

State of Tennessee Retirement: Retire Ready TN





Tennessee Consolidated Retirement System (TCRS)



- TCRS is a defined benefit plan that provides a lifetime benefit at retirement once eligibility has been met.
- Benefits are calculated with a set formula.
- Contributions are not available for withdrawal until termination of employment.
- Employer bears the investment risk.



What determines your TCRS Retirement Benefit?

- Average Final Compensation (AFC)
 - The average of your highest 60 consecutive months of salary (not necessarily the salary earned during your last 60 months of service)
- Years of Service
 - Your total number of years and months of creditable service
- Age at Retirement
 - Determines early retirement reduction factors and benefits paid under the joint and survivor plan options



Legacy Plan Overview



Employees hired before July 1, 2014 – Legacy Plan

- Generally 5-year vesting under TCRS with some exceptions
- Service Retirement at age 60 and vested or with 30 years of service
- Early Retirement at age 55 and vested – one reduction factors applied
- 25-Year Early Retirement if under the age of 55 with 25 years of service – two reduction factors applied



Legacy Plan Formula: TCRS

Accrual Factor¹		Average Final Compensation		Years of Service		Annual Benefit
1.575%	x	Average of Member's Highest 60 Consecutive Months of Salary	x	Service established while in a position covered by the Legacy Plan	=	

¹General State and Higher Education Employees receive a 5% Benefits Improvement Percentage (BIP), which raises the Accrual Factor from 1.5% to 1.575%. The BIP does not apply to members of the General Assembly, State Judges, and any superseded plans.

- Benefit payments are made monthly via direct deposit
- A member may choose a single life annuity or survivorship option



Example: Legacy Plan TCRS Benefit Calculation

Average Final Compensation (AFC) = \$30,000

Years of Service	Accrual Factor ¹	Annual Benefit	Monthly Benefit
5	1.575%	\$ 2,362.50	\$ 196.88
10	1.575%	4,725.00	393.75
15	1.575%	7,087.50	590.63
20	1.575%	9,450.00	787.50
25	1.575%	11,812.50	984.38
30	1.575%	14,175.00	1,181.25

¹General State and Higher Education Employees receive a 5% Benefits Improvement Percentage (BIP), which raises the Accrual Factor from 1.5% to 1.575%. The BIP does not apply to members of the General Assembly, State Judges, and any superseded plans.



Hybrid Plan Overview



Employees hired on or after July 1, 2014 – hybrid plan

	Employer contributions	Member contributions	Total contributions
TCRS	4%	5%	9%
401(k)	5%	2%*	7%
TOTAL	9%	7%	16%

*May change contribution amount at any time and employee may opt out within 90 days of employment.

- Members are contributory to TCRS
- 5 year vesting in TCRS, immediate vesting in 401(k)
- TCRS Service Retirement at age 65 or by meeting the rule of 90 (service credit + age = 90)
- General State and Higher Education employees are eligible for a dollar-to-dollar match up to \$50 each month to the 401(k) plan.



Hybrid Plan Formula: TCRS

Accrual Factor		Average Final Compensation		Years of Service		Annual Benefit
1.0%	x	Average of Member's Highest 60 Consecutive Months of Salary	x	Service established while in a position covered by the Hybrid Plan	=	

- Benefit payments are made monthly via direct deposit
- A member may choose a single life annuity or survivorship option



Example: Hybrid Plan TCRS Benefit Calculation

Average Final Compensation (AFC) = \$30,000

Years of Service	Accrual Factor	Annual Benefit	Monthly Benefit
5	1.0 %	\$ 1,500.00	\$ 125.00
10	1.0%	3,000.00	250.00
15	1.0%	4,500.00	375.00
20	1.0%	6,000.00	500.00
25	1.0%	7,500.00	625.00
30	1.0%	9,000.00	750.00



TCRS Retirement Plan Options – Joint and Survivor Plans

- *Option 1* (100% Joint and Survivor)
 - permanently reduces the member's maximum retirement benefit based on the dates of birth of the member and his or her beneficiary(s). In the event the member passes away, the member's beneficiary(s) will receive the same benefit amount as the member for the remainder of the beneficiary's lifetime.
- *Option 2* (50% Joint and Survivor)
 - permanently reduces the member's maximum retirement benefit based on the dates of birth of the member and his or her beneficiary(s). In the event the member passes away, the beneficiary(s) will receive 50% of the member's benefit for the remainder of the beneficiary's lifetime.
- With option 1 and 2, if a member has designated more than one beneficiary, the benefit amount will be divided equally between the beneficiaries. If any or all beneficiaries pass away before the member, the member's benefit amount will remain the same.



TCRS Retirement Plan Option Selection

- Single Life Annuity Plans

- Member Only Option

Maximum monthly benefits payable to member for life. Benefits cease at death.

- Social Security Leveling

An increased benefit payable to member until age 62, then a reduced benefit payable after that date. Income will be approximately the same after commencement of social security.

- Four Joint and Survivor Plans



TCRS Retirement Plan Options – Joint and Survivor Plans

- *Option 3 (Modification of Option 1)*
 - permanently reduces the member's maximum retirement benefit based on the dates of birth of the member and his or her beneficiary(s). In the event the member passes away, the beneficiary(s) will receive the same benefit amount as the member for the remainder of the beneficiary's lifetime.
- *Option 4 (Modification of Option 2)*
 - permanently reduces the member's maximum retirement benefit based on the dates of birth of the member and his or her beneficiary(s). In the event the member passes away, the beneficiary(s) will receive 50% of the member's benefit for the remainder of the beneficiary's lifetime.

With Option 3 and 4, If a member has designated more than one beneficiary, the benefit will be divided equally between the beneficiaries. In the event the beneficiary passes away before the member, the member's benefit will increase to the member's maximum benefit under the Member Only Option. If multiple beneficiaries have been designated, a portion of the member's benefit that was designated for a beneficiary that dies before the member will revert to the amount the member would have received under the Member Only Option.



Selecting a TCRS Beneficiary *at Retirement*

- Monthly benefits cannot be paid to estates or institutions
- The Member may designate multiple beneficiaries
- If you selected a joint and survivor plan, you may only make changes within 60 days after the effective date of retirement or date of retirement notice letter and must pay the difference received in benefits and the optional plan
- Remember your beneficiary(s) will not automatically be changed in the event of a birth, marriage, divorce, and death or other change in circumstance
- For more information, review the TCRS Beneficiary Guide available at [RetireReadyTN.gov](https://www.RetireReadyTN.gov)



Cost of Living Adjustment (COLA)

- Must be retired 12 months by the upcoming July 1 in order to receive COLA
- Based on the percentage increase in the consumer price index (CPI) for the previous year
- Payable up to three percent (3%) and compounded annually

NOTE: *Optional for employers participating in the Legacy Defined Benefit Plan or the Alternate Defined Benefit Plan. Mandatory for employers participating in the Hybrid Plan.*



Working After Retirement

- Retired members receiving a monthly TCRS benefit may temporarily return to work with a TCRS-covered employer under the following provisions:
 - Limited to 120 days of employment within a 12 month period
 - Salary limit per year
 - 60-day waiting period from the member's date of retirement unless waived by employer

Contact with RetireReadyTN before accepting a position with a TCRS-covered employer.



Additional Types of TCRS Benefits

- Disability Retirement
 - In the event a member becomes totally and permanently disabled, he or she may be entitled to disability retirement.
 - Ordinary - must have five years of service; disabled since date of separation from employment
 - Accidental - no minimum service requirement; injury must be job related; must apply within one year of paid service or within 2 years of the injury.
 - Inactive – must have five years of service; not in service at the time of disability; for political subdivision employees, the provision must have been adopted to apply
- Survivor Benefits
 - In the event a member passes away prior to retirement, survivor benefits are determined by who is designated as beneficiary, the member and beneficiary's age, and length of service.



Retire Online

- When you're ready to apply for TCRS retirement, you can log into [MyTCRS.com](https://mytcrs.com) and select "Online Retirement Application" from the Services menu.
- Follow the steps to verify the contact and beneficiary information currently on file with TCRS, then make decisions regarding:
 - Your retirement plan option selection
 - The retirement date (day after the last paid date of employment)
 - Banking account information for Direct Deposit
- After reviewing, the member can submit the application and follow the status of the certification process in real time. The average online application is certified in less than 60 days!
- Remember If you meet TCRS retirement eligibility requirements at the time you terminate employment, file for your benefits within 150 days after your last paid day of service to avoid loss of benefits.



Contact Information



RetireReadyTN.gov

1-800-922-7772



Monday - Friday from
8:00 a.m. - 7:00 p.m. CST



@RetireReadyTN

Your Retirement Plan Advisor:

- **Jeff Flowers**
- **Jeff.Flowers@empower-retirement.com**
- **615-564-7022**