



RETIREMENT 101

I'M THINKING ABOUT
RETIREMENT

NOW WHAT?



FIRST THINGS FIRST!

- **Before selecting your retirement date**
 - **Am I eligible for retirement?**
 - **Longevity date**
 - **Leave balances**
- **Retirement Income**
- **Retiree Benefits**
 - **Do I qualify for retiree insurance?**
 - **Is Medicare enrollment required?**
 - **What is the cost for coverage?**
- **Post Retirement Employment**
- **PERKS!**
- **When should I start the process?**

SELECTING A RETIREMENT DATE



BEFORE SELECTING YOUR DATE

- Know your years of service
 - Are you eligible for retirement?
 - 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.

TCRS RETIREMENT ELIGIBILITY

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 90 (years of service + age
equals 90).

Early Retirement

Legacy

(hired prior to 7/1/2014)

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

- *Early TCRS 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 80 (years of service + age
equals 80).

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 at any age.
- Withdrawals prior to age 59 ½ have penalties that are generally 10%.

HOWEVER

To qualify for **retiree benefits** such as retiree insurance, ORP members must have a **hire date prior to 7/1/2015** and meet the same State of TN retirement requirements as TCRS members.

LONGEVITY DATE

- To receive your longevity, you must be in active pay status on the last workday of the month **prior** to your anniversary month. Active status includes using annual or sick leave.
- If you are NOT in active pay status on this date, you forfeit your longevity payment.
- Longevity is paid during your anniversary month along with your regular paycheck-it is not paid separately.
- Faculty retiring June 30 will receive longevity pay if the longevity anniversary month is July, August or September (October for part-time faculty).

LEAVE BALANCES

- **Annual Leave**

- Retirees will be paid for unused annual leave, or
 - Retirees may “run-out” annual leave and remain on payroll through retirement date.
- The maximum payout is up to 336 hours. Any hours above 336 will be rolled into sick leave.
- Can be deferred to 401k or 457 plan.
- The amount of annual leave payable at retirement is based on your current effort.

- **Sick Leave**

- Is not a payable benefit at retirement but is counted as creditable service.
- TCRS retiree’s sick leave balance may increase their monthly benefit payment.
 - Every 20 days of sick leave equals 1 month credit
 - 1,920 sick leave hours equals 1 year of credit
- ORP retirees sick leave balance will increase service credit and may **only impact insurance eligibility! Sick leave credit does not necessarily count toward premium reduction.**

- **Personal day**

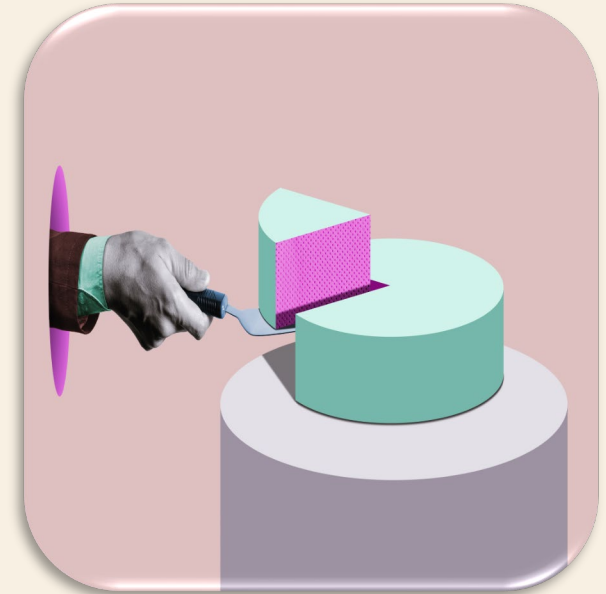
- Non-exempt retirees should take personal day prior retirement. There is no payout for unused personal day.

RETIREMENT INCOME



RETIREMENT INCOME 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 they reach the age for Required Minimum Distribution (RMD).



RETIREMENT INCOME ORP

Preparing for the retirement process

- Receive counseling from retirement representative
- Complete necessary TIAA/Voya paperwork 30 days **after** final paycheck.
- Paperwork takes approximately 30 days to complete.
- Deposit amounts are based on payout selection.
- Direct deposit can go into checking or savings account.
- Verify or update beneficiaries!!



Local Rep: Rosaline Banks
800-842-2252
Rosaline.banks@tiaa.org



Local Rep: Calvin Reid
800-525-4225
Calvin.reid@voyafa.com

RETIREMENT INCOME

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.

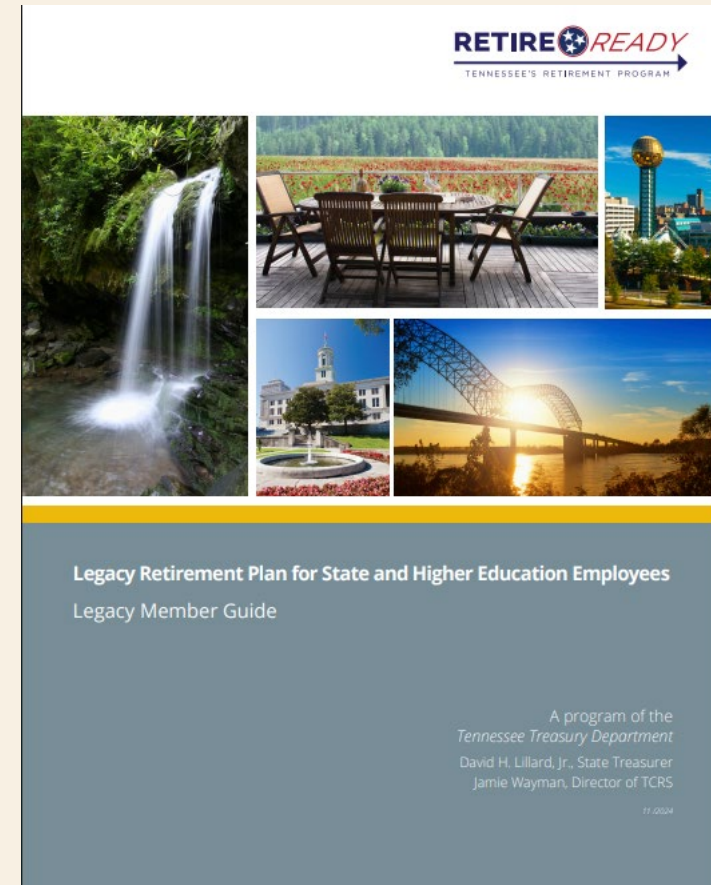
- Go to: mytcrs.tn.gov to view your annual statements and verify/update beneficiaries
- Members may also request an estimate from TCRS by calling 800-922-7772.
- Submit online retirement applications **60-90 days prior** to final date of employment.

RETIREMENT INCOME CONT.

TCRS

- **Regular Maximum-** payable to member for lifetime. Beneficiary receives last monthly benefits at retiree's death.
- **Option I-** monthly benefit payable 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.
- **Option V-** 70% to non-spousal survivor-no pop up. Must have less than 23-year difference in age.
- **Option VI-** 70% to non-spousal survivor **with** pop up. Must have less than 23-year difference in age.

Review Sample Calculations in the TCRS Handbook



RETIREMENT INCOME CONT.

TCRS

Social Security Leveling

- An increase in your TCRS benefit until you reach age 62 based on your SS benefits.
 - Increase is a portion of the amount you would be eligible to receive from SS at age 62.
- At age 62 the TCRS monthly benefit will reduce, and you will be eligible to begin receiving your Social Security benefit.
 - TCRS will reduce equal to the full amount the member is eligible to receive from SS at age 62.
 - Reduction is for member's lifetime.
- 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	If you get retirement or disability benefits, your spouse and children also may qualify for benefits.	
*Survivors	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

Member Only Benefit

Beneficiary(ies) can be changed anytime.

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

Survivor Options

Beneficiary(ies) can be changed in most cases anytime:

- Within 60 days after receiving the TCRS Notice of Retirement to change beneficiary. Benefit will be recalculated.
- If changed due to death or divorce a copy of the final divorce decree or death certificate is required. *Restrictions may apply due to marital dissolution agreement or divorce decree*
- If request is made more than 60 days after date of retirement, the benefits will not be recalculated; new beneficiary **will not** be entitled to a lifetime benefit.

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 tax advice.

SUBMITTING YOUR TCRS APPLICATION

- Submit your online TCRS application 60-90 days prior to your intended retirement date.
- Your retirement date is the day "after" your last day on payroll.

 **APPLICATION FOR SERVICE OR EARLY RETIREMENT BENEFITS**
Tennessee Consolidated Retirement System
Tennessee Department of Treasury
502 Deaderick Street • Nashville, TN 37243-0201 • 800.922.7772 • RetireReadyTN.gov

TCRS



Do NOT complete this form if you are applying for disability retirement benefits. If you are a prior TCRS Retiree who is applying for supplemental benefits earned during reemployment with a TCRS-covered employer, and TCRS determines that your period of reemployment was less than 36 months, your supplemental benefits will be calculated and paid to you in accordance with the benefit payment plan of your initial retirement benefit, utilizing the same beneficiary designation and Option factor. If TCRS determines that your period of reemployment was 36 months or more, and your TCRS benefits are recalculated to reflect all of your TCRS service, your new Date of Retirement, and your beneficiary designation and benefit payment plan selection herein will be utilized for the calculation and payment of your TCRS benefits. Refer to pages 7 and 8 for detailed instructions. **Do not sign this form until it is notarized (see Section 7).**

SECTION 1. MEMBER INFORMATION (Completed by the Applicant.)

Member ID _____ Last 4 SSN XXX-XX- _____ Date of Birth _____

Full Name _____

Mailing Address _____

City _____ State _____ Zip Code _____

Email _____ Phone Number _____

Last Employer (Department of Institution Name) _____

Title of Position _____ Date Employment Terminated _____

Date of Retirement:
 55th Birthday 60th Birthday 65th Birthday Day After Last Paid Day

SECTION 2. HARDSHIP REQUEST (Required - Members are required to apply for retirement online. Limited exceptions can be made by the Director of TCRS. Please select a hardship reason below that most closely explains why you cannot apply for retirement electronically.)

No access to a computer or the internet
 Physically/Mentally unable to apply online
 Prior TCRS Retiree
 My account/data prevents online submission
 Other (Please provide a specific reason for being unable to apply online.)

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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.

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-under age 65
 - 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



- Retiree will need to sign up for Medicare
 - **Part A**-Hospital coverage: (Free)
 - **Part B**- Medical coverage: \$202.90/month and up based on income.
 - **Part D**- Prescription coverage: cost vary based on plan.

- UT offers a supplement to Medicare through the Tennessee Plan –UMR to **retirees hired prior to 7/1/2015** .
Premiums range from \$134.64-\$184.64 and is based on creditable service
 - **Both Retiree and spouse must** be age 65 for spouse to qualify for the supplement
 - Spouse premium is \$184.64
 - *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 can use the dental school for services. Contact the dental school for additional details.
- Only MetLife Dental can be used for out of network providers.



CONTINUING VISION COVERAGE

Vision Insurance

- Retirees or dependents who are enrolled in the group insurance are eligible to continue vision coverage.
- [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 and Voluntary Term Life Insurance

- Coverage ends on the last day of the month following your separation of employment.
 - 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.
- 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

- Must have a **bona-fide separation** from service of at least 60 days
- 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.



QUESTIONS?

