



RETIREMENT 101

I'M THINKING ABOUT
RETIREMENT

NOW WHAT?



DISCUSSION TOPICS

- Selecting your date
- Retirement Income
- Retiree Benefits
- Post Retirement Employment
- PERKS!
- When should I start the process?

SELECTING A RETIREMENT DATE



THINGS TO CONSIDER BEFORE SELECTING YOUR DATE

- Know your years of service
 - Are you an early or service retiree?
- Review all your sources of retirement income
 - Can you afford to retire?
- Longevity Date
- Leave Balances
- Changes in insurance benefits for you and your family.
- Qualification for cost-of-living increase-TCRS members only.

ARE YOU ELIGIBLE? TCRS

Service Retirement

Legacy

(hired prior to 7/1/2014)

30 years of creditable service **or**
Age 60 with at least 5 years of creditable
service.

Hybrid

(hired 7/1/2014 or after)

Age 65 with at least 5 years of creditable
service **or** Rule 80 (years of service + age
equals 80).

Early Retirement

Legacy

(hired prior to 7/1/2014)

25 years of creditable service **or**
Age 55 with at least 10 years of service

- *Early retirees will receive a permanent monthly reduction of 0.4% for each month the retirement date precedes the date the member would qualify for service retirement.

Hybrid

(hired 7/1/2014 and after)

Age 60 with at least 5 years of creditable
service **or** Rule 90 (years of service + age
equals 90).

ARE YOU ELIGIBLE? ORP

ORP members **do not** have to meet specific retirement qualifications to access their ORP retirement accounts.

- ORP members are eligible for withdrawals or rollovers upon separation.
- Withdrawals prior to age 50 ½ have penalties that are generally 10%.

HOWEVER...

To qualify for retiree benefits such as retiree insurance, ORP members must meet the same State of TN retirement requirements as TCRS members.

LONGEVITY DATE

- **Longevity-** To receive your longevity pay, you must be in active pay status on the last workday of the month **prior** to your anniversary month. Active status is also annual or sick leave. If you are NOT in active pay status on this date you forfeit your longevity payment.
 - Longevity will be paid on the 19th your anniversary month.
- Faculty retiring June 30 will receive longevity pay if their longevity anniversary month is July, August or September (October for part-time faculty)

YOUR LEAVE BALANCES

▪ **Annual Leave**

- Retirees will be paid for unused annual leave- not to exceed the maximum allowable accumulation. The maximum amount for any retiree is 336 hours. Any hours above 336 will be rolled into your sick leave.
- If you will be a December retiree, you can request your A/L payout in January to avoid additional tax penalties. Contact Payroll prior to your retirement date to delay payout.

▪ **Sick Leave**

- Is creditable for retirement service for all retirees.
- TCRS retirees sick leave balance can increase their monthly benefit
- ORP retirees sick leave balance will increase service credit but may impact insurance eligibility or insurance premiums ONLY!

▪ **Personal day**

- Non-exempt retirees should take personal day prior retirement. There is no payout for unused personal day.



RETIREMENT INCOME

ADDITIONAL RETIREMENT SAVINGS

Maximize
Retirement
Savings!

401k

457

403b



These voluntary savings plans play a vital role in your retirement planning. They provide additional, supplemental income.

When a retiree is ready to make a withdrawal from any of these voluntary accounts, the retiree must work directly with the provider. To begin any form of distribution or rollover, it is advised the retiree contact the vendor 30 days **after** final paycheck. There could be tax implications involved based on age at time of distribution.

MONEY MATTERS

ORP

- The ORP (TIAA/VOYA) is a market driven defined contribution plan. The amount of your income at retirement is based on the value of your account and your age.
- Employees in the ORP will work with their individual provider to begin distribution of their funds.
- TIAA or VOYA will provide payout options to the member at the time of retirement. Options may include:
 - **Interest only-Fixed options only**
 - **Monthly benefits**
 - **Quarterly or yearly benefits**
- Employees in the ORP are not required to begin drawing a benefit until age 73.



MONEY MATTERS ORP

What to expect during process

- Will receive counseling regarding payout options
- Recommend starting paperwork 30 days **after** final paycheck.
- Process takes approximately 30 days to complete.
- Deposit amounts are based on payout selection.
- Retiree may deposit benefit into checking or savings account.
- Verify beneficiaries

Contacts

TIAA:

Local Rep: Rosaline Banks
800-842-2252

Rosaline.banks@tiaa.org

VOYA:

Local Rep: Calvin Reid
800-525-4225

Calvin.reid@voyafa.com



MONEY MATTERS

TCRS

TCRS Legacy is a defined benefit plan. Retirees will receive a monthly, lifetime benefit.

TCRS Hybrid is a defined benefit and defined contribution plan. Retirees will receive a monthly, lifetime benefit.

TCRS provides the following payment plan selections:

Regular Maximum

Social Security Leveling (if under age 62)

Survivor Options I-IV

Go to: mytcrs.tn.gov and register to view your annual statements, estimates prior to selecting a retirement date.

It is recommended that applications be submitted **3-4 months prior** to final date of employment.

MONEY MATTERS

TCRS

- **Regular Maximum**-payable to you for a lifetime. Beneficiary receives last monthly benefits at retiree's death.
- **Option I**- monthly benefit to beneficiary the same as your benefit, should they pre-decease you, your benefit remains the same.
- **Option II**- monthly benefit to beneficiary equal to 50% of your benefit, should they pre-decease you, your benefit remains the same.
- **Option III**- monthly benefit to beneficiary the same as your benefit, should they pre-decease you, your benefit reverts to the regular maximum.
- **Option IV**- monthly benefit to beneficiary equal to 50% of your benefit, should they pre-decease you, your benefit reverts to the regular maximum.

UT Retiree has 29 years of service and beneficiary is 60 years old

TCRS Retirement Estimate

Your Name	UT Retiree	Service at Retirement	355.45	Run Date	Feb 27, 2017
Personnel No	000000	Unused Sick Time Included	7.45	Projected Retirement Date	Jul 1, 2017
Projected AFC	\$ 84,973.30	Age 62 Social Security Benefit	\$ 0.00	Projected Termination Date	Jun 30, 2017
Your Date of Birth	Oct 15, 0000	Beneficiary Date of Birth	Jan 1957	Projected Salary Increase	0.00
Benefit Formula Type	Early Service				

Monthly Benefit: Benefit Option	Amount Payable to You	Amount Payable to Beneficiary	Continued Payment to You if Beneficiary Predeceases You	What This Means To You
Regular/Maximum Benefit	\$ 3,296.61	\$ 0.00	\$ 3,296.61	No Survivor Benefit Payable
SSL/Pre 62 Benefit	\$ 0.00	\$ 0.00	\$ 0.00	No Survivor Benefit Payable
Option 1	\$ 2,942.88	\$ 2,942.88	\$ 2,942.88	Benefit to beneficiary is 100 %
Option 2	\$ 3,109.69	\$ 1,554.85	\$ 3,109.69	Benefit to beneficiary is 50 %
Option 3	\$ 2,892.78	\$ 2,892.78	\$ 3,296.61	Benefit to beneficiary is 100 % - PopUp
Option 4	\$ 3,081.34	\$ 1,540.67	\$ 3,296.61	Benefit to beneficiary is 50 % - PopUp

This is only an estimate. These figures are gross. Insurance and taxes will be deducted from the gross amount. Eligibility and calculation of benefits are governed by the laws in effect at the time benefits become payable. This estimate is subject to change and represent your Tennessee Consolidated Retirement System (TCRS) benefit only. All final calculations will be provided by the Tennessee Consolidated Retirement System office.

In an effort to better serve you, the Office of Retirement Services is in the process of computerizing all benefit estimates. The program that generated the above estimate is in the test/debugging stage. If all data is complete and has been posted accurately and if your printout has been carefully reviewed by one of our staff members, then your estimate should be very close to what you can expect to receive as benefits upon retirement.

MONEY MATTERS

TCRS

Social Security Leveling

- An increase in your TCRS benefit until you reach age 62 based on your SS benefits.
- At age 62 the TCRS monthly benefit will reduce, and you will be eligible to begin receiving your Social Security benefit.
- Must provide the most recent Social Security statement.

Your Estimated Benefits

*Retirement	You have earned enough credits to qualify for benefits. At your current earnings rate, if you stop working and start receiving benefits... At age 62, your payment would be about..... \$ 975 a month
	If you continue working until... your full retirement age (67 years), your payment would be about..... \$ 1,412 a month
	age 70, your payment would be about..... \$ 1,761 a month
*Disability	You have earned enough credits to qualify for benefits. If you became disabled right now, your payment would be about..... \$ 1,293 a month
*Family Survivors	If you get retirement or disability benefits, your spouse and children also may qualify for benefits. You have earned enough credits for your family to receive survivors benefits. If you die this year, certain members of your family may qualify for the following benefits:
	Your child..... \$ 1,008 a month
	Your spouse who is caring for your child..... \$ 1,008 a month
	Your spouse, if benefits start at full retirement age..... \$ 1,344 a month
	Total family benefits cannot be more than..... \$ 2,473 a month
Medicare	Your spouse or minor child may be eligible for a special one-time death benefit of \$255. You have enough credits to qualify for Medicare at age 65. Even if you do not retire at age 65, be sure to contact Social Security three months before your 65th birthday to enroll in Medicare.

* Your estimated benefits are based on current law. Congress has made changes to the law in the past and can do so at any time. The law governing benefit amounts may change because, by 2041, the payroll taxes collected will be enough to pay only about 75 percent of scheduled benefits.

We based your benefit estimates on these facts:

Your date of birth.....	December 5, 1966
Your estimated taxable earnings per year after 2006.....	\$38,626
Your Social Security number (only the last four digits are shown to help prevent identity theft).....	XXXX-XX-1234

How Your Benefits Are Estimated

To qualify for benefits, you earn "credits" through your work — up to four each year. This year, for example, you earn one credit for each \$1,000 of wages or self-employment income. When you've earned \$4,000, you've earned your four credits for the year. Most people need 40 credits, earned over their working lifetime, to receive retirement benefits. For disability and survivors benefits, young people need fewer credits to be eligible.

We checked your records to see whether you have earned enough credits to qualify for benefits. If you haven't earned enough yet to qualify for any type of benefit, we can't give you a benefit estimate now. If you continue to work, we'll give you an estimate when you do qualify.

What we assumed — If you have enough work credits, we estimated your benefit amounts using your average earnings over your working lifetime. For 2007 and later (up to retirement age), we assumed you'll continue to work and make about the same as you did in 2005 or 2006. We also included credits we assumed you earned last year and this year.

Generally, estimates for older workers are more accurate than those for younger workers because they're based on a longer earnings history with fewer uncertainties such as earnings fluctuations and future law changes.

These estimates are in today's dollars. After you start receiving benefits, they will be adjusted for cost-of-living increases.

We can't provide your actual benefit amount until you apply for benefits. And that amount may differ from the estimates stated above because:

- (1) Your earnings may increase or decrease in the future.
- (2) Your estimated benefits are based on current law.

The law governing benefit amounts may change.

(3) Your benefit amount may be affected by military service, railroad employment or pensions earned through work on which you did not pay Social Security tax. Following are two specific instances. You can also visit www.socialsecurity.gov/mystatement to see whether your Social Security benefit amount will be affected.

Windfall Elimination Provision (WEP) — In the future, if you receive a pension from employment in which you do not pay Social Security taxes, such as some federal, state or local government work, some nonprofit organizations or foreign employment, and you also qualify for your own Social Security retirement or disability benefit, your Social Security benefit may be reduced, but not eliminated, by WEP. The amount of the reduction, if any, depends on your earnings and number of years in jobs in which you paid Social Security taxes, and the year you are age 62 or became disabled. For more information, please see *Windfall Elimination Provision* (Publication No. 05-10045) at www.socialsecurity.gov/WEP.

Government Pension Offset (GPO) — If you receive a pension based on federal, state or local government work in which you did not pay Social Security taxes and you qualify, now or in the future, for Social Security benefits as a current or former spouse, widow or widower, you are likely to be affected by GPO. If GPO applies, your Social Security benefit will be reduced by an amount equal to two-thirds of your government pension, and could be reduced to zero. Even if your benefit is reduced to zero, you will be eligible for Medicare at age 65 on your spouse's record. To learn more, please see *Government Pension Offset* (Publication No. 05-10007) at www.socialsecurity.gov/GPO.

BENEFICIARY SELECTIONS

TCRS

Regular Maximum

Beneficiary(ies) can be changed anytime.

- Beneficiary **may** be eligible for one month's payment in the event of your death.

Options I-IV

Beneficiary(ies) can be changed **only** due to death or divorce.

- Allowed 60 days after receiving the TCRS Notice of Retirement to change beneficiary.
- If changed due to death or divorce a copy of the final divorce decree or death certificate is required.
- Benefits will not be recalculated; new beneficiary **will not** be entitled to a lifetime benefit.
- A non-spouse beneficiary will be restricted to 50% benefit if adjusted age of member and beneficiary is 11 years or more.

Social Security Leveling

- No beneficiary payouts
- All benefits cease at death





TCRS DEPOSIT

- TCRS benefits are paid on the last working day of the month.
- You will be given the option to provide checking or savings account information for direct deposit.
- TCRS will issue a debit card if no account is available
- Your benefit is subject to Federal income tax. Please consult your tax preparer or financial advisor for advice regarding taxes.

RETIREE MEDICAL BENEFITS



WHEN DOES ACTIVE COVERAGE END?

Insurance is paid for a month in advance. Coverage will continue through the end of the month following retirement.

- This coverage must be payroll deducted. Employee's working partial months must consider if their hours worked will yield compensation that will cover their health premium.
- Example 1-Date of Retirement is June 30th then group coverage ends July 31st.
- Example 2-Date of Retirement- June 4th -if compensation is not enough to take the health premium, then group coverage will end June 30th. If compensation is enough to take the health premium, then group coverage will end July 31st.

GROUP HEALTH CONTINUATION

- The requirements to retain group insurance are:
 - Must have worked for the State of TN prior to **July 1, 2015**
 - Retiree must be under age 65
 - Must have at least 10 years of creditable service and three years of continuous insurance coverage immediately prior to retirement.
 - 20 or more years of creditable service with at least one year of continuous insurance coverage immediately prior to retirement.



CONTINUING GROUP HEALTH INSURANCE

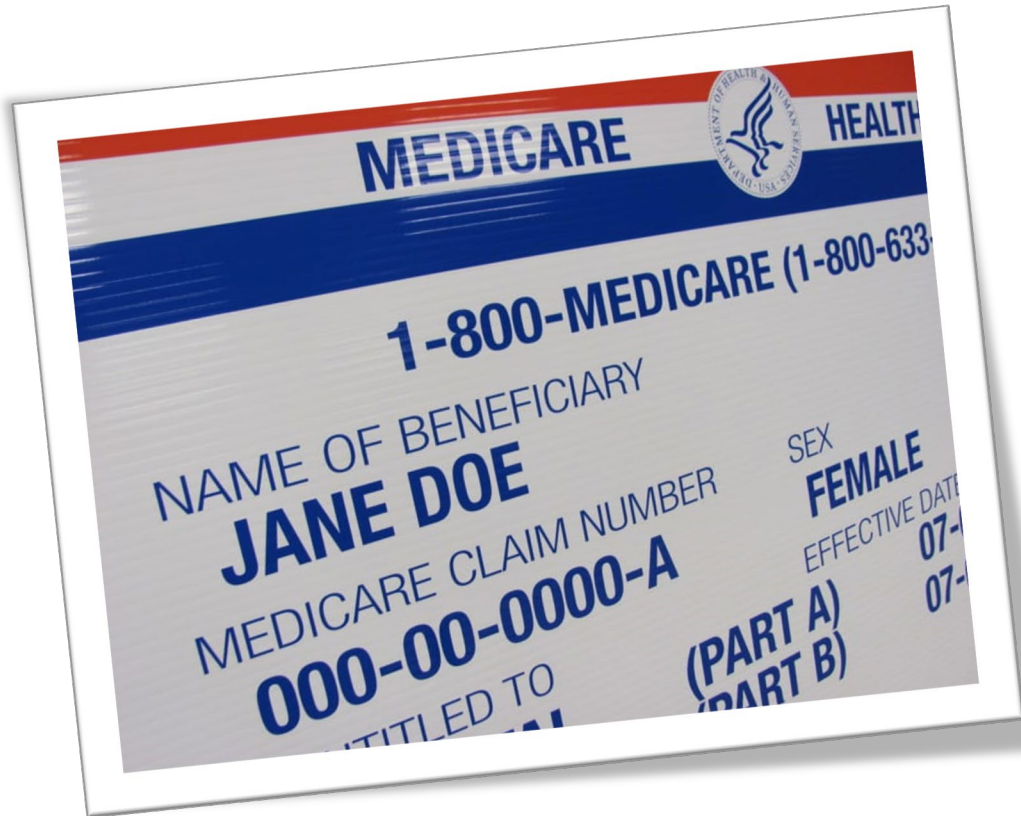
RETIREE AND DEPENDENTS UNDER AGE 65

- Retiree's must continue in the current health plan
- Dependents must be covered on plan prior to retirement and must meet the following requirements:
 - Spouse-age 65 and under
 - Dependent children under age 26
- After retirement employee's contact The Benefit's Administration for changes and admin/coverage issues
- Retirees are subject to state rules for insurance changes
- If retiree does not elect coverage at retirement. There is a five-year window for enrollment (subject to health questions).

Rates are based on creditable service.

- Less than 20 years-retiree pays 40% of total premium
- 20-29 years-retiree pays 30% of total premium
- 30 or more years-retiree pays 20% of premium

INSURANCE FOR RETIREES AND DEPENDENTS OVER AGE 65



- You will need to sign up for Medicare
 - **Part A**-Hospital coverage: (Free)
 - **Part B**- Medical coverage: \$185.00/month and up based on income.
 - **Part D**- Prescription coverage: cost vary based on plan and income.

- UT offers a supplement to Medicare through the Tennessee Plan -UMR. Premiums range from \$114.71-\$164.71 and is based on creditable service
 - **Both Retiree and spouse must** be age 65 for spouse to qualify for the supplement
 - Spouse premium is \$167.51
 - *Retirees 65 and over cannot continue HSA account

CONTINUING DENTAL COVERAGE

- Employee's participating in the Dental coverage may continue the coverage.
- Premiums are not based on your years of service and are very close to the current premiums for active employees.
- Retirees are able to use the dental school for services. Contact the dental school for additional details
- Only Delta Dental can be used for out of network providers.





CONTINUING VISION COVERAGE

Vision Insurance

- Retirees or dependents under the age of 65 who are enrolled in the group insurance are eligible to continue vision coverage.
 - Retirees over 65 may elect the COBRA vision after retirement.
- Premiums will not change (excludes COBRA)
- Retirees who do not currently carry vision may elect vision at the time of retirement if continuing group medical insurance.



RETIREE INSURANCE PREMIUMS

TCRS members

- Premium payments for medical, dental, and vision will be deducted from your TCRS monthly benefit prior to deposit. Life insurance must be paid directly to vendor.

ORP members

- Must set up automatic bank drafts for insurance premium payments or use direct billing via the Benefits Administration.



CONTINUING OPTIONAL INSURANCE

Flexible Spending

- Employee's must incur the expenses on or prior to the date of retirement.
 - You will have 90 days to submit documentation for reimbursement-if no card has been used.
 - Medical Expense debit card is disabled after retirement.
 - Any unused funds will be forfeited.
- **HSA**
 - If you have an HSA, you can continue using the account after retirement.
 - You will be charged a maintenance fee from the vendor each month
 - Cannot use the HSA if you are receiving services from the VA

CONTINUING OPTIONAL INSURANCE

Basic Term Life Insurance

- You coverage ends on the last day of the month following your separation of employment.
- You will be entitled to enroll in an individual policy of life insurance offered by Minnesota Life.
 - Can port a portion of the insurance
 - No evidence of insurability will be required.
 - The basic term life insurance will be changed to a universal policy
 - The premium will be affected by the amount of the policy and your age.
 - Payment of premium will be made directly to Minnesota Life.

Optional Term Life

- Your coverage(s) end on the last day of the month in which you separate employment.
- When you retire you may have the option to continue your life insurance coverage by paying your premiums directly to Unum or Minnesota Life.
- Minnesota Life will contact you at your last known address to let you know what options you may have to continue coverage.
- Retiree with an Unum policy will need to contact Unum directly.



DISCONTINUED OPTIONAL INSURANCE

- **Long Term Disability**
- **Optional Special Accidental Death and Dismemberment**
- **Short Term Disability**



**CAN I
WORK
AFTER I
RETIRE?**

YES!



RETURNING TO WORK POST RETIREMENT

State of Tennessee Covered Employer

Employees in both TCRS and ORP may work for a State of Tennessee covered Employer by completing a Temporary Employment Report; Post Retirement Contract (faculty only) annually. Must observe restrictions regarding hours worked, and income.

Restrictions

- 60 day waiting period(may be waived under certain circumstances)
- No more than 960 hours (120 days) in a rolling 12-month period
- Salary limitations of the Final Year's Salary
 - Year 1-63.00%
 - Year 2-66.15%
 - Year 3-69.46%
 - Year 4-72.93%
 - Year 5-76.58%
 - Year 6-80.41%

RETURNING TO WORK POST RETIREMENT

Non-State of Tennessee Employer

Employees in both TCRS and the ORP may work for a non-State of Tennessee employer with no restrictions. If you are drawing your Social Security benefit you should speak with their office to determine if there are hour or income restrictions.





UTHSC RETIREE PERKS



UT RETIREE PERKS

Retirees are eligible for the following benefits

Additional details provided at the time of retirement consultation.

- Educational Assistance for retiree's and their dependents**
 - Retiree- lifetime
 - Dependents- 5 years after retirement or for dependent children aged 27
- Use of UHS- *for retirees under age 65 who continued the State group insurance plan.*
- Use of the Fitness Center*
- State Park discount*
- Employee Appreciation
- Join the Retiree Association

*With retiree ID badge

**With 10 years of creditable service



WHAT NOW?



BEGINNING THE PROCESS

It is advisable to begin your retirement process at least 12 months prior to your expected retirement date.

- Begin to prepare by lowering debt
- Make large purchases while you are still employed (car, appliances, home renovations).
- Consider impact on income and taxes
- Decide what you would like to do after retirement (volunteer, part-time work, second career)
- Do you have hobbies or leisure activities?
- Review wills, trusts, and insurance needs

SCHEDULE A PERSONAL APPOINTMENT

It is recommended that TCRS members complete retirement paperwork 3-4 months prior to your retirement date.

ORP members can prepare paperwork 2 months prior to retirement date.

To set up an appointment please call 901-448-8547 or email: djacks24@uthsc.edu.





IF YOU PLAN AHEAD . . .

This could be YOU!!

QUESTIONS?

