



## CT TEACHERS' RETIREMENT BOARD

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"An Affirmative Action/Equal Opportunity Employer"  
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### DEFERRING THE PAYMENT OF BENEFITS/TERMINAL LEAVES

#### I AM NO LONGER TEACHING IN THE STATE OF CONNECTICUT. WHEN SHOULD I BEGIN COLLECTING MY RETIREMENT BENEFIT?

We recommend that you begin collecting your retirement benefit as soon as you are eligible to receive your benefit.

#### Retirement Eligibility Requirements:

- 10 years of CT credited service at age 60 or over.
- 20 years of credited service at age 55 (minimum 15 in CT).
- 25 years of credited service any age (minimum 20 in CT).
- 35 years of credited service any age (minimum 25 in CT).

#### ISN'T THERE A "PENALTY" FOR RETIRING EARLY?

There is a reduction in your benefit depending on the number of years/months that you begin receiving your benefit prior to your normal retirement date. The reduction is required because you will be collecting your benefit earlier and for a longer period of time.

#### I AM ONLY AGE 52 WITH 25 YEARS OF SERVICE (SALARY BASE \$60,000) AND I DON'T NEED MY RETIREMENT BENEFIT NOW. SHOULDN'T I JUST WAIT UNTIL AGE 60 SO I CAN COLLECT AN UNREDUCED NORMAL RETIREMENT BENEFIT?

The income that is lost as a result of deferring the benefit will take many years to recover as shown in the illustrations below. Actual cost of living increases granted for post 9/1992 retirees range from a minimum of 0% to a maximum of 6% annually.

#### **Benefit Calculation (No cola):**

Age 52 = \$60,000.00 X 29% = \$17,400/12	= \$1,450.00
Age 60 = \$60,000.00 X 50% = \$30,000/12	= \$2,500.00
Benefit Difference	= \$1,050.00

#### **Recovery:**

Benefit received to Age 60 = \$1,450.00 X 96 months	= \$139,200.00
Divided by the benefit difference at age 60	= \$ 1,050.00
Number of months to recover lost income	= 132.50
	(11 years)

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#### **Benefit Calculation (Assuming 1.5% cola granted yearly after retirement):**

Benefit by Age 60 with accrued cola	= \$1,633.41
Age deferred to Age 60	= \$2,500.00
Benefit Difference	= \$ 866.59

#### **Recovery:**

Benefit + cola received Age 52 to Age 60	= \$146,731.44
Divided by the benefit + cola difference at age 60	= \$ 866.59
Number of months to recover lost income	= 169.50
	(14 years)

**ARE THERE ANY OTHER BENEFITS THAT I WOULD BE ENTITLED TO IF I BEGAN COLLECTING MY BENEFITS NOW RATHER THAN DEFERRING THEM TO A LATER DATE?**

When you begin receiving monthly retirement benefits, you and/or your spouse become eligible to participate in your former school district's subsidized health insurance plan. The current subsidy amount is up to \$110.00 per month for individual coverage and up to \$220.00 per month for member/spouse coverage.

**LEAVE OF ABSENCE INFORMATION**

- A member may elect to pay the monthly mandatory contributions while on an approved leave of absence for a total of ten (10) school months during his/her career for any leave occurring on or after July 1, 1986.
- The salary on which contributions are paid is NOT used to determine the average salary base for retirement purposes.
- Before applying for a terminal leave of absence, you should compare the difference between the monthly benefit with and without the additional year of service and the amount of lost pension income plus contributions paid while on the leave.

**I AM 52 WITH 25 YEARS OF SERVICE AND I AM CONSIDERING TAKING AN APPROVED LEAVE OF ABSENCE IN MY FINAL YEAR AND PAYING THE MONTHLY DEDUCTIONS DUE. IS THIS ADVISABLE?**

Since you qualify for an immediate retirement benefit, the benefit increase resulting from the additional year of service will not offset the loss of pension income plus contributions paid while on your leave. Refer to illustrations on the previous page.

**I AM 53 AND HAVE 29 YEARS OF SERVICE (SALARY BASE \$60,000). I NOTE THAT THERE IS A SUBSTANTIAL DIFFERENCE IN THE RETIREMENT PERCENTAGE IF I RETIRE WITH 30 YEARS OF SERVICE. I AM LEAVING CT PUBLIC SCHOOL TEACHING SERVICE. SHOULD I PAY THE MONTHLY DEDUCTIONS DUE (SALARY \$62,000) ON AN APPROVED LEAVE OF ABSENCE FOR THE FINAL YEAR?**

Current CTRB Early Retirement Factors have a "cliff" between 29 years of service and 30. The actual amount of the percentage differential between 29 and 30 years is based on the member's age at the time of retirement. In your situation, paying the monthly deductions on approved leave of absence for the final year may be advisable. See illustration below:

<b>Age 53/29 years of service</b>		
\$60,000.00 X 38.28%	= \$22,968.00/12	= \$ 1,914.00
with cost of living increase (1.5%)		= \$ 1,942.71
<b>Age 54/30 years of service</b>		
\$60,000.00 X 51.00%	= \$30,600.00/12	= \$ 2,550.00
<b>Benefit Difference</b>		= \$ 607.29
<b>Benefits Lost for 1 year</b>	= \$1,914.00 X 12	= \$22,968.00
<b>Contributions Paid on Leave</b>	= \$62,000.00 X 7.25%	= \$ 4,495.00
<b>Total Lost for 1 year while on Leave</b>		= \$27,463.00
<b>Months to recover</b>	= \$27,463.00/\$607.29	= 45.22 (3.7 years)

**I HAVE NINE YEARS OF CONNECTICUT PUBLIC SCHOOL TEACHING SERVICE. IS IT POSSIBLE TO PAY THE MANDATORY DEDUCTIONS DUE ON AN APPROVED LEAVE OF ABSENCE FOR MY 10TH YEAR?**

You may elect to pay the monthly mandatory contributions while on an approved leave of absence in order to QUALIFY for a retirement benefit from this system, provided that you have not paid monthly deductions while on a leave of absence on or after July 1, 1986.