

STATE OF TENNESSEE RETIREMENT PROGRAM: A JOURNEY TO RETIREMENT





What is RetireReadyTN?

RetireReadyTN is the State's retirement program, combining the strengths of a defined benefit plan provided by the Tennessee Consolidated Retirement System (TCRS), 401(k) and 457(b) plans through services provided by Empower Retirement, and retirement readiness education. We strive to empower public employees to take actionable steps toward preparing for the future.





Tennessee State Retirement Members

- Judges
- Certain Judges/The Attorney General/District Attorneys General/District Public Defenders
- Members of the General Assembly
- State Employees
- Higher Education Employees
- K-12 Public School Teachers
- Local Governments/Political Subdivisions
 - Cities
 - Counties
 - Special Districts
 - Utility Districts
 - E911 Districts
 - Development Districts
 - Housing Authorities
 - Special School districts



Tennessee Consolidated Retirement System (TCRS)



- TCRS is a defined benefit plan providing a lifetime retirement benefit, survivor and disability benefits for members and beneficiaries
- After meeting vesting requirements, a member becomes eligible to receive a monthly retirement benefit upon reaching the age and/or service requirement
- Benefits are calculated with a set formula



TCRS by the numbers

- TCRS portfolio valued at \$65.8 billion
- Named in Top 3 best-funded State Pensions by Pew Charitable Trusts

GASB Funded Status

FY 2021

	Assets	Liabilities	Funded %
State Legacy	\$ 15,746,112,791	\$ 17,384,423,117	90.58%
State Hybrid	308,241,289	273,028,004	112.90%
Teacher Legacy	25,456,436,717	24,693,863,023	103.09%
Teacher Hybrid	401,015,022	344,150,852	116.52%
Political Subdivisions*	11,439,968,483	11,199,061,543	102.15%

*In the aggregate. Each Political Subdivision is a separate liability pool.

Active Members in the Legacy Plan
 (closed to new members on June 30, 2014)

159,293

Active Members in the Hybrid Plan

61,479

Retired Members

148,025

TCRS paid

\$2.9 billion



in benefits to **148,025**
 retirees

92% of TCRS retirees
 remain in Tennessee



State Judges Plans

- TCRS Legacy Plan (9/1/1990 – June 30, 2014)
 - earlier plans 9/1/1974 and 7/1/1976
- TCRS Hybrid Plan effective 7/1/2014
 - Includes both a defined benefit plan (TCRS) and a deferred compensation plan (401k)



State Judges TCRS Legacy Plan

- Contributory
- Employee Contribution Rates:
 - Prior to 9/1/1990
 - 5.5% below Social Security wage base
 - 7% above Social Security wage base
 - After 9/1/1990
 - .5% below the Social Security wage base
 - 2% above the Social Security wage base



State Judges TCRS Legacy Plan

- Service Retirement Eligibility
 - Age 60 & completion of 8 years of service (or)
 - Age 55 and completion of 24 years of service
- Employees have voluntary participation in 401k and 457b plans



State Judges TCRS Legacy Plan

- TCRS plan formula:
 $2.5\% (\text{Accrual Factor}) \times \text{AFC} (\text{Average Highest Consecutive Five Year Salaries}) \times \text{Years of Creditable Service} = \text{Annual Benefit}$
- 401k/457b: account balance



State Judges TCRS Hybrid Plan

- Plan Effective 7/1/2014

Defined Benefit (TCRS): Employee 5% (tax deferred)
Employer 4%

Defined Contribution (401k): Employee 2%
Employer 5%

TOTAL of 16%



State Judges TCRS Hybrid Plan

- Service Retirement for TCRS
 - Age 60 & completion of 8 years of service (or)
 - Age 55 and completion of 24 years of service



State Judges TCRS Hybrid Plan

- TCRS plan formula:
 $1.6\% \text{ (Accrual Factor)} \times \text{AFC (Average Highest Consecutive Five Year Salaries)} \times \text{Years of Creditable Service} = \text{Annual Benefit}$
- 401k/457 plans: account balance



Employees with enrollment in Multiple TCRS Plans

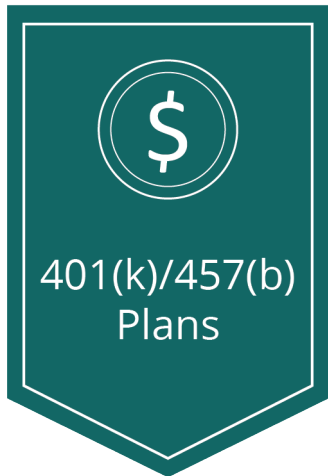
Example:

Member worked for a Local Government for 10 years in a TCRS Legacy Plan then left public employment to work in the private sector. After years in the private sector, the member becomes State of TN Judge and is enrolled in the State Judge TCRS Hybrid Plan.

How will this member's benefit be calculated?



Deferred Compensation Plan Options

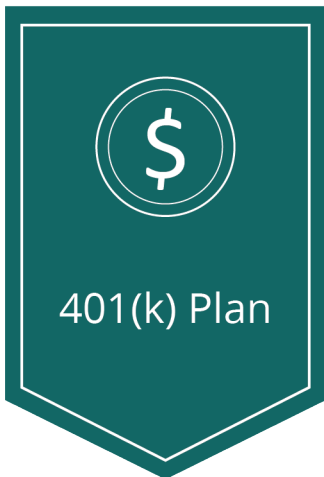


- Three deferred compensation plan options:
 - 1) **401(k)** – make pre-tax contributions to reduce your current taxes
 - 2) **Roth 401(k)** – make after tax contributions to reduce your taxes in retirement
 - 3) **457(b)** – make pre-tax contributions to reduce your current taxes

The 401(k)/457(b) offer the same investment options, each plan has its own IRS contribution limit



The 401(k) Plan



- In 2022, you can contribute 100% of your compensation or \$20,500 (whichever is less)
- Members Age 50+ or older may contribute an additional \$6,500 in 2022
- Traditional 401(k) contributions are made pre-tax and are taxed in retirement
- Roth 401(k) contributions are made after-tax, but are not taxed when withdrawn



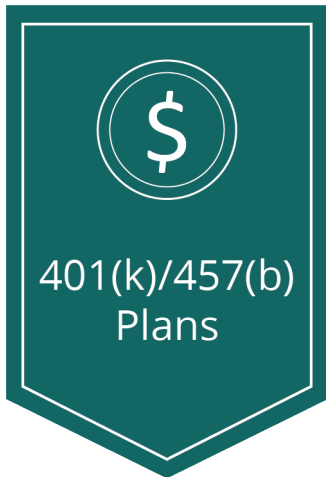
The 457(b) Plan



- In 2022, you can contribute 100% of your compensation or \$20,500 (whichever is less)
- Members Age 50+ or older may contribute an additional \$6,500 in 2022
- Contributions to the plan through voluntary salary deferral and any earnings can grow tax deferred until withdrawn, usually during retirement



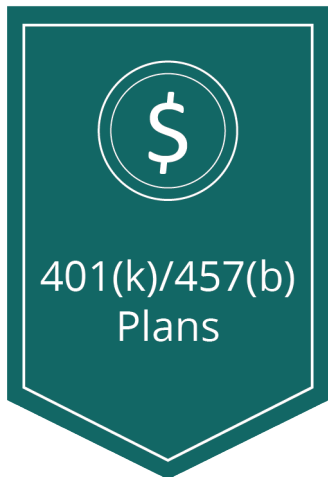
Contributing to multiple plans



- 401(k) and 457(b) plans have their own contribution limits, meaning you can contribute up to the maximum limit to each plan
- Contributions must occur through payroll deductions.
- For more information about contributing to multiple plans, please visit [irs.gov](https://www.irs.gov)



Deferred Compensation Plans – 401(k) and 457(b)



- The amount available in retirement is based on contributions, plus any accumulated earnings
- Members are immediately vested in the 401(k) & 457(b) Upon terminating employment or retiring, an employee may leave the account balance in the plan, roll it over to another qualified plan, or begin taking distributions²
- Members select their investment options based on their individual goals, risk tolerance, and timeline

²Withdrawals from the 401(k) Plan may be subject to income tax and a 10% early withdrawal penalty if taken before age 59½. Withdrawals from the 457(b) plan may be subject to income tax.



Rollovers

- You can roll over approved balances from a former employer's 401(a), 401(k), or governmental 457(b)¹ or from a Traditional IRA.
- Consider all your options and their features and fees before moving money between accounts.



¹ Funds rolled into a governmental 457 plan from a non-governmental 457 plan may still be subject to the 10% early withdrawal penalty if taken before age 59½. Governmental 457 funds rolled into another type of plan may become subject to the 10% early withdrawal penalty if taken before age 59½.



Accessing Your Accounts Online

- You can access your accounts online at RetireReadyTN.gov

 Login to your 401(k)/457 accounts

 Login to TCRS Self-Service

- You must login in to both the 401(K)/457 account and TCRS Self-Service to make changes to your accounts – beneficiaries must be kept current in both places



Selecting Your Beneficiary(s)

- Update your TCRS Beneficiary by logging into Self-Service for more information, review the TCRS *Selecting a Beneficiary* Guide
- Update your 401(k) & 457(b) beneficiary(s) by accessing the retirement dashboard via RetireReadyTN.gov
- You may select multiple beneficiaries
- You must elect beneficiaries for your TCRS, 401(k), and 457(b) plans separately, even if designating the same beneficiary for all plans
- Remember, your beneficiary(s) will not automatically be changed in the event of a birth, marriage, divorce, and death, or other change in circumstance



Retirement Readiness Education



- RetireReadyTN offers retirement readiness education and retirement counseling to all members at any stage in their career and retirement counseling for those nearing retirement
- Members can meet with a local RetireReadyTN plan advisor for assistance with retirement planning or to discuss other financial planning needs
- These services are provided to members at no additional cost to you



Retirement Readiness Review

Take advantage of retirement readiness education at all stages of your career.

With your local RetireReadyTN Plan Advisor, you can review:



- Your retirement plans, including TCRS, and 401(k)/457(b) accounts
- Your TCRS Member annual statement. Access at [MYTCRS.com](https://mytcrs.com) yearly
- How much of your working income you'll need to replace
- Your personal retirement goals and planned retirement age
- Whether your savings and investment choices are in line with your goals
- Financial planning and budgeting

These services are offered at no additional cost to you.



When You're Ready to Retire



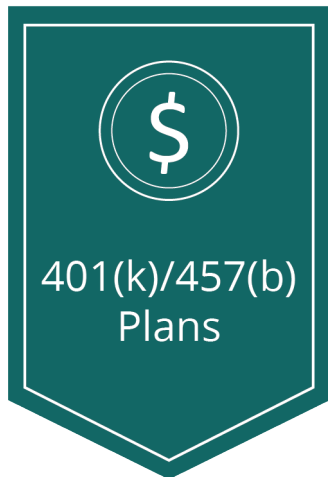
For your TCRS Benefit

Once you have met the TCRS retirement eligibility requirements, apply for retirement benefits. Before getting started, you should:

- Contact AOC Human Resources or *RetireReady*TN Participant Services at 1-800-922-7772 to request a benefit estimate.
- Schedule a one-on-one retirement counseling appointment to discuss your next steps.
- Review the Retirement Checklist available at [RetireReadyTN.gov](https://www.RetireReadyTN.gov)



When You're Ready to Retire



For your 401(k) and 457(b) Accounts

- **401(k)** – You may begin taking qualified distributions without early withdrawal penalty upon reaching age 59 ½
- **457(b)** – You may begin taking qualified distributions at any age without early withdrawal penalty as long as you have separated from service
- Distributions can be set up in a variety of ways, including:
 - periodic payments
 - partial lump-sum
 - full lump-sum, or a combination of those options.



Social Security Benefits

- SSA.gov – Official Social Security website
- Social Security is estimated to replace 35%-40% of your income¹
- Set up your **my Social Security** account on the website
 - Enter security questions to protect your account
 - View your estimated monthly retirement benefit
 - Update your personal information
- Review your estimated benefit for early, normal or late retirement ages

¹ <https://www.ssa.gov/policy/docs/ssb/v68n2/v68n2p1.html>



Stay Connected to your Retirement Plans



www.RetireReadyTN.gov



800-922-7772

Monday - Friday from
8 a.m. - 7 p.m. Central time



@RetireReadyTN



Important information regarding your meeting with representatives of Empower Retirement

Your Empower Retirement representative is a retirement plan advisor (RPA) acting on behalf of Advised Assets Group, LLC (AAG) and GWFS Equities, Inc. (GWFS). AAG is a federally registered investment adviser that provides investment advisory services to retirement plan participants and IRA accountholders nationwide. AAG's goal, through the RPAs and otherwise, is for you to leverage AAG's investment expertise to make retirement planning smarter and more accessible than ever before. GWFS is a broker-dealer registered with FINRA and the U.S. Securities and Exchange Commission. GWFS primarily provides broker-dealer services to employer-sponsored retirement plans. Both AAG and GWFS are members of the Empower Retirement family of companies.

Your RPA is authorized to act as both an investment advisor representative of AAG and a registered representative of GWFS. Your RPA acts as an AAG investment advisor representative when providing investment counseling or recommendations and as a GWFS registered representative when executing securities transactions on your behalf.

Your RPA may conduct a Retirement Readiness Review with you and educate you about available investment options and products offered by AAG. During a Retirement Readiness Review, you will meet with a plan advisor to discuss your current and future goals. Your RPA will look at your full financial picture and provide tailored recommendations in order to help you achieve your personal retirement readiness. Your RPA will assist you with learning about (and, when appropriate, enrolling in) Empower managed accounts solutions, rollovers into plan options, optimized investment allocation and savings amounts, financial planning, general financial wellness, health savings accounts (HSAs), distribution options, and additional products/ solutions offered by your plan and aligned with your needs. While basic investment strategies consider only your age, the service of your RPA includes consideration of a wide range of factors to develop a more in-depth picture of who you are before creating a strategy that best fits your individual needs. Your RPA considers your individual financial situation and goals to create a plan designed to help you reach the future you want. Your RPA, acting on behalf of GWFS, can assist you with executing securities transactions related to the recommendations they provide. There is no guarantee provided by any party that participation in any of the advisory services will result in a profit.



By engaging in a dialogue with your RPA, you will receive ongoing direction and advice, including professional support through education when it comes to making important savings, investing and retirement income decisions. Although your RPA cannot provide you with advice on your tax situation, they will share information related to the potential tax implications of taking receipt of the proceeds from your retirement investments. If you feel that you need specific tax advice, please consult with your personal tax advisor.

To obtain the AAG and GWFS Form CRS, or for more information about Empower Retirement representatives, visit **empower-retirement.com**

Online Advice and the managed account service are part of the Empower Retirement Advisory Services suite of services offered by Advised Assets Group, LLC, a registered investment adviser.

Securities offered and/or distributed by GWFS Equities, Inc., Member FINRA/SIPC. GWFS is an affiliate of Empower Retirement, LLC; Great-West Funds, Inc.; and registered investment adviser, Advised Assets Group, LLC. Investing involves risk, including possible loss of principal. This material is for informational purposes only and is not intended to provide investment, legal or tax recommendations or advice.

Empower Retirement family of companies refers to products and services offered through Empower Retirement, LLC; Great-West Life & Annuity Insurance Company; Great-West Life & Annuity Insurance Company of New York; Great-West Trust Company, LLC; and certain affiliates and subsidiaries.

©2020 Empower Retirement, LLC. All rights reserved. RO1225596-0620



Thank you!

Securities offered and/or distributed by GWFS Equities, Inc., Member FINRA/SIPC. GWFS is an affiliate of Empower Retirement, LLC; Great-West Funds, Inc.; and registered investment adviser, Advised Assets Group, LLC. Investing involves risk, including possible loss of principal. This material is for informational purposes only and is not intended to provide investment, legal or tax recommendations or advice. ©2020 Empower Retirement, LLC. All rights reserved. RO1152036-0420