RETIREREADY
TENNESSEE'S RETIREMENT PROGRAM

A program of the
Tennessee Department of Treasury
David H. Lillard, Jr., Treasurer

THE STATE OF TENNESSEE RETIREMENT PLAN

RetireReadyTN

Coffee County Schools



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, and retirement readiness education. We strive to empower public employees to take actionable steps toward preparing for the future.

Learn more



Who are State of Tennessee Retirement Plan Members?

- State Employees
- Higher Education Employees
- Public K-12 Teachers
- Certain Judges/The Attorney General/District Attorneys General/District Public Defenders
- Members of the General Assembly
- Local Government Entities that elect to participate such as:
  - Cities
  - Counties
  - Special Districts

Tennessee Consolidated Retirement System (TCRS)

Tennessee Consolidated Retirement System (TCRS)

- TCRS is a defined benefit plan providing a lifetime retirement benefit, and 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
- Contributions cannot be withdrawn until termination of employment or retirement
- The State invests your contributions on your behalf



What Determines Your TCRS Retirement Benefit?

Average Final Compensation (AFC)

- The average of your highest 60 consecutive 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 joint and survivor plan options

Accrual Factor

- Determined by Hybrid or Legacy member

Legacy Plan Overview

Employees Hired Before July 1, 2014 – Legacy Plan

- Members are 5% contributory to TCRS
- 5-year vesting under TCRS
- Service Retirement at age 60 and vested, or with 30 years of service
- Early retirement may be available at age 55 or with 25+ years of service with a reduced benefit
- Voluntary participation in the 401(k) plan, no automatic enrollment

Footnotes/Gotham Book, 18pt/ As of date.

TCRS Legacy Plan Formula

Accrual Factor[1]	X	Average Final Compensation	X	Years of Service	=	Annual Benefit
1.575%		Average of your highest 60 consecutive months of salary		Service established while in a position covered by the Legacy Plan		

- Benefit payments are made monthly via direct deposit
- May choose a Single Life Annuity or Joint and Survivor Plans

1 General State, Higher Education Employees, and K-12 Public School Teachers receive a 5% Benefits Improvement Percentage (BIP), which raises the Accrual Factor from 1.5% to 1.575%. The BIP does not apply to members of the General Assembly, State Judges, and any superseded plans.

Legacy Plan TCRS Benefit Calculation Example

Average Final Compensation (AFC) = $50,000

Accrual Factor x AFC x Years of Service = Annual Benefit

Years of Service	Accrual Factor[1]	Annual Benefit	Monthly Benefit
5	1.575%	$3,937.50	$328.12
10	1.575%	$7,875	$656.25
15	1.575%	$11,812.50	$984.37
20	1.575%	$15,750	$1,312.50
25	1.575%	$19,687.50	$1,640.62
30	1.575%	$23,625	$1,968.75

1. General State, Higher Education Employees, and K-12 Public School Teachers and some Local Governments receive a 5% Benefits Improvement Percentage (BIP), which raises the Accrual Factor from 1.5% to 1.575%. The BIP does not apply to members of the General Assembly, State Judges, and any superseded plans.

TCRS Benefits

Additional 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.
- Sick Days
  - Unused sick days can be used towards service time at retirement. Employees receive one month of service for every 20 unused sick days



Prior Service in TCRS

- A member may be entitled to establish prior service credit for:
  - Previously withdrawn service
  - Military service that interrupted the member's public employment
  - Educational leave of absence that interrupted the member's employment
- Some types of service may be established without charge, while others require payment of contributions and interest.
- For additional information, visit **RetireReadyTN.gov** or contact the Service Center at **800-922-7772**.



Cost of Living Adjustment

- 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



Separation from Service - TCRS

What happens to a member's retirement benefits upon separation from service with a TCRS-covered employer?

- If the member is vested, he/she will qualify for a retirement benefit once the service retirement age is reached.
- If the member is not vested, he/she may withdraw employee contributions, if any. Members are encouraged to keep employee contributions in the plan, if there is a possibility of returning to work for a TCRS-covered employer at a later date.
- If the separation from service is due to disability, the member may apply for disability benefits.

Deferred Compensation Plan
401(k)

Deferred Compensation Plan – 401(k)

- The amount available in retirement is based on contributions, plus any accumulated earnings
- Members are immediately vested in the 401(k)
- All participants can change their beneficiary(ies) and investments at any time. Participants maintaining active employment can change their contributions at any time.
- Upon terminating employment or retiring, an employee may leave the account balance in the plan, roll it over to another qualified plan, or begin taking distributions[2]
- Members select their investment options based on their individual goals, risk tolerance, and timeline



1 State, Higher Education employees, and K-12 Public Teachers have immediate vesting in the 401(k) and 457(b). Local Government employees should call their plan specialist.

2 Withdrawals from the 401(k) Plan may be subject to income tax and a 10% early withdrawal penalty if taken before age 59½. Withdrawals from the 457(b) plan may be subject to income tax.

Deferred Compensation Options

Plan options:

1. **401(k)**
    - Make pre-tax contributions to reduce your current taxes; and/or
    - Make after-tax contributions (also known as Roth) to reduce your taxes in retirement.



How Much You Can Contribute

Like everything in life, there are some rules when it comes to contributing to your plan

- IRS limit for an individual: $24,500
- Catch-up contributions: An additional $8,000 for people 50 and older



- * Both the age 50+ catch-up and the 457 catch-up cannot be used in the same year.

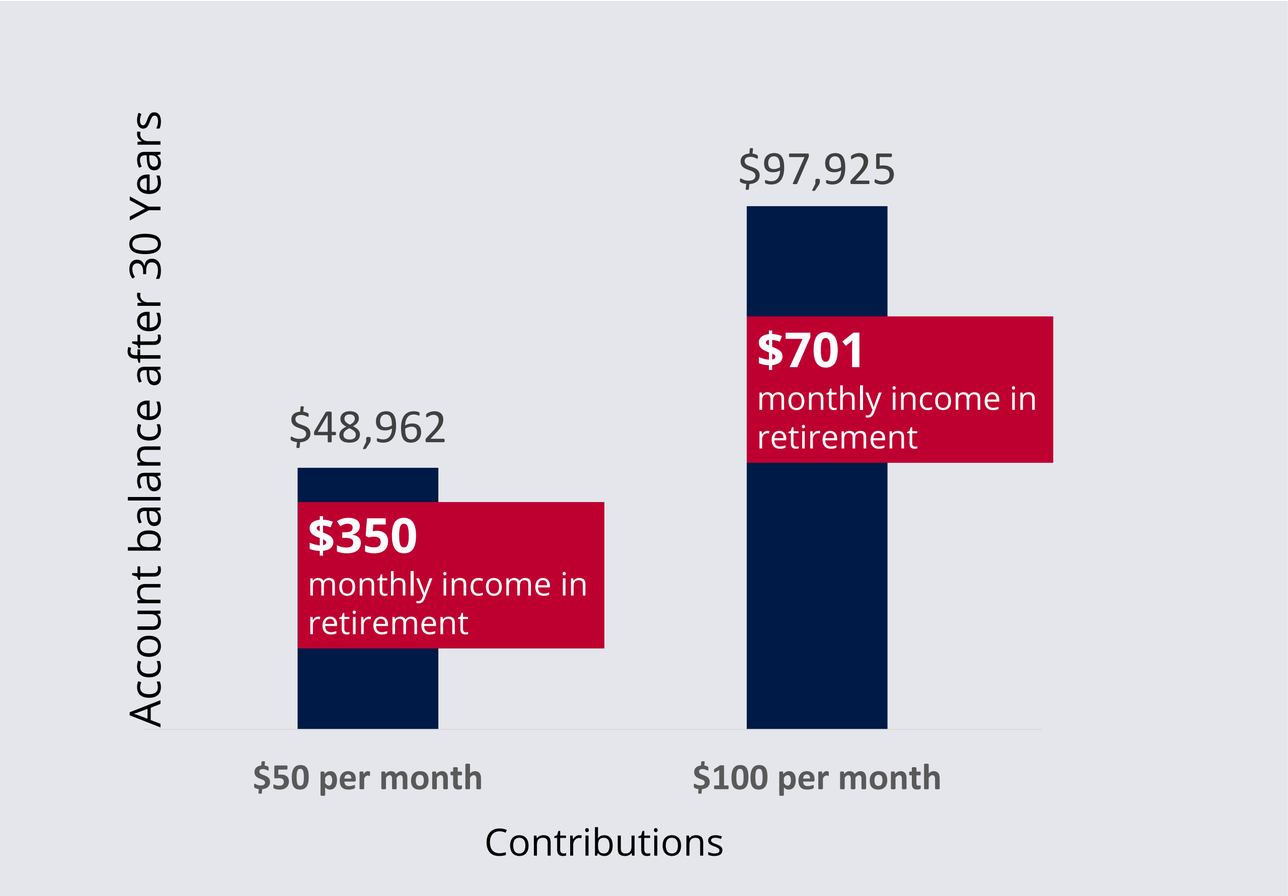
Contributing to Multiple Plans

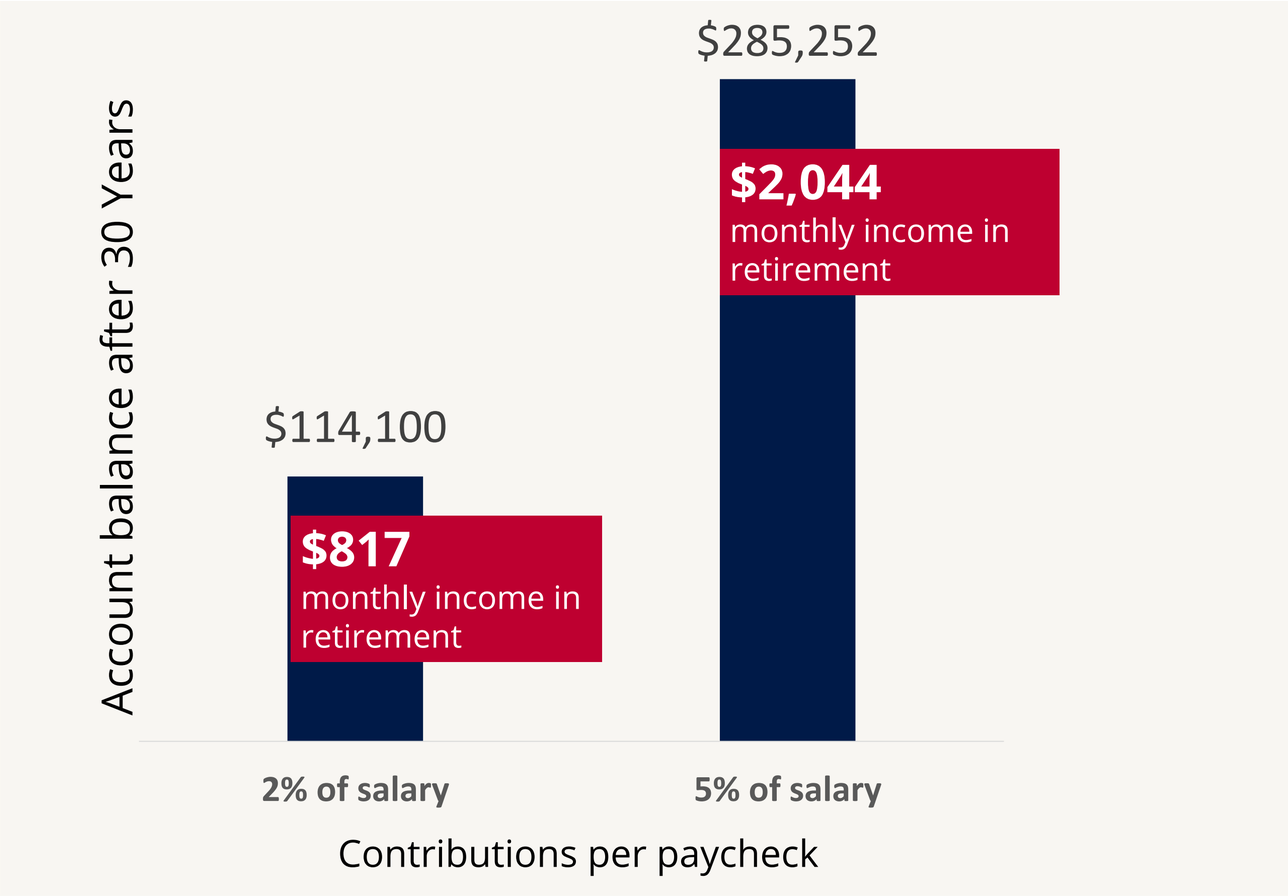
- Contributing to both a 401(k) and 403(b) plan? Please note the combined total contributions cannot exceed the maximum limit of $24,500 in 2026, or $32,500 if age 50 or older
- For more information about contributing to multiple plans, please visit **irs.gov**



A little more now could become a lot more for your future

It’s true when people say a little bit can really add up over time.



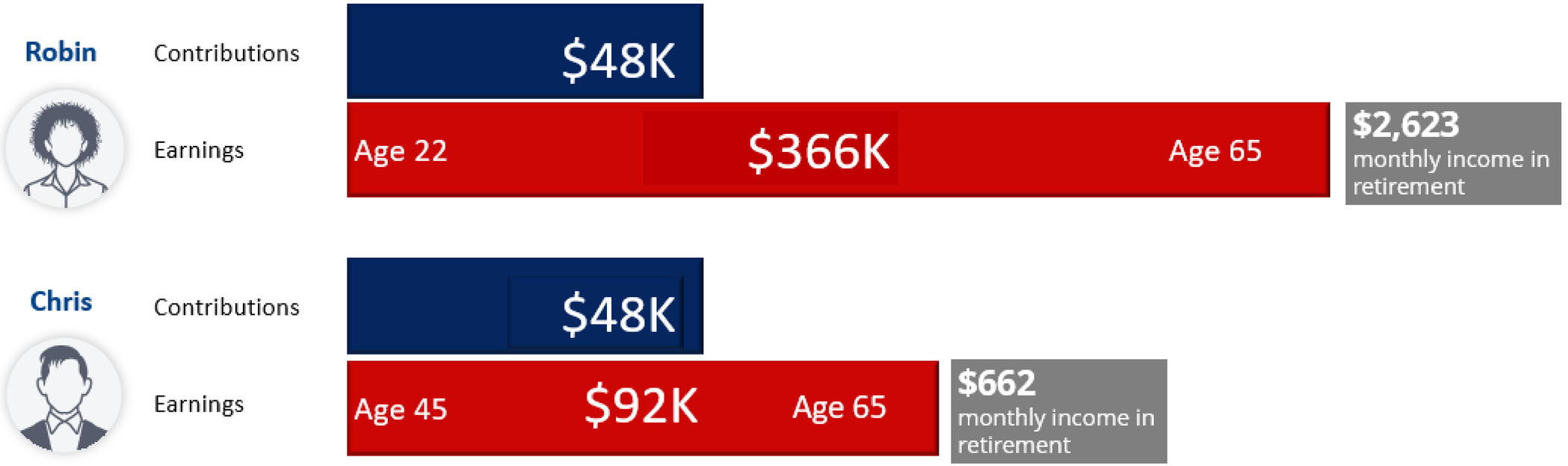


FOR ILLUSTRATIVE PURPOSES ONLY. This hypothetical illustration assumes a salary of $50,000 with 3% raises annually, contributions of 2% of salary, 5% of salary, $50/month, and $100/month for 30 years at 6% annual rate of return and reinvestment of earnings with no withdrawals. This is followed by withdrawals of the above amounts monthly for 20 years at 6% annual rate of return during retirement. These rates of return are not guaranteed. Investing involves risk, including loss of principal. This illustration does not include any taxes due, fees, charges, or expenses. These deductions would reduce the tax-deferred amount shown in this illustration.

Employee contributions: The cost of waiting

Both employees save $200/month for 20 years.
Robin contributes from age 22 to 42.
Chris contributes from age 45 to 65.

Total contributions = $48,000



FOR ILLUSTRATIVE PURPOSES ONLY. This hypothetical illustration is not intended as a projection or prediction of future investment results, nor is it intended as financial planning or investment advice. It assumes a 6% annual rate of return and reinvestment of earnings with no withdrawals. Rates of return may vary. The illustration does not reflect any associated charges, expenses or fees. The tax-deferred accumulation shown would be reduced if these fees were deducted. Robin invested $200 at the end of each month beginning at age 22 and ending at age 42, then let her investment grow until age 65. Chris invested $200 at the end of each month beginning at age 45 until age 65. Final account balances are rounded to the nearest thousand. This is followed by withdrawals of the above amounts monthly for 20 years at 6% annual rate of return during retirement before taxes are taken out.

Separation from Service – Deferred Compensation

- Funds may remain in the 401(k) or be rolled over to another qualified retirement plan
  - Required minimum distributions must be taken annually once the member reaches age 73
- **401(k) –** You may begin taking qualified distributions without early withdrawal penalty upon reaching age 59 ½ or age 55 if retired.
- 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.

Retirement Readiness Education

Retirement Readiness Education

- RetireReadyTN offers retirement readiness education and retirement counseling to all members at any stage in their career, and retirement counseling for those nearing retirement
- Members can meet with a local RetireReadyTN Plan Advisor for assistance with retirement planning or to discuss other financial planning needs
- These services are provided to members at no additional cost to you



[1] State, Higher Education employees, and K-12 Public Teachers have immediate vesting in the 401(k) and 457(b). Local Government employees should call their plan specialist.

[2]Withdrawals from the 401(k) Plan may be subject to income tax and a 10% early withdrawal penalty if taken before age 59½. Withdrawals from the 457(b) plan may be subject to income tax.

Local RetireReadyTN Plan Advisors

- Licensed investment advisors
- Provide counseling on TCRS, Hybrid Plan and Legacy Plan
- Conduct Retirement Readiness Reviews and Retirement Counseling[1]
- Provide recommendations in your best interest[2]



[1] The Retirement Readiness Review is provided by an Empower representative registered with Empower Financial Services, Inc. and may provide recommendations at no additional cost to participants. There is no guarantee provided by any party that use of the review will result in a profit.

[2] Point-in-time advice provided by an Empower representative may include savings, investment allocation, distribution, and rollover advice, including advice on consolidating outside retirement accounts. Point-in-time advice is provided by an Empower representative registered with Empower Financial Services, Inc. at no additional cost to account owners. There is no guarantee provided by any party that use of the advice will result in a profit.

Retirement Education Resources

- **RetireReadyTN.gov**
- Call Center at **800-922-7772**
- Materials on **RetireReadyTN.gov** > *Forms and Guides*
- Group presentations

Preparing for 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 Empower Advisory 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 Empower Financial Services, 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**[1]

1 Please allow at least 90 days for processing of all online retirement applications

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



TCRS Benefit Payment Option Selection

Single Life Annuities	**Description:** Benefit ceases upon the member's death	
Member Only	Maximum benefit based on benefit formula	
Social Security Leveling	Higher monthly benefit before age 62, offset by a permanent reduction at age 62, equal to estimated SS benefit. Benefit ceases upon member's death	
Joint and Survivor Plans	**Description:** Reduces the member's benefit to provide a percentage (shown below) to the beneficiary upon the member's death. Under the pop-up options, if the beneficiary dies first, the member's benefit will increase to the Member Only benefit amount	All options available if designating spouse as sole beneficiary. Non-spouse eligibility depends on the adjusted age difference limits shown below
Option 1	100%	Less than 11 years
Option 2	50%	N/A
Option 3	100% with pop-up	Less than 11 years
Option 4	50% with pop-up	N/A
Option 5 (New)	70%	Less than 23 years
Option 6 (New)	70% with pop-up	Less than 23 years

A TCRS Benefit Estimate will provide a full breakdown of the benefit available under each option based on the member's plan eligibility and service and salary history. Joint and Survivor Plan benefit amounts are based on a calculation using the member and beneficiary's birthdates. If multiple beneficiaries are selected the youngest beneficiary's birthdate will be used.

Return to Work Programs for State Employees

	120 Day Temporary Employment	NEW 70% Benefit – Hard-to-fill positions
Salary Limit	Yes – 60% of salary + 5% added annually	N/A
Retirement Benefit Limit	N/A	Yes – 30% reduction during reemployment
Employment Limit	120 days during 12-month period	1 year per appointment
Training & Certification Requirements	N/A	Yes – requisite experience & training
Waiting Period	60 days	60 days
Certification of no other qualified candidate	N/A	Yes
Annual Form Required	Yes	Yes
Repeal Date	N/A	N/A

A hard-to-fill position is defined in State Law as a position where one or more of the following conditions are met:

A. The employer is experiencing difficulty in recruiting and retaining qualified employees for the position;
B. The position requires specialized certification, credentials, or education;
C. The demand for the position exceeds the supply
D. The position is in high demand in the marketplace;
E. The position is filled by key personnel;
F. The position requires specific skills and experience; or
G. The position has other unique recruitment or retention issues identified and documented by the employer

Treasury Outreach Team

Outreach Director
Drew Freeman
Drew.Freeman@tn.gov
615-806-4467

East Tennessee
Justin Ball
Justin.Ball@tn.gov
423-356-1518

Middle Tennessee
James Armistead
James.Armistead@tn.gov
615-289-4447

West Tennessee
Tim Joyce
Tim.Joyce@tn.gov
901-233-4517

Thank You