

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM (TCRS)





Tennessee Consolidated Retirement System (TCRS)

- TCRS is a defined benefit plan that provides a lifetime benefit at retirement once eligibility has been met. The benefit is based on a formula which includes salary and years of service
- TCRS is one of the best funded defined benefit plans in the nation



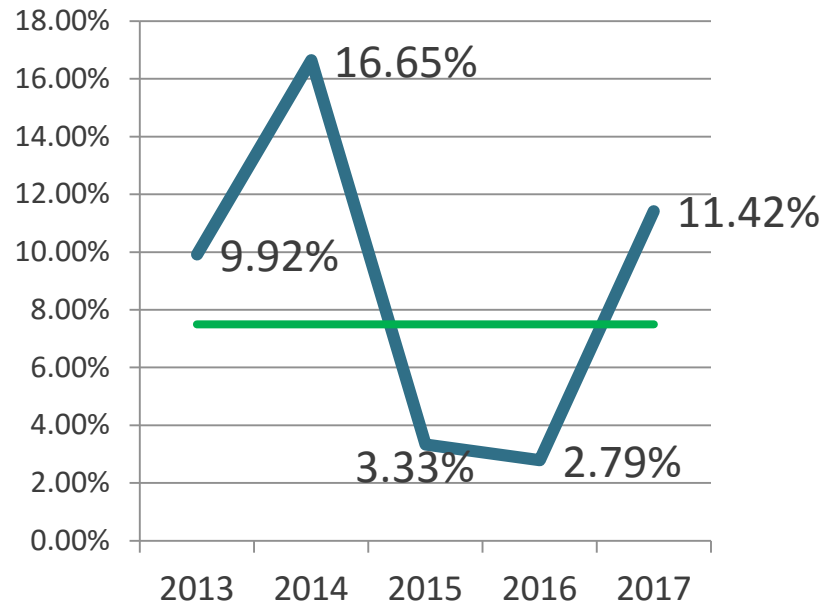
TCRS Statistics & Standings

- Provides benefits to more than 214,500 active members and over 153,913 retired members
- \$46.8 billion held in trust for TCRS
- 6th best funded state pension plan
- Standard & Poor's, Moody's, and Fitch recognize Tennessee for fully funding its annually actuarially-determined contribution every year since 1972
- Recipient of 2017 Public Pension Standards Award



TCRS Investment Returns

Investment Returns by Fiscal Year



Assumed Rate of Return is 7.25%



What is Retire*Ready*TN?

- Retire*Ready*TN is the Tennessee Treasury Department's **financial wellness initiative** to assist State employees, teachers, higher education employees and local government entities that elect to participate, plan and save for a successful retirement in a comprehensive way.
- The State of Tennessee Retirement program consists of both a defined benefit pension plan – the Tennessee Consolidated Retirement System (TCRS) and the Tennessee Deferred Compensation Program (a 401(k) Plan (including a Roth contribution feature) and a 457(b) Plan)



Who are State of Tennessee Retirement Plan Members?

- State Employees
 - Higher Education Employees
 - State Teachers (K-12)
- Certain Judges/The Attorney General/District Attorneys
General/District Public Defenders
 - Members of the General Assembly

and

-Local Government Entities That Elect To Participate-

- Cities
- Counties
- Special Districts



TCRS Legacy Plan

- Defined Benefit Plan
 - Benefit paid upon service retirement is based on a formula
- Vesting
 - 5 years
- Service Retirement
 - 30 years of service or age 60
- *May* be contributory at a rate of 5% of salary
- Covered Members may voluntarily participate in the Deferred Compensation Program as an added benefit



What determines your TCRS Retirement Benefit?

- Average Final Compensation (AFC)
 - The average of your highest 60 consecutive months of salary.
Not necessarily last consecutive 60 months of salary.
- Years of Service
 - Your total number of years and months of creditable service
- Age at Retirement
 - Determines early retirement reduction factors and benefits paid under the optional survivor benefit plans



TCRS Legacy Plan Formula

- Years of Service x AFC (Average Highest Consecutive Five Year Salaries) x 1.5% (Accrual Factor) + 5% BIP (Benefit Improvement Factor) = Yearly Benefit
- Benefit Payments:
 - Monthly, over the Member's Lifetime
 - There are also Survivorship Options



Retirement Requirements: TCRS Legacy Plan

- Service Retirement
 - Member must be age 60 and vested or have 30 years of service regardless of age
- Early Retirement
 - Member must be age 55 and vested
 - One reduction factor will be applied
- 25-Year Early
 - Member must be under the age of 55 and have 25 years of service
 - Two reduction factors will be applied



Additional Types of TCRS Benefits

- Disability Retirement

- Ordinary - Five years of service; totally and permanently disabled
- Accidental - No minimum service requirement; must be totally and permanently disabled
- Inactive - Five years of service; totally and permanently disabled.

Contact TCRS Disability Benefits Division at 1-800-922-7772 for more information.

- Death Benefits

- Death benefits are determined by who is designated as beneficiary, member age, and length of service.

Contact TCRS Death Benefits Division at 1-800-922-7772 for more information.



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

NOTE: *Optional for employers participating in the Original Defined Benefit Plan or the Alternate Defined Benefit Plan. Mandatory for employers participating in the Hybrid Plan.*



Benefit Formula & Example: Closed Plan (Legacy)

| Basic Benefit Formula | Example Calculation |
|-----------------------------------|--|
| Years of Service | 30 Years of Service |
| x AFC [^] | x \$30,000 AFC [^] |
| x Benefit Multiplier [*] | x 1.5% Benefit Multiplier [*] |
| + BIP [~] | + 5% BIP [~] |
| <hr/> Annual Benefit | <hr/> \$14,175 Annual Benefit |
| ÷ Months | ÷ 12 Months |
| <hr/> Monthly Benefit | <hr/> \$1,181 Monthly Benefit |

[^]Average Final Compensation

^{*}Benefit multiplier used in the original defined benefit plan formula is 1.5%.

[~]Benefit Improvement Percentage



Election of Benefit Payment Plan at Retirement: TCRS

Member-Only Benefits:

- Single Life Annuity Plans
 - Regular/Maximum Plan
 - Maximum monthly benefits payable to member for life. Benefits cease at death.
 - Social Security Leveling
 - An increased benefit payable to member until age 62, then a reduced benefit payable after that date. Income will be approximately the same after commencement of social security.



TCRS Joint & Survivor Annuity Benefit Options

- ***Option 1 (100% Joint and Survivor)***

- PERMANENT reduction payable during a member's lifetime. Benefit will continue upon death of the member for the beneficiary's lifetime at 100% of the benefit.

- ***Option II (50% Joint and Survivor)***

- PERMANENT reduction payable during a member's lifetime. Benefit will continue upon death of the member for the beneficiary's lifetime at 50% of the benefit.

- ***Option III (Modification of Option 1)***

- Reduced benefit payable during the member's lifetime. Benefit will continue upon the death of the member at 100% of the benefit. Should the beneficiary predecease the member, the benefit will revert (pop-up) to regular maximum.

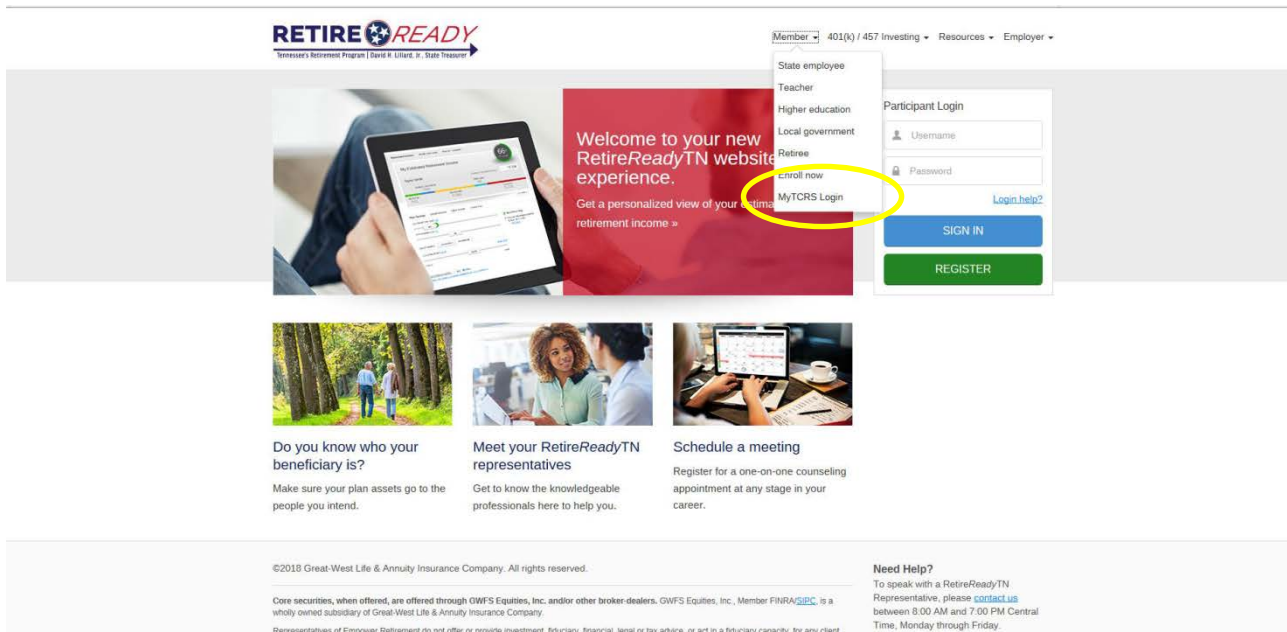
- ***Option IV (Modification of Option 2)***

- Reduced benefit payable during the member's lifetime. Benefit will continue upon the death of the member at 50% of the benefit. Should the beneficiary predecease the member, the benefit will revert (pop-up) to regular maximum.



Selecting a Beneficiary for your TCRS Benefits

- Update your Beneficiary & View your Annual Statement by visiting www.retirereadytn.gov
 - Access www.mytcrs.com by clicking on “My TCRS Login”



The screenshot shows the RetireReadyTN website interface. At the top left is the RetireReady logo. A navigation menu includes 'Member' (401(k) / 457 Investing), 'Resources', and 'Employer'. A dropdown menu is open under 'Member', listing 'State employee', 'Teacher', 'Higher education', 'Local government', 'Retiree', 'Enroll now', and 'MyTCRS Login', with 'MyTCRS Login' circled in yellow. To the right is a 'Participant Login' form with fields for 'Username' and 'Password', and buttons for 'SIGN IN' and 'REGISTER'. Below the main banner are three promotional tiles: 'Do you know who your beneficiary is?', 'Meet your RetireReadyTN representatives', and 'Schedule a meeting'. The footer contains copyright information and a 'Need Help?' section with contact details.



Selecting a Beneficiary *at Retirement*

- Monthly benefits can not be paid to estates, institutions, or multiple beneficiaries
- For retirement purposes, the Member may only designate **one** beneficiary
 - Multiple Beneficiaries coming soon
- If joint and survivor annuity option is chosen, this election can not be changed after 60 days from the date of receipt of the “Notice Letter”



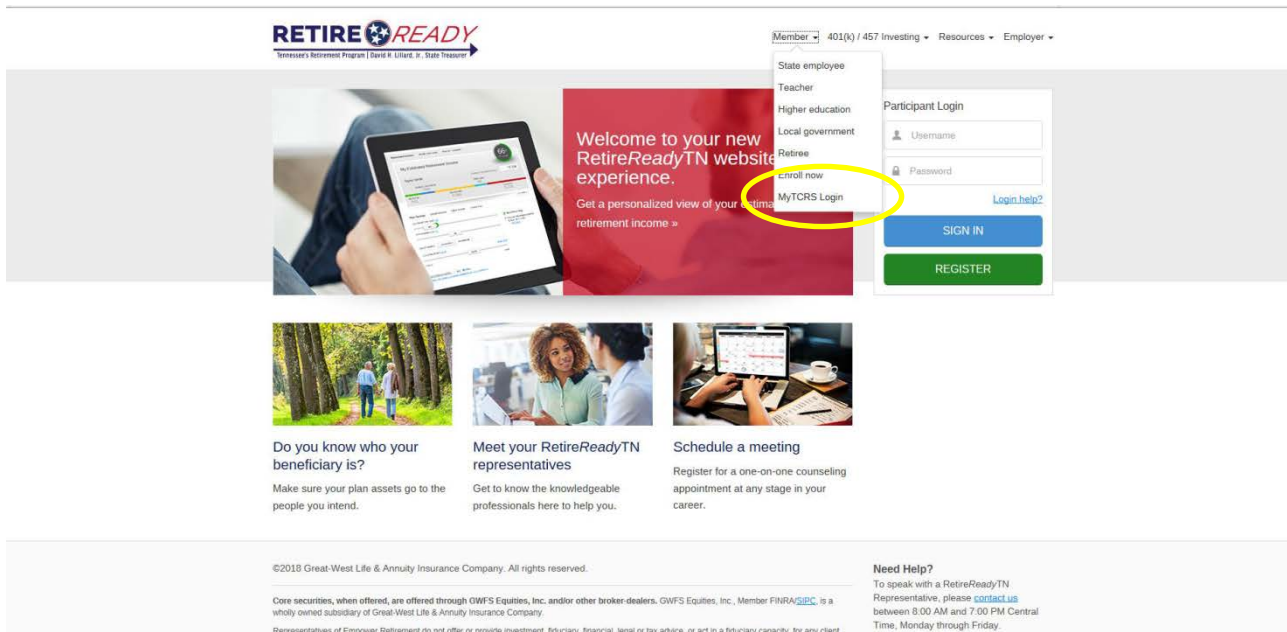
Example: Retirement Benefit

| Service Retirement Member and Beneficiary (Both Age 55) | | |
|---|------------|-------------|
| Retirement Plans | Member | Beneficiary |
| Regular/Maximum | \$1,181.00 | \$ 0.00 |
| Option 1 | 1,018.00 | 1,018.00 |
| Option 2 | 1,093.00 | 546.00 |
| Option 3 (pop-up) | 998.00 | 998.00 |
| Option 4 (pop-up) | 1,082.00 | 541.00 |



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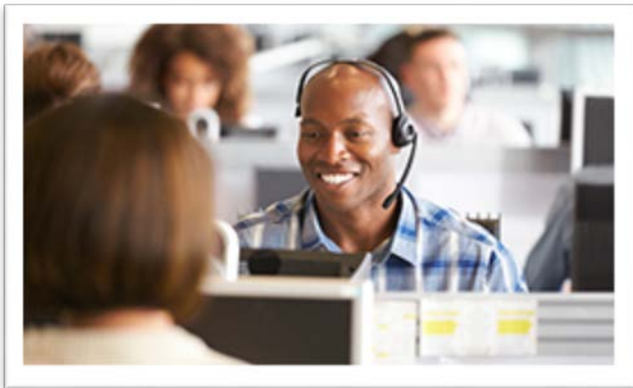
Working After Retirement

- Retired members receiving a monthly 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



Dedicated State of Tennessee Member Call Center TCRS and Deferred Compensation

- Toll Free: 800-922-7772
- 8:00am – 7:00pm CST

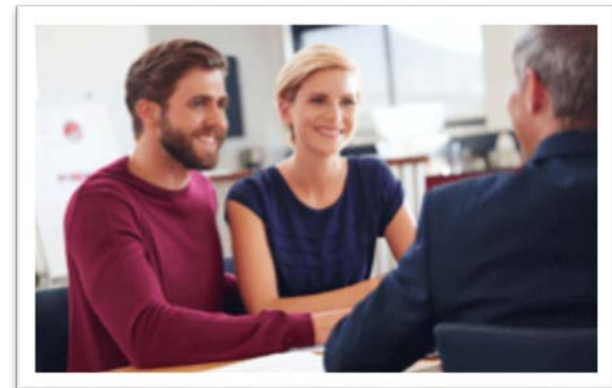


- Plan Information
 - TCRS
 - 401(k)
 - 457 (if applicable)
- TCRS Benefit Estimate Requests
- TCRS Retirement Application Information
- Contribution or Change Requests:
 - 401(k)
 - 457 (if applicable)



Comprehensive Retirement Counseling

- Designed for Members nearing retirement
- Includes both TCRS and Deferred Compensation Program Components
- Discusses Social Security options
- Scheduled at one of three Retire*Ready*TN Offices:
 - Nashville
 - Jackson
 - Knoxville
 - Also available at the Andrew Jackson Building, downtown Nashville
- To schedule a Counseling Session:
 - Visit Retire*Ready*TN.gov; select “Schedule a Meeting”
 - Call 800-922-7772; press option 4 to schedule an appointment

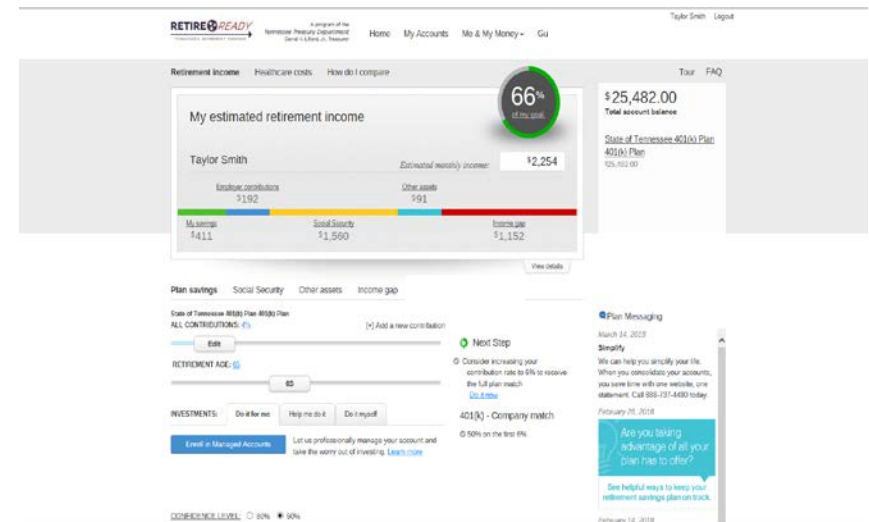




New Participant Experience

- Launched in October 2017
- Provides an investment analysis tool that estimates your income in retirement based on:
 - % of current income you may need in retirement
 - Anticipated retirement age, savings rate, and investment mix
 - Current savings amount including Social Security and *coming soon*: your first unreduced TCRS benefit
 - Current salary
 - Projected health care costs and mortality assumptions
 - Outside assets if you choose to add them

www.retirereadytn.gov





All Plans are Needed to be Retirement Ready!





Questions?

Thank you!