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and to download forms,
visit the TCRS Internet site
at tcrs.tn.gov.

This brochure is intended to provide a general introduction to some of the provisions applicable to active teachers joining TCRS. This information is subject to legislative change and judicial interpretation. It does not supersede nor restrict procedures or authority established under state statute. The provisions of the Tennessee Consolidated Retirement System are set forth in Chapters 34-37 of Title 8 of the **Tennessee Code Annotated**. The Tennessee Consolidated Retirement System is a qualified pension plan under Section 401(a) of the Internal Revenue Code. Additional booklets on various topics mentioned in this brochure are available from the TCRS Membership office.

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Introduction to Your Retirement System

Group I Teachers



Tennessee Consolidated
Retirement System
502 Deaderick Street
Nashville, TN 37243-0201

Introduction

One of the most valuable benefits of your service as a public school teacher is coverage under the Tennessee Consolidated Retirement System (TCRS). This coverage grows in value each year you teach. TCRS is designed to provide three types of benefits: retirement benefits, disability benefits or survivor benefits. This brochure provides a general overview of those benefits as they apply to newly-hired public school teachers.

Membership

All full-time teachers are covered by Group I of the retirement system as a condition of employment. As a teacher, you are required to contribute five percent of your salary to the retirement system. Contributions are made on a tax-deferred basis.

Each year that you are actively employed, TCRS will prepare an annual statement for you. The statement will show the salaries reported to TCRS, the amount of service credit you have with TCRS, the amount of your contributions, your vesting status, your TCRS beneficiary and estimates of the TCRS benefits you could receive under various circumstances. TCRS will send your statement to your employer to give to you.

Teachers attain vesting after five years of membership service. A vested member is one who has accrued enough years of service to guarantee a retirement benefit once age requirements are met. If you leave covered employment *before* you become vested, you will lose membership in TCRS when you take a refund or after seven years, whichever occurs first. If you leave covered employment *after* you become vested, you may retain your TCRS membership until retirement or death by leaving your contributions in the system.

Benefit Formula Factors

TCRS is a "defined benefit" retirement plan, which means that the amount of any future benefit will be determined by a benefit formula rather than by an account balance. In most cases, the amount of the benefit will be affected by three factors: your length of service, your final average salary and the Social Security integration level in the year you retire or die.

- **Average Final Compensation (AFC)** — The AFC is the average of your five highest consecutive years of salary. The benefit payable at retirement cannot exceed 94.5 percent of your average final compensation.
- **Creditable Service** — Creditable service means membership service under the TCRS plus any other periods of service credited to you by the retirement system. Service credit may be accrued for full-time service as a state employee, a public school teacher in Tennessee or an employee of certain local governments in Tennessee. In addition, you may be entitled to establish credit for other types of service. Types of service that may be established include the following:
 - ◆ previously withdrawn service;
 - ◆ military service which interrupted your public employment;
 - ◆ military service rendered during a period of armed conflict;
 - ◆ peacetime military service rendered prior to February 28, 1961;
 - ◆ educational leave of absence which interrupted your employment; and
 - ◆ unused accumulated sick leave at retirement.

Some types of service may be established without charge, while others require payment of contributions and interest. If you would like additional information on establishing prior service, contact the TCRS Member Services Division.

- **Social Security Integration Level (SSIL)** — The SSIL is an average of Social Security wage bases. The SSIL is \$59,400 for 2011 and is projected to be \$61,200 for 2012.

Retirement Benefits

Retirement income generally comes from three sources: your employer-provided retirement plan (TCRS), Social Security and your personal savings. TCRS offers two kinds of retirement

benefits: service retirement benefits or reduced early retirement benefits.

- *Service Retirement* — A vested member becomes eligible for service retirement upon completing 30 years of membership service or upon reaching age 60. The following example shows the formula used to compute the TCRS retirement benefit for a member with 10 years or more of service. The example uses a 60-year-old member retiring under the maximum payment plan in 2011 with an AFC of \$50,000 and 30 years of service. In this example, TCRS service retirement benefits replace approximately 48 percent of final average compensation after 30 years of service.

<i>Benefit Rate</i>		<i>AFC</i>		<i>Years of Creditable Service</i>	
.0150	x	\$50,000	x	30	\$ 22,500
<i>Benefit Rate</i>		<i>AFC in Excess of SSIL</i>		<i>Years of Creditable Service</i>	
.0025	x	\$0	x	30	\$ 0
					\$ 22,500
					÷ 12
					\$ 1,875
					x 1.05
<i>Five Percent Improvement</i>					
Monthly TCRS Benefit					\$ 1,968

- *Early Retirement* — A vested member becomes eligible for reduced early retirement benefits upon reaching age 55. The benefit is computed in the same manner as a service retirement benefit except there is a permanent reduction of .4 percent for each month the date of retirement precedes service retirement eligibility. A member with 25 years of service may retire prior to age 55; however, the benefit will be further reduced to the actuarial equivalent of the benefit payable at age 55.

Disability Benefits

An active member who is not eligible for service retirement but who can no longer engage in any type of substantial gainful employment due to a total and permanent

medically-determinable disability may be entitled to disability benefits. The member must submit an Application for Disability Benefits and furnish objective medical records to support the claim. A disability retiree is subject to annual medical re-evaluation and to an annual review of earnings until age 60. TCRS provides coverage for two kinds of disability: ordinary disability and job-related accidental disability.

Disability benefits are equal to 90 percent of the service retirement benefit that would have been payable. To be eligible for ordinary disability retirement benefits, you must have a minimum of five years of creditable service. There is no minimum service requirement for accidental disability benefits; however, the accident must have occurred in the performance of duty.

Survivor Benefits

The beneficiary of an active member who dies prior to retirement may be entitled to one of four survivor benefits described in this section. The type of benefit payable to your beneficiary would be determined by who is named as beneficiary and by your age and length of service. Any annuity benefits payable may be reduced by the early retirement reduction factor and/or the appropriate option factor.

One of the most important decisions you are asked to make as a new member of the retirement system is to name a beneficiary. When selecting a beneficiary, you should consider the system's survivor benefit provisions in light of your circumstances. It is very important that you keep your TCRS beneficiary designation current throughout your career. Situations such as divorce, remarriage or death do not automatically change your beneficiary. You may change your TCRS beneficiary at any time prior to retirement by submitting a notarized Change of Beneficiary form to TCRS.

- *Lump Sum Refund* — Any beneficiary you have named would be entitled to a refund of the amount you have contributed to TCRS at the time of your death, plus interest. Assuming you were in service at the time of death, the beneficiary would also receive a matching amount from the system.

- *Line-of-Duty Benefit* — If your spouse or your minor children are named as your beneficiary, your spouse or your children would receive a benefit equal to 52.5 percent of your final average compensation if you should die as the result of an accident or physical violence occurring in the performance of your duties. If your spouse is named, this benefit would be paid to the spouse until his or her death. If the named spouse dies, the benefit would then continue on to any minor children until they reach 18. If your minor children are named as your only beneficiary, this benefit would be paid to them until they reach 18. If you don't have a spouse or minor child, your named beneficiary will receive a minimum \$50,000 lump sum payment.

- *100 Percent Joint and Survivor Annuity for Spouse after 10 Years Service* — If your spouse is named as your beneficiary, he or she would be entitled to receive a 100 percent joint and survivor annuity if you should die in service after accruing 10 years or more of service credit.

- *100 Percent Joint and Survivor Annuity for Any Beneficiary after Reaching Early Retirement Eligibility* — After you have reached the conditions for early retirement, any one person you have named as your only TCRS beneficiary would be entitled to receive a 100 percent joint and survivor annuity.

Applying for Benefits

Before retirement, disability or death benefits can begin, you or your surviving beneficiary must complete an application and submit it to TCRS. Applications are available from TCRS or your employer.

At retirement, you may select the maximum benefit calculated by the benefit formula or a reduced benefit under one of the optional plans. The optional plans allow your beneficiary to receive a monthly benefit after your death.

Refunds Following Termination

Upon separation from service, you may apply for a refund of your accumulated contributions and interest. Employer contributions are not refundable. *By obtaining a refund, you give up*

your TCRS membership and all rights and benefits in the retirement system.

Before a refund can be processed, you must file a completed Application for Refund with TCRS. Your refund will not be processed until you have been separated from service for at least four months unless (1) you are dismissed due to budgetary problems, (2) you were employed and paid on a continuous 12-month basis or (3) you have moved to a permanent residence outside the state of Tennessee. If you qualify for one of these exemptions, you will need to file a TCRS Waiver of Refund Waiting Period form with your Application for Refund.

Federal law requires TCRS to withhold federal income tax from all refunds issued to former members. The withholding rate is currently 20 percent of the taxable portion. If you arrange to have your refund transferred directly to an Individual Retirement Account, you may avoid having taxes withheld.

TCRS Offices

TCRS Toll-Free	1-800-770-8277
Member Services	615-741-4868
E-mail: TCRS.Member-Services@tn.gov	
Counseling Services	615-741-1971
E-mail: TCRS.Counseling@tn.gov	
Retired Payroll	615-741-4913
E-mail: TCRS.Financial@tn.gov	
Retiree Insurance	1-877-681-0155

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Please include your Social Security number and your current address on any correspondence.