



# Agency Manual

## The Teachers' Retirement System of Alabama is pleased to provide you with this Agency Manual.

The agency manual is designed as a ready reference to assist you in matters regarding retirement system procedures, rules, and regulations. We hope this manual will significantly help in performing your reporting responsibilities as the employer of a retirement plan administered by the TRS.

This manual will be updated periodically to reflect any changes in the law. Our goal is to provide you with a clear and concise explanation of plan benefits and reporting procedures. We encourage you to contact our office if you have any questions on retirement matters. All updates to this manual are available online at [www.rsa-al.gov](http://www.rsa-al.gov).

The information provided in this manual is based on the *Code of Alabama 1975*, Chapter 25 for TRS and Chapter 25A for PEEHIP. This manual is not intended as a substitute for the laws of Alabama governing the TRS nor will its interpretation prevail should a conflict arise between its contents and Chapter 25 and 25A. Furthermore, the laws summarized here are subject to change by the Alabama Legislature. Do not rely solely upon the information provided in this manual to make decisions regarding retirement; contact the TRS with any questions you may have about benefits and retirement.



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## Introduction

### TO PAYROLL AND PERSONNEL OFFICERS

The purpose of this manual is to provide payroll and/or personnel officers of TRS employing agencies with an understanding of their responsibilities in reporting retirement wages and paying retirement contributions. You are the key link between the TRS and the employees of your agency. You must be knowledgeable of TRS procedures to ensure that your employees know their rights related to retirement matters. We hope that this manual will make it easier to find the information needed to perform your job well.

### UPDATING THE MANUAL

When policies and procedures change, updates will be available online. Once you have downloaded the revised sections, please insert the revision(s) and discard the obsolete pages(s). The TRS will notify you by email of any revisions to this manual.

### EXPLANATION OF RETIREMENT COVERAGE

The TRS was established October 1, 1940, by the Alabama Legislature for the purpose of providing retirement allowances for teachers of the state of Alabama. Benefits are calculated as a percentage of average final compensation multiplied by years of creditable service. In addition to the monthly benefit paid to members who meet the minimum requirements for service retirement, disability retirement and in-service death benefits are also part of the TRS benefit structure.

To ensure soundness, the plan is required by law to have an annual actuarial valuation of the assets and liabilities of the TRS to determine, on the basis of actual experience, if any changes in the agency's contributions are necessary. Based on the actuarial valuation, the contribution rate of the agency is adjusted from time-to-time to ensure that as members retire, the contributions of members and agencies together with the investment earnings, will be sufficient to pay the benefits provided under the retirement plan.

### TRS BOARD OF CONTROL

The Board of Control consists of 15 members as follows:

- The State Superintendent of Education, ex officio;
- The State Treasurer, ex officio;
- The State Director of Finance, ex officio; and
- Twelve elected members of the Teachers' Retirement System:
  - Two retired members.
  - One city or county superintendent.
  - One principal.
  - One member from postsecondary education that is part of the Alabama Community College System.
  - Two members from a public four-year institution of higher education
  - Three teachers who are actively instructing students in grades K-12.
  - Two education support personnel from a grade K-12 school.

Terms of Office: The ex officio members serve as long as they hold that office. All other Board members serve three-year terms.

## Member Participation and Eligibility

### MANDATORY PARTICIPATION

Participation in the TRS is mandatory if a person is employed in a position eligible for coverage in a non-temporary capacity on at least a one-half time basis earning at least the federal minimum wage. Active members of the Employees' Retirement System (ERS) are not eligible for TRS participation.

Temporary employees with a specific termination date not exceeding one year are ineligible. However, temporary employees employed longer than one year must begin participation in the TRS at the beginning of the second consecutive year of employment. See the section titled Temporary Employees Employed Longer Than One Year below for more information.

Once an employee begins participation in TRS, the employee is required to continue contributing on future employment even if the employment is of Temporary, Seasonal/Irregular, or Part-time status. The only exception is substitute work, which is never eligible for retirement withholding. If a member terminates their participation with TRS, any future employment would be the same as "starting over." In other words, if someone withdraws their account, or it terminates after 5 years of inactivity, this person would not be required to submit contributions on future employment that is less than half-time or that is Temporary.

*As a matter of clarification, TRS and PEEHIP are two completely separate entities which have different eligibility requirements established by law. Laws governing TRS can be found under Title 16 Chapter 25 and laws governing PEEHIP are available under Title 16 Chapter 25A of the Code of Alabama 1975.*

### **Tier 1 and Tier 2**

Tier 1 plan member: Any member of the Retirement Systems of Alabama who had service for which they received credit in the Employees' Retirement System or in the Teachers' Retirement System prior to January 1, 2013.

Tier 2 plan member: Any member of the Retirement Systems of Alabama who first began eligible employment with an Employees' Retirement System or a Teachers' Retirement System participating employer on or after January 1, 2013, and who had no eligible service in the Employees' Retirement System or the Teachers' Retirement System prior to January 1, 2013.

### **New Members**

New employees, including those previously employed with an agency participating in the TRS or Employees' Retirement System (ERS), should be enrolled using the Employer Self-Service (ESS) portal by the employing agency. Once the agency submits the employee's enrollment to the TRS, the new member will be mailed a Welcome Packet that includes a DESIGNATION OF BENEFICIARY PRIOR TO RETIREMENT form as well as information about the RSA-1 Deferred Compensation Plan. The DESIGNATION OF BENEFICIARY PRIOR TO RETIREMENT form is available on the RSA website, and the employer may choose to provide this form to the employee at the time of hire.

### **Temporary Employees Employed Longer Than One Year**

A temporary employee is someone who is employed with a specific termination date not exceeding one year. If that employee is working at least half time, they must begin participation in the TRS at the beginning of the second consecutive year of employment. Upon receipt of certification from the employer, the member is eligible to purchase the first year of temporary employment as error service. Employers of employees purchasing temporary service credit will be responsible for paying the matching employer cost for the purchased service.

### **NOT ELIGIBLE FOR TRS PARTICIPATION**

These persons are not eligible for participation in the TRS:

- Active members of the ERS.
- Persons in receipt of a retirement benefit from the TRS (See Postretirement Employment).
- Retired members of the ERS employed on a part-time basis with a TRS agency (See Postretirement Employment).
- Employees who elected not to participate under the provisions of ACT 1108, effective October 1, 1975.
- Temporary employees with a specific termination date not exceeding one year.
- Substitute employees.

### **TRANSFERS FROM OTHER TRS/ERS AGENCIES**

If the member previously worked for an agency covered under the ERS, an ERS\_TRFTR-2, the TRANSFER OF MEMBERSHIP FROM THE EMPLOYEES' RETIREMENT SYSTEM form must be completed in order to transfer service credit established in the ERS to the TRS. The ERS does not automatically transfer service credit to the TRS. The member must authorize this transfer.

If a member is transferring from a TRS agency to an ERS agency, a TRS\_TRFTR-1, the TRANSFER OF MEMBERSHIP FROM THE TEACHERS' RETIREMENT SYSTEM form should be submitted.

If a member is transferring from one TRS agency to another TRS agency, the employing agency should complete a new enrollment in ESS for the member. There is no need to complete a transfer form.

A withdrawn account under the TRS or ERS is not transferable because the service was cancelled due to the member's refund of contributions upon termination of employment.

Any member who previously participated in either the TRS or the ERS and withdrew their contributions and again becomes a member may, upon the completion of two years contributing membership service, restore the previously cancelled creditable service provided the member has not established credit for the previously withdrawn service with any other public retirement system. The member must make a lump-sum payment of the withdrawn amount plus 8% interest compounded from the date of withdrawal to the date of payment. Payment must be made prior to termination of employment.

## Updating Information

### AGENCY

An agency official must notify the TRS when changes are made to payroll, personnel contact persons, phone numbers, mailing and/or physical addresses. Verification of changes must be submitted in writing to: Teachers' Retirement System of Alabama, Post Office Box 302150, Montgomery, Alabama 36130-2150. The ESS Administrator for the agency must also update this information in the Employer Self-Service Portal.

### MEMBER

#### Name Changes

Agencies must change the name of the member on the Enrollment File submission or Manual Entry in ESS. A notice from the member in a letter will not change the name on the active member's retirement account. Note: For inactive and retired member name changes, the member or retiree must submit a copy of the legal document authorizing the name change.

#### Address Changes

It is essential for the TRS to be informed of an employee's change of mailing address. Members can go online to access their TRS and RSA-1 accounts and update their contact information. To obtain access to information in their account(s), the member must register online at <https://mso.rsa-al.gov>.

To change a member's or retiree's address, the TRS can be notified by a submission of one of the following:

- Member Online Services (<https://mso.rsa-al.gov>).
- ADDRESS CHANGE NOTIFICATION form on the RSA website.
- A signed, written request or letter from the member, retiree, or legal representative.

The TRS will mail important information to its members such as the *Advisor* (RSA newsletter) and Board of Control election information.

#### Beneficiary Changes

New members designate a primary and contingent beneficiary on the DESIGNATION OF BENEFICIARY PRIOR TO RETIREMENT form. If the member wishes to change the beneficiary designation(s), the appropriate portions of a DESIGNATION OF BENEFICIARY PRIOR TO RETIREMENT form must be completed with the member's signature acknowledged by a notary public.

If the member's primary beneficiary predeceases them, the TRS will pay the contingent beneficiary any benefits due at the death of the active or inactive member. If, at the member's death, no beneficiary is designated, the estate of the member will be paid the appropriate death benefit payment.

Beneficiary changes for retired members must be referred to the TRS for the appropriate forms.

#### Date of Birth Documentation

If a controversy arises regarding the date of birth of the member or a designated beneficiary, the member must provide one of the following\*:

- An original or certified copy of the birth certificate issued by the state in which birth occurred.
- Delayed birth certificate issued by the state in which birth occurred.
- Bureau of Census Report from the U.S. Census Bureau stating the age of the individual at a census year when the person was less than 20 years old (this document verifies year of birth only).
- An original or certified copy of the Baptismal Record or Parish Record providing the age of the individual at the time of baptism.
- An original or certified copy of the Family Bible record indicating the individual's date of birth.
- An original or certified copy of the school record indicating the individual's date of birth.
- Insurance policy indicating the individual's date of birth provided the policy is dated prior to the member's enrollment in the RSA.
- A copy of the individual's state-issued driver's license.
- A U.S. Passport.

\*The ACCEPTABLE PROOF OF AGE DOCUMENTS form verifies the correct method(s) required for certifying a copy of an original document and provides more detailed information regarding the documentation that is acceptable by the TRS to verify a date of birth.

**Social Security Number Corrections**

The member's Social Security number must be correctly reflected on the member's enrollment in ESS.

- If there is an error, the agency must provide the TRS with a copy of the member's Social Security card for the TRS to correct the member's account information.
- After TRS makes the correction, the agency must correct the member's Social Security number in the payroll system.
- A notice from the member in a letter will not change the Social Security number on the retirement account.

**Reporting Retirement Contributions****REPORTING SPECIFICATIONS**

Member contributions remitted to the TRS must be based on the compensation that is earned in a reporting period. Earnable compensation is subject to retirement deductions on at least a monthly basis regardless of when the compensation is actually paid to the member. Earnable compensation consists of all regular compensation earned and overtime compensation. Contributions submitted on overtime pay cannot exceed 120% of base pay for Tier 1 members and 125% of base pay for Tier 2 members.

Member contribution rates are determined by statute and subject to change by the Alabama Legislature.

- Tier 1 members must contribute 7.5% of earnable compensation.
- Tier 1 full-time, certified firefighters, law enforcement officers, or correctional officers (FLC), who are not covered as State Policemen, must contribute 8.5% of earnable compensation.
- Tier 2 members must contribute 6.0% of earnable compensation. Beginning with any pay period end date on or after October 1, 2021, this rate will be 6.2%.
- Tier 2 full-time, certified firefighters, law enforcement officers, or correctional officers (FLC), who are not covered as State Policemen, must contribute 7.0% of earnable compensation. Beginning with any pay period end date on or after October 1, 2021, this rate will be 7.2%.
- If a member holds employment as a full-time, certified firefighter, law enforcement officer, or correctional officer with one TRS agency and is additionally employed in a non-FLC position with another TRS agency, that member must be classified as FLC Dual with the secondary agency and must contribute at the FLC rate for both positions.

Other items that may be included as earnable compensation, subject to TRS contributions are:

- Employer payments on behalf of its employee to a deferred compensation plan such as RSA-1;
- Payments for certain bonuses provided the bonus is established on performance-based objective criteria and is a finite amount in a written contract;
- Expense allowances provided the allowance is a finite amount in a written contract, not repayable to the employer, reported on the employee's W-2, and is not provided for payment of any ineligible expenses.

**OVERTIME PAY**

Effective July 1, 2012, Act 2012-302 restricts compensation for use in retirement calculations to 120% of the base contract salary for Tier 1 members and 125% of the base contract salary for Tier 2 members during each scholastic year.

- Overtime pay is defined as wages earned in accordance with the Fair Labor Standards Act at the rate of time and a half for working more than 40 hours per week.
- Regular pay is defined as base wages including straight/gap pay, call-back pay, paid leave (not taken as a lump-sum), and other related pensionable compensation.
- Lump-Sum/Longevity pay is defined as pensionable bonuses and other one-time payments, wages for coaching, labs, or any time worked outside the member's normal contract.

It is the responsibility of the employing agency to restrict the submission of contributions on wages and to correctly report the Overtime Pay to TRS. Prior to 2019, TRS agencies did not have the capability to submit detailed information about different types of pay in the existing reporting system. As a result, TRS had no way to determine what was Overtime Pay by using the contribution file. Beginning after the close of the 2021 scholastic year, TRS will run a program to automatically refund ineligible employee and employer contributions. The program determines the overtime contribution limit by multiplying all Regular Pay lines reported by your agency for an employee by either 120% or 125%. The OVERTIME CERTIFICATION REQUEST FOR 120/125% LIMITATION REVIEW form is available for employers to provide certification on prior years of Overtime Pay or to make corrections to incorrectly reported Overtime Pay.

**EXCEPTIONS**

Retirement deductions must **not** be withheld from:

- Signing bonuses
- Expense allowance payments that are reimbursement for actual expenses
- Wages paid for substitute work
- Lump-sum payments for unused accrued sick, annual, vacation, or personal leave
- Vehicle allowances
- Mileage reimbursement
- Bonus payments, if not specified in employment contract
- Compensatory time payments, unless used for paid leave
- Reimbursed expenses unless specifically authorized by law
- Any part-time work performed after the member’s effective date of retirement
- Moving allowances or payment of moving expenses
- Payments for health insurance premiums or similar expenses
- Payments for organization or membership dues
- Payments for conference attendance
- Any other expense or payment related to or required for the performance of job duties

TRS staff retains the discretion to determine whether a payment is includable in earnable compensation, subject to TRS contributions. If you have questions relating to the eligibility of a particular type of payment for retirement contributions, please contact TRS for specific guidance.

**REPORTING METHOD AND DEADLINE**

The TRS participating agency must report retirement contributions and RSA-1 deferred compensation contributions using the following method:

Employers will upload their files via **Employer Self-Service (ESS)** as outlined in the ESS File Format. The files will be used to remit wage and contribution information for all employees, regardless of their contributing status. If the employee has elected to participate in RSA-1, the amount deducted from the wages will be reported in this same contribution file. All payments will be made by debit to the authorized employer account set up in ESS.

The report and remittance are due on the first day of the month and considered delinquent if received after the 10th of the month. In the event your account becomes delinquent, the outstanding amount will begin to accrue interest at the current actuarial assumed investment rate beginning 30 days after the original contribution due date.

The agency cost and member contribution computation must agree with the remittance. Discrepancies result in costly processing delays and difficulties.

**TRS Contribution Groups: To be used in reporting members’ positions**

Contribution Group	Description	Contribution Group	Description
010	Other-Professional/Administrative	019	Mechanic
011	Teacher	020	Other-Support Worker
012	Principal	021	Firefighter
013	Superintendent	022	Law Enforcement Officer
014	Administrative	023	Nurse
015	Clerical	024	Physician’s Assistant
016	Lunchroom (CNP)	025	Physician
017	Maintenance	099	FLC Dual
018	Bus Driver		



**RSA-1**

For RSA-1, the amount deducted from the wages of an employee will be reported in the same contribution file mentioned above. All payments will be made by debit to the authorized employer account set up in ESS.

For questions concerning submission of enrollment files, contribution files and/or electronic media, please contact Employer Services at 334.517.7005.

**STATUS CHANGE REPORTING****Part-time Employees**

If a TRS member's work schedule decreases to less than full-time or the member goes on a leave of absence with pay, the law requires that contributions be deducted and that service credit be given in proportion to the percent of time worked as compared to a full-time employee for that job classification.

The agency should review the monthly contributions report to confirm that the report provides the information necessary to identify members who do not work full-time or who are not paid full-time wages for the reporting period. Failure to properly report the units contracted and units worked for part-time employees will result in incorrect service credit being calculated.

**Temporary Employees**

Temporary employees who are employed in at least a 50% full time capacity for at least one (1) year must be enrolled in the TRS at the beginning of the second consecutive year of employment. Once enrolled, the employee should be given an opportunity to purchase the first year of service. To certify this service, the agency submits a completed CERTIFICATION OF SERVICE form, to the TRS certifying the first year of temporary employment.

The agency should review the monthly contributions report to confirm that the report provides the information necessary to identify members who do not work full-time or who are not paid full-time wages for the reporting period. Failure to properly report the units contracted and units worked for part-time employees will result in incorrect service credit being calculated.

Temporary service of less than one year does not make an employee eligible for initial enrollment into TRS.

**CORRECTING REPORTING ERRORS****Eligible Employee**

When an agency realizes that they failed to remit contributions for an eligible employee within the current or immediately preceding scholastic year (July 1- June 30), the employer should use the ESS portal to create a prior period adjustment. This will generate an invoice and the employer can withhold the appropriate contributions from the employee's check and submit them through ESS. Interest will not be charged in this situation.

The CERTIFICATION OF SERVICE form requires the agency to certify the employee's total salary and amount of work performed by scholastic year. The certifying official of the agency must certify the requested information in all applicable fields on the form. If additional information would be helpful for TRS to determine the correct cost or amount of service credit, please submit alternative or additional documentation. For example, if the employee's rate of pay or percentage of full-time employment changed during the scholastic year, please provide that information. If the error to be corrected occurred prior to the immediately preceding scholastic year, there will be an interest charge added to the employee and employer cost.

If an agency failed to withhold contributions for adjunct employment from an employee who was already a member of TRS when the adjunct work was performed, the agency should submit the number of courses taught by scholastic year and the amount paid by scholastic year. Service credit for adjunct work is determined by the number of regular courses (3 hours) taught each year. If the employee was not already enrolled in TRS and was only teaching adjunct courses, the employee is not eligible to purchase credit for the work.

If a member elects to make a payment for any errors in retirement contribution reporting, the agency is required to also make an employer contribution.

**Ineligible Employee**

If retirement contributions are submitted for an employee who is not eligible to participate in the TRS, the agency must request a refund of the erroneously remitted employee retirement contributions and the matching employer cost. If the contributions were made during the current or immediately preceding scholastic year, the employer should make a prior period adjustment through the ESS portal. If the contributions were made in any other year, the employer should submit a written request to TRS for a refund.

**EMPLOYER PICKUP OF RETIREMENT CONTRIBUTIONS (TAX SHELTERING)**

The participating agency may request information from the TRS about tax-sheltering employee contributions. The tax-sheltering plan provides tax savings for the majority of public employees. Information and a model resolution can be mailed to you upon request. You may also wish to contact the TRS and discuss the tax-sheltering provision.

Implementation of tax-sheltering is solely at the discretion of each agency. If the agency elects to tax-shelter employee contributions, the reduction will apply to all employees, except those who are ineligible to participate in the TRS. If the employing agency begins participating in the tax-sheltering, all contributing TRS members must participate. Individual employees cannot be given the option of participating or not participating once the agency begins tax-sheltering.

Regular members of the TRS are required to contribute 7.5% for Tier 1 and 6.0% for Tier 2 of earned compensation. Firefighters, law enforcement officers, and correctional officers, not covered as State Policemen, must contribute 8.5% for Tier 1 and 7.0% for Tier 2 of earned compensation. Retirement contributions are subject to federal income tax and are included as taxable income, unless the agency tax-shelters employee contributions.

TRS members will not have to pay federal income tax on their retirement contributions if the employing agency elects to pay the retirement contribution directly to the TRS. The member has a reduction in federal taxable income and benefits from the agency "picking-up" or tax-sheltering the member's contributions. Payment of the retirement contributions by the agency directly to the Internal Revenue Service does not change the agency's cost to the TRS.

For all purposes other than federal income taxation, the members' earnable compensation will be considered to be the same as before the salary reduction and retirement contribution "picked-up" by the employing agency. State income tax, Social Security tax, and Medicare tax will be paid on the members' full earnable compensation.

Tax-sheltering defers payment of federal income tax on retirement contributions but does not preclude payment of federal income taxes altogether. The member must pay federal income tax on retirement contributions when the TRS issues a return of contributions upon withdrawal from the RSA or upon payment of benefits at retirement.

To implement the tax-sheltering of retirement contributions, the governing authority for each agency should:

1. Adopt a resolution that is prospective from the date of adoption.
2. Provide a copy of the resolution to the TRS.

Implement the necessary payroll procedure and reporting changes to discontinue withholding federal income tax from the retirement contribution. For federal income tax purposes, the member's federal taxable income should be reduced by the amount of the retirement contribution. Currently, all organizations participating in TRS have elected to tax shelter retirement contributions.

**Firefighter, Law Enforcement Officer, Correctional Officer Service (FLC), Act 2000-669****GENERAL INFORMATION**

The provisions of Act 2000-669 apply to any Tier 1 full-time certified firefighter, law enforcement officer, or correctional officer not covered as State Police. The provisions of the Act became effective January 1, 2001.

Act 2000-669 provides eligible Tier 1 firefighters, law enforcement officers, and correctional officers with one year of additional retirement service credit for each 5 years of employment as a full-time certified firefighter, correctional officer or law enforcement officer **provided** that the Tier 1 member remits to the TRS 8.5% of his or her current annual earnable compensation. The additional retirement service credit provided under this act will be granted upon the member's attainment of the required number of years to qualify for service or disability retirement. *The additional retirement service **may not** be used to meet the creditable service requirement for service or disability retirement.*

*Effective October 1, 2012, the contribution rate for each eligible **Tier 1** full-time firefighter, law enforcement officer or correctional officer changed to 8.5% of his or her earnable compensation.*

*Effective January 1, 2013, Tier 2 was created and the contribution rate for each eligible **Tier 2** full-time firefighter, law enforcement officer, or correctional officer was established as 7.0% of his or her earnable compensation.*

Tier 2 FLC members are eligible to draw benefits at the age of 56 provided that they have completed 10 years of service credit.

**Termination of Service**

**TERMINATION OF EMPLOYMENT - INELIGIBLE FOR RETIREMENT**

Once employment or service is terminated prior to retirement eligibility, the member’s participation in the TRS ceases. The member has three options at that time:

1. If the member is **vested (at least 10 years of service)**, then retirement contributions will continue to accrue interest until either the account is withdrawn or the member begins receiving retirement benefits. The member may apply for service retirement to be effective the first day of the month following attainment of age 60 for Tier 1 and age 62 for Tier 2.
2. **With less than 10 years of service**, interest accrual will cease on the account after 5 years of inactivity. If the member has not returned to employment as a participating member within 5 years, the account will be terminated. Contributions plus any refundable accrued interest will be payable to the member and distributed upon receipt of a properly completed application for refund.
3. After termination, the member may withdraw all retirement contributions and refundable interest. **Member contributions are only refunded at the request of the member upon termination of employment and application for refund.**

*An approved leave of absence does not constitute termination of employment.*

The employee and employer must complete a NOTICE OF FINAL DEPOSIT AND REQUEST FOR REFUND form with the employee’s signature being notarized. Instructions for the completion of the NOTICE OF FINAL DEPOSIT AND REQUEST FOR REFUND form are located on the reverse side of the form. Important information about federal income tax is located in the SPECIAL TAX NOTICE REGARDING YOUR ROLLOVER OPTIONS.

Pre-tax employee retirement contributions (meaning those contributions that were withheld prior to federal tax withholding) and any refundable interest will be subject to mandatory 20% federal income tax. There will not be withholding on any previously taxed portion of the refund. The taxable portion of the refund may also be subject to a 10% additional income tax at the time you file your taxes. (See the SPECIAL TAX NOTICE REGARDING YOUR ROLLOVER OPTIONS for additional information.) No portion of the refund is subject to state of Alabama income tax.

Federal tax does not apply if the taxable amount of the refund is directly rolled over from the RSA to the trustee of a Qualified Retirement Plan. (See the SPECIAL TAX NOTICE REGARDING YOUR ROLLOVER OPTIONS for the eligible rollover plan codes.)

When withdrawing retirement contributions, the member’s signature verifies that they do not have a contract and are not negotiating for employment with any agency covered by TRS.

Upon withdrawal of retirement contributions (taking a refund), all service credit established in the TRS is cancelled. For vested members, the right to a lifetime monthly retirement benefit at age 60 is forfeited for Tier 1 members and age 62 for Tier 2 members.

The employee is **not** entitled to the total interest credited to the account. The following table lists any refundable interest to which the employee is entitled.

**Table of Refunds**

Years of Membership Service	Amount of Interest Refunded	Contributions Refunded
Less than 3 years	None	All
3-15 years inclusive	50%	All
16-20 years inclusive	60%	All
21-25 years inclusive	70%	All
26 years or more	80%	All

In January following the calendar year a refund is made, a 1099-R will be issued to the member, indicating how the funds were distributed (as a taxable lump-sum or a rollover to a qualified plan). The TRS is required to report all refunds to the Internal Revenue Service.

**DEATH OF A MEMBER PRIOR TO RETIREMENT**

If a member dies prior to retirement, death benefit payments are determined and paid based on the member’s age, service credit, employment status, and eligibility for retirement. To report the death of a non-retired member, the employer must enter the member’s date of death and end the enrollment in the ESS portal. Preretirement death benefits for which the beneficiary or estate of a deceased member may be eligible are outlined below:

**Ineligible to Retire**

Member Age	Years of Service Credit	Preretirement Death Benefit
Under 60 Tier 1 or Tier 2	Between 1 -25	Member contributions, total interest earned, plus an amount equal to the member’s salary for the prior fiscal year (July 1 – June 30)
Any age, Tier 1 or Tier 2	Between 1 - 10	
Any age	Less than 1 year and death was job-related	Member contributions, total interest earned, plus an amount equal to the member’s salary at time of death
Any age	Less than 1 year and death was not job-related	Member contributions, total interest earned, plus an amount matching the contributions and interest but limited to a maximum of \$5,000

**Eligible to Retire**

Member Age	Years of Service Credit	Choice of
Any age	25 or more, Tier 1 only	(1) Option 3 monthly benefit (50% of member’s retirement benefit) to the spouse or beneficiary  <i>Or</i> (2) Member contributions, total interest earned, plus an amount equal to the member’s salary for the prior fiscal year (July 1 - June 30)
60 and older Tier 1	10 or more	
62 and older Tier 2	10 or more	

If death occurs more than 180 calendar days after the member’s last day in a pay status, or if the deceased had applied for a refund of contributions or terminated employment, the lump-sum payment will be the same as for status of *less than 1 year and not job-related*.

**Term Life Insurance Benefits**

The beneficiary(ies) or estate of a deceased active member who dies within 90 days of being in an active pay status will be eligible to receive up to \$15,000 in life insurance benefits. The life insurance amount will be \$15,000 if the member was employed on a full-time basis or a prorated share of the \$15,000 benefit if the member was employed less than full-time, e.g. the beneficiary of a member employed half-time would be entitled to a \$7,500 life insurance benefit.

**Completing the Application for Survivor Benefit Form**

Payment to the beneficiary(ies) cannot be made until the TRS receives a completed APPLICATION FOR SURVIVOR BENEFIT form, a certified copy of the death certificate of the member, the member’s final retirement contribution, and the appropriate distribution paperwork. If the death is the result of a homicide, additional information from the investigating law enforcement agency that confirms the beneficiary(ies) is not involved in or a suspect(s) in the death of the member will also be required.

If no beneficiary has been designated, the appropriate lump-sum payment will be made to the member’s estate. In this case, the Executor of the Estate must complete the APPLICATION FOR SURVIVOR BENEFIT form and submit it along with the appropriate legal documentation.

The beneficiary(ies) should read the SPECIAL TAX NOTICE REGARDING YOUR ROLLOVER OPTIONS to avoid any misunderstandings about the taxability of the preretirement death benefit.

**Beneficiaries of Members Eligible for Retirement**

If the member was eligible for retirement at the time of their death, the designated beneficiary is eligible to choose either a lump-sum death benefit payment or a monthly survivor benefit. After the APPLICATION FOR SURVIVOR BENEFIT form is submitted, the beneficiary will be provided with a Benefit Election form that will specify both benefit amounts (amounts may be estimated), which must be returned to the TRS before the distribution can be made.

**Retirement: Disability Retirement and Service Retirement****DISABILITY RETIREMENT****Requirements**

A member is *eligible to apply* for disability retirement with the TRS if the member is "in service" with a minimum of 10 years of creditable service. (A member is considered "in service" if currently working or on an official leave of absence for one year which may be extended for no more than one additional year.) A member who has terminated employment is not eligible to apply for a disability retirement benefit.

To qualify for a disability benefit, a Tier 1 member must be determined by the TRS Medical Board to be permanently incapacitated, either mentally or physically, and unable to perform their current duties. A Tier 2 member must be determined to be permanently incapacitated, either mentally or physically, and unable to perform any regular and substantial employment.

**Application for Disability Retirement**

A TRS APPLICATION FOR DISABILITY RETIREMENT and a REPORT OF DISABILITY PACKET must be submitted to the TRS no less than 30 days nor more than 90 days prior to the proposed effective date of retirement. Both packets must be received before an effective retirement date can be determined. The effective retirement date is always the first day of a month.

**TRS Disability Retirement Application Packet Part I**

The TRS DISABILITY RETIREMENT APPLICATION PACKET Part I includes the TRS APPLICATION FOR DISABILITY RETIREMENT, PEEHIP INSURANCE AUTHORIZATION, and the RSA DIRECT DEPOSIT AUTHORIZATION.

TRS APPLICATION FOR DISABILITY RETIREMENT: The member completes the Member Information, Beneficiary Designation, and Member Authorization sections. The agency should submit the Employer Certification through ESS but may complete the Employer Certification section on the form if necessary.

PEEHIP INSURANCE AUTHORIZATION: The member completes the sections of the form that apply.

RSA DIRECT DEPOSIT AUTHORIZATION: The member and an official of the member's selected financial institution (bank) will complete this form. The RSA DIRECT DEPOSIT AUTHORIZATION may be submitted with the TRS APPLICATION FOR DISABILITY RETIREMENT or separately.

**Report of Disability Packet**

The REPORT OF DISABILITY PACKET includes the STATEMENT BY EXAMINING PHYSICIAN and the APPLICANT AUTHORIZATION.

STATEMENT BY EXAMINING PHYSICIAN: The member's attending physician(s) completes the front and back sides of the form.

APPLICANT AUTHORIZATION: The member applying for disability retirement should complete this form to authorize the physician to complete the STATEMENT BY EXAMINING PHYSICIAN and submit it to the TRS.

The completed application is presented to the Medical Board, which meets once a month, usually the first Tuesday of the month. Once the application is reviewed, the member will be notified of the Board's decision.

When the TRS APPLICATION FOR DISABILITY RETIREMENT and the REPORT OF DISABILITY PACKET are submitted separately to the TRS, the retirement date will be determined by the date the TRS receives the last form, unless the member is simultaneously eligible for service retirement. When the member is eligible for service retirement, the retirement date will be determined by the date the TRS APPLICATION FOR DISABILITY RETIREMENT is received. For service eligible members who are disabled, the physician's report must be received prior to the retirement date.

Upon approval for disability retirement benefits, an annual disability review is required to determine continued eligibility for disability benefits.

**Code of Alabama 1975, §16-25-14h1**

Per the Code of Alabama 1975, §16-25-14h1, disability reviews are required for the first five years following the retirement of a member receiving disability benefits and for every three years thereafter until the retiree reaches the age of retirement. For Tier 1 members this is age 60. For regular Tier 2 members this is age 62. For Tier 2 members who meet the requirements to be classified as a firefighter, law enforcement officer, or correctional officer as defined in Section 36-27-59, this is age 56.

**SERVICE RETIREMENT**

**Requirements**

A member is eligible for retirement:

Tier 1:

At age 60 with 10 or more years of creditable service,

or

At any age with 25 or more years of creditable service

Tier 2:

At age 62 with at least 10 years of creditable service,

At age 56 with at least 10 years of service credit for Firefighters, Law Enforcement, and Correctional Officers (FLC)

**Application for Service Retirement**

An APPLICATION FOR SERVICE RETIREMENT must be submitted to the TRS no less than 30 days nor more than 90 days prior to the effective date of retirement. The effective retirement date is always the first day of a month.

**TRS Service Retirement Application Packet Part I**

The TRS SERVICE RETIREMENT APPLICATION PACKET PART I includes the TRS APPLICATION FOR SERVICE RETIREMENT, PEEHIP INSURANCE AUTHORIZATION, and the RSA DIRECT DEPOSIT AUTHORIZATION.

TRS APPLICATION FOR SERVICE RETIREMENT: The member must complete all but the Employer Certification section and have the form notarized. The agency should provide the Employer Certification through ESS but may complete the Employer Certification portion of the APPLICATION FOR SERVICE RETIREMENT if necessary.

PEEHIP INSURANCE AUTHORIZATION: The member completes the sections of the form that apply.

RSA DIRECT DEPOSIT AUTHORIZATION: The member and an official of the member's selected financial institution (bank) will complete this form. The RSA DIRECT DEPOSIT AUTHORIZATION may be submitted with the TRS APPLICATION FOR SERVICE RETIREMENT or separately.

The member may file an APPLICATION FOR SERVICE RETIREMENT directly with the TRS without the employer certification, which will establish the member's retirement date. The TRS is permitted to accept a faxed or emailed copy of the signed and notarized application for the purpose of meeting the filing deadline. However, the member must still mail the original document to TRS.

Upon receipt of the original document, the TRS will send an electronic request to the employer for certification through the ESS system for completion. If the member is retirement eligible and has not been employed with an agency covered by the RSA for over six months, no employer certification is necessary.

**If the member or agency fails to submit the TRS APPLICATION FOR SERVICE RETIREMENT or the TRS APPLICATION FOR DISABILITY RETIREMENT within the filing period for the requested retirement date, the member's retirement date will be delayed.**

A member may cancel their TRS APPLICATION FOR SERVICE RETIREMENT, provided that the cancellation is made in writing prior to the effective date of retirement.

**SICK LEAVE CONVERSION**

The provisions of Act 84-251 codified under §16-25-11.1, *Code of Alabama 1975*, allow a TRS member to convert unused accrued sick leave to service credit at retirement. Conversion of sick leave to service credit is in lieu of any payment the member is entitled to receive for this leave. Sick leave conversion is allowable for Tier 2 members in accordance with Act 2021-537.

- The service credit may be used to meet the minimum service requirements for Tier 1 service retirement eligibility (25 years of service at any age or at age 60 with at least 10 years) but cannot be used to reach 10 years of service to defer retirement to a later date.

**SICK LEAVE CONVERSION CHART**

Accumulated Sick Leave Days	Months of Service
0-7	0
8-22	1
23-37	2
38-52	3
53-67	4
68-82	5
83-97	6
98-112	7
113-127	8
128-142	9
143-157	10
158-172	11
173-187	12
188-202	13
203-217	14
218-232	15
233-247	16
248-262	17
263-277	18
278-292	19
293-307	20
308-322	21
323-337	22
338-352	23
353-367	24
368-382	25
383-397	26
398-412	27
413-427	28
428-442	29

**COST-OF-LIVING INCREASES**

Cost-of-Living Adjustments (COLAs) for TRS retirees are provided at the discretion of the Alabama Legislature. The amount of any increase will be based upon the provisions of the legislation.

**Partial Lump Sum Option Plan (PLOP) Act 2019-316**

Effective Oct 1, 2019, members who meet service retirement eligibility requirements became eligible to participate in PLOP. At retirement, in addition to selecting the Maximum Option or Options 1, 2, 3, or 4, a member may also elect to receive a one-time lump-sum distribution (cash payment) in addition to their monthly retirement benefit.

In exchange, for a reduced lifetime monthly benefit, they can elect to receive a Partial Lump-Sum Option Plan (PLOP). The member's age and plan of retirement are used to determine the reduction in the benefit.



A PLOP distribution will be made as a single payment at the time the first monthly benefit is paid. Based on the amount of the PLOP, the monthly retirement benefit is then reduced to be the actuarial equivalent of the retirement benefit without a lump-sum distribution.

If a member is interested in electing a PLOP, RSA encourages them to seek assistance from a financial advisor and/or a tax professional. A PLOP used to enhance retirement income or savings may merit consideration. A PLOP used to purchase depreciable assets or used for leisure should be given careful consideration as these purchases may compromise long-term retirement income.

**Fast Facts**

- The amount of lump-sum distribution available is based on the maximum monthly benefit amount a member is eligible to receive.
- The smallest lump-sum distribution available is the amount of one month of the maximum benefit. (Rounded up to the nearest \$1000)
- The largest lump-sum distribution available is the sum of 24 months of the maximum benefit. (Rounded down the nearest \$1000)
- All lump-sum distributions will be provided in \$1,000 increments.
- The monthly retirement benefit will be actuarially reduced due to the election of a PLOP distribution.

**Who is Eligible?**

A member is eligible to participate in the Partial Lump-Sum Option Plan if the following criteria are met:

- Tier 1 members must have either 25 years of creditable service or 10 years of creditable service and attain age 60. Tier 2 members must have 10 years of creditable service and attain age 62 for regular members (or age 56 for FLC).
- Not retire with disability benefits

Members who have participated in the Deferred Retirement Option Plan ("DROP") are not eligible to participate in PLOP.

**Distribution Options**

At retirement, a member may elect a lump-sum distribution in an amount between 1 and 24 months of their normal monthly retirement benefit. This amount will be calculated under maximum retirement benefit and will be rounded to the nearest \$1,000. If a PLOP distribution is elected, the monthly benefit is actuarially reduced to reflect the value of the PLOP distribution. The combination of both the PLOP distribution, and the reduced benefit are the same actuarial value as the unreduced normal benefit alone.

At the time of retirement, the member will complete a REQUEST FOR PLOP DISTRIBUTION AND ROLLOVER ELECTION form to indicate how they wish to receive the PLOP distribution. A PLOP lump-sum distribution is paid by check. Twenty percent of the lump-sum distribution will be withheld for federal income taxes.

To defer paying taxes on a lump-sum distribution, a member may elect to rollover all or a portion of the distribution to another qualified retirement plan, including RSA-1. RSA encourages members to seek advice from a tax professional.

**Distribution Example**

A 60-year-old TRS member with a \$3,300 maximum monthly retirement benefit elects to take a lump-sum distribution at retirement. The TRS member is eligible to choose a PLOP distribution, in \$1,000 increments, from \$4,000 – \$79,000 (1 x \$3,300 = \$4,000 rounded up to the nearest \$1,000; and 24 x \$3,300 = \$79,000 rounded down to the nearest \$1,000). This member chooses a \$50,000 lump-sum distribution.

If the TRS member chooses the maximum retirement benefit, the cost per \$1,000 of the lump-sum distribution for a member retiring at age 60 is \$7.66 per month, as per the benefit reduction table (the benefit reduction will vary by system). This member's monthly cost for a \$50,000 payment is \$383.00 (50 x \$7.66).

- To determine the reduced benefit, subtract \$383.00 from \$3,300.
- The TRS member would receive \$2,917.00 per month as a result of electing the PLOP distribution.

**Tax Implications**

A PLOP distribution is subject to federal income tax withholding. Since these payments have been identified as eligible rollover distributions, RSA must withhold 20% for income tax unless the eligible portion is rolled over into a qualified retirement plan. To defer paying taxes on these payments, you may roll over all or a portion of the entire "eligible rollover distribution" amount to another qualified retirement plan. For additional information on taxes, please contact a tax consultant or the IRS at 800.829.1040.



**Benefit Reduction Table**

The table below identifies the amount a monthly benefit is reduced for each \$1,000 of a lump-sum distribution. Amounts shown in this table are based on the maximum retirement benefit. If you choose any of the other retirement options, the amounts shown will vary.

Age	Reduction Per \$1,000
50	6.93
51	6.98
52	7.03
53	7.09
54	7.16
55	7.23
56	7.30
57	7.38
58	7.47
59	7.56
60	7.66
61	7.77
62	7.89
63	8.01
64	8.15
65	8.29
66	8.45
67	8.62
68	8.80
69	9.00
70	9.22
71	9.45
72	9.70
73	9.98
74	10.28
75	10.61

**Monthly Benefit**

When applying for retirement, a member may choose a retirement plan that provides survivorship benefits. If a survivorship option is selected, they may also choose to receive a lump-sum distribution. Once the lump-sum amount is determined, the reduced monthly benefit will be calculated based on the member's age and the age of your beneficiary. If the member elects a survivorship option and a PLOP distribution, at the time of the retiree's death, the beneficiary's benefit will be based on the reduced benefit.

**Deferred Retirement Option Plan (DROP)**

The Deferred Retirement Option Plan (DROP) became effective June 1, 2002 and was repealed by legislation on March 24, 2011, with the latest date of DROP entry date being June 1, 2011.

- This voluntary plan was available to members of the Teachers' Retirement System (TRS), who had at least 25 years of service credit (exclusive of sick leave) and were at least 55 years old.

At the time of DROP entry, the member would select their lifetime retirement option and continue employment, while the retirement benefit was deposited into a DROP account for a maximum of 5 years. At the end of DROP participation, the member could withdraw from active service and receive a retirement benefit based on their years of service credit at the time of enrollment in DROP plus a lump-sum payment of the amount in their DROP account. Members who continued to work after the completion of the DROP established a post-DROP account, which added additional service credit and provided the member with a second retirement benefit.

**THE DROP ACCOUNT****Monthly Retirement Allowance**

The monthly retirement allowance that normally would have been paid to the member as if they had retired were deposited into the member's DROP account with no deduction.

**Member Contributions**

While the member participated in DROP, member contributions continued to be deposited into the DROP account.

**Interest**

During DROP participation, the DROP account earned interest at the same rate as active member accounts (4% per year). Interest accruals on member contributions ceased at termination of the DROP participation period. DROP funds not distributed within 90 days of termination of employment ceased to accrue interest on monthly benefit deposits.

Post-DROP accounts earn interest on monthly retirement benefit deposits at a rate determined by the investment returns of the Teacher's Retirement System for the previous investment year. The rate may not exceed 4% per year and cannot be less than 0%.

**Retiree Cost-of-Living Adjustments (COLAs)**

A member participating in DROP or in post-DROP status is not eligible to receive retiree COLAs. A member is not eligible to receive a retiree COLA until they have withdrawn from service and have been receiving a retirement allowance for one year.

**Active COLAs and Salary Increases**

Participants in DROP or post-DROP status may receive active COLAs and salary increases through the employer.

**Health Insurance**

A member's health insurance benefits will continue to be provided through the member's employing agency during DROP or post-DROP status.

**Annual and Sick Leave**

Participants in DROP will continue to accrue sick and annual leave.

**No fees**

DROP is not subject to any fees, charges, or other similar expenses of any kind.

**Employee Rights**

Participation in DROP did not affect the rights of education employees under the Fair Dismissal Act, tenure law, or any other fringe benefit. The election to enter DROP was between the TRS and the member. In no way was it construed as a guarantee of continued employment for the DROP participation period, nor as a requirement that a participant terminate employment at the end of the DROP participation period. Continued employment and termination of employment are matters between the employer and employee.

**CONTINUED SERVICE AFTER THE DROP PARTICIPATION PERIOD**

If the member did not withdraw from service after completing their DROP participation, the member resumed active contributing membership in the TRS for the purpose of earning creditable service. No time spent participating in DROP is counted as creditable service.

**Example:**

If a member had 26 years of creditable service upon entering DROP and participated in DROP for five years, then worked two more years after completing their contractual obligation in DROP, the member would only have 28 years of total creditable service. There would be two separate retirement allowance calculations; one based on 26 years and the other based on two years of service.

Upon withdrawal from service, the member may elect to receive the following deposits in a lump-sum distribution, make a direct rollover to an eligible plan, or a combination of the two:

1. The monthly retirement allowance plus interest. These deposits are based on the retirement option elected upon entering the DROP participation period.
2. Member contributions made to the TRS during the DROP participation period plus applicable interest.

The monthly retirement allowance may be recalculated at retirement to include accrued sick leave. However, the number of unused sick days converted for the pre-DROP benefit cannot exceed the number of unused sick days the participant had on the

date they entered DROP. For example, if a member had 38 days of sick leave at DROP entry and 55 days of sick leave at DROP termination, they can only count 38 days of sick leave toward the retirement benefit.

The member is not allowed to change the option for the monthly retirement allowance chosen at the beginning of the DROP participation period.

An additional monthly retirement allowance based on their additional service since the end of the DROP participation period will be calculated using the retirement formula (Average Final Salary x Additional Years and Months of Service x 2.0125%). The Average Final Salary will be calculated only on the additional service since the end of DROP participation. **This additional service can in no way be combined with service prior to participation in DROP.** The retirement option will be the same option used in the original retirement allowance. The member may count any additional sick days earned between the date of DROP completion and retirement on this second benefit. Using the same example above, assume the member had 55 days of sick leave at DROP termination and 80 sick days at the time of retirement. The member would be eligible to count 25 days of sick leave toward the second retirement benefit (80 days – 55 days = 25 days).

If the member dies while continuing full time employment after DROP participation, they will be considered as having retired on the first day of the month following the date of death. No death before retirement benefits will be made. However, the Group Term Life Insurance benefit would be payable to the beneficiary(ies).

#### **DISTRIBUTION OF DROP ACCOUNT**

No distribution from a member's DROP account will be made until the member terminates employment. Upon termination, a member should notify the TRS how they want to receive the DROP distribution. DROP benefit deposits will cease to accrue interest after 90 days from termination of employment. A member generally receives DROP distributions within 30 days of receipt of the properly completed distribution form.

DROP participants have one of two ways to distribute the funds in their DROP account:

1. Receive a lump-sum payment of the total DROP account balance less the required 20% federal income tax withholding. No portion of the distribution is subject to state of Alabama income tax.
2. Roll over all or a portion of the account balance to a qualified tax-deferred plan. The RSA-1 Deferred Compensation Plan (457 plan) accepts rollovers from the DROP account. Please note that participants may roll over (or convert) funds to a Roth IRA, but they will owe federal tax on the funds.
3. Or a combination of the two options listed above.

A SPECIAL TAX NOTICE REGARDING YOUR ROLLOVER OPTIONS document is included with all distribution forms. Participants should read the document prior to deciding how to distribute the DROP account. **All of the forms listed in this section are available on the RSA website.**

#### **Termination of Employment of Continued Service – Post DROP**

Once a member terminates employment post-DROP:

1. The member should complete the REQUEST FOR DROP DISTRIBUTION AND ROLLOVER ELECTION form required to authorize distribution of the DROP account balance. The election to receive either a lump-sum payment or to make a rollover will be made on this form. If the member elects to receive a lump-sum payment of the DROP account, the TRS will withhold 20% for federal income taxes. The form must be signed and notarized, but no employer certification is required. If the member elects to roll over all or a portion of the DROP account, they must sign and have the form notarized before sending it to the trustee of the eligible retirement plan that will receive the rollover. The trustee should mail the completed form to the TRS.
2. The member must complete the TERMINATION OF EMPLOYMENT OF CONTINUED SERVICE - POST DROP form. The member must complete the federal income tax withholding certificate, sign the form, and have it notarized before sending it to the employing agency for certification. If the member already has PEEHIP, they should complete the PEEHIP Insurance Authorization information on the reverse side of the form.
3. The member should send both the completed REQUEST FOR DROP DISTRIBUTION AND ROLLOVER ELECTION form and the TERMINATION OF EMPLOYMENT OF CONTINUED SERVICE - POST DROP form to the TRS. If electing a rollover, the trustee will send the REQUEST FOR DROP DISTRIBUTION AND ROLLOVER ELECTION form to the TRS. Both forms should be completed and returned to the TRS at least 30 days prior to termination of employment

#### **Applying for DROP Distribution – Death During DROP Participation**

1. The beneficiary must complete the APPLICATION FOR BENEFICIARY PAYMENT - DROP form. The beneficiary will complete Part I, Part II, Part III, and sign, then have the form notarized. The employer of the deceased member will complete Part IV and send the form to the TRS. An original or certified copy of the death certificate must accompany this form.
2. How the DROP account balance is distributed depends on whether the beneficiary is a surviving spouse or not. A non-

spousal beneficiary may receive the distribution in a lump-sum payment, or make a direct rollover to an IRA created for that purpose. See Section IV of the SPECIAL TAX NOTICE REGARDING YOUR ROLLOVER OPTIONS for tax treatment of non-spousal beneficiaries.

- If the beneficiary is a surviving spouse, the surviving spouse may elect to either have the full account balance paid directly to them less the 20% mandatory withholding on the taxable portion of the payment, or have all or a portion of the account balance rolled over into an eligible retirement plan.
3. If the beneficiary elects to roll over all or a portion of the DROP account, they must sign and have the form notarized before sending it to the Trustee of the eligible retirement plan that will receive the rollover. The trustee should mail the completed form to the TRS.

#### **RE-EMPLOYMENT WITH THE RSA AFTER WITHDRAWAL FROM SERVICE**

Any member who participated in DROP and withdrew from service may become re-employed with either the TRS or ERS in a full-time position and will immediately contribute to RSA. This additional service will be included in a recalculation of the retirement benefit after the DROP Participation Period. The member will not receive a retirement check until they have terminated employment.

### **Postretirement Employment**

#### **PART-TIME EMPLOYMENT OF A TRS OR AN ERS RETIREE**

Retirees who are receiving retirement benefits from the TRS and are employed with an agency that participates in the TRS or ERS are subject to limitations on the compensation they can receive without an adverse impact on their retirement benefits. A retiree of the TRS who is restored to active service with a TRS or ERS member agency may continue to receive a full retirement benefit provided that the retired member meets **both of the following conditions**:

1. Retiree must not be employed in a permanent, full-time capacity.
2. The Retiree's compensation during the 2021 calendar year cannot exceed \$32,000.00. The limit may increase during subsequent calendar years depending on increases in the Consumer Price Index.
  - Compensation is defined as, but not limited to, **wages, salary, consulting fees, contract payments or expenses**, other than reimbursement for expenses which are normally reimbursable employee expenses.

**NOTE: FAILURE TO ADHERE TO BOTH OF THE ABOVE RESTRICTIONS WILL RESULT IN THE SUSPENSION OF RETIREMENT BENEFITS.**

During the year in which retirement is effective, retirees are subject to a prorated earnings limit based upon the number of months remaining in the calendar year. For example, a member who retired July 1 would have 50% of the earnings limit for the remainder of the year. ( $\$32,000 \times .50 = \$16,000$ ). A member who retired October 1 would have 25% of the earnings limit for the remainder of the year. ( $\$32,000 \times .25 = \$8,000$ ).

A **disability retiree's earnings** are subject to the same limitations set out above or the difference between their average final salary and annual retirement benefit, whichever is lower, if employed with a TRS or ERS participating agency. However, if employed with a non-participating agency, the retiree's earnings cannot exceed the difference between their annual retirement benefit and the average final salary. The average final salary is the salary used in the computation of the disability retirement benefit.

Per the *Code of Alabama 1975*, §16-25-14, a member must withdraw from service to be eligible to receive a retirement benefit. The RSA has interpreted this to mean that an employee must have a 30 day break in employment from the date of retirement before returning to postretirement employment with an RSA agency.

A TRS retiree who is employed with an ERS agency in a permanent full time position eligible for retirement coverage must begin participation in the ERS and the member's TRS retirement account will be terminated and the remaining funds and creditable service will be transferred and credited to the account established in the ERS.

The earnings of retirees who provide services to participating agencies on a contractual or consulting basis, or who incorporate a business to provide such services, are also subject to the above stated limitations. If a retiree has entered into or is considering entering into a contract with a participating agency of the TRS or ERS, it is recommended that the retiree provide a copy of the contract or proposed contract to the Retirement System for determination of the effect the contract would have upon the retiree's benefit.

Employment with private industry, private education, or a non-participating agency will not affect a service retiree's benefit from TRS. However, a retiree who is receiving a Social Security benefit may wish to contact the Social Security Administration regarding the effect postretirement employment earnings may have upon their Social Security benefit.

A retiree should notify the TRS immediately if their earnings from a participating agency exceed the maximum allowed or if they have become employed on a full-time basis, so that the appropriate action can be taken. If a retiree has any questions regarding postretirement restrictions, they should contact the Teachers' Retirement System at 877.517.0020.

#### **REPORTING POSTRETIREMENT EMPLOYMENT VIOLATIONS**

At the time an RSA retiree becomes employed with an agency that participates with RSA, the employer must enroll the employee and report their earnings through ESS. If the agency is unable to report the earnings through ESS for any reason, the agency must provide RSA with the POSTRETIREMENT EMPLOYMENT EMPLOYING AGENCY ANNUAL CERTIFICATION.

If a TRS or ERS retiree returns to full-time employment or otherwise violates the postretirement employment law, the participating RSA agency must immediately notify the TRS or ERS in writing, verifying the name, PID number, employment dates, and earnings of the retiree along with a statement regarding the employment status and percentage of full-time employment of the retiree.

#### **FULL-TIME EMPLOYMENT OF TRS RETIREE WITH TRS AGENCY**

If a TRS retiree returns to full time employment with an agency covered by TRS, the agency must immediately notify the TRS by enrolling the member in the ESS Portal. The retirement benefit will be suspended as of the date the retiree returns to full-time employment.

If the retiree remains employed for two consecutive years, the retiree may petition the Board of Control for reinstatement to active participation in the TRS. The retiree must purchase all of the postretirement employment service credit. The service and funds established under the retired account will be transferred to the new active account. The member will then be eligible to retire again with the postretirement employment service credit included in the calculation of retirement benefits, or may continue to work and contribute to the TRS and retire at a later date.

The cost for the two years of postretirement employment will be equivalent to the amount that would have been contributed to the TRS had the retiree been an active contributing member of the TRS, plus 4% on the average balance.

If the retiree does not work two years or does not wish to be reinstated to active participation after **completing two consecutive years** of employment, retirement benefits will resume once the retiree terminates employment with the TRS agency. If the retiree completed two consecutive years of employment, **they must submit written notification to the TRS that they decline the opportunity to purchase service credit for the years when contributions were not submitted.** The TRS agency should also notify the TRS in writing, verifying the name, PID number, and termination date stating that the member wishes to reactive their retirement benefits. The retiree will not be credited with any additional service credit and will not have the opportunity to establish postretirement employment service credit once the retirement benefit is reinstated. The retiree's benefit will remain the same as what they were receiving at the time they returned to full-time employment, unless the Alabama Legislature enacted a cost of living allowance during the period of postretirement employment and the retiree was otherwise eligible for the increase.

#### **POSTRETIREMENT REQUIREMENTS**

In compliance with *Code of Alabama 1975*, §16-25-26 and §36-27-8.2(c), in addition to notification provided by the employing agency, the law specifically states that independent contractors are required to comply with restrictions to avoid suspension of retirement benefits.

The retiree will also be required to notify the RSA of their employment by completing the RETIREE NOTICE OF POSTRETIREMENT EMPLOYMENT form. The form is available on the RSA website so please provide this form to newly hired retirees.

### **RSA-1 Deferred Compensation Plan**

#### **ESTABLISHMENT OF RSA-1**

RSA-1 is an eligible deferred compensation plan as defined by Section 457 of the Internal Revenue Code of the United States. The plan is authorized by §36-27A-1, et. seq., *Code of Alabama 1975*, as amended. Under this deferred compensation plan, a public employee may elect to defer receipt of a portion of their salary until a later determined date, usually at retirement or other termination of service. Because receipt of the income is deferred, the deferred income is not included in the employee's current federal or state of Alabama gross taxable income.

The deferred income is paid into the RSA-1 Deferred Compensation Plan and invested for the employee's benefit. Investment earnings are accumulated in the fund and like the deferred income, are not subject to federal or state of Alabama income taxation until distributed to the employee. Deferred income and the investment earnings are held in the participant's account for the exclusive benefit of the plan participants and their beneficiaries.

- The 2021 deferral limit is \$19,500 if you are under the age of 50. If you are 50 or older, the limit is \$26,000.
- The catch-up deferral limit for 2021 is \$39,000.

**RSA-1 Contacts**

Phone: 877.517.0020 or 334.517.7000

Fax: 877.517.0021 or 334.517.7001.

Email: [rsa1.info@rsa-al.gov](mailto:rsa1.info@rsa-al.gov)

Please provide your full name and address on all faxes. When sending an email, please include your full name, employer, home mailing address, and telephone number.

**Member Online Services**

Change your address and view your account statement online at <https://mso.rsa-al.gov>.

Information about participation, deferrals, investing, distribution, transfers, rollovers, and taxes are included in the RSA-1 Member Handbook on the RSA website, [www.rsa-al.gov](http://www.rsa-al.gov). To request a presentation, please contact the Field Services Division at 877.517.0020.

**RSA Educational Opportunities**

Retirement is a major decision. There are several other decisions which go hand in hand with retirement. Education is power and your employees need to be equipped with all available knowledge in order to make good decisions relating to their retirement.

The Field Services Division of RSA offers educational programs throughout the year. There are two valuable seminars offered to members:

1. Early to Mid-Career Seminar
2. Retirement Preparation Seminar

**Early to Mid-Career Seminars**

This is an early to mid-career seminar for TRS members who are not within 5 years of retirement. It is a half-day program to help members understand how their pension program operates for them to make educated decisions and plans. These programs are focused on helping members get on track for a successful future and sound retirement.

**Retirement Preparation Seminars**

These seminars are for all members who are within 5 years of retirement eligibility. This is an extremely beneficial seminar and members should be encouraged to attend before they retire. Information is provided on Social Security, health insurance, RSA-1, making the transition to retirement as well as specific explanations of the retirement plan options.

As HR or Payroll employees, you may attend one, or both, of these programs for informational purposes. Call the RSA Field Services Division for information.

Schedules and registration forms for members are posted to the RSA website. Seminar packets are mailed each year to all agencies and school systems. Information on the seminars should be dispersed to all employees as soon as possible. All seminars have capacity limits and registration is required. Members may also register their spouses to attend.

**RSA On the Move**

RSA agencies or school districts may request presentations through the Field Services Division. If you would like a field representative to come to your site, please make the call or email a request to [field.services@rsa-al.gov](mailto:field.services@rsa-al.gov).

**Individual Counseling Appointments**

Appointments with counselors, via telephone or in person, may be made for the Montgomery office at any time by contacting RSA Member Services at 877.517.0020.

RSA also offers appointments at various remote sites throughout the state. These one-on-one appointments are limited to 20 minutes and are filled in a date/time order. Schedules and forms are provided on the RSA website and announcement packets are mailed to all agencies and school districts on a yearly basis.

**Retirement Videos**

Visit our website, [www.rsa-al.gov](http://www.rsa-al.gov), to view the Steps to Retirement and Retirement Forms videos.



**RSA Publications and Notifications****EMPLOYER SELF-SERVICE FILE FORMAT AND MANUAL**

Employers will upload their files via **Employer Self-Service (ESS)** using the file formats outlined in the ESS Manual. The files will be used to remit wages and contribution information for all employees, regardless of their contributing status. If the employee has elected to participate in RSA-1, the amount deducted from the wages will be reported in this same contribution file. All payments will be made by debit to the authorized employer account set up in ESS.

**TRS MEMBER HANDBOOK**

The current TRS handbook can be viewed on the RSA Website or requested at any time. The handbook presents an overview of mandatory participation, creditable service, vesting, disability and service retirement, pre-retirement death benefits, and postretirement employment.

**RSA-1 DEFERRED COMPENSATION PLAN**

RSA-1 is a voluntary deferred compensation plan governed by Section 457 of the Internal Revenue Service Code. Each employing agency must deduct and report RSA-1 contributions to the RSA for those employees who wish to participate in the plan. The RSA-1 Handbook can be viewed on the RSA Website or requested at any time.

**RSA ANNUAL REPORT**

In February of each year, the RSA publishes the Annual Report. The report provides information about assets, investments, membership, the RSA Boards of Control, RSA departments, and financial statements.

**COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)**

The CAFR, which is published annually, provides more detailed financial and actuarial information about the RSA.

**RSA NEWSLETTER**

The monthly *Advisor* is mailed to each RSA member, RSA retiree, and any other persons or organizations interested in the RSA. The *Advisor* informs recipients of important topics regarding the TRS, ERS, RSA-1, PEIRAF, PEEHIP, legislation, investments, and counseling schedules. Comparisons of insurance and retirement benefits provided by other states and current information regarding Social Security, taxes, and Alabama's economic and political climate are also featured. The *PEEHIP Advisor* is mailed along with the *Advisor* six to eight times a year to keep you informed about your health care plan.

**RSA WEBSITE (WWW.RSA-AL.GOV)**

The RSA Website publishes RSA's Member Handbooks, the *Advisor*, Annual Reports, and information about the TRS, ERS, RSA-1, PEIRAF, and PEEHIP benefits. The website also offers links to Alabama Retired State Employees' Association, Alabama State Employees' Insurance Board, Alabama Governor's Office, Alabama State Legislature, Internal Revenue Service, the Robert Trent Jones Golf Trail, Social Security Online, PEEHIP at Blue Cross Blue Shield of Alabama, and Alabama state agencies.

- Legislative Updates keep members informed about legislative news, current legislation, and archive legislation.
- The Retirement Benefit Estimate Calculator allows members to estimate retirement benefits under the Maximum allowance and three options.
- The PEEHIP Retiree Premium Calculator allows members to estimate the cost of their PEEHIP insurance after retirement.

**MEMBER ONLINE SERVICES (MOS) [HTTPS://MSO.RSA-AL.GOV](https://MSO.RSA-AL.GOV)**

Member Online Services offers a simple, convenient way to view TRS and RSA-1 accounts online or update your contact information. The online system is fast, free, secure, accurate, and operates in real-time.

You can also enroll in and make changes to your PEEHIP benefits electronically. When you receive your PEEHIP confirmation page, your enrollment elections are already processed and in our system. Your confirmation page confirms the date and time that your elections were saved and submitted, gives a recap of your elections, displays your actual PEEHIP coverages, and provides your premium calculation, so that you will know what your monthly out-of-pocket premium will be.

There are no paper forms, envelopes, stamps, or last-minute runs to the post office when you use the RSA's Member Online Services system. The RSA and PEEHIP continually strive to improve the services we provide to our members. Use MOS and we all benefit in terms of greater efficiency and effectiveness as well as savings in time and cost.

**ANNUAL STATEMENT OF ACCOUNT**

The TRS provides each active and inactive member a Statement of Account for the year ending June 30 via their MOS account. Retirees do not receive Annual Statements. The Statement of Account verifies account details as of June 30 of each year. The total service credit, interest, service purchases, previously taxed contributions, non-taxed contributions, balance, beneficiary, and mailing address as of June 30 are included.

**RSA-1 STATEMENT**

For those electing to participate in the RSA-1 Deferred Compensation Plan, a statement is generated quarterly. For those who selected email as their preferred contact method, you will receive a quarterly email notifying you when your RSA-1 statement is available for viewing online. Quarterly statements will be mailed to those who did not select email as their preferred contact method. The statement verifies the balance and earnings as of March 31, June 30, September 30, and December 31. The member's designated beneficiary is also listed. Members can also view their account balance history online.

**POSTRETIREMENT EMPLOYMENT NOTIFICATION**

Each year, the TRS notifies employers of postretirement earnings limitations. The law mandates that the employer notify the TRS when a retired RSA member becomes employed. This is accomplished by creating an enrollment in ESS. The agency must properly report the retiree's earnings in ESS and notify RSA when the retiree's earnings exceed the annual limit.

**TERMINATED ACCOUNT INFORMATION REQUEST**

The TRS may request mailing address information from participating agencies about former employees whose retirement account has been terminated due to an absence of participation. The TRS reviews terminated accounts throughout the year and will try to locate the former member to be able to return contributions. Vested accounts (with 10 years of service) will not be terminated.



**GLOSSARY AND ABBREVIATIONS****GLOSSARY****Accumulated Contributions**

The sum of all the amounts deducted from the compensation of a member credited to their individual account in the Annuity Savings Fund, together with regular interest thereon, as provided in §16-25-21.

**Annuity**

Payments for life derived from the "accumulated contributions" of a member. All annuities shall be payable in equal monthly installments.

**Average Final Compensation**

The average final compensation of a member is used to calculate the member's retirement benefit. For Tier 1 members, it is the average of the 3 highest annual salaries out of the last 10 contributing years. For Tier 2 members, it is the average of the 5 highest annual salaries out of the last 10 contributing years.

**Beneficiary**

Any person designated by a member to become, upon the death of the member, the recipient of a pension, an annuity, a retirement allowance or other benefit.

**Correctional Officer**

Any person whose position requires certification as a correctional officer by the Alabama Peace Officers Standards and Training Commission.

**Creditable Service**

"Prior Service" plus "membership service" rendered since last becoming a member.

**Earnable Compensation**

Earnable compensation is the full rate of compensation that would be payable to an employee if the employee worked the full normal work time.

**Employer**

The state of Alabama, the county school board, the city school board, the State Board of Education, or any governing body of any private nondenominational school operated nonprofit for education of children of school age residing within a district where no public school is available for the children or any other agency of and within the state by which a teacher is paid.

**ESS**

The Employer Self-Service Portal is the portal used by RSA agencies to enroll members, report contributions, update demographics, certify retirement information, and access many valuable reports and resources.

**Firefighter**

Any firefighter employed with the State of Alabama, a municipal fire department, or a fire district whose position requires a level one minimum standard certification by the Firefighters Personnel Standards and Education Commission.

**Law Enforcement Officer**

Any person employed with a state agency, department, board, commission or institution, or a law enforcement officer employed by a local unit of the Teachers' Retirement System whose position requires certification as a law enforcement officer by the Alabama Peace Officers Standards and Training Commission.

**Lump-Sum/Longevity Pay**

Pensionable bonuses and other one-time payments, wages for coaching, labs, or any time worked outside the member's normal contract.

**Member**

Any employee included in the membership of the retirement system as provided in *Code of Alabama 1975*, §16-25-1.

**Medical Board**

A medical board composed of three physicians not eligible to participate in the retirement system. The Medical Board shall arrange for and pass upon all medical examinations and shall investigate all essential statements and certificates by or on behalf of a member in connection with an application for disability retirement.

**Membership Service**

Service rendered while a member of the retirement system and on account of which contributions are made.

**Overtime Pay**

Wages earned in accordance with the Fair Labor Standards Act as the rate of time and a half for working more than 40 hours per week.

**Pension**

Payments for life derived from money provided by the employer. All pensions shall be payable in equal monthly installments.

**Public School**

Any day school conducted within the state under the authority and supervision of a duly elected or appointed county or city board of education and any educational institution supported by and under the control of the state, or any private nondenominational school operated nonprofit for the education of children of school age residing within a district where no public school is available for the children.

**Regular Pay**

Base wages including straight/gap pay, call-back pay, paid leave (not taken as a lump-sum), and other related pensionable compensation.

**Retirement**

Retirement is an employee's withdrawal from active service with a monthly retirement allowance or optional benefit in lieu thereof granted under the law.

**Retirement Allowance**

Retirement allowance is the sum of the "annuity" and the "pension".

**Retirement Eligibility**

Retirement eligibility refers to the time at which a member is eligible to begin a lifetime monthly retirement benefit. A Tier 1 member is retirement eligible at age 60 with 10 or more years of creditable service or at any age with 25 years or more of creditable service. A Tier 2 member is retirement eligible with at least 10 years of service at age 62 for regular members and age 56 for certified firefighters, law enforcement, and correctional officers.

**Scholastic Year**

The TRS plan year runs on the scholastic year, which is July 1 through June 30.

**Vesting**

There is a 10-year vesting for TRS. Once a member has 10 years of service (exclusive of sick leave), they qualify for specified benefits including a monthly retirement allowance when they reach the age of retirement.

**ABBREVIATIONS**

**COLA** Cost-of-Living Adjustment

**DROP** Deferred Retirement Option Plan (closed to new enrollees)

**PLOP** Partial Lump-Sum Option Plan

**ERS** Employees' Retirement System of Alabama

**ESS** Employer Self-Service Portal

ITS Information Technology Systems

JRF Judicial Retirement Fund

PEEHIP Public Education Employees' Health Insurance Plan

PEIRAF Public Employees' Individual Retirement Account Fund (account is closed to new membership)

RSA Retirement Systems of Alabama

RSA-1 RSA-1 Deferred Compensation Plan

SEIB State Employees' Insurance Board

## **FORMS**

Most forms can be printed from our website at [www.rsa-al.gov](http://www.rsa-al.gov); others will have to be requested from TRS:

### **ENROLLMENT/BENEFICIARY FORMS:**

#### **RSA\_DBPR**

DESIGNATION OF BENEFICIARY PRIOR TO RETIREMENT

This form should be used by active members to designate a beneficiary. It replaced the Form 100. This form cannot be used by anyone who is retired or who has participated in DROP.

### **CHANGE FORMS:**

#### **RSA\_14APAD**

ACCEPTABLE PROOF OF AGE DOCUMENTS

This document can be provided to members or retirees to advise them of the acceptable documents when requesting a date of birth correction. The bottom section demonstrates how a notary can certify a copy of a document.

#### **RSA\_ADDCHGF**

ADDRESS CHANGE NOTIFICATION

This form will update the member's address with RSA but they must also update it with their employer. If the information is not updated with the employer, when the employer uploads the next enrollment file the information will change back to whatever is on file with the employing agency.

### **OFF-SITE COUNSELING AND FIELD SERVICES FORMS:**

#### **TRS\_OCS**

TRS OFF-SITE COUNSELING SERVICES

This form allows a member to request an appointment at one of the offsite counseling locations throughout the state. The offsite counseling schedule is available on the RSA website.

#### **TRS\_RPS**

TRS RETIREMENT PREPARATION SEMINAR

This form allows a member to register to attend a retirement preparation seminar. The member may also register online to attend a seminar.

### **WITHDRAWAL OR ACTIVE DEATH:**

#### **RSA\_STN**

SPECIAL TAX NOTICE REGARDING YOUR ROLLOVER OPTIONS

This document explains taxability of withdrawals such as 20% mandatory federal tax withholding for lump-sum payments and a 10% tax penalty for those under age 59 ½. Members who choose to roll their funds directly to another trustee will not immediately pay taxes on the rolled funds.

#### **RSA\_7**

NOTICE OF FINAL DEPOSIT AND REQUEST FOR REFUND

This form should be used by active members who wish to withdraw their retirement account (after they terminate employment). If they wish to rollover the funds, the trustee must sign the form. This form should be certified by the employer but the employer must also enter the termination date in ESS.

**RSA\_7T-SECT**

NOTICE OF FINAL DEPOSIT AND REQUEST FOR REFUND APPLICATION FOR REFUND FOR TERMINATED ACCOUNT

This form should be used by inactive members who wish to withdraw their retirement account that has been inactive for 5 or more years and has terminated. If they wish to rollover the funds, the trustee must sign the form.

**RSA\_SB**

APPLICATION FOR SURVIVOR BENEFIT

When an active member passes away, the beneficiary should complete this form. After receiving this form at TRS, we will provide the beneficiary with a letter explaining their benefits and options as well as the appropriate form to claim their benefits.

**RSA\_SBNS**

NON-SPOUSE DISTRIBUTION OPTION

In the event of a non-retired member's death, this form is provided to a non-spouse beneficiary so that they can request the distribution of their benefits.

**RSA\_SBSS**

SURVIVING SPOUSE DISTRIBUTION OPTION

In the event of a non-retired member's death, this form is provided to a spousal beneficiary so that they can request the distribution of their benefits.

**AGENCY REFUNDS:**

**TRS\_RRCI**

REQUEST FOR REFUND OF CONTRIBUTIONS

An agency can use this form to request a refund when an incorrect amount was submitted for employee and/or employer contributions. Please note that it is preferable that the agency do a prior period adjustment in ESS if the requested period is during the current or prior scholastic year.

**TRS\_OCR**

OVERTIME CERTIFICATION REQUEST FOR 120/125% LIMITATION REVIEW

An agency can use this form to report pay by scholastic year so that TRS can determine if a member has exceeded the overtime contribution limit.

**DROP Forms:**

**TRS\_10D-CT**

TERMINATION OF EMPLOYMENT OF CONTINUED SERVICE- POST DROP

When a post-DROP member wants to retire, they should complete this form instead of the Application for Retirement (primarily this is because it includes tax withholding information).

**RSA\_10D-D**

REQUEST FOR DROP DISTRIBUTION AND ROLLOVER ELECTION

This form allows the member to designate how their DROP funds will be distributed.

**RSA\_DROP BEN**

APPLICATION FOR BENEFICIARY PAYMENT DROP

This form allows the beneficiary of a deceased DROP participant to designate how the DROP funds will be distributed.

**RSA\_DROPBC**

CHANGE OF BENEFICIARY DROP

This form changes the beneficiary on the DROP account only, not on the lifetime monthly benefit.

**PURCHASE FORMS:**

**RSA\_PURTRAN**

PURCHASE TRANSFER REQUEST FORM

This form is provided to members who are making a purchase of service- it allows them to transfer funds from another tax-deferred account to make the purchase. TRS does not require the form if the trustee transferring the funds provides documentation of the type of funds (pre tax or post tax) with the actual check.

**RSA\_50BOSS**

APPLICATION AND CERTIFICATION OF OUT OF STATE SERVICE CREDIT

This form is used to establish credit for work performed in another state where the member participated in a government sponsored retirement plan.

**TRS\_DODDSS**

CERTIFICATION OF DEPARTMENT OF DEFENSE DEPENDENT SCHOOLS

This form is used to establish credit for work performed for the DODDS- members must have 10 years of service credit (not including 1st year military service) to purchase credit.

**TRS\_CSES**

CERTIFICATION OF SUPPORT EMPLOYEE SERVICE

Prior to 1975, participation in TRS was optional for support employees. This form allows those members to establish credit for work performed prior to their participation. Members must have 10 years of service credit (not including 1st year military service) to purchase this credit.

**TRS\_CACJ**

CERTIFICATION OF TEACHER AIDE, TEACHER CORPS, JOB CORPS SERVICE

This form allows members to establish credit for time worked as a teacher aide (prior to mandatory participation), Teacher Corps, or Job Corps- members must have 10 years of service credit (not including 1st year military service) to purchase credit.

**TRS\_CS**

CERTIFICATION OF SERVICE

This form is used when a member wishes to establish credit for work performed in which they did not participate in TRS, this is often referred to as "Error Service" as it may be due to an employer error that contributions were not withheld.

**TRS\_SMS1109 and TRS\_SMS90-528**

STATEMENT OF MILITARY SERVICE

A member who wishes to purchase military service (excluding Noble Eagle service), must provide this form indicating that they are not currently in receipt of a military benefit.

**TRANSFER FORMS:**

**TRS\_TRFTR-1**

TRANSFER OF MEMBERSHIP FROM TEACHERS' RETIREMENT SYSTEM

This form is required for members who wish to transfer their TRS service credit to the Employees' Retirement System.

**ERS\_TRFTR-2**

TRANSFER OF MEMBERSHIP FROM THE EMPLOYEES' RETIREMENT SYSTEM

This form is required for members who wish to transfer their ERS service credit to the Teachers' Retirement System.

**RETIREMENT PROCESS:**

**TRS\_RAP**

RETIREMENT APPLICATION PACKET PART I

This is the form required for a member to retire (not DROP participants) – it must be submitted 30 to 90 days prior to the retirement date. TRS prefers that the employer submit the Employer Certification through the ESS Portal but TRS will accept the Employer Certification on the Application for Retirement if necessary.

**TRS\_RBOS**

RETIREMENT APPLICATION PACKET PART II

This form must be received by TRS prior to the retirement date – it allows the member to choose their retirement option and designate their federal tax withholding.

**RSA\_DDR**

## RSA DIRECT DEPOSIT AUTHORIZATION

This form must be submitted during the retirement process to set up direct deposit for the retiree's monthly benefit. It must be signed on the front by anyone who is on the retiree's bank account and must be signed on the back by a representative of the financial institution. The account holder signatures on the front should match the account holders' named on the back of the form. This form is also used by retirees to update direct deposit information after retirement.

**RSA\_10MBATT**

## MULTIPLE BENEFICIARIES ATTACHMENT

If the member wishes to designate more than one beneficiary on their retirement account, they should use this form. Remember that designating more than one beneficiary will limit them to the maximum or option 1 retirement benefits.

**TRS\_DRA**

## DISABILITY RETIREMENT APPLICATION PART I

A member who is permanently disabled should complete this application instead of the Application for Service Retirement (Note that it does not offer the PLOP) and submit it 30 to 90 days prior to retirement.

**RSA\_RDP**

## REPORT OF DISABILITY PACKET

A member who wishes to retire on disability retirement must submit this form along with the Disability Retirement Application Part I, 30 to 90 days prior to retirement.

**RSA\_RETCAN**

## RETIREMENT CANCELLATION AGREEMENT

This form must be completed and received by TRS prior to the retirement date if a member chooses to cancel their retirement. The member may choose to submit a signed statement in lieu of the form.

**RSA\_RPDRE**

## REQUEST FOR PLOP DISTRIBUTION AND ROLLOVER ELECTION

This form allows the member to designate the distribution of their PLOP funds as a lump-sum, rollover, or combination of the two. If they choose to roll over the funds to another plan, the trustee must sign the form.

**TRS\_12-T**

## TRS INSURANCE AUTHORIZATION

This form should be used for a retiree to set up optional insurance deductions from their check (not including PEEHIP or SEIB). The employer should provide the deduction information and both the member and employer should sign the form.

**TRS\_SEIB**

## SEIB INSURANCE AUTHORIZATION FORM TRS

This form is for TRS retirees who have SEIB insurance. The member completes his or her portion, the service is certified by TRS, then the form is sent to SEIB.

**RETIREE BENEFICIARY FORMS:****TRS\_9**

## BENEFICIARY DESIGNATION

Prorated one-time payment - This form is used by a retiree who selected the maximum option and wishes to designate a new beneficiary to receive only a prorated payment, or by a beneficiary who is receiving a monthly benefit.

**TRS\_9A**

## BENEFICIARY DESIGNATION OPTION 1

This form is used by a retiree who selected retirement option 1 and wants to change their beneficiary.

**CHANGE IN BENEFICIARY DESIGNATION MEMORANDUM**

This form is provided to retirees who have selected option 2 or 3 who would like to request a calculation for a new beneficiary due to death or divorce.

**RSA\_DDBC**

DEATH OR DIVORCE BENEFICIARY CHANGE FORM

This form is used by an option 2 or 3 retiree who is permanently changing their beneficiary due to death or divorce.

**TRS\_9MBAR**

DESIGNATION OF MULTIPLE BENEFICIARIES AFTER RETIREMENT

This form is provided to retirees who wish to designate more than one beneficiary after retirement.

**POSTRETIREMENT EMPLOYMENT:**

POSTRETIREMENT EMPLOYMENT RESTRICTIONS

This publication explains the PRE restrictions. A retiree cannot be employed with an RSA agency in a full time, permanent position and that they cannot earn more than the annual limit, which is \$32,000 for the 2021 calendar year.

**RSA\_PREEAAC**

EMPLOYING AGENCY ANNUAL CERTIFICATION

This form is for use by agencies who are unable to report salary paid to RSA retirees through ESS.

**RSA-1 Forms:**

Most of these forms can be printed from our website at [www.rsa-al.gov](http://www.rsa-al.gov); others will have to be requested from RSA-1:

**RSA-1\_EN**

RSA-1 Enrollment Packet

This packet contains an RSA-1 Enrollment form, Beneficiary Designation form, Investment Option Election for New Accounts form, and an Authorization to Defer Compensation form.

**RSA-1\_ADC**

AUTHORIZATION TO DEFER COMPENSATION

This form is used to begin, restart, increase/decrease, or stop deferral amounts.

**RSA-1\_BEN**

BENEFICIARY DESIGNATION

This form can be used for beneficiary changes on RSA-1 and PEIRAF accounts.

**RSA-1\_IOENEW**

INVESTMENT OPTION ELECTION FOR NEW ACCOUNTS

This form is used to designate investment options for new RSA-1 account.

**RSA-1\_IOE457IT**

INVESTMENT OPTION ELECTION FOR INCOMING 457 TRANSFERS

This form is used to designate the investment of funds that are transferred to RSA-1 from other 457 retirement plans

**RSA-1\_IOEEDRT**

INVESTMENT OPTION ELECTION FOR EXISTING DROP/PLOP/ERIP ROLLOVER OR 457 TRANSFER

This form is used to designate the investment of funds that were previously transferred to RSA-1 from DROP, PLOP, ERIP, or a 457 plan

**RSA-1\_IOEEXT**

INVESTMENT OPTION ELECTION FOR REGULAR EXISTING ACCOUNTS

This form is used to designate the investment of funds that are already in an RSA-1 account

**RSA-1\_IOEFTR**

INVESTMENT OPTION ELECTION FOR FUTURE DEFERRALS

This form is used to designate the investment of funds that will be deferred to RSA-1 from the participant's pay check

**RSA-1\_CUPEW**

## SPECIAL CATCH-UP ELECTION AND WORKSHEET

This form is used by active members to make catch-up deferrals during the three calendar years that end prior to Normal Retirement Age (NRA).

**RSA-1\_RPP**

## REQUEST FOR PERIODIC PAYMENTS

This form is for members who meet eligibility requirements, to set up periodic payments from their RSA-1 or PEIRAF accounts.

**RSA-1\_RLSDPLSD**

## REQUEST FOR LUMP-SUM OR PARTIAL LUMP-SUM DISTRIBUTION

This form is used to request lump-sum distributions from a member's RSA-1 and/or PEIRAF account, when eligible.

**RSA-1\_FTCP**

## PARTICIPANT FEDERAL TAX WITHHOLDING

This form is used to designate the percentage of federal taxes to deduct from RSA-1 and/or PEIRAF distributions.

**RSA-1\_BENBBD**

## SPOUSAL BENEFICIARY DESIGNATION

This form is used for the spouse of a deceased member to change beneficiary information on their RSA-1 or PEIRAF account.

**PEIRAF\_BD**

## BENEFICIARY DISTRIBUTION

This form is for the beneficiary of a deceased member to request distribution of their PEIRAF account.

**RSA-1\_BD**

## BENEFICIARY DISTRIBUTION

This form is for the beneficiary of a deceased member to request distribution of their RSA-1 account.

**RSA-1\_FTCP**

## BENEFICIARY FEDERAL TAX WITHHOLDING

This form is for the beneficiary to designate the percentage of federal taxes to deduct from the member's RSA-1 and/or PEIRAF account.

**RSA-1\_SBD**

## SMALL BALANCE DISTRIBUTION

This form allows a member to withdraw their RSA-1/PEIRAF account if the balance is less than \$5,000, no deferrals were made for 24 months prior to distribution, and there have been no prior distributions other than hardship distributions.

**RSA-1\_EMERG**

## FINANCIAL HARDSHIP DISTRIBUTION REQUEST

This form is used to request an emergency distribution due to hardship while the member is still active and deferring payments. Documentation is required and will be reviewed to determine eligibility.

**RSA-1 457**

## INCOMING TRANSFER FROM OTHER SECTION 457 PLANS TO RSA-1

This form must be completed by the member and trustee to transfer funds into RSA-1 from another 457 account.

**RSA-1\_OUTTRO**

## OUTGOING TRANSFER OR ROLLOVER TO ELIGIBLE PLANS

This form is used to rollover a PEIRAF and/or RSA-1 account balance to another eligible plan.

**RSA-1\_PURSVC**

## IN-SERVICE TRANSFER TO PURCHASE PERMISSIVE SERVICE CREDIT

This form is used if a member wishes to use RSA-1 funds to purchase service credit under ERS or TRS.



**TRS PURCHASABLE SERVICE CREDIT 2021**

Note that all forms referenced below are available at [www.rsa-al.gov](http://www.rsa-al.gov).

**Withdrawn Service Credit**

- A member who previously withdrew an account from RSA may purchase the credit by paying the amount withdrawn plus 8% compounded interest from the date of withdrawal until the date of purchase
- A member must have a minimum of 2 years of service credit and be active and contributing to TRS to be eligible to purchase service credit
- An eligible member who wants to purchase withdrawn service credit should contact TRS to request that an official calculation be prepared or submit the STATEMENT OF WITHDRAWN SERVICE form

**Out of State Service Credit**

- A member who has a minimum of 10 years of service credit with TRS, and has previously participated in an out of state public pension plan, may purchase up to 10 years of credit for the out-of-state work
- An eligible member who wants to purchase this service credit should download the APPLICATION AND CERTIFICATION FOR OUT OF STATE SERVICE CREDIT, follow the instructions that are attached, and return the form to TRS

**Medical Leave Service Credit**

- A member who was on approved medical leave without pay is eligible to purchase up to 1 year of medical leave service
- The member should contact the employer and request that they provide certification of the leave to TRS

**Maternity Leave Service Credit**

- A member who was on approved unpaid maternity leave is eligible to purchase credit for the service provided that the member purchases the credit no later than June 30 of the year immediately following the expiration of the maternity leave
- The member may purchase credit not to exceed one year for any period of maternity leave without pay
- The member should contact the employer and request that they provide certification of the leave to TRS

**First Year Military Service Credit**

- A new employee who enrolls in the Teachers' Retirement System has 1 year from the date of hire to purchase credit for up to 4 years of prior active duty military service
- The cost of the purchase is 4% of the average teacher's salary for the period of active duty plus interest at 8% per year
- The member should download and complete the STATEMENT OF MILITARY SERVICE 1109 form and submit it to TRS along with a copy of the member's DD-214

**Noble Eagle Military Service Credit**

- A TRS participant who is called to active duty is eligible to purchase credit for military duty for the period of retirement credit that was There is no interest and the member has 3 times the length of service up to a maximum of 5 years to complete the purchase
- The member should submit a copy of the DD-214 for the period of active duty and an employer certification of the salary missed by scholastic year to TRS for an official calculation
- The employer is required to pay the employer portion calculated by using the employer cost in effect on the date of the purchase

**Actuarial Military Service Credit**

- A TRS member with a minimum of 10 years of contributing service may purchase up to 4 years of prior active duty military service
- The member should download and complete the STATEMENT OF MILITARY SERVICE 90-528 and submit the completed form along with the DD-214 to TRS

**Department of Defense Dependent Schools (DODDS) Service Credit**

- An active and contributing member of TRS who has previously established service credit with DODDS may purchase up to 10 years of service credit provided that the member has completed at least 10 years of service credit with TRS
- The member should download the STATEMENT OF DEPARTMENT OF DEFENSE DEPENDENT SCHOOL SERVICE, follow the instructions, and return the completed form to TRS for an official calculation
- DODDS credit purchased under this Act cannot be used in determining the out-of-pocket cost for health insurance with the Public Education Employees' Health Insurance Plan (PEEHIP).

**TRS Support Personnel, Teacher Aide, Job Corps, and Teacher Corps Service Credit**

- An active and contributing member of TRS who has previous employment as support personnel, a teacher aide, Job Corps, or Teacher Corps may purchase up to 10 years of service credit provided that he or she has completed at least 10 years of service with TRS
- The member should download CERTIFICATION OF TEACHER AIDE, JOB CORPS, AND TEACHER CORPS form and return the completed form to TRS for an official calculation

**Public Employee Service Credit**

- Any person who, as of July 1, 1990, was an officer or a regular employee of an employer participating in TRS, and has previously been employed by another employer eligible for participation in the Employees' Retirement System pursuant to Section 36-27-6, shall be eligible to purchase up to 8 years of credit provided that the member has attained at least 10 years of service credit with TRS
- The member should download the CERTIFICATION OF SERVICE form, request that the employer complete it, and return the completed form to TRS for an official calculation

**Error Service Credit**

- If a retirement-eligible employee worked for a TRS participating agency at least half-time in a non-temporary, non-substitute position, and the employer failed to withhold retirement contributions, the employee may be eligible to purchase service credit for the time
- The member should download the CERTIFICATION OF SERVICE form, request that the employer complete it, and return the completed form to TRS for an official calculation

**Alabama State Council on the Arts Service Credit**

- An active and contributing member of TRS may purchase credit for prior service with the Alabama State Council on the Arts in increments of 2 years at a time
- The member should request that Alabama State Council on the Arts submit certification of the service, by scholastic year, to TRS for an official calculation