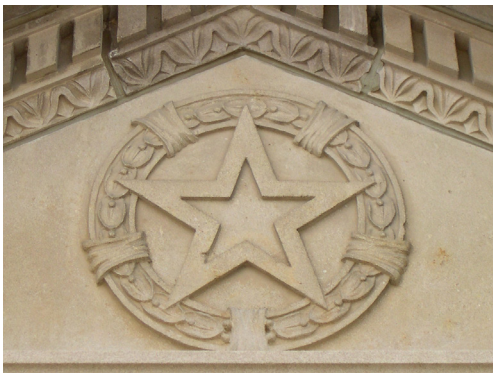
ERS
EMPLOYEES RETIREMENT SYSTEM OF TEXAS



PLANNING YOUR RETIREMENT

CERTIFIED PEACE OFFICERS/ CUSTODIAL OFFICERS (CPOS/COS)

Published March 2017

Chase Fountain, TPWD

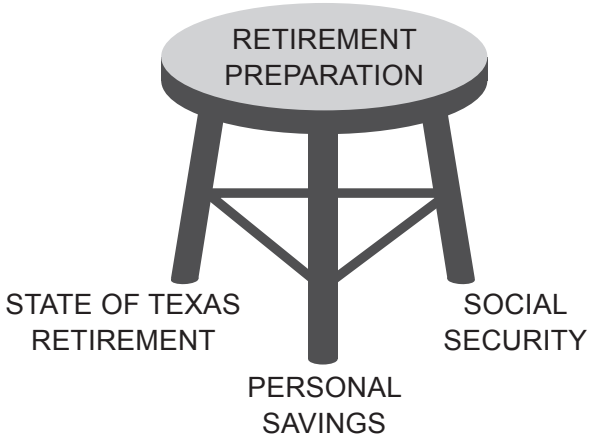
BENEFITING TEXANS SINCE 1947

Your ERS Retirement

Think of your retirement as a three-legged stool. The three legs include your State of Texas retirement, your Social Security Administration (SSA) benefits and your personal savings, such as the Texa$aver 401(k) / 457 Program. You need all three to have a secure financial future. ERS manages a defined benefit retirement plan for State of Texas employees. It's qualified under Section 401(a) of the Internal Revenue Code. The plan provides a lifetime retirement payment based on formulas and eligibility guidelines authorized by the Texas Legislature.

ERS has different rules and calculations for different groups of employees such as law enforcement officers, judges and elected state officials. This guide covers retirement benefits and eligibility for law enforcement/custodial officers/parole officers.

Three-Legged Stool



ERS OFFERS COMPETITIVE BENEFITS TO ENHANCE THE LIVES OF ITS MEMBERS.

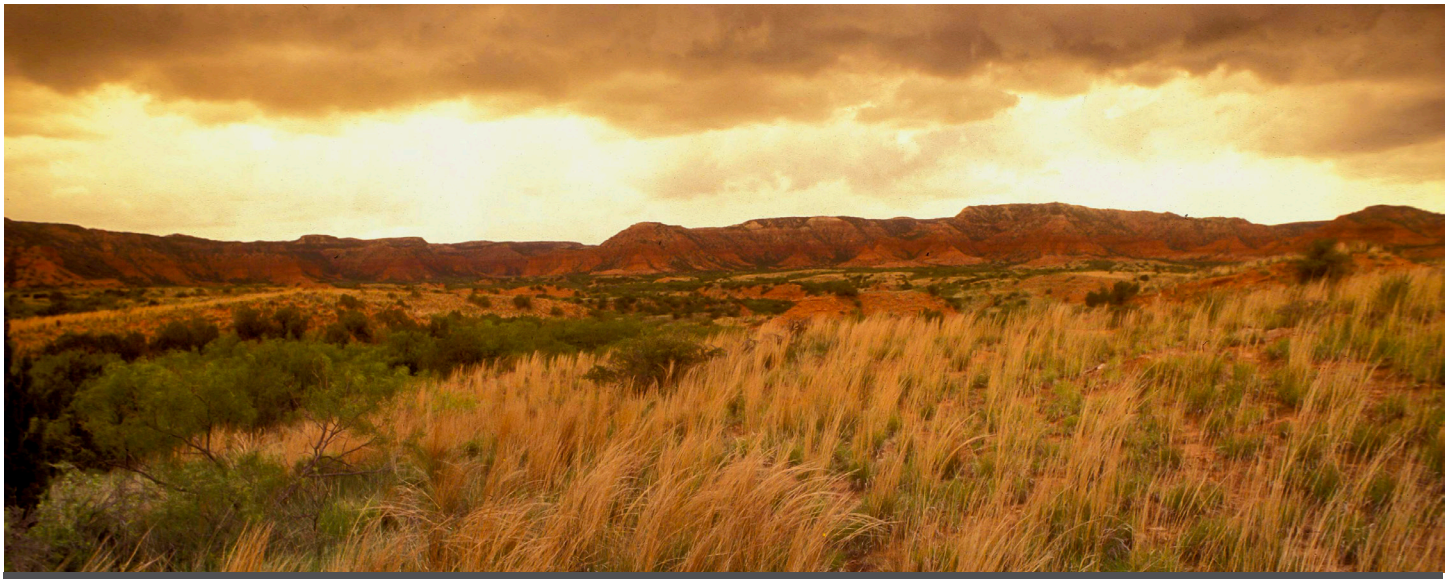


TABLE OF CONTENTS

Eligibility and your annuity 2-6

Disability retirement for CPO/CO employees 7

Survivor benefits for CPO/CO employees. 8-10

Earned service credit. 11-13

Purchased service credit 14-15

Insurance at retirement. 16-18

Texa$aver 19-21

Social Security Administration 22

Applying for retirement 23

Adjusting to life in retirement 24-26

Glossary 27-28

ELIGIBILITY AND YOUR ANNUITY

Since the beginning of your state employment, you have deposited a portion of your monthly salary into the ERS Retirement Fund. The State has also been contributing an amount equal to a percentage of your salary into the Fund. The percentages deposited by you and the State may have varied over the course of your career.

Your and the State's contributions haven't been put into an individual account for you. Instead, they've been deposited into the overall ERS Fund that ERS invests over time. The Fund includes contributions for all the state employees. This type of "pooled" investing increases value to all ERS members and to the State. In fact, most of the retirement payments you will receive, will come from investment earnings, with only about a third of the payments coming from your and the State's original contributions.

The information in this booklet applies to employees hired before September 1, 2009. If you were hired before that date but withdrew your account and came back on or after September 1, 2009, your retirement eligibility differs from the descriptions in this section. Find more information online: **https://ers.texas.gov/Benefits-at-a-Glance/GBP-Eligibility**.

There are several different ways to meet retirement eligibility. You may be eligible to continue your Texas Employees Group Benefits Program (GBP) health and optional insurance in retirement.

Law Enforcement and Custodial Officer Supplemental Retirement Fund (LECOSRF)

The Texas Legislature created LECOSRF to reward Certified Peace Officers/Custodial Officers (CPOs/COs) with 20 or more years of service. Because of the physical demands or their jobs, members in this group can retire at younger ages than regular state employees. They also have a different retirement calculation. You can find more information on how your benefit is calculated in the Estimate your monthly payment section on pages 5 and 6.

Who's eligible for LECOSRF membership?

"Law enforcement officers" commissioned by the following agencies:

- Texas Department of Public Safety,
- Texas Alcoholic Beverage Commission,
- Texas Parks and Wildlife Department, and
- Texas Juvenile Justice Department.

The Texas Commission on Law Enforcement Officers Standards and Education must recognize a law enforcement officer's commission.

- "Custodial officers" for the Texas Department of Criminal Justice (TDCJ), certified as having normal duties requiring direct contact with inmates.
- "Parole officers or caseworkers" employed and certified by the Board of Pardons and Paroles or TDCJ.

When can you retire under LECOSRF?

20 years at age 50 or older

Most CPO/CO employees attempt to attain at least 20 years of CPO/CO service credit. At that point, the service multiplier increases from 2.3% to 2.8%. You can use the multiplier with your months of service and final average salary to see the amount of your standard monthly payment. Check out the CPO/CO Multiplier Table on page 6 to find the multiplier for your specific years and months of service.

Example: Sandra, a 53-year-old game warden, has worked for the Texas Parks and Wildlife Department for 23 years.

Sandra's retirement benefit:
She can retire now with no age reduction and receive the higher 2.8% multiplier because she is over 50 years old and has at least 20 years of CPO/CO service credit.

Sandra's insurance (GBP) benefit:
She's also eligible for retiree insurance because she has at least 10 years of GBP-eligible service credit.

20 years before age 50 or early CPO/CO retirement

If a CPO/CO member has 20 years of service and retires before age 50, he or she is eligible for the 2.8% multiplier, but will get a reduced monthly retirement payment. The reduction is permanent. See the chart on page 5 for the reduction percentages based on age. The retirement payment will not increase when the retiree turns 50. Also, if a CPO/CO member retires prior to age 50, he or she cannot choose a Partial Lump Sum Option (PLSO).

Ned, a 46-year-old Department of Public Safety trooper, retires with 22 years of CPO/CO service credit.

Ned's retirement benefit:
He's retiring prior to age 50, so he'll have an age reduction and will only receive 71.2% of the annuity he would've received, had he retired at age 50 or older.

He's under 50, so he cannot receive a PLSO.

Ned's insurance (GBP) benefit:
He's eligible for retiree insurance because he has at least 10 years of GBP-eligible service credit.

Rule of 80

If a CPO/CO member's age plus years of service equal 80, he or she can retire under the Rule of 80. There wouldn't be an age reduction for retiring before age 50 and he or she would be eligible for a PLSO.

Example: Brandon, 49-year-old correctional officer at the Texas Department of Criminal Justice has 31 years of service credit, making him eligible to retire under the Rule of 80.

Brandon's retirement benefit:
He can retire without an age reduction, even though he's younger than 50, because he meets the Rule of 80. He gets the 2.8% multiplier because he has at least 20 years of CPO/CO service. He's also eligible for a PLSO.

Brandon's insurance (GBP) benefit:
He's eligible for retiree insurance because he has at least 10 years of GBP-eligible service.

10 years at age 55

Some CPO/CO members may not work as long as 20 years. CPO/CO members can retire with a minimum of 10 years of service credit at age 55. However, they will not receive the higher 2.8% multiplier because they did not have 20 years. CPO/CO members contribute more to retirement so that they can use the higher 2.8% multiplier. They get a refund of the extra contributions if they don't have 20 years of CPO/CO service credit.

Example: Rosa, a 57-year-old parole caseworker with the Board of Pardons and Paroles, has 12 years of CPO/CO service credit.

Rosa's retirement benefit:
She can retire now because she's older than 55 and has at least 10 years of service credit. Her retirement will be calculated with the 2.3% multiplier. She'll also receive a refund of contributions paid into the LECOSRF two weeks after her first retirement payment.

Rosa's insurance (GBP) benefit:
She's eligible for retiree insurance because she has at least 10 years of GBP-eligible service.

Five years at age 60

Just like regular-service employees, Group 1 CPO/CO members can retire at age 60 with five years of service credit. However, because the member does not have 20 years of service credit, the annuity payment would be calculated with the 2.3% multiplier. Also, with only five years of service credit, he or she is not eligible for retiree insurance. Members must have 10 years of GBP-eligible service to be eligible for retiree insurance.

If you separate employment prior to your retirement date, your health coverage and optional coverage will end on the last day of the month you separate employment. You will have the option to continue your health and dental coverage through COBRA for up to 18 months.

If you're still on COBRA after 18 months and have not yet turned 65, you and your eligible dependents may be able to sign up for interim coverage until you are eligible for retiree insurance. You must have been in a GBP-eligible position as a state officer or employee on or before August 31, 2003 and you must meet the requirement for retiree insurance, as those requirements existed on August 31, 2003.

Interim coverage is expensive. You pay the total actuarial cost as determined by the ERS Board of Trustees. You may find less expensive and comparable alternatives in the Affordable Care Act Marketplace.

Leaving CPO/CO employment before retiring

20 years CPO/CO service

Some retirement-eligible CPO/CO members leave employment before turning 50. They may not necessarily need monthly payments right away or may not want the permanent age reduction. They can leave their retirement account with ERS and wait until age 50 to start receiving their retirement to avoid reduced monthly retirement payments. Remember, you can only use annual and sick leave toward retirement if you retire directly from state employment.

Example: Ned, a 46-year-old DPS trooper with 22 years of CPO/CO service credit that includes six months of sick leave, is leaving DPS. He has two choices:

OPTION 1

Ned's retirement benefit:

He can leave his money with ERS and wait until he turns 50 to retire. However, he won't have a monthly payment or retiree insurance until then and won't be able to use his unused sick leave toward retirement either.

Ned's insurance (GBP) benefit:

He won't have any GBP benefits until he retires. If he elects optional benefits, they'll begin right at retirement, but his health coverage will have a 60-day waiting period following his retirement date.

10 years CPO/CO service

Some CPO/CO members may leave employment before the age of 55 and have at least 10 years of CPO/CO service but less than 20 years. If they don't withdraw their retirement account when they leave employment they will be eligible to retire at age 55.

Example: Victor, a 51-year-old TDCJ Custodial Officer with 11 years of CPO/CO service credit leaves state employment and leaves his retirement account with ERS.

Victor's retirement benefit:

He can retire at age 55 because he has a minimum of 10 years of CPO/CO service. His retirement will be calculated with the 2.3% multiplier. He'll also receive a refund of contributions he paid into the LECOSRF two weeks after his first retirement payment.

Victor's insurance (GBP) benefit:

He won't have any GBP benefits until he retires. If he elects optional benefits, they'll begin right at retirement, but his health coverage will have a 60-day waiting period following his retirement date.

Estimate your monthly payment

How much money will you get each month when you retire? A good estimate of your standard annuity (maximum monthly payment) is important to planning a comfortable retirement. Many financial advisors suggest replacing 70-85% of your working income in retirement. But keep in mind that your ERS payment should be just one of the three sources of retirement income. The other two are Social Security and personal savings. ERS calculates your monthly payment based on your final average salary, your years of service and your payment option.

Your final average salary

Your standard annuity calculation begins with your final average salary. You can determine this by adding up your highest 36 months of salary, and dividing that number by 36. Your salary includes your monthly regular base pay, longevity pay, Benefit Replacement Pay (BRP) and hazardous duty pay.

Your service percentage or multplier

For every year you work, you get 2.3% (2.8% if you have at least 20 years of CPO/CO service) of your final average salary added to your standard monthly payment.

20 years at 50 or 20 years with the Rule of 80

This is the minimum combination for CPO/CO members to qualify for the Supplemental Retirement Program. The Supplemental Retirement Program rewards officers with 20 or more years of CPO/CO service by allowing them to retire with a higher benefit. At 20 years, the multiplier increases from 2.3% to 2.8%. Use the CPO/CO Standard Annuity Multiplier Table on page 6 to determine the percentage of your final average salary you can receive based on years of service.

Your payment options

Do you have a spouse or someone else who you want to continue receiving annuity payments after you die? You can set up your retirement so that one beneficiary is paid after your death, but that will permanently lower your monthly payment.

You can learn more in the Survivor Benefits section on page 8.

Partial lump-sum option (PLSO)

You may choose to receive a one-time payment equal to one to 36 months of your standard payment as a lump sum at retirement. If you choose this option, ERS pays this in addition to your monthly retirement payment. By selecting a PLSO, you permanently lower your monthly payments. Your age at retirement and the number of months you choose for the PLSO determine how much the payment is reduced.

Rule of 80:

If you're a CPO/CO member, younger than 50 and meet the Rule of 80, you can retire with no age reduction. The Rule of 80 is when the sum of your age and service credit equals 80.

Reduction percentages for early CPO/CO retirement

Age at retirement	Percentage of full benefit
30	21.3%
31	22.9%
32	24.7%
33	26.6%
34	28.7%
35	31.0%
36	33.4%
37	36.0%
38	38.9%
39	42.0%
40	45.3%
41	49.0%
42	52.9%
43	57.2%
44	61.9%
45	66.9%
46	72.5%
47	78.5%
48	85.0%
49	92.2%
50	100.0%

The following members cannot receive PLSOs:

- CPO/CO employees with at least 20 years of CPO/CO service who retire under the age of 50 and don't meet the Rule of 80
- Disability retirees (see page 7 for more information on disability retirement)
- Proportionate Retirement Program (PRP) retirees (except for those age 60 and over with at least five years of service credit; see page 13 for more information on proportionate retirement)

You can take your PLSO as a direct cash payment. You would pay 20% in taxes and may have to pay an additional 10% penalty for early withdrawal if you retire from state employment younger than 55. If you provide your direct deposit information early enough, we may be able to deposit the PLSO directly into your account within five days of your first monthly retirement payment.

You can also roll your PLSO payment into a Texa$aver 401(k) or 457 Plan account. ERS coordinates the rollover and sends it directly to Great West. You cannot use the PLSO rollover to pay off an existing Texa$aver loan.

If you have an eligible outside retirement plan or an IRA, you can also roll your PLSO into it. ERS will need the name of the financial institution. We will send you a separate check made out to the financial institution within five days of your first monthly retirement payment.

Federal income tax on your monthly retirement payment

Federal tax law requires ERS to deduct federal income tax from your monthly payment, unless you choose not to withhold tax. Retirement contributions made before January 1, 1988 and funds deposited to your account as the result of a service purchase, other than through a tax-free rollover (or transfer), are classified as "after-tax" dollars.

ERS pays you after-tax dollars in your account on a prorated basis over your lifetime, as prescribed by federal tax laws. Therefore, if you retire with after-tax dollars in your account, a small portion of each monthly retirement payment is non-taxable.

Retiring with less than 20 years of CPO/CO service

You'll will use the lower 2.3% multiplier and the final average salary, just like regular state employees.

CPO/CO Standard Annuity Multiplier Table

(Percentage Value of Service Credit)

MONTHS →

YEARS ↓	0	1	2	3	4	5	6	7	8	9	10	11
20	56.000	56.233	56.467	56.700	56.933	57.167	57.400	57.633	57.867	58.100	58.333	58.567
21	58.800	59.033	59.267	59.500	59.733	59.967	60.200	60.433	60.667	60.900	61.133	61.367
22	61.600	61.833	62.067	62.300	62.533	62.767	63.000	63.233	63.467	63.700	63.933	64.167
23	64.400	64.633	64.867	65.100	65.333	65.567	65.800	66.033	66.267	66.500	66.733	66.967
24	67.200	67.433	67.667	67.900	68.133	68.367	68.600	68.833	69.067	69.300	69.533	69.767
25	70.000	70.233	70.467	70.700	70.933	71.167	71.400	71.633	71.867	72.100	72.333	72.567
26	72.800	73.033	73.267	73.500	73.733	73.967	74.200	74.433	74.667	74.900	75.133	75.367
27	75.600	75.833	76.067	76.300	76.533	76.767	77.000	77.233	77.467	77.700	77.933	78.167
28	78.400	78.633	78.867	79.100	79.333	79.567	79.800	80.033	80.267	80.500	80.733	80.967
29	81.200	81.433	81.667	81.900	82.133	82.367	82.600	82.833	83.067	83.300	83.533	83.767
30	84.000	84.233	84.467	84.700	84.933	85.167	85.400	85.633	85.867	86.100	86.333	86.567
31	86.800	87.033	87.267	87.500	87.733	87.967	88.200	88.433	88.667	88.900	89.133	89.367
32	89.600	89.833	90.067	90.300	90.533	90.767	91.000	91.233	91.467	91.700	91.933	92.167
33	92.400	92.633	92.867	93.100	93.333	93.567	93.800	94.033	94.267	94.500	94.733	94.967
34	95.200	95.433	95.667	95.900	96.133	96.367	96.600	96.833	97.067	97.300	97.533	97.767
35	98.000	98.233	98.467	98.700	98.933	99.167	99.400	99.633	99.867	100.000	100.000	100.000
36	100.000	100.000	100.000	100.000	100.000	100.000	100.000	100.000	100.000	100.000	100.000	100.000
37	100.000	100.000	100.000	100.000	100.000	100.000	100.000	100.000	100.000	100.000	100.000	100.000

DISABILITY RETIREMENT FOR CPO/CO EMPLOYEES

Nonoccupational disability retirement

applies to CPO/CO members just as it does for regular state employees. There are no special provisions for CPO/CO members.

Occupational disability retirement

has different eligibility requirements than for regular state employees. The disability must be:

- from a sudden and unexpected injury or disease resulting solely from a specific act or occurrence determinable by a definite time and place, and
- solely from an extremely dangerous risk or severe physical or mental trauma or disease uncommon to the general public, or is peculiar and inherent in a dangerous duty arising from the nature and in the course of your state employment.

Example: Piper, a TDCJ correctional officer, is critically injured during a violent interaction with an inmate. She can no longer perform her job duties, which could involve violent situations. With assistance from her agency and family, Piper will apply for occupational disability retirement.

There are no age or length-of-service requirements for occupational disability retirement, but there are some conditions:

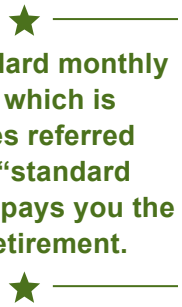
- You must apply for retirement within two years of the disabling injury.
- Your agency must certify that your disability prevents you from having some level of reasonable accommodations.
- If approved, your payment may not be less than 50% of your average salary, regardless of your years of service credit.
- If you provide medical evidence that you are disabled and a disability determination letter from the SSA that explains the reason for approving you for federal benefits, your ERS benefit may increase to 100% of your final average salary.
- Your approved power-of-attorney or legal guardian may apply for retirement on your behalf, if you are unable to do so.
- You may apply as early as 90 days before your retirement date.
- The ERS Medical Board must certify that your disability is likely to be permanent and prevent you from continuing your current employment or any other occupation offering comparable pay.
- If ERS approves your disability retirement, you are eligible for a monthly retirement payment and retiree insurance through the GBP.

SURVIVOR BENEFITS

Retirement benefits for survivors

Payment options

In earlier sections, we referred to the standard monthly payment, or standard annuity, at retirement. That's the amount that pays you the most. But you can set up your retirement payments so that a spouse or other beneficiary can continue to get monthly payments after your death. These are called "survivor options." There are five survivor options and each of them will reduce your monthly payment by a certain amount, depending on your age and/or your beneficiary's age at retirement.



The standard monthly payment, which is sometimes referred to as the "standard annuity," pays you the most at retirement.

Option	Retiree Payment	Survivor Payment
Standard Annuity	Highest monthly payment paid to you for life.	No monthly survivor payment continues after your death. If there is money left in your account after your death, your survivor receives it as a one-time, lump-sum payment.
Option 1*	Lowers the monthly payment for life.	After your death, your survivor gets 100% of your monthly payment for life.
Option 2*	Lowers the monthly payment for life.	After your death, your survivor gets 50% of your monthly payment for life.
Option 3	Lowers the monthly payment for life.	If you die before you get 60 monthly payments, your survivor gets the rest of the 60 monthly payments. Then the monthly payment stops.
Option 4	Lowers the monthly payment for life.	If you die before you get 120 monthly payments, your survivor gets the rest of the 120 monthly payments. Then the monthly payment stops.
Option 5*	Lowers the monthly payment for life.	After your death, your survivor gets 75% of your monthly payment for life.

*If you select a survivor option and the beneficiary dies before you, your monthly payment will change to the standard annuity option for the rest of your life.

If you choose a survivor option, your monthly payment will be reduced from what you would have received as the standard monthly payment and your beneficiary will receive a monthly payment upon your death. With Options 1, 2 or 5, your beneficiary will receive lifetime monthly payments. With Options 3 or 4, he or she will receive monthly payments for up to five or 10 years, respectively.

It's important to note that, with Options 1, 2 or 5, the age of your beneficiary figures into the equation of your monthly payment. Reduction in your monthly payment depends on how much younger the beneficiary is, than you.

You can use the online estimate tool to calculate your monthly payment for each option.

If you choose someone other than your spouse as a beneficiary for Option 1 or 5, his or her monthly survivor payment may be less than 100% or 75%, respectively, of your monthly retirement payment, depending on the difference in your ages. Contact ERS toll-free at (877) 275-4377 to see how an additional age-based reduction would affect a beneficiary in this situation.

Example: Elia, a 60-year-old employee, wants to leave a monthly payment to her 11-year-old grandson, Max. If she chooses Option 1 (100%) or Option 5 (75%), Max may not receive the full 100% or 75% of the benefit upon Elia's death, because of his age and because he's not her spouse.

Death Benefit Plan (DBP)

If you are actively employed with the State and have 10 or more years of state service credit, ERS strongly encourages you to file a Death Benefit Plan (DBP). This way, if you die before you retire, your beneficiary can have a retirement plan. If you don't designate a beneficiary before your death, your benefits go to your estate or appropriate heirs. You can choose one of four DBP options for your beneficiary:

- Lifetime monthly payment – Your beneficiary receives a monthly retirement payment for the rest of his or her life. The amount is based on your service credit, your beneficiary's age and your final average salary. You may designate only one person as a beneficiary for this option. You cannot designate an estate.
- Lump-sum payment – Your beneficiary receives a refund of your retirement contributions in a one-time, lump-sum payment, minus applicable taxes. You may designate more than one beneficiary. Your beneficiary can rollover the pre-tax payments into an Individual Retirement Account (IRA) or receive a direct payment, minus taxes. You may also designate an estate as beneficiary for this option. The estate can receive only a direct payment, minus taxes.
- 10-year guaranteed monthly payment – Your beneficiary receives a monthly payment for 10 years. The amount is based on your service credit, age and final average salary, but will be different from a lifetime monthly payment amount. Monthly taxes may apply. You may designate more than one person or an estate as a beneficiary.
- Beneficiary's choice – Your beneficiary can choose a lifetime monthly payment, lump-sum payment or 10-year guaranteed monthly payment. If you designate an estate or multiple beneficiaries, the 10-year guaranteed monthly payment or the one-time lump sum payment will be the only options.

How DBPs are paid

ERS pays your beneficiary according to your DBP, if you:

- have 10 years of service*,
- filed a DBP before August 31, 2005,
- leave state employment, and don't withdraw your retirement contributions and
- die before you retire.

ERS pays your beneficiary a one-time, lump-sum refund of your retirement account, if you:

- did not file a DBP before August 31, 2005 or don't have 10 years of service,
- leave state employment, and do not withdraw your retirement contributions and
- die before you retire.

*If you had less than 10 years of service on August 31, 2005, you can select a DBP once you have 10 years of service, but ERS will pay it only if you are working for the State at the time of your death.

Death of a CPO/CO member

Occupational death

If your death is due to an occupational hazard, ERS may pay your surviving spouse a one-time, lump-sum death benefit in an amount equal to one year's salary. If there's no surviving spouse, the death benefit may go to the guardian of any surviving dependent minor children. If there are no surviving dependent children or surviving spouse, this occupational death benefit will not be paid.

Additional active employment death benefits for CPO/CO members

CPO/CO members can file a DBP. If you have less than 20 years of CPO/CO service credit, refer to the Planning Your Retirement booklet for regular state employees for the DBP guidelines for regular state service.

Any military service you purchase is included in calculations for your active employee death benefit and for an occupational disability retirement payment.

If you have at least 20 years of CPO/CO service credit at the time of your death, your beneficiary will be eligible for a monthly survivor payment under the Supplemental Retirement Program. ERS recommends filing a DBP so that if you pass away before you retire, your beneficiary will have a retirement payment.

If you have 20 years of CPO/CO service and filed a DBP by August 31, 2005, ERS will pay your beneficiary according to your DBP, even if you leave state employment. This does not apply if you withdraw your ERS retirement contributions.

If you had 20 years of CPO/CO service by August 31, 2014, but did not file a DBP, ERS will pay your beneficiary a lump-sum refund of your retirement account. This doesn't apply if you withdraw your ERS retirement contributions.

Chapter 615 benefits

Chapter 615 of the Texas Government Code provides additional benefits for eligible survivors of eligible first responders, including CPOs/COs, killed in the performance of duty. This program is funded by the State and administered by ERS. ERS works directly with the employer to gather information required for the Chapter 615 claim process.You can find more information at **www.ers.texas.gov/PDFs/Chapter615**.

More benefits for survivors

Your survivors may continue insurance coverage

If you die after you retire, your spouse and eligible dependents may continue the health and dental coverage in which they were enrolled on the date of your death. If they were not on your coverage at the time of your death, they can sign up within 30 days. This also applies to active employees with 10 or more years of service.

Anyone who continues health and dental coverage must pay the entire premium cost and continue to meet the residency requirements of the health and dental plans. Your spouse may continue coverage for life. Dependent children may continue coverage as long as they are eligible, regardless of whether your spouse continues coverage.

Lump sum death benefit

If you die as an ERS retiree, a $5,000 lump sum death benefit will be paid to your designated beneficiary, estate or appropriate heirs, when a claim is submitted. The lump sum death benefit costs you nothing. This is in addition to any life insurance or other survivor benefits to your beneficiary. You don't have to be enrolled in the GBP to qualify for this benefit. If you're in the Proportionate Retirement Program with less than five years service credit from ERS, the payment will be reduced accordingly.

EARNED SERVICE CREDIT

How do I earn ERS service credit?

The simplest way to earn service credit is to come to work. For every month you work, you earn a month of service credit. If you worked one day during a month, you get service credit for that month. The retirement contribution comes out of your monthly paycheck and deposits into the ERS Retirement Trust Fund. Twelve months of service credit equals one year of service. You may not earn more than one month of service credit for any month.

There are several other ways you can earn service credit. Earning extra service credit can help you retire under the Rule of 80 earlier and/or increase your monthly payments by adding extra service credit. Read more about which service credits could apply to you.

Unused sick and annual leave

If you retire directly from state employment, you can get service credit for both your unused sick and annual leave. ERS figures both of these accounts separately. You can use this time to meet eligibility for retirement and retiree insurance earlier, and/or to increase your monthly payment. The first 160 hours of leave gives you one month of service credit. Additional fractions over 160 hours are counted as full months of service credit. Here's how we calculate how many months of service you'll earn based on your leave balances:

Hours of leave (sick and annual are figured separately)	**Months of service credit**
160 hours	1 month
161-320 hours	2 months
321-480 hours	3 months
481-640 hours	4 months
641-800 hours	5 months
801-960 hours	6 months
961-1,120 hours	7 months
1,121-1,280 hours	8 months
1,281-1,440 hours	9 months
1,441-1,600 hours	10 months
1,601-1,760 hours	11 months
1,761-1,920 hours	12 months

You can earn more than 12 months of unused sick and annual leave, but this gives you an idea of how many months you can get. Your online retirement estimator includes unused sick and annual leave. Most agencies report this information to ERS so that we can figure it into your estimate. If your agency doesn't report unused sick and annual leave to ERS, contact us to speak to a retirement counselor for a better idea of your payment and eligibility.

Do you get paid for your annual leave?

Yes! A perk of retiring directly from state employment is, you can get service credit for your annual leave and get paid for it. You'll want to contact your benefits coordinator for information on receiving this payment. If you get paid in a lump sum, most likely you'll have a sizable percentage taken out for taxes. Some soon-to-be retirees have a two- or three-month supply of annual leave. Remember, taking this much money upfront can push you into a higher tax bracket for the year, depending on your situation. A tax advisor can give you more information.

If you're not retiring directly from state employment, you won't get credit for any annual and sick leave you accumulated while working for the State.

How can you save on taxes on an annual leave lump-sum payment?

You may defer all or part of your annual leave lump-sum payment into a Texa$aver account when you retire or leave state employment. You won't pay income tax on that money until you withdraw it. Social Security and Medicare taxes will still be deducted. You can open a Texa$aver account while you're employed by the State, but you can also open one right before you retire. That way, you can put it in a tax-free account and save on taxes.

Tell your benefits coordinator, HR office and/or Payroll office that you want to defer your annual leave to your Texa$aver account when you go through the exit process. If you're under 50, the most you can defer is $17,500. If you're using the Age 50 and Over Catch-up Provision, you can defer up to $23,000. You can defer up to these maximums for both 401(k) and 457 Texa$aver Plan accounts. Remember that you can't defer annual leave into Roth 401(k) or Roth 457 accounts because they are post-tax accounts, while your annual leave funds are pre-tax.

Find more information about Texa$aver on page 19-21.

TRS service credit

If you worked for an institution of higher education and still have credit for your service under the Teacher Retirement System, you can transfer creditable service between ERS and TRS when you retire if you have at least three years of service in the system in which you're retiring. If you want to retire with ERS, contact us before applying for retirement so we can certify your TRS service. After you do this, you'll soon get an email verifying the certification. You can then call ERS to process your retirement.

ERS and TRS members can transfer service between the two systems. You'd get one retirement payment from the system you retire from.

What if I cashed out my TRS retirement account?

You can buy back that service if you have at least one ERS retirement contribution on file. When you're ready to retire, you'll need at least three years of ERS service to retire with us. If you don't have three years at the time of retirement, ERS and TRS can't transfer your funds between the two systems. You'd retire "proportionately" and receive a retirement check from each system. Read more about Proportionate Retirement Program on the next page.

Likewise, if you're a TRS member, you can buy back your refunded ERS service. Service you purchase in either system for the purpose of transfer is subject to the TRS rules of determining actual creditable service. A creditable year of TRS service is at least 90 working days in one fiscal year.

Find out more about buying your refunded TRS service at **www.trs.texas.gov** or call TRS toll-free at (800) 223-8778.

ERS told me I have duplicate service with TRS, but I didn't work at two places at once—why?

Unlike ERS service credit, which is based on months, TRS service credit is based on years. As we mentioned earlier, at least 90 working days in one fiscal year counts as one year of TRS service credit. When it transfers to ERS, it's counted as 12 months. More than likely, you didn't work at TRS and ERS employers at the same time. But you may have worked for both employers in the same fiscal year. If that's the case, you can get credit for only one year. Because you can't have duplicate service, you'd get a refund of contributions for the overlapping service within 90 days from your retirement date.

How can I get a retirement estimate that includes my TRS service?

Call ERS toll-free at (877) 275-4377 and speak to a retirement counselor. We'll contact TRS to verify your service credit and salaries and put together a few estimates based on your request. You can also view this by accessing your online account.

Optional Retirement Program (ORP) service credit

Higher education employees can contribute to TRS or participate in the Optional Retirement Program (ORP). The ORP gives its members more control over how much they contribute to their retirement accounts, whereas TRS is a defined benefit plan like ERS that allows you to contribute only a specific amount set by the Texas Legislature.

You may use ORP service credit to help you meet the Rule of 80 or toward the 10-year requirement for retiree insurance at age 65. If you refund your ORP account at the time of retirement, you can't use the time toward insurance eligibility. The service doesn't increase your monthly payment, but it helps you meet retirement eligibility sooner.

Higher education ORP participants can't buy back refunded ERS service without being re-employed by a state agency under ERS.

Certain rules apply if you plan to use ORP service credit to retire under ERS. Contact ERS toll-free at (877) 275-4377 to certify your ORP service and we'll send you a form to complete.

Proportionate Retirement Program (PRP)

A member of any of the following retirement systems who participates in the Proportionate Retirement Program (PRP) can combine service credit from two or more systems to help meet retirement eligibility.

Participating Retirement Systems

- Employees Retirement System of Texas
- Judicial Retirement System of Texas Plans 1 and 2
- Teacher Retirement System of Texas
- Texas Municipal Retirement System
- Texas County and District Retirement System
- City of Austin Retirement System
- City of Austin Police Retirement System
- El Paso Firemen & Policeman's Pension Fund
- El Paso City Employees' Pension Fund

If you are a member of more than one of these systems and combine your service credit, you'll receive a retirement check from each system you are eligible to receive a retirement check from. The check amounts reflect the amount of service credit you've had in each system. You must meet retirement eligibility in each system before you can retire.

If you're a PRP member and have refunded ERS service, you can buy it back without being reemployed with the State. Likewise, if you're an ERS member, you may purchase refunded service from any of the retirement systems participating in the program. Each system may have its own specific rules governing service purchases, so it's always best to coordinate between that system and ERS.

Texas Governmental Entity (TGE) service

If you have established service with a Texas Governmental Entity (TGE) and certified that service with ERS by December 31, 2005, you can use up to 60 months of TGE service to meet the Rule of 80. You can only use the time if you retire before age 60. The service credit won't increase your monthly payment; it will only help you meet retirement eligibility. If you did not certify your TGE service by December 31, 2005, you can't use it as service credit.

PURCHASED SERVICE CREDIT

Can you buy service credit?

You can get additional retirement credit by buying service credit any time before you retire. This may include withdrawn ERS service, unestablished service, waiting period service, military service, and Additional Service Credit (ASC).

Withdrawn ERS service

Did you previously work for the State and withdraw your retirement money when you left? If you've come back to work for the State, you can buy back that time after making your first ERS contribution.

How much does it cost? The cost to buy this type of service is the amount you originally withdrew plus 10% interest for each fiscal year from the withdrawal date to the purchase date. The price may seem overwhelming, but it's important to remember that you are re-establishing your service and investing in your future. **After they retire, most people earn back the money they paid to buy the service, in less than five years.**

Waiting period service

Depending on when you were hired, you may have had a waiting period before you started contributing to ERS. This is the time early in your state employment when you did not contribute to ERS. You can buy this time to help you retire earlier and increase your monthly payment. The cost is based on several factors, such as your age, years of service and salary. You must be a current contributing member of ERS to buy waiting period service.

If you were hired on or before August 31,1973, you had a waiting period, and its length depended on when you were hired. If you were hired between September 1, 1973 and August 31, 2003, you did not have a waiting period. If you were hired between September 1, 2003 and August 31, 2015, you had a 90-day waiting period. If you returned to state employment on or after September 1, 2014 and hadn't previously withdrawn your retirement account, there was no waiting period. Anyone hired on or after September 1, 2015 has no retirement contribution waiting period so there would be no service to purchase.

Military service

Did you serve in the United States military? If so, you may be able to purchase up to 60 months of active duty U.S. military service credit. To be eligible to purchase service credit for time served in the armed forces:

- you must not be eligible for a military retirement based on 20 or more years of active military duty, and
- your military discharge must not be dishonorable.

Please keep in mind, you can only use the military service credit if you retire with five or more years of ERS service credit, not including the military time you bought.

★

Purchased military service will be credited as regular service unless you were in a CPO/CO position 90 days before entering active duty, and returned to state employment in a CPO/CO position within 90 days after leaving active duty military service.

If you want to determine what the cost of buying military service time would be, send a copy of either your DD214 or NGB23 to ERS.

You don't have to pay interest if you buy military service during your first year of state employment. After that, you will pay 10% interest for each fiscal year (on September 1) from your date of employment, to the purchase date.

Military service under Uniformed Services Employment and Reemployment Rights Act (USERRA) and extended leave

What happens if you are called to active duty while working as a state employee? You may be able to purchase the months that you're called to active duty, if you're not earning service credit at your state agency during that time. You'd need to purchase all other military service before you could purchase your new active duty service credit. If you have already purchased 60 months of military service and you want to purchase your new active duty service, call ERS to learn how you can purchase this additional time.

If you are on "extended leave," your agency may continue to pay you the difference between your military salary and your state salary. Because you're still getting a state paycheck, you're still contributing to ERS and getting service credit for those months of active duty. If your agency does this for you, you cannot purchase additional military service, because you can't have duplicate service time.

Additional Service Credit (ASC)

After you've purchased all the service available to you and you have 10 years of ERS service credit, you can buy up to three years of Additional Service Credit (ASC). You must be actively contributing to ERS when you buy ASC. You can only buy ASC in one-year increments, unless you are applying for retirement and need a specific number of months to meet eligibility.

The cost is different for everyone and is based on several factors such as age, salary and years of service. The cost changes with any increase in your age, salary or years of state employment. ASC is more expensive than other types of service credit.

Ready to buy service credit?

You can request a service credit estimate online at **www.ers.state.tx.us/Employees/Retirement/Service_Purchase_Request**. Within a few days, you'll receive an email or a letter with the service purchase cost.

You can buy service credit through rollovers from your Texa$aver 401(k) or 457 Plans, rollovers from other qualified plans or IRAs, personal check or money order. You can use Texa$aver account or another qualified account to purchase service without tax. If you buy the time using a non-Texa$aver account, you must start the process at least three months before the due date for the service credit purchase.

INSURANCE AT RETIREMENT

If you retire directly from state employment with at least 20 years of CPO/CO service at any age, or with at least 10 years of CPO/CO service and are at least age 55, you will have no break in insurance benefits. However, if you don't retire directly from state employment, you may have a break in health coverage. You also may have a health coverage waiting period. Please see the examples on pages 2 - 4.

You'll have 30 days after your retirement date to make changes to your health and optional coverage. You can switch health and dental plans and add dependents to your plan. Also, if you don't already have Optional Term Life Insurance and Dependent Term Life Insurance, you can apply through evidence of insurability (EOI) for those benefits. EOI is never required to enroll in health coverage. If you don't make changes in this timeframe, you can always apply and enroll during Annual Enrollment.

How much will the State pay towards your health premium?

Under current law, the State pays 100% of your health insurance premium and 50% of your dependents' at retirement, if you're eligible for retiree insurance and classified as a full-time employee for at least three consecutive months before you retire.

CPO/CO employees who work part-time will receive the part-time contribution for health insurance premiums in retirement—50% for the retiree and 25% for eligible dependents. Please note that the State's payment for your and your dependents' premium could change based on available state funding.

IMPORTANT NOTICE ABOUT INSURANCE:
Health and other insurance benefits for employees and retirees are subject to change based on available state funding. The Texas Legislature determines the level of funding for such benefits and has no continuing obligation to provide those benefits beyond each fiscal year.

What do your retiree insurance benefits look like?

Retiree Benefits	Active Employee Benefits
Health + $2,500 Basic Term Life	Health + $5,000 Basic Term Life
Dental	Dental
Optional Term Life - Elections 1, 2, or $10,000 Fixed Optional Life	Optional Term Life - Elections 1-4
Dependent Term Life - $2,500	Dependent Term Life - $5,000
Long-term Care Insurance (existing accounts only)	Long-term Care Insurance (existing accounts only)
TexFlex - When you retire, you can't enroll in TexFlex, but you can use your remaining balance if you participate through COBRA.	TexFlex health and dependent care
Texa$aver 401(k) / 457 Program - Retirees who have returned to work for the State can contribute to their Texa$aver account(s), whether they are enrolled in retiree benefits or active employee benefits. Retirees who have not returned to work cannot enroll in, have a loan on or contribute to a Texa$aver account.	Texa$aver
	Accidental Death & Dismemberment Insurance
	Texas Income Protection Plan short-term and long-term disability insurance
	Premium Conversion (tax savings)

Your health coverage and Medicare

If you're already retired, you become eligible for Medicare at age 65. Medicare Part A covers hospitalization and Medicare Part B covers medical services. Part A is free for most people, but you do pay a monthly premium to SSA for Part B. Your initial enrollment period is the seven-month period that includes the month of your 65th birthday, 90 days before and 90 days after. You could also become Medicare-eligible before age 65 if the SSA certifies you as disabled and you've received payments for 24 months.

If you're already receiving SSA payments, you'll be automatically enrolled in Part A and Part B at age 65. Otherwise, contact SSA toll-free at (800) 772-1213 to enroll, preferably three months before your 65th birthday. If you don't sign up for Medicare when you're first eligible and not working for the State, you may be subject to a penalty on your monthly premium when you eventually sign up.

Also, because Medicare should be your primary coverage, you would be responsible for any amounts Medicare would have paid, which is 80% or more of medical and hospitalization expenses.

Once you're enrolled in both Medicare Parts A and B, ERS automatically enrolls you in the HealthSelect Medicare Advantage Plan℠, administered by Humana. If you're in the Houston area, you may be eligible for the KelseyCare Medicare Advantage HMO. These plans provide all of your coverage and take the place of traditional Medicare and secondary ERS coverage. They are only available to Medicare-eligible retirees, dependents and surviving dependents. If you want to stay with HealthSelect of Texas or an HMO, or if you want to enroll in KelseyCare Medicare Advantage HMO, you can opt out the HealthSelect Medicare Advantage Plan by calling ERS.

You can't be enrolled in an ERS Medicare Advantage plan and a private Medicare Advantage plan at the same time.

If you are retired and have health benefits through another employer, your GBP retiree benefits may pay last. If this applies to you, contact your other health plan.

The HealthSelect Medicare Advantage Plan offers out-of-pocket savings to retirees:

- No deductibles.
- Most Medicare-eligible services covered at 100% in the U.S.
- An open network where you can see any doctor who accepts Medicare.
- No referral or primary care physician (PCP) requirements.
- No Medicare paperwork. HealthSelect Medicare Advantage handles all claims paperwork for you.
- Lower premiums for dependents than other GBP plans.
- Extra benefits, such as health club memberships and meal delivery after hospital stays.
- Prescription drug benefits provided through HealthSelect Medicare Rx.

Find more information on the HealthSelect Medicare Advantage Plan at **www.humana.com/ersmedicareadvantage** or call Customer Care toll-free at (855) 377-0001, TTY: 711. It's important to use providers that accept or are willing to bill Medicare.

KelseyCare Medicare Advantage HMO for those in the Houston area

If you live in one of these counties—Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery or Waller—you have another Medicare Advantage option. It has similar benefits to the HealthSelect Medicare Advantage Plan. Find more information at **www.ers.kelseycareadvantage.com/**.

What if you opt out of a Medicare Advantage plan through ERS?

You'll stay in the plan you were already with—HealthSelect of Texas or an HMO. If your spouse becomes Medicare-eligible, he or she will have to stay in the same plan you're in. Your coverage will still change. If you're in HealthSelect, your coverage changes to secondary with out of area benefits, and you're not required to have a primary care physician (PCP) or referrals. Also, unlike the Medicare Advantage plans, you'll have to pay a deductible before any benefits are paid on claims.

HealthSelect Medicare Rx℠ prescription drug coverage (Part D)

If you're enrolled in Medicare Parts A and B, and HealthSelect secondary or one of our Medicare Advantage plans, your prescription drug coverage is through HealthSelect Medicare Rx. If you're in an HMO through ERS, you still have prescription drug coverage through that plan. You shouldn't enroll in a private Part D prescription plan because your ERS prescription drug coverage is comparable to other Part D plans.

Most retirees and dependents enrolled in this plan don't pay a Part D premium, but certain higher income Medicare beneficiaries may be subject to an Income-Related Monthly Adjustment Amount (IRMAA). The IRS determines your salary and the SSA will let you know if you need to pay one.

What if you decline HealthSelect Medicare Rx?

You'll have no prescription coverage through ERS. You'll need to enroll in a private Medicare Part D plan. You won't receive a credit on your premiums through the GBP. If you decide to buy a private Part D plan, you can't be enrolled in either Medicare Advantage plan through ERS. Also, if you don't enroll in a private plan within 63 days of losing your GBP drug coverage, Medicare will penalize you.

What if your covered dependents become Medicare-eligible?

If you're still working for the State and your dependent becomes Medicare-eligible, he or she would need to sign up for Part A, but won't need to sign up for Part B until you retire. Your ERS coverage would still pay as primary. About three months before you retire, your spouse should contact the SSA to sign up for Part B.

Once you retire, your spouse will need to sign up for both Part A and B as soon as he or she becomes eligible. Your spouse needs to sign up even if you, the retiree, are not eligible for Medicare yet. Once your spouse is enrolled in Medicare, he or she will be automatically enrolled in HealthSelect Medicare Advantage and HealthSelect Medicare Rx. If both of you are Medicare-eligible, both of you would need to be enrolled in the same health plan. If your spouse is still working, he or she doesn't need to sign up for Part B until leaving employment

What if you don't retire until past your 65th birthday?

If you're still working for the State when you turn 65, go ahead and sign up for Medicare Part A. It's free for most people, covers hospitalization and pays secondary to your ERS coverage. You'll want to hold off on signing up for Medicare Part B, which covers doctor visits and other medical costs, until you retire from state employment. We recommend that you contact the Social Security Administration (SSA) 90 days before your retirement date to sign up for Part B. Don't forget to sign up for Part B when you do retire.

TEXA$AVER

The Texa$aver 401(k) / 457 Program

The second leg of your stool for a balanced retirement financial plan are your personal savings and investments, such as Texa$aver 401(k) and 457 Plans. The average ERS monthly retirement payment for a CPO/CO employee is 60% of final average salary, and you get it for the rest of your life. There are no guaranteed cost-of-living adjustments.

It is important to remember that depending on when you start drawing your retirement checks, you could be living with about the same income each year, even if inflation or your cost of living goes up. You also may have more health expenses later in life. Having a Texa$aver 401(k) or 457 account plan helps fill in income gaps that your State of Texas and SSA retirement checks may not cover.

The Texa$aver Program, administered by Empower Retirement™, is a voluntary program that allows you to save a portion of your income for retirement. Texa$aver can help you manage your income in retirement.

Who can participate in Texa$aver?

State agency employees can enroll in either or both of the Texa$aver 401(k) and 457 Plans. Higher education institution employees can enroll in the 457 Plan if their institution offers it. Check with your benefits coordinator to see if it is available to you.

Texa$aver is not available to employees of non-participating higher education institutions, Community Supervision & Corrections Department (CSCD), the Windham School District, Texas County and District Retirement System (TCDRS) or the Texas Municipal Retirement System (TMRS).

Texa$aver Program Benefits

- Free one-on-one personal counseling
- Free financial workshops and group meetings
- Free online investment advice
- Customized online retirement planning tools
- Traditional before-tax and/or Roth after-tax contribution options
- Flexible distribution options
- Direct deposit from your paycheck
- Expertly-managed investment options
- Funds offering fee reimbursements
- Lower fees than many other investment companies
- The option to do everything yourself online
- The option to have investment and retirement planning help from Advised Assets Group
- A convenient savings plan to help provide a more secure retirement

Not participating in the Texa$aver Program yet?

It's okay, enroll today!

With a Texa$aver account you may:

- purchase service credit,
- defer unused annual leave to Texa$aver,
- roll over partial lump sum payments,
- roll over money from other qualified IRAs, 401(k) or 457 accounts,
- receive periodic withdrawals (monthly and quarterly options available),
- receive partial withdrawals, and
- receive a full withdrawal.

When you roll over money into a Texa$aver account you may:

- save money on fees by consolidating accounts,
- build on what you have and keep it all in one place and
- get the whole picture when it comes to getting advice or estimator tools.

Need help with retirement financial planning?

The average person spends 18 years in retirement and needs at least 70% of his or her pre-retirement income to maintain quality of life in retirement. However, everyone's situation is different. You may or may not have as many health, education and living expenses as the average person. Perhaps longevity runs in your family, and you'll need to plan for a longer retirement. Make sure you have a plan.

Texa$aver participants have a FREE initial consultation with investment adviser representatives from Advised Assets Group, LLC (AAG). The advisers can discuss a retirement savings strategy with you and help answer other questions, such as:

- What's my retirement goal?
- How much should I save?
- What's the difference between traditional and Roth contributions?
- What can I do now to have more money in retirement?
- What funds should I invest in?

If you are 50 or older, or are within three years of normal retirement age, you may be eligible to save more for retirement. Contact a Texa$aver to learn more about the Age 50 and Over Catch-Up and 457 Plan Three-year Catch-up provisions.

What about taxes?

Each year you participate in Texa$aver, the compensation shown on your Form W-2 Wage and Tax Statement from the State is reduced by the amount of your pre-tax deferrals. The amount of pre-tax compensation you defer will not be included in the compensation reported to the Internal Revenue Service (IRS) for income tax purposes. (Roth after-tax contributions are also available with Texa$aver.)

What happens to my Texa$aver funds when I retire?

You can keep your money in Texa$aver after you retire. While you can't defer any more money into your Texa$aver Plan after you leave state employment and you may no longer need to save for retirement, you still need to plan for and manage your retirement income.

When you keep your money in Texa$aver after retirement, no taxes are due until you get a distribution. Keep in mind that you must take distributions at age 70½. Contact Texa$aver for information about periodic payment, partial, full withdrawal and other distribution options.

Did you know you can use Texa$aver funds to purchase state service?

You may use funds from your Texa$aver 401(k) or 457 Plans (or both) to make a service purchase with the State of Texas. The purchase can include withdrawn ERS service, TRS service, military service, waiting period service or Additional Service Credit. Contact ERS to purchase service using Texa$aver funds.
Note: You can't use Roth contributions to purchase state service.

Keep saving with your Texa$aver account after you retire

As long as you have money in a Texa$aver account, you get all the services and benefits of participants who are still contributing from their paychecks.

Retirement planning doesn't end when you stop working.

Many retirees still have questions and concerns about their financial life in their retirement years:

- Will my savings provide income throughout my lifetime?
- What payout options do I have with Texa$aver?
- How will taxes affect saving and spending decisions?
- How should I invest my money when I retire?

If you stay with Texa$aver you may:

- meet with a federally registered investment adviser for investment help,
- keep your Educational Representative,
- go to group meetings,
- roll other eligible retirement money to Texa$aver to consolidate accounts,
- keep your account at institutional pricing with lower fees,
- receive fund fee reimbursements--Texa$aver gives back more than $3 million a year to participants,
- call the same customer service center toll-free at (800) 634-5091 for help,
- keep your web login, and
- use the same web features and tools (and future upgrades).

Keep Texa$aver contact and beneficiary information updated

Your Texa$aver beneficiary is not the same as your beneficiaries for life insurance and your State of Texas pension. If you have a 401(k) account and 457 account, your beneficiaries may be the same or different for each account. Find a beneficiary form at **www.texasaver.com**. You may also request the beneficiary form toll-free at (800) 634-5091. When you enroll, you should name a beneficiary. Fill out the form completely and mail it directly to Empower Retirement. The address is on the form.

Contact Texa$aver today to enroll or set up an appointment.

Texa$aver Information Line: (800) 634-5091

- Representatives available Monday-Friday, 8 a.m.-7 p.m. CT
- Automated line available 24/7

Website: **www.texasaver.com**

- Available 24/7

Do you have retirement savings accounts from other jobs?

You can transfer or "roll over," money from a qualified, prior eligible employer's 401(k), 401(a), 403(b) or governmental 457 plan into the Texa$aver 401(k) or 457 Plans. You can also roll over money from an eligible Individual Retirement Account (IRA). The Texa$aver 401(k) and 457 Plans accept Roth rollovers from other qualified plans as well, but you can't roll over Roth IRAs to Texa$aver.*

* You are encouraged to discuss rolling money from one account to another with your financial advisor/planner. Always consider potential fees or investment option limits with such transactions.

If you have an address change, don't forget to also change your contact information for your state pension and other benefits (if applicable). To do so, log in to your ERS account online or call toll-free (877) 275-4377. Hearing impaired or deaf callers may call 711 or (800) 735-2989.

SOCIAL SECURITY ADMINISTRATION

Social Security and your retirement

For most ERS members, the third leg of the retirement stool is Social Security Administration (SSA) benefits. SSA benefits don't affect any retirement benefits you get from the State of Texas.

The retirement eligibility age is different for everyone and depends on the year you were born. If you qualify for SSA benefits, you can get them as early as age 62. Drawing them at that age, however, will reduce your payment. Wait until you're 66 or 67, depending on the year you were born, for a maximum benefit. Look at the chart on the right to see at what age you can get your full SSA benefits. If you were born on January 1, you should refer to the previous year. If you were born on the first day of any month, SSA will calculate your benefits and full retirement age as if your birthday is in the previous month.

Visit **www.ssa.gov** for more information, or call (800) 772-1213 toll-free. You can use the SSA online estimator to help make an informed decision about when to retire. You should get estimates for the same dates from ERS, SSA and Texa$aver (or any other retirement savings you have). If you plan to retire before you're eligible to collect SSA and Texa$aver benefits, you'll want to decide if you can afford to retire with just an ERS retirement payment.

Social Security eligibility	
Birth Year	**Full Retirement Age**
1937	65
1938	65 & 2 months
1939	65 & 4 months
1940	65 & 6 months
1941	65 & 8 months
1942	65 & 10 months
1943-1954	66
1955	66 & 2 months
1956	66 & 4 months
1957	66 & 6 months
1958	66 & 8 months
1959	66 & 10 months
1960 & later	67

APPLYING FOR RETIREMENT

Create your retirement estimate online

Save time by signing in to your ERS online account and estimating your retirement on your own. This way, by the time you apply for retirement, you'd already know which options might be best for you. The online estimator puts your age, service credit and final average salary together to provide your:

- first retirement eligibility date,
- retirement payment options,
- partial lump sum options and
- withheld taxes.

You can also enter your beneficiary information to see how adding a beneficiary changes your retirement check.

Please note that the online estimator doesn't include any information from a Qualified Domestic Relations Order (QDRO) or service from a proportionate retirement system. You'll need to contact ERS to estimate your retirement payment and date. Also, contact ERS if you have withdrawn service and want to know when you can retire and how much you'll receive if you buy back the service.

Apply

Are you within 90 days of your retirement date? If so, it's time to get the ball rolling. ERS retirements are always effective the last day of the month. Once you've created an estimate on your own, or received one from ERS and you know which option you want, call ERS toll-free at (877) 275-4377. A retirement counselor will tell you which documents you must provide, sign or have notarized. You'll need to provide the retirement counselor with:

- your retirement date,
- your retirement option,
- how many (if any) months you'll take as a partial lump sum,
- your tax withholding status and
- your beneficiary's name, date of birth, relationship and Social Security number.

Provide documentation to ERS

- **Your proof of age,** which can be a copy of your birth certificate, passport, baptismal record, bible record or school record. If your name has changed or doesn't match the document, we'll need a copy of your valid state driver's license.
- **Your beneficiary's proof of age,** only if you choose a survivor option. Follow the proof-of-age guidelines above.
- **Retirement Acceptance form,** signed and notarized. The retirement counselor will provide you with a personalized form to sign. If you're married and choose the standard option or a survivor option with a non-spouse beneficiary, your spouse will need to sign it to acknowledge that he or she won't receive a survivor payment upon your death.
- **Beneficiary designation form for the $5,000 Retiree Lump Sum Death Benefit,** signed and witnessed by someone who is not related to you.
- **TRS Service Credit Transfer form,** if you're transferring TRS time to ERS. If you're retiring directly from a higher education institution, a benefits coordinator must fill out part of the form for you.

IS AN EX-SPOUSE ENTITLED TO ANY OF YOUR ERS RETIREMENT BENEFITS?

You'll need to provide a QDRO, if you haven't already.

1. Use the model QDRO form at **www.ers.texas.gov/PDFs/Forms/QDRO_model.pdf** as a guide. The form must be consistent with your signed divorce decree.

2. Get the QDRO signed by the judge who exercised jurisdiction over the divorce.

3. Have the original QDRO certified by the county clerk in the county in which the divorce was granted.

4. Provide an original, certified copy of both the divorce decree and the QDRO.

5. An ERS QDRO specialist will review your documents and approve if they meet all legal requirements. You'll receive a notification upon approval.

Find more information on QDROs, visit **www.ers.texas.gov/Contact-ERS/Additional-Resources/FAQs/Qualified-Domestic-Relations-Order**.

ADJUSTING TO LIFE IN RETIREMENT

Retirement: many possibilities

There's more to retirement than financial planning. Much like moving away from home for the first time, getting married, having children or having grandchildren, retirement is a new phase of life filled with possibilities. Having a "successful" retirement simply means reaching or maintaining your desired level of physical, social and psychological well-being. It's important to stay informed, prepare for what the future holds and know what resources are available in your community to assist you in your journey.

Take advantage of free health and wellness programs

Each health plan available through ERS offers wellness programs that can help you lead a healthier life. If you're living with a chronic condition like diabetes or asthma, they offer disease management programs that provide personal support, help with complex health care needs and advice on critical treatment decisions.

Health plan	Wellness and disease management resources
HealthSelect of Texas, administered by Blue Cross and Blue Shield of Texas	**www.healthselect.bcbstx.com/content/health-and-wellness-incentives/index**
Consumer Directed HealthSelect, administered by Blue Cross and Blue Shield of Texas	**www.healthselect.bcbstx.com/content/health-and-wellness-incentives/index**
Community First Health Plans	**members.cfhp.com/root/category/disease-management/**
Scott & White Health Plan	**www.swhp.org/Portals/0/Files/Forms/ERS/2018/SWHP_ERS_Wellness_PY2018-WEB.pdf**
HealthSelect Medicare Advantage, administered by Humana	**www.our.humana.com/ers-medicare/extra-benefit**
KelseyCare Medicare Advantage	**www.ers.kelseycareadvantage.com/Pages/wellness-programs.aspx**

Take care of yourself

It is never too late to make changes that will have a positive impact on your health. Poor health is not an inevitable consequence of aging. Healthy lifestyle behaviors, such as smoking cessation, physical activity and proper nutrition can improve your health at any age. Many people find that retiring from a full-time work schedule provides freedom to engage in physical fitness activities, to continue education or other avenues of mental stimulation, to socialize and to engage in spiritual and volunteer activities that can add meaning to life.

Consider volunteering

As a retiree, you'll have a wealth of knowledge and expertise, as well as skills and talents that are valuable to your community. Consider volunteering in a club, an association, your prior employer, a charity or offer routine but informal help to a neighbor or friend.

Many retirees serve as caregivers for others. Caregiving often includes assistance with managing bills, transportation, preparing meals, dressing and other daily activities. Employees who are already caregivers may continue that role in retirement, while other retirees may become caregivers for the first time. Most caregivers are spouses, other relatives or friends. Some are grandparents who care for grandchildren.

Learn something new

Learning is a lifelong process. It's the key to staying mentally alert, adopting new life skills and personal growth. You have many options for continuing education tuition discounts to earn a formal college credit or degree. You may also participate in the various informal classes offered in your community or online.

Start a new hobby

Retirement might be the perfect time to try a new hobby or put more time into a current hobby you really enjoy. Consider woodworking, carpentry, sewing, gardening, photography, scrapbooking, writing, singing, dancing, painting, acting and so many other hobbies that you now have the time to enjoy. Your community may have classes, choirs, theater and other resources to help you get started.

Explore, travel, visit…

Have you always wanted to take a trip to a certain destination, but never had the time? Now may be your time to travel and explore. Are there day trips available to places in your community or nearby that you are interested in? There are many travel groups and resources to help you plan those excursions. Do you have family and friends you've wanted to connected with, but didn't have the time to plan those vacations, reunions or visits? This might be the perfect time to reconnect.

To-do lists

Do you have a list of chores to do, items to fix and things to clean that you've been postponing? Do you want to get in the attic or storage room, downsize, pass on heirlooms or tackle those boxes of paper to shred? This might be the perfect time to sort through your lists. There may be charities and nonprofit organizations that would love those items you no longer need.

Returning to work

Depending on your lifestyle and family needs, you might want to return to work after retirement. Even a part-time job can go a long way in filling an income gap if you are helping children or grandchildren with college tuition, or if you just want your income to keep up with inflation.

If you retire at a relatively young age, you'll probably have to make your money stretch. With many people living well past 80, and no guaranteed cost-of-living adjustments from ERS, you may have to live on the same retirement payment amount for decades. Of course, you'll have SSA benefits, and, if you have planned well, other retirement savings, such as a Texa$aver account.

Returning to State employment

Remember, before you return to work with the State, you must be retired for at least 90 days and you cannot have a prior agreement with your employer to return to your job.

If you return to work for the State of Texas, you won't contribute to the ERS trust fund, but you can participate in Texa$aver. Also, your agency must pay a surcharge equal to 7.25% of your salary to ERS. This makes up for the fact that you are not contributing to the ERS trust fund but are drawing a monthly payment. The surcharge does not come out of your check.

You can also elect to receive active employee benefits if you return to work for the State. If you do so, you can enroll in Texas Income Protection Plan disability insurance, TexFlex health and day care accounts and life insurance options that aren't available to retirees. Please note that active employees, even return-to-work retirees, cannot enroll in a Medicare Advantage plan.

Combine service time with a Proportionate Retirement System

If you go back to work for an organization that operates under the Proportionate Retirement Program, you can use your ERS service credit to help you become eligible to retire under that system. The money wouldn't transfer, so you'd get one annuity check from ERS, and another from the other retirement system, based on how long you work there. Find a list of participating systems on page 13.

Know your resources

The Texas Department of Aging and Disability Services (DADS) and its statewide network of agencies administer a variety of support services, including:

- information,
- referrals and assistance,
- volunteer opportunities,
- senior centers,
- benefits counseling and legal assistance,
- care coordination,
- transportation,
- health maintenance,
- nutrition,
- in-home assistance, and
- nursing home ombudsman.

You can also volunteer in many of these areas. Call toll-free at (800) 252-9240 for information about resources available in your community. Find more information at **www.hhs.texas.gov/**.

Ready to Save?

Keep saving! Remember that you can continue to use the Discount Purchase Program in retirement. Shop online and buy products and services, such as computers, appliances, vacation packages and more at discounted prices. Just visit **www.beneplace.com/discountprogramers/** and click the retiree button. There is no enrollment period or membership fee. Just start shopping and save.

GLOSSARY

Actively Contributing member - a member who works for the State of Texas and currently contributes to his or her ERS retirement account.

Additional Service Credit (ASC) – a type of service credit available for purchase by an actively contributing ERS member with 10 years of service. Purchasing ASC can give you credit for time you did not actually work.

Age reduction – in some retirement groups, if you retire before a certain age, your monthly payment may be lower. The amount of the annuity reduction depends on your age at retirement. For example, if you're a CPO/CO member and you retire before age 50 without meeting the Rule of 80, you'll have an age reduction.

Annual Enrollment – your opportunity to add or change your insurance coverage. Annual Enrollment for Medicare retirees is typically held each fall. It's held in summer for retirees who aren't eligible for Medicare.

Annuity – your monthly retirement payment or check. Calculated using your final average salary, years of service credit and maybe an option reduction. Sometimes referred to as a pension or monthly retirement payment.

Beneficiary – person or persons who will receive your life insurance, retirement annuity and other benefits in the event of your death. While you can name multiple beneficiaries for your life insurance, you can only name one beneficiary for your annuity sometimes call a survivor annuity.

COBRA – the Consolidated Omnibus Budget Reconciliation Act of 1985. Federal law that requires employers to offer health and dental coverage continuation to employees and covered dependents who lose health and dental coverage due to certain events. Members who retire directly from state employment and are not eligible for insurance, can sign up for COBRA within 105 days of losing coverage.

Commissioned Peace Officer/Custodial Officer (CPO/CO) – A "law enforcement officer" whose commission is recognized by the Texas Commission on Law Enforcement Officers Standards and Education. A "custodial officer" for the Texas Department of Criminal Justice (TDCJ) certified as having normal duties that require direct contact with inmates. A "parole officer or caseworker" employed and certified by the Board of Pardons and Paroles or TDCJ.

Disability Retirement Annuity – monthly payment to a member who retired due to occupational or nonoccupational disability.

GBP – (Texas Employees Group Benefits Program) Insurance and other benefits provided by the State of Texas and administered by ERS. This group of benefits is commonly referred to as "the GBP." For retirees, the program consists of health, dental, life insurance and dependent life insurance.

HealthSelect Medicare Advantage – the heatlh plan for most GBP retirees that is sometimes referred to as Medicare Part C.

HealthSelect Medicare RX – the prescription drug coverage for HealthSelect Medicare Advantage participants sometimes referred to as Medicare Part D.

Interim insurance – health coverage option for retirees who meet service credit criteria for health coverage, but are currently ineligible for GBP health coverage because they are under 65 and didn't retire under the Rule of 80. Interim insurance is only available through HealthSelect of Texas. The paritipant pays 100% of the premium and an administration fee.

LECOSRF – Law Enforcement and Custodial Officers Retirement Fund, the retirement plan for CPOs/COs and its specific set of eligibility rules.

Medicare – a federal government health insurance plan that pays health care costs for retirees age 65 and over. It's also available if you have been certified as disabled by the Social Security Administration (SSA) for at least two years. Also available to SSA disability retirees with certain medical conditions.

Medicare Advantage Plan – a plan offered by a private company that contracts with Medicare to provide participants with Part A (hospital) and Part B (medical) benefits. Sometimes referred to as Medicare Part C.

Member – an individual who has not "cashed out" or withdrawn his or her ERS retirement account.

Multiplier – percentage of your years of service credit that ERS uses to calculate your monthly payment. The multiplier is 2.3% for regular service employees and 2.8% for CPO/CO employees.

Noncontributing member – a member who no longer works for the State of Texas and has elected to keep his or her money in an ERS retirement account.

Option reduction – when you choose a survivor option for your retirement payment, your payment is reduced based on your age and your beneficiary's age.

Qualified domestic relations order (QDRO) – a legal order subsequent to a divorce or legal separation that splits and changes ownership of a retirement plan to give the divorced spouse his or her share of the asset. A certified copy of the divorce decree and QDRO must be received for review and approved by ERS' General Counsel. Benefits are payable to an alternate payee only if the order is determined to be a valid ERS QDRO.

Regular Service – the retirement service credit earned by a regular state employee participating in the ERS retirement program. This is separate from service earned as a CPO/CO, elected state official or state judge.

Regular state employee – members under the "employee class" who have a 2.3% retirement payment multiplier and law enforcement or custodial officers.

Rule of 80 – when your age and service credit added together equal 80, you are eligible to retire with ERS.

Standard annuity – the maximum monthly amount of lifetime annuity payments a retiree is eligible to receive that does not include a beneficiary option. The amount is determined using a formula that includes your final average salary and service credit. Also called a retirement payment.

Survivor Annuity – the retirement payment paid to the designated beneficiary of your retirement account upon your death. You must elect one of the survivor retirement options for your beneficiary to have the survivor annuity. Also called a survivor payment.

Waiting period service – the 3-4 months at the beginning of an employment period when a member did not contribute to ERS. Actively contributing members are eligible to buy it.

Withdrawn service – service credit refunded from ERS. It cannot be counted as service credit until you buy it back. You can do so if you have service credit with ERS or a Proportionate Retirement System. Sometimes called "refunded service."

Helpful ERS publications

- News About Your Benefits employee e-newsletter
- Your ERS Connection retiree newsletter
- Retirement Benefits for Members of the Elected Class
- Retirement Benefits for Judicial Officers, Plan 1
- Retirement Benefits for Judicial Officers, Plan 2

www.ers.texas.gov

- Detailed information about retirement and insurance benefits
- 24/7 access to your personal account information by signing into your online account on the ERS website
- Service purchase estimator
- Registration for ERS events
- And much more!

Write to:

Employees Retirement System of Texas
Customer Benefits Division
P.O. Box 13207
Austin, Texas 78711-3207

Visit in person:

Employees Retirement System of Texas
200 E. 18th Street
Austin, Texas 78701

Please make an appointment for retirement counseling so we can better serve you.

Our lobby hours are 8 a.m. - 5 p.m. weekdays.

To call or fax:

(877) ASK-4-ERS (275-4377) toll-free

7-1-1- or (800) 735-2989 for hearing impaired or deaf callers

(512) 867-7438 fax

Customer Service is available
7:30 a.m. - 5:30 p.m. weekdays.

The ERS Interactive Voice Response System gives you 24/7 access to your personal account information, including your retirement account balance, projected retirement account and monthly payment, a list of your current benefits, and more.

Other helpful numbers:

Social Security Administration
(800) 772-1213

Internal Revenue Service
(800) 829-1040

Teacher Retirement System of Texas
(800) 223-8778

Texas County and District Retirement System
(800) 823-7782

Texas Municipal Retirement System
(800) 924-8677

Retirement records of members and beneficiaries are confidential. ERS will not release certain information about your account without your written authorization.

The Employees Retirement System of Texas (ERS) complies with applicable Federal civil rights laws and does not discriminate on the basis of race, color, national origin, age, disability, or sex. ERS provides free language aids and services, such as: written information in other formats (large print, audio, accessible electronic formats, other formats) qualified interpreters, and written information in other languages.

If you need these services, call: 1-877-275-4377, TDD: 711.

If you believe that ERS has failed to provide these services or discriminated in another way on the basis of race, color, national origin, age, disability, or sex, you can file a grievance by mail, fax or email:

Mail: Section 1557 Coordinator
Employees Retirement System of Texas
P.O. Box 13207, Austin, Texas 78711.
Fax: 512-867-3480.
Email: 1557coordinator@ers.state.tx.us
For more information visit: **http://www.ers.texas.gov**

You can also file a civil rights complaint with the U.S. Department of Health and Human Services online, by mail or by phone at:

Online: https://ocrportal.hhs.gov/ocr/portal/lobby.jsf
Complaint forms are available at: http://www.hhs.gov/ocr/office/file/index.html.
Mail: U.S. Department of Health and Human Services, 200 Independence Avenue, SW, Room 509F, HHH Building, Washington, D.C. 20201.
Phone: 1-800-368-1019, 800-537-7697 (TDD).

ATTENTION: Language assistance services, free of charge, are available to you.	ATENCIÓN: Si habla español, tiene a su disposición servicios gratuitos de asistencia lingüística.
CHÚ Ý: Nếu bạn nói Tiếng Việt, có các dịch vụ hỗ trợ ngôn ngữ miễn phí dành cho bạn.	ध्यान दें: यदि आप हिंदी बोलते हैं तो आपके लिए मुफ्त में भाषा सहायता सेवाएं उपलब्ध हैं।
注意：如果您使用繁體中文，您可以免費獲得語言援助服務。	**توجه**: اگر به زبان فارسی گفتگو می کنید، تسهیلات زبانی بصورت رایگان برای شما فراهم می باشد.
주의: 한국어를 사용하시는 경우, 언어 지원 서비스를 무료로 이용하실 수 있습니다.	ACHTUNG: Wenn Sie Deutsch sprechen, stehen Ihnen kostenlos sprachliche Hilfsdienstleistungen zur Verfügung.
ملحوظة: إذا كنت تتحدث اذكر اللغة، فإن خدمات المساعدة اللغوية تتوافر لك بالمجان.	**સુચના: જો તમે ગુજરાતી બોલતા હો, તો નિ:શુલ્ક ભાષા સહાય સેવાઓ તમારા માટે ઉપલબ્ધ છે.**
خبردار: اگر آپ اردو بولتے ہیں، تو آپ کو زبان کی مدد کی خدمات مفت میں دستیاب ہیں۔	ВНИМАНИЕ: Если вы говорите на русском языке, то вам доступны бесплатные услуги перевода.
PAUNAWA: Kung nagsasalita ka ng Tagalog, maaari kang gumamit ng mga serbisyo ng tulong sa wika nang walang bayad.	注意事項：日本語を話される場合、無料の言語支援をご利用いただけます。
ATTENTION: Si vous parlez français, des services d'aide linguistique vous sont proposés gratuitement.	ໂປດຊາບ: ຖ້າວ່າ ທ່ານເວົ້າພາສາ ລາວ, ການບໍລິການຊ່ວຍເຫຼືອດ້ານພາສາ, ໂດຍບໍ່ເສັຽຄ່າ, ແມ່ນມີພ້ອມໃຫ້ທ່ານ.

1-877-275-4377

ERS
Employees Retirement System of Texas