

Guiding Employees
Through the
Retirement
Process

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TRS

Service Retirement Eligibility

TIER 1	TIER 2
<ul style="list-style-type: none">• With 25 years of service at any age <u>OR</u>	<ul style="list-style-type: none">• With at least 10 years of service at age 62
<ul style="list-style-type: none">• With at least 10 years of service at age 60	<ul style="list-style-type: none">• Law Enforcement Officers & Firefighters with at least 10 years of service at age 56

Eligibility for Disability Retirement

- 10 years of creditable service
- In-service -working or on official leave of absence for up to 1 year (can be extended for a second year)
- RSA Medical Board must determine the member to be permanently incapacitated from further performance of duty
- Sick leave (for Tier 1 members) cannot be converted to retirement credit unless the member is also eligible for service retirement

Disability Retirement and PEEHIP

- ▶ If member is approved for TRS Disability Benefits and they also apply for Social Security Disability benefits, the PEEHIP cost will be determined using the sliding scale based on 25 years of service
- ▶ The discounted rate will be effective for two years pending approval for Social Security Disability
- ▶ If not approved for Social Security Disability benefits within 2 years, the PEEHIP premium will be recalculated based on the member's actual service credit

There are 2 parts to the Retirement Application Process:

- **PART 1 (DUE 30 TO 90 DAYS PRIOR TO RETIREMENT)**
 - The Application for Retirement (Form 10)
 - PEEHIP Insurance Authorization
 - Direct Deposit Authorization
- **PART 2 (DUE PRIOR TO RETIREMENT DATE)**
 - Retirement Benefit Option Selection
 - Income Tax Withholding

Filing Part 1

- The *Application for Retirement (Service or Disability)* must be submitted to TRS 30 to 90 days prior to retirement
- *Physicians' Report of Disability* must also be submitted by the deadline (if applying for disability retirement)
- The application may be faxed or emailed to meet the deadline, but the original, notarized document must be submitted to RSA for official retirement processing

Tips on the Application for Retirement

Incomplete forms will be returned to the member for completion before benefits will be processed.

Members should:

- Provide legal names (no nicknames)
- Verify that correct social security numbers are provided for member and beneficiaries

Inconsistent use of names or incorrect social security numbers may impact PEEHIP use and may delay processing of benefits

Tips on the Application for Retirement

- Provide the correct dates of birth for member and beneficiary(ies) (this impacts benefit calculations)
- If the member wants to designate multiple beneficiaries, they should use the *Multiple Beneficiaries Attachment* form

Please note that members who designate multiple beneficiaries will only be given the choice of the maximum retirement benefit or option 1

9 Month Employees

Many schools started the 2020-2021 school year late. This could cause some 9-month employees to finish contracts in June instead of May.

- TRS will allow these 9-month employees to finish their contracts but still retire June 1
- This does not apply to 10-month employees unless they complete their contracts on the same day as the 9-month employees
- The term date in ESS must be NLT 5/31/2021

Tier 1 Sick Leave Conversion

- Members may convert unused sick leave to service credit for retirement purposes.
- Use to attain minimum service requirements for retirement or add to total service credit.
- Members with two jobs may only convert sick leave from one position
- Members may convert a Maximum of one day of sick leave for each month of employment.

RETIREMENT BENEFIT CALCULATION-TIER 1

Average Final Salary*

X Years and Months of Service

X .020125

÷12

=Maximum monthly Benefit

*Average Final Salary is the average of the 3 highest years of salary out of the last 10 that the member made contributions

RETIREMENT BENEFIT CALCULATION-TIER 2

Average Final Salary*

X Years and Months of Service

X .0165

÷12

=Maximum monthly Benefit

*Average Final Salary is the average of the 5 highest years of salary out of the last 10 that the member made contributions

Retirement Benefit Choices

- 1) Maximum monthly benefit
- 2) Option 1
- 3) Option 2
- 4) Option 3

Every option provides the retiree with a lifetime monthly benefit

MAXIMUM MONTHLY RETIREMENT BENEFIT

- Largest available monthly benefit
- Benefits cease at retiree's death
- One or multiple beneficiaries allowed
- Retiree may change beneficiary(ies) at any time
- One-time prorated monthly benefit paid to beneficiary(ies)
- Member is automatically assigned the *MAXIMUM*, by law, if no selection is made before the official date of retirement

OPTION 1 MONTHLY RETIREMENT BENEFIT

- Slightly less than the *MAXIMUM MONTHLY BENEFIT*
- One or multiple beneficiaries allowed
- Retiree may change beneficiary(ies) at any time
- If the retiree dies prior to exhausting their TRS account balance, then the remaining balance is paid to the beneficiary(ies).

OPTION 2 - 100% SURVIVOR BENEFIT

- ❖ A reduced monthly benefit for the life of the retiree
- ❖ Reduction based on ages of retiree and beneficiary
- ❖ Only one beneficiary may continue receiving the retiree's monthly benefit after the retiree's death
- ❖ Once retired, the retiree cannot change the designated beneficiary unless the beneficiary predeceases the retiree or if the retiree and the beneficiary divorce

OPTION 3 - 50% SURVIVOR BENEFIT

- A reduced monthly benefit for the life of the retiree
- Reduction based on ages of retiree and beneficiary
- **Only one beneficiary** may receive one-half of the retiree's monthly benefit after the retiree's death
- Once retired, the retiree cannot change the designated beneficiary unless the beneficiary predeceases the retiree or if the retiree and the beneficiary divorce

REPLACEMENT BENEFICIARIES FOR OPTIONS 2 AND 3

- ▶ Generally, a recalculation of the monthly benefit is in order.
- ▶ The replacement beneficiary has a two (2) year waiting period before becoming eligible for the survivor benefit.
- ▶ Should the retiree die within this two (2) year period, no monthly survivor benefit is payable to the replacement beneficiary.

PARTIAL LUMP-SUM OPTION PLAN (PLOP)

- ▶ In exchange for a reduced lifetime monthly benefit, the member may elect to receive a partial lump sum payment at the beginning of retirement.
- ▶ Payment amount is one month up to 24 months of the **MAXIMUM MONTHLY BENEFIT** (increments of \$1,000).
- ▶ Payment is subject to 20% federal withholding, unless rolled over to tax-deferred account.
- ▶ Not eligible with RSA Disability Retirement.

PLOP BENEFIT REDUCTION TABLE

REDUCTION PER \$1000

AGE	REDUCTION	AGE	REDUCTION	AGE	REDUCTION	AGE	REDUCTION
44	\$6.68	57	\$7.38	70	\$9.22	83	\$14.50
45	\$6.72	58	\$7.47	71	\$9.45	84	\$15.20
46	\$6.75	59	\$7.56	72	\$9.70	85	\$15.97
47	\$6.79	60	\$7.66	73	\$9.98	86	\$16.81
48	\$6.83	61	\$7.77	74	\$10.28	87	\$17.74
49	\$6.88	62	\$7.89	75	\$10.61	88	\$18.74
50	\$6.93	63	\$8.01	76	\$10.97	89	\$19.84
51	\$6.98	64	\$8.15	77	\$11.36	90	\$21.03
52	\$7.03	65	\$8.29	78	\$11.80	91	\$22.29
53	\$7.09	66	\$8.45	79	\$12.25	92	\$23.61
54	\$7.16	67	\$8.62	80	\$12.73	93	\$24.98
55	\$7.23	68	\$8.80	81	\$13.27	94	\$26.40
56	\$7.30	69	\$9.00	82	\$13.86	95	\$27.86

Employer Certification

- TRS prefers that employers provide certification through ESS but we can accept the certification on the *Application for Retirement* if necessary
- Providing certification through ESS tends to result in fewer errors
- It is extremely important that the employer certification is accurate because this data is used to calculate a member's lifetime benefit
- Each agency should verify that a Contact Person is set up with the Contact Type of *ESS Certification*

Benefit Recalculation After Retirement

- When the retirement contributions submitted for a member do not match the certification, TRS recalculates the benefits; any members who were overpaid have to reimburse TRS for any ineligible benefits
- When an employer becomes aware of a change to the certified information, they should notify TRS in writing (this includes sick leave changes or docked days of work)

Employer Certification in ESS

- The Employer Certification screen then displays. The status of the request is **Pending ESS Certification**, which means you must take action to complete the certification.
- To view a history of certifications, you can click the **Show All** box on the right-hand side of the screen. Any previous certifications will be displayed.
- Select the PID hyperlink to open the **Retirement Certification** screen.

Employee Retirement Request						Show All: <input type="checkbox"/>
PID	Member Name	Request Date	Approved Date	Contribution Group	Position Status	Status
11223777	JOHN DOE	9/12/2018		Contributing Teacher	Regular	Pending ESS Certification

Employer Certification in ESS

- The first section asks for the **Final Pay Period End Date** of the employee's final paycheck and the **Enrollment End Date** (the employee's last work day).

Final Pay Period End Date (Pay period end date of the employee's final paycheck):

08/31/2021

Enrollment End Date (Employee's last work day):

05/31/2021



Number of Units Worked During Current Scholastic Year:

179

Days



Number of Units Contracted During Current Scholastic Year:

187

Days



- This member finishes their contract on 5/31/2021. This agency does not pay in arrears so the pay period end date is 8/31/2021.
- The number of units worked and contracted should match the certified salary so be sure to account for any docked days in this section.

Employer Certification for ESS

- ▶ Example: A Teacher is contracted 187 days @ \$50,000.00 per year (\$267.38 per day). This teacher was docked for 8 days in May. So contracted units = 187 days and worked units = 179 days. The pay for the year should match that.

<input type="checkbox"/>	Payroll Frequency	Pay Period Begin Date	Pay Period End Date	Pay Date	Payment Reason	Wages	Employee Contribution
<input type="checkbox"/>	Monthly ▼	02/01/2021	02/28/2021	02/26/2021	Regular pay ▼	\$4,166.67	\$312.50
<input type="checkbox"/>	Monthly ▼	03/01/2021	03/31/2021	03/31/2021	Regular pay ▼	\$4,166.67	\$312.50
<input type="checkbox"/>	Monthly ▼	04/01/2021	04/30/2021	04/30/2021	Regular pay ▼	\$4,166.67	\$312.50
<input type="checkbox"/>	Monthly ▼	05/01/2021	05/31/2021	05/31/2021	Regula	\$2,027.63	\$152.07

Days ▼	11	19	\$50,000.00
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Employer Certification in ESS

- **Contract Payoffs** are common for employees whose pay is spread over 12 months. That pay should be included in the certification so TRS will calculate the correct service and salary credit. A Contract Payoff should reflect zero **Units Worked**, otherwise the employee will receive service credit when they are not working (such as summer months for a 9-month employee)

<input type="checkbox"/>	Monthly ▼	06/01/2021	06/30/2021	06/30/2021	Contract Payof ▼	\$4,166.67	\$312.50
<input type="checkbox"/>	Monthly ▼	07/01/2021	07/31/2021	07/31/2021	Contract Payof ▼	\$4,166.67	\$312.50
<input type="checkbox"/>	Monthly ▼	08/01/2021	08/31/2021	08/31/2021	Contract Payof ▼	\$4,166.67	\$312.50

Employer Certification in ESS

- ▶ When certifying a retirement in ESS, keep in mind that you can **Delete Rows** that are not needed or add rows by clicking **Add Line Item**.
- ▶ Click **Calculate** for ESS to calculate the contributions.



Employer Certification in ESS

- Certify any unused sick leave in Days, not hours.
- Provide any Notes that may help TRS with the processing of the application (such as an explanation of any unusual pay).
- Click **Complete Certification** to finalize the certification.

Final Sick Leave Certification:
Unused Sick Leave Days at Retirement : <input type="text" value="0"/>
Comments from the RSA:
Please certify for 6/1/2021 retirement
Notes or Comments To the RSA:
<input type="text"/>
← Back to Dashboard Complete Certification

Employer Certification in ESS

If you find that you have made an error on the certification after submitting it, please notify TRS in writing as soon as possible. You may fax a correction to #877-517-0021 or email it to trs.info@rsa-al.gov.

Need help?

- ▶ For assistance with a retirement certification, contact a TRS Retirement Counselor at #877-517-0020.
- ▶ For assistance with any other ESS questions, contact Employer Services at #334-517-7005 or employer.services@rsa-al.gov.
- ▶ Visit the **Employer** section of our website at www.rsa-al.gov for additional training

Questions

