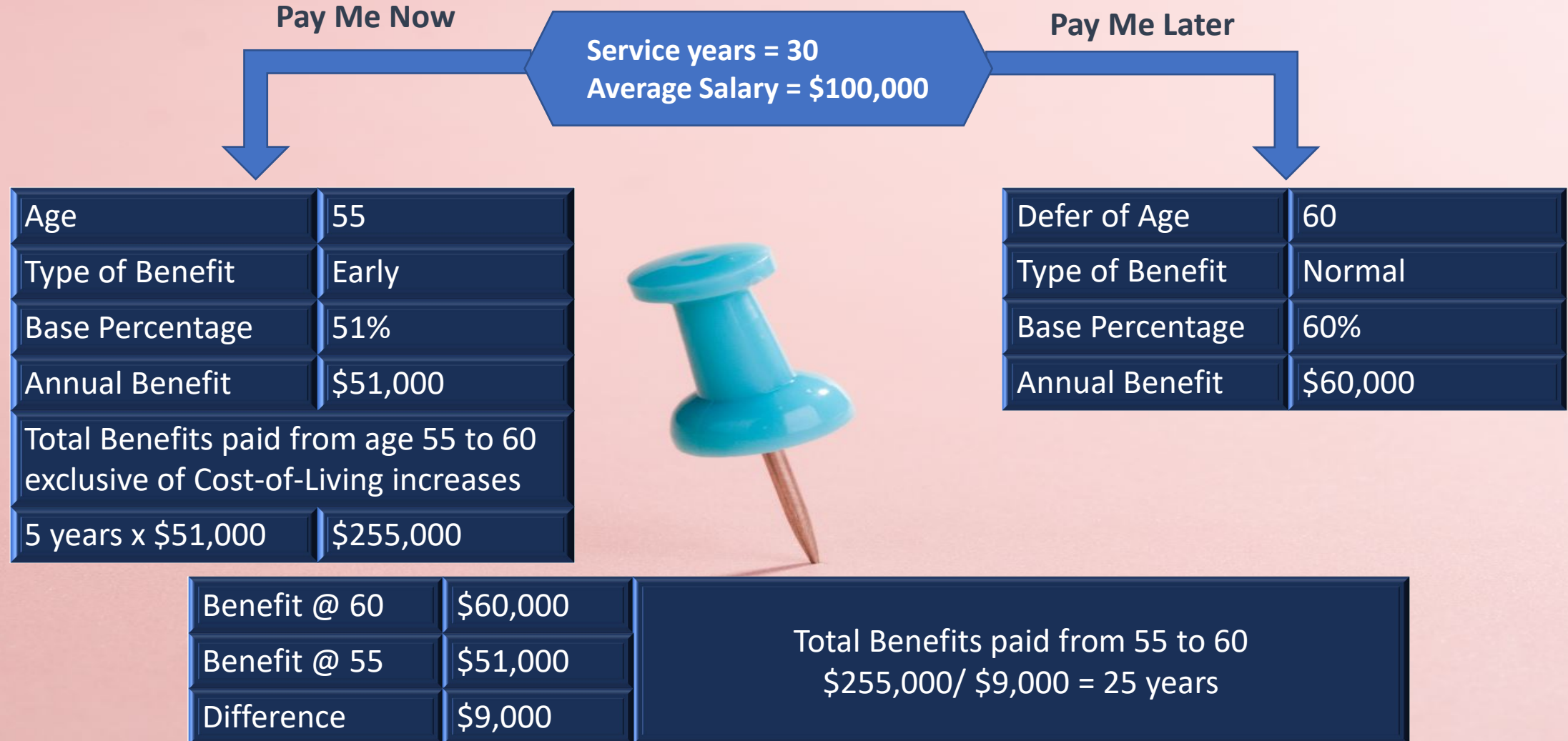
Member is age 53 with 29 years of service  
Early Retirement Percentage = 38.28 %  
Average Salary = \$100,000  
Plan N Benefit = \$38,280

.....

Member is age 53 with 30 years of service  
Early Retirement Percentage = 51.00 %  
Average Salary = \$100,000  
Plan N Benefit = \$51,000



# DEFERRED BENEFITS – PAY ME NOW OR PAY ME LATER?



**Above example assumes resignation at 55**

This slide is for illustration purposes only.

# CREDITED SERVICE

You earn one month of credited service for each school month worked from September to June. A full “year” of service is 10 months, and you cannot receive more than 10 months in any school year.

**SEPTEMBER TO JUNE = 1 YEAR OF CREDITED SERVICE**

Members must be employed in a CTRS eligible position on the first working day of the month to receive credit for that month and have the mandatory contributions deducted from the salary that you were paid.

You can find out more information about Credited Service on our website [Annual Salary and Credited Service](#) or in the [Active Teacher Handbook](#)

# PURCHASING ADDITIONAL SERVICE CREDIT

## Current Leave of Absence (CLOA)

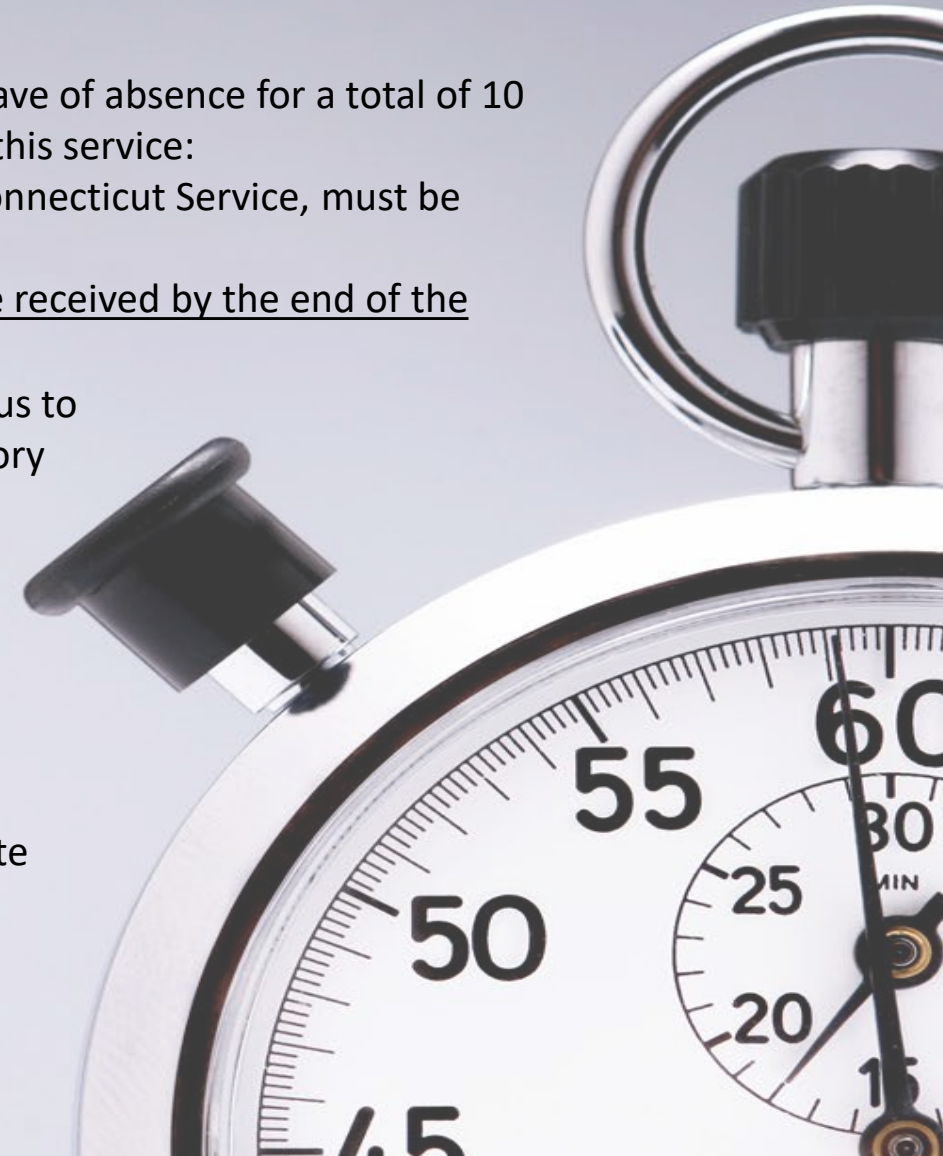
You may elect to pay the monthly mandatory contributions while on approved current leave of absence for a total of 10 months during your career for any leave occurring on or after July 1, 1986. To document this service:

- A Current Leave of Absence Form (TRB53X), found under Service Approval Forms – Connecticut Service, must be completed and returned to this office.
- CTRB will notify you of the amount due and payment options. Payment in full must be received by the end of the approved leave.
- Failure to make payment in full by the end of the approved CLOA will change TRB status to inactive and become subject to Previous LOA (PLOA) requirements, including mandatory return to active status for one full school year before LOA is purchasable.

## Prior Service

- Prior to your retirement you may purchase additional service credit.
- Both the complete documentation of service to be purchased and the application for retirement must be received or postmarked prior to the effective date of retirement.
- You can estimate the cost of purchase using the Cost Estimator tool on the TRB website

You can find out more information about Credited Service on our website [Purchasing Service](#) or in the [Active Teacher Handbook](#).





# PENSIONABLE SALARY

**Not all earnings are considered pensionable salary**

Pensionable salary =

- Pay you receive for teaching, administrative, or supervisory services as outlined in your contract.

Pensionable part-time service =

- Reduced work schedule which averages at least a half-time schedule during each school month.
- Part-time service over 50% will receive a month of credit for each month worked.
- Pension will be calculated to reflect your reduced full-time eligibility.
- You can learn more on our [part-time service](#) page.

Non-pensionable salary =

- Pay you receive for extra duty assignments, coaching, unused sick leave, terminal pay, or any payment predicated on your retirement.
- These are examples of non-pensionable salaries and is not considered a complete list. Please contact TRB if you have specific pensionable salary questions.

For more information on [Pensionable Salary](#) visit our website

# CONTRIBUTIONS

## MANDATORY CONTRIBUTIONS

7% is posted into your membership account. These contributions are part of the pension you receive upon retirement.

1.25% is posted into the Health Insurance Fund which assists in reducing the cost of health insurance for eligible retirees and their spouses.



## VOLUNTARY CONTRIBUTIONS

Voluntary contributions that are submitted via Payroll Deductions are made on an “after-tax basis” only and are subject to IRS limitations.

Voluntary contributions made prior to June 30<sup>th</sup> of each school year will be credited with an investment rate of return on June 30<sup>th</sup> of the following year.

More information on contributions can be found on page 8 of the Active Teacher Handbook or on our website [Mandatory Contributions](#)

Additional information can be found on our website [Voluntary Payments](#)

# RETIREMENT PLAN OPTIONS

- All plans offer a lifetime benefit to the retiree.
- Plan choice is irrevocable upon the date of retirement – absolutely no exceptions.
- There is no “Best Plan” – choose your plan based on your own personal circumstances and in consideration of your dependents.



## PLAN C

**Period Certain & Continuous Option  
(Reduced Benefit to Retiree)**

- Plan C and D offer reduced payments to the retiree in exchange for extended benefits after death to a beneficiary or beneficiaries.
- Reductions are calculated based on the degree of protection they afford the beneficiary or co-participant.



## PLAN N

**Normal Retirement  
(Maximum Benefit)**



## PLAN D

**Co-Participant Option  
(Reduced Benefit to Retiree)**



# CALCULATING YOUR BENEFIT

## SAMPLE COMPUTATION

|  |                       |
|--|-----------------------|
| Member Age                               | 56                    |
| Credited Service                         | 33 years              |
| Average of the Highest 3 Annual Salaries | \$100,000             |
| Spouse's Age                             | 55                    |
| Type of Retirement                       | Early (2 years early) |
| Base Percentage                          | 62.04%                |

## ACCOUNT BALANCES

7% Regular

Optional Extra Annuity  
(Supplemental/Voluntary)

|                  |           |          |
|------------------|-----------|----------|
| After-Tax        | \$40,000  | \$4,000  |
| Pre-Tax/Interest | \$300,000 | \$26,000 |
| Total            | \$340,000 | \$30,000 |

You can learn more about calculating your retirement by visiting our website

[Estimate Your Benefit](#)

# CALCULATING YOUR BENEFIT

## RETIREMENT OPTIONS FOR VOL/SUPP ACCT

|                        |       |
|------------------------|-------|
| Monthly Annuity Option | \$233 |
|------------------------|-------|

## REFUND OPTION

|   |                 |
|---|-----------------|
| After-Tax contributions (non-taxable)                   | \$4,000         |
| Interest (taxable)                                      | \$26,000        |
| Total   | \$30,000        |
| Less mandatory federal tax withholding (20% x \$26,000) | - \$5,200       |
| <b>Net</b>  | <b>\$24,800</b> |

If you have a voluntary or supplemental account with the TRS you have the option to Refund, Rollover, or collect an Extra Annuity upon retirement. Examples of each are provided on this slide.

## DIRECT-ROLLOVER

|   |                 |
|---|-----------------|
| After-Tax contributions refunded directly to member                   | \$4,000         |
| Pre-tax contributions and interest rollover to another qualified plan | \$26,000        |
| <b>Total</b>  | <b>\$30,000</b> |

You can learn more about calculating your retirement by visiting our website

[Estimate Your Benefit](#)

# PLAN N – NORMAL RETIREMENT

- Provides Retiree with the largest benefit.
- Also referred to as a “Partial Refund Option.”
- Provides a possible lump sum payment to beneficiary in the event of your death, less 50% of the total payments received up to your date of death.

## How a Plan N Allowance is calculated

|                |   |                 |   |                      |   |                 |
|----------------|---|-----------------|---|----------------------|---|-----------------|
| Average Salary | X | Base Percentage | = | Annual Benefits / 12 | = | Monthly Benefit |
| \$100,000      | X | 62.04%          | = | \$62,040 / 12        | = | \$5,170         |

## Supplemental/Voluntary Annuity

|          |   |                            |   |       |
|----------|---|----------------------------|---|-------|
| \$30,000 | X | .00778 (\$7.78 per \$1000) | = | \$233 |
|----------|---|----------------------------|---|-------|

|               |   |         |
|---------------|---|---------|
| Total Benefit | = | \$5,403 |
|---------------|---|---------|



# PLAN C – PERIOD CERTAIN RETIREMENT

Under this plan option:

- ❖ You agree to take a reduced benefit during your lifetime.
- ❖ A certain number of payments are guaranteed from the date of your retirement.
- ❖ The guarantee starts on the effective date of retirement and extends for the term selected.
- ❖ You may choose guaranteed periods of 5, 10, 15, 20, or 25 years.
- ❖ If you die prior to receiving all your guaranteed payments, your beneficiary(ies) will receive the remaining monthly payments.
- ❖ If you outlive the guaranteed period, your monthly pension will continue but no benefit will be payable upon your death.



# PLAN D – CO-PARTICIPANT RETIREMENT

Under this plan option:

- ❖ Your co-participant will receive a monthly benefit for his/her life following your death.
- ❖ You may designate any one person as your co-participant to receive one of the below options:
  - One-third (33.33%),
  - One-half (50%),
  - Two-thirds (66.66%),
  - Three-quarters (75%), or
  - The whole amount (100%) of your reduced benefit.
- ❖ Your benefits are reduced based on:
  - Your age,
  - Your co-participant's age,
  - The fractional (%) amount to be paid to the co-participant upon your death.



# DEATH BENEFIT BASED ON RETIREMENT PLAN

Your pension is a lifetime benefit regardless of which retirement plan you choose at the time of retirement. The benefit available to your beneficiaries will vary based on the retirement plan you selected. Below are examples of the different options based on the retirement plan selections:

| Plan N Death Benefit Determination            |           |
|---|-----------|
| Account Balance @ Retirement                  | \$370,000 |
| Total Benefits paid @ death \$160,000 x .50 = | -\$80,000 |
| Total Lump Sum Payment to Beneficiary         | \$290,000 |

| Plan D Death Benefit Determination – $\frac{3}{4}$ (75%) scenario |         |
|---|---------|
| Base Pension Amount for Member                                    | \$4,793 |
| 1% Supplemental/Voluntary Annuity                                 | \$216   |
| Total Benefit   | \$5,009 |
| Payment to Co-participant = Total Benefit x $\frac{3}{4}$         | \$3,757 |

| Plan C Death Benefit Determination – 20 years scenario  |         |
|---|---------|
| Monthly Benefit including Supplemental/Voluntary Annuity  | \$5,219 |
| Member dies after 100 months (8 years 4 months) with Monthly benefit at death (including COLA increase) | \$6,036 |
| 140 remaining payments to beneficiary until 20-year end date (11 years 6 months)                        | \$6,036 |



# DEATH BENEFIT BASED ON RETIREMENT PLAN

Should the co-participant or selected beneficiaries for a Plan D or Plan C retirement option predecease the retiree, the benefit value of the remaining pension will be payable as a lump sum to the retiree's estate or contingent beneficiary. An example of this is shown below:

| Plan D Death Benefit Determination – $\frac{3}{4}$ (75%) scenario |                              |            |
|---|------------------------------|------------|
| Account Balance at Retirement                                     |                              | \$370,000  |
| Total benefits to member and co-participant                       | <i>total benefits paid</i>   | \$240,000  |
|   | <i>50% of benefits paid</i>  | -\$120,000 |
| Lump sum payment to estate/beneficiary                            | <i>account balance – 50%</i> | \$250,000  |

| Plan C Death Benefit Determination – 20 years scenario  |  |           |
|---|--|-----------|
| Monthly Benefit including Supplemental/Voluntary Annuity  |  | \$5,219   |
| Member dies after 100 months (8 years 4 months) with Monthly benefit at death (including COLA increase) |  | \$6,036   |
| Commuted Value (net present value) of 50 payments @ \$6,400 x 42.532 payable to the Estate              |  | \$272,204 |

For additional information please see the Retirement Application on the TRB website found [here](#)

# Post-Retirement Preparedness



Taxability of Retirement Benefits

What you should know about Social Security

Health Insurance for Retirees

Retirement Check-List

Post Retirement Reemployment



Connecticut Teachers' Retirement Board



# TAXABILITY

Shortly after you retire, you will be notified of the amount that you contributed to the retirement plan on an “after-tax” basis.

This amount will also appear on your initial IRS form 1099R issued from this office at the end of the calendar year.

Prior to July 1, 1991, contributions to TRB were made on an “after tax” basis. Under IRS rules you are allowed to recover these contributions over time based on IRS tax tables.

## SIMPLIFIED GENERAL RULE

- Age 56 Factor – 310 months
- After tax Contributions (Investment in contract)
- Without 1% Account  $\$40,000/310 = \$129$  non-taxable
- Within 1% Account  $\$44,000/310 = \$141$  non-taxable

Benefit becomes fully taxable after 310 months.

To learn more about the [Taxability of Your Retirement](#) benefit view the bulletin on our website.



# SOCIAL SECURITY



As a member of CT TRS you do not pay 6.2% Social Security taxes on your earnings as a teacher or administrator. There are two Social Security provisions that may result in a reduction of the Social Security benefit for which you are qualified.

## GOVERNMENT PENSION OFFSET (GPO)

A retired teacher who is claiming benefits based on a spouse's work history under Social Security may be affected by the Government Pension Offset.

## WINDFALL ELIMINATION PROVISION

A retired teacher who is claiming benefits based on his/her work history under Social Security may be affected by the windfall elimination provision.

Learn more about [Social Security and Your TRB benefit](#) by reviewing the bulletin on our website

# HEALTH INSURANCE IN RETIREMENT

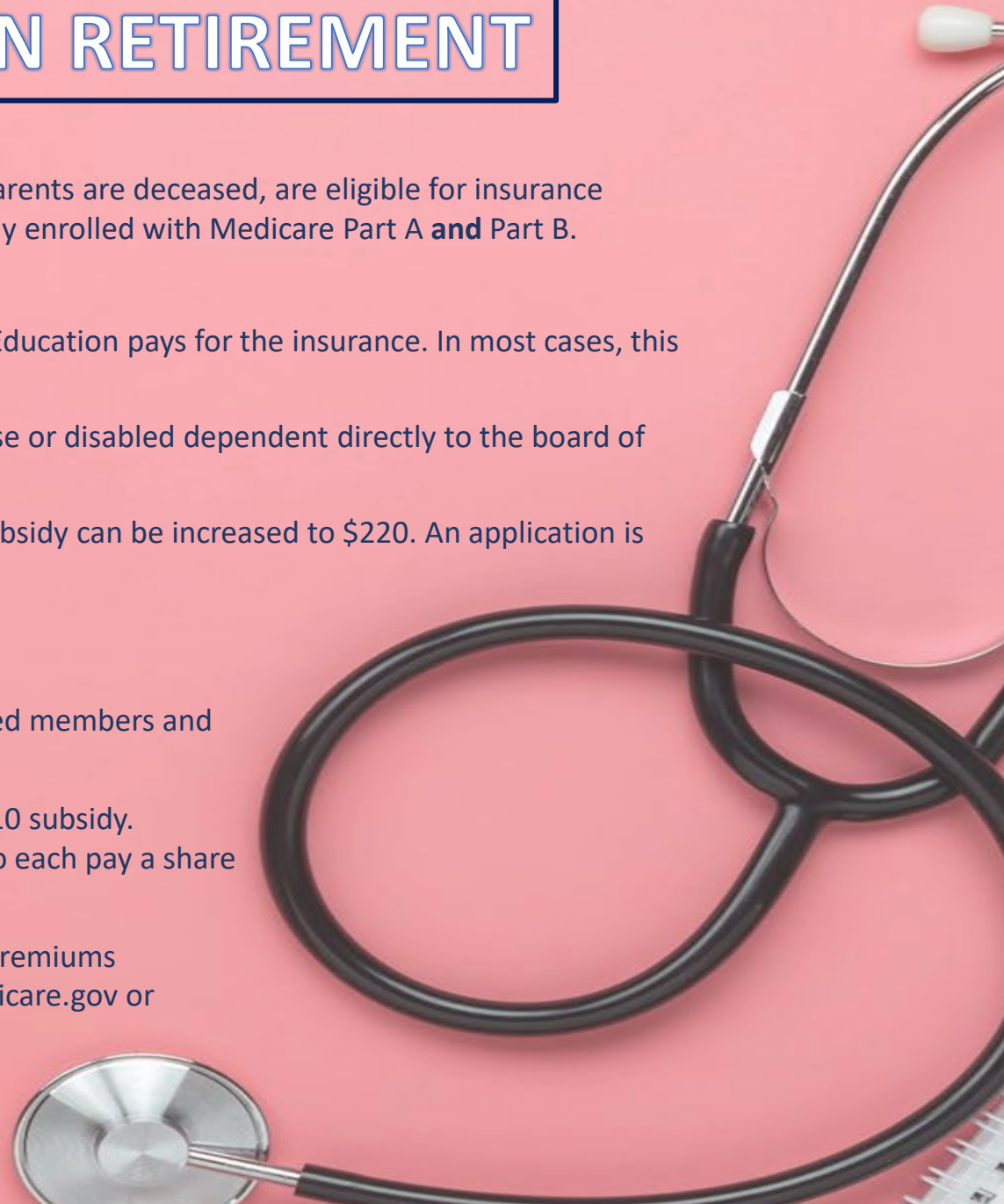
## PRE-MEDICARE/UNDER 65

- Upon retirement, members and their spouses, or disabled dependent if one or both parents are deceased, are eligible for insurance through the retirees' last employing board of education, so long as they are not actively enrolled with Medicare Part A **and** Part B.
- You must be offered the same coverage available to active teachers.
- You may pay a higher rate than active teachers, but not more than what the Board of Education pays for the insurance. In most cases, this means you will pay the full rate with no employer contribution.
- TRB will provide a monthly subsidy a \$110 for each member and a \$110 for each spouse or disabled dependent directly to the board of education to be applied to the cost of coverage. No application is required.
- If you or your spouse is not eligible for premium free Medicare Part A at age 65, the subsidy can be increased to \$220. An application is required to be submitted to TRB to qualify for this increase.

## TURNING 65/ELIGIBLE FOR MEDICARE PART B

- TRB currently offers a Medicare Advantage plan or Medicare Supplement plan to retired members and their spouses who are participating in Medicare Part A and Part B.
- Monthly premium is deducted from the retiree's pension and is not eligible for the \$110 subsidy. Instead, the full plan cost is subsidized by the TRB Health Fund and the State of CT who each pay a share of the total plan cost. Posted premiums are the member's share of the total plan cost.
- Members must pay Medicare IRMAA (Income Related Monthly Adjustment Amount) premiums separately. For more information regarding IRMAA or Part B and Part D costs visit Medicare.gov or contact your local Social Security office.

You can learn about the Retirement Health Insurance options on our website



# POST RETIREMENT RE-EMPLOYMENT

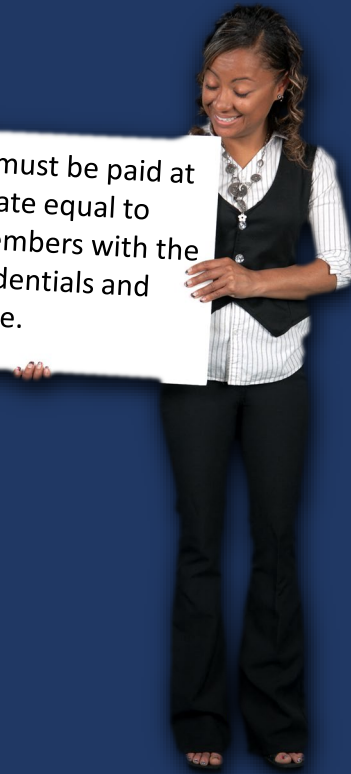
- Member & district must report at the beginning and end of each school year, or each assignment if less than a school year, using the appropriate PRR form
- Member must have retired under “Normal Retirement” criteria
  - Or is age 62 or older at the time of re-employment
  - Or has had a six-month break in service since retirement & no pre-arrangement to return to work at the time of retirement

## 45% Rule

- Applies to all positions eligible for TRB membership
- Maximum Earnings = 45% of maximum level salary for the position held (teacher, principal, superintendent)
- Earnings apply on a school year basis (July – June)
- No restrictions on non-public teaching service, public out of state teaching service, or other employment
- Earnings received in excess of 45% rule must be reimbursed to TRB

Retirees must be paid at a salary rate equal to active members with the same credentials and experience.

To learn more about [Post-Retirement Re-Employment](#) visit our website or in the [Active Teacher Handbook](#)





# POST RETIREMENT RE-EMPLOYMENT SUBJECT SHORTAGE RULES

- Maximum two (2) school years
  - Second year requires TRB approval
- No maximum earnings limit
- Continue to receive retirement benefit



## Subject Shortage/Priority School District Rule

- Applies to re-employment in subject shortage areas or schools in a priority school district designated by the Commissioner of Education each school year

## Graduation from Historically Black College/University, Hispanic-Serving institution, or High School in an Opportunity District

- HBC & HSA as defined in the Higher Education Act of 1965 & reauthorized by the Higher Education Opportunity Act of 2008
- Opportunity District (previously called Educational Reform Districts) are a subset of CT's Alliance Districts & are the lowest 10 performing districts in the state
- Degree must be completed from the College, University or High School

# PREPARING TO RETIRE

## Pre-Retirement Checklist

- ☐ Familiarize yourself with the TRS Benefits.
  - Visit [www.ct.gov/TRB](http://www.ct.gov/TRB)
  - Review the active teacher handbook
  - Visit the [Retirement Information](#) section of the website
- ☐ Review your Annual Statement for accuracy and consider whether any service is available for purchase. If you find an error, contact TRB.
- ☐ Generate a [Retirement Benefit Estimate](#) using the calculator available on our website.
- ☐ Request an estimate of your retirement benefit from the Social Security Administration.
- ☐ Review your options for the voluntary and supplemental (1%) accounts.
- ☐ Print out the [Application For Retirement Benefits](#) from the TRB website.
- ☐ Make sure you have the mandatory filing requirements as listed on page 1 of the application.
  - Photocopy of your Birth Certificate
  - Photocopy of your Co-participant's Birth Certificate (if electing Plan D)
  - Acceptable documentation of potential service credit to be purchased, if applicable
- ☐ Time your retirement to fit your goals. Consider these items:
  - Your first pension deposit may take up to 3 months
  - Purchase service as early as possible to avoid tight deadlines around retirement
- ☐ Plan your health insurance enrollment (more on Health on slide 22!).





From all of us at the Connecticut Teachers' Retirement Board:

**Welcome to Retirement!**