

STATE OF TENNESSEE RETIREMENT PROGRAM: A JOURNEY TO RETIREMENT

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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 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 is turning 50!

- On July 1, 2022, TCRS celebrates 50 years as a consolidated retirement plan!
- On July 1, 1972, Governor Winfield Dunn signed the Consolidation Retirement Act, combining seven separate pension plans into the Tennessee Consolidated Retirement System.





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



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



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



State of TN 401(k) and 457(b) Plans by the Numbers

| | 401(k) Plan Participants | Assets | 457 Plan Participants | Assets |
|--|--------------------------|------------------------|-----------------------|----------------------|
| State | 61,920 | \$2,507,010,378 | 6,413 | \$258,158,005 |
| University of Tennessee | 20,458 | \$935,238,394 | 2,069 | \$230,868,050 |
| Tennessee Board of Regents /Higher Education | 23,630 | \$905,970,926 | 909 | \$89,325,341 |
| K-12 Teachers | 53,630 | \$716,418,332 | 343 | \$2,895,453 |
| Local Governments | 12,240 | \$223,989,150 | 4,732 | \$179,210,946 |
| Total | 171,878 | \$5,288,627,180 | 14,466 | \$760,457,795 |



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?



Legacy Plan Design

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

- Eligibility for an unreduced retirement benefit begins at age 60 or with 30 years of creditable service
- Members participate in the State 401(k) and 457(b) plan on a voluntary basis and may enroll at any time



Hybrid Plan Design

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

- Eligibility for an unreduced retirement benefit begins at age 65 or based on the “rule of 90”

| | Employer Contributions | Member Contributions | Total Contributions |
|--------|------------------------|----------------------|---------------------|
| TCRS | 4% | 5% | 9% |
| 401(k) | 5% | 2% ¹ | 7% |
| Total | 9% | 7% | 16% |

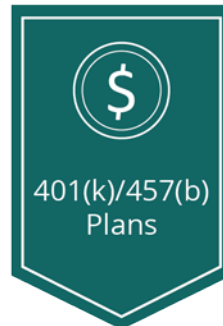


Selecting Your Beneficiary(s)

- 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



Nearing Retirement





Within 3 Years of Retirement

- Schedule a counseling meeting with a RetireReadyTN Plan Advisor and request a benefit estimate by calling **800-922-7772**. During a counseling session you will:
 - Review your TCRS benefit estimate, benefit payment options, and employment history
 - Review your 401(k)/457(b) account balances, investment choices, and retirement income options
 - Discuss Social Security options
 - Discuss how to execute your retirement plan
 - Create a monthly retirement budget
 - Consider your eligibility for 401(k)/457(b) Catch-Up Contributions

The Retirement Readiness Review is provided by an Empower representative registered with Advised Assets Group, LLC and may provide investment counseling and/or recommendations at no additional cost to you. There is no guarantee provided by any party that use of the review will result in a profit. Point-in-time advice is provided by an Empower representative registered with GWFS Equities, Inc. at no additional cost to you. There is no guarantee provided by any party that use of the advice will result in a profit.



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:

- Review the Retirement Checklist available at RetireReadyTN.gov
- Schedule a one-on-one retirement counseling appointment to discuss your next steps
- File your application online by logging into Self-Service at MyTCRS.com
- Effective July 1, 2021, paper applications will be returned to the member



Applying for Retirement Online

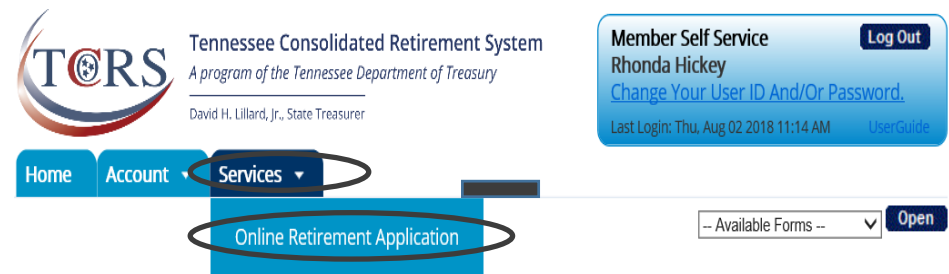
- Members can apply for retirement by logging into Self-Service at MyTCRS.com
- After logging in, you will access the Online Retirement Application from the “Services” drop down menu
- Before getting started, you should
 - Review/update contact and mailing addresses
 - Review/update beneficiary information
 - Confirm benefit plan selection
 - Gather bank account information for direct deposit
 - Determine desired tax withholdings

Members unable to apply for retirement online for any reason should contact RetireReadyTN at 800-922-7772 to request a waiver and paper application.



Online Retirement Application

- In order to complete an online retirement application, member must first create/log in to their My TCRS account.
- After logging in, the member will access the Online Retirement Application under the “Services” tab or by clicking the “Online Retirement Application” link on the home page.



TCRS Tennessee Consolidated Retirement System
A program of the Tennessee Department of Treasury
David H. Lillard, Jr., State Treasurer

Member Self Service **Log Out**
Rhonda Hickey
[Change Your User ID And/Or Password](#)
Last Login: Thu, Aug 02 2018 11:14 AM [UserGuide](#)

Home Account **Services** **Open**

Online Retirement Application

Welcome to the self-service portal of the Tennessee Consolidated Retirement System (TCRS). Self-Service keeps you connected with secure online access to your TCRS retirement account.

Utilizing Self-Service will allow you to review information regarding your participation and make important changes to your TCRS account information in real time. You can update contact information, view and change your beneficiaries, and apply for retirement benefits online. This portal was developed for you as one more way the Tennessee Department of Treasury strives to serve you better.

[Contact Information](#)

You can view and update your current contact information, including mailing address, email address and phone number.

[Online Retirement Application](#)

Apply for Retirement online and view the current status of your application.



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
- Situations such as birth of a child, marriage, divorce, remarriage, or death do not automatically change a designated beneficiary. Your beneficiary designation on file with TCRS will supersede any other document, including a will, for receipt of any benefits due from TCRS upon your death.
- For more information, review the *Selecting a Beneficiary Guide* available at RetireReadyTN.gov



Beneficiary and Contact Information

- On the first page of the application, the member must confirm/update their membership information, beneficiary information, mailing address, and contact information.
- If a member will be choosing a survivorship option, they must have a person named as their beneficiary.
- All beneficiary information must be complete.

Note: If the member clicks the link to update their beneficiary, mailing address, or contact information, they will leave the retirement application and will need to restart upon returning.

| Beneficiary Information | | | | | |
|-------------------------|------|--------|---------------|--------------|-----------------------------|
| Beneficiaries | | | | | |
| SSN | Name | Gender | Date of Birth | Relationship | Address |
| XXX-XX-6789 | | | | Spouse | 502 Deaderick St, TN, 37243 |

If you need to update Beneficiary Information, please click [here](#).

Note: To update your information, you will leave the retirement application and will need to restart upon returning. Once you have completed your changes, please select "Online Retirement Application" from the "Services" tab located in the top left-hand corner of your screen.



TCRS Retirement Plan Option Selection



- Single Life Annuity Plans
 1. Member Only Option - Maximum monthly benefits payable to member for life. Benefits cease at death.
 2. Social Security Leveling - An increased benefit payable to member until age 62, then a reduced benefit payable after that date. The reduction would be equal to the full amount the member is eligible to receive from Social Security at age 62.
- Four Joint and Survivor Plans



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 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.



TCRS Retirement Plan Options – Joint and Survivor Plans

| Benefit Estimate Results | | |
|---|------------------------|----------------------------------|
| Benefit Payment Plan | Monthly Benefit | Survivor Monthly Benefit* |
| Single Life Annuity Plans: Provides a monthly benefit ceasing at the member's death | | |
| Member Only Option: | \$6,728.15 | \$0.00 |
| Joint and Survivor Plans: This age of the member and the age of his or her beneficiary(s) determine the amount received under each option. | | |
| Option 1: 100% Survivorship | \$5,182.03 | \$5,182.03 |
| Option 2: 50% Survivorship | \$5,854.84 | \$2,927.42 |
| Option 3: 100% Survivorship with Pop-Up | \$5,050.15 | \$5,050.15 |
| Option 4: 50% Survivorship with Pop-Up | \$5,769.40 | \$2,884.70 |



EFT and Tax Information

- Member will choose an account type (savings or checking) then enter their routing number and click "Validate Bank Routing #." If the correct routing number has been entered, their bank name will display (see below). The member may also add additional accounts by clicking the Add secondary account link.

Online Retirement Application

Confirm Information

Retirement Information

EFT and Tax Information


Confirmation

EFT Information

You are allowed up to 3 Bank Accounts.

Primary Account

Account Type:

* 

Routing Number:

*

Bank Name:

SUNTRUST

Validate Bank Routing #

Bank Account Number:

*

Re-enter Bank Account Number:

*

If you want to add optional accounts, please click here. [Add secondary account](#)



EFT and Tax Information

- Next, the member will select their tax withholding option and enter the necessary information for the option they choose.
- After entering the account and tax withholding information, click the **Next button** to proceed to the confirmation tab.

Tax Withholding Information

Please enter only one of the following options:

Option 1
No Taxes Withheld

OR

Option 2
Filing Status: *
Allowances: *
Additional Withholding:

OR

Option 3
Flat Percentage (%): *

OR

Option 4
Flat Dollar Amount (\$): *
(Note: If flat dollar amount Withholding exceeds payment, we will withhold your entire payment.)

By clicking next, I authorize the Tennessee Consolidated Retirement System to make deposits to my account(s) as indicated **above**. I also authorize any necessary debit entries or adjustments for entries made in error to my account.

Back

Next >



Confirmation Tab

- The confirmation tab will show a summary of all the information that has been entered into the application. The member should verify that this information is correct. If everything is correct, they must check the boxes beside the acknowledgements and then click the **Submit button** to submit their online retirement application to TCRS.

Tax Withholding Information

Percentage(%): 18

Under the penalties of perjury, I attest that as of the date of this application for retirement benefits, I am either a United States citizen or qualified alien as defined in T.C.A. §4-58-101, et seq. I acknowledge and understand that should I knowingly and willfully make a false, fictitious, or fraudulent statement or representation relative to my citizenship or immigration status, or conspire to defraud the state by securing a false claim allowed or paid to another person, I shall be liable under either The Tennessee Medicaid False Claims Act pursuant to T.C.A. §71-5-181-§71-5-185 or The False Claims Act pursuant to T.C.A. §4-18-101- §4-18-108 and may have a criminal action brought against me alleging a violation of 18 U.S.C. §911, which provides that whoever falsely and willfully represents himself to be a citizen of the United States shall be fined under Title 18 of the United States Code or imprisoned not more than three (3) years, or both.

By checking both boxes and selecting "Submit", you are officially submitting your retirement application to the Tennessee Consolidated Retirement System for processing and you acknowledge that you have carefully completed and truthfully answered all questions contained herein to the best of your knowledge and belief. You further certify that you understand that if you obtain employment with an agency covered by the Tennessee Consolidated System subsequent to retirement, you are required to notify the Tennessee Consolidated Retirement System and your benefit may be suspended, except as provided by T.C.A. Title 8, Chapters 34-37.

Back

Submit



TCRS Retiree Payroll

- Retirement applications may take up to 90 days to process. Applications are prioritized based on the member's expected retirement dates
- TCRS Retiree Payroll occurs on the last business day of each month
- Insurance is withdrawn from the retiree payroll
- Retirees may update their address, change their bank account and review their deposit information at MyTCRS.com



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
- Local Government employees should coordinate with their benefits specialist to see if COLA is available



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>



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

Before accepting a position with a TCRS-covered employer, contact [RetireReadyTN](#) to see how your benefits may be impacted.



Stay Connected to your Retirement Plans



www.RetireReadyTN.gov



800-922-7772

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



@RetireReadyTN



Thank you!

Questions?

