READY. SET. RETIRE.

ERS offers competitive benefits to enhance the lives of its members.
Ready, Set, Retire!

- Your Income at Retirement
- Eligibility
- Service Credit
- ERS Annuity
- Three Steps to Retirement
- Benefits at Retirement
- Return-to-work Retirees
- Resources
YOUR INCOME AT RETIREMENT
Three-legged Stool

To ensure a financially secure retirement, you’re likely to need income from at least three sources.

ERS Annuity
Social Security
Personal Savings

Can I afford to retire?
ERS Annuity

- Lifetime payment
- Average monthly annuity $1,600
- 53% of your salary
- No cost-of-living adjustments (COLAs)
Social Security Benefit

- Doesn’t reduce your ERS annuity
- Draw SSA benefit early (reduced amount), or wait to draw maximum SSA payment
- Eligibility based on the year you were born

For more info, call Social Security (800) 772-1213.
Personal Savings

- Texa$aver 401(k) or 457
- Individual retirement account (IRA)
- Retirement accounts from previous employers
- Personal savings account
ELIGIBILITY
Retirement Groups

GROUPS

1. Hired before September 1, 2009

2. Hired September 1, 2009 through August 31, 2013

3. Hired on or after September 1, 2013
Rule of 80

• Your age + your service credit = 80
• Minimum 10 years of service for GBP coverage at retirement
• Age-based annuity reduction for Groups 2 and 3

Age: 59 years and 9 months
+ Service: 20 years and 3 months
Total: 79 years + 12 months = 80
Rule of 80 – Group

Employees hired before September 1, 2009

- Elva meets the Rule of 80 with no reduction to her annuity
- She is eligible for retiree insurance.

Elva is 58 years old and has 22 years of service.
Rule of 80 – Group

Employees hired September 1, 2009 – August 31, 2013

- Annuity reduced 5% for every year under age 60, with a 25% cap.
- She can retire with a 10% reduction.
- She is eligible for retiree insurance.

Juanita is 58 years old and has 22 years of service.
Employees hired on or after September 1, 2013

• Annuity reduced 5% for every year under age 62, no cap.
• He can retire, but will have a 30% reduction.
• He is eligible for retiree insurance.

George is 56 years old and has 24 years of service.
Minimum 10 Years of Service

If you do not meet the Rule of 80, but have at least 10 years of service you can retire:

1. at age 60 with optional benefits
2. at age 65 with health insurance
3. at age 65 with health insurance and optional benefits

See page 8 of the *Planning Your Retirement* (PYR) booklet for more information.
SERVICE CREDIT
Earned Service Credit

- Monthly service credit
- Teacher Retirement System (TRS)
- Proportionate Retirement Program (PRP)
- Optional Retirement Program (ORP)
- Unused sick and annual leave — depending on which retirement group you’re in

See page 10 –11 of the PYR booklet for more information about earned service credit.
## Unused Sick and Annual Leave

If you retire directly from state service:

<table>
<thead>
<tr>
<th></th>
<th>Group 1</th>
<th>Group 2</th>
<th>Group 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unused leave towards eligibility</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Unused leave to increase annuity</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes*</td>
</tr>
</tbody>
</table>

*Unused annual leave can be used only if not taken as a lump sum payout from your agency.*
Purchased Service Credit

- Withdrawn (refunded) ERS service
- Military service
- Waiting period
- Additional Service Credit

Pay with a check or roll over funds from an eligible pre-tax account.

Cost can be requested online!

See details on page 11 – 12 of the PYR booklet.
Calculating Your Annuity

Your highest average salary is the average of the highest:

- 36 months (Group 1)
- 48 months (Group 2)
- 60 months (Group 3)

of salaries you have on file.

Highest average salary

\[ \times \]

Service percentage

(years and months of service \( \times 2.3\% \))

Gross standard annuity

Highest salaries include: base pay, longevity pay, hazardous duty pay and Benefit Replacement Pay.
Calculating Your Annuity

$3,000 \times 0.575 = $1,725

Final average salary
(average of highest 36 months)

Service percentage
(25 years x 2.3%)

Gross standard annuity

"This calculation applies to Group 1 employees."
Standard Annuity Option

- Highest monthly lifetime payment
- No monthly survivor payment
- Any remaining balance is paid to your beneficiary
- One or more beneficiaries
Survivor Options 1, 2 and 5

- Reduced annuity
- Choose one beneficiary
- Option 1 and 5 — possible reduction for non-spouse
- Your payment changes to standard annuity if your beneficiary dies before you

**Beneficiary Receives:**

- **Option 1**: 100%
- **Option 2**: 50%
- **Option 5**: 75%
Survivor Options 3 and 4

- Reduced annuity
- Pays beneficiary only if you die in the first five or 10 years
- You can designate multiple beneficiaries

BENEFICIARY RECEIVES:

- **Option 3**
  remainder of 60 monthly payments

- **Option 4**
  remainder of 120 monthly payments
Partial Lump-Sum Option (PLSO)

- One to 36 months of your standard annuity payment
- A one-time lump-sum payment
- Annuity permanently reduced
- 20% tax and possible 10% penalty
- Roll over to Texa$aver or other pre-tax retirement account
Deductions

• Federal income tax
• Health insurance premiums, including Tobacco-user Premium if applicable
• Optional coverage premiums
• No Social Security (FICA) or Medicare taxes deducted
Three Steps to Retirement

1. Create a retirement estimate.
2. Call ERS to request your retirement.
3. Return your retirement documents on time.

Tell your agency you’re retiring. ERS doesn’t disclose this information.
Note: Health and other insurance benefits for employees and retirees are subject to change based on available state funding. The Texas Legislature sets the level of funding for such benefits and has no continuing obligation to provide those benefits beyond each fiscal year.
Retiree Insurance Premium

The state pays 100% of your health insurance premium if you had at least five years of service with an agency and/or institution that participates in the GBP on or before September 1, 2014.

If not, the state contribution is based on your service with an agency/institution that participates in the GBP:

- 100% with 20 or more years
- 75% with 15 up to 20 years
- 50% with 10 up to 15 years
Coverage Options

30-day window to elect or make changes to:

- Health + $2,500 Basic Term Life
- Dental
- Vision
- Optional life: Term life – elections 1 or 2, or $10,000 Retiree Fixed Optional Life
- Dependent Term Life – $2,500
- TexFlex – COBRA

Texa$aver 401(k) / 457 Program – participation only
Medicare and Your State Health Insurance

• Sign up for Medicare Part A and Part B when you’re retired and first eligible.
• Delay enrollment in Part B if you are working past age 65.
• Provide ERS with your Medicare info to enroll in HealthSelect Medicare Advantage and HealthSelect Medicare Rx.

Register for a Medicare Preparation webinar to learn more!
ers.texas.gov/event-calendars
Return-to-work Retirees

- 90-day waiting period to return to state employment, and no prior agreement to return
- Option to elect active employee benefits
- You can’t enroll in a Medicare Advantage plan
Discount Purchase Program

Ready to Save?

- Shop online for discounted prices.
- No membership fee.
- Just shop and save!

www.DiscountProgramERS.com
Resources

Visit www.ers.texas.gov to access:

- your account
- events calendar
- publications

or

Call (877) 275-4377

Monday – Friday
7:30 a.m. – 5:30 p.m. CT
Recap

- Three-legged stool
- Eligibility rules
- Service credit
- Your annuity check
- Three steps to retirement
- Benefits at retirement
- Return-to-work retirees
- Resources
THANK YOU!