



# READY. SET. RETIRE.

ERS offers competitive benefits to enhance the lives of its members.



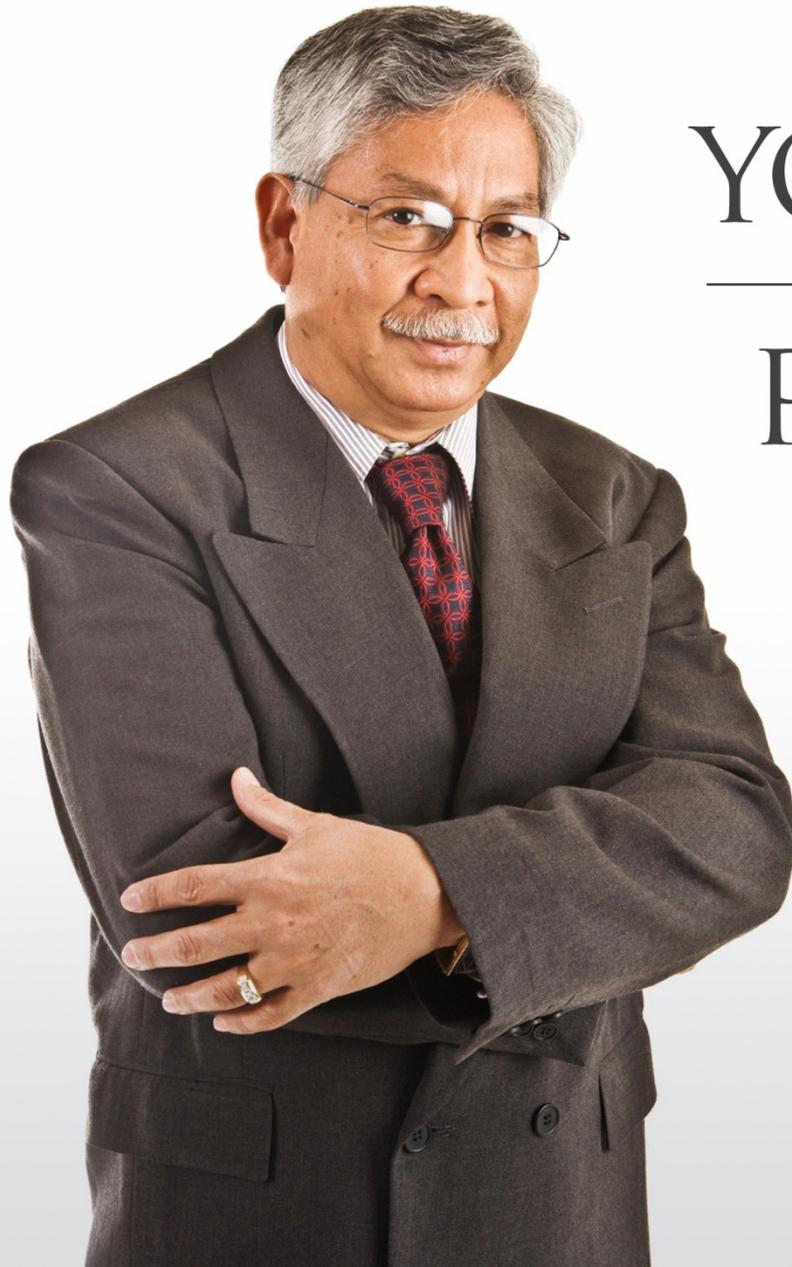
**ERS**<sup>®</sup>  
EMPLOYEES  RETIREMENT  
SYSTEM OF TEXAS



# 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.



*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

**TEXA\$AVER**<sup>SM</sup>  
401(k) / 457 Program





# ELIGIBILITY





# Retirement Groups

## GROUPS



Hired before September 1, 2009

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Hired September 1, 2009 through  
August 31, 2013

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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

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	Age:	59 years and 9 months
+	Service:	20 years and 3 months
<hr/>		
Total:		79 years + 12 months = 80

# Rule of 80 – Group



Employees hired before September 1, 2009



*Elva is 58 years old and has 22 years of service.*

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

# Rule of 80 – Group



Employees hired September 1, 2009 – August 31, 2013



*Juanita is 58 years old and has 22 years of service.*

- 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.

# Rule of 80 – Group



Employees hired on or after September 1, 2013



*George is 56 years old and has 24 years of service.*

- 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.



# 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:



- at age 60 with optional benefits
- with health insurance at age 65



- 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:

	Group 1	Group 2	Group 3
Unused leave towards eligibility	Yes	No	No
Unused leave to increase annuity	Yes	Yes	Yes*

\*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

**Cost can  
be requested  
online!**

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



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



# ERS ANNUITY





# 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

X

Service percentage  
(years and months of service x 2.3%)

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Gross standard annuity



**Highest salaries include: base pay, longevity pay, hazardous duty pay and Benefit Replacement Pay.**



# Calculating Your Annuity

$$\begin{array}{r} \$3,000 \\ \times .575 \\ \hline \$1,725 \end{array}$$

*Highest average salary  
(average of highest 36, 48 or 60\* months)*

*Service percentage  
(25 years x 2.3%)*

*Gross standard annuity*



\*Depending on whether you're in Group 1, 2 or 3



# 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.**



# BENEFITS AT RETIREMENT

**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



**TexaSaver 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](https://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

Treat  
Yourself  
to Cool  
Deals



**DISCOUNT**  
Purchase Program  
administered by BENEPLACE

## Ready to Save?

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

[www.DiscountProgramERS.com](http://www.DiscountProgramERS.com)



# Resources

**Visit [www.ers.texas.gov](http://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!**