

State of Connecticut Teachers' Retirement System



Differences Between Defined Benefit and Defined Contribution Plans

Eligibility Rules For Retirement

Understanding & Choosing a Retirement Payment Plan

Plan N, Normal Allowance, Plan C, Period Certain And Continuous Option

Plan D, Co-participant Option

Option Factors, Death Benefits

Supplemental /Voluntary Contributions

Annuity, Lump Sum, Service Purchase

Pensionable Salary and Credited Service

Purchasing Additional Credited Service

Qualifying Service "The 30 Year Cliff", Terminal Leaves

Deferring Benefits

Taxability of Benefits

CT TEACHERS' RETIREMENT BOARD

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Social Security Benefits

Windfall Elimination Provision (WEP)
Government Pension Offset (GPO)

Cost of Living Adjustments

Health Insurance

Pre-Medicare Coverage
Medicare Coverage

Disability Benefits

Pre-Retirement Death Benefits

Post Retirement Reemployment

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Defined Benefit (DB) vs. Defined Contribution (DC) Plans

TRB is a Contributory Defined Benefit Plan

Benefits are based on a formula in combination with your age, service and the average of the highest 3 years of paid salaries.

DB

Defined Contribution (DC) Plans are cash accumulation accounts:

- Annuity Account (403b) or Custodial Account (403b)
- Deferred Compensation (457)
- Profit Sharing Plans (401k)

Benefits are based solely on the amount accumulated at the time of distribution.

Benefits may not be readily determinable in advance nor are they guaranteed.

DC



Eligibility Rules For Retirement

- Age 60 & 20 years CT service
- Any age & 35 years of service (minimum 25 years CT)

Normal Retirement

- Age 55 & 20 years of service (min. of 15 years CT)
- Any age & 25 years of service (minimum 20 years CT)

Early Retirement

- Completed 10 years of CT service on or after age 60

Proratable Retirement

- Completed 10 years of CT service before age 60
- Benefit payable at or after age 60

Deferred-Vested Retirement



Retirement Benefit Plan Options

- Plan N Normal Retirement Plan (maximum benefit to retiree)**
- Plan C Period Certain And Continuous Option (reduced benefit to retiree)**
- Plan D Co-participant Option (reduced benefit to retiree)**

- Benefits under each plan are payable for your lifetime.
- Retirement payment plans become irrevocable upon the effective date of your retirement – No changes are allowed regardless of circumstances.
- “No Best Plan” Choose your plan based on your own personal circumstances and in consideration of your dependents.
- Plan C and D reductions will be affected by the degree of protection afforded to your beneficiary or co-participant – these include:
 - Your age at retirement
 - Term Selected – Plan C
 - Your Co-participant's Age
 - Fraction Selected – Plan D



Retirement Benefit Plan Options

Sample Computation

Member Age	56
Service	33 years
Average of the Highest 3 Year's Salary	\$100,000
Spouse's Age	55
Type of Retirement	Early (2 yrs early)
Base Percentage	62.04%

Account Balances

	<i>7% Regular</i>	<i>Supplemental / Voluntary</i>
After-Tax	\$40,000	\$4,000
Pre-Tax/Interest	\$300,000	\$26,000
Total	\$340,000	\$30,000



Plan N Allowance

$$\text{Average Salary} \times \text{Base Percentage} = \text{Annual Benefits} / 12 = \text{Monthly Benefit}$$

$$\$100,000 \times 62.04\% = \$62,040 / 12 = \$5,170$$

Supplemental/Voluntary Annuity

$$\$30,000 \times .00778 (\$7.78 \text{ per } \$1000) = \$233$$

$$\text{Total} = \$5,403$$

1. Monthly Annuity

Monthly annuity	\$ 233
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2. Refund

After-tax contributions (non-taxable)	\$ 4,000
Interest (taxable)	\$ 26,000
Total	\$ 30,000
Less mandatory federal tax withholding 20% X \$26,000	- \$ 5,200
Net	\$ 24,800

3. Direct Rollover

After-tax contributions refunded directly to member	\$ 4,000
Pre-tax contributions and interest rollover to another qualified plan	\$ 26,000
Total	\$ 30,000



Plan N Death Benefit Determination

Account balance at retirement (including any Supplemental/Voluntary balances) minus 50% of total benefits paid to date of death.



Account Balance @ Retirement	\$ 370,000
Total benefits paid to date of death $\$160,000 \times .50 =$	- \$ 80,000
Lump Sum Payment to Beneficiary	\$ 290,000



Plan C Certain Option

- Under this plan option, you agree to take a reduced benefit during your lifetime
- A certain number of payments are guaranteed from the date of your retirement
- The guarantee starts on the effective date of retirement and extends for the term selected
- You may choose guaranteed periods of 5, 10, 15, 20 or 25 years
- If you die prior to receiving all of your guaranteed payments, your beneficiary(ies) will receive the remaining monthly payments



Plan C Certain Option

$$\text{Plan N Benefit} \times \text{Option Factor} = \text{Plan C Benefit}$$

Years	Factor	Plan N Base	Supp Annuity	Plan C Base	Plan C Annuity	Plan C Benefit
5	99.9%	\$5,170	\$233	\$5,165	\$233	\$5,398
10	99.3%	\$5,170	\$233	\$5,134	\$231	\$5,365
15	98.2%	\$5,170	\$233	\$5,077	\$229	\$5,306
20	96.6%	\$5,170	\$233	\$4,994	\$225	\$5,219
25	94.7%	\$5,170	\$233	\$4,896	\$221	\$5,117

[For Plan C Reduction Factors click here](#)



Plan C Death Benefits

Member Elected 20 year Period Certain

Years	Factor	Plan N	Supp Annuity	Plan C Base	Plan C Annuity	Plan C Benefit
20	96.60%	\$5,170	\$233	\$4,994	\$225	\$5,219

Monthly Benefit including Supplemental /Voluntary Annuity	\$ 5,219
Member dies after 100 months (8 years 4 months) Monthly Benefit at death with COLA increases	\$6,036
140 remaining payments to beneficiary (11 years 6 months)	\$6,036
Beneficiary dies with 50 payments remaining including COLA increases (4 years 2 months)	\$6,400
Commuted Value of 50 payments @ \$6,400 X 42.532	\$272,204
Total payment to Estate	\$272,204



Plan D Co-participant Option

- Under this plan option, your co-participant will receive a monthly benefit for his/her life following your death.
- You may designate any one person as your co-participant to receive one-third, one-half, two-thirds, three-quarters, or the whole amount of your reduced benefit.
- Your benefits are reduced based on your age, the age of your co-participant and the fractional amount to be paid to the co-participant upon your death.



Plan D Co-participant Option

$$\text{Plan N Benefit} \times \text{Option Factor} = \text{Plan D Benefit}$$

Years	Factor	Plan N	Supp Annuity	Plan D Base	Plan D Annuity	Plan D Benefit
Whole	90.5%	\$5,170	\$233	\$4,679	\$211	\$4,890
3/4	92.7%	\$5,170	\$233	\$4,793	\$216	\$5,009
2/3	93.5%	\$5,170	\$233	\$4,834	\$218	\$5,052
1/2	95.1%	\$5,170	\$233	\$4,917	\$222	\$5,138
1/3	96.7%	\$5,170	\$233	\$4,999	\$225	\$5,225

[For Plan D Reduction Factors click here](#)



Plan D Death Benefits

Member elected Plan D –Three Quarter Option
Member Age – 56 and Co-Participant Age - 55

Member's Benefit

Base	\$4,793
1% Supplemental / Voluntary Annuity	\$216
Total Benefit	\$5,009
Payment to Co-participant = <i>Total Benefit X 3/4</i>	\$3,757

Pop-up Provision

Benefit reverts to Plan N benefit upon the co-participant's death or divorce from member.



Plan D Lump Sum Death Benefit Determination

Account balance at retirement (including Supplemental/Voluntary balances) minus 50% of total benefits paid to date of death.



Account balance at retirement		\$370,000
Total benefits to member and co-participant	<i>total benefits paid</i>	\$240,000
	<i>50% of benefits paid</i>	\$120,000
Lump sum payment to estate/beneficiary	<i>account balance - 50%</i>	\$250,000



Voluntary Contributions

- ❑ As an active member of the Connecticut Teachers' Retirement System you may elect to contribute to a Voluntary Account. Deposits into this account may be made in the following ways:

[Voluntary Deductions/
Cancellation Authorization Form](#)

Payment is withheld by your employer and transmitted to CTRB on a monthly basis.



Voluntary Contributions

- Voluntary contributions that are submitted via Payroll Deductions are made on an "after-tax basis" only and are subject to IRS limitations.
- Prior June 30th balances will be credited with an investment rate of return on June 30th of the following year.
- For additional information on this topic you should obtain the [Voluntary Account Information](#) bulletin.

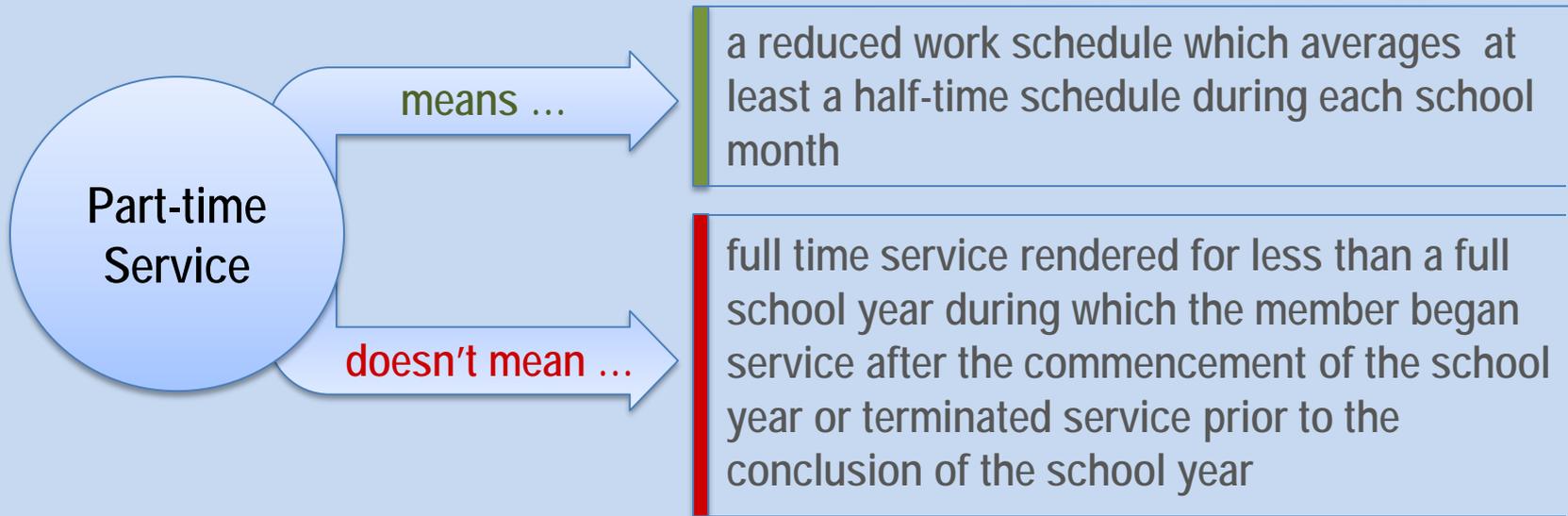


Pensionable Salary & Credited Service

- Pensionable salary is the pay you receive for teaching, administrative, or supervisory services as outlined in your contract. Pensionable salary does NOT include pay you receive for extra duty assignments, coaching, unused sick leave, terminal pay or any payment predicated on your retirement.
- You earn one month of credited service for each school month worked from September to June. A full year of service is 10 months and you cannot receive more than 10 months of credit in any school year. In order to receive credit, you must be employed on the first working day of the month in a CTRS eligible position.
- "Base Salary" means that element of compensation specifically and separately stated and paid to a superintendent of schools pursuant to an individual contract of employment in installments throughout the term of the contract or the school year, except that if a portion of such separately stated salary is deferred by means of a legally binding salary reduction agreement for the purpose of making premium payments on a tax sheltered annuity, such deferred salary shall be included in the superintendent's base salary.



Part-time Service



If you are a member employed part-time (minimum 50%), you will receive a month of credit for each month worked. Your monthly pension benefit will be calculated to reflect your full-time equivalency (FTE). Your retirement benefit percentage will be proportionate to the amount of time you worked part-time and the average salary used in the calculation will be computed as if you were in full-time service.



Special Membership Services

If you have Hourly Paid Tutor, Title One, Chapter IV or CETA Head Start or ESL service, you should obtain the ...

[Hourly Paid Certified Teachers form](#)

Found under Service Approval Forms – Connecticut Service



Current Leave of Absence

You may elect to pay the monthly mandatory contributions while on your approved current leave of absence for a total of ten (10) months during your career for any leave occurring on or after July 1, 1986. To document this service, a [Current Leave of Absence Form \(TRB 53X\)](#), found under Service Approval Forms – Connecticut Service, must be completed and returned to this office. CTRB will notify you of the amount due and payment options. Payment in full must be received by the end of the approved leave.



Additional Credited Service & Documentation Required

Type of Service Credit	CT or Non-CT	Documentation Required
Wartime Military Service	CT	Discharge Papers (DD214) Where to write for Discharge Papers
Peacetime Military Service	Non-CT	Discharge Papers (DD214) Where to write for Discharge Papers
Military Dependents School	Non-CT	Department of Defense Dependents School (DODDS) Form
Outside State Public School	Non-CT	Outside State Service Form
Previous Leave of Absence	CT	Previous Leave of Absence Form
Previous Absence or Terminations Due to Pregnancy	CT	Special Rules For Absences Due to Maternity
Previous Leave of Absence for Child Rearing Purposes When Not Granted by CT Local School District	CT	Child Rearing Leave of Absence - Special Board Policy
Full-time State of CT Employment (including but not limited to Judicial, DMV, DPW, DPH)	Non-CT	State of CT Non-Teaching Form
Teaching Service at: American School for the Deaf or CT Institute for the Blind or Newington Children's Hospital	Non-CT	Special Teaching Service Form



Additional Credited Service & Documentation Required

Type of Service Credit	CT or Other	Documentation Required
Substitute Service	CT	Substitute Teaching Service Form
Service as an Elected Official	Non-CT	Full-Time Salaried Elected Official Service Form
Federal Teacher Corps Service	Non-CT	Federal Teacher Corps Form
Part-time Service (less than 50%)	CT	Less than Half-time CT Public School Employment Form
Peace Corps Service	Non-CT	Verification of Service letter Where to phone/write for Peace Corps Verification of Service
Social Work Assistant in a Public School from 1969 to 1986	Non-CT	Social Work Assistant Public School Form
VISTA Service	Non-CT	Verification of Service letter Where to phone/write for VISTA Verification of Service
Part-time Lecturer	CT	Part-time Lecturer Form
Adult Education Assignments - High School Credit Diploma Program Only - Not GED	CT	Adult Education Assignment Form
Prior CT Service Withdrawn	CT	Prior Connecticut Service



Additional Credited Service & Documentation Required

Type of Service Credit	CT or Other	Documentation Required
Hourly Paid Certified Teaching Service (Tutoring, CETA etc)	CT	Hourly Paid Certified Teacher Form
State of CT Employment - Teaching (UCONN, colleges, RVTHS, State of CT agencies, i.e. DOC, CT DMR)	CT	State of CT Employment Teaching Form



Additional Credited Service – Determining the Cost



ADDITIONAL SERVICE CREDIT COST ESTIMATOR



STATE OF CONNECTICUT

Member's Cost of Service Purchase:

Calculation Date Must use first day of the month

MEMBER INFORMATION	
Member Name	<input type="text"/>
Member ID	<input type="text"/>
Member DOB	<input type="text"/>

SALARY	
Current Annual	<input type="text"/>

DISCLAIMER:

This Additional Service Credit Estimator is provided solely as a tool for you to obtain an unofficial estimate of your cost to purchase additional service credit. This calculator uses only the data you input and does not compare that data against your actual records with this system. The Connecticut Teachers' Retirement Board accepts no responsibility for any errors or defects in the calculator or in any data you may input. The Connecticut Teachers' Retirement Board retains no record of estimates produced by this calculator. Accordingly, no estimate produced by this calculator shall be in any way binding upon the Connecticut Teachers' Retirement Board. The Connecticut Teachers' Retirement Board, governed by Chapter 167a of the Connecticut General Statutes, has sole authority in determining the cost of your additional service credit.

SERVICE		
	CT	NON-CT
Earned Service	<input type="text"/>	<input type="text"/>
Already Purchased	<input type="text"/>	<input type="text"/>

PURCHASING CT SERVICE	
• Wartime Military Service	<input type="text"/>
• Previous Leave of Absence	<input type="text"/>
• Substitute Teaching	<input type="text"/>
• Part-time Service (less than 50%)	<input type="text"/>
• Part-time Lecturer	<input type="text"/>

PURCHASING NON-CT SERVICE	
• Peacetime Military Service	<input type="text"/>
• Military Dependents School	<input type="text"/>
• Outside State Teaching	<input type="text"/>
• State of Connecticut - Non Teaching	<input type="text"/>
• Elected Official	<input type="text"/>
• Federal Teacher Corp	<input type="text"/>
• Peace Corps	<input type="text"/>
• Social Work Assistant in a Public School	<input type="text"/>
• VISTA	<input type="text"/>
• SERC	<input type="text"/>
• Special Teaching Service	<input type="text"/>

Estimate Now!

ver 4.10



Early Retirement – Caution

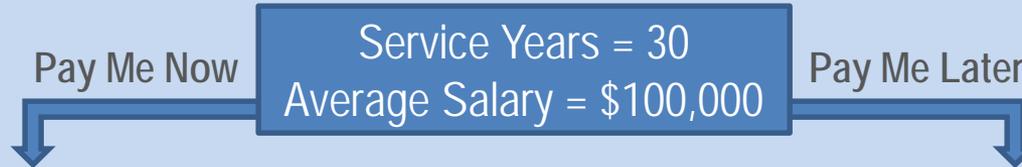
The [early retirement factors](#) are different for members with 30 or more years of service. Because of this fact, there may be a significant difference in the benefits from the 29th year of service to the 30th year of service if you are under 60 years of age.

EXAMPLE:

Member is age 53 with 29 years of service
Early Retirement Percentage 38.28%
Average Salary \$100,000
Plan N Benefit = \$38,280
.....
Member is age 53 with 30 years of service
Early Retirement Percentage 51.00%
Average Salary \$100,000
Plan N Benefit \$51,000



Deferring Benefits - Pay Me Now or Pay Me Later?



Age	55
Type of Benefit	Early
Base Percentage	51%
Annual Benefit	\$51,000
Total Benefits paid from age 55 to 60 exclusive of Cost of living increases	
5 years X \$51,000 = \$255,000	

Defer to Age	60
Type of Benefit	Normal
Base Percentage	60%
Annual Benefit	\$60,000

Benefit @ 60	\$60,000	Total Benefits paid from 55 to 60 $\$255,000 / \$9,000 = 25 \text{ years}$
Benefit @ 55	\$51,000	
Difference	\$9,000	

Above example assumes resignation at age 55



Taxability

SIMPLIFIED GENERAL RULE

Prior to July 1, 1991 contributions to TRB were made on an “after tax” basis. Under IRS rules you are allowed to recover these contributions over a number of years based on IRS tax tables.

- Age 56 Factor – 310 months
- After tax Contributions (Investment in contract)
- Without 1% Account $\$40,000 / 310 = \129 non-taxable
- With 1% Account $\$44,000 / 310 = \141 non-taxable

Benefit becomes fully taxable after 310 months

[Taxability of your Retirement Benefit](#)



Social Security Benefits - GPO

GOVERNMENT PENSION OFFSET (GPO)

- Claiming Social Security Benefits based on your spouse's work history.
- Key Date – Exempt if you qualify for your TRB pension prior to December 1, 1982.
- This means:
 - Any age with 25 years of service (at least 20 in CT)
 - Age 55 with 20 years (at least 15 in CT)
 - Age 60 with 10 years CT

Two-thirds of TRB Benefit applied to SS benefit

SS Spousal Benefit \$600

TRB Pension = \$5,170 x 2/3 = \$3,412

SS Benefit \$600 minus 2/3 TRB Benefit \$3,412 = \$0



Social Security Benefits - WEP

WINDFALL ELIMINATION PROVISION (WEP)

- Claiming Social Security Benefits based on your own work history.
- Key Date – Exempt if you qualify for your TRB pension prior to January 1, 1986 or have 30 or more years of substantial Social Security earnings.
- This means:
 - Any age with 25 years of service (at least 20 in CT)
 - Age 55 with 20 years (at least 15 in CT)
 - Age 60 with 10 years CT

Reduction is phased in between 20 to 30 years of substantial SS earnings. 90% factor is reduced to 45% of the first bracket of SS earnings. With 20 or fewer years, the factor is reduced to 40% of the first bracket of SS earnings.

<https://www.ssa.gov/>



Cost of Living Adjustments

POST AUGUST 1, 1992 RETIREES

- Annual increase January 1 or July 1
- Retired for a minimum of nine months
- COLA based on SS COLA for the calendar year provided
- Maximum Increase 6.0%
- If retirement fund earnings for the prior fiscal year were less than 8.5%, then COLA is capped at 1.5%

COLA history for members that joined TRB on and after Sept 1992 and prior to July 2007	
2019	1.5%
2018	2.0%
2017	0.3%
2016	0.0%
2015	1.7%
2014	1.5%
2013	1.5%
2012	3.6%
2011	0.0%
2010	0.0%

[For complete COLA History click here](#)



Health Insurance

Not Participating in Medicare Part A & B

- Retired Member and Spouse eligible for coverage through last employing board of education.
- Must be offered same coverage available to active teachers.
- TRB will provide a monthly subsidy of \$110 for the retired and a subsidy of \$110 for the spouse of a retired member to be applied toward the cost of coverage.
- Subsidy must first be applied to member and spouse cost.
- Election to enroll may be deferred.
- Premium charged to member cannot exceed that charged to employer – no admin fee is allowed.



Health Insurance

Participating in Medicare Part A & B

TRB offers a Medicare Supplement Plan (Stirling) and Medicare Advantage Base Plan (Anthem) to retired members and spouses of retired members participating in Medicare Part A & B.

	STIRLING 2019	ANTHEM 2019
Medical	\$122	\$14
Drug	\$51	\$51
Vision & Hearing	\$7	\$7
Dental	\$58	\$58
Total	\$238	\$130

For anyone covered under COBRA, the rates will be 2% higher.



Health Insurance

Not Participating in Medicare Part A & B

- Retired Member and Spouse eligible for coverage through last employing board of education.
- Must be offered same coverage available to active teachers.
- TRB will provide a monthly subsidy of \$110 for the retired and a subsidy of \$110 for the spouse of a retired member to be applied toward the cost of coverage.
- Subsidy must first be applied to member and spouse cost.
- Election to enroll may be deferred.
- Premium charged to member cannot exceed that charged to employer – no admin fee is allowed.

Participating in Medicare Part A & B

- TRB offers a Medicare Supplement Plan to retired members and spouses of retired members participating in Medicare Part A & B.
- Basic Plan includes hospital, medical, major medical and prescription drug benefits. Individual cost as of January 2018 is \$101 per person per month.
- Basic Plan with dental – Individual cost as of January 2018 is \$151 per person per month.
- Basic Plan with dental, vision and hearing- Individual cost as of January 2018 is \$156 per person per month.
- State, member, and health fund each pay 1/3 of the premium cost.



Disability Allowance

Definition

First 24 months – Inability to perform the usual duties of your occupation due to a physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration.

Succeeding 24 months – Inability to perform substantial gainful activity.

Service Related → 0 years of CT Service

Non-Service Related → 5 years of CT Service



Disability Allowance

Formula

2% per year of service X average of highest three years of pensionable salaries



BENEFIT

Minimum
15%

Maximum
50%

- ❑ Credit is accrued while receiving a disability allowance up to a maximum of 30 years excluding purchased service or actual service, whichever is greater.
- ❑ Benefit converted to a Normal Retirement Benefit at age 60 or later with 20 or more years of CT service.

Scenarios:

Disabled @ age 55 with 18 years of service
Benefit converted @ age 60 with 23 years of service
.....
Disabled @ age 57 with 11 years of service
Benefit converted @ age 66 with 20 years of service



Pre-Retirement Death Benefits

Not Eligible For Retirement

- No "statutory survivors" (spouse, minor children)
- Payment : Lump sum payment to designated beneficiary
- Statutory Survivors
- Payment: Spouse \$300 up to \$600 monthly
- Minor Children \$300 each
- Maximum Family Benefit \$1,500 monthly
- Lump Sum Burial Benefit \$1,000 up to \$2,000

**Spouse may choose a lump sum if named as designated beneficiary and there are no minor children. Lump sum may not be elected if minor children are eligible for benefits.*

Eligible For Retirement

- Any age 25 years, 20 years CT minimum
- Age 55 – 20 years, 15 years CT minimum
- Age 60 – 10 years, all CT
- Spouse may choose the following options only if he/she is designated as the member's primary beneficiary:
 - Plan D, Whole Amount
 - Lump Sum
 - Statutory Survivor Benefits – \$600 monthly



Post Retirement Reemployment Restriction

45% Rule

- Applies to all positions eligible for TRB membership
- Maximum Earnings- 45% of maximum level salary for the position held (teacher, principal, superintendent)
- Earnings apply on a school year basis (July – June)
- No restrictions on non-public teaching service, public out of state teaching service, or other employment
- Earning received in excess of 45% rule must be reimbursed to TRB

Subject Shortage / Priority School District Rule

- Applies to re-employment in subject shortage areas or schools in a priority school district designated by the Commissioner of Education for the specific years
- Maximum two (2) years
- Second year requires TRB approval
- Employer provides health insurance
- No maximum earnings
- Continue to receive retirement benefit

[For more information on Post Retirement Reemployment click here](#)



Filing For Retirement Benefits

- Application for retirement benefits bearing an original signature, not a facsimile
- Birth certificate (photocopy acceptable)
Birth certificate required for co-participant if electing Plan D
- Full documentation of additional credited service to be purchased must be on file with CTRB prior to retirement
- Statutory deadline: Last day of the month preceding the month of retirement –
Example: By December 31st for January 1st retirement

Late Filing Means Lost Benefits



QUESTIONS